Stock Code: 6123

2022 Annul Report

The Best Digital & Cloud Services Operator In The World

Printed on May 14, 2023

GrandTech C.G. Systems Inc. website : https://www.grandtech.com

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

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(V) Name of the Offshore Stock Exchange and Method for Accessing Information on Offshore Securities:
N/A

(VI) Company Website:
http://www.grandtech.com

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I. Letter to Shareholders

In 2022, the political and economic situation around the globe was unpredictable and turbulent. Inflation and interest rate rises followed by the difficult Russia-Ukraine war, in addition to the pandemic and Zero Covid lockdown policy implemented in China, all affected and disrupted global supply chains, had a subsequent negative impact on business expansion and economic activities, and resulted in the suspension of economic recovery. Although these factors interfere with and impact delivery dates and supply, GrandTech still strived to reduce the impact of external factors and invested all efforts to strengthen operational performance. Through years of transformation and exploration, we have successfully developed a new business and profit model, leading to significant improvements in our operating performance.

(I) 2022 Operation Overview

A. 2022 Business Plan Implementation Results

With the efforts of all business teams in the group to increase turnover and profitability, GrandTech achieved a consolidated annual revenue of NT$ 5,286,819,000 in 2022, representing a 7% growth compared to the previous year. The operating income was NT$ 427,561,000, with a net income after tax attributed to the parent company of NT$ 320,201,000 and NT$5.49 earnings per share after tax. As a result, the overall profitability hit a record high.

Please refer to the following finance performance results:

Unit: NT$ Thousand

Item / Year	2022	2021	Increase (Decrease)	YoY Rate increase (decrease)
Operating Revenue	5,286,819	4,935,845	350,974	7%
Operating Income	427,561	412,508	15,053	4%
Net Income After Tax	389,412	351,923	37,489	11%
Net income after tax of the parent company	320,201	279,937	40,264	14%
Earnings per share after tax (NT$)	5.49	4.87	0.62	13%

In 2022, GrandTech experienced substantial growth, with overall turnover outperforming the previous year by 17%. The introduction of a new business model as a transformation operator led to increased regular income from cloud services and digital printing. Operating income improved and stabilized, reaching record highs along with net income after tax and EPS performance.

GrandTech has been actively strengthening its core competitiveness and pursuing a growth strategy centered around three key business groups: Cloud Services, Digital printing, and enterprise business groups. The objective is to achieve synergistic growth while increasing the proportion of Annual Recurring Revenue (ARR). By leveraging our strengths across these business groups, we aim to develop service products that not only serve the needs of enterprise clients but also contribute to their long-term success, ultimately enhancing the overall customer lifetime value of the company.

Our primary objectives are long-term development and sustainable operations. The cloud service and digital printing businesses serve as our dual engines of growth. To support this growth, we continuously increase investments in IaaS, optimize cloud service value-added systems, enhance team competitiveness, explore new markets, and form strategic alliances with domestic and overseas startups. Expanding into the Greater SEA overseas market and building a strong transnational cloud ecosystem will enable us to meet client needs effectively.

Printing technology is advancing with the rise of digital intelligence, shaping the way businesses operate. We recognize the immense potential brought by disruptive innovation and industrial restructuring. To seize these opportunities, we focus on cultivating and selecting the right clients, enabling them to leverage the power of digital printing and access global markets. We drive revolutionary innovations in smart packaging, labels, and materials. Additionally, we tap into the internet economy by utilizing QR codes for various packaging, offering customizable services that cater to diverse market demands. We are steadily expanding in the local market in Taiwan while also venturing globally with our clients and partners, establishing sustainable management practices.

GrandTech's domestic and overseas investment subsidiaries leverage their strengths and experience steady growth. We specialize in providing enterprise clients with cybersecurity integration services and solutions that are internationally recognized. Our focus is on expanding into diverse sectors such as education, telecommunications, and logistics, offering robust backup capabilities for corporate operations and comprehensive support for client success.

B. 2022 budget implementation status: the company is not required to publicize the financial forecast and therefore is unapplicable.

C. Analysis of Financial Income and expenses and profitability 2022:

Unit: NT$ Thousand

Analysis	Items	Parent company	Group
Solvency	Operating income	620,433	5,286,819
	Operating cost	187,012	878,826
	Net Income	320,201	389,412
Profitability	Return on Assets %	15.86	13.64
	Return on Equity %	25.83	25.39
	Profit Before Tax to Capital Stock %	54.67	75.83
	Operating Income to Capital Stock %	15.55	68.86
	Profit Margin %	51.61	7.42
	EPS(NT$)	5.49	5.49

D. To strengthen the advantages of product services, the company has set up a research and development unit to develop client value-added service platform systems, and provide optimized management and analysis, as well as other additional online services.

(II) The Business Plan of 2022

A Business Policy

1. Uphold the core value of "Entrepreneurs' Paradise" to establish an entrepreneurial leadership management platform. Strengthen financial support, risk management, mentor consultation, experience and resource sharing, and performance supervision.
2. Embrace the "Internet+" concept and foster innovative thinking to expand business scale and enhance operational performance.
3. Embrace the spirit of entrepreneurship and innovation to tackle market changes and industry shifts, fostering sustainable development within the company.
4. Adopt an international perspective, market-leading insights, and innovative management models to attract new clients, enhance client satisfaction, and foster a partnership-based business circle and model.

B. Estimated Sales Amount: N/A (The company is not required to disclose financial forecasts.)

(III) Future Development Strategy

GrandTech is focused on a future development strategy that leverages its strong financial structure and management. Our goal is to maximize business profits by promoting cross-regional cooperation and expanding into overseas markets. We prioritize the provision of multi-cloud value-added services, IaaS, and SaaS services to attract new start-up businesses with global potential. By selecting the right clients in digital printing, we enable innovative applications of digital printing technologies in various fields. This approach allows us to grow rapidly in the global market, establish strategic partnerships, and enhance customer loyalty and success. We are dedicated to expanding our business scale and improving operational performance. Through external investments, mergers, and talent recruitment, we actively expand our territory and increase profitability within the group.

(IV) The impact of the external competitive environment, regulatory environment, and overall economic environment

The persistence of global inflation and interest rate hikes in 2022 continue to exert pressure in 2023. While the investment and demand for information technology remain stable, the rising IT costs will affect our expense plans for the coming year. Inflation's impact on overall market consumption power will force enterprises to reduce IT expenses and suspend project procurement. However, the development of artificial intelligence, the metaverse, and blockchain technologies will drive continued IT investments focused on maintaining operational capacity.We emphasize the importance of private consumption for economic growth and urge governments worldwide to implement policies that encourage investment, strengthen domestic demand, and support enterprise clients in upgrading, transforming, and innovating their digitalization efforts. Embracing the advantages of digitalization is crucial to enhancing competitiveness during these challenging times.

Regarding the regulatory environment, the company has completely adopted the IFRS (International Financial Reporting Standards) and complies with the relevant regulations of the competent authority to disclose information in a timely manner.

We extend heartfelt gratitude to all shareholders for their long-term support and positive recognition. With your continued trust, we remain focused on strengthening our operational foundation and driving progress. Despite the ongoing challenges and uncertainties in the global economy, we are unwavering in our commitment to lean management and empowering our employees to achieve shared goals. By creating value for our shareholders and society, we are confident that GrandTech will embark on a new chapter of success in 2023. We sincerely request your ongoing support and encouragement as we forge ahead.

Thank you!

Chairman: HSU, CHENG-CHIANG
General Manager: NGOI, MIEW- HUAT
Chief Accountant: HUANG, SHU-CHEN

II. Company Profile

(I) Date of Incorporation: July 27, 1991

(II) Company History

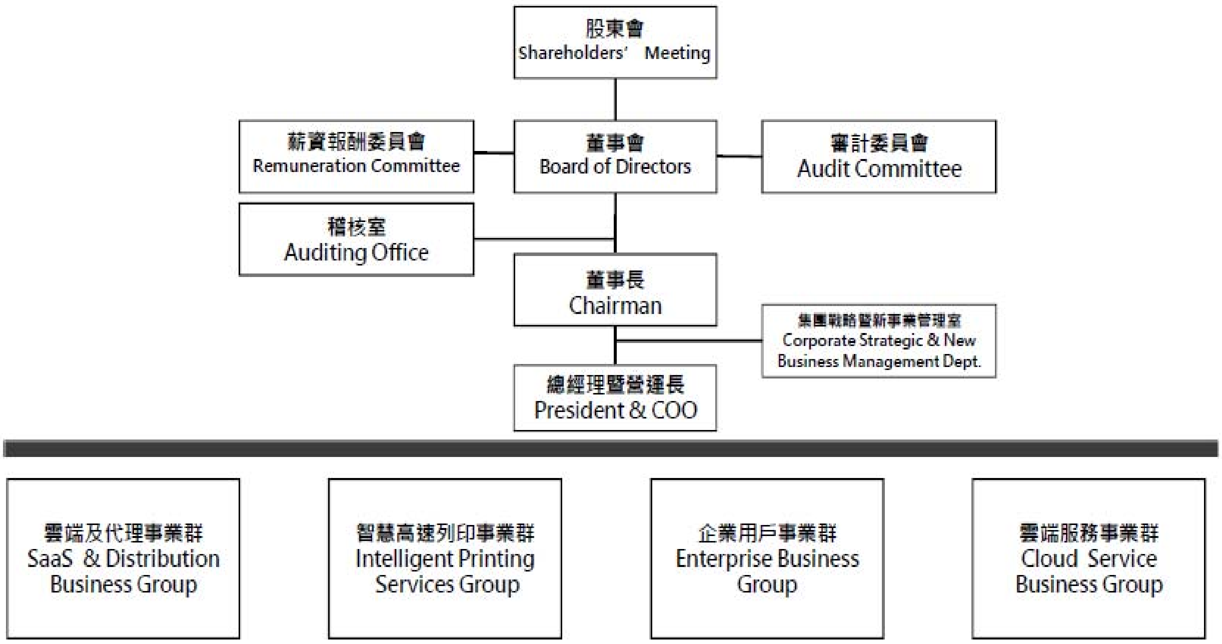
May 2000	• The Securities and Futures Commission approved the issuance of new shares by the Company to complete a public offering, and the Company began the TPEx listed guidance operation.
Jan. 2002	• The stock was listed in TPEx in Taiwan.
Dec. 2011	• A Remuneration Committee was established.
Jun. 2014	• The Company invested in Netcore Network Communication Corp., and expanded the network communication layout with Juniper, Aruba, and A10.
Mar. 2015	• The Company invested in DPI Technology, a Malaysian company, and obtained 52% of its equity, to expand the digital printing business to the Southeast Asian market.
Apr. 2015	• The Company obtained the exclusive agency of ADOBE software in Hong Kong and Macao.
Jan. 2016	• The Company obtained 55% of equity of Senco-Masslink Technology Limited, a Hong Kong based company.
Jun. 2016	• The Shareholders' Meeting reelected directors, and established and Audit Committee.
Feb. 2017	• The Board of Directors passed a resolution to appoint Mr. HSU, CHENG-CHIANG (founder of GrandTech Group) as the chairman.
Aug. 2017	• GrandTech Cloud Services were established.
Sep. 2017	•
	• The Company established GrandTech HP Indigo Endless Possibilities Center of Excellence (HP Indigo Authorized Training Center) in Zhonghe District, New Taipei City, to promote digital printing integration solutions and talent upgrading training for the industry.
Mar. 2019	• GrandTech Cloud Services (GCS), an invested company, passed ISO 27001 Information Security Certification.
Apr. 2019	• GrandTech Cloud Services (GCS), an invested company, marched towards a new milestone, and was awarded with AWS MSP Partner Certification.
Nov. 2019	• The Company signed "Intelligent Packaging & Innovative Blue Ocean" Cooperation Plan with TCI (8643) to comprehensively set foot in the field of packaging intelligence.
Jul. 2020	• The Company obtained the dealership of HP 3D printing products to jointly promote the new opportunities of intelligent manufacturing.
Aug. 2021	• Subsidiary GrandTech Cloud signed a memorandum of understanding with Headline Asia, a venture capital company, to accelerate the matchmaking of business opportunities of entrepreneurial ecology system through cooperation.
Sep. 2021	• Subsidiary GrandTech Cloud became an elite partner of Google Cloud.
Apr. 2022	• The Company joined hands with an internal venture capital company called AC Ventures to speed up the scale growth of innovative ecology in the Southeast Asia.
Nov. 2022	• The Company increased its capital by NT$ 220,500,000 in cash and issued 4,500,000 new shares. After capital increase, the capital of the Company reached NT$ 620,894,000.
	• The Board of Directors passed a resolution to appoint Mr. NGOI, MIEW- HUAT as the president of the Company.

III. Corporate Governance Report

(I) Organization

A. Organizational Chart

1. Organizational Chart



B. Business activities of main divisions

Department	Functions
Audit Committee	Supervise the following matters as the primary objectives based on the authorization of the Board of Directors: 1. Fair presentation of the financial statements of the Company 2. Selection (dismissal) of CPAs, and their independence and performance 3. Effective implementation for the internal control of the Company 4. Compliance of the Company with relevant laws, regulations, and rules 5. Control of the existing or potential risks of the Company
Remuneration Committee	1. Establish and periodically review the performance evaluation of directors, supervisors, and managers, as well as remuneration policies, determination, standards, and structure. 2. Periodically evaluate and determine remuneration for directors, supervisors, and managers.
Auditing Office	1. Investigate and evaluate the absence of internal control system and measure the operating efficiency. 2. Make suggestions on improvement as appropriate, to ensure the continual, effective implementation of the internal control. 3. Assist the Board of Directors and the management in practically performing their responsibilities.
Chairman's Office	I. Take charge of domestic and overseas project support, public relations, and other relevant matters of the Group as aids and staff of the enterprise. 2. Provide operation analysis information and human resources planning.
Corporate Strategic & New Business Management Dept.	1. Provide operation analysis information, and manage overseas subsidiaries as well as domestic and overseas invested companies of the Group. 2. Enterprise finance system maintenance, capital application, investment application planning, finance and stock affairs planning, and dispatch management 3. Accounting treatment 4. Take charge of credit limit and legal affairs management of each business division
SaaS & Distribution Business Group	I. Take charge of planning the marketing of all series of products through the Company's channels, executing and evaluating product agency, product commercialization, market analysis, and marketing activities, and managing market expansion, development, and channels. 2. Take charge of planning the marketing of enterprise application software, and executing and evaluating product agency, product commercialization, market analysis, marketing activities, etc. 3. Provide professional software cloud SaaS services and Microsoft cloud platform services/consulting services based on the agency of international software and channels.
Intelligent Printing Services Group	1. Evaluate and market diversified variable digital printing products as an agent, including marketing planning for introduction of products to the market, business operation, and all-around after-sales services. 2. Provide cross-border cooperation solutions for industrial customers, e.g., digital printing equipment used in the printing industry, the Internet, or brand owners, technical and industrial application solutions, as well as relevant industry procedure planning and purchasing related to one-stop and customization-like printing services. 3. Provide customers with consulting services involving professional planning of introduction of printing production procedures and products as well as marketing and execution. 4. Establish GrandTech HP Indigo Endless Possibilities Center of Excellence (COE) to cultivate professional technical talents, and provide OP training courses and technical certification in the industry of digital printing.

Department	Functions
Cloud Service Business Group	1. Consulting: Provide all-around professional technical and consulting services to facilitate a better understanding of enterprises for cloud transfer, cloud requirements, and cloud structure planning. 2. Security monitoring: The information security experts of the Company assist the inspection of the security settings and policies of AWS, and provide security information protection to ensure the compliance of settings and policies with commercial requirements. Also, they standardize and help enterprises strengthen information security compliance and standards. 3. SaaS services: Provide the infrastructure of AWS, i.e., IaaS and SaaS, and offer more experienced and professional services in multiple fields including image processing, website design, game, office applications, and customer support.
Enterprise Business Group	Provide product marketing planning for relevant education and corporate users and/or office machines, execute and evaluate product agency, market analysis and marketing business activities, and provide all-around after-sales services.

(II) Profile of the Company's directors, supervisors, president, vice-presidents, associate managers, and the heads of all Company divisions and branch units

A. Directors and supervisors

1. Profile of directors

April 30, 2023

Title	Nationality / place of incorporation	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	HSU, CHENG-CHIANG	Male 51-60	2022.06.10	3	1999.09.15	1,891,389	3.28%	2,009,622	3.24%	10,792	0.02%	0	0	M.S. in Computer Science, State University of New York	Note 1	None	None	None	Note 10
Director	Malaysia	NGOI, MIEW-HUAT	Male 51-60	2021.06.10	3	2016.06.23	400,000	0.69%	425,004	0.68%	0	0	0	0	Campbell University, North Carolina, USA	Note 2	None	None	None	-
Director	R.O.C.	Longwei Co., Ltd.	-	2022.06.10	3	2019.06.06	2,578,550	4.48%	2,739,738	4.41%	0	0	0	0		None	None	None	None	-
	R.O.C.	Representative: CHUANG, TZU-HUA	Male 51-60	2022.06.10	3	2017.10.26	0	0	2,740,464	4.41%	10,500	0.02%	0	0	M.S. in Construction Engineering, National Taiwan University of Science and Technology M.S. Master In-service Professional Law Section of School of Law of Soochow University PhD Candidate of Industry Section, College of Management, Yuan Ze University	Note 3	None	None	None	-
Director	R.O.C.	LIU, YAO-YUAN	Male 41-50	2022.06.10	3	2021.06.10	89,000	0.15%	100,000	0.16%	11,000	0.02%	0	0	PhD Candidate of National Taiwan University of Science and Technology Graduate Institute of Management	Note 4	None	None	None	-
Director	R.O.C.	HUANG, LI-AN	Male 41-50	2022.06.10	3	2019.06.06	0	0	0	0	0	0	0	0	IESE Business School of Spain	Note 5	None	None	None	-
Director	R.O.C.	YANG, JUNG-KUNG	Male 51-60	2022.06.10	3	2017.10.26	0	0	0	0	0	0	0	0	M.B.A, University of Missouri - Columbia	Note 6	None	None	None	-
Independent Director	R.O.C.	LIN, TE-JUI	Male 61-70	2022.06.10	3	2019.06.06	170,000	0.30%	180,626	0.29%	0	0	0	0	PhD of Brigham Young University Law School	Note 8	None	None	None	-
Independent Director	R.O.C.	CHEN, WEI-YU	Male 51-60	2022.06.10	3	2017.10.26	0	0	0	0	0	0	0	0	M.B.A, California State University	Note 9	None	None	None	-
Independent Director	R.O.C.	CHEN, SU-LAN	Female 51-60	2022.06.10	3	2021.06.10	0	0	0	0	0	0	0	0	Bachelor of Department of International Trade of National Taiwan University	Note 9	None	None	None	-

Note 1: Chairman of GrandTech Cloud, chairman of Netcore Network Communication, chairman of COGATE, director of DeepStone, director of Senco-Masslink Technology, director of Senco-Masslink Solutions, director of DPI, director of BoniO Inc.
Note 2: Director of GrandTech Cloud, director of COGATE, director of DPI, director of Senco-Masslink Technology, director of Senco-Masslink Solutions
Note 3: Chairman of Longyuan, chairman of Fu Le Qun, chairman of Longwei
Note 4: Director of Shanghai Shitai, director of Unigate Telecom Inc., director of Chief International Corp, director of S-Link
Note 5: Director of iCatch Technology, director of FST Disc, director of Ability Enterprise Co., Ltd., director of ABICO AVY Co., Ltd., director of Green Breeze Plant Corp.
Note 6: Director of Parade, independent director of Global Communication Semiconductors, LLC, executive director of TransLink Capital, director of Reed Semiconductor, director of X2 Power, director of Shenzhen Immotor, director of DCard, director of Pakal, director of Axonne, director of UBiAi, director of iWEECARE, director of Xconn Technologies, director of Point Robotics MedTech Inc.
Note 7: Professor of National Chung Cheng University, independent director of Ta Ching Bills
Note 8: CPA partner of JYH HER CPAs and independent director of Daiichi_KY
Note 9: Chairman of Business Next Publishing Corporation, director of Development Innovation, director of FundRich Securities, director of Mite Digital, director of Stylist
Note 10: If the chairman and president or a manager with equivalent rank (top manager) are a same person, or have a spousal relationship, or the first degree of kinship, explain the reason, reasonableness, necessity, and responsive measures: Not involved.

2. Major shareholders of corporate shareholders

Table 1: Major Shareholders of Corporate Shareholders

April 30, 2023

Name of corporate shareholder	Major shareholder	Shareholding ratio
Longwei Co., Ltd.	CHUANG, TZU-HUA	89.83%

Data source: Department of Commerce, the Ministry of Economic Affairs

Table 2: Major shareholders of major shareholders in Table 1 as corporate shareholders: Not applicable.

3. Profile of directors

(1) Professional qualifications and independence analysis of directors and independent director

Condition / Name	Professional qualifications and experience	Independence status	Number of other public companies where the director holds a concurrent post of independent director
HSU, CHENG-CHIANG	With over five years' work experience required for corporate business, currently serving as the chairman and CEO of the Company, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2023:2,098,373 shares and 3.38% Other conditions complying with independence principle are shown in Note 1.	0
NGOI, MIEW-HUAT	With over five years' work experience required for corporate business, currently serving as the senior vice-president of the Company, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2023: 425,004 shares and 0.68% Other conditions complying with independence principle are shown in Note 1.	0
Longwei Co., Ltd. Representative: CHUANG, TZU-HUA	With over five years' work experience required for corporate business, currently serving as the chairman of Longwei Co., Ltd., and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2023:2,740,464 shares and 4.41% Other conditions complying with independence principle are shown in Note 1.	0
LIU, YAO-YUAN	With over five years' work experience required for corporate business, currently serving as the president of Chief Telecom, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2023: 111,000 shares and 0.18% Other conditions complying with independence principle are shown in Note 1.	0
HUANG, LI-AN	With over five years' work experience required for corporate business, currently serving as the director of Ability Enterprise Co., Ltd., and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2023: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	0
YANG, JUNG-KUNG	With over five years' work experience required for corporate business, currently serving as the director of WRAP, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2023: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	0
LIN, TE-JUI	With over five years' work experience required for corporate business, currently serving as the law professor of National Chung Cheng University, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2023: 180,626 shares and 0.29% Other conditions complying with independence principle are shown in Note 1.	1
CHEN, WEI-YU	With over five years' work experience required for corporate business, currently serving as a CPA partner of JYH HER CPAs, and not involved in any situation stipulated in Article 30	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2023: 0 shares and 0.00% Other conditions complying with independence	1

Name \ Condition	Professional qualifications and experience	Independence status	Number of other public companies where the director holds a concurrent post of independent director
	of the Company Act.	principle are shown in Note 1.	
CHEN, SU-LAN	With over five years' work experience required for corporate business, currently serving as the chairman of Business Next Publishing Corporation, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of April 30, 2023: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	0

Note 1. Compliance with independence status: All members of the Board of Directors comply with the independence status, including but not limited to the followings: Whether the director, his/her spouse, and relatives within the second degree of kinship have served as director, supervisor, or employee of the Company or its affiliated companies; number and ratio of shares held by the director, his/her spouse, and relatives within the second degree of kinship (or in the name of others); whether the director serves as director, supervisor, or employee of any company that has a specific relation with the Company (compliance with the provisions of subparagraphs 5~8, Article 3-1 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); amount of reward obtained from the Company or its affiliated companies in the last two years for the services provided to them, including commerce, legal affairs, finance, and accounting.

(2) Diversity and independence of the Board of Directors:

a. Diversity of the Board of Directors: The Board of Directors of the Company currently consists of 9 directors, including 4 non-exclusive directors, 2 male independent directors, 1 female independent director, and 2 executive directors (CEO HSU, CHENG-CHIANG, and senior vice-president NGOI, MIEW-HUAT). In addition to sufficient experience in corporate governance and industry technical experience, directors possess professional knowledge, skills, industry experience, and expertise that cover multiple levels including finance and accounting, technology, and management.

b. Independence of the Board of Directors: A candidate nomination system is adopted for election and appointment of directors in accordance with the provisions of "Articles of Association" of the Company. Upon nomination and selection of the members of the Board of Directors, relevant materials including written declaration have been acquired from each director, and the directors have no spousal relationship, or kinship within the second degree with each other, and they maintain their independence within the scope of business executed. Also, they do not have a direct or indirect stake in the Company.

4. Overall capacity required of the diversity policy of the Board members and implementation of the policy:

In order to strengthen corporate governance and promote the sound development of the constitution and structure of the Board of Directors, the Company has adjusted "Diversity Policy of Members of the Board of Directors" in accordance with Article 20 of "Corporate Governance Best Practice Principles". It is indicated in this policy that: A variety of requirements including the Company's operation structure, business development direction, and future development trends should be considered for the constitution of the Board of Directors, and various diversity aspects should be better evaluated, e.g., basic constitution (e.g., gender, age, etc.), and professional experience.

(1) Diversity policy for constitution of the Board members

The members of the Board of Directors should be diversified, and an appropriate

diversity policy should be drafted based on the corporate operation, business types and development demands. It is advisable to include but not limited to the standards regarding the following two aspects:
Basic conditions and values: Gender, age, nationality, culture, etc.
Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, etc.
The members of the Board of Directors shall generally possess the knowledge, skills and quality needed for execution of their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall have the following abilities as a whole:
Operation judgment capabilities
Accounting and financial analysis capabilities
Operation management capabilities
Crisis handling capabilities
Industrial knowledge
Outlook on international market
Leadership
Decision-making capabilities

(2) Implementation status
The current Board of Directors consists of 9 directors. The general directors have important management experience as directors or presidents of TWSE/TPEx listed companies. In addition to the practical experience of management of operating enterprises, all these general directors have the leadership, decision-making capabilities, crisis handling capabilities, and outlook on international market. Among 3 independent directors, CHEN, WEI-YU has a qualification of CPA, LIN, TE-JUI is a law professor of National Chung Cheng University, and CHEN, SU-LAN is the CEO of Business Next Publishing Corporation. Therefore, all of them have the expertise in the fields of finance and accounting, practical legal affairs, industrial knowledge, and operation judgment capabilities. The Company attaches importance to the gender equality in the constitution of the Board of Directors, and aims to improve the ratio of seats held by female directors to 22% and above. Currently, the male members account for 89% (8 directors) and the male member accounts for 11% (1 director) in the Board of Directors. In the future, the Company will strive to increase the number of female directors in order to achieve the goal.

The diversity of members of the Board of Directors is shown in the following table:

Diversity item / Name	Basic constitution			Industrial experience				Professional competence			
	Nationality	Gender	Serving as a concurrent employee of the Company	Operation development	Operation management	International market	University or college lecturer	Commerce	Law	Accounting	Risk management
HSU, CHENG-CHIANG	R.O.C.	Male	V	V	V	V		V			V
NGOI, MIEW-HUAT	Malaysia	Male	V	V	V	V		V			V
Longwei Co., Ltd. Representative: CHUANG, TZU-HUA	R.O.C.	Male		V	V			V			V
LIU, YAO-YUAN	R.O.C.	Male		V	V	V		V		V	V
HUANG, LI-AN	R.O.C.	Male		V	V	V		V			V

Diversity item / Name	Basic constitution			Industrial experience				Professional competence			
	Nationality	Gender	Serving as a concurrent employee of the Company	Operation development	Operation management	International market	University or college lecturer	Commerce	Law	Accounting	Risk management
YANG, JUNG-KUNG	R.O.C.	Male		V	V	V		V			V
LIN, TE-JUI	R.O.C.	Male					V		V		V
CHEN, WEI-YU	R.O.C.	Male			V					V	V
CHEN, SU-LAN	R.O.C.	Female		V	V	V		V			V

(3) Independence of the Board of Directors: A candidate nomination system is adopted for election and appointment of directors in accordance with the provisions of "Articles of Association" of the Company. Upon nomination and selection of the members of the Board of Directors, relevant materials including written declaration have been acquired from each director, and the directors have no spousal relationship, or kinship within the second degree with each other. All independent directors, their spouses, and relatives within the second degree of kinship haven't held any shares of the Company, and maintained their independence within the scope of business executed. Also, they do not have a direct or indirect stake in the Company.

B. Profile of directors, supervisors, and the management team

April 30, 2023

Title	Nationality	Name	Gender Age	Date elected	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (education)	Other position	Managers who are spouses or within two degrees of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Malaysia	NGOI, MIEW-HUAT	Male 51-60	2014.05.05	425,004	0.68%	0	0	0	0%	Campbell University, North Carolina, USA	Note 1	None	None	None	-
Vice-President	R.O.C.	HUANG, SHU-CHEN	Female 51-60	2014.10.16	264,166	0.43%	0	0%	0	0%	Vice-President of Ability International	Note 2	None	None	None	-
Vice-President	R.O.C.	LO, CHANG-HUA	Male 51-60	2021.08.05	0	0%	0	0%	0	0%	College of Engineering, Chung Yuan Christian University	Note 3	None	None	None	-

Note 1. Chairman of DeepStone, director of DPI, director of Senco-Masslink Technology, director of Senco-Masslink Solutions

Note 2. Director of COGATE

Note 3. If the chairman and president or a manager with equivalent rank (top manager) are a same person, or have a spousal relationship, or the first degree of kinship, explain the reason, reasonableness, necessity, and responsive measures: Not involved.

(III) Remuneration of directors, supervisors, president, and vice-presidents

A. Remuneration of directors and independent directors

Unit: NT$ Thousand

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Base compensation</th><th colspan="2" rowspan="2">Ratio of total remuneration (A+B+C+D) to net income (%)</th><th colspan="8">Relevant remuneration received by directors who are also employees</th><th colspan="2" rowspan="2">Ratio of Total Remuneration (A+B+C+D+E+F+G) to net income (%)</th><th rowspan="4">Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company</th></tr>
<tr><th colspan="2" rowspan="2">Base compensation(A)</th><th colspan="2" rowspan="2">Severance pay(B)</th><th colspan="2" rowspan="2">Directors' compensation(C)</th><th colspan="2" rowspan="2">Allowance(D)</th><th colspan="2" rowspan="2">Salary, bonuses, and allowances(E)</th><th colspan="2" rowspan="2">Severance pay(F)</th><th colspan="4">Employee compensation(G)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">Cash</th><th colspan="2">Stock</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th>The Company</th><th>Companies in the consolidated financial statements</th><th>The Company</th><th>Companies in the consolidated financial statements</th><th>The Company</th><th>Companies in the consolidated financial statements</th><th>The Company</th><th>Companies in the consolidated financial statements</th><th>The Company</th><th>Companies in the consolidated financial statements</th><th>The Company</th><th>Companies in the consolidated financial statements</th><th>The Company</th><th>Companies in the consolidated financial statements</th><th>The Company</th><th>Companies in the consolidated financial statements</th></tr>
<tr><td>Director</td><td>HSU, CHENG-CHIANG</td><td colspan="2" rowspan="8">0</td><td colspan="2" rowspan="8">0</td><td colspan="2" rowspan="8">The Company
2,853
All companies
2,853</td><td colspan="2" rowspan="8">0</td><td colspan="2" rowspan="8">The Company
2,853
0.89%
All companies
2,853
0.89%</td><td colspan="2" rowspan="8">The Company
3,652
All companies
7,572</td><td colspan="2" rowspan="8">The Company
47
All companies
47</td><td colspan="2" rowspan="8">The Company
2,155
All companies
2,155</td><td colspan="2" rowspan="8">0</td><td colspan="2" rowspan="8">The Company
8,707
2.72%
All companies
12,627
3.94%</td><td rowspan="8">0</td></tr>
<tr><td>Director</td><td>NGOI, MIEW- HUAT</td></tr>
<tr><td>Director</td><td>CHUANG, FENG-PIN (Note 5)</td></tr>
<tr><td>Director</td><td>Longwei Co., Ltd. Representative: CHUANG, TZU-HUA</td></tr>
<tr><td>Director</td><td>HUANG, LI-AN</td></tr>
<tr><td>Director</td><td>Cana Investment Co., Ltd. Representative: YANG, JUNG-KUNG (Note 5)</td></tr>
<tr><td>Director</td><td>YANG, JUNG-KUNG (Note 6)</td></tr>
<tr><td>Director</td><td>LIU, YAO-YUAN (Note 6)</td></tr>
<tr><td>Independent Director</td><td>LIU, TSU-HUA (Note 5)</td><td colspan="2" rowspan="4">The Company
1,230
All companies
1,230</td><td colspan="2" rowspan="4">0</td><td colspan="2" rowspan="4">0</td><td colspan="2" rowspan="4">0</td><td colspan="2" rowspan="4">The Company
1,230
0.38%
All companies
1,230
0.38%</td><td colspan="2" rowspan="4">0</td><td colspan="2" rowspan="4">0</td><td colspan="2" rowspan="4">0</td><td colspan="2" rowspan="4">0</td><td colspan="2" rowspan="4">The Company
1,230
0.38%
All companies
1,230
0.38%</td><td rowspan="4">0</td></tr>
<tr><td>Independent Director</td><td>LIN, TE-JUI</td></tr>
<tr><td>Independent Director</td><td>CHEN, WEI-YU</td></tr>
<tr><td>Independent Director</td><td>CHEN, SU-LAN (Note 6)</td></tr>
</table>

Note 1: Director remuneration is appropriated to the unincorporated representatives of corporate juridical persons.
Note 2: The amount of employee remuneration of the Company in 2022 (including cash and stock dividends) is a proposed amount.
Note 3: Please describe the remuneration payment policy, system, standard, and structure for independent directors, as well as the relevancy of factors including their duties, risks, and engaged time with the remuneration amount: Handled in accordance with "Articles of Association" and "Regulations Governing the Remuneration Payment for Directors and Functional Directors" of the Company. The remuneration of independent directors shall be paid no matter if the Company makes a profit or suffers a loss.
Note 4: Remuneration obtained by directors of the Company from all the companies in the financial report for providing services (e.g., serving as the consultants other than employees) in the most recent fiscal year except those disclosed in the preceding table: None.
Note 5: Removed from office on June 10, 2022;
Note 6: Appointed on June 10, 2022

Table of Range of Remuneration

<table>
<tr><th rowspan="3">Range of remuneration</th><th colspan="4">Name of directors</th></tr>
<tr><th colspan="2">Total remuneration (A+B+C+D)</th><th colspan="2">Total remuneration (A+B+C+D+E+F+G)</th></tr>
<tr><th>The Company</th><th>Companies in the consolidated financial statements</th><th>The Company</th><th>Companies in the consolidated financial statements</th></tr>
<tr><td>Under NT$1,000,000</td><td>HSU, CHENG-CHIANG, NGOI, MIEW- HUAT, LIU, TSU-HUA, CHUANG, FENG-PIN, Cana Investment, CHEN, WEI-YU, HUANG, LI-AN, Longwei, LIN, TE-JUI, LIU, YAO-YUAN, CHEN, SU-LAN</td><td>HSU, CHENG-CHIANG, NGOI, MIEW- HUAT, LIU, TSU-HUA, CHUANG, FENG-PIN, Cana Investment, CHEN, WEI-YU, HUANG, LI-AN, Longwei, LIN, TE-JUI, LIU, YAO-YUAN, CHEN, SU-LAN</td><td>HSU, CHENG-CHIANG, NGOI, MIEW- HUAT, LIU, TSU-HUA, CHUANG, FENG-PIN, Cana Investment, CHEN, WEI-YU, HUANG, LI-AN, Longwei, LIN, TE-JUI, LIU, YAO-YUAN, CHEN, SU-LAN</td><td>HSU, CHENG-CHIANG, NGOI, MIEW- HUAT, LIU, TSU-HUA, CHUANG, FENG-PIN, Cana Investment, CHEN, WEI-YU, HUANG, LI-AN, Longwei, LIN, TE-JUI, LIU, YAO-YUAN, CHEN, SU-LAN</td></tr>
<tr><td>NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)</td><td>-</td><td>-</td><td>NGOI, MIEW- HUAT</td><td>-</td></tr>
<tr><td>NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)</td><td>-</td><td>-</td><td></td><td></td></tr>
<tr><td>NT$3,500,000 (inclusive) ~ NT$6,500,000 (exclusive)</td><td>-</td><td>-</td><td>HSU, CHENG-CHIANG</td><td>HSU, CHENG-CHIANG, NGOI, MIEW- HUAT</td></tr>
<tr><td>Total</td><td>9</td><td>9</td><td>9</td><td>9</td></tr>
</table>

B. Remuneration to supervisors: No supervisor has been appointed in the Company.

C. Remuneration of president and vice-presidents

Unit: NT$ Thousand

Title	Name	Salary(A)		Severance Pay(B)		Bonuses and Allowances (C)		Employee compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Amount of employee stock options acquired		Amount of new restricted employee shares		Compensation paid to directors from an invested company or from the Company's subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock							
chairman	HSU, CHENG-CHIANG (Note 2)	The Company 5,659 All companies 9,756		The Company 232 All companies 232		The Company 1,125 All companies 1,427		3,554	0	3,554	0	The Company 10,570 3.3% All companies 14,969 4.67%		0		0		0
president	NGOI, MIEW- HUAT																	
vice-presidents	HUANG, SHU-CHEN																	
vice-presidents	LO, CHANG-HUA																	

Note 1: The amount of employee remuneration of the Company in 2022 (including cash and stock dividends) is a proposed amount.
Note 2: HSU, CHENG-CHIANG holds a concurrent post of the head of Cloud Service Business Group.

Table of Range of Remuneration

Range of remuneration paid to president and vice-presidents	Name of presidents and vice-presidents	
	The Company	Companies in the consolidated financial statements
Under NT$1,000,000		-
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	NGOI, MIEW- HUAT, HUANG, SHU-CHEN	
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	LO, CHANG-HUA	HUANG, SHU-CHEN, LO, CHANG-HUA
NT$3,500,000 (inclusive) ~ NT$6,500,000 (exclusive)	HSU, CHENG-CHIANG	HSU, CHENG-CHIANG, NGOI, MIEW- HUAT
Total	4	4

D. Remuneration of the management team

April 30, 2023; Unit: NT$ Thousand

	Title	Name	Stock	Cash	Total	Ratio of total amount to net income (%)
Managerial officers	Chairman	HSU, CHENG-CHIANG	0	3,554	3,554	1.11%
	Presidents	NGOI, MIEW- HUAT				
	Vice-President	HUANG, SHU-CHEN				
	Vice-President	LO, CHANG-HUA				

Note 1: The amount of employee remuneration of the Company in 2022 (including cash and stock dividends) is a proposed amount.

E. Ratio of total remuneration for president and vice-presidents of the Company and all the companies in the consolidated Financial Statements in net profit of the individual financial report after tax shall be illustrated, and remuneration payment policy, standard and combination, establishment procedure of remuneration, relevance between performance and future risk shall be stated.

1. Analysis of the ratio of the total remuneration for directors, president and vice-presidents of the Company and all the companies in the consolidated Financial Statements in the recent two fiscal years in net profit of the individual financial report after tax

Title	2021		2022	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	1.23%	1.23%	1.29%	1.29%
President and Vice-Presidents	3.26%	5.14%	3.3%	4.67%

2. Remuneration payment policy, standard and combination, establishment procedure of remuneration, and relevance between performance and future risk for directors, president and vice-presidents.
   (1) The director remuneration of the Company refers to the annual surplus remuneration distributed according to the resolution of the Board of Directors and the provisions of the Articles of Association. However, the independent directors are not included in the aforesaid remuneration distribution. The fixed part-time remuneration of the independent directors has been determined in consideration of the Company's operating objectives, financial position, and directors' responsibilities; the remuneration of managers including CEO, president, and vice-presidents include salary, bonus, and employee remuneration, and is specifically negotiated and determined in accordance with their positions, responsibilities, and contributions to the Company, as well as with reference to the industry level; the procedures for remuneration determination have been established in accordance with the Articles of Association and authority for verification and approval; the Company pays remuneration to managers including directors, president, and vice-presidents, and also considers the operating risks faced by the Company in the future and the positive relevancy with operational performance, and links with key performance indicators like "Overall Corporate Performance", "Performance of Subordinate Units", and "Personal Performance", with the objective to pursue a balance between sustainable management and risk control.
   (2) The Company has established a Remuneration Committee to assist the Board of Directors in establishing policies for the remuneration of directors and managers as well as salaries of the Company. The Company, in accordance with the provisions of the Articles of Association, stipulates that the Remuneration Committee and the Board of Directors should review the remuneration paid to directors and managers based on their participation in the corporate operation and the value contributed, and strive to minimize the possibilities and relevancy of future risks, with the objective to pursue a balance between sustainable management and risk control.

(IV) Implementation of corporate governance

A. Operations of the Board of Directors

A total of 9 (A) meetings of the Board of Directors were held in the most recent fiscal year. The attendance of the directors is as follows:

Title	Name	Attendance in person	By proxy	Attendance rate (%)	Remarks
Director	HSU, CHENG-CHIANG	9	0	100%	-
Director	NGOI, MIEW- HUAT	9	0	100%	-
Director	CHUANG, FENG-PIN	4	0	44%	Removed from office on June 10, 2022
Director	Cana Investment Co., Ltd. Representative: YANG, JUNG-KUNG	4	0	44%	Removed from office on June 10, 2022
Director	Longwei Investment Co., Ltd. Representative: CHUANG, TZU-HUA	9	0	100%	-
Director	HUANG, LI-AN	8	0	89%	-
Director	LIU, YAO-YUAN	8	0	100%	Attended June 10, 2022
Director	YANG, JUNG-KUNG	5	0	56%	Attended June 10, 2022
Independent Director	LIU, TSU-HUA	4	0	44%	Removed from office on June 10, 2022
Independent Director	LIN, TE-JUI	7	2	78%	-
Independent Director	CHEN, WEI-YU	9	0	100%	-
Independent Director	CHEN, SU-LAN	5	0	56%	Attended June 10, 2022

Other mentionable items:

1. 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:

Date	Content of motion	All independent directors' opinions	The Company's response
5th meeting in 2022 June 10, 2022	1. Proposal for election of chairman 2. Proposal for hiring of Remuneration Committee members 3. Proposal for planning of greenhouse gas inventory and verification schedule of the Company	Approved without objection	N/A
6th and 7th meetings in 2022 August 4, 2022	1. Proposal for consolidated financial statements of the second quarter of 2022 2. Proposal for profit distribution of the second quarter of 2022 3. Proposal for capital increase in cash and issuance of new shares 4. Proposal for handling of capital decrease in cash 5. Proposal for amendment to the Regulations Governing the Remuneration Payment for Directors and Functional Directors	Approved without objection	N/A
8th meeting in 2022 November 3, 2022	1. Proposal for consolidated financial statements of the third quarter of 2022 2. Proposal for profit distribution of the third quarter of 2022 3. Proposal for liability insurance of directors and important employees 4. Proposal for audit plan of 2023 5. Proposal for establishment of Corporate Governance Best Practice Principles of the Company 6. Proposal for appointment of CEO of the Company 7. Proposal for appointment of president of the Company and adjustment of salaries and welfare	Approved without objection	N/A

Date	Content of motion	All independent directors' opinions	The Company's response
9th meeting in 2022 December 26, 2022	1. Proposal for CPA professional fees	Approved without objection	N/A
1st meeting in 2023 March 3, 2023	1. Proposal for distribution of employee remuneration and director remuneration in 2022 2. Proposal for financial statements and consolidated financial statements of 2022 3. Proposal for profit distribution of 2022 4. Proposal for effectiveness assessment of internal control system of 2022 and Declaration of Internal Control System 5. Proposal for amendment to some provisions of "Procedures for Acquisition or Disposal of Assets" of the Company 6. Proposal for amendment to some provisions of "Procedures for Lending Funds to Others and Endorsement Guarantee" of the Company 7. Proposal for replacement of the Company's accounting firm and CPAs 8. Proposal for discussion of the handling of share dilution work of a subsidiary and waiver of participation in the cash capital increase plan of this subsidiary by the Company and companies controlled by or subordinate to the Company to coordinate with this subsidiary's application for TPEx stock listing plan in the future 9. Proposal for change of CEO of the Company 10. Proposal for lending funds to subsidiaries	Approved without objection	N/A
2nd meeting in 2023 April 21, 2023	1. Proposal for lending funds to subsidiaries	Approved without objection	N/A
3rd meeting in 2023 May 5, 2023	1. Proposal for consolidated statements of the first quarter of 2023 2. Proposal for profit distribution of the first quarter of 2023 3. Proposal for distribution amount of employee remuneration and director remuneration in 2022	Approved without objection	N/A

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.

(3) Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of the voting shall be specified:

Date	Content of proposal	Recusing personnel	Reason of recusal for conflict of interest	Voting status
August 4, 2022	Proposal for amendment to the Regulations Governing the Remuneration Payment for Directors and Functional Directors	LIN, TE-JUI, CHEN, WEI-YU, CHEN, SU-LAN	This proposal involved their own interests, and they left for recusal.	Except directors who recused for conflict of interest, all other attending directors raised on objection, and the proposal was passed as submitted.
November 3, 2022	1. Proposal for appointment of CEO of the Company 2. Proposal for appointment of president of the Company and adjustment of	HSU, CHENG-CHIANG, NGOI, MIEW- HUAT	This proposal involved their own interests, and they left for recusal.	Except directors who recused for conflict of interest, all other attending directors raised on objection, and the proposal was passed as submitted.

Date	Content of proposal	Recusing personnel	Reason of recusal for conflict of interest	Voting status
March 3, 2023	Proposal for change of CEO of the Company	HSU, CHENG-CHIANG	This proposal involved their own interests, and they left for recusal.	Except directors who recused for conflict of interest, all other attending directors raised on objection, and the
May 5, 2023	Proposal for distribution amount of employee remuneration and director remuneration in 2022	HSU, CHENG-CHIANG, NGOI, MIEW- HUAT, LIU, YAO-YUAN, CHUANG, TZU-HUA, HUANG, LI-AN,	This proposal involved their own interests, and they left for recusal.	Except directors who recused for conflict of interest, all other attending directors raised on objection, and the proposal was passed as submitted.

2. Objectives for the strengthening of the functionality of the Board of Directors in the current year and the most recent fiscal year (e.g., establishment of the Audit Committee, and enhancement of information transparency), and evaluation of implementation status:
   (1) Functionality objective of the Board of Directors
   In order to implement corporate governance, improve supervision functions, and strengthen the management mechanism, the Company has all independent directors form the Audit Committee to strengthen the functionality of the Board of Directors in accordance with the provisions of Article 14-4 of the Securities and Exchange Act.
   (2) Evaluation of implementation status: The Company has established Remuneration Committee and Audit Committee to assist the Board of Directors in executing its duties. Also, sticking to the principle of operation transparency, the Company would release major messages and disclose relevant information in the MOPS to safeguard shareholders' rights and interests on the present days after end of meetings of the Board of Directors in accordance with "Procedures of Taipei Exchange for Investigation and Public Handling of Major Information of TPEx Listed Securities Companies".
3. Implementation status of evaluation of the Board of Directors and functional committees:
   The Auditing Office is assigned as the unit responsible for executing the internal performance evaluation of the Board of Directors and each functional committee of the Company. The Company has established "Performance Evaluation of the Board of Directors" to conduct evaluation work at the end of each year, and quantify the evaluation using evaluation indicators. The evaluation results shall be concluded prior to the end of the first quarter of next year, and submitted to the Board of Directors. The evaluation results are as follows, and have been presented and reported to the meeting of the Board of Directors on March 3, 2023.

Frequency	Period	Scope	Method	Content	Evaluation result
Once a year	January 1, 2022 to December 31, 2022	Performance evaluation of the Board of Directors, individual Board members and functional committees.	Self-evaluation	1. Self-evaluation of performance of the Board of Directors; Degree of participation in the corporate operation, improvement in the decision-making quality of the Board of Directors, constitution and structure of the Board of Directors, election and continuing education of directors, and internal control 2. Board members: Mastery of corporate goals and missions, awareness of directors' responsibilities, degree of participation in the corporate operation, operation and communication of internal relations, expertise and continuing education of directors, and internal control	The result of the internal performance evaluation of the Company was "Good" in 2022, which fully indicated the achievements acquired by the Company for strengthening the efficiency of the Board of Directors.

4. Objectives for the strengthening of the functionality of the Board of Directors in the current year and the most recent fiscal year, and evaluation of implementation status:
   (1) Strengthening of corporate governance: The Company has already established Remuneration

Committee and Audit Committee in accordance with relevant laws and regulations to evaluate and suggest on the remuneration policies adopted for the directors and managers of the Company, as well as the corporate operation in a professional and objective position so that the Board of Directors may use them as reference for decision-making.

(2) Improvement of information transparency: The Company sticks to the principle of operation transparency, and would release major messages and disclose relevant information in the MOPS to safeguard shareholders' rights and interests on the present days after end of meetings of the Board of Directors in accordance with "Procedures of Taipei Exchange for Investigation and Public Handling of Major Information of TPEx Listed Securities Companies".

B. Operation of the Audit Committee or attendance of supervisors at Board Meetings:
The Audit Committee of the Company consists of 3 independent directors, and is responsible for fair presentation of the financial statements of the Company, selection (dismissal) of CPAs, and their independence and performance, effective implementation fo the internal control of the Company, compliance of the Company with relevant laws, regulations, and rules, and control of the existing or potential risks of the Company.

A total of 7 (A) meetings of the Audit Committee were held in the most recent fiscal year. The attendance of independent directors as a nonvoting party is as follows:

Title	Name	Attendance in person (B/A)	By Proxy	Attendance rate (%) (B/A)	Remarks
Convener	CHEN, WEI-YU	7	0	100%	-
Committee member	LIN, TE-JUI	7	0	100%	-
Committee member	CHEN, SU-LAN	4	0	57%	Attended June 10, 2022
Committee member	LIU, TSU-HUA	3	0	43%	Removed from office on June 10, 2022

Other matters to be recorded:

1. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date	Contents of motions	Audit Committee resolutions	The Company's handling of Audit Committee's resolutions
4th and 5th meetings in 2022 August 4, 2022	1. Proposal for capital increase in cash and issuance of new shares 2. Proposal for handling of capital decrease in cash 3. Proposal for consolidated financial statements of the second quarter of 2022 2. Proposal for profit distribution of the second quarter of 2022	Approved without objection	N/A
6th meeting in 2022 November 3, 2022	1. Proposal for consolidated financial statements of the third quarter of 2022 2. Proposal for profit distribution of the third quarter of 2022 3. Proposal for liability insurance of directors and important employees 4. Proposal for audit plan of 2023 6. Proposal for appointment of CEO of the Company 7. Proposal for appointment of president of the Company and adjustment of salaries and welfare	Approved without objection	N/A
7th meeting in 2022 December 26, 2022	1. Proposal for CPA professional fees	Approved without objection	N/A

Date	Contents of motions	Audit Committee resolutions	The Company's handling of Audit Committee's resolutions
1st meeting in 2023 March 3, 2023	1. Proposal for financial statements and consolidated financial statements of 2022 2. Proposal for profit distribution of 2022 3. Proposal for effectiveness assessment of internal control system of 2022 and Declaration of Internal Control System 4. Proposal for amendment to some provisions of "Procedures for Acquisition or Disposal of Assets" of the Company 5. Proposal for amendment to some provisions of "Procedures for Lending Funds to Others and Endorsement Guarantee" of the Company 6. Proposal for replacement of the Company's accounting firm and CPAs 7. Proposal for change of CEO of the Company 8. Proposal for lending funds to subsidiaries	Approved without objection	N/A
2nd meeting in 2023 April 21, 2023	1. Proposal for lending funds to subsidiaries	Approved without objection	N/A
3rd meeting in 2023 May 5, 2023	1. Proposal for consolidated statements of the first quarter of 2023 2. Proposal for profit distribution of the first quarter of 2023	Approved without objection	N/A
Resolution results	All attending committee members approved the proposals as submitted without any objection.		

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of the voting shall be specified: None.
3. Communications between the independent directors, the Company's chief internal auditor and CPAs
   (1) During internal audit, the audit report is submitted to each independent director for review, and major audit findings are also reported to the Board of Directors.
   (2) The Company summarizes and lists relevant information regarding the governance matters involved in the audit or review of its financial report, and then communicates it with the Audit Committee in writing every quarter; independent directors may attend relevant meetings of the Audit Committee as a nonvoting party to discuss and communicate relevant annual internal audit, audit results of financial report, key audit items, issues regarding the application of some accounting principles, and impact of newly amended laws and regulations.

C. Corporate Governance implementation status and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
1. Has the Company established and does it disclose its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company already passed a resolution in a meeting of the Board of Directors on November 3, 2022 to establish "Corporate Governance Best Practice Principles" and disclosed it in the special section for corporate governance on its website.	In line with the Corporate Governance Best Practice Principles.
2. Shareholding structure & shareholders' rights (1) Has the Company established internal operating procedures to deal with shareholders' suggestions, concerns, disputes and litigation, and does the Company implement such procedures in accordance with the procedures? (2) Does the Company keep a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders? (3) Has the Company established and does it execute a risk management and firewall system within its affiliated companies? (4) Has the Company established internal rules against insider trading and the use of undisclosed information in securities trading?	V		(1) The Company has appointed dedicated personnel including spokesperson and deputy spokesperson, and assigned stock affairs staff and agency to assist the handling of shareholders' suggestions, or other relevant affairs such as disputes. (2) The Company masters the information regarding the changes of major shareholders' equity as well as changes of directors and supervisors. (3) The Company executes risk control in accordance with its internal control system and relevant regulations. (4) The Company has established "Procedures for Handling of Major Internal Information and Prevention of Insider Trading" which expressly prohibits insiders of the Company from trading securities by utilizing undisclosed information in the market.	In line with the Corporate Governance Best Practice Principles.
3. Composition and responsibilities of the Board of Directors (1) Does the Board of Directors develop and implement a diversity policy for the composition of its members?	V		(1) It has already been clearly specified in the Corporate Governance Best Practice Principles released and enforced by the Company that the members of the Board of Directors should be diversified. A candidate nomination system is adopted for election and appointment of directors in accordance with the provisions of "Articles of Association" of the Company. In addition to the evaluation of education, experience and qualifications of each candidate, the Company also refers to the opinions from stakeholders, and abides by "Regulations Governing the Election of Directors and Supervisors", and "Corporate Governance Best Practice Principle", to assure the diversity and independence of the Board members. The current Board of Directors consists of 9	In line with the Corporate Governance Best Practice Principles.

Item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			directors. The general directors have important management experience as directors or presidents of TWSE/TPEx listed companies. In addition to the practical experience of management of operating enterprises, all these general directors have the leadership, decision-making capabilities, crisis handling capabilities, and outlook on international market. Among 3 independent directors, CHEN, WEI-YU has a qualification of CPA, LIN, TE-JUI is a law professor of National Chung Cheng University, and CHEN, SU-LAN is the CEO of Business Next Publishing Corporation. Therefore, all of them have the expertise in the fields of finance and accounting, practical legal affairs, industrial knowledge, and operation judgment capabilities. The Company attaches importance to the gender equality in the constitution of the Board of Directors, and aims to improve the ratio of seats held by female directors to 22% and above. Currently, the male members account for 89% (8 directors) and the male member accounts for 11% (1 director) in the Board of Directors. In the future, the Company will strive to increase the number of female directors in order to achieve the goal.	
(2) In addition to the legally required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?			(2) In addition to the legally established Remuneration Committee and Audit Committee, the Company has already established an Employee Welfare Committee.	
(3) Has the Company established standards and methods to evaluate the performance of the Board of Directors, conduct evaluations annually and regularly, report the evaluation results to the Board of Directors, and use them as a reference for individual directors' remuneration, nomination and renewal?			(3) The Company has established Measures for Performance Evaluation of the Board of Directors. It already executed the performance evaluation of the Board of Directors in 2022, and submitted the evaluation results to the meeting of the Board of Directors on March 3, 2023. Besides, the performance evaluation results can be used as reference for remuneration, nomination, and reappointment of individual directors.	
(4) Does the Company regularly evaluate the independence of the CPAs?			(4) The Audit Committee of the Company evaluates the independence and competency of the CPAS every year. In addition to requiring CPAs to provide “Declaration of Independence” and “Audit Quality Indicators (AQIs)” for evaluation, it is confirmed that the CPAs have no relationship	

Item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			regarding financial interests and business with the Company except the expenses incurred for the certification and finance and tax expenses, and their family members haven't violated the requirements of independence. Furthermore, it is confirmed with reference with AQI information that the CPAs and the accounting firm are above the average level of the industry regarding audit experience and training hours. Besides, the Company will also continually introduce digital auditing tools to improve audit quality in the recent three years. The evaluation results in the most recent fiscal year were already discussed and passed by the Audit Committee on March 3, 2023, and submitted to the Board of Directors on March 3, 2023 for passing a resolution on the evaluation of CPAs' independence and competency.	
4. Does the Company appoint adequate persons and a chief governance officer in charge of corporate governance matters (including, but not limited to, providing directors and supervisors with the required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to Board Meetings and Shareholders' Meetings and keep minutes at Board Meetings and Shareholders' Meetings as required by law)?	V		The Company designated vice-president HUANG, SHU-CHEN as the governance officer of the Company, aiming to strengthen the functionality of the Board of Directors, based on a corresponding resolution passed by the Board of Directors on May 5, 2023. The scope of authority of this governance officer includes the handling of matters related to the meetings of the Board of Directors and the Shareholders' Meeting according to law, making of meeting minutes of the Board of Directors and the Shareholders' Meeting, provision of assistance for office-taking and continuing education of directors and supervisors, provision of data needed for business execution by the directors and supervisors, and assisting the compliance of directors and supervisors with laws and regulations. Also, the stock affairs unit is assigned to assist the promotion of the aforesaid tasks.	In line with the Corporate Governance Best Practice Principles.
5. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		The Company has established a spokesperson system as a communication channel with stakeholders, and set up a dedicated section for stakeholders on its website, to properly respond to the material corporate social responsibilities issues concerned by stakeholders.	In line with the Corporate Governance Best Practice Principles.
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The shareholder affairs of the Company have already been trusted to the professional shareholder service agency of Yuanta Securities Co., Ltd.	In line with the Corporate Governance Best Practice Principles.

Note 1: Continuing education of directors, supervisors, and managers

Title	Name	Date of continuing education	Sponsor	Name of course	Duratio
Chairman	YANG, JUNG-KUNG	December 16, 2022	Securities and Futures Institute (SFI)	Advanced practical Seminar of Directors, Supervisors (Including Independent) and Corporate Governance	3
Chief accountant	HUANG, SHU-CHEN	November 10-11, 2022	Accounting Research and Development Foundation	Continuing Education of Chief Accountants	12
Manager	WENG, CHAO-FEN	October 20-21, 2022	Accounting Research and Development	Continuing Education of Chief Accountants	12
Audit officer	YANG, CHIH-YAO	October 18, 2022	The Institute of Internal Auditors (IIA)	Risk-oriented Internal Audit Methods and Practice	6
Audit officer	YANG, CHIH-YAO	November 29, 2022	The Institute of Internal Auditors (IIA)	Chapter of Self-evaluation Practice	6
Auditor	CHIN, YU-WEN	August 24-26, 2022	The Institute of Internal Auditors (IIA)	Pre-job Training Workshop for Newly Appointed Internal Audit Officers of Enterprises	18

D. Composition, duties and operations of the Remuneration Committee

1. To assist the Board of Directors in improving the performance remuneration system for directors, supervisors, and managers, and implement corporate governance, the Company established a Remuneration Committee in December 2021, and elected and selected persons with professional qualifications as members of this Remuneration Committee in accordance with the rules of organization for the Remuneration Committee.

Qualification Name Title		Professional qualification and experience	Independence status (Note 1)	Number of other public companies where the individual concurrently serves as a Remuneration Committee member
Independent Director (Convener)	LIN, TE-JUI	With over five years' work experience required for corporate business, currently serving as the law professor of National Chung Cheng University, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of May 5, 2023: 180,626 shares and 0.29% Other conditions complying with independence principle are shown in Note 1.	1
Independent Director	CHEN, WEI-YU	With over five years' work experience required for corporate business, currently serving as a CPA partner of JYH HER CPAs, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of May 5, 2023: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	1
Independent Director	CHEN, SU-LAN	With over five years' work experience required for corporate business, currently serving as the chairman of Business Next Publishing Corporation, and not involved in any situation stipulated in Article 30 of the Company Act.	Number and ratio of shares of the Company held by director himself/herself, spouse, and relatives within the second degree of kinship (or in the name of others) as of May 5, 2023: 0 shares and 0.00% Other conditions complying with independence principle are shown in Note 1.	0

Note 1: Compliance with independence status: All members of the Remuneration Committee comply with the independence status, including but not limited to the followings: Whether the director, his/her spouse, and relatives within the second degree of kinship have served as director, supervisor, or employee of the Company or its affiliated companies; number and ratio of shares held by the director, his/her spouse, and relatives within the second degree of kinship (or in the name of others); whether the director serves as director, supervisor, or employee of any company that has a specific relation with the Company (compliance with the provisions of subparagraphs 5~8, Article 3-1 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); amount of reward obtained from the Company or its affiliated companies in the last two years for the services provided to them, including commerce, legal affairs, finance, and accounting.

2. Responsibilities of the Remuneration Committee:
   The functions of the Remuneration Committee are to evaluate and suggest on the remuneration policies and system adopted for the directors and managers of the Company in a professional and objective position so that the Board of Directors may use them as reference for decision-making.

3. Operational status of the Remuneration Committee
   (1) There are three members of the Remuneration Committee of the Company.
   (2) Term of office of members: From June 10, 2022 to June 9, 2025. A total of two Remuneration Committee meetings were held in 2022. The attendance of the members is as follows:

Title	Name	Attendance in person	By Proxy	Attendance rate (%)	Remarks
Convener	LIN, TE-JUI	4	0	100%	
Committee member	CHEN, WEI-YU	4	0	100%	
Committee member	CHEN, SU-LAN	2	0	50%	Attended June 10, 2022
Committee member	LIU, TSU-HUA	2	0	50%	Removed from office on June 10, 2022

Other matters to be recorded:
1. If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, session, the content of the motion, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and reason for the difference) shall be specified: None.
2. If there were resolutions of the Remuneration Committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, session, the content of the motion, all members' opinions and the response to members' opinion shall be specified: None.
3. Reasons for discussion by the Remuneration Committee and resolution results, as well as the Company's response to committee members' opinions:

Date	Content of proposal	Remuneration Committee members' opinion	Response to the opinion
3rd meeting in 2022 August 4, 2022	1. Proposal for amendment to the Regulations Governing the Remuneration Payment for Directors and Functional Directors	Approval	Submitted to the Board of Directors and approved by all attending directors
4th meeting in 2022 November 3, 2022	1. Proposal for appointment of CEO of the Company 2. Proposal for appointment of president of the Company and adjustment of salaries and welfare	Approval	Submitted to the Board of Directors and approved by all attending directors
1st meeting in 2023 March 3, 2023	1. Proposal for distribution of employee remuneration and director remuneration in 2022 2. Proposal for change of CEO of the Company	Approval	Submitted to the Board of Directors and approved by all attending directors
2nd meeting in 2023 May 5, 2023	1. Proposal for distribution amount of employee remuneration and director remuneration in 2022	Approval	Submitted to the Board of Directors and approved by all attending directors

4. The Company hasn’t established a Nominating Committee to date.

E. Implementation status of promotion of sustainable development, deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
1. Has the Company established a governance structure to promote sustainable development and set up a full-time (or part-time) unit to promote sustainable development which is handled by senior management authorized by the Board of Directors and supervised and guided by the Board of Directors?	V		The Company has established a full-time group to promote the practice of sustainable development with the objective of ensuring the full implementation of the sustainable development strategy in its daily operation.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
2. Has the Company implemented a risk evaluation of issues related to corporate operations, including environment, society and corporate governance, according to the materiality principle and established relevant risk management policies or strategies?	V		Although no risk management policy has been established yet, the Company still exert efforts in the following aspects: 1. Corporate governance: The stability and efficiency of corporate operations are revealed in accordance with the Corporate Governance Best Practice Principles, and the Company joins hands with all stakeholders to create value together. 2. Society and environment: Knowing that human resources are the foundation of an enterprise, the Company creates a happy workplace, assures a safe work environment, safeguards employees' rights and interests with complete systems, attracts and retains talents, improves its corporate competitiveness, and supports employees to participate in environmental protection activities, uses energy and resources efficiently, lowers environmental impact, makes social contributions, performs social responsibilities, and becomes a friendly citizen for the earth.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
3. Environmental issues (1) Has the Company established an environmental management system suitable for the industry in which it operates?	V		Due to the characteristics of the industry in which the Company operates, it is not required to establish any environmental management system. But the Company has already established a carbon inventory work group to conduct relevant inventory work, and test the work environmental periodically, with the objective to establish a good environment that is suitable for employees' work.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have a low impact on the environment?	V		The Company actively promotes each energy consumption reduction measure to reduce resource waste and lower the energy consumption of the enterprise and its products. Also, it expands the use of renewable energy resources to optimize the energy utilization efficiency.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		Due to the characteristics of the industry, the Company does not generate any waste, and impose on significant impact on the potential risks and opportunities in climate change.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(4) Has the Company calculated greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and established policies on energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	V		Due to the characteristics of the industry in which the Company operates, it is not required to establish any environmental management system. But the Company pays attention to energy conservation all year long, e.g., water saving, turning off lights when leaving, etc., in order to effectively apply the limited resources, and reduce the impact on the environment.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company follows relevant labor regulations including the Labor Standards Act as well as the International Bill of Human Rights, and establishes human rights policies to safeguard employees' legitimate rights and interests. In addition, the Company reviews periodically the legally established management policies and relevant management procedures by paying attention to major social issues, checking relevant data, etc.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation as appropriate?	V		The Company has established work rules and personnel management rules according to the Labor Standards Act, and taken reasonable employee benefit measures. For employee remuneration, the Company uses the income before tax obtained in current year exclusive of employee remuneration and director remuneration to make up losses first, and then appropriates 4%-11% of the remaining amount as employee remuneration to properly reflect its operating performance in employee remuneration in accordance with the Articles of Association. The Company has established an Employee Welfare Committee to plan and provide high-quality benefits for colleagues, e.g., employee tourism subsidy, birthday coupons, wedding allowance, childbirth allowance, funeral allowance, etc. Additionally, the Company also provides colleagues with benefits such as free health checkups.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(3) Does the Company provide a safe and healthy work environment, and does it organize health and safety training for its employees on a regular basis?	V		The Company follows the Occupational Safety and Health Act, respects the requirements of relevant interested groups for occupational safety and health, builds a healthy workplace, organizes health checkups for employees periodically, and host different activities on a regular basis through the Employee Welfare Committee to balance employees' physical and mental health.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(4) Has the Company established effective career development and training plans for its employees?	V		The Company provides diversified information on education and training, including training for new employees, professional advanced training, training for chiefs, etc. Also, the Company encourages employees to participate in external education and training, and provides them with career planning, to give full play to their talents and improve working efficiency.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(5) Do the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set policies to protect consumers' rights and consumer appeal procedures?	V		The Company provides products and services according to relevant regulations, renders services in principles of service foremost and continual customer satisfaction, and designates a dedicated department to deal with customers' appeals and complaints, and safeguard their rights and interests.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
(6) Has the Company established supplier management policies that require suppliers to comply with relevant laws and regulations related to environmental protection, occupational health and safety or labor rights and supervised its implementation?	V		The Company has already established a code of conduct for suppliers. Before cooperating with a supplier, the Company would evaluate if it is an eligible supplier that complies with requirements and expectations in terms of environment, safety, and health risks, worker management, moral standards, ethical corporate management, and other relevant aspects. In addition, the Company emphasizes supply quality and product safety. If any supplier imposes a negative impact on environmental protection, working conditions, human rights, and society, the Company will propose the termination or rescission of contracts with this supplier.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.
5. Has the Company, referring to the international standards or guidelines for the preparation of reports, prepared CSR reports to disclose non-financial information of the Company? Are the reports certified or assured by a third-party accreditation institution?	V		The Company hasn't prepared a CSR report so far, but it pays attention at any time. In the future, the Company will prepare such report in consideration of its operating position. Also, issues including corporate governance, development of a sustainable environment, and implementation of public welfare have been handled in accordance with relevant standards.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
6. If the Company has established corporate social responsibility principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, describe the implementation and any discrepancy: The Company hasn't established "Corporate Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" yet. But the Company established its "Corporate Social Responsibility Best Practice Principles" based on a corresponding resolution made by the Board of Directors in 2014, with the objective to strengthen the implementation of its corporate social responsibilities. The Company reviews the implementation status and makes corresponding improvements periodically based on this document. No discrepancy has been found so far.				
7. Other important information to facilitate a better understanding of the Company's corporate social responsibility practices: The Company continually promotes relevant issues including environmental protection, safety and health of work environment, consumers' rights, and human rights, and shares operating results with colleagues to share common prosperity.				

F. Ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs				
(1) Has the Company established ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	V		(1) The Company has established ethical corporate management policies which are actively implemented by the Board of Directors and the management. The Company also follows ethical corporate management.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(2) Has the Company established a risk assessment mechanism against unethical conduct, and analyze and assess on a regular basis the business activity within its business scope which is at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(2) The Company advocates its ethical corporate management policies to the employees upon their entry.	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(3) Does the Company provide any solutions to prevent unethical conduct, stipulate procedures, conduct guidelines, punishment for violation as well as appeals and put into practice, review and revise on a regular basis the aforesaid solutions?	V		(3) The Company has its legal affairs unit to sign contracts uniformly to prevent the risk of law violation due to the contents signed, and designates the audit unit to perform audits on an irregular basis.	
2. Fulfillment of ethical corporate management				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	V		(1) The business management department is responsible for reviewing and evaluating business partners, and the legal affairs unit is responsible for reviewing the contracts signed to avoid engaging in transactions with counterparties that have an unethical record.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(2) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of ethical corporate management policies and unethical conduct prevention programs?	V		(2) The Company sticks to the principles of honesty and integrity in its operation, and establishes and observes good systems and specifications.	
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(3) The Company has already established channels to provide statements and clarifications to the stakeholders.	
(4) Has the Company established effective accounting and internal control systems to implement ethical corporate management and have its internal audit department, based on the results of the assessment of the risk of involvement in unethical conduct, formulate audit plans and audit compliance with prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(4) The Company has already established complete accounting and internal control systems, and assigns internal audit officers to perform auditing work periodically.	
(5) Does the Company regularly hold internal and external training on ethical corporate management?	V		(5) The Company advocates its ethical corporate management policies upon training of new employees, and puts relevant measures and regulations on its website for colleagues to refer to at any time.	
3. Operation of the whistleblowing system				
(1) Has the Company established both a reward/whistleblowing system and convenient whistleblowing channels? Are appropriate personnel assigned to investigate the accused party?	V		(1) The Company has already established channels to provide statements and clarifications to the stakeholders.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(2) Has the Company established standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after investigation, and related confidentiality mechanisms?	V		(2) The Company has always executed a confidentiality mechanism for accepting reports, and assigned dedicated personnel to take care of them specifically.	
(3) Does the Company protect whistleblowers against improper treatment?	V		(3) The Company has always taken protective measures for whistleblowers acting in good faith against improper treatment due to whistleblowing.	
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		(1) Relevant regulations of the Company have already been disclosed on the Company's website which is maintained and updated by dedicated personnel.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
5. If the Company has established its own ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any discrepancies: The Company sticks to the principles of honesty and integrity in its operation, and has established "Ethical Corporate Management Best Practice Principles" for colleagues to follow. There is no material deviation so far.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management: In addition to disclosing relevant regulations on the website, the Company also assigns dedicated personnel to periodically review and amend relevant measures to ensure they are appropriate.				

G. If the Company has adopted corporate governance policies or related bylaws, the inquiry method shall be disclosed:
Relevant bylaws of the Company are detailed on the Company's website (http://www.grandtech.com).

H. Other important information to facilitate a better understanding of the Company's corporate governance: The Company continually engages resources in strengthening the corporate governance and discloses major information in a real-time way, to safeguard the rights of investors and shareholders.

I. Implementation status of the internal control system
1. For the Declaration of Internal Control System, please refer to page 36.
2. For those who commit CPAs to review the internal control system, the CPA audit report shall be disclosed: None.

J. If the results of legal penalties to the Company and its internal personnel, or penalties of the Company to the internal personnel for the violation of the provisions of the internal control system in the most recent fiscal year and as of the publication date of the annual report may have a material impact on the shareholders' equity or securities price, the contents of such punishments, principal deficiencies and improvements shall be specified: None.

K. Summary of resignation and removal of chairman, president, chief accountant, financial officer, internal audit officer, corporate governance officer, and R&D officer of the Company in the most recent fiscal year and as of the publication date of the annual report: Not involved.

GrandTech C.G. Systems Inc.
Declaration On Internal Control

Date: March 03, 2023

On grounds of findings yielded by our autonomous evaluation, we hereby declare our internal control system during the period beginning January 1, 2022 to December 31, 2022 as follows:

I. We are firmly aware that establishment, enforcement and maintenance of internal control systems are bounden duties of our board of directors and management. We have thus satisfactorily established such systems for the purposes of firmly safeguarding effects and efficiency of our business operation (including profitability, performance and asset security), reliability of financial statements and observance of laws concerned.
II. Internal control system is subject to inherent restrictions. No matter how sound and comprehensive we design, internal control systems could only secure three aforementioned targets. Amidst the varied environments and situations, the performance of internal control systems varies accordingly. Thanks to the sound self-monitoring systems established inside our Company, we are in a position to take immediate corrective actions as soon as a shortcoming is identified.
III. On grounds of the "Guidelines for Enforcement of Internal Control Systems by Public Offering Companies" promulgated by the Securities & Futures Commission, Ministry of Finance (Hereinafter referred to as the Guidelines), we have established items for effective judgement of internal control systems to accurately tell whether or not the designed internal control systems are effectively designed and enforced. The judgement items adopted in the "Guidelines" divide the internal control systems into five components: 1. Control environments. 2. Risk evaluation. 3. Control operation. 4. Information and communications and 5. Supervision. Each and every component includes certain items. Please refer to the Enforcement Regulations for more details.
IV. We have already adopted the aforementioned items to judge internal control systems to confirm the effectiveness of the design and enforcement of the internal control systems.
V. On grounds of results of the aforementioned evaluations, we hereby confirm the aforementioned internal control systems (including supervision over the subsidiaries) established on 31 December 2022 can achieve the following goals, including the level of goal achievement related to business operations and efficiency, reliable, timely and transparent financial statements which fulfilled the relevant laws and regulations related to the design and execution of internal control systems.
VI. This Declaration forms an integral part of our Annual Report and Prospectus and is hereby officially made public. We further declare subject to all legal responsibilities under Articles 20, 32, 171, 174 of Securities and Exchange Law that the aforementioned contents made public are absolutely free of misrepresentation, concealment or irregularities otherwise.
VII. This Declaration was officially resolved by GrandTech's board of directors on March 03, 202307. In that event, a total of Nine present directors extended full agreement to the contents of this Declaration with zero voicing on the contrary.

GrandTech C.G. Systems Inc.

Chairman HSU, CHENG-CHIANG (Signature/Seal)

General Manager NGOI, MIEW- HUAT (Signature/Seal)

L. Major resolutions of Shareholders' Meetings and Board Meetings during the most recent fiscal year up to the date of publication of the annual report

Material resolutions of Shareholders' Meetings are summarized as follows:

Acknowledgement/discussion/election matters	Implementation status
Acknowledgement of proposal for closing statements of 2021 Resolution: This proposal was voted and acknowledged as submitted.	The Company handled this proposal in accordance with the Procedures for Announcement and Declaration of Major Information. Please refer to relevant content in MOPS.
Acknowledgement of proposal for profit distribution of 2021 Resolution: This proposal was voted and acknowledged as submitted.	The total amount of NT$ 4 of cash dividends of 2021 was paid on January 18, 2022 and July 8, 2022 respectively.
Discussion of proposal for amendment to some provisions of “Procedures for Acquisition or Disposal of Assets” of the Company Resolution: This proposal was voted and passed as submitted.	It was announced on the Company’s website and MOPS on June 14, 2022, and handled according to the amended procedures.
Proposal for amendment to some provisions of “Articles of Association” of the Company Resolution: This proposal was voted and passed as submitted.	It was announced on the Company’s website and MOPS on June 14, 2022, and change registration was completed on June 27, 2022.
Discussion of proposal for amendment to “Rules of Procedure for the Shareholders’ Meeting” of the Company Resolution: This proposal was voted and passed as submitted.	It was announced on the Company’s website and MOPS on June 14, 2022, and handled according to the amended procedures.
Proposal for reelection of directors The voting results are as follows.	It was announced on the Company’s website and MOPS on June 14, 2022, and change registration was completed on June 27, 2022.
Discussion of proposal for relief of non-compete duty of newly appointed directors Resolution: This proposal was voted and passed as submitted.	It was announced in MOPS on June 14, 2022

Voting results:

Title	Name
Director	HSU, CHENG-CHIANG
Director	NGOI, MIEW- HUAT
Director	Longwei Co., Ltd. Representative: CHUANG, TZU-HUA
Director	LIU, YAO-YUAN
Director	YANG, JUNG-KUNG
Director	HUANG, LI-AN
Independent Director	LIN, TE-JUI
Independent Director	CHEN, WEI-YU
Independent Director	CHEN, SU-LAN

Major resolutions of Board Meetings are summarized as follows:

Date	Major resolutions
5th meeting in 2022 June 10, 2022	1. Proposal for election of chairman 2. Proposal for hiring of Remuneration Committee members 3. Proposal for planning of greenhouse gas inventory and verification schedule of the Company
6th and 7th meetings in 2022 August 4, 2022	1. Proposal for consolidated financial statements of the second quarter of 2022 2. Proposal for profit distribution of the second quarter of 2022 3. Proposal for capital increase in cash and issuance of new shares 4. Proposal for handling of capital decrease in cash 5. Proposal for amendment to the Regulations Governing the Remuneration Payment for Directors and Functional Directors
8th meeting in 2022 November 3, 2022	1. Proposal for consolidated financial statements of the third quarter of 2022 2. Proposal for profit distribution of the third quarter of 2022 3. Proposal for liability insurance of directors and important employees 4. Proposal for audit plan of 2023 5. Proposal for establishment of Corporate Governance Best Practice Principles of the Company 6. Proposal for appointment of CEO of the Company 7. Proposal for appointment of president of the Company and adjustment of salaries and welfare
9th meeting in 2022 December 26, 2022	1. Proposal for CPA professional fees
1st meeting in 2023 March 3, 2023	1. Proposal for distribution of employee remuneration and director remuneration in 2022 2. Proposal for financial statements and consolidated financial statements of 2022 3. Proposal for profit distribution of 2022 4. Proposal for effectiveness assessment of internal control system of 2022 and Declaration of Internal Control System 5. Proposal for amendment to some provisions of "Procedures for Acquisition or Disposal of Assets" of the Company 6. Proposal for amendment to some provisions of "Procedures for Lending Funds to Others and Endorsement Guarantee" of the Company 7. Proposal for replacement of the Company's accounting firm and CPAs 8. Proposal for discussion of the handling of share dilution work of a subsidiary and waiver of participation in the cash capital increase plan of this subsidiary by the Company and companies controlled by or subordinate to the Company to coordinate with this subsidiary's application for TPEx stock listing plan in the future 9. Proposal for change of CEO of the Company 10. Proposal for lending funds to subsidiaries
2nd meeting in 2023 April 21, 2023	1. Proposal for lending funds to subsidiaries
3rd meeting in 2023 May 5, 2023	1. Proposal for consolidated statements of the first quarter of 2023 2. Proposal for profit distribution of the first quarter of 2023 3. Proposal for distribution amount of employee remuneration and director remuneration in 2022

M. Any dissenting opinion expressed by a director or supervisor with respect to a major resolution passed by the Board of Directors during the most recent fiscal year and up to the date of publication of the annual report, where said dissenting opinion has been recorded or prepared as a written declaration: None

(V) Information on CPA professional fees

Information on CPA professional fees

Unit: NT$ Thousand

Name of accounting firm	Name of CPA	CPA audit period	Audit fee	Non-audit fee (Note)	Total	Remark
PwC Taiwan	JUAN LU, MAN-YU FENG, MIN-CHUAN	2022.01.01~2022.12.31	2,675	0	2,675	

Name of accounting firm	Name of CPA		CPA audit period	Remarks
PwC Taiwan	JUAN LU, MAN-YU	FENG, MIN-CHUAN	2022.01.01~2022.12.31	

Unit: NT$ Thousand

Range of amount \ Fee		Audit Fee	Non-Audit Fee	Total
1	Under NT$2,000,000			
2	NT$2,000,000 (inclusive) ~ 4,000,000	2,675	0	2,675
3	NT$4,000,000 (inclusive) ~ 6,000,000			
4	NT$6,000,000 (inclusive) ~ 8,000,000			
5	NT$8,000,000 (inclusive) ~ 10,000,000			
6	Above NT$10,000,000			

Unit: NT$ Thousand

Name of accounting firm	Name of CPA	Audit Fee	Non-Audit Fee					CPA audit period	Remark
			System design	Industrial and commercial registration	Human resources	Others (Note 2)	Subtotal		
PwC Taiwan	JUAN LU, MAN-YU FENG, MIN-CHUAN	2,675	0	0	0	0	0	2022.01.01 2022.12.31	

A. If the non-audit fee accounts for more than one quarter of the audit fee paid to the CPAs, their accounting firm, and its affiliated companies, the amount and of audit fee and non-audit fee as well as non-audit service content shall be disclosed: None.

B. When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

C. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

(VI) Information on the replacement of CPAs

(VII) The Company's chairman, president, or any managerial officer in charge of finance or accounting matters in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

(VIII) Any transfer of equity interests and pledge of, or change in, equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10%

A. Equity changes of directors, supervisors, managers, and major shareholders:

Title	Name	Equity changes in 2022		Remarks
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	
Director	HSU, CHENG-CHIANG	118,233	0	
Director	NGOI, MIEW- HUAT	25,004	0	
Director	Longwei Co., Ltd.	161,188	0	
Director representative	CHUANG, TZU-HUA	631,814	0	
Director	CHUANG, FENG-PIN	0	0	Removed from office on June 10, 2022
Director	Cana Investment Co., Ltd.	0	0	Removed from office on June 10, 2022
Director representative	YANG, JUNG-KUNG	0	0	
Director	HUANG, LI-AN	0	0	
Director	LIU, YAO-YUAN	11,000		Attended June 10, 2022
Independent Director	LIU, TSU-HUA	0	0	Removed from office on June 10, 2022
Independent Director	LIN, TE-JUI	10,626	0	
Independent Director	CHEN, WEI-YU	0	0	
Independent Director	CHEN, SU-LAN	0		Attended June 10, 2022
Vice-president	HUANG, SHU-CHEN	15,541	0	
Vice-president	LO, CHANG-HUA	0	0	
Title	Name	Equity changes of current year		Remarks
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	
Director	HSU, CHENG-CHIANG	0	0	
Director	NGOI, MIEW- HUAT	0	0	
Director	Longwei Co., Ltd.	0	0	
Director representative	CHUANG, TZU-HUA	0	0	
Director	LIU, YAO-YUAN	0	0	
Director representative	YANG, JUNG-KUNG	0	0	
Director	HUANG, LI-AN	0	0	
Independent Director	LIN, TE-JUI	0	0	
Independent Director	CHEN, WEI-YU	0	0	
Independent Director	CHEN, SU-LAN	0	0	
Vice-president	HUANG, SHU-CHEN	0	0	
Vice-president	LO, CHANG-HUA	0	0	

B. Information on the counterparty of an equity transfer being a related party of the Company's directors, supervisors, managers and major shareholders: None.

C. Information on the counterparty of an equity pledge of directors, supervisors, managers, and major shareholders who are an affiliate: None.

(IX) Relationship among the top ten shareholders

Relationship among the top ten shareholders

Name	Current Shareholding		Spouse & minor shareholding		Shareholding by nominees		Information on relationship among the top ten shareholders, who are related parties or spouses, relatives within the second degree of kinship of another shareholder	
	Shares	%	Shares	%	Shares	%	Designation (or Name)	Relation
Minerva Capital Inc.	6,088,383	9.81%	0	0	0	0	NA	NA
Minerva Capital Inc. Representative: CHENG, CHIH-JEN	13,893	0.02%	0	0	0	0	NA	NA
Chia Na Investment Co., Ltd.	3,076,480	4.95%	0	0	0	0	NA	NA
Chia Na Investment Co., Ltd. Representative: HUANG, SHIH-YU	0	0	0	0	0	0	NA	NA
Hsin Chin Investment Co., Ltd.	3,031,370	4.88%	0	0	0	0	NA	NA
Hsin Chin Investment Co., Ltd. Representative: CHENG, CHIA-HSING	10,792	0.02%	2,009,622	3.24%	0	0	HSU, CHENG-CHIANG	With second-degree relative, HSU, CHENG-CHIANG
CHUANG, TZU-HUA	2,740,464	4.41%	10,500	0.02%	0	0	NA	NA
Longwei Co., Ltd.	2,739,738	4.41%	0	0	0	0	NA	NA
Longwei Co., Ltd. Representative: CHUANG, TZU-HUA	2,740,464	4.41%	10,500	0.02%	0	0	NA	NA
HSU, CHENG-CHIANG	2,009,622	3.24%	10,792	0.02%	0	0	Hsin Chin Hsin Hsiang	Second-degree relative with the representative of Hsin Chin and Hsin Hsiang
WU, CHIEN-HSIEN	1,696,000	2.73%	0	0	0	0	NA	NA
Hsin Hsiang Investment Co., Ltd.	1,248,483	2.01%	0	0	0	0	NA	NA
Hsin Hsiang Investment Co., Ltd. Representative: HUANG, CHIN-SHU	1,459	0.002%	0	0	0	0	HSU, CHENG-CHIANG	With second-degree relative, HSU, CHENG-CHIANG
YEH, MENG-YI	705,000	1.14%	0	0	0	0	NA	NA
Syscore Corporation	600,000	0.97%	0	0	0	0	NA	NA
Syscore Corporation Representative: CHUNG, CHIH-CHUN	0	0%	0	0	0	0	NA	NA

(X) Consolidated number of shares owned by the Company, directors, supervisors, managerial officers, and business controlled directly or indirectly by the Company

Unit: Share; %

Invested Company	Investment by the Company		Investment by directors/supervisors/ managers and by companies directly or indirectly controlled by the Company		Total investment	
	Shares	%	Shares	%	Shares	%
GrandTech (B.V.I) Inc.	4,000,000	100%	0	0	4,000,000	100%
GrandTech (Cayman) Inc.	1,922,000	100%	0	0	1,922,000	100%
DEEPSTONE CO., LTD.	4,958,439	81%	0	0	4,958,439	81%
Abico Digital Imaging Inc.	100,000	100%	0	0	100,000	100%
Cogate Co., Ltd.	1,275,000	51%	0	0	1,275,000	51%
GrandTech Cloud Services Inc.	12,623,428	75.14%	863,388	5.51%	13,486,816	80.27%
Goldsun Application Technology Co., Ltd.	2,000,000	100%	0	0	2,000,000	100%

IV. Capital Overview

(I)Capital and Shares

A. Sources of Capital

Year/ Month	Issue Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital (NT$)	Capital Increase by Assets Other than Cash	Other
2010.07	10	105,000	1,050,000	49,547	495,473	Private placement of 70,000,000	None	Approval document number passed by the Shareholders' Meeting of 2010 on August 16, 2010: F.C.Y.S.Zi No. 09986739100
2011.07	10	105,000	1,050,000	48,260	482,603	Capital decrease of treasury stock of 12,870,000	None	Approval document number passed by the Board of Directors of 2011 on August 15, 2011: F.C.Y.S.Zi No. 10084975010
2013.06	10	105,000	1,050,000	54,260	542,603	Cash capital increase of 60,000,000	None	Approval document number passed by the Board of Directors of 2013 on February 27, 2013: J.G.Z.F.Zi No. 1020017007
2014.02	10	105,000	1,050,000	58,748	587,483	Share exchange of 44,880,000	Exchange of 11,220,000 shares	Approval document number passed by the Board of Directors of 2013 on July 16, 2013: J.G.Z.F.Zi No. 1020040924
2014.12	10	105,000	1,050,000	56,518	565,183	Capital decrease of treasury stock of 22,300,000	None	Approval document number passed by the Board of Directors of 2014 on December 3, 2014: J.S.S.Zi No. 10301245350
2015.02	10	105,000	1,050,000	55,143	551,433	Capital decrease of treasury stock of 13,750,000	None	Approval document number passed by the Board of Directors of 2015 on January 20, 2015: J.S.S.Zi No. 10401046970
2017.08	10	105,000	1,050,000	57,825	578,250	Conversion of surplus to increase capital of 26,817,000	None	Approval document number passed by the Shareholders' Meeting of 2017 on August 25, 2017: J.S.S.Zi No. 10601117680
2018.12	10	105,000	1,050,000	56,316	563,160	Capital decrease of treasury stock of 15,090,000	None	Approval document number passed by the Board of Directors of 2018 on December 4, 2018: J.S.S.Zi No. 10701148990
2019.08	10	105,000	1,050,000	59,037	590,374	Conversion of surplus to increase capital of 27,214,000	None	Approval document number passed by the Shareholders' Meeting of 2018 on August 14, 2019: J.S.S.Zi No. 10801103500
2021.12	10	105,000	1,050,000	57,589	575,894	Capital decrease of treasury stock of 14,480,000	None	Approval document number passed by the Board of Directors of 2021 on December 7, 2021: J.S.S.Zi No. 11001219700
2022.11	10	105,000	1,050,000	62,089	620,894	Cash capital increase of 45,000,000	None	Approval document number passed by the Board of Directors of 2022 on September 23, 2022: J.G.Z.F.Zi No. 1110356641

Type of stock	Authorized Capital			Remarks
	Issued Shares	Unissued Shares	Total	
Common Stock	62,089,430	42,910,570	105,000,000	TPEx listed stock

Reporting system: Not applicable

B. Shareholder structure

April 15, 2023

Shareholder structure / Number	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of shareholders	0	0	183	10,243	37	10,463
Number of shares	0	0	20,483,720	38,741,516	2,864,194	62,089,430
Percentage (%)	0	0	32.99	62.4	4.61	100

C. Shareholding distribution status

Common stock Face value per share: NT$ 10 April 15, 2023

Range of Shares	Number of Shareholders	Current Shareholding	Shareholding (%)
1 - 999	5,713	436,417	0.7
1,000 - 5,000	3,688	7,063,295	11.38
5,001 - 10,000	508	3,725,330	6
10,001 - 15,000	184	2,233,543	3.6
15,001 - 20,000	70	1,250,261	2.01
20,001 - 30,000	88	2,123,281	3.42
30,001 - 40,000	53	1,858,711	2.99
40,001 - 50,000	31	1,406,579	2.27
50,001 - 100,000	59	4,040,690	6.51
100,001 - 200,000	33	4,807,138	7.74
200,001 - 400,000	17	4,871,276	7.85
400,001 - 600,000	10	4,937,369	7.95
600,001 - 800,000	1	705,000	1.14
800,001 - 1,000,000	0	0	0
Above 1,000,001	8	22,630,540	36.44
Total	10,463	62,089,430	100

Preferred stock: The Company hasn't issued preferred stock.

D. List of major shareholders

Names, shareholding, and ratio of shareholders with shareholding ratio above 5% or top-19 shareholders in terms of shareholding ratio.

April 15, 2023

Name of Major Shareholders	Current Shareholding	Shareholding (%)
Minerva Capital Inc.	6,088,383	9.81%
Chia Na Investment Co., Ltd.	3,076,480	4.95%
Hsin Chin Investment Co., Ltd.	3,031,370	4.88%

Name of Major Shareholders	Current Shareholding	Shareholding (%)
CHUANG, TZU-HUA	2,740,464	4.41%
Longwei Co., Ltd.	2,739,738	4.41%
HSU, CHENG-CHIANG	2,009,622	3.24%
WU, CHIEN-HSIEN	1,696,000	2.73%
Hsin Hsiang Investment Co., Ltd.	1,248,483	2.01%
YEH, MENG-YI	705,000	1.14%
Syscore Corporation	600,000	0.97%

E. Market price, net worth, earnings, dividend and related information over the last two years

Item / Year			2021	2022	As of March 31, 2023
Market price per share	Highest		55.5	61.2	72.4
	Lowest		39.9	49.7	53.2
	Average		49.07	53.71	62.8
Net worth per share	Before distribution		18.11	23.13	20.27
	After distribution		18.11	23.13	20.27
Earnings per share	Weighted average shares		57,513	58,305	-
	Earnings per share		4.87	5.49	-
Dividends per share	Cash dividends		4.5	5.00215726	-
	Stock dividends	Dividends from retained earnings	0	0	-
		Dividends from capital surplus	-	-	-
	Cumulative unpaid dividends		-	-	-
Return on investment	Price/Earnings ratio		10.08	10.22	-
	Price/Dividend ratio		10.93	10.74	-
	Cash dividend yield rate		9.17	9.31	-

F. Dividend policy and implementation

1. Dividend policy in the Articles of Incorporation
   The implementation method of the dividend policy of the Company shall be determined in accordance with relevant factors including the Company’s future capital budget planning, satisfaction with shareholders’ requirements for cash inflows, and assurance of market competitiveness. The cash dividends shall not be lower than 10% of the total shareholders’ dividends, and shall be paid in accordance with Articles 24 of the Articles of Association. With reference to the policy for dividends paid by the Company in the last five years, at least 80% of the earnings annually distributed shall be set aside to distribute shareholders’ dividends. If the Company makes profits or has abundant capital in the future, at least 80% of the earnings annually distributed will be distributed as shareholders’ dividends every year according to the previous actual dividend distribution policy given the objective of maintaining stable dividends, and the cash dividends shall not be lower than 10% of total dividends.
2. Implementation status:
   During the profit distribution in 2022, the Company distributed cash dividends of NT$ 310,581,094, and cash of NT$ 5.00215726 was distributed as earnings per share.

G. Impact on the operating performance and earnings per share of the Company resulting from stock dividend distribution proposed at the Shareholders' Meeting: Not applicable since the Company is not required to disclose its financial forecast information as stipulated.

H. Compensation of employees and directors

1. If there is a remaining amount after the income before tax obtained by the Company in current year exclusive of employee remuneration and director remuneration is used to make up the losses, no more than 3% of this amount shall be set aside as director remuneration, while 4%-11% of this amount shall be set aside as employee remuneration respectively. The objects to whom the preceding employee remuneration is paid, either in stock or cash, include employees of subordinate companies who comply with certain conditions. The certain conditions are established by the Board of Directors. The employee remuneration shall be distributed in stock or cash, with the attendance of more than two thirds of directors of the Board of Directors and the resolution of more than half number of attending directors, and then reported to the Shareholders' Meeting.
2. Where there is a discrepancy between the amount distributed and the amount estimated with the estimated amount of employee remuneration and director remuneration estimated in current period as the estimation basis and the calculation basis of number of shares corresponding to stock dividends, it shall be recognized as profit or loss in the year of distribution.
3. Approval of compensation distribution by the Board of Directors
   (1) Amount of employee remuneration and director remuneration distributed in cash or stock:
      a. The Company set aside 0.8% of the aforesaid amount, i.e., NT$ 2,852,537, and 4% of the aforesaid amount, i.e., NT$ 14,262,684, as director remuneration and employee remuneration respectively based on a corresponding resolution passed by the Board of Directors on March 3, 2022.
      b. The discrepancy between the recognized expense and the annually estimated amount shall be disclosed if any, together with reason thereof and how it is being handled: Not involved.
   (2) Amount of employee remuneration distributed in stock, and ratio in the total amount of net profit after tax and total employee remuneration indicated in current individual or separate financial report: Not applicable.
4. Where there is a discrepancy between the actual distribution of employee remuneration and director remuneration in the previous year (including number of shares distributed, amount, and share price), and the recognized employee remuneration and director remuneration, the discrepancy, reason thereof, and how it is being handled shall be described:
   (1) The actual distribution of employee remuneration and director remuneration of the Company for the year 2021 is as follows:
      a. Cash dividends for employees: NT$ 12,447,604; (B) Director remuneration: NT$ 2,489,520
   (2) Where there is a discrepancy between the aforesaid amount and the recognized employee remuneration and director remuneration, the discrepancy, reason thereof, and how it is being handled shall be described: The employee remuneration and director remuneration of the Company for the year 2021 were consistent with the estimated amount.

I. Share repurchases: None.

(II) Corporate Bonds: None.

(III) Preferred Shares: None.

(IV)Global Depository Receipts: None.

(V) Employee Stock Options: None.

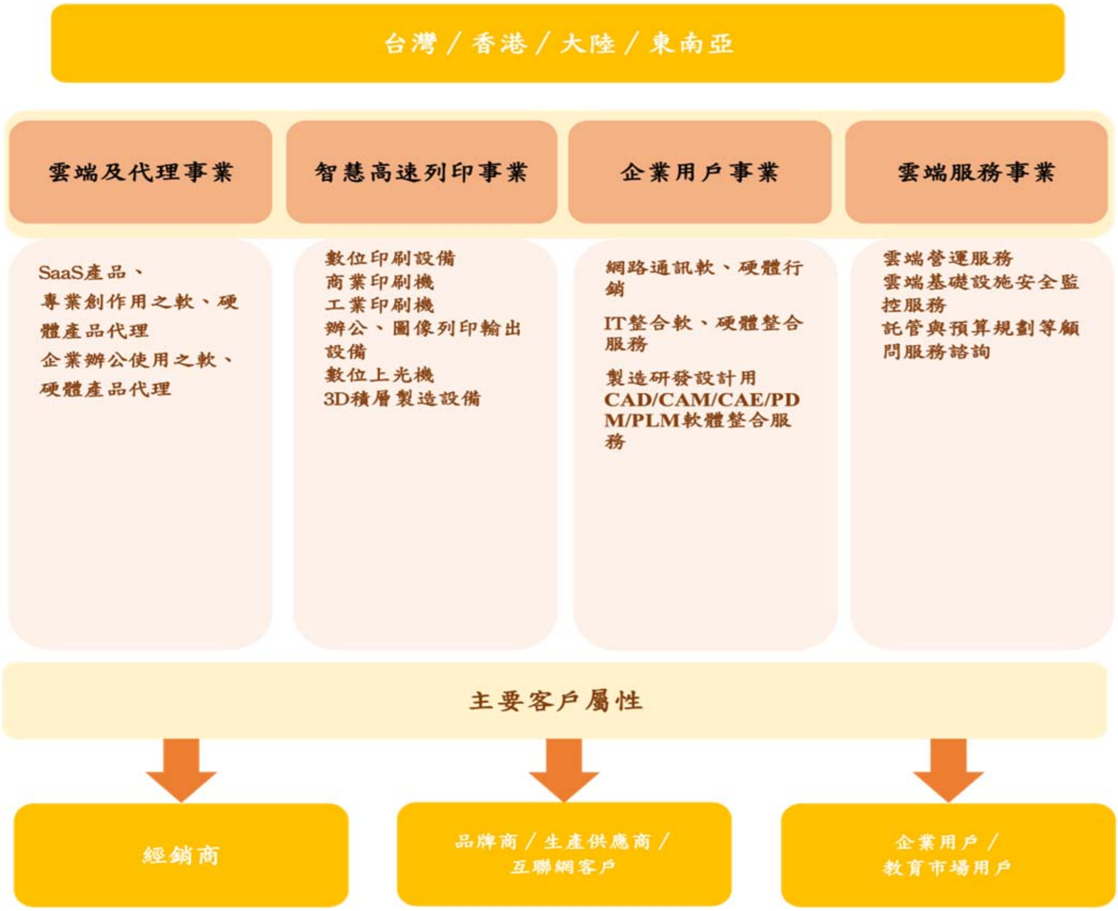
(VI) Issuance of New Shares in Connection with Mergers and Acquisitions: None.

(VII) Finance Plans and Implementation

A. Source of funds:
   Cash capital increase was executed and 4,500,000 common stocks were issued with face value per share as NT$ 10. The issue price was NT$ 49 per share, and the total amount raised reached NT$ 220,500,000.
B. Capital implementation
   The Company already finished the repayment of bank loans in the 4th quarter of 2022, and the amount disbursed reached NT$ 220,500,000, which not only lightened the interest burden of the Company in each subsequent year, but also increased the flexibility of financing, bettered the financial structure, and improved short-term solvency.

V. Operational Highlights

A. Business Scope



Taiwan/Hong Kong/Mainland China/Southeast Asia			
SaaS & Distribution Business	**Intelligent Printing Service Business**	**Enterprise Business**	**Cloud Services Business**
SaaS products Creative graphic software and hardware products for professional designer and office use	**Digital industrial printing equipment & services Large format printers Digital lamination machine 3D additive manufacturing equipment**	**Network communication software and hardware IT integration services For manufacturing, R&D, and design use CAD/CAM/CAE/PD M/PLM software**	**Cloud hosting and managing Service with Consulting & Advisory services for startups and enterprises.**

Attributes of Key Customers		
Resellers/retailers	**Brand owners/manufacturers /Production suppliers/Internet business clients**	**Enterprises/Education market**

(A). Group Revenue Mix

Unit: NT$ Million

Business Category	Rev. 2022	Proportion	Rev. 2021	Proportion
Cloud Services for IaaS and SaaS distribution	1,771	34%	1,515	31%
Products and Services for Enterprise	2,933	55%	2,979	60%
Digital Printing Equipment and Services	583	11%	442	9%

(B). New Products (Services) Development

New Products	New Services
● The products (Services) for Software as a Service (SaaS) and Infrastructure as a Service (IaaS) ● The related products and services for printing requirement	Continue to optimize the value-added service platform system of Armin for enterprise use, as well as cloud hosting and managing services and cost optimization services for Infrastructure as a Service (IaaS)

(C). Industry Overview

A. The Current Condition and Development of the Industry

1. The Overview of the Cloud Service Industry

In 2022, several factors contributed to the rising risk of a global economic recession, including the lingering COVID-19 pandemic, the Russia-Ukraine war, inflation acceleration, and tight monetary policies. These circumstances led to continuous supply chain constraints, geopolitical tensions, increased food and energy prices, and China's lockdown measures in early 2022. The economic impact of these factors is gradually becoming evident in the Asia-Pacific region (excluding Japan).

According to a research report by the International Data Corporation(IDC), the consumer market in the Asia-Pacific region (excluding Japan) will be the first to experience the effects. Consequently, there was a decline in IT spending in 2022, which is expected to affect the growth of IT spending in 2023. Nevertheless, the investment and demand for IT in enterprise and service markets are projected to remain stable. However, if the financial situation continues to deteriorate, it will inevitably impact the development of enterprise and service markets.

Research conducted by Gartner predicts that global IT spending in 2023 is estimated to reach US$4.5 trillion, reflecting a 2.4% increase compared to 2022. Despite the ongoing impact of inflation on consumer purchasing power and budget spending, overall IT spending by enterprises is expected to remain strong. Specifically, in 2023, the software and IT services sectors are projected to experience growth rates of 9.3% and 5.5% respectively. However, the market as a whole is anticipated to decline by 5.1% this year due to extended procurement cycles by both consumers and enterprises.The continuous growth in software spending will drive the expansion of the IT service markets, as companies require external IT staff for implementation and support. On the other hand, spending on data centers, including server equipment, is only expected to increase by a modest 0.7% in 2023, reaching US$213.8 billion. This figure falls significantly short of the 3.4% forecast from the previous year.Furthermore, estimated spending on software is set to increase by 9.3%, reaching US$856 billion, while spending on IT services will increase by 5.5%, reaching US$1.3126 trillion. Alongside the demand for software updates, there will be an increased need for IT service outsourcing for system maintenance and support. However, compared to the previous forecast, there is a 2% cut, indicating that enterprises are exercising caution when it comes to expanding their spending.

Graph 1: Global IT spending

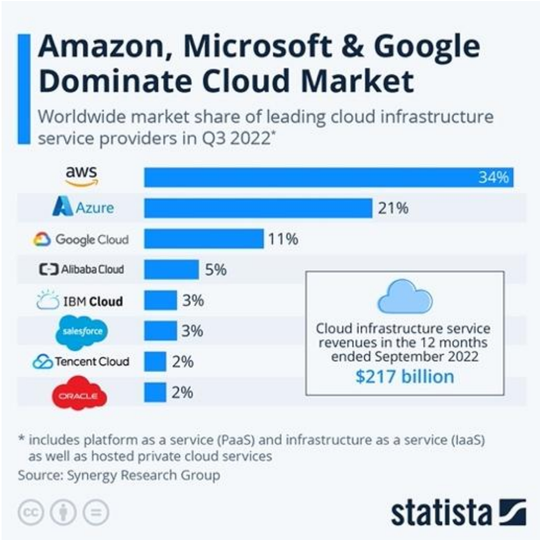
Unit: NT$ billion

	2022	2022	2023	2021
	Expenditure	Growth Rate (%)	Expenditure	Growth Rate (%)
Data center system	212	12%	214	0.7%
Enterprise software	783	7%	856	9.3%
Devices	722	-11%	686	-5.1%
IT services	1245	3%	1313	5.5%
Communication services	1423	-2%	1423	0.1%
Overall IT	4385	-0.2%	4491	2.4%

Source: Gartner 2023/01

The top three cloud service providers in the world are still Amazon AWS, Microsoft Azure, and Google Cloud. According to calculations by Synergy Research Group, the market share rankings of the top 3 cloud service providers in Q3 2022 are as follows: AWS, with the highest market share of 34%, followed by Microsoft Azure with 22%, and Google Cloud with 9%.

Graph 2: The Market Share Rankings of Global Cloud Service Providers



Source: Statista 2022 Dec.

2. The Overview of the Digital Printing Industry

1. The global printing market is undergoing a significant shift towards the development of digital printing technology, as highlighted in the "The Future of Digital Printing to 2032" report published by Smither's in 2022. The digital printing market is expected to experience robust growth in the coming years, with a projected market scale of US$108 billion by 2032 and a compound annual growth rate of 8.5%.

The advancement and widespread application of digital printing technology will bring about several important changes within the industry:

1) Improved production efficiency: Through the integration of automation technology and continual enhancements in production efficiency, digital printing technology is gradually replacing traditional printing methods. This shift enables faster and more streamlined production processes.
2) Adoption of new materials: The progress and application of digital printing technology will also drive the development and utilization of new materials, expanding the range of applications in the printing field. This opens up possibilities for innovative and versatile printing solutions.
3) Focus on green printing: The adoption of digital printing technology is further propelling the development of environmentally friendly and sustainable printing practices. This includes the introduction of eco-friendly materials, energy-efficient processes, and reduced waste generation, aligning the industry with more sustainable production methods.

Overall, the digital printing industry is poised for substantial growth, with advancements in technology leading to improved efficiency, expanded material options, and a greater emphasis on environmentally conscious practices.

2. Digital technology has revolutionized the packaging industry by breaking through existing boundaries and introducing new possibilities.

   Emerging technologies such as big data, customer relationship management (CRM), artificial intelligence (AI), automation, and virtual/augmented reality (VR/AR) have become increasingly important and influential, driving the need for advancements in packaging and printing technology. To meet these demands, various areas of packaging and printing technology are undergoing improvements. This includes the development of manufacturing automation, inkjet technology, IT and cloud technology, intelligent packaging solutions, and online platform services. Simultaneously, there is a growing emphasis on enhancing customer service and improving production efficiency. Additionally, the expanded utilization of technologies like QR Code, RFID, NFC, and AR, coupled with advancements in active intelligent packaging systems, serialized monitoring codes, thermochromic ink, and multitracking systems, further accelerates the mining and development of big data. Intelligent packaging aims to cater to consumer preferences, supply chain models, short production cycles, rapid marketing launches, personalization, and high-end development. It also addresses important considerations such as brand protection and sustainable development. These factors collectively contribute to the gradual transformation of traditional single-product packaging into multifunctional media.

   In summary, the integration of digital technologies into the packaging industry brings about extensive changes, necessitating advancements in various aspects of technology and services. The industry is evolving to meet consumer expectations, market dynamics, and sustainability goals while leveraging the potential of emerging technologies.

3. Cross the Region to Create a New Type of Consumption Circle

   Digital printing technology continues to evolve, and investing in it can drive business innovation and enhance customer service. By embracing the concept of Print as a Service and adopting a supply chain approach, businesses can offer comprehensive one-stop printing services that cater to customer needs. Collaborating with strategic partners, they can establish a complete printing service process.Moreover, the business model in the printing market is expanding beyond regional and industry boundaries. Print manufacturers are transforming into brand and product manufacturers, creating a new type of consumption circle. This shift aims to reduce the manufacturing time of products and integrate them with AR/VR technologies and the Internet of Things (IoT).

4. Product Packaging as an Extension of Consumers

Social media has had a profound impact on consumer behavior. Consumers now play a vital role in co-creating personalized products with brand manufacturers. The emergence of digital printing and Print on Demand services allows consumers to actively participate in the customization process. This not only enhances their consumption intentions but also shortens the gap between online platforms and offline production processes.The marketing costs associated with digital printing and customization have significantly decreased compared to traditional media, while the effectiveness has increased by approximately 30%. In the fiercely competitive global packaging market, market differentiation is a crucial factor in distancing oneself from competitors. Product content and the customization and personalization of outer packaging are key elements in winning over customers. For example, in the saturated U.S. cereal flakes market, Mymuesli, a brand manufacturer, positions its product as "the extension of consumers." Using digital printing technology, they have created 30 different customized designs for their packaging to captivate consumers' attention. They recognize packaging as a crucial medium for communicating with consumers. By offering a wide variety of customized packaging designs, Mymuesli not only increases consumer engagement but also strengthens the connection between the brand and its customers.

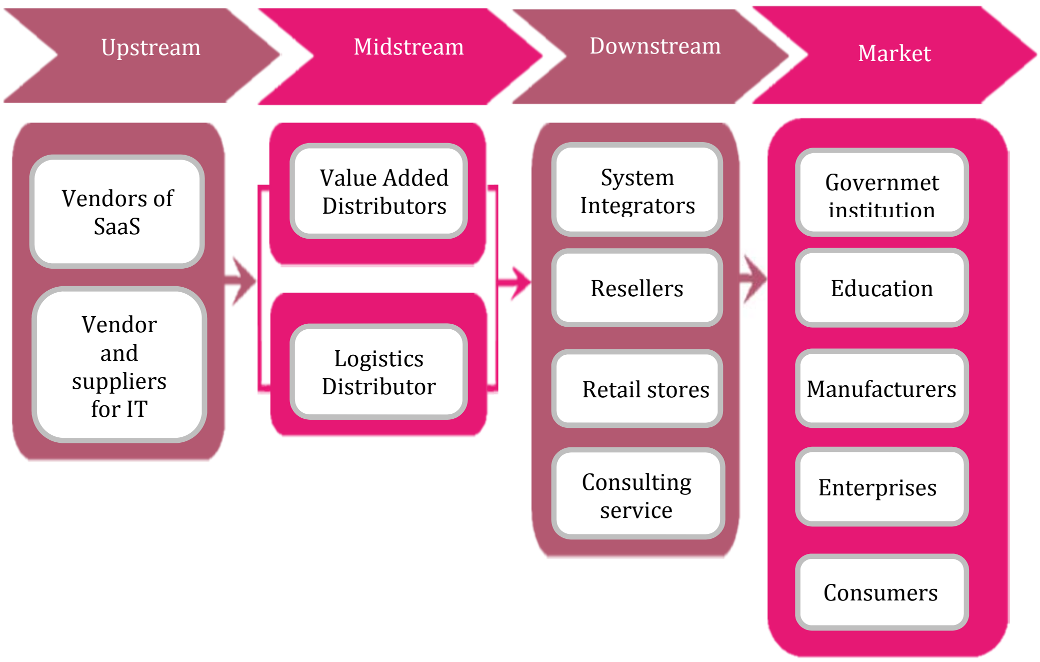
Source: Using digital innovations to create personalized packaging at scale

Graph 3: The customization service allows consumers to choose and design the outer packaging on their own Source: Mymuesli official website

In general, the digital printing industry is poised for continuous growth due to the ongoing advancement and application of technology. This growth presents various business opportunities and avenues for development. Specifically, when considering the applications of labels and flexible packaging on products, the key to maintaining competitiveness and market share lies in enhancing technological innovation and achieving product differentiation.

By leveraging technological advancements, companies can create standout products that differentiate themselves from competitors. This can be achieved through innovative printing techniques, unique designs, and the incorporation of advanced features. These factors contribute to increasing the usage demand for products, as consumers are attracted to distinctive and high-quality packaging solutions. Maintaining competitiveness and market share in the digital printing industry requires a strategic focus on technological innovation and product differentiation. By continuously pushing the boundaries of what can be achieved through digital printing, companies can stand out among competitive products, capture consumer attention, and secure a stronger position in the market.

3. Relationships with suppliers in the industry's supply chain

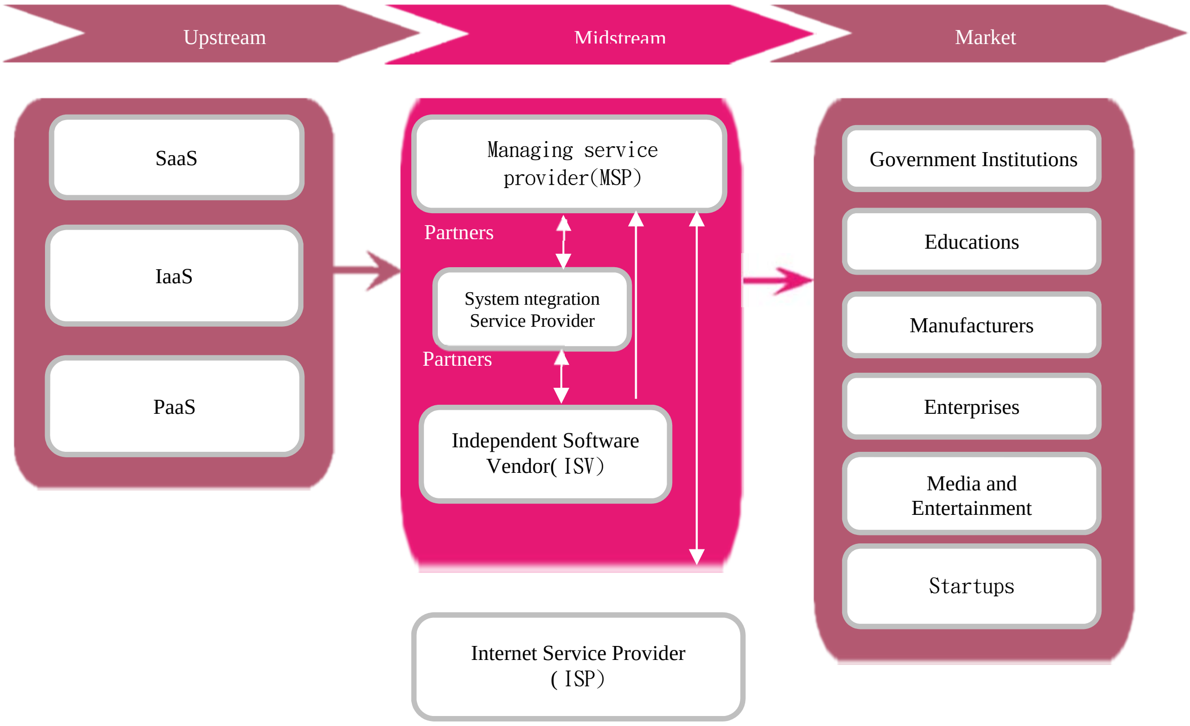


Graph 4. The relationship Graph of sales channels between upstream and downstream of Information and Communications Technology Industry

Regarding the sales channels within the Information and Communications Technology (ICT) industry, the existing structure can be divided into upstream, midstream, and downstream areas. In the upstream area, well-known international hardware and software manufacturers dominate the market. They typically operate through regional management mechanisms, authorizing local agents (such as general distributors or value-added distributors) to handle channel management at the regional level. Moving downstream, the sales of information-related products are managed by system integrators, distributors, specialty stores, and information consulting agencies. These entities play a crucial role in distributing and selling ICT products to end-users. Upstream manufacturers primarily focus on research and development, as well as the manufacturing of professional information and communication-related products. They often utilize cloud services to offer marketing and consulting services to end-users.

Within this ecosystem, midstream suppliers, known as value-added distributors, play a key role. Their primary business is to promote the market and establish marketing channels. Value-added distributors differ from logistics distributors, who solely focus on product sales without providing related professional services. This distinction allows the company to position itself as a value-added service distributor, providing marketing services for upstream Software as a Service (SaaS) cloud software and related agent products. This enables downstream distributor partners to offer a wider range of sales and services to end-users.

As the cloud service industry continues to grow, the traditional boundaries of sales channels are gradually breaking down regional restrictions. Enterprises' increasing demand for digital transformation requires them to rely on distributors and agencies to provide consulting and installation services for procuring or establishing various information software and hardware. To meet this demand, channels are being integrated, combining value-added distributors with system distributors. This integration aims to provide comprehensive professional services for end-enterprise users, ensuring their needs are met throughout the digital transformation journey.



Graph 5. The correlation between upstream and downstream channels of cloud service industry

GrandTech C.G. Systems Inc. has embraced the changing times and transformed into a comprehensive business operator. In 2017, the company ventured into the cloud service business, obtaining the qualification of a cloud managed service provider (MSP) as indicated in the channel correlation graph. Leveraging its core competitiveness in cloud services, the company has expanded its presence in the external market. It has invested in professional technical capabilities and enhanced its value-added marketing services to create business advantages. Given the significant growth of cloud computing technology and applications, the company has capitalized on its strengths and increased investments in cloud services. It has developed its own value-added operation platform to provide multi-cloud services to clients. Additionally, the company conducts real-time monitoring and analysis of public clouds from different suppliers, setting itself apart from competitors in the market.

4. Product Trends and competition

With the growing trend of cloud applications and the booming development of the Internet of Things (IoT), international industry leaders with mature market shares are utilizing cloud-based business service models to directly provide products and services to end-users. However, the promotion of products and services still relies on existing partner businesses to jointly operate in regional markets. The cloud computing environment is gradually changing the deployment model and procurement methods for enterprise software and hardware. Enterprises no longer need to spend a significant amount of money to purchase software licenses outright. Instead, they can subscribe to or rent services, acquiring software usage rights through online downloads.

The global supply chain restructuring resulting from the China-US trade war and the COVID-19 pandemic in 2020 has led countries worldwide to recognize and re-evaluate Taiwan's position in the global supply chain. The application of information products in 5G, AI, and electric vehicles is on the rise. Furthermore, the time efficiency of digital packaging and intelligent manufacturing is crucial for meeting the demands of mass production. Local value-added distributors play a vital role in providing professional services, including marketing and promotion, technical support, consulting, and customized business solutions. Companies must cater to the needs of various businesses and local enterprises while collaborating with local distributors to cultivate the market and generate profits. Only a forward-thinking and transformative multi-digital service operator like GrandTech C.G. Systems Inc. can shoulder the responsibility of creating a marketing model that aligns with the local market, while creating greater business opportunities for the Information Industry.

(D). Research and Development

I. Status of Research and development

Our company, as a leading position, has long been engaged in distributing and marketing of renowned professional software and hardware products in the fields of digital, imaging, multimedia, and cybersecurity networks. As the cloud services industry experienced rapid growth, our company underwent a transformation in 2016 to become a value-added service provider of IaaS and SaaS cloud services. We also made significant investments in the research and development of professional service platforms tailored to enterprise clients. To ensure our competitive advantage, we established a R&D unit dedicated to the development of a forward-looking and cost-effective transnational multi-cloud service platform system. This platform intelligently calculates data usage for cloud service users.

Moving forward, we will continue to invest in R&D for cloud service-related technologies. The estimated R&D expenses are carefully planned and allocated based on the progress of each development project.

II. Successfully developed technologies or products

One of our notable achievements is the successful development of a transnational multi-cloud service platform for commercial use by enterprises. This platform not only allows enterprise users from around the world to monitor and analyze the usage status of public clouds from various brands, such as AWS and Google Cloud, on a single platform but also provides real-time insights into sales trends and client consumption habits. Regular data analysis enables us to offer value-added services and seize new opportunities for business development.

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

I. The Overview of Short-term Plans

I.1 We are dedicated to the growth and expansion of our cloud service business, aiming to become the leading platform that empowers the startup ecosystem. Our focus spans various sectors, including mobile applications, gaming, new retailing, e-learning platforms, and other cloud-native startups. As a cloud service provider, we offer customers a comprehensive integrated billing system, ensuring a professional and seamless experience. Our platform assists global enterprises in their digital transformation journey and facilitates cross-industry collaborations. By fostering strong customer relationships, we ensure stable company growth, specifically in terms of annual recurring revenue (ARR).

I.2 We have established a strong foothold in the digital printing market and forged strategic partnerships with customers, actively seeking new regional and global clients. By harnessing the synergies of digital printing, MarTech, and anti-counterfeiting technologies, we offer innovative printing solutions that cater to the needs of enterprises. Our focus is on nurturing the digital transformation of traditional printing companies and equipping them with digital printing capabilities to compete effectively in the global market. Through our efforts, we assist corporate clients in unlocking greater market opportunities, resulting in a mutually beneficial win-win situation.

I.3 We are strategically positioning ourselves in the 3D printing and additive manufacturing application market to capitalize on the leading opportunities in smart manufacturing. The advancements in 3D additive manufacturing technology and its applications are synchronized with the global impact of the pandemic, creating an impetus for the comprehensive deployment of smart manufacturing amid the industry's "chain-breaking" crisis. As the market evolves, production processes have become decentralized, leading to a significant increase in demand for production volume and post-sales service flexibility, making the adoption of smart manufacturing a necessity. The key advantages of 3D printing in smart manufacturing lie in its ability to offer high customization and flexible production capabilities. By integrating digital design, cloud computing technology, additive layer manufacturing processes, and high-quality application materials, we not only provide innovative integrated solutions but also assist the manufacturing industry in overcoming challenges and undergoing transformative value-added changes. The potential business opportunities it brings are crucial to our deployment and development strategies.

I.4 We are intensifying our business development efforts in the Hong Kong regional market, aiming to increase our market penetration in cloud and agency businesses (SaaS & Distribution) and expand our presence in the local enterprise commercial and education markets. With over 30 years of deeply rooted local presence, our Hong Kong subsidiary has built an excellent reputation and service track record. We will continue expanding the availability of SaaS software and professional agency software and hardware products in the commercial market, further enhancing customer loyalty and driving the growth of recurring revenue.

I.5 Our objective is to achieve steady growth in the enterprise user markets in both Taiwan and Hong Kong while enhancing operational efficiency. Under the umbrella of the Upstream Asia Pacific value-added service platform, our subsidiary companies such as Hong Kong Senco Masslink, NetCore, and GSA consistently deliver professional IT integration services to cater to the needs of local commercial and education market users. Our goal is to increase market share and achieve significant growth in these regions.

II. Overview of Long-term Plans

II.1 Cultivating Value-added Business in Asia

GrandTech has transformed into a comprehensive multi-digital service operator, expanding our presence in Taiwan, Hong Kong, China, Singapore, Malaysia, and Indonesia. Our primary focus is on regional development and aligning regional resources to establish a complete value-added marketing platform in the Asia-Pacific region. By leveraging the strengths of our value-added services, we aim to grow in the Asian market and expand our business territory. Through our Asia-Pacific marketing platform and staying abreast of the latest trends, we strive to have a positive impact on various sectors such as cloud services, digital printing, creative content, education, and startups. This approach allows us to harness the expertise and capabilities of local professional enterprises within the Group to drive our business forward.

II.2 Emphasizing Cloud Service and Digital Printing Businesses

GrandTech will continue to prioritize the growth of our cloud service and digital printing businesses, always striving for customer success. As a service operator, our core business model revolves around developing a cloud service accounting platform to meet the market's demand for integrated multi-cloud services. Concurrently, we aim to expand our market share in the digital printing market and leverage digital printing solutions to drive enterprise innovation and fuel business growth.

Throughout the years, GrandTech has established itself as a leading operator and marketer, offering a diverse range of products, including drawing, video, and multimedia software and hardware, SaaS, IaaS, and network communication software and hardware. We collaborate with renowned international brands such as Adobe, AWS, GCP, Microsoft Azure, WACOM, Google Workspace, Microsoft M365, Corel, Quark, Celsys, Filemaker, HP, OKI, Juniper, A10, Peplink, Pulse Secure, and Mist, to provide integrated solutions. Additionally, we offer digital printing equipment products and services from industry-leading manufacturers like HP Indigo, Scodix, Esko, and Roland, catering to various business needs. By integrating our products and services, leveraging our existing Asia-Pacific marketing platform, and expanding our value-added marketing network with strong product lines, we aim to introduce market-leading solution products that generate new demand. We also seek to form alliances with international partners to solidify our position as the premier Asia-Pacific cloud value-added service provider.

B. Market and industry outlook

I. Market Analysis

A. Regional Revenue

Unit: NT$ million

	2022		2021	
	Revenue	Revenue %	Revenue	Revenue %
Domestic	1,455	28%	1,248	25%
Overseas	3,832	72%	3,688	75%
Total	5287	100%	4,936	100%

B. Product Positioning

1. Cloud services

For over 30 years, GrandTech has firmly established itself as a leading provider of sales and marketing services for professional graphic, gaming, and multimedia software and hardware products, along with their associated creative applications. As the cloud services landscape continues to evolve, we have experienced substantial growth in recurring revenue from SaaS cloud service subscriptions, which encompass offerings from industry giants such as Adobe, Microsoft M365, and Google Workspace. Our company plays a pivotal role in the commercial and education markets of Taiwan, Hong Kong, and Macau.

With the rapid advancements in cloud computing, the innovative IaaS cloud model has gained significant traction within the native cloud industry and start-up businesses. GrandTech has also achieved remarkable progress in this realm. GrandTech Cloud Services (GCS), as an important cloud service business unit to GrandTech group, it has developed a cutting-edge business model with a multi-cloud billing system for cloud services customers. It is a value-added platform with the advantage of cost optimization and almost rea-time monitoring usage, along with comprehensive data analysis, optimization, and consulting services. GCS business category now covers the region including Taiwan, Hong Kong, and Southeast Asia, and proudly holds the esteemed status of an AWS Advanced Consulting Partner (APN) and a Managed Service Partner (MSP) of Amazon Web Services (AWS). Moreover, GCS is a Solution Provider

Program (SPP) partner and obtained ISO 27001 Information Security Management System certification (ISMS) in January 2019. It is also recognized as a trusted business partner of Google Cloud Service.

2. Digital printing and intelligent packaging integration services

   The digitalization of the global printing industry is an ongoing and growing trend. There is a rising demand for digital printing equipment and services. Traditional printing processes are often characterized by large quantities, long lead times, and limited flexibility. In contrast, digital printing offers convenience and time-efficiency. Integrating digital printing into current production processes, particularly in the initial and final phases, is crucial for driving growth.

   Leading international manufacturers such as HP Indigo, Heidelberg, Man Roland, Koenig & Bauer, Xerox, Mitsubishi Press, Komori Press, and Canon have established their presence in the printing industry with their unique strengths and advantages. Each brand offers different digital printing solutions to meet the customization needs and so on. Other reputable digital printing solution provider such as Scodix, Topix, and Esko also develop thei own specialized solutions for various stages of the printing process.

   Recognizing the trend and increasing demand, our company has placed a strong focus on intelligent high-speed printing and has adopted HP Indigo as our core product solution for the market's needs. We have successfully built a solid reputation based on our cutting-edge technology and top-notch services. Our dedicated technical team is committed to providing excellent customer assistance, maintenance, warranty services, and a reliable supply of consumables. We prioritize the training of our technical teams, ensuring they receive professional training and certifications from original equipment manufacturers. This ensures that our team is equipped with the necessary expertise to deliver exceptional support to our valued customers.

In order to facilitate a broader understanding and utilization of HP Indigo digital printing technology, we have developed tailored solutions that are well-suited for printing production and transformation. Our unwavering commitment to accelerating the digitalization process is exemplified by our significant investments in establishing the state-of-the-art GrandTech Indigo Center of Excellence (GT Indigo COE) in Taiwan. This exceptional facility serves as a showcase for HP Indigo equipment and product applications and functions as an authorized training center in collaboration with HP to nurture and cultivate professional technical talent.

We can offer comprehensive services with HP indigo printing applications and solutions that provide distinct advantages in customization, making it suitable for both small-scale and large-scale production requirements. By harnessing the capabilities of HP Smart Stream Mosaic software, for example, customer can achieve randomized, customized and highly effective color and pattern variations. Moreover, our expertise allows us to transfer images onto a diverse range of special materials, enabling the creation from customized to personalized products tailored to individual preferences.

At the heart of our approach lies the use of environmentally friendly electronic ink, which is a hallmark of HP Indigo. This ink not only ensures the highest level of color coverage but also minimizes ink consumption, thereby enhancing color accuracy while reducing environmental impact. Additionally, we leverage innovative techniques such as fluorescent ink and invisible ink to elevate corporate recognition and provide robust anti-counterfeiting measures, thus safeguarding product authenticity and security.

3. Professional Networking Communication software and hardware products as well as integration services

   Enterprise business group of GrandTech has been actively engaged in the markets of Taiwan, Hong Kong, and Macao for over 30 years. Our primary focus is on delivering a comprehensive range of creative software and hardware tools, as well as IT Networking Communication products that are essential for the local commercial and education sectors. In pursuit of providing high-quality solutions, we maintain close partnerships with internationally renowned brands including Adobe, Apple, IBM, HP, DELL, Juniper, FireMon, A10, Peplink, and Pulse Secure. These brands are widely recognized and trusted within the telecommunications industry, government institutions, educational establishments, as well as small and medium enterprises.

As the manufacturing industry progresses towards Industry 4.0 and aligns with the European and U.S. markets, there is a growing demand for intelligent manufacturing solutions. In response to this emerging trend, 3D digital application-related products play a crucial role in meeting the evolving needs of the industry. To cater to this demand, our subsidiary, Goldsun Application Technology Co., Ltd., specializes in offering value-added product services. They focus on selling and marketing Siemens Taiwan's manufacturing R&D design software and CAD/CAM/CAE/PDM/PLM solutions. Through this subsidiary, we aim to contribute to the advancement of intelligent manufacturing and support the overall growth of the industry.

C. The future supply and demand situation and growth potential of the market

1. Cloud services and Information and Communications market

According to Dell'Oro's recent survey, Hybrid Cloud solutions are driving the growth of the superscale and enterprise-level data center market. Global data center capital expenditures are projected to reach $400 billion by 2027, with half of the investment coming from superscale cloud service providers. On-Premises services also present significant business opportunities. The survey highlights ongoing technology innovation in data centers, including advancements in server architecture, computing speed optimization, and equipment stability. Although short-term economic factors have slowed data center investment, the revitalization of data center architecture is expected to drive long-term market growth. Capital expenditure for edge computing is projected to increase, reaching 8% by 2027. Additionally, a survey by IDC shows that many enterprises anticipate an economic decline and recession. Enterprises must focus on operational optimization and digital business expansion as technology and IT become key areas of investment to withstand economic impacts. The Taiwan information and communication market trends in 2023 include data protection, AI-driven multi-model data computing, and the Metaverse's impact on industries like gaming, communities, and marketing. The post-pandemic economy will accelerate cloud transformation for small and medium enterprises and information service providers, with increasing demand for cloud solutions. By 2025, it is estimated that 30% of global small and medium enterprises will migrate core workloads to the cloud. The future will see a growing demand for cloud services and applications.

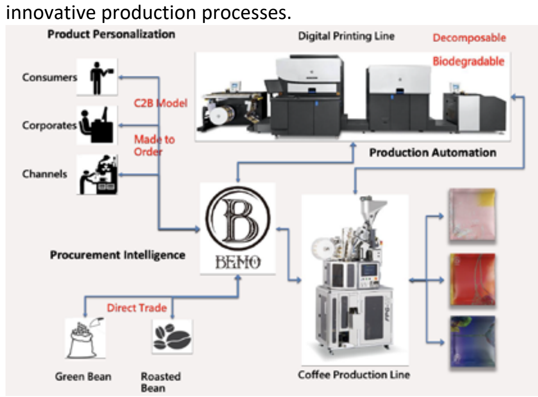
2. The application trends of labels and flexible packaging materials in digital printing

In recent years, there has been an increasing demand for small quantity printing and customized products, leading to significant growth in the label and flexible packaging printing markets. According to MarketsandMarkets, label and flexible packaging are expected to contribute the most to this growth. The rise of e-commerce has further fueled the demand for customized packaging and small quantity printing. The global label printing market was valued at $35.9 billion in 2020 and is projected to reach $42.6 billion by 2025, with a Compound Annual Growth Rate (CAGR) of 3.5% during this period, as reported by Smithers Pira. The use of flexible packaging materials in digital printing is also on the rise. Flexible packaging offers advantages such as cost-effectiveness, lightweight, and sustainability. According to Allied Market Research, the flexible packaging market is estimated to reach $358.7 billion by 2028, with a CAGR of 6.2% from 2021 to 2028.

As companies continue to seek efficient and cost-effective ways to produce high-quality customized packaging, the label and flexible packaging printing market is expected to experience continuous growth.

Graph 7: Intelligent packaging incorporates QR Codes for personalized one-to-one marketing.

Graph 6: Developing a new business model that incorporates innovative production processes.



With the rise of Printing 4.0, networking, technology, and automation have reshaped the perspectives of clients from different industries, leading to the transformation of digital printing and redefining packaging concepts. These changes have fostered creative ideas and spurred the need for production process improvements, new materials, customization, eco-friendly solutions, and connected packaging.

Furthermore, disruptive and innovative changes are driving faster and more service-oriented printing workflows. Digital printing, with its advantages in artificial intelligence (AI), IoT integration, and the platform economy, takes the spotlight. By utilizing AI to collect and analyze big data, valuable insights can be applied to manufacturing processes and marketing strategies. For example, data detection can extend the lifespan of printing machines, machine parameters can be adjusted for efficient production planning, and material usage and logistics efficiency can be optimized. At the same time, digital printing enables extensive customization of printed items, reducing labor costs and meeting customer demands and trends. The era of IoT and digitalization has brought about significant shifts in both the printing process and customer expectations.

Our goal is to create a fashionable and refined lifestyle in collaboration with consumers within the e-commerce framework, leveraging innovative, personalized, and profitable business models. By combining the advantages of digital printing with AI, IoT, and digitalization, we strive to meet customer expectations and propel the printing industry towards a sophisticated and customer-centric future (see Graph 6). Leveraging the e-commerce structure (see Graph 7), we aim to provide a seamless and convenient experience that aligns with evolving trends and consumer preferences.

Currently, printing service providers (PSPs) are adopting this business model to accelerate digital transformation and gain a competitive edge. By offering unique and exclusive solutions, PSPs can differentiate themselves and enhance the competitiveness of product packaging and the manufacturing process. They can also leverage intelligent packaging advertising (i-packvertising), where brand manufacturers integrate product information with QR codes or electronic devices. Consumers can scan the package and access related information using AR/VR technology (see Graph 8). This approach simplifies the outer package while providing abundant digital information. It offers greater flexibility and adaptability to marketing strategies, allowing customers to update product marketing plans without disrupting the packaging manufacturing process.

Graph 8: Innovative packaging integrated with QR Codes adds a personal touch to product consumption.

Source: Bemo Café, GrandTech C.G. Systems Inc., SMY Internet Of Package Co., Ltd., Design Impression Magazine

The COVID-19 pandemic in 2020 transformed masks into essential protective gear, sparking a trend in mask fashion. Innovative mask designs had a profound impact on marketing strategies, while collaborations with influential individuals and brands created lucrative opportunities in e-commerce. The market saw a surge in fashionable surgical masks (see Graph 9), distinguished by their individual QR codes and distinctive flexible packaging. These masks achieved global recognition and fostered a mutually beneficial community.

Graph 9: A variety of fashionable surgical masks

D. Competitive Niche

1. Business Focus:

Each business group is managed by dedicated professionals who focus on operations and collaborate closely within their respective industries and ecosystems.

- With 30 years of international brand marketing experience, we have accumulated a wealth of professional know-how and expertise. This enables us to stay ahead of the curve, seize opportunities, and strategize effectively.
- Our experienced executives have industry expertise and a deep understanding of information and communication products and services. They are leaders in leveraging cloud and value-added services, staying ahead of industry trends and opportunities.
- We have received recognition and affirmation from our business partners.

2. Market Integration and Development Capability:
   - We can integrate the professional resources of each business group to provide consumers with comprehensive information products and service packages.
   - We strengthen distributor relationships, understand consumer needs, provide marketing advice, and align with manufacturers for comprehensive product offerings.
3. Strong Marketing and Support-Oriented Team:
   - Our elite team specializes in product and application integration and marketing planning within their respective industries.
   - We lead the way in grasping industry development trends, organizing promotional events, and providing users with the latest industry knowledge.
   - We continuously improve customer service, ensuring sustainable business operations and unique marketing promotions.
4. Regional Marketing Platform in Asia:
   - Scale up the business and raise entry barriers to create a competitive advantage.
   - Leverage market development experience to generate business synergy
   - Effectively reduce intangible and tangible operational barriers for vendors.
   - Form a valuable ecosystem with industry development.
   - Gain access to local business connections and resources.

E. Favorable and Unfavorable Factors of Future Development

1. Favorable Factors:
   - Professional value-added marketing platform across the Asia-Pacific region:

GrandTech has built a comprehensive and mature value-added marketing platform and channel for selling information software and hardware products in the Asian market. With headquarters in Taiwan and branch offices in China, Hong Kong, Singapore, Malaysia, and Indonesia, we provide a wide regional presence. Additionally, our management platform, "Entrepreneur Paradise," is led by entrepreneurs, enabling partners with an entrepreneurial spirit to join and expand their multinational business territory with confidence.

- Professional marketing team and replication of successful experience:

  With over 30 years of experience as an agent selling value-added professional software and hardware products, GrandTech introduces professional management teams in Taiwan, Hong Kong, and Malaysia. These teams, led by experienced executive officers, establish connections with original equipment manufacturers, distributors, and end-users, serving as the best partners in the industry. By replicating our accumulated successful experience in other regions and countries, we create win-win situations with local professional business partners, enhancing competitiveness and increasing profits.

- Cultivation of the enterprise user market and provision of professional and high-quality services to bridge the digitalization gap:

  The development of cloud services has increased the demand for professional consulting services and technical guidance among enterprise clients for SaaS, IaaS, and IT information and communication software and hardware product procurement. To address this, GrandTech has established a professional Managed Service Provider (MSP) team. This team assists enterprises in strategically procuring and applying various products and services. We stay ahead of industry trends and provide insights alongside our consulting services, enabling clients to capitalize on business opportunities. By satisfying end-customers' needs with convenience and helping to reduce procurement costs and time, we empower our customers to succeed and gain a competitive advantage in the market.

2. Unfavorable Factors:

- Price determined by manufacturers, small profit margin:

Countermeasures: Offer diversified value-added services to generate advantages. Cooperate with manufacturers/distributors to create a win-win business circle and promote a one-stop shop approach for scalable profits.

- Aside from industry competition, the value of services and low profitability are not fully recognized.

  Countermeasures: Actively collaborate with vendors and distribution partners to create a win-win ecosystem, promote integrated product procurement, and scale profitability.

- Economic fluctuations and conservative IT product purchases affect profitability.

  Countermeasures: Strengthen enterprise services, diversify marketing channels, and form alliances to mitigate business risks and foster growth.

F. Key product application and manufacturing process

1. Key product line-up

Product Line	Products and Services	Main Purpose
Professional Creative design SaaS	Creative design tools: Layout design, video editing, illustration drawing, audio and video editing, animation production, web design, 3D image/character production. Asset management, document workflow, and website /mobile applications related to prototype creation and sharing.	Design tools for professional creative designers, which can be used in campuses, government institutions, and large/medium/small enterprises. Online applications, such as electronic document management and electronic signatures, that can completely replace hard copy documents to fulfill digitalization; electronic signatures can replace traditional handwritten signatures by signing electronic documents easily and be transmitted through a web browser or mobile device; assisting enterprises, campuses, and government institutions with complete digitalization.
Peripheral hardware products specifically for designers	Computer graphic drawing related hardware, such as digital graphic boards. Professional image output software and hardware.	Drawing tools for creative design.
Infrastructure as a Service (IaaS)	Cloud Hosting Service Cloud Managing Service Cloud Architectural Service Multi-cloud billing service platform for monitoring and cost optimization	Provide a borderless cloud architecture service and customized cloud solutions with benefit evaluation for enterprise users at the best price. Professional consulting and cloud managed services. Provide B2B accounting systems which can integrate complex information of original equipment manufacturers; and provide enterprises

Product Line	Products and Services	Main Purpose
		with accounting services that are simpler and easier to understand to improve management efficiency.
Information and communication software and hardware products for enterprises	Provide services including the establishment of internal and external networks, infrastructure, and information security and Internet communication related software and hardware products for enterprises.	Provide enterprises with integrated solutions for network environment setup and information security, including professional consultations and setup; and provide holistic technical installation and follow-up services for campuses, government institutions, and enterprise users in various industries.
Intelligent and high-speed digital printing equipment and service	Provide digital printing related equipment, including commercial printing machines, industrial printing machines, and post-processing equipment. Provide digital output software, cloud architecture software and services for e-commerce, and 3D additive manufacturing equipment.	Provide digital printing equipment with leading technology that can integrate upstream and downstream processes; and assist and introduce suppliers of label and flexible packaging as well as enterprise users to digital printing production processes. Provide training and integrated courses to cultivate talent with international and digital skills. Ensure equipment adopts environmentally friendly electronic ink technology that can cover 97% of Pantone extended gamut. Ensure equipment can be used in multi-tasking production process and is suitable for various printing tasks and materials. Combine HP Smart Stream Mosaic software technology to allow customization for both small quantity and mass production. The application of 3D printing processes provides the function of reshaping parts quality, increases productivity, and improves economic production efficiency.

2. Manufacturing process:

Our company focuses on the distribution and sale of information and communication related software and hardware products and services. We do not engage in any manufacturing or production processes. Our primary role is to provide comprehensive solutions and services to meet the needs of our customers.

G. Supply of Essential Raw Materials:

We sell products and services from renowned international brand manufacturers. Our selling rights are stable, and we focus on providing long-term professional services. We have a certified technical service team and offer cloud IaaS services as well as managed services globally.

D. List of top-10 major suppliers and customers in the past two years

1. Suppliers that account for 10% or more total purchases in any one of the past two years and the amount and proportion of purchases (sales), as well as the reason for change

Unit: NT$ Thousand

Item	2021				2022				As of 2023 Q1			
	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer	Name	Amount	Proportion of net purchase as of Q1 of the year (%)	Relationship with the Issuer
1	Other	4,935,845	100.00	None	Other	5,286,819	100.00	None	Other	1,238,409	100.00	None
	Net purchase	4,935,845	100.00		Net purchase	5,286,819	100.00		Net purchase	1,238,409	100.00	

The customers of the Group are scattered, and therefore there was no customer with sales revenue accounting for 10% or more of the total sales in 2022 and 2021.

2. Name of customers that account for 10% or more total sales in any one of the past two years and the amount and proportion of sales, as well as the reason for change

Unit: NT$ Thousand

Item	2021				2022				As of 2023 Q1			
	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer	Name	Amount	Proportion of net purchase as of Q1 of the year (%)	Relationship with the Issuer
1	A02	1,616,690	39.91	None	A02	1,450,351	32.38	None	A02	272,325	27.14	None
	A01	797,474	19.69	None	A01	935,595	20.89	None	A01	237,292	23.65	None
2	Other	1,636,318	40.40	None	Other	2,093,759	46.73	None	Other	493,692	49.21	None
	Net purchasing amount	4,050,482	100.00	-	Net purchasing amount	4,479,705	100.00	-	Net purchasing amount	1,003,309	100.00	-

Description of reason for increase or decrease:

The operating revenue of the parent company and subsidiaries of the Group in 2022 increased compared with that in 2021. In 2022, due to the lift of lockdowns resulting from the epidemic in each country, the overseas branches of the Group resumed normal economic communication locally, and the cargo congestion at ports was also mitigated. As a result, the overall operating performance of GrandTech improved. The main suppliers of the Group remained stable in 2022 and 2021.

E. Production volume and value in the past two years: Not applicable since the Company is not in the manufacturing industry.

F. Sales volume and value in the past two years

Year / Sales Volume / Main Products	2022				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Professional cloud software and services	-	525,702		1,245,457	-	414,102		1,100,743
Products and services for corporate users	-	406,928		2,526,449	-	432,478		2,546,761
Digital printing equipment and services	-	521,261		61,022	-	376,145		65,616
Total	-	1,453,891		3,832,928	-	1,222,725		3,713,120

Note: Since the Group operated a variety of products, and the units of measurement of each product differed, the quantity was not presented.

Description of change: The change was mainly resulted from the increase of professional cloud software and services as well as digital printing equipment and services of the parent company and subsidiaries of the Company in 2022 compared with those in 2021.

(III) Employees information in the two most recent fiscal years and up to the date of publication of the annual report:

April 30, 2023

FY		2021	2022	As of April 30, 2023
No. of Employees	Managerial Positions	30	31	31
	R&D Staff	84	90	93
	General Staff	43	36	37
	Others	132	138	131
Total		289	292	292
Average Age		41.93	42.60	42.96
Average experience		7.13	7.12	7.13
Education (%)	PhD	0%	1%	1%
	Graduate School	12%	16%	19%
	University/ College	76%	69%	70%
	Senior High School	12%	14%	10%
	Others	0%	0%	0%

Note: "Others" in the preceding table include finance, accounting, and administration personnel, assistants, etc.

(IV) Environmental protection expenditure

The Company is mainly engaged in the sales of professional information software and hardware, cloud software services, and digital printing equipment and services, and it is also an agent instead of manufacturer. Therefore, the Company is not a company under the control of Restriction of Hazardous Substances (ROHS) of the EU.

(V) Labor relations

A. Employee welfare measures, education, training, retirement mechanism and implementation, as well as agreements and measures to protect the rights of employees.

1. Employee compensation

The yearend bonus system of the Company guarantees one month's salary to ensure that all colleagues strive for the Company's objectives together. The employee remuneration is stipulated in the Articles of Association, and shall be calculated as at least 4% of the profits of the Company in current year.

2. Employee welfare
   The Labor Standards Act is adopted as the blueprint for the establishment of management regulations and work rules of the Company, and all employees shall follow them. Also, the Company cares about employees' life and welfare, and establishes reasonable salaries for them. With respect to employee welfare, the Company purchases all required labor insurance, and sets aside pension on a monthly basis in accordance with labor laws and regulations. Furthermore, the Company has established an Employee Welfare Committee to provide gift money on occasion of birthday, wedding, and funeral, as well as condolence payments for hospitalization. The welfare system is completed to guarantee employees' stable life.
3. Workplace diversity and equality
   The Company offers rewards and equal promotion opportunities to both male and female employees in principle of equal pay for equal work, and guarantees more than 20% of female officer positions, to promote the sustainable and inclusive economic growth. In 2022, the average ratio of female employees reached 45%, while that of female officers reached 40% respectively.
4. Reflection of operating performance in employee compensation
   The Company participates in market compensation surveys every year, and adjusts employees' salaries based on the market pay level, economic trends, and personal performance, to sustain the overall competitiveness of compensation. In 2022, the annual average salary adjustment range of the Company for officer and non-officer positions reached 2.85 in Taiwan, and that of individual employees reached as high as 7%.
5. Measures assuring a safe and healthy work environment for employees, and education policies for employees, and implementation status
   Adhering to disaster prevention and control as the core concept, the Company uses appropriate management tools and mature technologies as well as resources available to summarize the occupational safety and health issues existing in the whole office area, and then comes up with effective countermeasures to promote occupational safety culture continually and effectively. In addition, the Company strengths the protection management of workers, and engages resources to enhance occupational disease prevention, for the purpose of creating a zero-disaster environment.
6. Number of employee occupational hazards in current year, number of employees involved in such events, and their ratio in the total number of employees, and relevant improving measures
   In 2022, the frequency of disabling injuries was 0; the frequency of personnel's occupational hazards was 0. The Company attaches importance to corporate safety and lifesaving clauses, and facilitates officers to take care of and pay attention to colleagues' mental and physical statuses, to ensure the safety of colleagues during work.
7. Work safety education, training, and advocacy launched by the Company in the last two years

Year	Person-times in education and training	Man-hours in education and training
2021	36	72
2022	36	72

8. Education and training measures

The Company provides diversified training and complete in-service training programs, including training for new employees, in-service learning and development courses, professional training, group training, as well as various overseas training courses related to work duties as well as training courses in local institutions. Through the teaching and training of professional talents and communication and interaction between employees, the Company cannot only improve employees' professional quality and capabilities, but also better inspire employees' potential ability and cultivate them to talents.

Category of training	Duration (hour)	Person-times (person)	Sessions	Total cost (NT$)
Internal training courses	51.5	350	40	703,743
External training courses	89	6	6	59,799

9. Retirement mechanism

In accordance with the provisions of the Labor Pension Act, the Company sets aside 2% of the total monthly salaries to the pension reserve account opened at Bank of Account, and withholds 6% of employees' salaries to the designated labor pension account at the Bureau of Labor Insurance respectively.

10. Labor agreements: No labor dispute occurred.

B. Losses arising from labor disputes in the most recent year and as of the publication date of this annual report, and disclosure of the potential estimated amount and countermeasures to date and in the future.

1. Losses arising from labor disputes in the most recent fiscal year and as of the publication date of this annual report: No major labor dispute occurred.
2. Potential estimated amount incurred at present and in the future as well as countermeasures: In addition to following the labor laws and regulations and strengthening welfare measures, the Company also enhances the establishment of interaction, communication, and appeal channels with the objective to create warm and harmonious corporate culture. The losses caused due to labor disputes in the future are extremely unlikely in the future.

(VI) Material Contracts

Nature of contract	Party concerned	Starting and ending dates of contract	Main content	Restrictive clause
Product agency contract	HP Indigo	June 1, 2022-May 31, 2023	Agency of sales of products of HP Indigo	None
Cooperation agreement	HP Indigo	September 29, 2022-September 28, 2023	Sales service agreement	None

(VII) Records of litigation cases: None.

(VIII) Cybersecurity management:

A. Describe the cybersecurity risk management framework, cybersecurity policies, concrete management programs, and investments in resources for cybersecurity management:

1. Information security organization: The information security work of the Company is currently planned and executed by the Information Service Division.

2. Cybersecurity policy: For the network structure of the Company, firewall is adopted for host protection, and domain separation setting is also employed to set up different services and networks to lower the risk of infection. For example, the server and user end are segmented using different segments. In addition, antivirus software at the central control end has also been installed for all hosts and user ends, and anti-virus codes are updated automatically. Furthermore, standby and backup settings are allocated for cloud hosts, and complete history records are reserved. The passwords of the domain accounts used by all colleagues must be updated once every three months, and setting specifications with high security performance shall be adopted to create all-around security information protection capacity, and cultivate colleagues' good information security awareness. In the future, the information security governance system will be continuously improved, and the defense capabilities shall be strengthened.
3. Specific management solutions: In order to protect the internal IT asset data of the Company from power abnormality or other possible natural disasters, the Company implements daily backup of the data in the database, and completes nonlocal storage at the same time. The Company also adopts weekly backup and completes nonlocal storage for program codes and important files. In addition, for virtual hosts, the backup of mapping files and nonlocal storage are also completed. With respect to database backup, the Company performs backup data recovery tests every quarter to ensure the correctness of the data backup. Also, relevant standby and backup settings are provided for the cloud hosts, and complete operation history records are preserved. The passwords of the domain accounts used by all colleagues must be updated once every three months, and setting specifications with high security performance shall be adopted to create all-around security information protection capacity, and cultivate colleagues' good information security awareness. In the future, the information security governance system will be continuously improved, and the defense capabilities shall be strengthened.
4. Resources engaged in cybersecurity management: For the network structure of the Company, firewall is adopted for host protection, and domain separation setting is also employed to set up different services and networks to lower the risk of infection. The Company chooses the IDC managed server provided by Chief Telecom, and has set up a 24h maintenance and operation center for monitoring. Also, the air-conditioning system has the temperature and humidity monitoring function, and other systems including 99.999% power standby system and fire early warning and inhibition system are available, to ensure that the server equipment is stored in a high-quality environment that complies with ISO27001.

B. List any losses suffered by the Company in the most recent fiscal year and up to the publication date of the annual report due to significant cybersecurity incidents, the possible impact therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of why shall be provided: None.

VI. Financial Information

(I) Five-Year Financial Summary and External Auditor's Opinion

A. Five-Year Financial Summary

1. Condensed Balance Sheets - International Financial Report Standards (Consolidated)

Unit: NT$ Thousand

Item \ Year		Financial Summary for the Last Five Years (Note 1)					Financial Information as of March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		1,759,319	2,017,523	2,201,593	2,146,728	2,553,625	2,480,422
Property, plant and equipment		161,972	201,911	145,646	147,112	150,164	149,269
Intangible assets		84,602	64,857	81,513	156,654	35,434	35,419
Other assets		278,949	254,733	230,469	319,442	469,253	477,464
Total assets		2,284,842	2,539,024	2,659,221	2,769,936	3,208,476	3,142,574
Current liabilities	Before distribution	1,026,254	1,274,385	1,359,663	1,407,176	1,409,303	1.535.604
	After distribution	1,222,195	1,374,911	1,544,113	1,245,874	(Note)	(Note)
Non-current liabilities		3,140	48,239	29,157	47,581	24,192	28.566
Total liabilities	Before distribution	1,029,394	1,322,624	1,388,820	1,454,757	1,433,495	1,564.170
	After distribution	1,225,335	1,423,150	1,573,270	1,616,059	(Note)	(Note)
Equity attributable to shareholders of the parent company		1,066,135	1,019,100	1,023,479	1,042,868	1,436,263	1.258.442
Share capital		563,160	590,374	590,374	575,894	620,894	620.894
Capital surplus		264,280	240,005	193,311	145,448	242,213	239.801
Retained earnings	Before distribution	364,881	347,747	433,110	465,832	616,591	445.833
	After distribution	193,215	247,221	248,660	304,530	(Note)	(Note)
Other equity interest		(37,248)	(70,088)	(104,378)	(144,306)	(43,435)	(48.086)
Treasury stock		(88,938)	(88,938)	(88,938)	0	0	0
Non-controlling interests		189,313	197,300	246,922	272,311	338,718	319.962
Total equity	Before distribution	1,255,448	1,216,400	1,270,401	1,315,179	1,774,981	1.578.404
	After distribution	1,059,507	1,115,874	1,085,951	1,153,877	(Note)	(Note)

Data source: Financial information of 2018~2022 audited by CPAs, and financial report audited and reviewed by CPAs.

Note: The Company is expected to hold a regular Shareholders' Meeting on June 14, 2023, and the figures after distributions are not disclosed in the preceding table.

Condensed Balance Sheets - International Financial Report Standards (Individual)

Unit: NT$ Thousand

Item	Year	Financial Summary for the Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		479,710	557,944	500,585	326,947	366,088
Property, plant, and equipment		112,205	110,685	108,317	105,600	105,437
Intangible assets		1,253	880	540	3,859	480
Other assets		1,080,158	1,151,800	1,237,375	1,459,371	1,757,222
Total assets		1,673,326	1,821,309	1,846,817	1,895,777	2,229,227
Current liabilities	Before distribution	605,326	800,202	812,223	849,978	789,529
	After distribution	801,267	900,728	996,672	688,676	(Note)
Non-current liabilities		1,865	2,007	11,115	2,931	3,435
Total liabilities	Before distribution	607,191	802,209	823,338	852,909	792,964
	After distribution	671,922	902,735	1,007,788	691,607	(Note)
Share capital		563,160	590,374	590,374	575,894	620,894
Capital surplus		264,280	240,005	193,311	145,448	242,213
Retained earnings	Before distribution	364,881	347,747	433,110	465,832	616,591
	After distribution	193,215	247,221	248,660	304,530	(Note)
Other equity interest		(37,248)	(70,088)	(104,378)	(144,306)	(43,435)
Treasury stock		(88,938)	(88,938)	(88,938)	0	0
Total equity	Before distribution	1,066,135	1,019,100	1,023,479	1,042,868	2,229,227
	After distribution	870,194	918,574	839,029	881,566	(Note)

Data source: Financial reports of 2018~2022 audited by CPAs.

Note: The Company is expected to hold a regular Shareholders' Meeting on June 14, 2023, and the figures after distributions are not disclosed in the preceding table.

2. Condensed Comprehensive Income Statements - International Financial Report Standards (Consolidated)

Unit: NT$ Thousand

Year / Item	Financial Summary for the Last Five Years (Note 1)					Financial Information as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	5,226.022	5,257,393	5,048,591	4,935,845	5,286,819	1,238,409
Gross profit	766,631	769,826	746,248	854,965	878,826	188,627
Operating profit (loss)	301.050	307,585	306,733	412,508	427,561	83,500
Non-operating income and expenses	(20,302)	9,509	49,505	14,353	40,782	9,095
Net income before tax	280,748	317,094	356,238	426,861	468,343	92,595
Net income from continuing operations	243,977	257,455	289,889	351,923	389,412	76,773
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss)	243,977	257,455	289,889	351,923	389,412	76,773
Other comprehensive income (net value after tax)	(1,057)	(29,330)	(46,356)	(55,708)	114,962	(6,773)
Total comprehensive income	242,920	228,125	243,533	296,215	504,374	70,000
Net income attributable to shareholders of the parent company	203,406	211,502	243,011	279,937	320,201	62,077
Net income attributable to non-controlling interests	40,571	45,953	46,878	71,986	69,211	14,696
Total comprehensive income attributable to owners of the parent company	206,784	178,841	208,748	239,111	421,571	57,426
Total comprehensive income attributable to non-controlling interests	36,136	49,284	34,785	57,104	82,803	12,574
Earnings per share	3.66	3.70	4.25	4.87	5.49	1.00

Data source: Financial information of 2018~2022 audited by CPAs, and financial report audited and reviewed by CPAs.

Comprehensive Income Statements - International Financial Report Standards (Individual)

Unit: NT$ Thousand

Item \ Year	Financial Summary for the Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating income	973,596	1,147,913	1,141,753	587,800	620,433
Gross profit	197,307	222,836	227,738	178,201	187,012
Operating profit (loss)	97,864	110,235	130,375	84,000	96,575
Non-operating income and expenses	122,270	126,270	139,193	212,253	242,877
Net income before tax	220,134	236,505	269,568	296,253	339,452
Net income from continuing operations	203,406	211,502	243,011	279,937	320,201
Loss from discontinued operations	0	0	0	0	0
Net income (loss)	203,406	211,502	243,011	279,937	320,201
Other comprehensive income (net, after tax)	3,378	(32,661)	(34,263)	(40,826)	101,370
Total comprehensive income	206,784	178,841	208,748	239,111	421,571
Earnings per share	3.66	3.70	4.25	4.87	5.49

Data source: Financial information of 2018~2022 audited by CPAs

B. Names and Auditing Opinions of CPAs for the Past Five Fiscal Years

1. Names and Auditing Opinions of CPAs for the Past Five Fiscal Years

Year	Name of CPAs	Opinion
2018	WU, HAN-CHI, HSU, SHENG-CHUNG	Qualified opinion
2019	HSU, SHENG-CHUNG, WU, HAN-CHI	Qualified opinion
2020	WU, HAN-CHI, HSU, SHENG-CHUNG	Qualified opinion
2021	JUAN LU, MAN-YU, WU, HAN-CHI	Qualified opinion
2022	JUAN LU, MAN-YU, FENG, MIN-CHUAN	Qualified opinion

2. If the CPAs were replaced in the past five fiscal years, the descriptions of the reasons for replacement by the Company, and the former and succeeding CPAs shall be presented: The replacement of CPAs was resulted from the internal adjustment of the accounting firm.

(II) Five-Year Financial Analysis

Consolidated Financial Analyses - Adopted International Financial Report Standards

Analysis Item \ Year		Financial Analysis for the Last Five Years (Note 1)					As of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure	Debt ratio	45.05	52.09	52.23	52.52	44.68	49.77
	Ratio of long-term capital to property, plant and equipment	777.04	626.33	892.27	926.34	1,198.14	1076.56
Solvency	Current ratio	171.43	158.31	161.92	152.56	181.20	161.53
	Quick ratio	145.23	139.53	146.22	139.09	163.27	130.65
	Times interest earned ratio	79.01	59.61	21.39	37.78	25.17	33.02
Operation performance	Accounts receivable turnover rate (times)	6.88	6.85	6.16	6.71	8.27	7.39
	Average days for cash receipts	53	53	59	54	44	49
	Inventory turnover rate (times) (Note 3)	16.52	16.12	16.93	18.22	17.96	16.28
	Payables turnover rate (times)	13.04	13.33	11.20	10.90	10.72	9.34
	Average days for sale of goods (Note 2)	22	23	22	20	20	22
	Turnover rate for property, plant and equipment (times)	31.59	28.90	29.05	33.72	35.57	33.09
	Total asset turnover rate (times)	2.33	2.18	1.94	1.82	1.77	1.56
Profitability	Return on assets (%)	10.99	10.85	11.37	13.31	13.64	9.96
	Return on equity (%)	19.15	20.83	23.31	27.22	25.39	18.32
	Ratio of income before tax to paid-in capital (%)	49.85	53.71	60.34	74.12	75.83	68.19
	Net profit margin (%)	4.67	4.90	5.74	7.13	7.42	6.20
	Earnings per share (NT$)	3.66	3.70	4.25	4.87	5.49	100
Cash flow	Cash flow ratio (%)	11.31	38.92	25.54	52.99	15.81	6.63
	Cash flow adequacy ratio (%)	86.64	130.83	151.96	179.07	167.01	212.22
	Cash reinvestment ratio (%)	-0.35	26.95	14.15	42.63	3.28	1.43
Leverage	Operating leverage	6.06	5.98	5.78	4.40	4.52	5.28
	Financial leverage	1.01	1.02	1.06	1.03	1.05	1.04

Explain changes in financial ratios over the past two fiscal years. (Not required if the difference does not exceed 20%.)

1. The increase of ratio of long-term capital to property, plant and equipment was mainly resulted from the increase of shareholders' equity due to cash capital increase of current period.
2. The increase of times interest earned ratio was mainly resulted from the increase of current assets by cash capital increase of 2022.
3. The decrease of accounts receivable turnover rate compared with the previous period was mainly resulted from the increase of net sales in current period.
4. The decrease of cash flow ratio (%) was mainly resulted from the decrease of net cash flows from operating activities in 2022 compared with those in 2021.
5. The decrease of cash reinvestment ratio (%) was mainly resulted from the decrease of net cash flows from operating activities in 2022 compared with those in 2021.

Individual Financial Analyses - Adopted International Financial Report Standards

Analysis Item	Year	2018	2019	2020	2021	2022
		Financial Analysis for the Last Five Years (Note 1)				
Financial structure	Debt ratio	36.29	44.05	44.58	44.99	35.57
	Ratio of long-term capital to property, plant, and equipment	951.83	922.53	955.15	990.34	1,365.46
Solvency	Current ratio	79.25	69.73	61.63	38.47	46.37
	Quick ratio	61.52	56.42	52.89	32.75	36.45
	Times interest earned ratio	67.17	51.68	52.98	53.91	40.49
Operation performance	Accounts receivable turnover rate (times)	2.96	3.61	3.46	2.14	3.21
	Average days for cash receipts	123	101	105	170	112
	Inventory turnover rate (times) (Note 2)	7.80	7.96	9.55	6.29	5.89
	Payables turnover rate (times)	10.02	9.89	9.78	9.37	8.27
	Average days for sale of goods (Note 2)	47	46	38	58	62
	Turnover rate for property, plant and equipment (times)	8.83	10.30	10.43	5.50	5.88
	Total asset turnover rate (times)	0.59	0.66	0.62	0.31	0.30
Profitability	Return on assets (%)	12.50	12.32	13.48	15.20	15.86
	Return on equity (%)	18.59	20.29	23.79	27.09	25.83
	Ratio of income before tax to paid-in capital (%)	39.09	40.06	45.66	51.44	54.67
	Net profit margin (%)	20.89	18.42	21.28	47.62	51.61
	Earnings per share (NT$)	3.66	3.70	4.25	4.87	5.49
Cash flow	Cash flow ratio (%)	10.51	26.45	9.05	21.36	17.23
	Cash flow adequacy ratio (%)	39.64	41.28	38.98	48.70	63.70
	Cash reinvestment ratio (%)	(5.14)	6.33	(7.80)	(0.26)	(1.70)
Leverage	Operating leverage	3.78	3.93	3.41	2.91	2.72
	Financial leverage	1.04	1.04	1.04	1.07	1.10

Explain changes in financial ratios over the past two fiscal years. (Not required if the difference does not exceed 20%.)

1. The decrease of debt ratio compared with that in previous period was mainly resulted from the decrease of the short-term borrowings in the liabilities in current period.
2. The increase of ratio of long-term capital to property, plant, and equipment was mainly resulted from the increase of investments by equity method in current period.
3. The increase of current ratio compared with that in previous period was mainly resulted from the decrease of the short-term borrowings in the liabilities in current period.
4. The decrease of times interest earned ratio compared with that in previous period was mainly

resulted from the decrease of current liabilities in current period.

5. The increase of accounts receivable turnover rate compared with that in previous period was mainly resulted from the decrease of accounts receivable in current period compared with the previous period.
6. The decrease of average days for cash receipts compared with those in previous period was mainly resulted from the increase of accounts receivable turnover rate.
7. The increase of cash flow adequacy ratio compared with that in previous period was mainly resulted from the increase of net cash flows from operating activities in current period compared with those in previous period.
8. The decrease of cash reinvestment ratio (%) compared with that in previous period was resulted from the decrease of net cash inflows from operating activities in current period and the decrease of long-term investment compared with that in previous period.

Note 1: The following calculation formulas shall be presented at the end of this table in the annual report:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
2. Ratio of long-term capital to property, plant and equipment = (Net shareholders' equity + Long-term liabilities)/Net value of property, plant and equipment. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
   (3) Times interest earned ratio= Income before income tax and interest expenses/Interest expenses.
3. Operation performance
   (1) Accounts receivable turnover rate (including accounts receivable and notes receivable from business operation) = Net sales/Average accounts receivable in each period (including accounts receivable and notes receivable from business operation).
   (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
   (3) Inventory turnover rate = Cost of goods sold/Average inventory.
   (4) Payables turnover rate (including accounts payable and notes payable from business operation) = Cost of sales/Average accounts payable in each period (including accounts payable and notes payable from business operation).
   (5) Average days for sale of goods = 365/Inventory turnover rate.
   (6) Turnover rate for property, plant and equipment = Net sales/Average property, plant and equipment.
   (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Return on assets (ROA) = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
   (2) Return on equity (ROE) = Profit or loss after tax/Average net shareholder equity.
   (3) Net profit margin = Profit or loss after tax/Net sales.
   (4) Earnings per share = (Net income after tax - Preferred shares dividends)/Weighted average number of shares issued. (Note 4)
5. Cash flows
   (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
   (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/ (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross fixed assets + Long-term investment + Other assets + Operating capital). (Note5)
6. Leverage
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/

Operating income (Note6)

(2) Financial leverage = Operating income/ (Operating income - Interest expenses).

Note 2: Special attention shall be paid to the following matters upon measurement using the preceding calculation formula of earnings per share:

1. The weighted average number of common stocks issued is adopted as basis of number of shares already issued at the end of year.
2. The weighted average number of shares shall be calculated during the circulation period of capital increase in cash or treasury stock trading.
3. As for conversion of earnings or capital reserve to increase capital, during the calculation of earnings per share of previous years and half a year, retroactive adjustment shall be conducted per capital increase ratio. There is no need to consider the issue period of such capital increase.
4. If preferred stock is non-convertible accumulated preferred stock, dividends in current year (issued or not) shall be deducted from net income after tax, or net loss after tax shall be increased. If the preferred stock does not have an accumulated nature, preferred stock dividends shall be deducted from net income after tax in case of net income after tax; in case of loss, no adjustment is needed.

Note 3: Special attention shall be paid to the following matters upon measurement in cash flow analysis:

1. Net cash flows from operating activities refer to net cash inflows from operating activities in the cash flow statement.
2. Capital expenditures refer to cash outflows from annual capital investments.
3. The increased amount of inventories is included only when the ending balance exceeds the beginning balance. If the inventories are decreased at the end of year, they will be calculated as zero.
4. Cash dividends include cash dividends of common stock and preferred stock.
5. Gross amount of property, plant and equipment refers to total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 4: The issuer shall distinguish each operating cost and operating expense as fixed and variable per nature. If estimation or subjective judgment is involved, reasonableness shall be noticed and consistency shall be maintained.

Note 5: If the corporate stock has no face value, or the face value per share is not NT$10, the preceding calculation of ratio in paid-in capital shall be changed to the calculation of the ratio of equity attributable to the owners of parent company in balance sheet.

(III) Audit Committee's Review Report for the Most Recent Fiscal Year's Financial Statement

GrandTech C.G. Systems Inc.
Audit Report by Audit Committee

The business report, financial statement, and earnings distribution proposal of the year 2022, which were prepared by the Company's Board of Directors, have been certified by JUAN LU, MAN-YU and FENG, MIN-CHUAN, CPAs of PwC Taiwan. The aforementioned reports, the business report, financial statements, and the earnings distribution proposal have been reviewed by the Committee and were found to be true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2023 General Shareholders Meeting

GrandTech C.G. Systems Inc.

Convener of the audit committee: CHEN, WEI-YU

March 03, 2023

(IV) Financial Statements for the Most Recent Fiscal Year
Please refer page 82

(V) Individual Financial Report of the Company Audited and Certified by CPAs in the Most Recent Fiscal Year
Please refer page 141

(VI) Financial Impact on the Company where the Company and its Affiliated Companies Have Incurred any Financial or Cash Flow Difficulties in the Most Recent Year and as of the Publication Date of the Annual Report: None.

VII. Review and Analysis of the Company's Financial Position, Performance, and Risk Management

(I) Financial Position

A. Comparative analysis

Unit: NT$ Thousand

Item \ Year	2022	2021	Difference		
			Amount	%	
Current assets	2,553,625	2,210,058	343,567		15.55%
Property, plant and equipment	150,164	147,112	3,052		2.07%
Intangible assets	35,434	34,465	969		2.81%
Other non-current assets	469,253	378,301	90,952	(Note 1)	24.04%
Total assets	3,208,476	2,769,936	438,540		15.83%
Current liabilities	1,409,303	1,407,176	2,127		0.15%
Non-current liabilities	24,192	47,581	(23,389)	(Note 2)	(49.16%)
Total liabilities	1,433,495	1,454,757	(21,262)		(1.46%)
Equity attributable to the owners of parent company	1,436,263	1,042,868	393,395	(Note 3)	37.72%
Share capital of common stock	620,894	575,894	45,000		7.81%
Capital surplus	242,213	145,448	96,765	(Note 4)	66.53%
Retained earnings	616,591	465,832	150,759	(Note 5)	32.36%
Other equity interest	(43,435)	(144,306)	100,871	(Note 6)	69.90%
Treasury stock	0	0	0		0%
Non-controlling interests	338,718	272,311	66,407	(Note 7)	24.39%
Total equity	1,774,981	1,315,179	459,802	(Note 8)	34.96%

If the difference compared to the previous period exceeds 20% and the difference in amount exceeds NT$10 million, the main reason and impact are analyzed below:

1. Reasons for changes and influence:
   (1) (Note 1) Other assets: Influence by the increase of non-current financial assets measured at fair value through profit or loss.
   (2) (Note 2) Non-current liabilities: Mainly resulted from the decrease of non-current lease liabilities.
   (3) (Note 3) Equity attributable to the owners of parent company: Mainly resulted from the increase of equity after handling of cash capital increase in 2022.
   (4) (Note 4) Capital surplus: Mainly resulted from the increase of equity after handling of cash capital increase in 2022.
   (5) (Note 5) Retained earnings: Resulted from the increase of profits in current period.
   (6) (Note 6) Other equity interest: Mainly resulted from the decrease of exchange difference converted from the financial statements of the foreign operating institutions in the current year.
   (7) (Note 7) Non-controlling interests: Resulted from the increase of profits in current period.
   (8) (Note 8) Total shareholders' equity: Mainly resulted from the increase of equity after handling of cash capital increase in 2022.
2. Responsive plan: The aforesaid changes didn't have a material influence on the Company.

(II) Financial Performance

A. Comparative analysis of operating results

Unit: NT$ Thousand

Item \ Year	2022	2021	Amount	%	
Operating income	5,286,819	4,935,845	350,974		7.11%
Gross profit	878,826	854,965	23,861		2.79%
Net operating income	427,561	412,508	15,053		3.65%
Non-operating income and expenses	40,782	14,353	26,429	(Note1)	184.14%
Net income before tax	468,343	426,861	41,482		9.72%
Current net profit of units of going concern	389,412	351,923	37,489		10.65%
Loss from discontinued operations	0	0	0		0
Net profit (loss) in current period	389,412	351,923	37,489		10,65%
Other comprehensive income in current period (net amount after tax)	114,962	(55,708)	170,670	(Note2)	306.37%
Total comprehensive income in current period	504,374	296,215	208,159	(Note3)	70.27%
Net income attributable to owners of the parent company	320,201	279,937	40,264		14.38%
Net income attributable to non-controlling interests	69,211	71,986	(2,775)		(3.85%)
Total comprehensive income attributable to owners of the parent company	421,571	239,111	182,460	(Note4)	76.31%
Total comprehensive income attributable to non-controlling interests	82,803	57,104	25,699	(Note5)	45.00%
Earnings per share	5.49	4.87	0.62	12.73%	

1. Main reasons for major changes in operating income, net operating income, and net income before tax in the last two years:
   (1) (Note1) Non-operating income and expenses: Mainly resulted from the increase of interest income and other interests in current year
   (2) (Note 2) Other comprehensive income in current period: Mainly resulted from the decrease of exchange difference converted from the financial statements of the foreign operating institutions in the current year.
   (3) (Note3) Total comprehensive income in current period: Mainly resulted from the decrease of exchange difference converted from the financial statements of the foreign operating institutions in the current year.
   (4) (Note 4) Total comprehensive income attributable to owners of the parent company: Mainly resulted from the decrease of exchange difference converted from the financial statements of the foreign operating institutions in the current year.
   (5) (Note 5) Total comprehensive income attributable to non-controlling interests: Mainly resulted from the decrease of exchange difference converted from the financial statements of the foreign operating institutions in the current year.
2. Analysis of change in gross profit: Not applicable (the change in gross profit rate not exceeding 20%).
3. GrandTech has always ceaselessly strengthened its core competitiveness, focused on advantaged growth strategies, developed the integrated growth of three major business groups, i.e., cloud value-added operation and technical service, digital printing business, and reinvestment business, continually improved the growth ratio of ARR (Annual Recurring Revenue), worked on the transformation to grow to an all-around comprehensive digital service operator, developed services and products in each business group to serve corporate users, and ensure the effective realization of customer success through the use of services and products provided by GrandTech, with the objective to improve customer lifetime value.

(III) Cash flow

Consolidated financial statements of the Company and subsidiaries:

Unit: NT$ Thousand

Opening cash balance (1)	Net cash flow from operating activities for the year (2)	Net cash flow from other activities for the year (3)	Cash surplus (shortfall) (1)+(2) - (3)	Remedial measures for cash inadequacy	
				Investment plan	Financing plan
1,261,625	325,548	191,685	1,395,488	—	—

A. Analysis of change in cash flows in current year

The cash inflows from operating activities were approximately NT$ 284,721: Mainly resulted from net profit after tax.

The cash inflows from investing activities were approximately NT$ -29,411,000: Mainly resulted from the purchasing of financial assets.

The cash outflows from financing activities were approximately NT$ -162,274,000: Mainly resulted from the distribution of cash dividends and exchange influence.

B. Plan for improvement of liquidity insufficiency and liquidity analysis: No insufficiency of cash liquidity was involved.

C. Analysis of cash liquidity in the next year: Not applicable since the Company was not required to disclose its financial forecast information as stipulated.

(IV) The Effect of Major Capital Expenditures on Financials and the Business During the Most Recent Fiscal Year

A. Use of major capital expenditures and sources of funds: Not applicable since the Company didn’t have any major capital expenditure in 2022.

B. Effect on finance and business: Not applicable.

(V) Investment Policy, the Main Reasons for Profit or Loss as well as the Improvement Plan Over the Past Year, and an Investment Plan for Next Year

The reinvestment interests of the Company recognized in 2022 were NT$ 235,467,000. The main reason was that all the reinvestments were long-term strategic investments which could effectively integrate resource sin each place, lower cost, and increase value-added benefits and enterprise competitiveness. The Group will still continuously and prudently evaluate investments to improve the overall profits of the Group in consideration of financial risks and return on investment.

(VI) Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Publication Date of the Annual Report

A. Impact of interest rate and exchange rate fluctuation and inflation on the Company's profitability for the most recent fiscal year and as of the publication date of the annual report, and future countermeasures:

1. Risk of exchange rate: The exchange gains of the Group reached NT$ 8,649,000 in 2022. Since the Group is engaged in transnational operations, it is subject to the risk of exchange rate resulting from multiple different currencies. Sticking to a principle of conservation and steadiness, the Group pays close attention to relevant information involving fluctuation of exchange rate, masters the trends of exchange rate in a real-time way, and adjusts foreign currency assets and liabilities as appropriate according to global overall economy, exchange rate price, and future capital demand, with the objective to litigate the impact of the fluctuation of exchange rate in the operating income and profits of the Group.
2. Risk of interest rate: The interval of lending rate of the Company in 2022 was 0.85%~1.83%. In the future, the Company will still observe the change in interest rate in the financial market at any time, adjusts the use of capital as appropriate,

and continually maintain a favorable relationship with banks to acquire relatively preferential interest rate. Therefore, the change in interest rate would not have a material impact on the profit or loss of the Group.

3. Inflation: The inflation hasn't imposed a material impact on the profit or loss of the Group so far. In addition to paying close attention to the fluctuation of market prices, the Group also maintains favorable interactions with customers and suppliers to properly adjust the product selling prices and inventories. Supposedly, the impact of inflation on the Group can be lowered.

B. Policies for engaging in high-risk and high-leverage investments, lending capital to others, endorsement guarantee, and derivatives trading, main reasons for profits or loss, and future responsive measures:

1. The Group hasn't engaged in high-risk and high-leverage investments based on the principle of conservation and steadiness. The derivatives currently adopted by the Group are mainly RMB financing products. Also, the Group has established Procedures for Acquisition or Disposal of Assets for standardized management.
2. The Group has engaged in lending capital to others and endorsement guarantee based on its operating demand. Also, it has established Procedures for Lending Capital to Others and Endorsement Guarantee for standardized management.

C. Future research and development plans, and estimated expenditures

To strengthen service advantage, relevant R&D unit has been established in the reinvested subsidiary, i.e., GrandTech Cloud Services Inc. which is a cloud operation and value-added service supplier, to develop customer value-added service platform system, provide optimized management and analysis and other additional online services, etc. In the future, the Group will continually invest in the R&D and application of cloud related technologies. The R&D expenses invested are expected to be gradually prepared item by item in consideration of development progress, to ensure competitive advantages.

D. Effect of important policies adopted on the Company's financial operations and changes in the legal environment at home and abroad, and measures to be taken in response

The Group's financial operations and business haven't been influenced by the changes in important policies and laws at home and abroad in the most recent fiscal year and as of the publication date of the annual report. However, the Group will continually observe the changes in the operating environment, and consult relevant professionals to facilitate the adoption of responsive measures as appropriate.

E. Effect of technological changes (including information security risks) and industrial changes on the Company's financial performance and solutions

The Group adjusts its operating strategies at any time, and introduces relevant excellent talents as appropriate to improve its competitiveness for the power of lowering the effect of technical changes and industrial changes on the Group's financial performance and business.

F. Effect on the Company's crisis management of changes to the Company's corporate image, and measures to be taken in response

The Group sticks to the principle of steadiness and integrity as its business tenet, values corporate image and risk control, gives back its operating results to shareholders, and duly performs its corporate social responsibilities.

G. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

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

I. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken. The Group didn't face the risk of consolidation of sales or purchasing operations in the most recent fiscal year. (Detailed in Operational Highlights/list of top-10 customers and suppliers in the last two years.)

J. Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company is transferred or otherwise changes hands, and mitigation measures being or to be taken: None.

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

L. Litigation or non-litigation events:

M. If the results of litigation, non-litigation, or administrative litigation events of the Company that have already been determined or currently under consideration in the last two years and as of the publication date of the annual report might have a material influence on the shareholders' equity or securities price, the disputes facts, target amount, starting date of litigation, main parties involved in the litigation, and current handling status shall be disclosed: Not involved.

1. Litigation, non-litigation, or administrative litigation events of the directors, supervisors, president, substantial principal, major shareholders with shareholding ratio exceeding 10%, and subordinate companies that have already been determined or currently under consideration in the last two years and as of the publication date of the annual report that might have a material influence on the shareholders' equity or securities price: Not involved.
2. Occurrence of situations stipulated in Article 157 of the Securities and Exchange Act to the directors, supervisors, managers, and major shareholders with shareholding ratio exceeding 10% in the last two years and as of the publication date of the annual report: Not involved.

N. Other important risks, and mitigation measures being or to be taken

1. Risk management policies
2. The Company improves the management of corporate risks in accordance with the requirements of the latest internal audit criteria, to realize the goal of risk control, and enhance the shareholders' value.
3. Risk management organization

Name of organization	Scope of authority
Board of Directors and Risk Management Committee	Establish risk management policies, ensure the effectiveness of the risk management mechanism, and conduct resource allocation.
Senior management (President, vice-presidents, and associate managers)	Execute the risk management decisions made by the Board of Directors, coordinate cross-department risk management communication, and plan operation decision-making.
Auditing Office	Verify whether each central unit practically executes the risk control according to the Company's internal control and audit plans periodically, and prepare audit reports based on the actual audit results.

Important risk evaluation matters	Risk control unit	Risk deliberation and control	Board of Directors and Auditing Office
Changes in interest rate and exchange rate	Corporate Strategic & New Business Management Dept.	President	Board of Directors: Final decision-making unit Auditing Office: Risk tracking
High-risk and high-leverage investments, lending capital to others, endorsement guarantee, and derivatives trading			
Changes in important policies and laws at home and abroad	Corporate Strategic & New Business Management Dept.		

Important risk evaluation matters	Risk control unit	Risk deliberation and control	Board of Directors and Auditing Office
Technological changes and industrial changes	Chairman's Office		
Change in corporate image	Chairman's Office		
Mergers and acquisitions	Corporate Strategic & New Business Management Dept.	President	
Consolidation of purchasing operations or sales	Corporate Strategic & New Business Management Dept.		
Equity transfer of directors, supervisors, or major shareholders	Corporate Strategic & New Business Management Dept.	President	
Change in managerial power	Corporate Strategic & New Business Management Dept.		
Litigation or non-litigation events	Corporate Strategic & New Business Management Dept.	President	

(VII) Other Major Events

The evaluation basis and foundation for the drawing of asset and liability evaluation subjects of the Company are as follows:

A. Allowance for doubtful debts

This rule is to classify the conditions of customer credit rating of the Company based on its scale, financial capability, payment records, and status of collateral security, and set aside accounts and notes receivable as allowance for bad debt losses according to customer credit rating and the overdue aging.

The drawing basis is as follows:

1. Related parties' accounts receivable: Allowance for doubtful debts is not drawn.
2. Non-related parties' accounts receivable: Overdue accounts receivable: The allowance for bad debt losses of the Company's accounts receivable is evaluated and drawn in the following table according to the customer credit rating and payment conditions awarded, and based on the amount and duration of overdue accounts.

Overdue days		Not overdue	1~30 days	31~60 days	61~90 days	91~180 days	Over 181 days
Average bad debt ratio		0.30%	3.00%	15.00%	28.00%	60.00%	93.00%
Bad debt ratio	Class A customer	0.00%	1.00%	5.00%	15.00%	40.00%	80.00%
	Class B customer	0.25%	2.00%	10.00%	20.00%	50.00%	90.00%
	Class C customer	0.35%	3.00%	15.00%	25.00%	60.00%	95.00%
	Class D customer	0.40%	4.00%	20.00%	30.00%	70.00%	100.00%
	Class E customer	0.50%	5.00%	25.00%	50.00%	80.00%	100.00%

Notes receivable: For notes receivable, 0.3% of the balance of notes receivable shall be drawn as allowance for bad debt losses.

Accounts receivable cashed with letter of credit: For accounts receivable with letter of credit and documentary credit, 0.1% of the unredeemed balance shall be drawn as allowance for bad debt losses before redemption.

3. The Company shall periodically evaluate customers' credit ratings, and draw allowance for doubtful debts based on the rising or decline of customers' credit ratings.

B. Inventories

Inventories include software, hardware, and finished books. In addition to the appropriation of different ratios of amount of allowance for inventories according to the inventory aging (number of days), the inventories shall be valuated at cost or net realizable value, whichever is lower. Individual items are adopted as the basis during the comparison of cost with net realizable value. Net realizable value refers to the balance obtained by deducting selling expenses from estimated selling price under normal circumstances.

Method of weighted mean is adopted for the calculation of inventory cost.

Inventory aging	Over 181 days	Over 271 days	Over 361 days	Over 541 days	Over 721 days	Over 1081 days
Software	10%	-	50%	100%	-	-
Hardware	20%	50%	100%	-	-	-
Books	-	-	20%	-	50%	100%

C. Property, Plant and Equipment

1. Acquired cost is adopted as basis for account entry of property, plant and equipment, and relevant interest incurred in the acquisition period is capitalized.
2. Subsequent cost is included in the carrying amount of asset or recognized as a separate asset only when the future economic benefits related to this item are likely to flow into the Group, and the cost of this item can be reliably measured. The replaced carrying amount shall be derecognized. All other repair expenses are recognized as current profit or loss when incurred.
3. Cost method is adopted for subsequent measurement of property, plant and equipment. Except land that is not appreciated, depreciation of other assets shall be accrued using straight-line method according to the estimated durable years. The durable years of each asset are as follows:

Housing and building	15~50 years
Leasing equipment	2~5 years
Other equipment	2~5 years

Information of Operating Departments

A. General Information

Since the Group operates business and makes decisions from the perspective of sales per region, the management still follows this model to identify departments that need reporting.

The Group has two departments to report: Taiwan, and Hong Kong/Macao, with the former referring to Taipei and Kaohsiung and the latter referring to Hong Kong. The main business items in each region include wholesale of clerical machinery equipment, retail sale, and wholesale and retail sale of computer software, etc.

B. Information on department profit or loss and assets

Information provided to main operation decision-makers regarding departments to report:

2022 Unit: NT$ Thousand

	Taiwan	Hong Kong/Macao	Other regions	Consolidated write-off	Total
Revenue from non-corporate customers	1,454,665	3,550,743	281,411	0	5,286,819
Revenue from parent company and consolidated subsidiaries	113,528	310,438	20,129	(444,095)	0
Total revenue	1,568,193	3,861,181	301,540	(444,095)	5,286,819
Departmental loss (profit)	445,870	255,403	203,896	(436,826)	468,343
Department loss or profit includes:					
Depreciation and amortization	14,319	26,675	3,745	(1,481)	43,258
Interest income	(4,628)	(1,349)	(15,041)	518	(20,500)
Interest expenses	9,191	2,183	23	(22)	11,375
Income tax expense	38,287	37,041	3,603		78,931
Department total assets	3,030,085	1,154,597	1,721,405	(2,697,611)	3,208,476

2021 Unit: NT$ Thousand

	Taiwan	Hong Kong/Macao	Other regions	Consolidated write-off	Total
Revenue from non-corporate customers	1,247,466	3,458,552	229,827	0	4,935,845
Revenue from parent company and consolidated subsidiaries	135,313	227,776	1,607	(364,696)	0
Total revenue	1,382,779	3,686,328	231,434	(364,696)	4,935,845
Departmental loss (profit)	377,485	262,073	188,886	(401,583)	426,861
Department loss or profit includes:					
Depreciation and amortization	13,402	24,499	4,093	(98)	41,896
Interest income	(3,132)	(6)	(8,137)	1,625	(9,650)
Interest expenses	6,014	3,630	(54)	(1,722)	7,868
Income tax expense	29,931	41,435	3,572		74,938
Department total assets	2,517,642	1,052,036	1,494,529	(2,294,271)	2,769,936

C. Information per product and per labor service

The revenue from non-corporate customers mainly comes from professional information software and hardware sales and services, cloud software services, digital printing equipment and services, and other relevant business.

The composition of details of revenue balance is as follows:

Unit: NT$ Thousand

Main product items	Sales amount in 2022	Business ratio	Sales amount in 2021	Business ratio
Professional cloud software and services	1,771,159	34%	1,514,845	31%
Corporate user products and services	2,933,377	55%	2,979,239	60%
Digital printing equipment and services	582,283	11%	441,761	9%
Total	5,286,819	100%	4,935,845	100%

D. Information per region

Unit: NT$ Thousand

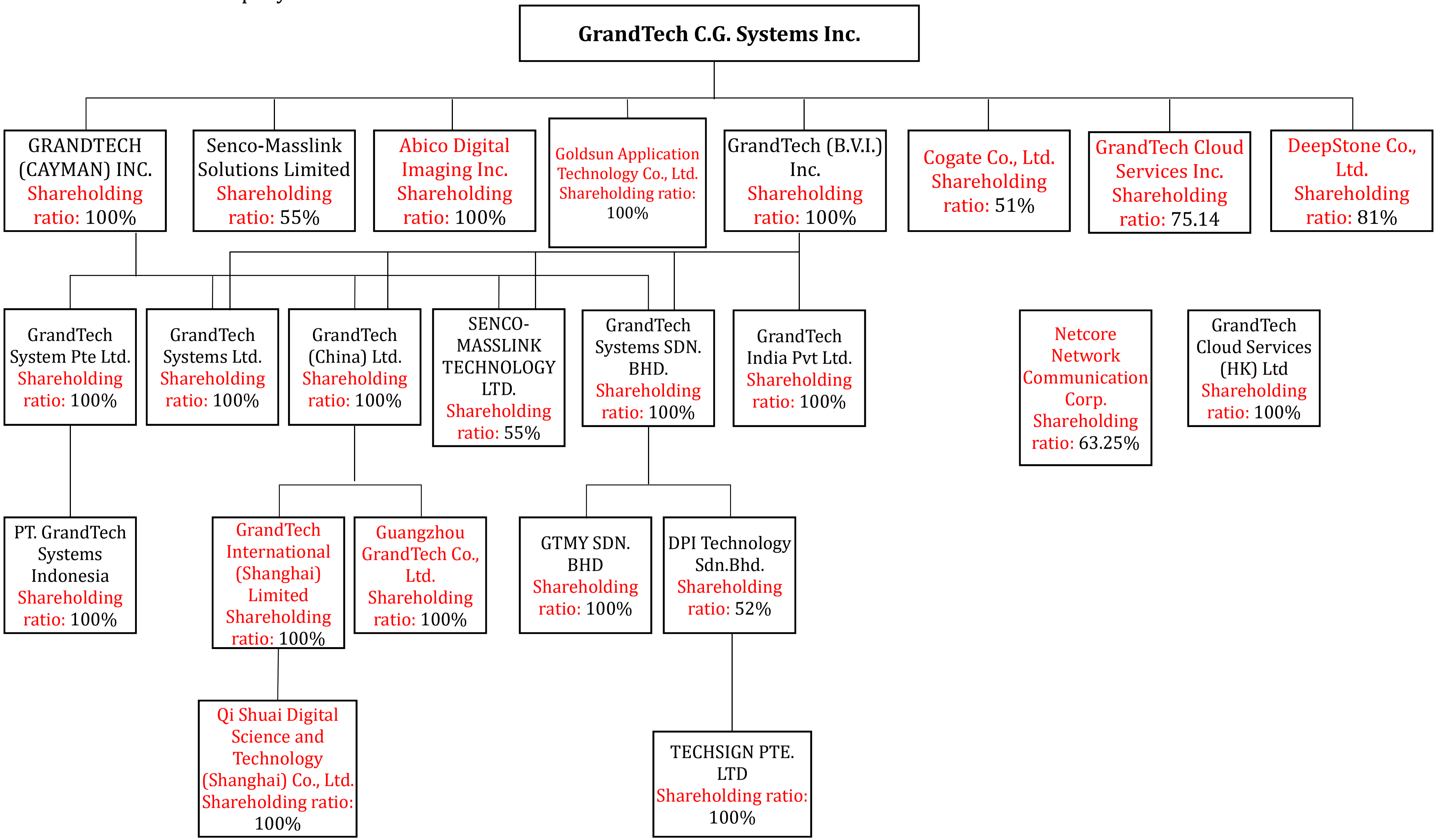
Item	2022		2021	
	Revenue amount	Percentage in net sales for the current period	Revenue amount	Percentage in net sales for the current period
Taiwan	1,454,665	27.51%	1,247,466	25.27%
Hong Kong	3,551,067	67.17%	3,458,552	70.07%
Others	281,087	5.32%	229,827	4.66%
Total	5,286,819	100.00%	4,935,845	100.00%

VIII. Special Disclosure

(I) Information on Affiliated Companies

A. Consolidated business report

1. Affiliate company structure



2. Basic information on affiliates

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Primary Business and Production Projects
GrandTech (B.V.I.) Inc.	July 24, 1999	P.O. Box 957 Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands	US$4,000,000	Holding company
GrandTech (Cayman) Inc.	August 17, 2000	Scotia Centre ,4th Floor, P. O. Box 2804, George Town, Grand Cayman, Cayman Islands	US$1,922,000	Holding company
DEEPSTONE CO., LTD.	October 9, 2009	3F., No. 39, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	NT$61,215,300	Publishing, wholesale and retail sale of magazines, and books.
Qi Neng Digital Science and Technology Co., Ltd.	February 23, 2011	2F., No. 39, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	NT$1,000,000	Wholesale and retail sale of electronics and camera equipment
Netcore Network Communication Corp.	January 15, 2009	3F., No. 578, Ruiguang Rd., Neihu Dist., Taipei City	NT$40,000,000	Agency of trading and maintenance of telecommunication facilities and information software
Goldsun Application Technology Co., Ltd.	October 2, 2015	2F., No. 33, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	NT$20,000,000	Agency of computer software and peripherals
GrandTech Cloud Services Inc.	October 3, 2017	4F., No. 49, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	NT$168,000,000	Cloud related services
GrandTech Systems Ltd	August 8, 1987	1907-11, 19F, Prosperity Millennia Plaza, 663 King's Road, North Point HK	HK$12,880,000	Agency of mapping image related computer software and peripherals
GrandTech (China) Ltd	June 14, 1999	1907-11, 19F, Prosperity Millennia Plaza, 663 King's Road, North Point HK	HK$57,116,000	Agency of mapping image related computer software and peripherals
SENCO-MASSLINK TECHNOLOGY LTD.	May 12, 1994	22F, Prosperity Millennia Plaza, 663 King's Road, North Point. HK	HKD$7,200,001	Agency of computer software, hardware, and peripherals
GrandTech Systems Pte Ltd	February 27, 1993	10 Ubi Crescent, #02-02 Ubi Techpark Lobby A, Singapore 408564.	SGD$2,677,615	Agency of mapping image related computer software and peripherals
GrandTech Systems Sdn. Bhd.	January 11, 2001	Suite E-09-17, Plaza Mont'Kiara No.2 Jalan 1/70 C, Mont'Kiara 50480 Kuala Lumpur	RM$19,259,810	Agency of mapping image related computer software and peripherals
GTMY Sdn Bhd	January 23, 2015	Suite E-09-17, Plaza Mont'Kiara No.2 Jalan 1/70 C, Mont'Kiara 50480 Kuala Lumpur	RM$800.000	Agency of mapping image related computer software and peripherals
PT GrandTech Systems Indonesia	May 3, 2007	GedungRanuzaLantai 2 Jl. Timor No. 10 - Menteng - Jakarta 10350	US$760,000	Agency of mapping image related computer software and peripherals
GrandTech India Private Ltd	November 26, 2007	1-c 26 (old No 62) Green Haven Third Main Road Gandhi Naqar Adyar Tamil Nadu 600020 India	RS $ 12,000,000	Agency of mapping image related computer software and peripherals
DPI Technology Sdn Bhd	November 8, 1995	No 19 Jalan 2/118C Desa Tun Razak Kuala Lumpur Wilayah Persekutuan	RM 600,000	Trading and services of computer peripherals
DPI Technology Pte Ltd	October 28, 2011	180, Apya Lebar Road #10-01 Yi Guang Building Singapore	S$300,000	Trading and services of computer peripherals
Guangzhou GrandTech Co., Ltd.	December 30, 1999	Room 3201, Renfeng Building, No. 490, Tianhe Road, Tianhe District, Guangzhou	RMB$2,000,000	Data processing and supply services

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Primary Business and Production Projects
GrandTech International (Shanghai) Limited	September 12, 2001	B320, 3F, Building B, No. 289, Futexi First Road, China (Shanghai) Pilot Free Trade Zone	US$5,200,000	Warehousing, wholesale, and internal trade
Cogate Co., Ltd.	July 26, 1995	14F, No. 687, Mingcheng 3rd Road, Gushan District, Kaohsiung	NT$27,000,000	Trading and services of computer peripherals
Qi Shuai Digital Science and Technology (Shanghai) Co., Ltd.	October 23, 2009	Room G, 12F, No. 831, Xinzha Road, Jing'an District, Shanghai	RMB$4,587,770	Warehousing, wholesale, and internal trade
GrandTech Cloud Services (HK) Ltd.	March 17, 2014	1907-11, 19F, Prosperity Millennia Plaza, 663 King's Road, North Point HK	HKD$9,000,000	Cloud related services
Senco-Masslink Solutions Limited	February 24, 2017	2/F, Sing Pao Building, 101 King's Road, North Point, Hong Kong	HKD$100	Agency of computer software, hardware, and peripherals

3. Where there is a controlled and subordinate relationship, the information of the shareholders shall be provided: None.

4. Industries where the affiliated companies operate business as well as labor division of each affiliated company given their connection in business operated: The affiliated companies of the Company are mainly engaged in mapping, imaging, and multimedia software and hardware agency as well as cloud related services; they conduct sales in their respective regions.

5. Information on directors, supervisors, and President of affiliates:

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
GrandTech (B.V.I.) Inc.	Director	HSU, CHENG-CHIANG	0	0
GrandTech (CAYMAN) Inc.	Director	HSU, CHENG-CHIANG	0	0
GrandTech Systems Ltd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	0	0
GrandTech (China) Ltd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	0	0
	Director	CHEN, TING-TING	0	0
SENCO-MASSLINK TECHNOLOGY LTD.	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	0	0
	Director	HUANG, SHU-CHEN	0	0
	Director	YANG, TE-MING	0	0
	Director	CHEN, LI-CHANG	0	0
GrandTech Systems Pte Ltd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	0	0
	Director	Kam Yoke Eng	0	0
GrandTech Systems Sdn.Bhd.	Director	HSU, CHENG-CHIANG	0	0
	Director	HUANG, SHU-CHEN	0	0
	Director	NGOI, MIEW- HUAT	0	0
	Director	Ling Wai Leng	0	0
PT GrandTech Systems Indonesia	Director	HSU, CHENG-CHIANG	0	0
	Director	Melanie	0	0
	Supervisor	NGOI, MIEW- HUAT	0	0
GrandTech India Private Ltd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	0	0
GrandTech International (Shanghai) Limited	Director	HUANG, SHU-CHEN	0	0
	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	0	0
	Supervisor	LIN, HSING-CHI	0	0
Guangzhou GrandTech Co., Ltd.	Legal Representative	LING, KANG	0	0

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
DEEPSTONE CO., LTD.	Chairman	HUANG, SHU-CHEN	0	0
	Director	HSU, CHENG-CHIANG	0	0
	Director	LIN, HSING-CHI	0	0
	Supervisor	NGOI, MIEW- HUAT	0	0
Cogate Co., Ltd.	Chairman	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	0	0
	Director	LO, CHANG-HUA	0	0
	Director	CHU, HSIAO-TING		
	Director	CHEN, CHIH-YUN		
	Supervisor	HUANG, SHU-CHEN	0	0
Qi Shuai Digital Science and Technology (Shanghai) Co., Ltd.	Legal Representative	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	0	0
	Director	HUANG, SHU-CHEN	0	0
	Supervisor	LIN, HSING-CHI	0	0
Abico Digital Imaging Inc.	Chairman	HUANG, SHU-CHEN	0	0
	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	0	0
Netcore Network Communication CORP.	Chairman	HSU, CHENG-CHIANG	0	0
	Director	LI, CHENG-HSIUNG	30,000	0.75%
	Director	HUANG, CHENG-HSIN	0	0
	Supervisor	CHIANG, JO-CHEN	0	0
GrandTech Cloud Services Inc.	Chairman	HSU, CHENG-CHIANG	701,256	4.5%
	Director	LI, CHENG-HSIUNG	332,799	2.13%
	Director	NGOI, MIEW- HUAT	130,742	0.84%
	Director	LIN, HSING-CHI	45,518	0.29%
	Director	CHIANG, JO-CHEN	80,822	0.52%
	Supervisor	HUANG, SHU-CHEN	22,285	0.14%
	Supervisor	HUANG, LI-JUNG	6,000	0.04%
Goldsun Application Technology Co., Ltd.	Chairman	HSU, CHENG-CHIANG	0	0
	Director	LO, CHANG-HUA	0	0
	Director	NGOI, MIEW- HUAT	0	0
	Supervisor	HUANG, SHU-CHEN	0	0
GrandTech Cloud Services (HK) Ltd.	Director	LI, CHENG-HSIUNG	0	0
	Director	CHIANG, JO-CHEN	0	0
	Director	Vince Wong	0	0
GTMY Sdn Bhd	Director	NGOI, MIEW- HUAT	0	0
	Director	Ling Wai Leng	0	0
DPI Technology Sdn Bhd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	1	0
	Director	HUANG, SHU-CHEN	0	0
	Director	Ling Wai Leng	0	0
	Director	Chew Cheng Keong	96,000	16.0%
	Director	Chew Chin Hui	96,000	16.0%
	Director	Chew Chin Yang	96,000	16.0%
DPI Technology Pte Ltd	Director	Ngoi Miew Huat Guan Huat	0	0
	Director	Kam Yoke Eng.	0	0
	Director	Chew Chin Yang	0	0
Senco-Masslink Solutions Ltd	Director	HSU, CHENG-CHIANG	0	0
	Director	NGOI, MIEW- HUAT	0	0
	Director	HUANG, SHU-CHEN	0	0
	Director	YANG, TE-MING	0	0
	Director	CHEN, LI-CHANG	0	0

B. Consolidated financial statements of affiliates: Please refer to P141.

C. Business report of affiliates: N/A.

(II) Private placement of securities in the most recent fiscal year and as of the publication date of the annual report: None

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

(IV) Other necessary statements: None.

(V) Events that have a material influence on the shareholders' equity or securities price as determined in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act in the most recent fiscal year and as of the publication date of the annual report: None.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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To the Board of Directors and Shareholders of GrandTech C.G, Systems Inc.

Opinion

We have audited the accompanying balance sheets of GrandTech C.G. System Inc. (the "Company") as at December 31, 2022 and 2021, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinions, based on our audits and the reports of other independent accountants (please refer to Other matter-audits of the other independent accountants section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Norm 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. Based on our audits and the reports of other independent accountants, we believe that 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 Company's 2022 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Valuation of allowance for uncollectible accounts

Description

Refer to Note 4(9) for accounting policy on allowance for uncollectible accounts valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to accounts receivable valuation, and Note 6(4) for description of allowance for uncollectible accounts. As of December 31, 2022, the Company's accounts receivable and allowance for uncollectible accounts amounted to NT$106,903 thousand and NT$1,965 thousand, respectively.

The Company estimates possible expected credit loss for its accounts receivable based on historical experience, prospective information, and other known causes or existing objective evidence. The Company recognises the accounts receivable that may not be recovered as a deduction item to accounts receivable in the period of valuation and the Company reassesses the reasonableness of the loss valuation periodically. The valuation of allowance for uncollectible accounts involves management's subjective judgement, various industry business indicators, or subsequent accounts' recoverability. Considering that the Company's accounts receivable and allowance for uncollectible accounts are significant to the financial statements, we considered the valuation of allowance for uncollectible accounts a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Evaluated the reasonableness of provision policies and procedures on the Company's allowance for uncollectible accounts based on the understanding of accounting principles and the Company's operations and Credit Quality Control Policy, including the reasonableness of group classification and aging analysis for deciding the Credit Quality Control Policy.
2. Obtained the aging report used for evaluating expected credit loss rate of accounts receivable considered by the management and tested the correctness of the aging report.

3. Assessed the reasonableness of expected credit loss valuation based on the provision matrix and obtained relevant supporting documentation, including prospective adjustments, collection status after the balance sheet date and indicators showing the inability of customers to repay on time.
4. Tested the correctness of calculation of provision for loss allowance based on the provision matrix.

Valuation of inventory

Description

Refer to Note 4(12) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of allowance for inventory valuation losses. As of December 31, 2022, the Company's inventories and allowance for inventory valuation losses amounted to NT$92,968 thousand and NT$15,948 thousand, respectively. The Company is engaged mainly in operating wholesale, retail and selling computers and its peripheral products. Since the product's life cycle is short and is affected by market competition, there is a higher risk of incurring inventory valuation losses. The Company's inventories are measured at the lower of cost and net realisable value, and the Company's determination of net realisable value for inventories involves subjective judgement resulting in a high degree of estimation uncertainty. Considering the Company's inventories and the allowance for inventory valuation losses are material to financial statements, we considered the estimation of the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of provision policies and procedures for allowance for inventory valuation losses based on our understanding of the Company's operations and industry.
2. Evaluated the reasonableness of individually identified obsolete or slow-moving inventories and related supporting documents, and verified against the information obtained from the physical inventory count observation.
3. Tested the lower of cost and net realisable value report, including Performed verification of logic in the net realisable value calculation and supporting documents for the net realisable value, and assessed the reasonableness of the Company's determination of allowance for inventory valuation loses.

Other matter - audits of the other independent accountants

We did not audit the financial statements of investments accounted for under the equity method that were included in the financial statements. Total assets of the investments accounted for using the equity method amounted to NT$544,664 thousand and NT$307,564 thousand, constituting 24% and 16% of total assets as at December 31, 2022 and 2021, respectively. Operating revenue of the share of profit of investments accounted for using the equity method amounted to NT$49,590 thousand and NT$43,057 thousand, constituting 12% and 18% of total operating revenue for the years ended December 31, 2022 and 2021, respectively.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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.

Juanlu, Man-Yu　　　　Feng, Min-Chuan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 3, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GRANDTECH C.G. SYSTEMS INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 111,864	5	$ 80,913	4
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	1,209	-
1150	Notes receivable, net	6(4)	14,814	1	25,347	1
1170	Accounts receivable, net	6(4) and 7	104,938	5	82,265	4
1197	Finance lease receivable, net	6(9)	55,539	2	86,682	5
130X	Inventory	6(5)	77,020	3	44,577	3
1470	Other current assets	7	1,913	-	5,954	-
11XX	**Current Assets**		366,088	16	326,947	17
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	100,755	5	100,755	5
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	8,479	-	11,000	1
1550	Investments accounted for under equity method	6(6) and 7	1,630,778	73	1,328,811	70
1600	Property, plant and equipment	6(7), 7 and 8	105,437	5	105,600	6
1755	Right-of-use assets	6(8)	1,207	-	4,887	-
1780	Intangible assets	7	480	-	3,859	-
1840	Deferred income tax assets	6(23)	7,061	-	5,629	-
1900	Other non-current assets	6(12)	8,942	1	8,289	1
15XX	**Non-current assets**		1,863,139	84	1,568,830	83
1XXX	**Total assets**		$ 2,229,227	100	$ 1,895,777	100

(Continued)

GRANDTECH C.G. SYSTEMS INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 540,000	24	$ 660,000	35
2130	Current contract liabilities	6(17)	18,813	1	20,958	1
2170	Accounts payable	7	76,402	3	28,364	2
2200	Other payables	6(11) and 7	123,530	6	116,083	6
2230	Current income tax liabilities		12,124	1	3,952	-
2280	Current lease liabilities		1,225	-	3,667	-
2300	Other current liabilities		17,435	1	16,954	1
21XX	**Current Liabilities**		789,529	36	849,978	45
	Non-current liabilities					
2570	Deferred income tax liabilities	6(23)	1,457	-	1,042	-
2580	Non-current lease liabilities		-	-	1,225	-
2600	Other non-current liabilities	6(6)	1,978	-	664	-
25XX	**Non-current liabilities**		3,435	-	2,931	-
2XXX	**Total Liabilities**		792,964	36	852,909	45
	Equity					
	Share capital	6(14)				
3110	Share capital - common stock		620,894	28	575,894	31
	Capital surplus	6(15)				
3200	Capital surplus		242,213	11	145,448	8
	Retained earnings	6(16)				
3310	Legal reserve		243,846	11	214,462	11
3320	Special reserve		144,305	6	137,764	7
3350	Total unappropriated retained earnings (accumulated deficit)		228,440	10	113,606	6
	Other equity interest					
3400	Other equity interest		(43,435)	(2)	(144,306)	(8)
3XXX	**Total equity**		1,436,263	64	1,042,868	55
	New Item	9				
	New Item	11				
3X2X	**Total liabilities and equity**		$ 2,229,227	100	$ 1,895,777	100

The accompanying notes are an integral part of these parent company only financial statements.

GRANDTECH C.G. SYSTEMS INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
4000	Sales revenue	6(17) and 7	$ 620,433	100	$ 587,800	100
5000	Operating costs	6(5) and 7	(432,535)	(70)	(409,439)	(69)
5900	Net operating margin		187,898	30	178,361	31
5910	Unrealized profit from sales		(1,698)	-	(812)	-
5920	Realized profit on from sales		812	-	652	-
5950	Net operating margin		187,012	30	178,201	31
	Operating expenses	6(22)				
6100	Selling expenses		(44,416)	(7)	(49,381)	(8)
6200	General & administrative expenses		(44,821)	(7)	(44,483)	(8)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(1,200)	-	(337)	-
6000	Total operating expenses		(90,437)	(14)	(94,201)	(16)
6900	Operating profit		96,575	16	84,000	15
	Non-operating income and expenses					
7100	Interest income	6(18)	3,299	-	2,905	-
7010	Other income	6(19)	9,683	2	9,412	2
7020	Other gains and losses	6(20) and 7	3,023	-	228	-
7050	Finance costs	6(21)	(8,595)	(1)	(5,599)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	235,467	38	205,307	35
7000	Total non-operating revenue and expenses		242,877	39	212,253	36
7900	**Profit (loss) before income tax**		339,452	55	296,253	51
7950	Income tax (expense) benefit	6(23)	(19,251)	(3)	(16,316)	(3)
8200	**Profit (loss) for the year**		$ 320,201	52	$ 279,937	48
	Other comprehensive income					
	New Item					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(12)	$ 625	-	($ 1,122)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(521)	-	1,405	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(126)	-	224	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(22)	-	507	-
	New Item					
8361	Other comprehensive income, before tax, exchange differences on translation		101,392	16	(41,333)	(7)
8360	Components of other comprehensive income that will be reclassified to profit or loss		101,392	16	(41,333)	(7)
8300	**Other comprehensive income for the year**		$ 101,370	16	($ 40,826)	(7)
8500	**Total comprehensive income for the year**		$ 421,571	68	$ 239,111	41
	Total basic earnings per share					
9750	Total basic earnings per share	6(24)	$	5.49	$	4.87
	Diluted earnings per share					
9850	Total diluted earnings per share	6(24)	$	5.46	$	4.85

The accompanying notes are an integral part of these parent company only financial statements.

GRANDTECH C.G. SYSTEMS INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

				Retained Earnings			Other equity interest			
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total
Year ended December 31, 2021										
Balance at January 1, 2021		$ 590,374	$ 193,311	$ 186,401	$ 92,140	$ 154,569	($ 103,973)	($ 405)	($ 88,938)	$ 1,023,479
Profit		-	-	-	-	279,937	-	-	-	279,937
Other comprehensive income		-	-	-	-	(898)	(41,333)	1,405	-	(40,826)
Total comprehensive income		-	-	-	-	279,039	(41,333)	1,405	-	239,111
Appropriations of 2020 earnings:	6(16)									
Legal reserve		-	-	28,061	-	(28,061)	-	-	-	-
Special reserve		-	-	-	45,624	(45,624)	-	-	-	-
Cash dividends		-	-	-	-	(196,407)	-	-	-	(196,407)
Cash distributed from capital surplus	6(15)	-	(44,148)	-	-	-	-	-	-	(44,148)
Changes in ownership interests in subsidiaries	6(15)	-	(101)	-	-	-	-	-	-	(101)
Treasury shares transferred to employees	6(15)	-	205	-	-	-	-	-	20,729	20,934
Cancellation of treasury shares	6(14)(15)	(14,480)	(3,819)	-	-	(49,910)	-	-	68,209	-
Balance at December 31, 2021		$ 575,894	$ 145,448	$ 214,462	$ 137,764	$ 113,606	($ 145,306)	$ 1,000	$ -	$ 1,042,868
Year ended December 31, 2022										
Balance at January 1, 2022		$ 575,894	$ 145,448	$ 214,462	$ 137,764	$ 113,606	($ 145,306)	$ 1,000	$ -	$ 1,042,868
Profit		-	-	-	-	320,201	-	-	-	320,201
Other comprehensive income		-	-	-	-	499	101,392	(521)	-	101,370
Total comprehensive income		-	-	-	-	320,700	101,392	(521)	-	421,571
Cash capital increase	6(14)	45,000	175,500	-	-	-	-	-	-	220,500
Employee stock options exercised	6(15)	-	155	-	-	-	-	-	-	155
Appropriations of 2021 earnings:	6(16)									
Legal reserve		-	-	29,384	-	(29,384)	-	-	-	-
Special reserve		-	-	-	6,541	(6,541)	-	-	-	-
Cash dividends		-	-	-	-	(169,941)	-	-	-	(169,941)
Cash distributed from capital surplus	6(15)	-	(97,850)	-	-	-	-	-	-	(97,850)
Changes in ownership interests in subsidiaries	6(15)	-	18,960	-	-	-	-	-	-	18,960
Balance at December 31, 2022		$ 620,894	$ 242,213	$ 243,846	$ 144,305	$ 228,440	($ 43,914)	$ 479	$ -	$ 1,436,263

註:民國 101 年度之董監酬勞$1,605 及員工紅利$12,039；民國 100 年度之董監酬勞$2,837 及員工紅利$17,024 已於綜合損益表中扣除。

The accompanying notes are an integral part of these parent company only financial statements.

GRANDTECH C.G. SYSTEMS INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 339,452	$ 296,253
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(22)	7,498	6,723
Amortisation	6(22)	609	553
Expected credit loss	12(2)	1,200	337
Loss on financial assets at fair value through profit or loss	6(20)	-	719
Interest expense	6(21)	8,595	5,599
Interest revenue	6(18)	(3,299)	(2,905)
Dividend income	6(19)	(7,019)	(7,310)
Gain on disposal of property, plant and equipment	6(20)	-	(4)
Gain on disposal of intangible assets	6(20)	(235)	-
Gain on disposal of financial assets at fair value through profit or loss	6(2)(20)	(205)	-
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(235,467)	(205,307)
Cash dividends distributed by susidiaries		3,588	4,443
Employee stock options	6(13)	155	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		10,544	8,227
Accounts receivable		(23,915)	107,316
Finance lease receivable		31,174	19,654
Inventories		(32,443)	23,050
Other current assets		1,071	2,166
Changes in operating liabilities			
Increase (Decrease) in accounts payable		48,038	(30,670)
Decrease in other payables		(1,265)	(1,045)
Decrease in contract liabilities		(2,145)	(10,679)
Other current liabilities		481	(9,925)
Cash inflow generated from operations		146,412	207,195
Dividends received		7,019	7,310
Interest received		3,299	2,905
Interest paid		(8,289)	(5,477)
Income tax paid		(12,284)	(30,355)
Net cash flows from operating activities		136,157	181,578

(Continued)

GRANDTECH C.G. SYSTEMS INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of financial assets at fair value through profit or loss		$ 1,209	$ -
Acquisition of issued shares of subsidiaries	6(6)	(40,000)	(66,250)
Reduction of reduced shares of subsidiaries	6(6)	90,264	-
Aquisition of property, plant and equipment	6(7)	(685)	(919)
Proceeds from disposal of property, plant and equipment		-	210
Aquisition of intangible assets		(250)	(3,872)
Proceeds from disposal of intangible assets		3,255	-
Refund of financial assets at fair value through other comprehensive income	6(3)	2,000	-
Decrease in guarantee deposits paid		6	4,867
Net cash flows from (used in) investing activities		55,799	(65,964)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) Increase in short-term loans	6(25)	(120,000)	150,000
Decrease in short-term notes and bills payable	6(25)	-	(60,000)
Increase in other non-current liabilities		1,663	-
Payments of lease liabilities	6(25)	(3,667)	(3,283)
Decrease in guarantee deposits received		(349)	(6,651)
Cash capital increase	6(14)	220,500	-
Cash dividends paid	6(16)	(161,302)	(184,449)
Cash distributed from capital surplus	6(15)	(97,850)	(44,148)
Treasury shares transferred to employees		-	20,728
Net cash flows used in financing activities		(161,005)	(127,803)
Net increase (decrease) in cash and cash equivalents		30,951	(12,189)
Cash and cash equivalents at beginning of year	6(1)	80,913	93,102
Cash and cash equivalents at end of year	6(1)	$ 111,864	$ 80,913

The accompanying notes are an integral part of these parent company only financial statements.

GRANDTECH C.G. SYSTEMS INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

GrandTech C.G. Systems Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in publishing and sales of popular books, magazines and computer software, as well as design and programming of user friendly functional programs and providing data processing services. The Company was listed in the R.O.C. Over-The- Counter Securities Exchange on January 23, 2002.

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

These standalone financial statements were authorised for issuance by the Board of Directors on March 3, 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 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

Note: Earlier application from January 1, 2021 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are 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 a single transaction'	January 1, 2023

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

(3) IFRSs issued by 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 Standards 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
Amendment to IFRS 17, 'Initial application of IFRS 17 and 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, 'Non-current liabilities with covenants'	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

These consolidated financial statements are the consolidated financial statements prepared by the Company in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the 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

A. Except for the following items, these standalone financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company'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) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) 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 remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) 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 recognised in profit or loss.

(c) 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 recognised 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 recognised in other comprehensive income. However, nonmonetary 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 the initial transactions. All 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'.

B. Translation of foreign operations

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

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

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

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation

(c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

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

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

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

(b) Assets held mainly for trading purposes;

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

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) 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 is engaged in leasing printers under finance leases and the operating cycle exceeds 1 year. The Company uses the operating cycle as its criterion for classifying current or non-current assets and liabilities related to such business.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. Dividends are recognised 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) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs.

The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised 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.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. 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 recognised in profit or loss when the asset is derecognised or impaired.

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

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. 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) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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 that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Leasing arrangements (lessor) - lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘finance lease receivable’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross finance lease receivable and the present value of the receivable is recognised as ‘unearned finance income of finance lease’.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The individual item approach is used in the comparison of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method / associates

A. Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies. The Company evaluates investments in subsidiaries accounted under equity method in the standalone financial statement.

B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to comply with the Company’s accounting policies.

C. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. When changes to equity irrespective of profit and loss or comprehensive income occur to affiliated companies with no impact on the shareholding ratio of the Company, all of changes in equity will be recognized as “capital reserves” based on the shareholding ratio by the Company.

E. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. 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. Investments in associates are accounted for using the equity method and are initially recognised at cost.

G. The Group's share of its associates' post-acquisition profits or losses is recognised 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 recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. 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 recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

I. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

J. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

K. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

L. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised 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, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

M. In accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(14) <u>Property, plant and equipment</u>

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. 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.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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:

Buildings	5~50 years
Other equipment	1~8 years

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

A. Leases are recognised as a right-of-use asset 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 recognised as an expense on a straight-line basis over the lease term.

B. 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 fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset 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 recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(17) 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 recognised 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 recognising 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 amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Accounts payable

A. Accounts payable are liabilities for purchases of goods or services and accounts payable are those resulting from operating and non-operating activities.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

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

(21) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) Employee benefits

A. 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 recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i 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 recognised 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 Group uses interest rates of government bonds at the balance sheet date.

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

C. Employees' compensation, directors' and supervisors' remuneration

Employees' compensation, directors' and supervisors' remuneration are recognised as expenses and liabilities, 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.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and nonmarket vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. 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.

C. Deferred tax is recognised, 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 nor loss. Deferred tax 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 realised or the deferred tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. 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 recognised amounts and there is an intention to settle on a net basis or realise 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 realise the asset and settle the liability simultaneously.

(25) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells software and hardware. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Sales revenue is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

(c) A receivable is recognised 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.

B. Computer information management and printer services

(a) The Company provides computer information management and printer maintenance services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

(b) Some contracts include multiple deliverables, such as the installation of hardware and software. In most cases, the installation is simple, does not include an integration service and could be performed by another party and supplier. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. If contracts include the sales of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements 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 judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment estimation of accounts receivable

The Company assessed expected credit impairment loss of accounts receivable based on historical experience, forward-looking information and other known reason or existing objective evidences. The significant impairment losses may occur if those indicators slowed down or declined in the future.

As of December 31, 2022, the carrying amount of the Company's accounts receivable was $104,938.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements 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 realisable 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 was $77,020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 47	$ 47
Checking accounts and demand deposits	111,817	80,866
	$ 111,864	$ 80,913

A. The Company associates with a variety of financial institutions all with high credit quality to dispersecredit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(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	$ -	$ 6,451
Unlisted stocks	-	6,451
Valuation adjustment	-	(5,242)
	-	1,209
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	101,386	101,386
Valuation adjustment	(631)	(631)
	100,755	100,755
	$ 100,755	$ 101,964

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2022	2021
Financial assets mandatorily measured at fair value		
Equity instruments	$ 205	($ 719)

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Non-current items:		
Unlisted stocks	$ 8,000	$ 10,000
Valuation adjustment	479	1,000
	$ 8,479	$ 11,000

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $8,479 and $11,000 as at December 31, 2022 and 2021, respectively.

B. The Company received $2,000 for the capital decrease from financial assets at fair value through other comprehensive income.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31, 2022	Years ended December 31, 2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other commprehensive income	($ 521)	$ 1,405

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 14,879	$ 25,423
Less: Loss allowance	(65)	(76)
	$ 14,814	$ 25,347
Accounts receivable	$ 106,894	$ 80,566
Accounts receivable - related parties (Note)	9	2,422
	106,903	82,988
Less: Loss allowance	(1,965)	(723)
	$ 104,938	$ 82,265

Note: Accounts receivable – related parties is provided in Note 7.

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 93,554	$ 14,879	$ 79,868	$ 25,423
Up to 90 days	13,094	-	2,091	-
91 to 180 days	255	-	1,029	-
Over 180 days	-	-	-	-
	$ 106,903	$ 14,879	$ 82,988	$ 25,423

The above ageing analysis was based on past due date.

B. As of December 31, 2022, December 31, 2021 and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to $121,782, $108,411 and $223,953, respectively.

C. Information relating to credit risk of accounts and notes receivable is provided in Note 12(2).

D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were $104,938 and $82,265, respectively.

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Hardware and software	$ 92,968	($ 15,948)	$ 77,020

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Hardware and software	$ 54,092	($ 9,515)	$ 44,577

Expenses and losses incurred on inventories for the years ended December 31, 2022 and 2021 were as follows:

	Years ended December 31,	
	2022	2021
Cost of inventories sold	$ 426,102	$ 408,378
Loss on decline in market value	6,433	1,061
	$ 432,535	$ 409,439

(6) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Subsidiary		
GrandTech (B.V.I.) Inc.	$ 951,604	$ 823,083
GrandTech (Cayman) Inc.	325,268	254,889
DeepStone Digital Technology Co. Ltd.	27,481	31,054
Abico Digital Imaging Inc.	(315)	(315)
Cogate Co., Ltd.	22,080	21,621
GoldSun Application Technology Co., Ltd.	24,820	25,856
GrandTech Cloud Services Inc.	279,525	172,308
	1,630,463	1,328,496
Long-term equity investment - credit (listed in other non-current liabilities)	315	315
	$ 1,630,778	$ 1,328,811

A. Subsidiaries

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

(b) The Company has recognised long-term equity investment – credit amounted to $315 due to the continuous losses from Abico Digital Imaging Inc. which equals to its equity.

(c) To enhance the effectively of group resource, in March 2021, the Company acquired 49% of GoldSun at a consideration of $12,250 plus the 51% equity held in previous years due to the consideration of the overall operation and organization of the Company, holding in total of 100%. Please refer to Note IV(III) to the Company's 2022 consolidated financial statements.

(d) In June 2022, GrandTech Cloud Services Inc. conducted cash capital increase and retained 10% to be purchased by employees in accordance with the Company Act. In the capital increase, the Company acquired equity interest by $40,000, because the Company did not acquire equity interests in proportion to its ownership, the Company's ownership interest decreased from 77.71% to 75.14%.

(e) In March 2021, GrandTech Cloud Service Inc. conducted cash capital increase and retained 10% to be purchased by employees in accordance with the Company Act. In the capital increase, the Company acquired equity interest by $54,000, because the Company did not acquire equity interests in proportion to its ownership, the Company's ownership interest decreased from 80% to 77.71%.

(f) On September 14, 2022, the Board of Directors of the Company's subsidiary, GrandTech (B.V.I.), approved to reduce capital by 42.86% and returned proceeds from capital reductions amounting to USD 3,000 thousand (approximate NT$90,264 thousand), and the ownership interest did not change.

B. The investment income recognised using equity method in 2022 and 2021 were $235,467 and $205,307, respectively.

(7) Property, plant and equipment

	Land	Buildings and structures	Others	Total
January 1, 2022				
Cost	$ 90,581	$ 33,498	$ 25,508	$ 149,587
Accumulated depreciation	-	(22,684)	(21,303)	(43,987)
	$ 90,581	$ 10,814	$ 4,205	$ 105,600
2022				
Opening net book amount	$ 90,581	$ 10,814	$ 4,205	$ 105,600
Additions	-	410	275	685
Reclassification	-	2,970	-	2,970
Depreciation charge	-	(1,500)	(2,318)	(3,818)
Closing net book amount	$ 90,581	$ 12,694	$ 2,162	$ 105,437
December 31, 2022				
Cost	$ 90,581	$ 36,878	$ 25,203	$ 152,662
Accumulated depreciation	-	(24,184)	(23,041)	(47,225)
	$ 90,581	$ 12,694	$ 2,162	$ 105,437

	Land	Buildings and structures	Others	Total
January 1, 2021				
Cost	$ 90,581	$ 33,498	$ 28,608	$ 152,687
Accumulated depreciation	-	(21,860)	(22,510)	(44,370)
	$ 90,581	$ 11,638	$ 6,098	$ 108,317
2021				
Opening net book amount	$ 90,581	$ 11,638	$ 6,098	$ 108,317
Additions	-	-	919	919
Reclassification	-	-	(206)	(206)
Depreciation charge	-	(824)	(2,606)	(3,430)
Closing net book amount	$ 90,581	$ 10,814	$ 4,205	$ 105,600
December 31, 2021				
Cost	$ 90,581	$ 33,498	$ 25,508	$ 149,587
Accumulated depreciation	-	(22,684)	(21,303)	(43,987)
	$ 90,581	$ 10,814	$ 4,205	$ 105,600

A. The significant components and estimated useful lives of property, plant and equipment are as follows:

Items	Significant components	Useful lives
Buildings and structures	Buildings, etc.	5 ~50 years
Others	Transportation vehicles, etc.	1 ~8 years

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements – lessee

A. The Company leases various assets including warehouse buildings and business vehicles. Rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Short-term leases with a lease term of 12 months or less comprise warehouse buildings, office machines and office.

C. 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
Buildings	$ 326	$ 2,496
Other equipment (Business vehicles)	881	2,391
	$ 1,207	$ 4,887

	Years ended December 31,	
	2022	2021
	Carrying amount	Carrying amount
Buildings	$ 2,170	$ 1,783
Other equipment (Business vehicles)	1,510	1,510
	$ 3,680	$ 3,293

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $0 and $3,424, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 37	$ 85
Expense on short-term lease contracts	805	631

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $4,509 and $3,999, respectively.

(9) Leasing arrangements - lessor

A. The Company leases various assets including digital printing assets and multifunction printers. Rental contracts are typically made for periods of 1 and 9 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Company leases digital printing assets to others under finance lease. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2022	2021
Finance income from the net investment in finance lease	$ 2,077	$ 2,877

C. The maturity analysis of the undiscounted lease payments under the finance lease is as follows:

	December 31, 2022	December 31, 2021
2022	$ -	$ 33,251
2023	22,528	22,528
2024	12,338	12,338
2025	12,490	12,490
2026	4,556	4,556
2027	4,556	4,556
2028 and after	2,278	2,278
	$ 58,746	$ 91,997

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2022	December 31, 2021
	Current	Current
Undiscounted lease payments	$ 58,746	$ 91,997
Unearned finance income	(3,151)	(5,228)
Allowance for finance lease receivable	(56)	(87)
Net investment in the lease	$ 55,539	$ 86,682

E. For the years ended December 31, 2022 and 2021, the Company recognised rent income in the amount of $1,786 and $1,322 respectively, based on the operating lease agreement, which does not include variable lease payments.

(10) Short-term loans

Type of loans	December 31, 2022	Interest rate range	Collateral
Secured loans	$ 140,000	0.87%~1.83%	Please refer to Note 8
Unsecured loans	400,000	0.85%~1.70%	-
	$ 540,000		

Type of loans	December 31, 2021	Interest rate range	Collateral
Secured loans	$ 160,000	0.88%	Please refer to Note 8
Unsecured loans	500,000	0.85%~0.88%	-
	$ 660,000		

(11) Other payables

	December 31, 2022	December 31, 2021
Employees' salary and compensation payable	$ 17,078	$ 21,207
Employees' compensation and directors' and supervisors' remuneration payable	17,116	14,937
Dividends payable	77,746	69,107
Other payables	11,590	10,832
	$ 123,530	$ 116,083

(12) Pensions

A. (a) The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute monthly an amount equal to 2% 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 and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve accountby December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit	($ 1,357)	($ 1,380)
Fair value of plan assets	6,668	6,031
Net defined benefit asset	$ 5,311	$ 4,651

(c) Movements in net defined benefit assets (liabilities) are as follows:

2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 1,380)	$ 6,031	$ 4,651
Interest (expense) income	(10)	45	35
	(1,390)	6,076	4,686
Remeasurements:			
Return on plan assets (excluding amounts included in interest	-	592	592
Change in financial assumptions	91	-	91
Experience adjustments	(58)	-	(58)
	33	592	625
Paid pension	-	-	-
Balance at December 31	($ 1,357)	$ 6,668	$ 5,311

2021	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 2,166)	$ 7,920	$ 5,754
Interest (expense) income	(8)	27	19
	(2,174)	7,947	5,773
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	111	111
Change in demographic assumptions	(59)	-	(59)
Change in financial assumptions	63	-	63
Experience adjustments	(1,237)	-	(1,237)
	(1,233)	111	(1,122)
Paid pension	2,027	(2,027)	-
Balance at December 31	($ 1,380)	$ 6,031	$ 4,651

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 utilisation 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 is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2022	2021
Discount rate	1.40%	0.75%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Assumptions regarding future mortality experience are set based on the statistics and experience in the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit liability	$ 35	($ 37)	($ 36)	$ 35
December 31, 2021				
Effect on present value of defined benefit liability	$ 40	($ 42)	($ 40)	$ 39

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contribution to the defined benefit pension plans of the Group for the year ending December 31, 2023 is $0.

(g) As of December 31, 2022, the weighted average duration of that retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ -
1-5 year(s)	1,596
5-10 year(s)	-
	$ 1,596

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute 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.

(b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were $2,058 and $2,707, respectively.

(13) Share-based payment

The Company's share-based payment arrangements were as follows:

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2021.03.04	440 thousands shares	-	Vested immediately
Cash capital increase reserved for employee preemption	2022.11.4	36 thousands shares	-	Vested immediately

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

	2022		2021	
	No. of options (thousand shares)	Weighted-average exercise price (in dollars)	No. of options (thousand shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -	-	$ -
Options granted	36	49.0	440	47.1
Options exercised	(36)	49.0	(440)	47.1
Options outstanding at December 31	-	-	-	-
Options exercisable at December 31	-	-	-	-

C. The fair value of Company's stock options granted on grant date ismeasured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest	Fair value per unit
Treasury stock transferred to employees	2021.03.04	$ 47.55	$ 47.1	18.07%	0.01 year	-	0.2%	$0.606
Cash capital increase reserved for employee preemption	2022.11.4	$ 53.30	$ 49.0	10.48%	0.01 year	-	0.78%	$4.3038

D. Expenses incurred on the equity-settled share-based payment transactions for the years ended December 31, 2022 and 2021 were $155 and $267, respectively.

(14) Share capital

A. As of December 31, 2022, the Company's authorised capital was $1,050,000, consisting of 105 million shares of ordinary stock, and the paid-in capital was $620,894 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (shares in thousands):

	2022	2021
At January 1	57,589	57,149
Cash capital increase	4,500	-
Treasury shares to be reissued to employee	-	440
At December 31	62,089	57,589

B. To increase the Company's working capital, the stockholders at their annual stockholders' meeting on August 4, 2022 adopted a resolution to raise additional cash with the effective date set on November 4, 2022. The actual number of shares issued is 4,500 thousand shares at an actual subscription price of $49 (in dollars) per share. The amount of capital raised was $200,500 which had been registered.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (in thousands of shares):

Reason for reacquisition	Year ended December 31, 2021				
	Beginning	Additions	Disposal	Retired	Ending
To be reissued to employees	1,888	-	(440)	(1,448)	-

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus. On July 11, 2018, the Board of Directors has resolved to reacquire shares to transfer to employees.

(c) In order to stimulate the morale of employees and enhance their solidarity, on March 4, 2011, the board of directors of the company resolve to transferred 440 thousands shares of treasury stock to employees.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(e) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition. The Company retired treasury shares of 1,448 thousand during December 2021

(15) Capital surplus

A. 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. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. On March 4, 2021, the Board of Directors resolved to distribute cash from the additional paid-in capital surplus amounting to $44,148 ($0.7725 per share).

C. On March 3, 2022, the shareholders during their meeting resolved to use the additional paid-in capital surplus to distribute cash amounting to $97,850 ($1.6991 per share).

D. Changes in capital surplus are as follows:

	Year ended December 31, 2022			
Reason for reacquisition	Share premium	Employee stock options	Change in ownership interest in subsidiaries	Total
January 1, 2022	$ 143,760	$ -	$ 1,688	$ 145,448
Cash capital increase	175,500	-	-	175,500
Compensation cost of share-based payments	-	155	-	155
Employee stock options exercised	155	(155)	-	-
Capital surplus used to issue cash to shareholders	(97,850)	-	-	(97,850)
The difference between the actual acquisition of the subsidiary's equity and the book value	-	-	18,960	18,960
December 31, 2022	$ 221,565	$ -	$ 20,648	$ 242,213

Reason for reacquisition	Share premium	Employee stock options	Treasury share transactions	Change in ownership interest in subsidiaries	Total
	Year ended December 31, 2021				
January 1, 2021	$ 191,522	$ -	$ -	$ 1,789	$ 193,311
Compensation cost of share-based payments	-	267	-	-	267
Treasury shares to be reissued to employees	-	(267)	205	-	(62)
Cash capital increase in subsidiary	-	-	-	2,023	2,023
The difference between the actual acquisition of the subsidiary's equity and the book value	-	-	-	(2,124)	(2,124)
Retirement of treasury shares	(3,614)	-	(205)	-	(3,819)
Capital surplus used to issue cash to shareholders	(44,148)	-	-	-	(44,148)
December 31, 2021	$ 143,760	$ -	$ -	$ 1,688	$ 145,448

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, until the legal reserve equals to the total paid-in capital. Special reserve is set aside or reversed, if necessary, in accordance with regulations or as required by the Securities and Exchange regulations. The remainder, if any, along with the current beginning unappropriated earnings, shall be proposed by the Board of Directors to be either retained or distributed as shareholders' dividends, taking into account capital position and economic development. The proposal will be reported to the shareholders for a resolution.

In addition, the Company may distribute earnings or offset losses at the close of each year under the Company's Articles of Incorporation. The earnings distributed in the form of cash shall be resolved by the Board of Directors; if earnings are distributed in the form of new shares, the appropriation of earnings shall be resolved by the shareholders under the regulation.

B. The Company's dividend policy is adopted taking into consideration the Company's financial structure, future capital expenditures, future cash flows and assurance of the Company's competitiveness in the market. In accordance with the dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

C. 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 balance of the reserve exceeds 25% of the Company's paid in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of earnings for 2021 and cash dividends per share as resolved by the Board of Directors are as follows:

	Second quarter of 2021	Fourth quarter of 2021	Total
Date of resolution by the Board of Directors	August 5, 2021	March 3, 2022	
Legal reserve	$ 13,040	$ 14,864	$ 27,904
Special reserve	$ 33,387	$ 6,541	$ 39,928
Cash dividends	$ 69,107	$ 92,195	$ 161,302
Cash dividends per share (in dollars)	$ 1.2	$ 1.6	$ 2.8

F. The appropriations of earnings for 2022 and cash dividends per share as resolved by the Board of Directors are as follows:

	Second quarter of 2022	Fourth quarter of 2022	Total
Date of resolution by the Board of Directors	August 4, 2022	March 3, 2023	
Legal reserve	$ 14,520	$ 17,550	$ 32,070
Special reserve	$ -	$ -	$ -
Cash dividends	$ 77,746	$ 232,835	$ 310,581
Cash dividends per share (in dollars)	$ 1.35	$ 3.75	$ 5.1

(17) Operating revenue

	Years ended December 31, 2022	Years ended December 31, 2021
Revenue from contracts with customers		
Sales revenue	$ 336,827	$ 311,090
Service revenue	283,606	276,710
	$ 620,433	$ 587,800

A. Disaggregation of revenue from contracts with customers The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major geographical regions:

Year ended December 31, 2022	Taiwan area	Hong Kong and Macao areas	Other areas	Other areas
Timing of revenue recognition				
At a point in time	$ 569,983	$ 3,675	$ 1,439	$ 575,097
Over time	45,336	-	-	45,336
	$ 615,319	$ 3,675	$ 1,439	$ 620,433

Year ended December 31, 2021	Taiwan area	Hong Kong and Macao areas	Other areas	Other areas
Timing of revenue recognition				
At a point in time	$ 522,579	$ 27,966	$ 1,483	$ 552,028
Over time	35,772	-	-	35,772
	$ 558,351	$ 27,966	$ 1,483	$ 587,800

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Contract liabilities - advance sales receipts	$ 18,813	$ 20,958	$ 31,637

	Years ended December 31,	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 6,103	$ 21,872

(18) Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 1,222	$ 28
Finance income from the investment in the lease	2,077	2,877
	$ 3,299	$ 2,905

(19) Other gains and losses

	Years ended December 31, 2022	Years ended December 31, 2021
Rental revenue	$ 1,786	$ 1,322
Dividend income	7,019	7,310
Other income	878	780
	$ 9,683	$ 9,412

(20) Other gains and losses

	Years ended December 31, 2022	Years ended December 31, 2021
Net currency exchange gains	$ 2,583	$ 1,150
Gains on disposals of property, plant and equipment	-	4
Gains on disposals of intangible assets	235	-
Gains (Loss) on financial assets at fair value through profit or loss	-	(719)
Gains on disposals of investments	205	
Other losses	-	(207)
	$ 3,023	$ 228

(21) Finance costs

	Years ended December 31, 2022	Years ended December 31, 2021
Interest expense:		
Bank borrowings	$ 8,558	$ 5,514
Lease liabilities	37	85
	$ 8,595	$ 5,599

(22) Employee benefits expense, depreciation and amortisation

Nature \ Function	Recognised in operating expenses	Total
Employee benefit expense:		
Wages and salaries	$ 48,910	$ 48,910
Labor and health insurance fees	4,406	4,406
Pension costs	2,023	2,023
Directors' remuneration	2,853	2,853
Other personnel expenses	2,990	2,990
Depreciation	7,498	7,498
Amortisation	609	609

Nature \ Function	Recognised in operating expenses	Total
Employee benefit expense:		
Wages and salaries	$ 53,575	$ 53,575
Labor and health insurance fees	4,272	4,272
Pension costs	2,688	2,688
Directors' remuneration	2,489	2,489
Other personnel expenses	1,989	1,989
Depreciation	6,723	6,723
Amortisation	553	553

Note:

(a) For the years ended December 31, 2022 and 2021, the number of the Company's employees were 61 and 64 of which 7 and 7 directors were not the Company's employees, respectively.

(b) For the years ended December 31, 2022 and 2021, the average employee benefit expense and employee salary expense were as follows:

	Years ended December 31, 2022	Years ended December 31, 2021
Average employee benefit expense	$ 1,080	$ 1,097
Average employee salary expense	$ 906	$ 940

(c) Changes in adjustments of the average employee salaries and wages were

(d) The Company adopts an independent director system and has no supervisor.

(e) The remuneration committee has established the policy and periodically reviews the performance assessment of directors and managers as well as the policy, system, standard and structure of remuneration, and shall report the recommendations, if any, to the Board of Directors for discussion. Salaries were paid by reference to the industry salary standard, the Company's operational situation and organisational structure, and the necessary adjustments shall be made according to the market salary dynamics, changes in the overall economic and industrial climate, and in compliance with the related laws and regulations. The directors' remuneration shall not be distributed for variable remuneration other than the annual fixed transportation allowance and the remuneration according to the Articles of Incorporation of the Company. The Company's operating objectives, financial position and directors' responsibilities were fully considered for the directors' remuneration which were linked to the business performance and profit, then shall be reported to the Board of Directors for resolution after the review by the remuneration committee. The salary and compensation of managers and employees are based on their education and work background, professional knowledge and expertise, professional seniority as well as personal performance. The salary will be adjusted annually, corresponding to individual performance, according to the overall operating situation of the Company. The Company shall distribute year-end bonus according to operating performance and distribute employees' compensation according to pre-tax profit situation, the amount distributed shall be linked to the operating performance and profit, and shall be reported to the Board of Directors for resolution after the review by the remuneration committee.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 4% to 11% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $14,263 and $12,448, respectively; while directors' and supervisors' remuneration was accrued at $2,853 and $2,489, respectively. The aforementioned amounts were recognised in salary expenses.

The expenses recognised for 2022 were accrued based on the profit of current year distributable. The actual distributed remuneration as resolved by the Board of Directors amounted to $17,116. The employees' compensation will be distributed in the form of cash.

C. Employees' compensation and directors' and supervisors' remuneration for 2021 as resolved by the Board of Directors were in agreement with the amount recognised in the 2021 financial statements.

D. Information on employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the board of directors and shareholders will be posted in the "MarketObservation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	$ 20,985	$ 17,792
Additional tax on undistributed earnings	(591)	(1,412)
Reversal of temporary differences	(1,143)	(64)
Income tax expense	$ 19,251	$ 16,316

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2022	2021
Remeasurement of defined benefit obligations	($ 126)	$ 224

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 67,780	$ 59,261
Tax exempt income by tax regulation	(47,938)	(41,533)
Prior year income tax over estimation	(591)	(1,412)
Income tax expense	$ 19,251	$ 16,316

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other omprehensive income	December 31
Deferred tax assets :				
Temporary differences				
Allowance for bad debts in excess of tax-deductible limit	$ 1,365	$ -	$ -	$ 1,365
Inventory valuation loss	1,903	1,287	-	3,190
Compensated absences	467	-	-	467
Unrealised gross margin	32	145	-	177
Pension	585	-	-	585
Impairment loss	1,277	-	-	1,277
	$ 5,629	$ 1,432	$ -	$ 7,061
Deferred tax liabilities:				
Temporary difference				
Unrealised exchange gain	($ 68)	($ 289)	$ -	($ 357)
Employee benefits	(974)	-	(126)	(1,100)
	($ 1,042)	($ 289)	($ 126)	($ 1,457)

	Year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in other omprehensive income	December 31
Deferred tax assets :				
Temporary differences				
Allowance for bad debts in excess of tax-deductible limit	$ 1,365	$ -	$ -	$ 1,365
Inventory valuation loss	1,691	212	-	1,903
Compensated absences	467	-	-	467
Unrealised gross margin	33	(1)	-	32
Pension	585	-	-	585
Impairment loss	1,277	-	-	1,277
Unrealised exchange gain	79	(79)	-	-
	$ 5,497	$ 132	$ -	$ 5,629
Deferred tax liabilities:				
Temporary difference				
Unrealised exchange gain	$ -	($ 68)	$ -	($ 68)
Employee benefits	(1,198)	-	224	(974)
	($ 1,198)	($ 68)	$ 224	($ 1,042)

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	Years ended December 31,	
	2022	2021
Deductible temporary differences	$ 2,440	$ 2,440

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 320,201	58,305	$ 5.49
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	306	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 320,201	58,611	$ 5.46

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 279,937	57,513	$ 4.87
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	250	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 279,937	57,763	$ 4.85

(25) Changes in liabilities from financing activities

	Short-term borrowings	Lease iabilities	Liabilities from inancing activities-gross
January 1, 2022	$ 660,000	$ 4,892	$ 664,892
Changes in cash flow from financing activities	(120,000)	(3,667)	(123,667)
December 31, 2022	$ 540,000	$ 1,225	$ 541,225

	Short-term borrowings	Short-term notes and bills payable	Lease iabilities	Liabilities from inancing activities-gross
January 1, 2021	$ 510,000	$ 60,000	$ 4,665	$ 574,665
Changes in cash flow from financing activities	150,000	(60,000)	(3,283)	86,717
Changes in non-cash items-hanges in lease	-	-	3,510	3,510
December 31, 2021	$ 660,000	$ -	$ 4,892	$ 664,892

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and their relationship with the Company

Name	Relationship
Cogate Co., Ltd.(Cogate)	Subsidiary of the Company
GoldSun Application Technology Co., Ltd.	〃
GrandTech CloudServices Inc.	〃
DeepStone Digital Technology Co. Ltd.	〃
Abico Digital Imaging Inc.	〃
GrandTech (B.V.I.) Inc.	〃
GrandTech (Cayman) Inc.	〃
Netcore Network Communication Technology Corp.	The Company is the utimate parent company of such company
Topteam Information Co., Ltd. (Note)	〃
GrandTech Systems Limited	〃
GrandTech (China) Limited	〃
GrandTech International(Shanghai) Ltd.	〃
Ji Lu Shu Ma Technology (Shanghai)Ltd.	〃
GrandTech Systems Pte Limited	〃
PT. GrandTEch Systems Indonesia	〃
GTMY SDN. BHD	〃
Senco-Masslink Technology Limited	〃
GrandTech Systems SDN. BHD.	〃
DPI Technology SDN. BHD.	〃
DPI International Ltd.	〃
TECHSIGN PTE. Ltd	〃
GrandTech India Pvt Ltd	〃

Note: In November 2022, Topteam Information Co., Ltd. dissolved due to a merger.

(2) Significant related party transactions and balances

A. Operating revenue

	Year ended December 31, 2022	Year ended December 31, 2021
Sales of goods and services:		
Susidiaries	$ 8,601	$ 26,716
Second-tier susidiaries	5,145	28,206
	$ 13,746	$ 54,922

Goods are sold based on the price lists in force and terms that would be available to third parties. Sales of services are negotiated with related parties on a cost-plus basis, allowing a margin ranging from 3% to 10%.

B. Purchases:

	Year ended December 31, 2022	Year ended December 31, 2021
Purchases of goods:		
Susidiaries	$ 29	$ -
Second-tier susidiaries	2,380	1,472
	$ 2,409	$ 1,472

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

C. Receivables from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable:		
Susidiaries	$ 9	$ 2,244
Second-tier susidiaries	-	178
	$ 9	$ 2,422

The receivables from related parties arise mainly from sale transactions. The receivables are due three months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Other receivables from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable:		
Susidiaries	$ -	$ 302

The other receivables from related parties arise mainly from payment for the subsidiary. The other receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against other receivables from related parties.

E. Payables to related parties:

	December 31, 2022	December 31, 2021
Accounts payable:		
Second-tier susidiaries	$ -	$ 76

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

F. Other payables to related parties:

	December 31, 2022	December 31, 2021
Other accounts payable:		
Susidiaries	$ 99	$ 702
Second-tier susidiaries	-	1
	$ 99	$ 703

G. Property transactions:

(a) Disposal of property, plant and equipment:

	Year ended December 31, 2021	
	Disposal proceeds	Gain (loss) on disposal
Susidiaries	$ 203	$ -

(b) Disposal of intangible assets

	Year ended December 31, 2022	
	Disposal proceeds	Gain on disposal
Susidiaries	$ 3,255	$ 235

(c) Acquisition of financial assets:

			Year ended December 31, 2022	
	Accounts	No. of shares	Objects	Consideration
Susidiaries				
Cash capital increase	Investments accounted	4,000	GrandTech Cloud Services Inc.	$ 40,000

			Year ended December 31, 2022	
	Accounts	No. of shares	Objects	Consideration
Susidiaries				
Cash capital increase	Investments accounted	2,160	GrandTech Cloud Services Inc.	$ 54,000
Subsidiary residual dividend	Investments accounted for using equity	980	Cogate Co., Ltd.	12,250
				$ 66,250

(3) Key management compensation

	Years ended December 31, 2022	2021
Short-term employee benefits	$ 16,918	$ 14,523
Post-employment benefits	233	137
	$ 17,151	$ 14,660

8. PLEDGED ASSETS

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

Item	Book Value December 31, 2022	Book Value December 31, 2021	Purpose
Property, plant and equipment			
Land	$ 90,581	$ 90,581	short-term borrowings
Buildings	12,694	10,814	short-term borrowings
	$ 103,275	$ 101,395	

9. COMMITMENTS

As of December 31, 2022, the Group issued guarantee notes for bank loans amounting to $800,000.

10. SIGNIFICANT CATASTROPHE

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

On March 3, 2023, the Board of Directors resolved the appropriation of earnings for the fourth quarter of 2022 and the distribution of cash from capital surplus. Details are provided in Notes 6(16).

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. 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. The Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans (including 'current loans' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

	December 31, 2022	December 31, 2021
Total loans	$ 540,000	$ 660,000
Less: Cash and cash equivalents	(111,864)	(80,913)
Net debt	$ 428,136	$ 579,087
Total equity	$ 1,436,263	$ 1,042,868
Gearing ratio	30%	56%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022		December 31, 2021	
Financial assets				
Financial assets at fair value through profit or loss	$	100,755	$	101,964
Financial assets at fair value through other comprehensive income		8,479		11,000
Financial assets at amortised cost		290,787		275,512
	$	400,021	$	388,476
Financial liabilities				
Financial liabilities at amortised cost	$	739,932	$	804,447

Note: Financial assets at amortised cost include cash, accounts and notes receivable, finance lease receivable, other receivables as well as guarantee deposits paid; financial liabilities at amortised cost include short-term borrowings, accounts and notes payable, other payables as well as guarantee deposits received.

B. Financial risk management policies

(a) 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's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) 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.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subisdiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury.

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

iv. The Company'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 Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 3,653	30.71	$ 112,184
Financial liabilities			
Monetary items			
USD:NTD	$ 2,079	30.71	$ 63,846

	December 31, 2021		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 651	27.68	$ 18,020
Financial liabilities			
Monetary items			
USD:NTD	$ 576	27.68	$ 15,944

v. Total exchange gain (loss), including realised and unrealised 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 $2,583 and $1,150, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 897	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 511	$ -

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 144	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 128	$ -

Price risk

i. The Company’s equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and 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 Group.

ii. The Company’s investments in equity securities comprise shares 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 for the years ended December 31, 2022 and 2021 would have increased/decreased by $10,076 and $10,196, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have both increased/decreased by $848 and $1,100, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from bank borrowings with variable rates, which expose the Company to cash flow interest rate risk.

ii. The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Comapny calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

iii. If the borrowing interest rate borrowings denominated in New Taiwan dollars, United States dollars and Malaysian Ringgit had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have decreased/increased by $4,320 and $5,280, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. 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 amortised cost.

ii. The Company manages their credit risk taking into consideration the entire group's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing 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 limits are set based on internal or external ratings in accordance with limits set. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the following assumptions to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) 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.

(ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The default occurs when the contract payments are past due over 180 days.

vi. The Company classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

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

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

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

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

viii. The Company used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable and finance lease payments receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	0~90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2022					
Expected loss rate	0.03%~0.14%	14.20%	56.80%	100.00%	
Total book value	$ 164,028	$ 13,094	$ 255	$ -	$ 177,377
Loss allowance	$ 83	$ 1,858	$ 145	$ -	$ 2,086

	Not past due	0~90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2021					
Expected loss rate	0.03%~0.14%	10.00%	39.94%	100.00%	
Total book value	$ 192,060	$ 2,091	$ 1,029	$ -	$ 195,180
Loss allowance	$ 275	$ 200	$ 411	$ -	$ 886

ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes and accounts receivable, and finance lease payments receivable are as follows:

	Year ended December 31, 2022			
	Accounts	Notes receivable	Finance lease payments receivable	Total
At January 1	$ 723	$ 76	$ 87	$ 886
Provision for impairment	1,242	-	-	1,242
Reverasl of impairment loss	-	(11)	(31)	(42)
At December 31	$ 1,965	$ 65	$ 56	$ 2,086

	Year ended December 31, 2021			
	Accounts	Notes receivable	Finance lease payments receivable	Total
At January 1	$ 341	$ 101	$ 107	$ 549
Provision for impairment	382	-	-	382
Reverasl of impairment loss	-	(25)	(20)	(45)
At December 31	$ 723	$ 76	$ 87	$ 886

(c) Liquidity risk

i. 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 while maintaining sufficient headroom on its undrawn committed loan facilities at all times so that the Company does not breach loan limits or covenants on any of its loan facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, external regulatory or legal requirements, for example, currency restrictions.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate:		
Expiring within one year	$ 260,000	$ 480,000

iv. The maturity dates of non-derivative financial liabilities are all within one year except guarantee deposits received (shown as other non-current liabilities) and long-term borrowings..

(3) Fair value information

A. 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 bank debentures and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value The carrying amounts of cash and cash equivalents, notes and accounts receivable, finance lease receivable, other receivables, financial assets at amortised cost (time deposits with maturity over three months), short-term borrowings, notes and accounts payable, other payables as well as long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 is as follows:

(a)The related information on the nature of the assets and liabilities is 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	$ -	$ -	$ 100,755	$ 100,755
Financial assets at fair value through profit or loss income	-	-	8,479	8,479
Equity securities	$ -	$ -	$ 109,234	$ 109,234

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 1,209	$ -	$ 100,755	$ 101,964
Financial assets at fair value through profit or loss income	-	-	11,000	11,000
Equity securities	$ 1,209	$ -	$ 111,755	$ 112,964

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Items	Listed shares
Valuation method	Market quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. 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.

iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Year ended December 31, 2022		
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
At January 1	$ 100,755	$ 11,000	$ 111,755
Gains and losses recognised in other comprehensive income	-	(521)	(521)
Refund of capital reduction	-	(2,000)	(2,000)
At December 31	$ 100,755	$ 8,479	$ 109,234

	Year ended December 31, 2021		
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
At January 1	$ 100,755	$ 9,595	$ 110,350
Gains and losses recognised in other comprehensive income	-	1,405	1,405
At December 31	$ 100,755	$ 11,000	$ 111,755

F. For the years ended December 31, 2022 and 2021 there was no transfer into or out from Level 3.

G. Finance and accounting segment is in charge of valuation procedures for fair value measurements being categorised 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.

H. 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	Relationship of inputs to fair value
Non-derivative					
Unlisted shares	$	109,234	Market companies	Price to earnings ratio multiple, enterprise value to operating income ratio	The higher the multiple, the higher the fair value
				Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value

		Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative					
Unlisted shares	$	111,755	Market companies	Price to earnings ratio multiple	The higher the multiple, the higher the fair value
				Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	± 1%	$ 1,008	($ 1,008)	$ 85	($ 85)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	± 1%	$ 1,008	($ 1,008)	$ 110	($ 110)

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to s1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 3.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. 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: Please refer to table 7.

GRANDTECH C.G. SYSTEMS INC.

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022 (Note 8)	Actual amount drawn down	erest rate ra	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing	Allowance for Creditor Counterparty doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
1	GrandTech (B.V.I.) Inc.	SENCO-MASSLINK TECHNOLOGY LTD.	Other receivables-related parties	Y	$ 60,896	$ -	$ -	2%	Short-term financing	$ -	Working capital	$ -	N	$ -	$ 192,119	$ 384,238	
2	GrandTech Cloud Service Inc.	GrandTech Cloud Services (HK) Ltd.	Other receivables-related parties	Y	45,094	42,994	42,994	2%	Short-term financing	-	Working capital	-	N	-	74,401	148,802	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.
Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc
Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2022.
Note 4:Fill in the nature of the loan as business transactions or short-term financing
Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.
Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.
According to the company’s “Regulations for Provision of Loans”
(1) Loans to others is lower than 40% of the company’s net assets; single transaction is not allowed to exceed the total amount of business transactions within one year. Business transactions is the higher within purchase and sales.
(2) Loans to a single party shall be lower than 20% of the company’s net assets and the net assets were calculated based on the latest audited or reviewed financial statements.
Note 8:The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafte.

GRANDTECH C.G. SYSTEMS INC.

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

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote (Note 4)
				Shares	Book value (Note 3)	Ownership (%)	Fair value	
GRANDTECH C.G. SYSTEMS INC.	ABICO ASIA	-	Financial assets at fair value through other comprehensive income non-current	800,000	8,479	0.52	8,479	
GRANDTECH C.G. SYSTEMS INC.	Exigent Holdings, INC.	-	Financial assets at fair value through profit or loss non-current	666,300	-	5.71	-	
GRANDTECH C.G. SYSTEMS INC.	HONLYNN CO., LTD.	-	Financial assets at fair value through profit or loss non-current	4,342,000	89,613	17.94	89,613	
GRANDTECH C.G. SYSTEMS INC.	OVO MEDIA CREATIVE INC.	-	Financial assets at fair value through profit or loss non-current	900,000	11,142	8.19	11,142	
GRANDTECH C.G. SYSTEMS INC.	TRANS-IOT TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss non-current	424,000	-	6.79	-	
GrandTech (B.V.I.) Inc.	VHQ Media Holding (Cayman) Pte Ltd.	-	Financial assets at fair value through profit or loss current	58,414	-	0.10	-	
GrandTech (B.V.I.) Inc.	ABICO OPTICAL(HK)	-	Financial assets at fair value through profit or loss non-current	280,000	-	14.36	-	
GrandTech Systems Pte Limited	GT ECO SOLUTIONS PTE.LTD.	-	Financial assets at fair value through profit or loss non-current	2,345	-	19.00	-	
GrandTech (B.V.I.) Inc.	Infinity Ventures IV, L.P-Fund	-	Financial assets at fair value through profit or loss non-current	-	31,259	-	31,259	
GrandTech (Cayman) Inc.	Infinity Ventures IV, L.P-Fund	-	Financial assets at fair value through profit or loss non-current	-	8,104	-	8,104	
GrandTech (China) Ltd.	Infinity Ventures IV, L.P-Fund	-	Financial assets at fair value through profit or loss non-current	-	6,921	-	6,921	
GrandTech (B.V.I.) Inc.	SEA Frontier Fund LP	-	Financial assets at fair value through profit or loss non-current	-	28,071	-	28,071	
GrandTech (Cayman) Inc.	SEA Frontier Fund LP	-	Financial assets at fair value through profit or loss non-current	-	7,018	-	7,018	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote (Note 4)
				Shares	Book value (Note 3)	Ownership (%)	Fair value	
GrandTech (China) Ltd.	SEA Frontier Fund LP	-	Financial assets at fair value through profit or loss non-current	-	5,077	-	5,077	
GrandTech (B.V.I.) Inc.	IVP Annex I LLC	-	Financial assets at fair value through profit or loss non-current	-	7,678	-	7,678	
GrandTech Systems SDN.BHD	PhotoCru Sdn Bhd's preffer shares	-	Financial assets at fair value through profit or loss non-current	-	13,395	-	13,395	

Note 1: Securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments".
Note 2: If the securities issuer is not a related party, this column is omitted.
Note 3: If it is measured by fair value, please fill in the book balance after the adjustment of the fair value evaluation and deducting accumulated losses in column B of the book amount; if it is not measured by fair value, please fill in the original acquisition cost or amortized cost in column B of the book amount Book balance less accumulated losses.
Note 4: If the listed securities are subject to restricted use due to provision of guarantees, pledged loans, or other agreements, the number of shares provided with guarantees or pledges, the amount of guarantees or pledges, and restricted use should be indicated in the remarks column.

GRANDTECH C.G. SYSTEMS INC.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Marketable securities (Note 1)	General ledger account	Counterparty （Note 2）	Relationship with the counterparty （Note 2）	Beginning balance		Additions（Note3）		Sell (Note 3)				Ending balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain or loss on disposal	Shares	Amount
GrandTech International (Shanghai) Ltd.	Fubon Bank (China)	Financial assets at fair value through profit or loss-current	Fubon Bank (China)	None	-	$ -	-	$ 534,949	-	$ 538,714	$ 534,949	$ 3,765	-	$ -

Note 1: The securities referred to in the table means the stocks, bonds, beneficiary certificates and marketable securities derived from the above items.
Note 2: For investments accounted for under the equity method for marketable securities, these 2 columns should be filled in and the rest can be left blank
Note 3: The cumulative purchase and sale amounts should be calculated separately according to the market price of NTD300 million or 20% of the paid-in capital.
Note 4: The paid-in capital means that of the parent company. For the shares of any issuer without a par value or where the par value per share is not NTD10, a transaction amount of 20% of the paid-up capital shall be calculated as 10% of the equity attributable to the owner of the parent company shown in the balance sheet.

GRANDTECH C.G. SYSTEMS INC.

Significant inter-company transactions during the reporting period

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Trader	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	GrandTech Systems Limited	Senco-Masslink Technology Ltd.	3	Sales	202,313	As normal term	3.83
1	GrandTech Systems Limited	Senco-Masslink Technology Ltd.	3	Accounts receivable	36,348	As normal term	1.13
2	GrandTech Cloud Services Inc.	GrandTech Cloud Services (HK) Ltd.	3	Other Accounts receivable	42,994	As normal term	1.34

Note 1: Relationship between parent and subsidiary is classified as follow:
(1) 0 for parent company.
(2) Susidiary starts from 1。

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated ed transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The disclosure of Table 4 is depends on the materiality of the entity.

GRANDTECH C.G. SYSTEMS INC.
Information on investees
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1、2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022 (Note2(2))	Investment income (loss) recognised by the Company for the year ended December 31,2022 (Note 2(3))	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
GrandTech C.G. Systems Inc.	GrandTech (B.V.I.) Inc.	British Virgin Islands	Holding ccompany	$ 122,613	$ 212,877	4,000,000	100.00	$ 951,604	$ 141,812	$ 141,812	Subsidiary
GrandTech C.G. Systems Inc.	GrandTech (Cayman) Inc.	Cayman	Holding ccompany	67,251	67,251	1,922,000	100.00	325,268	47,498	47,498	Subsidiary
GrandTech C.G. Systems Inc.	Abico Digital Imaging Inc.	Taiwan	Sales of computers and optical products	764	764	100,000	100.00	(315)	-	-	Subsidiary
GrandTech C.G. Systems Inc.	DeepStone Digital Technology Co. Ltd.	Taiwan	Publishing of popular books, etc.	36,351	36,351	4,958,439	81.00	27,481	(4,411)	(3,573)	Subsidiary
GrandTech C.G. Systems Inc.	Cogate Co., Ltd.	Taiwan	Sales of various microcomputers, business computers, industrial computers and computer software	18,438	18,438	1,377,000	51.00	22,080	3,437	1,752	Subsidiary
GrandTech C.G. Systems Inc.	GoldSun Application Technology Co., Ltd.	Taiwan	Agency of computer software, hardware and electronic products	27,250	27,250	2,000,000	100.00	24,820	(47)	(47)	Subsidiary
GrandTech C.G. Systems Inc.	Grandtech Cloud Service Limited	Taiwan	Cloud service provider	154,000	114,000	12,623,428	75.14	279,525	63,011	48,025	Subsidiary
GrandTech C.G. Systems Inc.	Senco-Masslink Solutions Ltd.	Hong Kong	Sales agency of hardware and software from Apple, Adobe and Symantee and peripheral equipment	-	-	-	55.00	-	-	-	Subsidiary
GrandTech (B.V.I.) Inc.	GrandTech Systems Limited	Hong Kong	Drawing agency, multimedia, internet and others related to computer software and peripherals	43,727	43,727	988,000	76.71	383,239	120,992	92,813	Second-tier subsidiary
GrandTech (B.V.I.) Inc.	GrandTech(China)Limited	Hong Kong	Drawing agency, multimedia, internet and others related to computer software and peripherals	135,810	135,810	34,320,000	60.09	147,172	3,734	2,244	Second-tier subsidiary

Investor	Investee (Note 1、2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022 (Note2(2))	Investment income (loss) recognised by the Company for the year ended December 31,2022 (Note 2(3))	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
GrandTech (B.V.I.) Inc.	GrandTech India Private Limited	India	Drawing agency, multimedia, internet and others related to computer software and peripherals	9,321	9,321	1,200,000	100.00	2,919	(59)	(59)	Second-tier subsidiary
GrandTech (B.V.I.) Inc.	Senco-Masslink Technology Ltd.	Hong Kong	Sales agency of hardware and software from Apple, Adobe and Symantee and peripheral equipment	54,450	54,450	491,011	33.00	197,137	86,942	28,691	Second-tier subsidiary
GrandTech (B.V.I.) Inc.	GrandTech Systems Sdn.Bhd.	Malaysia	Drawing agency, multimedia, internet and others related to computer software and peripherals	135,999	135,999	16,948,630	88.00	165,982	9,075	7,986	Second-tier subsidiary
GrandTech (Cayman) Inc.	GrandTech Systems Limited	Hong Kong	Drawing agency, multimedia, internet and others related to computer software and peripherals	13,276	13,276	300,000	23.29	116,019	120,993	28,179	Second-tier subsidiary
GrandTech (Cayman) Inc.	GrandTech(China)Limited	Hong Kong	Drawing agency, multimedia, internet and others related to computer software and peripherals	116,241	116,241	22,796,000	39.91	42,919	3,733	1,490	Second-tier subsidiary
GrandTech (Cayman) Inc.	GrandTech Systems Pte Limited	Singapore	Drawing agency, multimedia, internet and others related to computer software and peripherals	76,948	76,948	43,499,455	100.00	23,145	(5,630)	(5,630)	Second-tier subsidiary
GrandTech (Cayman) Inc.	Senco-Masslink Technology Ltd.	Hong Kong	Sales agency of hardware and software from Apple, Adobe and Symantee and peripheral equipment	36,300	36,300	327,340	22.00	131,700	86,944	19,127	Second-tier subsidiary

Investor	Investee (Note 1、2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022 (Note2(2))	Investment income (loss) recognised by the Company for the year ended December 31,2022 (Note 2(3))	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
GrandTech (Cayman) Inc.	GrandTech Systems Sdn.Bhd.	Malaysia	Drawing agency, multimedia, internet and others related to computer software and peripherals	18,464	18,464	2,311,180	12.00	23,532	9,077	1,089	Second-tier subsidiary
GrandTech Systems Pte Limited	PT.GrandTech Systems Indonesia	Indonesia	Warehousing, wholesale and international trade	23,139	23,139	7,600	100.00	6,079	(1,814)	(1,814)	Second-tier subsidiary
DeepStone Digital Technology Co. Ltd.	Topteam Information Co., Ltd.	Taiwan	Distribution information software and book publishing industry	-	32,184	-	-	-	(54)	(54)	Dissolved in November 2022.
GrandTech Systems Sdn.Bhd.	DPI Technology Sdn. Bhd.	Malaysia	Trading of various computers and related electronic products	44,931	44,931	312,000	52.00	76,095	10,196	5,302	Second-tier subsidiary
GrandTech Systems Sdn.Bhd.	GTMY SDN. BHD.	Malaysia	Distribution information software and book publishing industry	6,222	6,222	800,000	100.00	4,920	(79)	(79)	Second-tier subsidiary
DPI Technology Sdn. Bhd.	DPI International Ltd.	Seychelles	Trading of various computers and related electronic products	-	10	-	0.00	-	-	-	Dissolved in January 2022.
DPI Technology Sdn. Bhd.	DPI Technology Pte Ltd.	Singapore	Trading of various computers and related electronic products	3,193	3,193	300,000	100.00	19,697	4,835	4,835	Second-tier subsidiary
GrandTech Cloud Services Inc.	Grandtech Cloud Service (HK) Limited	Hong Kong	Could service provider	34,082	24,582	9,000,000	100.00	5,728	6,692	6,692	Second-tier subsidiary
GrandTech Cloud Services Inc.	Netcore Network Communication Technology Corp.	Taiwan	Internet related computer software	25,300	25,300	2,530,000	63.25	90,460	25,450	16,097	Second-tier subsidiary

Note 1: When the listed company has set up any holding company overseas and used the consolidated financial statements as the main financial statements pursuant to local laws, the information on overseas invested companies may be disclosed only to the extent that the information is related to the holding company.

Note 2: Otherwise, the table shall be completed as follows:

（1）The "name of invested company," "territory," "main business operation," "original investment amount" and "shareholding at the end of the period" columns should be completed sequentially based on the Company's (listed company's) investment and each of its reinvestments in directly or indirectly controlled-invested companies. The relationship (subsidiary or sub-subsidiary) of each invested company with the Company (listed company) should be indicated in the Remarks.

（2）The "current profit (loss) of invested company" column should be filled in with the amount of the current profit/loss of each invested company

Investor	Investee (Note 1、2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022 (Note2(2))	Investment income (loss) recognised by the Company for the year ended December 31,2022 (Note 2(3))	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			

(3) The "profit (loss) from investments recognized in the current period" column should be filled in only with the amount, recognized by the Company (listed company), of the profit/loss from direct investments in each subsidiary and of the profit/loss of each invested company valued under the equity method, and it is not necessary to provide other profits/losses. When providing "the recognized amount of the current profit/loss from direct investments in each subsidiary," it should ensure that the current profit/loss amount of each subsidiary includes any profit/loss from reinvestments that shall be recognized in accordance with regulations.

GRANDTECH C.G. SYSTEMS INC.

Information on investments in Mainland China

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capita	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
GrandTech Subsidiary inGuangzhouData	Data processing and services rending	$ 9,386	2	$ 7,595	$ -	$ -	$ 7,595	$ -	100.00	$ -	$ 297	$ -	(2)B及註4
GrandTechInternational(Shanghai) Ltd.	Warehousing, wholesale and international trade	163,072	2	163,072	-	-	163,072	2,702	100.00	2,702	166,123	-	(2)B及註4
Ji Lu Shu Ma Technology(Shanghai)Ltd.	Warehousing, wholesale and international trade	21,952	2	21,952	-	-	21,952	(1,152)	100.00	(1,152)	9,202	-	(2)B及註5

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
GrandTech Subsidiary inGuangzhouData	$ 7,595	$ 10,919	$ 1,064,989
GrandTechInternational(Shanghai) Ltd.	163,072	163,072	1,064,989
Ji Lu Shu Ma Technology(Shanghai)Ltd.	21,952	21,952	1,064,989

Note 1: Investment is classified into following three categories. It is only necessary to mark the type:

(1) Engaged in direct investment in Mainland China.

(2) Reinvested in Mainland China through a company in a third area, CyberTAN Technology (HONG KONG) Limited.

(3) Others.

Note 2： In the “profit (loss) from investments recognized in the current period” column:

(1) An indication is needed if the investment is under preparation and there is no profit or loss.

(2) There are following three profit/loss recognition bases. The appropriate one must be indicated.

A. The financial statements audited and approved by an international accounting firm that has collaboration relationship with an accounting firm in the Republic of China

B. The financial statements audited by a CPA of the parent company in Taiwan

C. Others

Note 3：All amounts in the table should be stated in NTD

Note 4：It is a reinvestment of GrandTech (China) Limited jointly invested by GrandTech (B.V.I.) Inc. and GrandTech (Cayman) Inc.

Note 5：It is reinvested through GrandTechInternational(Shanghai) Ltd.

GRANDTECH C.G. SYSTEMS INC.

Major shareholders information

Year ended December 31, 2022

Table 7

Name of major shareholders	Shares	
	Number of shares hold	Ownership (%)
Minerva Capital Inc.	6,094,383	9.81

Note:

(1)The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

(2) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System

GRANDTECH C.G. SYSTEMS INC.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Items	Summary	Amount	
Cash on hand and petty cash		$	47
Demand deposits			
-NTD			27,947
-USD	USD $2,731 thousand rate 30.71		83,870
		$	111,864

GRANDTECH C.G. SYSTEMS INC.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Customers	Summary	Amount	Note
0276	Goods sales	$ 29,463	
0955	Goods sales	33,363	
Others	Goods sales	44,077	Note
		106,903	
Less: Loss allowance		(1,965)	
		$ 104,938	

Note: Balance of each customer not exceeding 5% of the account amount.

GRANDTECH C.G. SYSTEMS INC.
INVENTORY
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Items	Amount		Note
	Cost	value	
Hardware and software	$ 92,968	$ 78,472	
Less: Allowance for valuation loss	(15,948)		
	$ 77,020		

GRANDTECH C.G. SYSTEMS INC.
CHANGES IN LONG-TERM EQUITY INVESTMENT UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

	Balance, beginning		Increase in the current period		Decrease in the current period		of the investee for the year ended December 31, 2022	Other	Balance, ending			Fair value		
Name of invested company	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		(Note 3)	Number of shares	Shareholding ratio	Amount	Price	Total amount	Collateral
GrandTech (B.V.I.) Inc.	7,000,000	$ 823,083	-	$ -	(3,000,000)	($ 90,264)	$ 141,812	$ 76,973	4,000,000	100.00%	$ 951,604	$ -	$ 951,604	None
GrandTech (Cayman) Inc.	1,922,000	254,889	-	-	-	-	47,498	22,881	1,922,000	100.00%	325,268	-	325,268	〃
DeepStone Digital Technology Co. Ltd.	4,958,439	31,054	-	-	-	-	(3,573)	-	4,958,439	81.00%	27,481	-	27,481	〃
Abico Digital Imaging Inc.	100,000	(315)	-	-	-	-	-	-	100,000	100.00%	(315)	-	(315)	〃
Cogate Co., Ltd.	1,377,000	21,621	-	-	-	(1,293)	1,752	-	1,377,000	51.00%	22,080	-	22,080	〃
GrandTech Cloud Service Inc.	8,623,428	172,308	4,000,000	40,000	-	(1,306)	48,025	20,498	12,623,428	75.14%	279,525	-	279,525	〃
GoldSun Application Technology Co., Ltd.	2,000,000	25,856	-	-	-	(989)	(47)	-	2,000,000	100.00%	24,820	-	24,820	〃
		1,328,496		$ 40,000		($ 93,852)	$ 235,467	$ 120,352			$ 1,630,463		$ 1,630,463	
Long-term equity investment -credit Other non-current liabilities (Note 2)		315									315			
		$ 1,328,811									$ 1,630,778			

Note 1: On October 5, 2016 the subsidiary had changed its name to DeepStone Digital Technology Co. Ltd.
Note 2: The subsidiary's loss has exceeded its equity which has to be reclassified to other non-current liabilities.
Note 3:
(1) Net equity difference
(2) Other comprehensive income

GRANDTECH C.G. SYSTEMS INC.
SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Creditor	Type of loans	Balance, ending	Loan duration	Interest rate range	Financitng quota	Collateral	Note
Hua Nan Bank	Secured loans	$ 140,000	2022.7.7-2023.7.7	0.87%-1.83%	Overall credit limit	Promissory notes 400 millions and buildings	
Taiwan Bank	Credit loans	100,000	2022.3.17-2023.3.17	0.87%-1.70%	Overall credit limit	Promissory notes 100 millions	
Cathay United Bank	Credit loans	100,000	2022.6.4-2023.6.4	0.85%-1.50%	Overall credit limit	Promissory notes 100 millions	
DBS Bank	Credit loans	100,000	2022.6.8-2023.6.8	1.19%-1.40%	Overall credit limit	Promissory notes 100 millions	
Yuanta Bank	Credit loans	100,000	2022.10.5-2023.1.3	0.86%-1.42%	Overall credit limit	Promissory notes 100 millions	
		$ 540,000					

GRANDTECH　C.G. SYSTEMS INC.
DETAILS OF ACCOUNTS PAYABEL
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Supplier number	Summary	Amount	Note
0051	Accounts payable	$ 65,530	
Others	Accounts payable	10,872	Note
		$ 76,402	

Note: Balance of each supplier not exceeding 5% of the account amount.

GRANDTECH C.G. SYSTEMS INC.
DETAILS OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Items	Number	Amount	Note
Hardware and software sales		$ 342,236	
Less: Sales returns		(2,987)	
Sales allowances		(2,422)	
		336,827	
Service revenue		283,606	
		$ 620,433	

GRANDTECH C.G. SYSTEMS INC.
DETAILS OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Items	Amount
Beginning balance	$ 54,092
Plus: Purchase	464,984
Less: Reclassified as expenses	(6)
Ending balance	(92,968)
Cost of goods sold	426,102
Loss on decline in market value	6,433
	$ 432,535

GRANDTECH C.G. SYSTEMS INC.
DETAILS OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Amount	Summary	Amount	
Salaries and wages expenses		$	28,046
Travel expenses			2,291
Delivery expenses			2,420
Insurance expenses			2,773
Others (Note)			8,886
		$	44,416

Note: Balance of each item not exceeding 5% of the account amount.

GRANDTECH　C.G. SYSTEMS INC.
DETAILS OF GENERAL AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Amount	Summary	Amount	
Salaries and wages expenses		$	26,156
Depreciaton expenses			5,416
Others (Note)			13,249
		$	44,821

Note: Balance of each item not exceeding 5% of the account amount.

INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

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To the Board of Directors and Shareholders of GrandTech C.G, Systems Inc.

Opinion

We have audited the accompanying consolidated balance sheets of GrandTech C.G. System Inc. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinions, based on our audits and the reports of other independent accountants (please refer to Other matter-audits of the other independent accountants section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent accountants, we believe that 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 Group's 2022 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Valuation of allowance for uncollectible accounts

Description

Refer to Note 4(11) for accounting policy on allowance for uncollectible accounts valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to accounts receivable valuation, and Note 6(5) for description of allowance for uncollectible accounts. As of December 31, 2022, the Company's accounts receivable and allowance for uncollectible accounts amounted to NT$613,325 thousand and NT$6,968 thousand, respectively.

The Group estimates possible expected credit loss for its accounts receivable based on historical experience, prospective information, and other known causes or existing objective evidence. The Group recognises the accounts receivable that may not be recovered as a deduction item to accounts receivable in the period of valuation and the Group reassesses the reasonableness of the loss valuation periodically. The valuation of allowance for uncollectible accounts involves management's subjective judgement, various industry business indicators, or subsequent accounts' recoverability. Considering that the Group's accounts receivable and allowance for uncollectible accounts are significant to the financial statements, we considered the valuation of allowance for uncollectible accounts a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Evaluated the reasonableness of provision policies and procedures on the Group's allowance for uncollectible accounts based on the understanding of accounting principles and the Group's operations and Credit Quality Control Policy, including the reasonableness of group classification and aging analysis for deciding the Credit Quality Control Policy.
2. Obtained the aging report used for evaluating expected credit loss rate of accounts receivable considered by the management and tested the correctness of the aging report.

3. Assessed the reasonableness of expected credit loss valuation based on the provision matrix and obtained relevant supporting documentation, including prospective adjustments, collection status after the balance sheet date and indicators showing the inability of customers to repay on time.
4. Tested the correctness of calculation of provision for loss allowance based on the provision matrix.

Valuation of inventory

Description

Refer to Note 4(14) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for description of allowance for inventory valuation losses. As of December 31, 2022, the Company's inventories and allowance for inventory valuation losses amounted to NT$281,245 thousand and NT$33,466 thousand, respectively. The Group is engaged mainly in operating wholesale, retail and selling computers and its peripheral products. Since the product's life cycle is short and is affected by market competition, there is a higher risk of incurring inventory valuation losses. The Group's inventories are measured at the lower of cost and net realisable value, and the Group's determination of net realisable value for inventories involves subjective judgement resulting in a high degree of estimation uncertainty. Considering the Group's inventories and the allowance for inventory valuation losses are material to financial statements, we considered the estimation of the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of provision policies and procedures for allowance for inventory valuation losses based on our understanding of the Group's operations and industry.
2. Evaluated the reasonableness of individually identified obsolete or slow-moving inventories and related supporting documents, and verified against the information obtained from the physical inventory count observation.
3. Tested the lower of cost and net realisable value report, including Performed verification of logic in the net realisable value calculation and supporting documents for the net realisable value, and assessed the reasonableness of the Group's determination of allowance for inventory valuation loses.

Emphasis of matter

According to the Accounting Research And Development Foundation Interpretation 0000000535, Accounting of Prepayment for Acquisition of Cloud Computing Arrangement, the Group reclassified the cloud computing arrangement which was formerly accounted as intangible assets on December 31, 2022, December 31, 2021 and January 1, 2021 to current and non-current prepayments to suppliers based on the liquidity, we did not modified the audit opinion due to the aforementioned reason.

Other matter - audits of the other independent accountants

We did not audit the financial statements of a wholly-owned consolidated subsidiary and investments accounted for under the equity method that were included in the financial statements. Total assets of the subsidiary (including investments accounted for using the equity method) amounted to NT$1,032,158 thousand and NT$310,496 thousand, constituting 32% and 11% of consolidated total assets as at December 31, 2022 and 2021, respectively. Operating revenue of the subsidiary (including share of profit of associates and joint ventures accounted for using the equity method) amounted to NT$1,314,545 thousand and NT$247,450 thousand, constituting 25% and 5% of consolidated total operating revenue for the years ended December 31, 2022 and 2021, respectively.

Other matters – parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Grand Tech C.G. Systems Inc. as at and for the years ended December 31, 2022 and 2021.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Juanlu, Man-Yu

Feng, Min-Chuan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 3, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022, DECEMBER 31, 2021 AND JANUARY 01, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			December 31, 2022		(adjusted) December 31, 2021		(adjusted) January 1, 2021	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,395,488	43	$ 1,261,625	46	$ 913,623	34
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	1,209	-	4,197	-
1136	Current financial assets at amortised cost, net	6(4)	60,816	2	88,462	3	115,079	4
1150	Notes receivable, net	6(5)	19,496	1	30,563	1	21,072	1
1170	Accounts receivable, net	6(5)	606,357	19	459,370	17	745,159	28
1197	Finance lease receivable, net	6(10)	55,539	2	86,682	3	106,317	4
1200	Other receivables		19,521	1	9,680	-	59,017	2
130X	Inventory	6(6)	247,779	8	182,176	7	206,350	8
1410	Prepayments	5(1)	142,175	4	87,520	3	44,953 2	2
1470	Other current assets		6,454	-	2,771	-	3,100	-
11XX	**Current Assets**		2,553,625	80	2,210,058	80	2,218,867	83
	Non-current assets							
1510	Financial assets at fair value through profit or loss - noncurrent	6(2)	208,278	6	148,085	5	100,755	4
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	8,479	-	11,000	1	9,595	-
1600	Property, plant and equipment	6(7) and 8	150,164	5	147,112	5	145,646	5
1755	Right-of-use assets	6(9)	42,602	1	61,183	2	17,019	1
1780	Intangible assets	5(1) and 6(8)	35,434	1	34,465	1	81,513	3
1840	Deferred income tax assets	6(25)	26,066	1	25,374	1	26,601	1
1900	Other non-current assets	5(1), 6(11)(14)	183,828	6	132,659	5	76,499	3
15XX	**Non-current assets**		654,851	20	559,878	20	457,628	17
1XXX	**Total assets**		$ 3,208,476	100	$ 2,769,936	100	$ 2,659,221	99

(Continued)

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022, DECEMBER 31, 2021 AND JANUARY 01, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	(adjusted) December 31, 2021 AMOUNT	%	(adjusted) January 1, 2021 AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(12) and 8	$ 580,000	18	$ 660,000	24	$ 510,000	19
2110	Short-term notes and bills payable		-	-	-	-	59,980	2
2130	Current contract liabilities	6(19)	95,716	3	115,487	4	99,883	4
2150	Notes payable		-	-	2,310	-	1,496	-
2170	Accounts payable		468,396	14	351,689	13	393,543	15
2200	Other payables	6(13)	188,536	6	193,991	7	204,840	8
2230	Current income tax liabilities		25,696	1	35,444	1	31,544	1
2280	Current lease liabilities		31,661	1	24,707	1	8,055	-
2300	Other current liabilities		19,298	1	23,548	1	50,321	2
21XX	**Current Liabilities**		1,409,303	44	1,407,176	51	1,359,662	51
	Non-current liabilities							
2570	Deferred income tax liabilities	6(25)	2,514	-	1,616	-	1,566	-
2580	Non-current lease liabilities		16,159	1	30,760	1	9,397	-
2600	Other non-current liabilities	6(14)	5,519	-	15,205	1	18,195	1
25XX	**Non-current liabilities**		24,192	1	47,581	2	29,158	1
2XXX	**Total Liabilities**		1,433,495	45	1,454,757	53	1,388,820	52
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(16)						
3110	Share capital - common stock		620,894	19	575,894	21	590,374	22
	Capital surplus	6(17)						
3200	Capital surplus		242,213	8	145,448	5	193,311	7
	Retained earnings	6(18)						
3310	Legal reserve		243,846	8	214,462	7	186,401	7
3320	Special reserve		144,305	4	137,764	5	92,140	4
3350	Total unappropriated retained earnings (accumulated deficit)		228,440	7	113,606	4	154,569	6
	Other equity interest							
3400	Other equity interest		(43,435)	(1)	(144,306)	(5)	(104,378)	(4)
3500	Treasury stocks	6(16)	-	-	-	-	(88,938)	(3)
31XX	**Equity attributable to owners of the parent**		1,436,263	45	1,042,868	37	1,023,479	39
36XX	Non-controlling interest	6(27)	338,718	10	272,311	10	246,922	9
3XXX	**Total equity**		1,774,981	55	1,315,179	47	1,270,401	48
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 3,208,476	100	$ 2,769,936	100	$ 2,659,221	100

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

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(19)	$ 5,286,819	100	$ 4,935,845	100
5000	Operating costs	6(6)(24)	(4,409,442)	(83)	(4,080,880)	(83)
5900	Net operating margin		877,377	17	854,965	17
	Operating expenses	6(24)				
6100	Selling expenses		(295,574)	(6)	(297,336)	(6)
6200	General & administrative expenses		(147,270)	(3)	(140,585)	(3)
6300	Research and development expenses		(4,413)	-	(4,230)	-
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(2,559)	-	(306)	-
6000	Total operating expenses		(449,816)	(9)	(442,457)	(9)
6900	Operating profit		427,561	8	412,508	8
	Non-operating income and expenses					
7100	Interest income	6(20)	20,500	-	9,650	-
7010	Other income	6(21)	7,099	-	7,418	-
7020	Other gains and losses	6(22)	32,562	1	8,891	-
7050	Finance costs	6(23)	(19,379)	-	(11,606)	-
7000	Total non-operating revenue and expenses		40,782	1	14,353	-
7900	**Profit before income tax**		468,343	9	426,861	8
7950	Income tax expense	6(25)	(78,931)	(1)	(74,938)	(2)
8200	**Profit for the year**		$ 389,412	8	$ 351,923	6

(Continued)

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(14)	$ 625	-	($ 1,122)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(521)	-	1,405	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(126)	-	224	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(22)	-	507	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		114,984	2	(56,215)	(1)
8360	Components of other comprehensive income that will be reclassified to profit or loss		114,984	2	(56,215)	(1)
8300	**Other comprehensive income for the year**		$ 114,962	2	($ 55,708)	(1)
8500	**Total comprehensive income for the year**		$ 504,374	10	$ 296,215	5
	Profit (loss), attributable to:					
8610	Owners of the parent		$ 320,201	7	$ 279,937	5
8620	Non-controlling interest		69,211	1	71,986	1
	New Item		$ 389,412	8	$ 351,923	6
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 421,571	8	$ 239,111	4
8720	Non-controlling interest		82,803	2	57,104	1
	New Item		$ 504,374	10	$ 296,215	5
	Basic earnings per share	6(26)				
9750	Total basic earnings per share		$	5.49	$	4.87
	Diluted earnings per share	6(26)				
9850	Total diluted earnings per share		$	5.46	$	4.85

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

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent										
				Retained Earnings			Other equity interest					
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
Year ended December 31,2021												
Balance at January 1, 2021		$ 590,374	$ 193,311	$ 186,401	$ 92,140	$ 154,569	($ 103,973)	($ 405)	($ 88,938)	$ 1,023,479	$ 246,922	$ 1,270,401
Profit		-	-	-	-	279,937	-	-	-	279,937	71,986	351,923
Other comprehensive income		-	-	-	-	(898)	(41,333)	1,405	-	(40,826)	(14,882)	(55,708)
Total comprehensive income		-	-	-	-	279,039	(41,333)	1,405	-	239,111	57,104	296,215
Appropriations of 2020 earnings:	6(18)											
Legal reserve		-	-	28,061	-	(28,061)	-	-	-	-	-	-
Special reserve		-	-	-	45,624	(45,624)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(196,407)	-	-	-	(196,407)	-	(196,407)
Cash distributed from capital surplus	6(17)	-	(44,148)	-	-	-	-	-	-	(44,148)	-	(44,148)
Changes in ownership interests in subsidiaries	6(27)	-	(101)	-	-	-	-	-	-	(101)	12,062	11,961
Treasury shares transferred to employees		-	205	-	-	-	-	-	20,729	20,934	-	20,934
Cash dividends paid by subsidiaries	6(27)	-	-	-	-	-	-	-	-	-	(43,777)	(43,777)
Cancellation of treasury shares		(14,480)	(3,819)	-	-	(49,910)	-	-	68,209	-	-	-
Balance at December 31, 2021		$ 575,894	$ 145,448	$ 214,462	$ 137,764	$ 113,606	($ 145,306)	$ 1,000	$ -	$ 1,042,868	$ 272,311	$ 1,315,179
Year ended December 31,2022												
Balance at January 1, 2022		$ 575,894	$ 145,448	$ 214,462	$ 137,764	$ 113,606	($ 145,306)	$ 1,000	$ -	$ 1,042,868	$ 272,311	$ 1,315,179
Profit		-	-	-	-	320,201	-	-	-	320,201	69,211	389,412
Other comprehensive income		-	-	-	-	499	101,392	(521)	-	101,370	13,592	114,962
Total comprehensive income		-	-	-	-	320,700	101,392	(521)	-	421,571	82,803	504,374
Cash capital increase	6(16)	45,000	175,500	-	-	-	-	-	-	220,500	-	220,500
Employee stock options exercised	6(17)	-	155	-	-	-	-	-	-	155	-	155
Appropriations of 2021 earnings:	6(18)											
Legal reserve		-	-	29,384	-	(29,384)	-	-	-	-	-	-
Special reserve		-	-	-	6,541	(6,541)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(169,941)	-	-	-	(169,941)	-	(169,941)
Cash distributed from capital surplus	6(17)	-	(97,850)	-	-	-	-	-	-	(97,850)	-	(97,850)
Changes in ownership interests in subsidiaries	6(27)	-	18,960	-	-	-	-	-	-	18,960	29,571	48,531
Cash dividends paid by subsidiaries	6(27)	-	-	-	-	-	-	-	-	-	(45,967)	(45,967)
Balance at December 31, 2022		$ 620,894	$ 242,213	$ 243,846	$ 144,305	$ 228,440	($ 43,914)	$ 479	$ -	$ 1,436,263	$ 338,718	$ 1,774,981

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

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 468,343	$ 426,861
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	42,297	41,217
Amortisation	6(8)(24)	961	679
Expected credit loss	12(2)	2,559	306
Loss (Gain) on financial assests and liabilities at fairvalue through profit or loss	6(22)	(6,540)	5,907
Interest expense	6(23)	11,375	7,868
Interest revenue	6(20)	(20,500)	(9,650)
Dividend income	6(21)	(7,019)	(7,310)
Gain(Loss) on disposal of propetry, plant amd equipment	6(22)	(1,353)	229
Gains on disposal of financial assets at fair value through profit or loss	6(22)	(205)	-
Employee stock options	6(15)	155	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		16,665	(9,473)
Accounts receivable		(149,541)	285,291
Finance lease receivable, net		31,088	19,655
Other accounts receivable		(9,841)	49,337
Inventories		(65,603)	24,193
Other current assets		(67,365)	(41,922)
Other non-current assets		(46,789)	(36,242)
Changes in operating liabilities			
Contract liabilities		(19,771)	15,603
Notes payable		(2,310)	814
Accounts payable		116,707	(41,854)
Other payables		(4,342)	(22,807)
Other current liabilities		(4,250)	(26,773)
Cash inflow generated from operations		284,721	681,929
Interest received		20,500	9,650
Dividends received		7,019	7,310
Interest paid		(11,062)	(7,772)
Income tax paid		(78,418)	(55,092)
Net cash flows from operating activities		222,760	636,025

(Continued)

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Refund of financial assets at fair value through other comprehensive income	6(3) and 12(3)	$ 2,000	$ -
Disposal of financial assets at amortised cost-current		27,646	26,617
Disposal of financial assets at fair value through profit or loss		1,209	-
Acquistition of financial assets at fair value through profit or loss	12(3)	(47,652)	(50,250)
Acquisition og property, plant amd equipment	6(7)	(9,280)	(12,394)
Proceeds from disposal of property, plant and equipment		1,373	220
Acquisition of intangible assets	6(8)	(325)	(3,942)
Decrease in other non-current assets		(4,382)	2,700
Net cash flows used in investing activities		(29,411)	(37,049)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) Increase in short-term loans	6(28)	(80,000)	150,000
Decrease in short-term notes and bills payable	6(28)	-	(60,000)
Payments of lease liabilities	6(28)	(17,540)	(32,297)
Increase(Decrease) in other non-current liabilities		(9,686)	(2,989)
Cash dividends paid	6(18)	(161,302)	(184,449)
Cash distributed from capital surplus	6(17)	(97,850)	(44,148)
Cash dividends paid by subsidaries - non-controlling interest	6(27)	(45,967)	(43,777)
Treasury shares transferred to employees		-	20,728
Acquisition of subsidiaries	6(27)	(406)	(12,250)
Changes in non-controlling interest	6(27)	29,977	23,893
Cash capital increase	6(16)	220,500	-
Net cash flows used in financing activities		(162,274)	(185,289)
Effect of foreign exchange rate		102,788	(65,685)
Net increase in cash and cash equivalents		133,863	348,002
Cash and cash equivalents at beginning of year	6(1)	1,261,625	913,623
Cash and cash equivalents at end of year	6(1)	$ 1,395,488	$ 1,261,625

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

GRANDTECH C.G. SYSTEMS INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION AND SCOPE OF BUSINESS

GrandTech C.G. Systems Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in publishing and sales of popular books, magazines and computer software, as well as design and programming of user friendly functional programs and providing data processing services. The Company was listed in the R.O.C. Over-The- Counter Securities Exchange on January 23, 2002.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 3, 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 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

Note: Earlier application from January 1, 2021 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are 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 a single transaction'	January 1, 2023

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

(3) IFRSs issued by 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 Standards 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
Amendment to IFRS 17, 'Initial application of IFRS 17 and 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, 'Non-current liabilities with covenants'	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

These consolidated financial statements are the consolidated financial statements prepared by the Group in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the 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

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance 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

A. Basis for preparation of consolidated financial statements:

(a) 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.

(b) Inter-company transactions, balances and unrealised 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.

(c) 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 noncontrolling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
The Company	GrandTech (B.V.I.) Inc. (GrandTech (B.V.I.))	Holding company	100	100	Notes 1 and 9
The Company	GrandTech (Cayman) Inc. (GrandTech (Cayman))	Holding company	100	100	Note 1
The Company	DeepStone Digital Technology Co. Ltd. (DeepStone)	Publishing of popular books, etc.	81	81	Note 1
The Company	Abico Digital Imaging Inc. (Abico Digital)	Sales of computers and optical products	100	100	Note 1
The Company	Cogate Co., Ltd. (Cogate)	Sales of various microcomputers, business computers, industrial computers and computer software	51	51	Note 1
The Company	GoldSun Application Technology Co., Ltd. (GoldSun)	Agency of computer software, hardware and electronic products	100	100	Notes 1 and 3
The Company	GrandTech Cloud Services Inc.	Cloud service provider	75.14	77.71	Notes 1 and 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
The Company	Senco-Masslink Solutions Limited	Sales agency of hardware and software from Apple, Adobe and Symantee and peripheral equipment	55	55	Note 1
GrandTech (B.V.I.) and GrandTech (Cayman)	Senco-Masslink Technology Limited (Senco-Masslink)	Sales agency of hardware and software from Apple, Adobe and Symantee and peripheral equipment	55	55	Note 1
GrandTech (B.V.I.) and GrandTech (Cayman)	GrandTech Systems Sdn.Bhd.(GrandTech Systems Sdn.)	Drawing agency, multimedia, internet and others ralated to computer software and peripherals	100	100	Note 1
GrandTech (B.V.I.) and GrandTech (Cayman)	GrandTech Systems Limited (GrandTech Systems)	Drawing agency, multimedia, internet and others ralated to computer software and peripherals	100	100	Note 1
GrandTech (B.V.I.) and GrandTech (Cayman)	GrandTech (China) Limited (GrandTech (China))	Drawing agency, multimedia, internet and others ralated to computer software and peripherals	100	100	Note 1
GrandTech (B.V.I.)	GrandTech India Private Limited	Drawing agency, multimedia, internet and others ralated to computer software and peripherals	100	100	Note 1
GrandTech (B.V.I.)	Ability International Holding Ltd.	Holding company	-	-	Notes 1 and 4
GrandTech (Cayman)	GrandTech Systems Pte Limited (GrandTech Systems Pte)	Drawing agency, multimedia, internet and others ralated to computer software and peripherals	100	100	Note 1
GrandTech (China)	GrandTech Subsidiary in Guangzhou	Data processing and services rending	100	100	Note 1
GrandTech (China)	GrandTech International(Shanghai) Ltd. (GrandTech International(Shanghai))	Warehousing, wholesale and international trade	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
GrandTech Systems Pte	PT. GrandTech Systems Indonesia	Drawing agency, multimedia, internet and others ralated to computer software and peripherals	100	100	Note 1
DeepStone Digital Technology Co.,Ltd.	Topteam Information Co., Ltd.	Distribution information sofrware and book publishing industry	-	98.5	Notes 1, 8, 10 and 11
GrandTech Systems Sdn.	DPI Technology Sdn.Bhd.	Trading of various computers and related electronic products	52	52	Note 1
GrandTech Systems Sdn.	GTMY Sdn. Bhd. (GTMY)	Drawing agency, others ralated to computer software and	100	100	Note 1
DPI Technology Sdn.Bhd.	DPI International Ltd.	Trading of various computers and related electronic products	-	100	Notes 1 and 7
DPI Technology Sdn.Bhd.	DPI Techsign Pte.Ltd.	Trading of various computers and related electronic products	100	100	Notes 1 and 6
GrandTech Cloud Services Inc.	GrandTech Cloud Services (HK) Limited (GrandTech Cloud (HK))	Cloud service Provider	100	100	Notes 1 and 5
GrandTech Cloud Services Inc.	Netcore Network Communication Technology Corp.(Netcore)	Internet related computer software	63.25	63.25	Note 1
GrandTech International(Shanghai)	Ji Lu Shu Ma Technology (Shanghai)Ltd.	Warehousing, wholesale and international trade	100	100	Note 1

Note 1: For the year ended December 31, 2022, the financial statements of GrandTech (B.V.I.), GrandTech (Cayman), Senco-Masslink, Abico Digital, GrandTech Systems, GrandTech (China), and GoldSun and for the year ended December 31,2021, the financial statements of GrandTech (B.V.I.), GrandTech (Cayman), Senco-Masslink, Abico Digital, GrandTech Systems, GrandTech (China), Ability International Holding Ltd., and GoldSun were audited by independent accountants engaged by the Company. The financial statements of other companies except for those mentioned above were audited by other independent accountants.

Note 2: In June 2022, GrandTech Cloud Services Inc. conducted cash capital increase and retained 10% to be purchased by employees in accordance with the Company Act. In the capital increase, the Company acquired equity interest by $40,000, because the Company did not acquire equity interests in proportion to its ownership, the Company's ownership interest decreased from 77.71% to 75.14%. In March 2021, GrandTech Cloud Services Inc. increased its capital in cash for NTD 54,000 thousand for additional capital, and GrandTech Cloud Services Inc. reserves 10% for employee stock subscription in accordance with the Company Law, and and the Company’s shareholding ratio was changed from 80% to 77.71%.

Note 3: To enhance the effectivity of group resource, in March 2021, the Group acquired 49% of GoldSun at a consideration of $12,250 plus the 51% equity held in previous years due to the consideration of the overall operation and organization of the Group, holding a total of 100%

Note 4: The dissolution and liquidation of Ability International Holding Ltd. was completed in January 2021.

Note 5: In June 2022, for the needs of operation strategy, the Company’s subsidiary, GrandTech Cloud Services Inc., conducted cash capital increase with $9,500 equivalent to 2,500 thousand shares in the Company’s second-tier subsidiary, GrandTech Cloud Services (HK) Limited (GrandTech Cloud (HK)). After the cash capital increase in GrandTech Cloud (HK), the ownership interest of GrandTech Cloud Services Inc. was 100%. On April 2021, for the operations of the subsidiary, GrandTech Cloud Services Inc., increased $14,680 in cash and acquired 4,000 thousand shares in GrandTech Cloud Services (HK) Limited (GrandTech Cloud (HK)), the Group held 77.71% equity shares in total.

Note 6: In the third quarter of 2021, Techsign Pte.Ltd, increase capital in cash, the Group paid SGD $156,000 (approximately NTD $3,193) and acquired all the new shares.

Note 7: In January 2022, DPI International Ltd. completed the dissolution and liquidation process.

Note 8: In March 2022, because of the needs of operating strategy, the Company’s subsidiary, DeepStone Digital Technology Co., Ltd., acquired 1.5% of ownership interest in Topteam Information Co., Ltd. by $406, and along with the 98.5% ownership interest held in previous years, there was 100% of ownership interest.

Note 9: On September 14, 2022, the Board of Directors of the Company’s subsidiary, GrandTech (B.V.I.), approved to reduce capital by 42.86% and returned proceeds from capital reductions amounting to USD 3,000 thousand (approximate NT$90,264 thousand), and the ownership interest did not change.

Note 10: On August 8, 2022, the Board of Directors of the Company's second-tier subsidiary, Topteam Information Co., Ltd., approved to offset deficits by decreasing capital of $5,839 thousand, the proportion of capital reduction approximated to 18.34%, and the ownership interest did not change.

Note 11: In November 2022, Topteam Information Co., Ltd. dissolved due to a merger.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2022 and 2021, the non-controlling interest amounted to $338,718 and $272,311, respectively. The information on material non-controlling interest and respective subsidiaries are as follows:

		Non-controlling interest			Non-controlling interest		
		December 31, 2022			December 31, 2021		
Name of subsidiary	Principal place of business	Amount		Ownership %	Amount		Ownership %
Senco-Masslink	Hong Kong	$	148,884	45%	$	128,111	45%

Summarised financial information of the subsidiary:

	Senco-Masslink		Senco-Masslink	
	December 31, 2022		December 31, 2021	
Current assets	$	468,144	$	433,294
Non-current assets		90,286		92,701
Current liabilities	(	216,460)	(	206,692)
Non-current liabilities	(	11,117)	(	34,613)
Total net assets	$	330,853	$	284,690

Statements of comprehensive income

	Senco-Masslink			
	Year ended December 31, 2022		Year ended December 31, 2021	
Revenue	$	2,525,328	$	2,547,353
Profit before income tax		102,220		125,470
Income tax expense	(	15,289)	(	18,954)
Profit for the year		86,931		106,516
Other comprehensive income, net of tax		-		-
Total comprehensive income for the year	$	86,931	$	106,516
Comprehensive income attributable to noncontrolling interest	$	39,119	$	47,932
Dividends paid to non-contronlling	$	72,477	$	36,927

Statements of cash flows

	Senco-Masslink	
	Year ended December 31, 2022	Year ended December 31, 2021
Net cash (use in) provided by operating activities	$ 13,869	$ 189,534
Net cash used in financing activities	(75,000)	(24,036)
Increase in cash and cash equivalents	(61,131)	165,498
Cash and cash equivalents, beginning of year	196,766	31,268
Cash and cash equivalents, end of year	$ 135,635	$ 196,766

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the 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 and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) 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 remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) 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 recognised in profit or loss.

(c) 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 recognised 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 recognised in other comprehensive income. However, nonmonetary 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 the initial transactions. All 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'.

B. Translation of foreign operations

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

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

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

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation

(c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

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

(b) Assets held mainly for trading purposes;

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

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) 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 is engaged in leasing printers under finance leases and the operating cycle exceeds 1 year. The Group uses the operating cycle as its criterion for classifying current or non-current assets and liabilities related to such business.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. Dividends are recognised 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.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised 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.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. 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 recognised in profit or loss when the asset is derecognised or impaired.

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

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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 that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Leasing arrangements (lessor) - lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'finance lease receivable' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross finance lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The individual item approach is used in the comparison of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using equity method / associates

A. 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. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised 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 recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. 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 recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised 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, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. 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.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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:

Buildings	15~50 years
Leasehold equipment	1~5 years
Other equipment	1~8 years

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

A. Leases are recognised as a right-of-use asset 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 recognised as an expense on a straight-line basis over the lease term.

B. 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 fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset 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 recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(18) <u>Intangible assets</u>

A. Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks has a finite useful life and are amortized on a straight-line basis over their estimated useful life of 5 years.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(19) <u>Impairment of non-financial assets</u>

A. 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 recognised 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 recognising 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 amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. 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.

(20) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(21) Accounts payable

A. Accounts payable are liabilities for purchases of goods or services and accounts payable are those resulting from operating and non-operating activities.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit orloss.

(25) Employee benefits

A. 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 recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i 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 recognised 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 Group uses interest rates of government bonds at the balance sheet date.

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

C. Employees' compensation, directors' and supervisors' remuneration

Employees' compensation, directors' and supervisors' remuneration are recognised as expenses and liabilities, 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.

(26) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and nonmarket vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. 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.

C. Deferred tax is recognised, 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 nor loss. Deferred tax 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 realised or the deferred tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. 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 recognised amounts and there is an intention to settle on a net basis or realise 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 realise the asset and settle the liability simultaneously.

(28) Share capital

Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells software and hardware. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Sales revenue is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

(c) A receivable is recognised 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.

B. Computer information management and printer services

(a) The Group provides computer information management and printer maintenance services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

(b) Some contracts include multiple deliverables, such as the installation of hardware and software. In most cases, the installation is simple, does not include an integration service and could be performed by another party and supplier. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. If contracts include the sales of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

C. Information service revenue

It arises from the Group's enterprise integration service contract , and related revenue from providing information services is recognised in the accounting period in which the services are rendered.

(31) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received.

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

(32) Business combinations

A. 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 acquisitionrelated 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.

B. If the total of the fair values of the consideration of acquisition and any non-controlling interest in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired, the difference is recorded as goodwill; if less than the fair value of the Group's share of the identifiable net assets acquired, the difference is recognised directly in profit or loss.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements 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 judgements in applying the Group's accounting policies

According to the Accounting Research And Development Foundation Interpretation 0000000535 ‘Accounting of Prepayment for Acquisition of Cloud Computing Arrangement’, the Group’s second-tier subsidiary, GrandTech Cloud Services Inc.,will reserve advance usage amount of AWS cloud service from the supplier for the contracts which will use the cloud service in future 1 or 3 years. The contract only transfers the right of using AWS cloud service in the contract period, and GrandTech Cloud Services Inc. did not obtain the software, an intangible assets. Since the contract did not give rights to GrandTech Cloud Services Inc. for having the future economic benefit arising from the software and to restrict others obtaining the benefit, and the contract excluded software leasing, GrandTech Cloud Services Inc. did not obtain any decision rights on the usage and the purpose of using the software, the Group reclassified the cloud computing arrangement which was formerly accounted as intangible assets on December 31, 2022, December 31, 2021 and January 1, 2021 to current and non-current prepayments to suppliers, and changes of accounts are as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Prepayment (Listed in prepayments)	$ 131,184	$ 63,330	$ 17,274
Prepayment (Listed in other non-current assets)	105,646	58,859	28,149
Other intangible assets	(236,830)	(122,189)	(45,423)
	$ -	$ -	$ -

(2) Critical accounting estimates and assumptions

A. Impairment estimation of accounts receivable

The Group assessed expected credit impairment loss of accounts receivable based on historical experience, forward-looking information and other known reason or existing objective evidences. The significant impairment losses may occur if those indicators slowed down or declined in the future.

As of December 31, 2022, the carrying amount of the Group's accounts receivable was $606,357.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements 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 realisable 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 was $247,779.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 793	$ 720
Checking accounts and demand deposits	961,684	898,297
Time deposits	433,011	362,608
	$ 1,395,488	$ 1,261,625

A. The Group associates 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.

B. The Group has no cash and cash equivalents pledged to others.

(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	$ -	$ 6,364
Unlisted stocks	2,619	2,619
Valuation adjustment	(2,619)	(7,774)
	-	1,209
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 114,782	$ 114,096
Beneficiary certificates	90,749	37,540
Valuation adjustment	2,747	(3,551)
	208,278	148,085
	$ 208,278	$ 149,294

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2022	2021
Financial assets mandatorily measured at fair value		
Equity instruments	$ 6,745	($ 5,907)

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Non-current items:		
Unlisted stocks	$ 8,000	$ 10,000
Valuation adjustment	479	1,000
	$ 8,479	$ 11,000

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $8,479 and $11,000 as at December 31, 2022 and 2021, respectively.

B. Amounts recognised in profit or loss in relation to financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other commprehensive income	($ 521)	$ 1,405

C. The Group received $2,000 in 2022 due to the offset deficits by decreasing capital.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk is provided in Notes 12(2) and (3).

(4) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with original maturity of more than three months	$ 60,816	$ 88,462

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listedbelow:

	Years ended December 31,	
	2022	2021
Interest income from financial assets measured at amortised cost	$ 1,490	$ 1,712

B. The Group has no financial assets at amortised cost pledged to others as collateral.

C. The Group associates with a variety of financial institutions all with high credit quality, so it is expected that the probability of counterparty default is remote. The Group shall measure the loss allowance using 12-month expected credit losses amount. No loss allowance was recognised for the years ended December 31, 2022 and 2021.

(5) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 19,565	$ 30,656
Less: Loss allowance	(69)	(93)
	$ 19,496	$ 30,563
Accounts receivable	$ 613,325	$ 463,785
Less: Loss allowance	(6,968)	(4,415)
	$ 606,357	$ 459,370

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 471,583	$ 19,565	$ 437,535	$ 30,656
Up to 90 days	137,474	-	24,590	-
91 to 180 days	4,262	-	1,660	-
Over 180 days	6	-	-	-
	$ 613,325	$ 19,565	$ 463,785	$ 30,656

The above ageing analysis was based on past due date.

B. As of December 31, 2022, December 31, 2021 and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to $632,890, $494,441 and $770,337, respectively.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable was its book value, respectively.

D. Information relating to credit risk of accounts and notes receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Hardware and software	$ 254,817	($ 26,488)	$ 228,329
Machines, expendables and accessories	21,255	(3,102)	18,153
Book inventory	5,173	(3,876)	1,297
	$ 281,245	($ 33,466)	$ 247,779

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Hardware and software	$ 183,424	($ 20,246)	$ 163,178
Machines, expendables and accessories	17,851	(3,597)	14,254
Book inventory	8,258	(3,514)	4,744
	$ 209,533	($ 27,357)	$ 182,176

Expenses and losses incurred on inventories for the years ended December 31, 2022 and 2021 were as follows:

	Years ended December 31,	
	2022	2021
Cost of inventories sold	$ 4,355,731	$ 4,055,443
Service costs	47,432	26,997
Loss on decline in market value	4,530	-
Gain from reversal on decline in market value (Note 1)	-	(1,824)
Others (Note 2)	300	264
	$ 4,407,993	$ 4,080,880

Note 1: The gain from price recovery was caused by the reversal of allowance for inventory which were subsequently scrapped or sold.

Note 2: Includes gain or loss on inventory inspection, disposal of inventories and income from sale of scrapped materials.

(7) Property, plant and equipment

	Land	Buildings and structures	Leasehold equipment	Others	Total
January 1, 2022					
Cost	$ 95,456	$ 59,731	$ 751	$ 101,494	$ 257,432
Accumulated depreciation	-	(27,610)	(635)	(82,075)	(110,320)
	$ 95,456	$ 32,121	$ 116	$ 19,419	$ 147,112
2022					
Opening net book amount	$ 95,456	$ 32,121	$ 116	$ 19,419	$ 147,112
Additions	-	410	-	8,870	9,280
Disposals, net	-	-	(3)	(17)	(20)
Reclassification	-	2,970	-	-	2,970
Depreciation charge	-	(2,029)	(72)	(9,441)	(11,542)
Net exchange differences	-	539	3	1,822	2,364
Closing net book amount	$ 95,456	$ 34,011	$ 44	$ 20,653	$ 150,164
December 31, 2022					
Cost	$ 95,456	$ 63,730	$ 245	$ 101,807	$ 261,238
Accumulated depreciation	-	(29,720)	(201)	(81,153)	(111,074)
	$ 95,456	$ 34,010	$ 44	$ 20,654	$ 150,164

	Land	Buildings and structures	Leasehold equipment	Others	Total
January 1, 2021					
Cost	$ 95,456	$ 61,055	$ 15,265	$ 95,563	$ 267,339
Accumulated depreciation	-	(26,413)	(14,694)	(80,586)	(121,693)
	$ 95,456	$ 34,642	$ 571	$ 14,977	$ 145,646
2021					
Opening net book amount	$ 95,456	$ 34,642	$ 571	$ 14,977	$ 145,646
Additions	-	-	-	12,394	12,394
Disposals, net	-	-	(160)	(215)	(375)
Reclassification	-	-	-	7	7
Depreciation charge	-	(1,340)	(291)	(8,323)	(9,954)
Net exchange differences	-	(1,181)	(4)	579	(606)
Closing net book amount	$ 95,456	$ 32,121	$ 116	$ 19,419	$ 147,112
December 31, 2021					
Cost	$ 95,456	$ 59,731	$ 751	$ 101,494	$ 257,432
Accumulated depreciation	-	(27,610)	(635)	(82,075)	(110,320)
	$ 95,456	$ 32,121	$ 116	$ 19,419	$ 147,112

A. The significant components and estimated useful lives of property, plant and equipment are as follows:

Items	Significant components	Useful lives
Buildings and structures	Buildings, etc.	15 ~50 years
Leasehold equipment	Office machines, etc.	1 ~5 years
Others	Transportation vehicles, etc.	1 ~8 years

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Intangible assets

	Computer software	Goodwill	Total
January 1, 2022			
Cost	$ 8,466	$ 30,585	$ 39,051
Accumulated amortiziation and impairment	(4,586)	-	(4,586)
	$ 3,880	$ 30,585	$ 34,465
2022			
Opening net book amount	$ 3,880	$ 30,585	$ 34,465
Additions	325	-	325
Amortiziation charge	(961)	-	(961)
Net exchange differences	-	1,605	1,605
Closing net book amount	$ 3,244	$ 32,190	$ 35,434
December 31, 2022			
Cost	$ 8,420	$ 32,190	$ 40,610
Accumulated amortiziation and impairment	(5,176)	-	(5,176)
	$ 3,244	$ 32,190	$ 35,434

	Trademaraks	Computer software	Goodwill	Total
January 1, 2021				
Cost	$ 2,839	$ 4,502	$ 35,512	$ 42,853
Accumulated amortiziation and impairment	(2,839)	(3,924)	-	(6,763)
	$ -	$ 578	$ 35,512	$ 36,090
2021				
Opening net book amount	$ -	$ 578	$ 35,512	$ 36,090
Additions		3,942	-	3,942
Amortiziation charge	-	(678)	-	(678)
Net exchange differences	-	38	(4,927)	(4,889)
Closing net book amount	$ -	$ 3,880	$ 30,585	$ 34,465
December 31, 2021				
Cost	$ -	$ 8,466	$ 30,585	$ 39,051
Accumulated amortiziation and impairment	-	(4,586)	-	(4,586)
	$ -	$ 3,880	$ 30,585	$ 34,465

A. Details of amortization on intangible assets are as follows:

	Years ended December 31,	
	2022	2021
Selling expenses	$ 682	$ 264
Administrative expenses	220	414
Research and development expenses	59	-
	$ 961	$ 678

B. Goodwill is belonging to the Hong Kong and Macau regions of the Group by operating segments.

C. The Group reclassified the cloud computing arrangement (formerly accounted as intangible assets) of the subsidiary, GrandTech Cloud Services Inc., to prepayments to suppliers as of December 31, 2022, December 31, 2021 and January 1, 2021. Refer to Note 5 for details.

(9) Leasing arrangements – lessee

A. The Group leases various assets including warehouse buildings and business vehicles. 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.

B. Short-term leases with a lease term of 12 months or less comprise warehouse buildings. Low-value assets comprise multifunction printers and warehouse.

C. 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
Buildings	$ 40,748	$ 57,607
Other equipment (Business vehicles)	1,854	3,576
	$ 42,602	$ 61,183

	Years ended December 31,	
	2022	2021
	Carrying amount	Carrying amount
Buildings	$ 29,033	$ 29,540
Other equipment (Business vehicles)	1,722	1,723
	$ 30,755	$ 31,263

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $12,174 and $68,866, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 2,282	$ 1,446
Expense on short-term lease contracts	3,178	1,818
Expense on leases of low-value assets	596	679

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $23,596 and $36,240, respectively.

(10) Leasing arrangements - lessor

A. The Group leases various assets including digital printing assets and multifunction printers. Rental contracts are typically made for periods of 1 and 9 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Group leases digital printing assets to others under finance lease. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2022	2021
Finance income from the net investment in finance lease	$ 2,077	$ 2,877

C. The maturity analysis of the undiscounted lease payments under the finance lease is as follows:

	December 31, 2022	December 31, 2021
2022	$ -	$ 33,251
2023	22,528	22,528
2024	12,338	12,338
2025	12,490	12,490
2026	4,556	4,556
2027	4,556	4,556
2028 and after	2,278	2,278
	$ 58,746	$ 91,997

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2022	December 31, 2021
	Current	Current
Undiscounted lease payments	$ 58,746	$ 91,997
Unearned finance income	(3,151)	(5,228)
Allowance for finance lease receivable	(56)	(87)
Net investment in the lease	$ 55,539	$ 86,682

E. For the years ended December 31, 2022 and 2021, the Group recognised rent income in the amount of $404 and $1,596 respectively, based on the operating lease agreement, which does not include variable lease payments.

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022	December 31, 2021
2022	$ -	$ 184
2023	62	61
	$ 62	$ 245

(11) Other non-current assets

	December 31, 2022	December 31, 2021	January 1, 2021
Prepayments	$ 105,648	$ 58,859	$ 28,149
Guarantee deposits paid	72,869	69,149	70,745
Prepaid pension	5,311	4,651	5,754
	$ 183,828	$ 132,659	$ 104,648

(12) Short-term loans

Type of loans	December 31, 2022	Interest rate range	Collateral
Secured loans	$ 140,000	0.87%~1.83%	Please refer to Note 8
Unsecured loans	440,000	0.85%~2.00%	-
	$ 580,000		

Type of loans	December 31, 2021	Interest rate range	Collateral
Secured loans	$ 160,000	0.88%	Please refer to Note 8
Unsecured loans	500,000	0.85%~0.88%	-
	$ 660,000		

(13) Other payables

	December 31, 2022	December 31, 2021
Dividends payable	$ 77,746	$ 69,107
Employees' salary and compensation payable	36,829	50,512
Employees' compensation and directors' and supervisors' remuneration payable	23,324	20,588
Other accrued expenses	44,663	45,068
Other payables	5,974	8,716
	$ 188,536	$ 193,991

(14) Pensions

A. (a) The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute monthly an amount equal to 2% 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 and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve accountby December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit	($ 2,996)	($ 2,749)
Fair value of plan assets	8,160	7,310
Net defined benefit asset	$ 5,164	$ 4,561
Shown as 'Other non-current assets'	$ 5,311	$ 4,651
Shown as 'Other non-current liabilities'	($ 147)	($ 90)

(c) Movements in net defined benefit assets (liabilities) are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	($ 2,749)	$ 7,310	$ 4,561
Interest (expense) income	(20)	55	35
	(2,769)	7,365	4,596
Remeasurements:			
Return on plan assets (excluding amounts included in interest	-	852	852
Change in financial assumptions	189	-	189
Experience adjustments	(416)	-	(416)
	(227)	852	625
Pension fund contribution	-	161	161
Paid pension	-	(218)	(218)
Balance at December 31	($ 2,996)	$ 8,160	$ 5,164

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	($ 3,397)	$ 8,321	$ 4,924
Interest (expense) income	(11)	29	18
	(3,408)	8,350	4,942
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	117	117
Change in demographic assumptions	(127)	-	(127)
Change in financial assumptions	120	-	120
Experience adjustments	(1,361)	-	(1,361)
	(1,368)	117	(1,251)
Pension fund contribution	-	870	870
Paid pension	2,027	(2,027)	-
Balance at December 31	($ 2,749)	$ 7,310	$ 4,561

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 utilisation 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 is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2022	2021
Discount rate	1.40%	0.75%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Assumptions regarding future mortality experience are set based on the statistics and experience in the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit liability	$ 74	($ 77)	($ 75)	$ 73
December 31, 2021				
Effect on present value of defined benefit liability	$ 76	($ 79)	($ 76)	$ 74

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contribution to the defined benefit pension plans of the Group for the year ending December 31, 2023 is $0.

(g) As of December 31, 2022, the weighted average duration of that retirement plan is 10~11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 1,464
1-5 year(s)	2,311
5-10 year(s)	287
Over 10 years	-
	$ 4,062

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute 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. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $7,117 and $6,851, respectively.

(b) Overseas subsidiaries have defined contribution plans. For the years ended December 31, 2022 and 2021, the amount of pension expense was $12,837 and $11,732, respectively.

(15) Share-based payment

A. The Group's share-based payment arrangements were as follows:

(a) For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2021.03.04	440 thousands shares	-	Vested immediately
Cash capital increase reserved for employee preemption	2022.11.4	36 thousands shares	-	Vested immediately

The above share-based payment arrangements are settled by equity.

(b) Details of the share-based payment arrangements are as follows:

	2022		2021	
	No. of options (thousand shares)	Weighted-average exercise price (in dollars)	No. of options (thousand shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -	-	$ -
Options granted	36	49.0	440	47.1
Options exercised	(36)	49.0	(440)	47.1
Options outstanding at December 31	-	-	-	-
Options exercisable at December 31	-	-	-	-

(c) The fair value of Company's stock options granted on grant date ismeasured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest	Fair value per unit
Treasury stock transferred to employees	2021.03.04	$ 47.55	$ 47.1	18.07%	0.01 year	-	0.2%	$0.606
Cash capital increase reserved for employee preemption	2022.11.4	$ 53.30	$ 49.0	10.48%	0.01 year	-	0.78%	$4.3038

(d) Expenses incurred on the equity-settled share-based payment transactions for the years ended December 31, 2022 and 2021 were $155 and $267, respectively.

B. The share-based payment arrangements of the Company's subsidiary, GrandTech Cloud Services Inc. were as follows:

(a) For the years ended December 31, 2022 and 2021, GrandTech Cloud Services Inc.'s share-based payment arrangements were as follows:

arrangement	Grant date	granted	period	conditions
Cash capital increase reserved for employee preemption	2021.2.23	300 thousands	-	Immediately Vested
Cash capital increase reserved for employee preemption	2022.4.27	27 thousands shares	-	Immediately Vested

The above share-based payment arragements are settled by equity.

(b) The fair value of GrandTech Cloud Services Inc.'s stock options granted on grant date ismeasured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected option life	Expected option life	Expected dividends	Risk-free interest rate	Fair value p unit
Cash capital increase reserved for employee preemption	2021.02.23	$ 24.91	$ 25.0	36.76%	0.04 year	-	0.12%	$0.70
Cash capital increase reserved for employee preemption	2022.4.27	$ 76.85	$ 80.0	19.93%	0.02 year	-	0.41%	$0.08

(c) Expenses incurred on the equity-settled share-based payment transactions for the years ended December 31, 2022 and 2021 were $2 and $168, respectively.

(16) <u>Share capital</u>

A. As of December 31, 2022, the Company's authorised capital was $1,050,000, consisting of 105 million shares of ordinary stock, and the paid-in capital was $620,894 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (shares in thousands):

	2022	2021
At January 1	57,589	57,149
Cash capital increase	4,500	-
Treasury shares to be reissued to employee	-	440
At December 31	62,089	57,589

B. To increase the Company's working capital, the stockholders at their annual stockholders' meeting on August 4, 2022 adopted a resolution to raise additional cash with the effective date set on November 4, 2022. The actual number of shares issued is 4,500 thousand shares at an actual subscription price of $49 (in dollars) per share. The amount of capital raised was $200,500 which had been registered.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (in thousands of shares):

Reason for reacquisition	Year ended December 31, 2021				
	Beginning	Additions	Disposal	Retired	Ending
To be reissued to employees	1,888	-	(440)	(1,448)	-

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus. On July 11, 2018, the Board of Directors has resolved to reacquire shares to transfer to employees.

(c) In order to stimulate the morale of employees and enhance their solidarity, on March 4, 2011, the board of directors of the company resolve to transferred 440 thousands shares of treasury stock to employees.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(e) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition. The Company retired treasury shares of 1,448 thousand during December 2021

(17) Capital surplus

A. 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. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. On March 4, 2021, the Board of Directors resolved to distribute cash from the additional paid-in capital surplus amounting to $44,148 ($0.7725 per share).

C. On March 3, 2022, the shareholders during their meeting resolved to use the additional paid-in capital surplus to distribute cash amounting to $97,850 ($1.6991 per share).

D. Changes in capital surplus are as follows:

	Year ended December 31, 2022			
Reason for reacquisition	Share premium	Employee stock options	Change in ownership interest in subsidiaries	Total
January 1, 2022	$ 143,760	$ -	$ 1,688	$ 145,448
Cash capital increase	175,500	-	-	175,500
Compensation cost of share-based payments	-	155	-	155
Employee stock options exercised	155	(155)	-	-
Capital surplus used to issue cash to shareholders	(97,850)	-	-	(97,850)
The difference between the actual acquisition of the subsidiary's equity and the book value	-	-	18,960	18,960
December 31, 2022	$ 221,565	$ -	$ 20,648	$ 242,213

Reason for reacquisition	Share premium	Employee stock options	Treasury share transactions	Change in ownership interest in subsidiaries	Total
	Year ended December 31, 2021				
January 1, 2021	$ 191,522	$ -	$ -	$ 1,789	$ 193,311
Compensation cost of share-based payments	-	267	-	-	267
Treasury shares to be reissued to employees	-	(267)	205	-	(62)
Cash capital increase in subsidiary	-	-	-	2,023	2,023
The difference between the actual acquisition of the subsidiary's equity and the book value	-	-	-	(2,124)	(2,124)
Retirement of treasury shares	(3,614)	-	(205)	-	(3,819)
Capital surplus used to issue cash to shareholders	(44,148)	-	-	-	(44,148)
December 31, 2021	$ 143,760	$ -	$ -	$ 1,688	$ 145,448

(18) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve, until the legal reserve equals to the total paid-in capital. Special reserve is set aside or reversed, if necessary, in accordance with regulations or as required by the Securities and Exchange regulations. The remainder, if any, along with the current beginning unappropriated earnings, shall be proposed by the Board of Directors to be either retained or distributed as shareholders’ dividends, taking into account capital position and economic development. The proposal will be reported to the shareholders for a resolution.

In addition, the Company may distribute earnings or offset losses at the close of each year under the Company’s Articles of Incorporation. The earnings distributed in the form of cash shall be resolved by the Board of Directors; if earnings are distributed in the form of new shares, the appropriation of earnings shall be resolved by the shareholders under the regulation.

B. The Company’s dividend policy is adopted taking into consideration the Company’s financial structure, future capital expenditures, future cash flows and assurance of the Company’s competitiveness in the market. In accordance with the dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

C. 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 balance of the reserve exceeds 25% of the Company's paid in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of earnings for 2021 and cash dividends per share as resolved by the Board of Directors are as follows:

	Second quarter of 2021	Fourth quarter of 2021	Total
Date of resolution by the Board of Directors	August 5, 2021	March 3, 2022	
Legal reserve	$ 13,040	$ 14,864	$ 27,904
Special reserve	$ 33,387	$ 6,541	$ 39,928
Cash dividends	$ 69,107	$ 92,195	$ 161,302
Cash dividends per share (in dollars)	$ 1.2	$ 1.6	$ 2.8

F. The appropriations of earnings for 2022 and cash dividends per share as resolved by the Board of Directors are as follows:

	Second quarter of 2022	Fourth quarter of 2022	Total
Date of resolution by the Board of Directors	August 4, 2022	March 3, 2023	
Legal reserve	$ 14,520	$ 17,550	$ 32,070
Special reserve	$ -	$ -	$ -
Cash dividends	$ 77,746	$ 232,835	$ 310,581
Cash dividends per share (in dollars)	$ 1.35	$ 3.75	$ 5.1

(19) Operating revenue

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sales revenue	$ 4,879,650	$ 4,568,008
Service revenue	406,845	366,349
Others-rentincome	324	1,488
	$ 5,286,819	$ 4,935,845

A. Disaggregation of revenue from contracts with customers The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major geographical regions:

Year ended December 31, 2022	Taiwan area	Hong Kong and Macao areas	Other areas	Other areas
Timing of revenue recognition				
At a point in time	$ 1,409,329	$ 3,550,743	$ 281,087	$ 5,241,159
Over time	45,336	-	-	45,336
	$ 1,454,665	$ 3,550,743	$ 281,087	$ 5,286,495

Year ended December 31, 2021	Taiwan area	Hong Kong and Macao areas	Other areas	Other areas
Timing of revenue recognition				
At a point in time	$ 1,211,694	$ 3,458,552	$ 228,339	$ 4,898,585
Over time	35,772	-	-	35,772
	$ 1,247,466	$ 3,458,552	$ 228,339	$ 4,934,357

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Contract liabilities - advance sales receipts	$ 95,716	$ 115,487	$ 99,884

	Years ended December 31,	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 112,451	$ 86,902

(20) Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 15,720	$ 5,057
Finance income from the investment in the lease	2,077	2,877
Interest income from financial assets measured at amortised cost	1,490	1,712
Other interest income	1,213	4
	$ 20,500	$ 9,650

(21) Other gains and losses

	Years ended December 31,	
	2022	2021
Rental revenue	$ 80	$ 108
Dividend income	7,019	7,310
	$ 7,099	$ 7,418

(22) Other gains and losses

	Years ended December 31,	
	2022	2021
Gains on disposals of property, plant and equipment	$ 1,353	($ 229)
Gains on disposals of investments	205	-
Net currency exchange gains	11,192	8,649
Gains (losses) on financial assets at fair value through profit or loss	6,540	(5,907)
Other gains	13,272	6,378
	$ 32,562	$ 8,891

(23) Finance costs

	Years ended December 31,	
	2022	2021
Interest expense:		
Bank borrowings	$ 9,093	$ 6,422
Lease liabilities	2,282	1,446
Other finance expenses	8,004	3,738
	$ 19,379	$ 11,606

(24) Employee benefits expense, depreciation and amortisation

Function / Nature	Year ended December 31, 2022		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expense:			
Wages and salaries	$ -	$ 281,083	$ 281,083
Labor and health insurance fees	-	11,553	11,553
Pension costs	-	19,919	19,919
Directors' remuneration	-	2,853	2,853
Other personnel expenses	-	7,432	7,432
Depreciation	119	42,178	42,297
Amortisation	-	961	961
Amortisation of prepayments	88,370	-	88,370

Function / Nature	Year ended December 31, 2021		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expense:			
Wages and salaries	$ -	$ 280,852	$ 280,852
Labor and health insurance fees	-	11,368	11,368
Pension costs	-	18,565	18,565
Directors' remuneration	-	2,489	2,489
Other personnel expenses	-	8,327	8,327
Depreciation	290	40,927	41,217
Amortisation	-	679	679
Amortisation of prepayments	48,549	-	48,549

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees’ compensation and directors’ remuneration. The ratio shall be 4% to 11% for employees’ compensation and shall not be higher than 3% for directors’ remuneration.

B. For the years ended December 31, 2022 and 2021, employees’ compensation was accrued at $14,263 and $12,448, respectively; while directors’ and supervisors’ remuneration was accrued at $2,853 and $2,489, respectively. The aforementioned amounts were recognised in salary expenses.

The expenses recognised for 2022 were accrued based on the profit of current year distributable.

The actual distributed remuneration as resolved by the Board of Directors amounted to $17,116. The employees' compensation will be distributed in the form of cash.

C. Employees' compensation and directors' and supervisors' remuneration for 2021 as resolved by the Board of Directors were in agreement with the amount recognised in the 2021 financial statements.

D. Information on employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the board of directors and shareholders will be posted in the "MarketObservation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2022	2021
Current tax:		
Current tax on profits for the year	$ 79,442	$ 74,849
Additional tax on undistributed earnings	(591)	(1,412)
Total current tax	78,851	73,437
Deferred tax:		
Origination and reversal of temporary differences	80	1,501
Total deferred tax	80	1,501
Income tax expense	$ 78,931	$ 74,938

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2022	2021
Remeasurement of defined benefit obligations	($ 126)	$ 224

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2022	2021
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 127,460	$ 117,883
Tax exempt income by tax regulation	(47,938)	(41,533)
Prior year income tax over estimation	(591)	(1,412)
Income tax expense	$ 78,931	$ 74,938

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other omprehensive income	December 31
Deferred tax assets :				
Temporary differences				
Allowance for bad debts in excess of tax-deductible limit	$ 2,333	$ -	$ -	$ 2,333
Inventory valuation loss	7,054	1,287	-	8,341
Compensated absences	878	-	-	878
Impairment loss	1,588	-	-	1,588
Others	2,139	(469)	(126)	1,544
Tax losses	11,382	-	-	11,382
	$ 25,374	$ 818	($ 126)	$ 26,066
Deferred tax liabilities:				
Temporary difference				
Unrealised exchange gain	($ 1,616)	($ 898)	$ -	($ 2,514)

	Year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in other omprehensive income	December 31
Deferred tax assets :				
Temporary differences				
Allowance for bad debts in excess of tax-deductible limit	$ 2,333	$ -	$ -	$ 2,333
Inventory valuation loss	6,842	212	-	7,054
Compensated absences	878	-	-	878
Impairment loss	1,588	-	-	1,588
Others	3,578	(1,663)	224	2,139
Tax losses	11,382	-	-	11,382
	$ 26,601	($ 1,451)	$ 224	$ 25,374
Deferred tax liabilities:				
Temporary difference				
Unrealised exchange gain	($ 1,566)	($ 50)	$ -	($ 1,616)

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the subsidiary, GrandTech Systems Pte Limited are as follows:

December 31, 2022				
Area	Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets
Singapore	107	$ 66,953	$ 66,953	$ -

December 31, 2021				
Area	Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets
Singapore	107	$ 66,953	$ 66,953	$ -

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	Years ended December 31,	
	2022	2021
Deductible temporary differences	$ 2,440	$ 2,440

E. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 320,201	58,305	$ 5.49
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	306	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 320,201	58,611	$ 5.46

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 279,937	57,513	$ 4.87
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	250	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 279,937	57,763	$ 4.85

(27) Transactions with non-controlling interest

	Years ended December 31, 2022	Years ended December 31, 2021
At January 1	$ 272,311	$ 246,922
Share attributable to non-controlling interest:		
(Loss) profit for the year	69,211	71,986
Unrealized (loss) gain from financial assets at fair value through other comprehensive income	13,592	(14,882)
Cash dividends distributed by subsidiaries	(45,967)	(43,777)
Change of non-controlling interests：		
Acquisition of issued shares of subsidiaries	(406)	(10,125)
Issuance of subsidiary's ordinary shares for cash	29,977	22,187
At December 31	$ 338,718	$ 272,311

A. In March 2021, the Group acquired the issued shares of GoldSun $12,250 in cash, which adjusted the equity held by the Group to 100%. This transaction reduced non-controlling interests by $10,125, which equity attributable to owners of the parent decreased by $2,124.

B. GrandTech Cloud Services Inc., a consolidated subsidiary of the Group, issued new shares in March 2021, and the Group subscribed to reduce its equity by 2.29%. The transaction increased the non-controlling interest by $18,977, and the equity attributable to the owners of the parent company increased by $2,023.

C. In March 2022, the Group's consolidated subsidiary, DeepStone Digital Technology Co., Ltd., acquired the outstanding shares of the consolidated subsidiary, Topteam Information Co., Ltd. by cash of $406, caused the Group's ownership interest adjusted to 100%, and the transaction decreased non-controlling interest amounting to $406.

D. On June 28, 2022, the Group's consolidated subsidiary, GrandTech Cloud Services Inc., processed cash capital increase by issuing new shares, and the Group subscribed the new share in the amount of $40,000. As the Group did not acquired shares proportionately, the Group's ownership interest decreased by 2.57%.

(28) Changes in liabilities from financing activities

	Short-term borrowings	Lease iabilities	Liabilities from inancing activities-gross
January 1, 2022	$ 660,000	$ 55,467	$ 715,467
Changes in cash flow from financing activities	(80,000)	(17,540)	(97,540)
Changes in non-cash items-hanges in lease	-	9,893	9,893
December 31, 2022	$ 580,000	$ 47,820	$ 627,820

	Short-term borrowings	Short-term notes and bills payabl	Lease iabilities	Liabilities from inancing activities-gross
January 1, 2021	$ 510,000	$ 60,000	$ 17,452	$ 587,452
Changes in cash flow from financing activities	150,000	(60,000)	(32,297)	57,703
Changes in non-cash items-hanges in lease	-	-	70,312	70,312
December 31, 2021	$ 660,000	$ -	$ 55,467	$ 715,467

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Years ended December 31, 2022	Years ended December 31, 2021
Short-term employee benefits	$ 36,724	$ 42,087
Post-employment benefits	432	431
	$ 37,156	$ 42,518

8. PLEDGED ASSETS

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

Item	Book Value December 31, 2022	Book Value December 31, 2021	Purpose
Property, plant and equipment			
Land	$ 90,581	$ 90,581	short-term borrowings
Buildings	12,694	10,814	short-term borrowings
	$ 103,275	$ 101,395	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2022, the Group issued guarantee notes for bank loans amounting to $800,000.

10. 10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 3, 2023, the Board of Directors resolved the appropriation of earnings for the fourth quarter of 2022 and the distribution of cash from capital surplus. Details are provided in Notes 6(18).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. 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. The Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans (including 'current loans' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

	December 31, 2022	December 31, 2021
Total loans	$ 580,000	$ 660,000
Less: Cash and cash equivalents	(1,395,488)	(1,261,625)
Net debt	($ 815,488)	($ 601,625)
Total equity	$ 1,774,981	$ 1,315,179
Gearing ratio	-	-

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss	$ 208,278	$ 149,294
Financial assets at fair value through other comprehensive income	8,479	11,000
Financial assets at amortised cost	2,230,086	1,936,382
	$ 2,446,843	$ 2,096,676
Financial liabilities		
Financial liabilities at amortised cost	$ 1,242,451	$ 1,207,990
Lease liabilities	47,820	55,467
	$ 1,290,271	$ 1,263,457

Note: Financial assets at amortised cost include cash, financial assets at amortised cost (time deposits with maturity over three months), accounts and notes receivable, finance lease receivable, other receivables as well as guarantee deposits paid; financial liabilities at amortised cost include short-term borrowings, short-term bills payable, accounts and notes payable, other payables as well as guarantee deposits received.

B. Financial risk management policies

(a) 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's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) 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.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subisdiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

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

iv. 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 Amount (In Thousands)		Exchange Rate		Book Value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	4,654	30.71	$	142,924
USD:HKD		4,700	7.80		144,336
Financial liabilities					
Monetary items					
USD:NTD	$	2,716	30.71	$	83,408
USD:HKD		4,526	7.80		138,996

	December 31, 2021				
	Foreign Currency Amount (In Thousands)		Exchange Rate		Book Value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	1,602	27.68	$	44,343
USD:HKD		1,634	7.80		12,745
Financial liabilities					
Monetary items					
USD:NTD	$	1,509	27.68	$	41,769
USD:HKD		27,741	7.80		767,871

v. Total exchange gain (loss), including realised and unrealised 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 $11,192 and $8,649, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,429	$ -
USD:HKD	1%	$ 1,443	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 834	$ -
USD:HKD	1%	$ 1,390	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 443	$ -
USD:HKD	1%	127	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 418	$ -
USD:HKD	1%	7,679	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and 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.

ii. The Group's investments in equity securities comprise shares 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 for the years ended December 31, 2022 and 2021 would have increased/decreased by $20,828 and $14,929, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have both increased/decreased by $848 and $1,100, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk.

ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

iii. If the borrowing interest rate borrowings denominated in New Taiwan dollars, United States dollars and Malaysian Ringgit had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have decreased/increased by $4,640 and $5,280, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. 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 amortised cost.

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing 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 limits are set based on internal or external ratings in accordance with limits set. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the following assumptions to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) 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.

(ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The default occurs when the contract payments are past due over 180 days.

vi. The Group classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

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

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

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

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

viii. The Group used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable and finance lease payments receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	0~90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2022					
Expected loss rate	0.03%~0.72%	2.79%	27.85%	100.00%	
Total book value	$ 546,743	$ 137,474	$ 4,262	$ 6	$ 688,485
Loss allowance	$ 2,064	$ 3,836	$ 1,187	$ 6	$ 7,093

	Not past due	0~90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2021					
Expected loss rate	0.02%~0.66%	2.65%	17.59%	100.00%	
Total book value	$ 554,960	$ 24,590	$ 1,660	$ -	$ 581,210
Loss allowance	$ 3,651	$ 652	$ 292	$ -	$ 4,595

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable, and finance lease payments receivable are as follows:

	Year ended December 31, 2022			
	Accounts	Notes receivable	Finance lease payments receivable	Total
At January 1	$ 4,415	$ 93	$ 87	$ 4,595
Provision for impairment	2,614	-	-	2,614
Reversal of impairment loss	-	(24)	(31)	(55)
Effect of foreign exchange	(61)	-	-	(61)
At December 31	$ 6,968	$ 69	$ 56	$ 7,093

	Year ended December 31, 2021			
	Accounts	Notes receivable	Finance lease payments receivable	Total
At January 1	$ 3,995	$ 111	$ 107	$ 4,213
Provision for impairment	344	-	-	344
Reversal of impairment loss	-	(18)	(20)	(38)
Effect of foreign exchange	76	-	-	76
At December 31	$ 4,415	$ 93	$ 87	$ 4,595

(c) Liquidity risk

i. 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 while maintaining sufficient headroom on its undrawn committed loan facilities at all times so that the Group does not breach loan limits or covenants on any of its loan facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, external regulatory or legal requirements, for example, currency restrictions.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate:		
Expiring within one year	$ 325,000	$ 540,000

iv. 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 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Lease liability	39,533	14,625	1,586	-

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Lease liability	30,535	24,246	10,884	129

(3) Fair value information

A. 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 bank debentures and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value The carrying amounts of cash and cash equivalents, notes and accounts receivable, finance lease receivable, other receivables, financial assets at amortised cost (time deposits with maturity over three months), short-term borrowings, notes and accounts payable, other payables as well as long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 is as follows:

(a)The related information on the nature of the assets and liabilities is 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	$ -	$ -	$ 208,278	$ 208,278
Financial assets at fair value through profit or loss income	-	-	8,479	8,479
Equity securities	$ -	$ -	$ 216,757	$ 216,757

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 1,209	$ -	$ 148,085	$ 149,294
Financial assets at fair value through profit or loss income	-	-	11,000	11,000
Equity securities	$ 1,209	$ -	$ 159,085	$ 160,294

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. 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.

ii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group’s financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Year ended December 31, 2022		
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
At January 1	$ 148,085	$ 11,000	$ 159,085
Gains and losses recognised in profit or loss	6,745	-	6,745
Gains and losses recognised in other comprehensive income	-	(521)	(521)
Acquired in the period	47,652	-	47,652
Refund in the period	-	(2,000)	(2,000)
Effect of exchange rate change	5,796	-	5,796
At December 31	$ 208,278	$ 8,479	$ 216,757

	Year ended December 31, 2021		
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
At January 1	$ 100,755	$ 9,595	$ 110,350
Gains and losses recognised in other comprehensive income	(2,920)	1,405	(1,515)
Acquired in the period	50,250	-	50,250
At December 31	$ 148,085	$ 11,000	$ 159,085

F. For the years ended December 31, 2022 and 2021 there was no transfer into or out from Level 3.

G. Finance and accounting segment is in charge of valuation procedures for fair value measurements being categorised 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.

H. 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	Relationship of inputs to fair value
Non-derivative				
Unlisted shares	$ 114,151	Market companies	Price to earnings ratio multiple, enterprise value to operating income ratio	The higher the multiple, the higher the fair value
			Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
Fund	94,127	Net asset	Not applicable	Not applicable

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative				
Unlisted shares	$ 124,465	Market companies	Price to earnings ratio multiple	The higher the multiple, the higher the fair value
			Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
Fund	34,620	Net asset	Not applicable	Not applicable

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	± 1%	$ 2,083	($ 2,083)	$ 85	($ 85)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	± 1%	$ 1,481	($ 1,481)	$ 110	($ 110)

13. SEGMENT INFORMATION

(1) General information

The Group manages business and sets up policies from a geographic sales perspective, thus, management identifies reportable operating segment using the same method.

The businesses of the Group are mainly divided into two parts: Taiwan region and Hong Kong and Macao areas. Taiwan region includes Taipei and Kaohsiung and Hong Kong and Macao areas mainly include Hong Kong. Each region is mainly engaged in the distribution of business machine equipment, and the distribution and retail of information software.

(2) Information on segment profit or loss and assets

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

	Year ended December 31, 2022				
	Taiwan Region	Hong Kong and Macao areas Greater China Region	Other Regions	Reconciliation	Total
Revenue					
Revenue from external customers	$ 1,454,665	$ 3,550,743	$ 281,087	$ -	$ 5,286,495
Revenue from parent company and consolidated subsidiaries	113,528	310,438	20,129	(444,095)	-
Revenue from contracts with customers	$ 1,568,193	$ 3,861,181	$ 301,216	($ 444,095)	$ 5,286,495
Others - rent income	$ -	$ -	$ 324	$ -	$ 324
Total revenue	$ 1,568,193	$ 3,861,181	$ 301,540	($ 444,095)	$ 5,286,819
Segment income	$ 445,870	$ 255,403	$ 203,896	($ 436,826)	$ 468,343
Segment income (loss):					
Depreciation and amortisation	$ 14,319	$ 26,675	$ 3,745	($ 1,481)	$ 43,258
Interest income	($ 4,628)	($ 1,349)	($ 15,041)	$ 518	($ 20,500)
Interest expense	$ 9,191	$ 2,183	$ 23	($ 22)	$ 11,375
Income tax expense	$ 38,287	$ 37,041	$ 3,603	$ -	$ 78,931
Total segment assets	$ 3,030,085	$ 1,154,597	$ 1,721,405	($ 2,697,611)	$ 3,208,476

	Year ended December 31, 2021				
	Taiwan Region	Hong Kong and Macao areas Greater China Region	Other Regions	Reconciliation	Total
Revenue					
Revenue from external customers	$ 1,247,466	$ 3,458,552	$ 228,339	$ -	$ 4,934,357
Revenue from parent company and consolidated subsidiaries	135,313	227,776	1,607	(364,696)	-
Revenue from contracts with customers	$ 1,382,779	$ 3,686,328	$ 229,946	($ 364,696)	$ 4,934,357
Others - rent income	$ -	$ -	$ 1,488	$ -	$ 1,488
Total revenue	$ 1,382,779	$ 3,686,328	$ 231,434	($ 364,696)	$ 4,935,845
Segment income	$ 377,485	$ 262,073	$ 188,886	($ 401,583)	$ 426,861
Segment income (loss):					
Depreciation and amortisation	$ 13,402	$ 24,499	$ 4,093	($ 98)	$ 41,896
Interest income	($ 3,132)	($ 6)	($ 8,137)	$ 1,625	($ 9,650)
Interest expense	$ 6,014	$ 3,630	($ 54)	($ 1,722)	$ 7,868
Income tax expense	$ 29,931	$ 41,435	$ 3,572	$ -	$ 74,938
Total segment assets	$ 2,517,642	$ 1,052,036	$ 1,494,529	($ 2,294,271)	$ 2,769,936

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm’ s length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

(4) Information on product and service

Revenue from external customers is mainly from distributing business machine equipment, and distributing and retail of information software. Details of revenue are provided in Note 6(19).

(5) Geographical information

	Years ended December 31,			
	2022		2021	
Region	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 1,454,665	$ 239,648	$ 1,247,466	$ 213,295
Hong Kong	3,551,067	121,231	3,458,552	116,147
Others	281,087	51,149	229,827	45,977
	$ 5,286,819	$ 412,028	$ 4,935,845	$ 375,419

(6) Major customers’ financial information

For the years ended December 31, 2022and 2021, no customer accounted for more than 10% of the sales revenue in the consolidated statements of comprehensive income.

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