Stock Code 2477

Meiloon Industrial Co., Ltd.

2022 Annual Report

Published on June 5, 2023
For information about the Annual Report, visit:
http://mops.twse.com.tw/
Company Website: http://www.meiloon.com.tw/

Meiloon Industrial Co., Ltd.

2022 Annual Report

I. Information on the Company’s Spokesperson and Acting Spokesperson:

Spokesperson
Name: Kuo Li-Jung
Title: Manager of Finance
Tel: (03) 3261611
Email: eva.kuo@meiloon.com
Acting Spokesperson
Name: Chen Meng-Lin
Title: Associate Manager of Finance
Tel: (03) 3261611
Email: merlin@meiloon.com

II. Address and Tel of Head Office and Factory

Address of Head Office and Factory: No. 99, Xingfu Road, Taoyuan District, Taoyuan City
Telephone of Head Office and Factory: (03) 3261611

III. Stock Transfer Agent:

Name: Yuanta Securities Co., Ltd. Registrar and Transfer Agency Department
Address: B1, No. 210, Sec. 3, Chengde Road, Taipei
Website: http://www.yuanta.com.tw/
Tel: (02) 25865859

IV. Certified Public Accountants for the Latest Annual Financial Statements:

Name of CPAs: Accountant Lin Yueh-Hsia、Lee Tsung-Ming
Name of Firm: PKF Taiwan
Address: 4F, No. 118, Xingshan Road, Neihu District, Taipei City
Website: http://www.pkf.com.tw/
Tel: (02) 87922628

V. Names of stock exchanges where foreign securities are listed and inquiry on the information of foreign securities: None

VI. Company Website: http://www.meiloon.com.tw/

Meiloon Industrial Co., Ltd.

Person-in-Charge: Wei-Chung Wu

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I. Letter to Shareholders

Dear Shareholders,

The sales in first three quarters of 2022 performed well; however, from the fourth quarter onwards, we met external challenges, such as the global inflation and accelerated interest rate hikes in the United States. As a result, end demand weakened, making for a lackluster consumer market and a more prolonged global destocking process than initially expected. Under the effort of the Company and the employees, we still achieved the annual business goal we set.

Q1 sales this year is still slow, the consumer market remains weak and the shipment is below what we expected. The shipment might be deferred to Q2. We expect that the sales for Q3 will recover when the consumer market returns to normal. With completion of destocking and recovery of end demand, shipment increase quarter over quarter is expected.

The Company continues to expand new sales markets, including government projects and EV industry, invest R&D on new products and engage in the field of business application technology. In addition, the factory construction in Indonesia has been completed under the Company's southbound policy. We will make use of these 3 operation centers located in China, Indonesia and Taiwan to maximize our operation performance and perform lean management to continue our efforts for support of our shareholders and employees.

Below is our business performance of 2022 and the business outlook for 2023:

I. 2022 Business Report

(I) Result of Implementation of Business Plan

Based on a comprehensive assessment of our overall operating performance in 2022, the net operating revenue amounted to NT$3,490,837 thousand, down by 7.26% from 2021; net income after tax was NT$83,933 thousand, with a significant drop of 94.84% compared with that of NT$1,626,652 thousand in 2021, indicating a decrease of NT$1,542,719 thousand.

Unit: In Thousands of New Taiwan Dollars

Account	Performance in 2022	Performance in 2021	Rate of Increase or Decrease %
Operating revenue	3,490,837	3,763,996	-7.26%
Operating costs	3,009,603	3,142,625	-4.23%
Gross profit	481,234	621,371	-22.55%
Operating expenses	512,466	648,802	-21.01%
Net operating income	-31,232	-27,431	-13.86%
Net income before tax	255,803	2,603,851	-90.18%
Net income after tax	83,933	1,626,652	-94.84%

(II) Execution of the Budget: We have not announced any financial forecast for 2022.

(III) Analysis of the Company's financial income and expenditure and its profitability

Unit: In Thousands of New Taiwan Dollars

Net income after tax for 2022	83,933	
Net income after tax for 2021	1,626,652	
Total variance (unfavorable)		(1,542,719)

Variance analysis:		
Decrease in sales revenue	(273,159)	
Less: Decrease in cost of goods sold	(133,022)	
＝Gross profit variance (unfavorable)		(140,137)
Operating expenses for 2022	512,466	
Less: Operating expenses for 2021	648,802	
＝Operating expense variance (favorable)		136,336
Net non-operating income for 2022	287,035	
Less: Net non-operating income for 2021	2,631,282	
＝Net non-operating income variance(unfavorable)		(2,344,247)
Income tax expense for 2022	(171,870)	
Less: Income tax expense for 2021	(977,199)	
＝Income tax expense variance (favorable)		805,329
Total variance (unfavorable)		(1,542,719)

(IV) R&D

Our developed products for 2022 are as follows:

Item	Result of R&D	Performance Description
1	Glass sound film tweeter	The glass sound film extends the high frequency to 40KHZ, making the sound more delicate.
2	The environmental friendly PET injection molding under cooperation with Nan Ya Plastics applies to various traditional plastic molding	Industrial recycled PET pellets can significantly reduce carbon dioxide emissions by 89.48% to 96.55%.
3	NS-HTSB2123 SOUNDBAR WITH WIRELESS SUB	I. The NS-HTSB2123 model (25W x 2 CHANNEL + 70W WIRELESS SUB) is a newly developed SOUNDBAR product with extremely low cost. The MAIN IC (SPA-101AD) is not only an MCU, but the internal DSP can also support DOLBY & DTS decoding functions and its Bluetooth transmission adopts LE Audio, a new generation of Bluetooth audio technology announced by the Bluetooth Special Interest Group (SIG) in 2020, and is equipped with LC3 audio coding technology (Low Complexity Communication Codec), enabling audio sharing and audio broadcasting to achieve low latency and high quality transmission. As long as Bluetooth supports LE Audio technology, it will be equipped with LC3 Bluetooth audio coding. II. The Bluetooth function of the NS-HTSB2123 model can also support LC3plus. LC3plus is an advanced function of LC3 (the abbreviation of Low Complexity Communication Codec). Compared with traditional Bluetooth codecs, the bit rate for the audio files with the same quality transmitted through LC3 and LC3plus codecs is reduced by about 50%, which can save energy consumption, thereby extending the endurance of the device or enabling production of smaller products.

		III. LC3plus is equipped with many additional functions, in addition to providing all the functions that LC3 has (high voice and audio quality), it also combines the functions of transmission robustness, extremely low latency and high-resolution audio transmission. High-resolution audio mode provides the high-quality transmission speed of 24-bit/96 kHz which has become the only Bluetooth SOUNDBAR product adopted for high-resolution sound quality. This technology can be extended to the design of development platform for gaming audio or wireless broadcasting products in the future.

II. Outlook for 2023

In retrospect, the COVID-19 pandemic led to supply chain disruptions and product shortages for many retailers and manufacturers. However, with the economy on the path to recovery and consumer demand back on the rise in 2021, manufacturers produced and ordered more goods than they could sell, resulting in an excess in inventory preparations. This caused excessive stockpiling of inventory for consumer and audiovisual products. As a result, we had gradually received decreased purchase estimates and purchase orders from customers starting from the second half of 2022.

Meanwhile, the geopolitical conflict between Russia and Ukraine has resulted in inflation, as well as an impact on financial bonds in Europe and the United States, along with a decline in consumer confidence index. These unfavorable factors have significantly altered market demand and will pose challenges to our operation in the coming year, leading to a conservative projection of sales performance. We will accelerate the adjustment of customer proportions to diversify the risk of a single consumer market.

In response to the US-China trade friction, customers are actively looking for production and supply sources outside of China and competitors have begun building production capabilities in Southeast Asia. Effective execution of diversification strategies with regard to manufacturing bases, speed, operational efficiency, automation, and vertical integration capabilities will be critical in remaining competitive in the future, which is also our ongoing focus and competitive advantage.

(I) Management Policy

In light of the heightened focus on self-protection and the highly volatile trade conditions worldwide, we have initiated strategic optimizations of our organizational manufacturing structure to bolster the capability and resilience of supply chain management, which in turn enhances operational efficiency and facilitates expansion. This is being done to meet global supply chain needs and reduce risk from uncontrollable geopolitical factors, as well as safeguard the interests of shareholders and maximize the operational benefits of the group.

(II) Production and Sales Policy

Our market strategy involves the early layout in the professional installation application market for public utilities, customer and order type diversification across various fields, ongoing optimization of the sales ratio for different market segments, and risk mitigation by avoiding over-reliance on single market. By optimizing our product portfolio towards a more stable and balanced distribution, we can more effectively address changing market challenges and evolving consumer needs.

III. Future Development Strategy

The global business markets is constantly evolving, necessitating that we devise robust strategies to remain competitive. Amidst today's fast-paced business environment, we must prioritize a few key fields to safeguard future success. In response, we have developed five key strategies for the future development of our company based on our management policy.

(I) Optimizing the ratio of customer market sources and deepening market segmentation:

In order to optimize the ratio of customer market sources, we must gain a thorough understanding of their needs and strengths. This requires an insight into their specialized market and product planning. Armed with this information, we can develop sales strategies tailored to specific market segments. Through technology exchange and customized product development, we can create products and services that better meet customer needs, thereby increasing customer satisfaction and loyalty.

(II) Developing global supply chain production capabilities and advancing automation:

Decentralized production bases is crucial to our future growth. By establishing global supply chain production capabilities and expediting the establishment of factories in Southeast Asia, we can meet the needs of customers in different production sites due to globalization. Additionally, we also aim for emerging domestic demand markets in Southeast Asia. This involves setting up production facilities in multiple locations to minimize the risk of disruptions due to natural disasters, political unrest, or other supply chain disruptions. Moreover, we should invest in automation to increase efficiency and reduce costs. Automated equipment can help increase production capacity, improve quality and lower labor costs.

(III) Continuously improving process, strengthening corporate governance and implementing customer-oriented value engineering:

To remain competitive, we must keep improving internal processes. This includes identifying the areas for improvement, implementing new technologies, and optimizing workflows. In addition, we need to focus on strengthening corporate governance to ensure ethical behavior and compliance. Finally, we will create value for customers through innovation, quality and cost-effectiveness.

(IV) Enhancing R&D capabilities, fortifying our talent pool and building global deployment capabilities:

R&D is critical to our future growth. We should invest in R&D to create new products and services, improve existing ones, and maintain a leading market position. In addition, we should emphasize on fortifying our talent pool by recruitment and talent training initiatives. After all, talent is our most valuable asset. Finally, we should build global deployment capabilities to expand into new markets and take advantage of global opportunities.

IV. External Competitive Environment

Disruptions in the supply chain due to the COVID-19 pandemic, coupled with unfavorable factors such as inflation and consumer confidence index decline, can lead to a significant change in market demand. In response, we will accelerate the adjustment of customer proportions to diversify the risk of a single consumer market. Meanwhile, given the still relatively serious problem of material shortage, we need to actively maintain the supply chain to understand the situation of material.

In response to the US-China trade friction, customers are actively looking for production and supply sources outside of China and competitors have begun building production capabilities in Southeast Asia. Effective execution of diversification strategies with regard to manufacturing bases, speed, operational efficiency, automation, and vertical integration capabilities will be critical in remaining competitive in the future, which is also our ongoing focus.

Additionally, we expand our corporate social responsibility and commit ourselves to contributing to social, environmental, and cultural development under the principle of "taking from society and giving back to society," while taking our employees, upstream and downstream suppliers and partners, and customers into consideration.

V. Impact of Regulatory Environment and Overall Business Environment

Corporate social responsibility (CSR) is becoming increasingly crucial for businesses today. It involves taking responsibility for the impact of a company's actions on society and the environment. We should strive to be good corporate citizens by supporting social enterprises, reducing our environmental footprint and promoting ethical business practices. By doing so, we can improve our reputation and foster stronger relationships with customers and stakeholders.

For our future development, a comprehensive strategy is required, involving optimizing customer market sources, diversifying production bases, improving processes, strengthening research and development capabilities, and fostering corporate social responsibility. By prioritizing these key areas, we can stay ahead in the competition and succeed in a business environment that is fraught with challenges and highly volatile demand.

Kind regards
With sincere appreciation, I wish everyone
good health and smooth sailing in all your endeavors

Meiloon Industrial Co., Ltd.

Chairman: Wu Wei-Chung

II. Company Profile

I. Date of Establishment

Date of Establishment and Registration of the Company: January 15, 1973

II. Company History

January 1973 - The Company was officially established at No. 165, Minquan Road, Zhuwei Village, Tamsui Township, Taipei County, with a paid-in capital of NT$5 million. Mainly produced internal magnetic speakers for tape recorders of 4 inches or smaller, with 80% of export orders.

December 1978 - The second plant was completed and put into operation.

February 1989 - Merged with Mexin Electric Co., Ltd. and took the Chunri Road plant as the main assembly and production plant. Capital increased to NT$68 million.

January 1993 - Established Meixing Industrial Co., Ltd. in partnership with GP Electronics (HK) (Gold Peak Group), with the Company holding 74.95% of the shares and becoming the holding company.

August 1996 - Passed ISO 9001 certification for quality system.

June 1997 - To prepare for the public offering and listing over the counter, the Company merged with Meixing on the 28th, and all the business, production, technology and manpower of Meixing were transferred back to the Company. Capital increased to NT$130,938,170.

August 1997 - Passed ISO 14001 certification.

October 1997 - Approved by the Securities and Futures Commission to go public and increased capital by converting accumulated surplus to NT$13,094 thousand and cash to NT$163,673 thousand, raising the capital to NT$307,705 thousand.

December 1997 - Indirectly held and invested in Dongguan Meiloon Acoustic Equipments Co., Ltd. in Mainland China through the acquisition of shares of Meiloon International (HK) Limited.

May 1999 - Indirectly held MeiXin Audio Equipment (Dongguan) Co., Ltd. in Mainland China through investment in FINE STATION LIMITED (British Virgin Islands).

February 2000 - Stock listed for trading over the counter.

September 2001 - Stock transferred from over-the-counter trading to exchange trading.

December 2001 - Passed QS-9000 certification.

July 2002 - Paid-in capital increased to NT$1,338,700 thousand.

August 2002 - Indirectly held Meida Technology (Suzhou) Co,. Ltd. in Mainland China through investment in MAKINGO DEVELOPMENT CORP. (British Virgin Islands).

August 2003 - Paid-in capital increased to NT$1,828,245 thousand.

September 2004 - The former "Meiloon Electric Factory" was renamed as "Meiloon Industry" and the paid-in capital was increased to NT$2,260,000 thousand.

September 2005 - Paid-in capital increased to NT$2,445,130 thousand.

September 2006 - Paid-in capital increased to NT$2,509,023 thousand.

September 2007 - Paid-in capital increased to NT$2,577,918 thousand.

September 2008 - Paid-in capital increased to NT$2,664,407 thousand.

May 2011 - Canceled NT$36,300 thousand of treasury stock from the first buyback and completed the change registration, reducing the paid-in capital to NT$2,628,107 thousand.

October 2012 - Cash capital reduced by NT$210,249 thousand and paid-in capital reduced to NT$2,417,858 thousand.

December 2012 - Canceled NT$29,707 thousand of treasury stock from the second buyback, reducing the paid-in capital to NT$2,388,151 thousand.

July 2017 - Cash capital reduced by NT$405,986 thousand and paid-in capital reduced to NT$1,982,165 thousand.

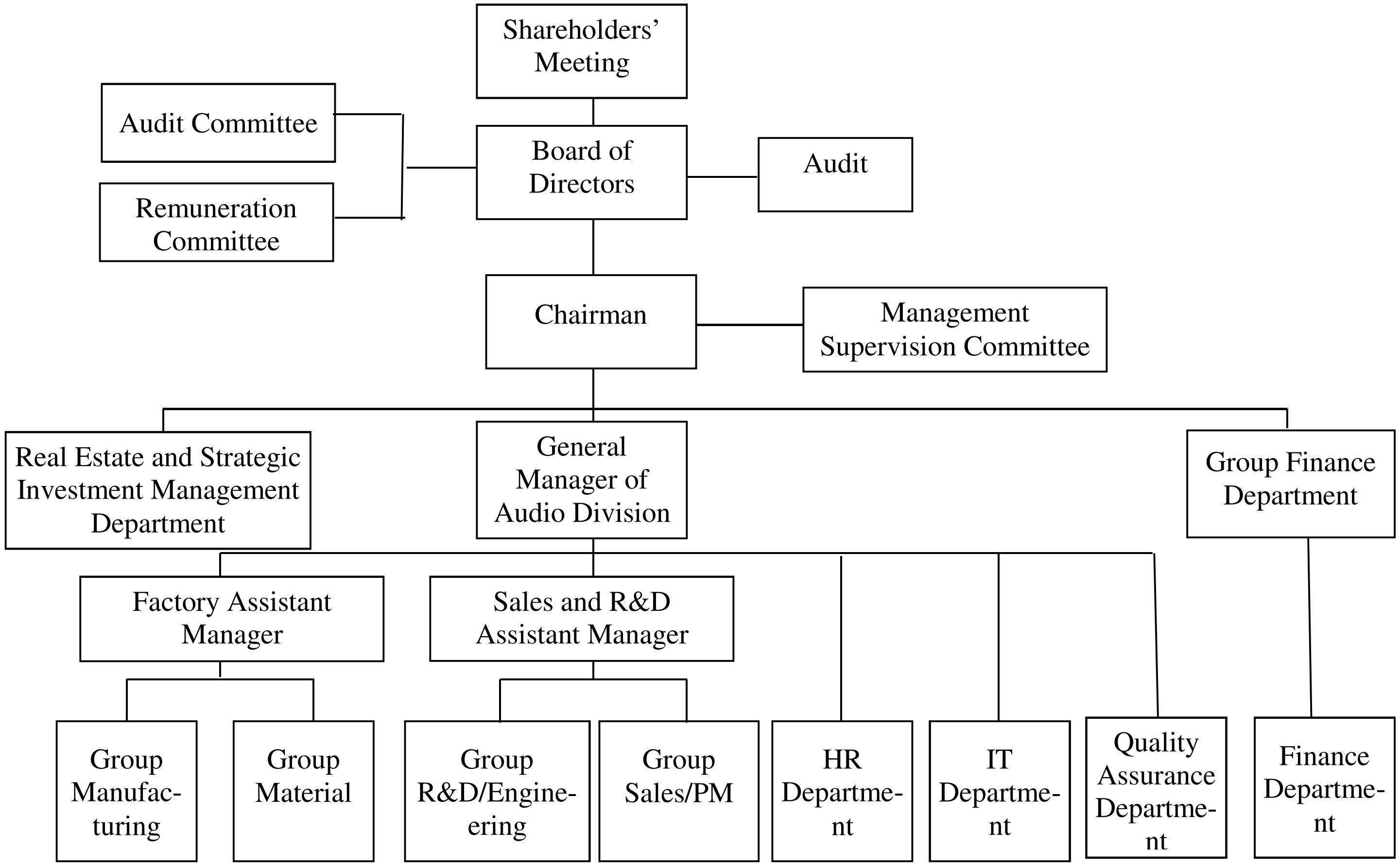
August 2022 - Cash capital reduced by NT$396,433 thousand and paid-in capital reduced to NT$1,585,732 thousand.

III. Corporate Governance Report

I. Organization

(I) Organizational Chart

Meiloon's Organization System Table



(II) Business of Major Departments

CEO:

(1). Formulate company policies and decide on operation and management policies.
(2). Supervise the work plan and implementation policies of all departments.

Management Supervision Committee:

(1). Composed of directors, meetings are often held irregularly.
(2). Supervise and manage operation performance and make decisions on important issues.

Real Estate and Strategic Investment Management Department:

(1). Real estate market and industry analysis, providing business decision-making and business operation reference information.
(2). Planning and execution of strategic investment.

Group Finance Department:

(1). Accounting, tax processing, tax planning and budget preparation control.
(2). Acquisition, utilization and dispatch of financial funds and other related matters.
(3). Compile financial and management related statements and provide management information.
(4). Comprehensively manage the drafting and review of various contracts and provide legal consulting services related to business.
(5). Coordinate intellectual property-related businesses such as patents, copyrights, trademarks, and technology licensing.
(6). Handle related matters such as stock matters, public information disclosure, shareholders' meetings and board meetings.

Group Manufacturing:

(1). Develop various production plans based on sales.
(2). Establish organizational systems and personnel changes for the production department.
(3). Promote and supervise the execution of various product manufacturing plans.
(4). Maintenance, repair, and procurement budgets for manufacturing equipment.
(5). New product pilot run, jig manufacturing and procurement.

Group Material:

(1). Develop various production plans according to business sales orders to maintain rational and smooth production operation.
(2). Provide the materials needed for production in a timely manner to avoid the hoard of materials and backlog of company funds.
(3). Plan to purchase high-quality materials at appropriate unit prices to reduce company costs, and actively assist technical and business units in obtaining samples to facilitate quotation works.

(4).Finding suitable contractors and reduce company costs to achieve smooth delivery.

Group R&D/Engineering:

(1). Planning, execution, and supervision of new product development plans.
(2). Prototyping, testing and packaging of samples.
(3). Supervise the creation of BOMs for part numbers of new products and filing of various department drawings.
(4). Review the certification of materials for part processing of newly developed molds and internal costs.
(5). Confirm the product specification for each development project and revise the parts as per the unified specification.
(6). Project plan undertaking and evaluation.
(7). Exterior design.
(8). Mechanical design.
(9). Electronic circuit design.
(10). Engineering sample making.
(11). Manufacture of test jigs.

Group Sales/PM:

(1).Develop sales forecasts, marketing plans, and product price execution plans.
(2).Introduce products to customers, maintain business contacts with them, and assist in development and quotation.
(3).Coordinate with technical units to produce and deliver samples based on customer needs.

HR Department:

(1).Manpower planning, recruitment, training, compensation system planning and other related works.
(2).Procurement and management of general affairs.

IT Department:

(1). Information system planning, implementation and management.
(2). Information security control and network construction and maintenance.
(3). Information-based education and training.

Quality Assurance Department:

(1).Establish a quality control system, quality target and annual quality plan.
(2).Coordinate the inspection standards and tolerances for various raw materials, semi-finished products and finished products.
(3).Quality verification of pilot-run products and samples.
(4).Incoming material inspection, patrol inspection and final inspection, as well as response to abnormalities.
(5).Coordination and follow-up processing of customer complaints.

II. Information on Directors, General Managers, Vice General Managers, Assistant Managers, and Heads of Departments and Branches:

(I) Information on Directors

Information on Directors (I)

April 29, 2023

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Start of Office)	Term of Office	Date First Elected	Shareholding (shares) on the Date of Election		Current Shareholding		Current Shareholding by Spouse and Underage Children		Shareholding in the Name of Others		Major Work/Education Experience	Current Positions at the Company and Other Companies	Other Heads, Directors or Supervisors as Spouse or Relatives of Second Degree or Closer			Remarks
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	Republic of China	Wu Wei-Chung	Male 71~80	2021.7.2	3 years	1974.8.28	4,505,030	2.27%	3,604,024	2.27%	-	-	-	-	Department of Electrical Engineering, Kun Shan Institute of Technology Chairman of the Company	Director of Teinsin Industry Chairman of Well Care Hygienic Company Limited	Director & Sales and R&D Assistant Manager	Wu Tan-Chih	Father and son	
Vice Chairman	Republic of China	Wu Ming-Shien	Male 61~70	2021.7.2	3 years	2012.6.19	2,366,991	1.19%	1,989,592	1.25%	86,000	0.05%	-	-	Feng Chia University EMBA, Fudan University Vice Chairman and General Manager of the Company	None	None	None	None	Note 1
Director	Singapore	Famingo Pte Ltd.		2021.7.2	3 years	1997.7.10	36,162,084	18.24%	28,929,666	18.24%	-	-	-	-	None	None	None	None	None	
	Hong Kong	Corporate Representative: Law Wang Chak,Waltery	Male 51~60				-	-	-	-	-	-	-	-	MSc in Financial Economics, University of London Fellow of the Association of Chartered Certified Accountants Fellow of the Institute of Chartered Accountants in England and Wales Fellow of the Hong Kong Institute of Certified Public Accountants and Certified Public Accountant International Certified Internal Auditor	Executive Director, Senior Vice President, Group Financial Management of Gold Peak Technology Group Limited (a Hong Kong listed company) Executive Director and Chief Financial Officer and Risk Director of GP Industries Limited (a Singapore listed company)	None	None	None	
Director	Singapore	Famingo Pte Ltd.		2021.7.2	3 years	2018.6.20	36,162,084	18.24%	28,929,666	18.24%	-	-	-	-	None	None	None	None	None	
	Australia	Corporate Representative: Lam Hin Lap, Michael	Male 61~70				-	-	-	-	-	-	-	-	Bachelor of Electrical Engineering, University of New South Wales, Australia	Executive Director and Managing Director of Gold Peak Technology Group Limited (a Hong Kong listed company) Executive Director, Vice Chairman and Executive Vice President of GP Industries Limited (a Singapore listed company) Director of GP Batteries International Limited	None	None	None	
Director	Republic of China	Wu Yuan-Mei	Female 61~70	2021.7.2	3 years	Re-elected on 2000.5.15	2,008,490	1.01%	1,606,792	1.01%	837,698	0.53%	-	-	Accounting and Statistics Department, Private Tainan Junior College of Home Economics	None	None	None	None	
Director	Republic of China	Wu Jen-Horn	Male 41~50	2021.7.2	3 years	Re-elected on 2012.6.19	25,978	0.01%	20,782	0.01%	1,872,859	1.18%	-	-	Department of Business Administration, University of Southern California, USA	Factory Assistant Manager of the Company	None	None	None	

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Start of Office)	Term of Office	Date First Elected	Shareholding (shares) on the Date of Election		Current Shareholding		Current Shareholding by Spouse and Underage Children		Shareholding in the Name of Others		Major Work/Education Experience	Current Positions at the Company and Other Companies	Other Heads, Directors or Supervisors as Spouse or Relatives of Second Degree or Closer			Remarks
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Director	Republic of China	Wu Tan-Chih	Male 41~50	2021.7.2	3 years	Re-elected on 2012.6.19	2,561,048	1.29%	2,048,838	1.29%	-	-	-	-	UCLA Electrical Engineering B.S.	Sales and R&D Assistant Manager of the Company	Chairman	Wu Wei-Chung	Father and son	
Independent Director	Republic of China	Wong Yao-Lin	Male 61~70	2021.7.2	3 years	2015.6.24	-	-	-	-	-	-	-	-	Master in Industrial Engineering and Management, Chung Hua University	President of Kind Management Consulting Inc.	None	None	None	
Independent Director	Republic of China	Chu Rueen-Fong	Male 61~70	2021.7.2	3 years	2021.7.2	-	-	-	-	-	-	-	-	Master, Public Finance, National Chengchi University Independent Director of Hua Nan Commercial Bank Chairman of Bank of Kaohsiung Co., Ltd.	Independent Director of Chang Hwa Bank's subsidiary bank in China	None	None	None	
Independent Director	Republic of China	Chen Kin-Lung	Male 61~70	2021.7.2	3 years	Re-elected on 2006.6.19	-	-	-	-	-	-	-	-	Graduate Institute of International Business, National Taiwan University Director of Prodisc Technology Inc. Director of Sinonar Corporation Director of TUL Corporation Director of SOLOMON Technology Corporation Independent Director of the Company	Chairman of Probright Technology Inc. Supervisor of King Ultrasonic Co., Ltd. Supervisor of Mustek Systems Inc. Director of Solomon Goldentek Display Corp. Independent Director of Co-Tech Development Corp. Independent Director of Albatron Technology Co., Ltd. Independent Director of Pacific Construction Co., Ltd. Independent Director of the Company Executive Director of the Association for No Crime of the Republic of China	None	None	None	

Note 1: If the Chairman of the Board of Directors and the General Manager or the equivalent (top manager) are the same person, spouses or first-degree relatives, the reasons, reasonableness, necessity and measures to be taken shall be explained:

1. Under the consideration of the overall operation of the Company, the Vice Chairman of the Company concurrently serves as the Chief Executive Officer to lead the Company with technical expertise and market insight. The position of the Audio Division General Manager is held by a professional manager who is not a director, in order to implement the Company's management decisions and improve operational performance.
2. More than half of the members of the Company's Board of Directors do not concurrently serve as employees or managers.

Note 2: The decrease in directors' shareholding is due to the Company's cash capital reduction on September 5, 2022.

Major Shareholders of Corporate Shareholders

April 29, 2023

Name of Corporate Shareholder (Note 1)	Major Shareholder of Corporate Shareholder (Note 2)
Famingo Pte Ltd.	GP INDUSTRIES LIMITED, 100%

Note 1: If the director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder shall be filled in.

Note 2: Fill in the names of the major shareholders (the top ten shareholders in terms of shareholding) of the corporate shareholder and their shareholding ratios. If the major shareholder is a corporation, the following table shall be completed.

Note 3: If the corporate shareholder is not a corporation, the aforesaid names and shareholding ratios of shareholders to be disclosed shall be the names and ratios of contributions or donations of contributors or donors.

Major Shareholders of Major Corporate Shareholders

April 29, 2023

Corporate Name (Note 1)	Major Shareholders of the Corporation (Note 2)
GP INDUSTRIES LIMITED	Gold Peak Technology Group Limited，85.59%
	UOB Kay Hian Pte Ltd，3.06%
	Ablewood International Limited，1.20%
	DBS Nominees Pte Limited，0.84%
	Citibank Nominees Singapore Pte Ltd，0.46%
	DBS Vickers Securities (S) Pte Ltd, 0.43%
	Koh Beng Ling, 0.38%
	Li Yiu Cheung, Brian，0.30%
	Phillip Securities Pte Ltd, 0.27%
	Heng Siew Eng，0.18%

Note 1: If the major shareholder in the above table is a corporation, the name of the corporation shall be filled in.

Note 2: Fill in the names of the major corporate shareholders (the top ten shareholders in terms of shareholding) and their shareholding ratios.

Note 3: If the corporate shareholder is not a corporation, the aforesaid names and shareholding ratios of shareholders to be disclosed shall be the names and ratios of contributions or donations of contributors or donors.

Information on Directors (II)

1. Disclosure of information on professional qualifications of directors and independence of independent directors:

Criteria Name	Professional Qualifications and Experience	Conformity with Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Wu Wei-Chung	With nearly 50 years of experience as the director, chairman and general manager of the Company and its subsidiaries, he possesses profound audio technology expertise, as well as extensive experience in industrial marketing, management, and corporate governance. He is not involved in any events stated in Article 30 of the Company Act.		None
Wu Ming-Shien	Having served as a director and supervisor of the Company, he has years of experience in audio industry marketing and management, as well as expertise in corporate governance. He is not involved in any events stated in Article 30 of the Company Act.		None
Famingo Pte Ltd. Corporate Representative: Law Wang Chak, Waltery	He is a professional accountant who has passed the national exam He has been the Fellow of the Association of Chartered Certified Accountants, Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Hong Kong Institute of Certified Public Accountants and Certified Public Accountant. He currently holds positions as the Executive Director, Senior Vice President, Group Financial Management of Gold Peak Technology Group Limited (a Hong Kong listed company), as well as the Executive Director and Chief Financial Officer and Risk Director of GP Industries Limited (a Singapore listed company). He is not involved in any events stated in Article 30 of the Company Act.		None
Famingo Pte Ltd. Corporate Representative: Lam Hin Lap, Michael	He is a professional manager He currently holds positions as the Executive Director and Managing Director of Gold Peak Technology Group Limited (a Hong Kong listed company), as well as the Executive Director, Vice Chairman and Executive Vice President of GP Industries Limited (a Singapore listed company), and the Director of GP Batteries International Limited. He is not involved in any events stated in Article 30 of the Company Act.		None

Wu Yuan-Mei	She has served as a director of the Company and has experience in management and financial analysis in the audio industry. She is not involved in any events stated in Article 30 of the Company Act.		None
Wu Jen-Horn	He has many years of working experience in marketing and factory management in the audio industry. He is not involved in any events stated in Article 30 of the Company Act.		None
Wu Tan-Chih	He has many years of working experience in marketing and technical R&D management in the audio industry. He is not involved in any events stated in Article 30 of the Company Act.		None
Wong Yao-Lin	He has many years of work experience as a management consultant and is currently the President of Kind Management Consulting Inc. He now serves as a member and Chairman of the Audit and Remuneration Committee of the Company. He is not involved in any events stated in Article 30 of the Company Act.	Each independent director has met the following conditions two years prior to his or her election and during his or her term of office: 1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates (unless the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top ten in shareholdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the manager mentioned in (1) or the personnel mentioned in (2) and (3). 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates a representative as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act (unless the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). 6. Not a director, supervisor, or employee of any other company where a majority of the Company's director seats or voting rights and those of that other company are controlled by the same person (unless the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or	None
Chu Rueen-Fong	He has many years of working experience in banking and financial management, and has served as an independent director of Hua Nan Commercial Bank and Chairman of Bank of Kaohsiung Co., Ltd. Currently, he is an independent director of Chang Hwa Bank's subsidiary bank in China. He now serves as a member of the Audit and Remuneration Committee of the Company. He is not involved in any events stated in Article 30 of the Company Act.		1

Chen Kin-Lung	He has the working experience required for business and corporate operation. He has served as an independent director of Co-Tech Development Corp., an independent director of Albatron Technology Co., Ltd., and an independent director of Pacific Construction Co., Ltd. He is currently the Chairman of Probright Technology Inc., Supervisor of King Ultrasonic Co., Ltd., Supervisor of Mustek Systems Inc., and Director of Solomon Goldentek Display Corp. He now serves as a member of the Company's Audit Committee. He is not involved in any events stated in Article 30 of the Company Act.	a subsidiary of the same parent). 7. Not a director, supervisor, or employee of another company or institution where the chairman, general manager or person holding an equivalent position of the Company and a person in any of those positions at that other company or institution are the same person or are spouses (unless the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). 8. Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (unless such specified company or institution holds more than 20% but not more than 50% of the total issued shares of the Company, and the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). 9. Not a professional who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services for the Company or any of its affiliates, or provides commercial, legal, financial, accounting or related services for the Company or any of its affiliates for which cumulative compensation of over NT$500,000 has been received in the past 2 years, or a spouse thereof. However, this restriction does not apply to a member of the Remuneration Committee, Public Takeover Review Committee, or M&A Committee, who performs his or her powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations. 10. Not having a spousal relationship, or a relative within the second degree of kinship to any other director. 11. Not being elected as the government agency, juristic person, or a representative thereof, as stated in Article 27 of the Company Act.	3

2. Diversity and Independence of the Board of Directors:

(1)Diversity of the Board of Directors

In order to strengthen corporate governance and promote sound development of the composition and structure of the Board of Directors, the Company's Board of Directors has formulated a diversification policy and specific management objectives, and implemented them. The diversification of the board members lies in age, gender, and industrial experience in manufacturing, marketing, technology research and development, and financial investment. This is to implement the diversification policy and improve the structure of the Company's Board of Directors.

The Company has established the Company Corporate Governance Best Practice Principles, which stipulates that the board members should generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the desired goals of corporate governance, the Board of Directors as a whole should possess the following capabilities:

A.Capability to make operational judgment
B.Capability to perform accounting and financial analysis
C.Capability to conduct management administration
D.Capability to conduct crisis management
E.Industry Knowledge
F.International Market Perspective
G.Leadership
H.Capability to make policy decisions

The diversification policy of the Company's board members and its fulfillment are as follows:

Core of Diversification / Name of Director	Basic Composition									Industry Experience Professional Competence							
	Nationality	Gender	Employee Identity	Age			Seniority of Independent Director			Operational Judgment	Accounting and Financial Analysis	Management Administration	Crisis Management	Industry Knowledge	International Market Perspective	Leadership	Decision-making
				40 to 54	55 to 69	70 to 84	Less than 3 years	3 to 9 years	More than 9 years								
Wu Wei-Chung	ROC	Male	V			V				V	V	V	V	V	V	V	V
Wu Ming-Shien	ROC	Male	V		V					V		V		V	V	V	
Law Wang Chak, Waltery	Hong Kong	Male			V					V	V	V	V	V	V	V	V
Lam Hin Lap, Michael	Australia	Male			V					V		V	V		V	V	V
Wu Yuan-Mei	ROC	Female			V					V	V	V		V	V		V
Wu Jen-Horn	ROC	Male	V	V						V	V	V	V	V	V	V	V
Wu Tan-Chih	ROC	Male	V	V						V		V	V	V	V	V	V
Wong Yao-Lin	ROC	Male			V			V		V		V	V	V	V	V	V
Chu Rueen-Fong	ROC	Male			V		V			V	V	V	V	V	V	V	V
Chen Kin-Lung	ROC	Male			V		V			V		V		V	V		V

The percentage of directors who are also employees of the Company is 40%. The age distribution of directors is as follows: 2 aged between 40-54 years, 7 between 55-69 years, and 1 between 70-84 years.

The Company places emphasis on gender equality in the composition of the Board of Directors, and with a target of having a female director ratio of 10% or more. Currently, there are 10 directors, including 1 female director, which accounts for 10%.

The Board of Directors has formulated a diversification policy on member composition in accordance with the Company's Corporate Governance Best Practice Principles, which is disclosed on the Company's website and the Market Observation Post System.

(2)Independence of the Board of Directors

Currently, there are 10 board members, including 7 directors and 3 independent directors. The proportion of independent directors is 30%, and 1 independent director has served for more than 3 years.

All independent directors of the Company are in compliance with the *Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies*. No events specified in Article 26-3, Paragraph 3 and 4 of the Securities and Exchange Act occurred among the directors and independent directors. The Board of Directors of our company is independent. For information regarding the professional qualifications and experience of directors and the independence of independent directors, please refer to pages 13 to 15.

(II) Information on General Managers, Vice General Managers, Assistant Managers, and Heads of Departments and Branches

April 29, 2023

Title	Nationality	Name	Gender	Date Elected (Start of Office)	Shareholding		Shareholding by Spouse and Underage Children		Shareholding in the Name of Others		Major Work/Education Experience	Current Positions at Other Companies	Managers as Spouse or Relatives of Second Degree or Closer			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	ROC	Wu Wei-Chung	Male	2021.07.02	3,604,024	2.27%	-	-	-	-	Department of Electrical Engineering, Kun Shan Institute of Technology Chairman of the Company	Director of Teinsin Industry Chairman of Well Care Hygienic Company Limited	Sales and R&D Assistant Manager	Wu Tan-Chih	Father and son	
Vice Chairman and Chief Executive Officer	ROC	Wu Ming-Shien	Male	2021.07.02	1,989,592	1.25%	86,000	0.05%	-	-	Feng Chia University EMBA, Fudan University Vice Chairman and General Manager of the Company	None	None	None	None	Note 3
Sales and R&D Assistant Manager	ROC	Wu Tan-Chih	Male	2012.06.28	2,048,838	1.29%	-	-	-	-	UCLA Electrical Engineering B.S. Sales and R&D Assistant Manager of the Company	None	Chairman	Wu Wei-Chung	Father and son	
Factory Assistant Manager	ROC	Wu Jen-Horn	Male	2012.06.28	20,782	0.01%	1,872,859	1.18%	-	-	Department of Business Administration, University of Southern California, USA Factory Assistant Manager of the Company	None	None	None	None	
Assistant Manager of Finance and Accounting Supervisor	ROC	Kuo Li-Jung	Female	2015.06.30	133,012	0.08%	-	-	-	-	Cleveland State U. MBA Assistant Manager of Finance and Accounting Supervisor of the Company	None	None	None	None	
Audit Supervisor	ROC	Huang Hsiao-Chuan	Female	2011.10.25	-	-	-	-	-	-	Department of Financial Operations, National Kaohsiung First University of Science and Technology Auditor of the Company	None	None	None	None	

Note 1: The disclosed information should include the general managers, vice general managers, assistant managers, heads of departments and branches, and anyone else whose position is equivalent to the general managers, vice general managers, or assistant managers, regardless of title.

Note 2: If there are working experiences relevant to the current position, such as working at a certified public accountant firm or an affiliate during the preceding period, the job title and responsibilities shall be disclosed.

Note 3: If the general manager or the equivalent (top manager) and the chairman of the Board of Directors are the same person, spouses or first-degree relatives, the reasons, reasonableness, necessity and measures to be taken shall be disclosed:

1. Under the consideration of the overall operation of the Company, the Vice Chairman of the Company concurrently serves as the Chief Executive Officer to lead the Company with technical expertise and market insight. The position of the Audio Division General Manager is held by a professional manager who is not a director, in order to implement the Company’s management decisions and improve operational performance.
2. More than half of the members of the Company’s Board of Directors do not concurrently serve as employees or managers.

(III) Remuneration Paid to Directors, Supervisors, General Managers and Vice General Managers in the Most Recent Year

Remuneration to General and Independent Directors

Unit: In Thousands of New Taiwan Dollars 2022

Title (Note 4)	Name	Remuneration of directors								Sum of A, B, C and D and Ratio to Net Income After Tax		Remuneration as an Employee								Sum of A, B, C, D, E, F and G and Ratio to Net Income After Tax		Remuneration from Reinvested Companies Other Than Subsidiaries, or the Parent Company
		Compensation (A)		Retirement Allowance (B)		Directors' remuneration (C) (Note 1)		Business Execution Expense (D)				Salary, Bonus, and Special Allowance (E)		Retirement Allowance (F) (Note 2)		Employee Compensation (G) (Note 3)						
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
																Cash	Stock	Cash	Stock			
Chairman	Wu Wei-Chung	-	-	-	-	254	254	60	60	314 0.34%	314 0.34%	4,592	5,345	-	-	136	-	136	-	5,042 5.40%	5,795 6.21%	None
Vice Chairman	Wu Ming-Shien	-	-	-	-	169	169	60	60	229 0.25%	229 0.25%	2,682	2,682	108	108	136	-	136	-	3,155 3.38%	3,155 3.38%	None
Director	Famingo Pte Ltd.	-	-	-	-	85	85	-	-	85 0.09%	85 0.09%	-	-	-	-	-	-	-	-	85 0.09%	85 0.09%	None
	Corporate Representative: Law Wang Chak, Waltery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	Famingo Pte Ltd.	-	-	-	-	85	85	-	-	85 0.09%	85 0.09%	-	-	-	-	-	-	-	-	85 0.09%	85 0.09%	None
	Corporate Representative: Lam Hin Lap, Michael	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	Wu Yuan-Mei	-	-	-	-	85	85	60	60	145 0.16%	145 0.16%	-	-	-	-	-	-	-	-	145 0.16%	145 0.16%	None
Director	Wu Jen-Horn	-	-	-	-	85	85	60	60	145 0.16%	145 0.16%	2,120	2,120	108	108	136	-	136	-	2,509 2.69%	2,509 2.69%	None
Director	Wu Tan-Chih	-	-	-	-	85	85	60	60	145 0.16%	145 0.16%	2,080	2,080	108	108	136	-	136	-	2,469 2.65%	2,469 2.65%	None
Independent Director	Wong Yao-Lin	1,170	1,170	-	-	-	-	120	120	1,290 1.38%	1,290 1.38%	-	-	-	-	-	-	-	-	1,290 1.38%	1,290 1.38%	None
Independent Director	Chu Rueen-Fong	1,092	1,092	-	-	-	-	120	120	1,212 1.30%	1,212 1.30%	-	-	-	-	-	-	-	-	1,212 1.30%	1,212 1.30%	None
Independent Director	Chen Kin-Lung	1,170	1,170	-	-	-	-	100	100	1,270 1.36%	1,270 1.36%	-	-	-	-	-	-	-	-	1,270 1.36%	1,270 1.36%	None

1.Please explain the policy, system, criteria and structure for the payment of remuneration to independent directors, and the correlation to the amount of remuneration paid based on the responsibilities undertaken, risks, time commitment, etc: The remuneration of directors is set forth in accordance with the Company′s Articles of Incorporation, and is allocated based on proportional weightings calculated with reference to the degree of participation of each director (including independent directors) in the operation of the Company and the value of their contribution. After approval by the Remuneration Committee and resolution by the Board of Directors, the remuneration is processed.

2.In addition to those disclosed in the table above, the remuneration received by the Company′s directors in the past year for providing services to all companies included in the financial statements (such as working as consultants who are not employees): None.

Note 1: This refers to the director compensation adopted for distribution by the Board of Directors on March 22, 2023.

Note 2: This refers to the retirement allowance for directors who are also employees (including those who are concurrently serving as the general managers, vice general managers, other managers, and employees) in the most recent year.

Note 3: This refers to the employee compensation (including stock and cash) obtained by directors who are also employees (including those who are concurrently serving as the general managers, vice general managers, other managers, and employees) in the most recent year, as adopted for distribution by the Board of Directors on March 22, 2023.

∗The contents of remuneration disclosed in this table differ from the income concept defined in the Income Tax Act. Therefore, this table is for informational purposes only and not for taxation purposes.

Remuneration to General Managers and Vice General Managers

Unit: In Thousands of New Taiwan Dollars 2022

Title	Name	Salary (A)		Retirement Allowance (B) (Note 1)		Bonus and Special Allowance (C)		Employee Compensation (D)				Sum of A, B, C and D and Ratio to Net Income After Tax (%)		Remuneration from Reinvested Companies Other Than Subsidiaries, or the Parent Company
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
								Cash	Stock	Cash	Stock			
Chairman	Wu Wei-Chung	2,820	3,573	-	-	1,772	1,772	136	-	136	-	4,728 5.07%	5,481 5.88%	None
Vice Chairman and Chief Executive Officer	Wu Ming-Shien	2,400	2,400	108	108	282	282	136	-	136	-	2,926 3.14%	2,926 3.14%	None
General Manager of Audio Division (Note 2)	Lin Kai-Cheng	1,642	1,642	59	59	668	668	-	-	-	-	2,369 2.54%	2,369 2.54%	None

Note 1: This refers to the actual retirement pension and expense contributions and their amounts in the most recent year.

Note 2: Lin Kai-Cheng resigned as the general manager on July 17, 2022.

∗The contents of remuneration disclosed in this table differ from the income concept defined in the Income Tax Act. Therefore, this table is for informational purposes only and not for taxation purposes.

Names of Managers Distributed with Employee Compensation and the Status of Distribution

Unit: In Thousands of New Taiwan Dollars 2022

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Ratio of Sum to Net Income After Tax (%)
Manager (Note 2)	Chairman	Wu Wei-Chung	-	678	678	0.73%
	Vice Chairman and Chief Executive Officer	Wu Ming-Shien				
	Sales and R&D Assistant Manager, Audio Division	Wu Tan-Chih				
	Factory Assistant Manager, Audio Division	Wu Jen-Horn				
	Assistant Manager of Finance and Accounting Supervisor	Kuo Li-Jung				

＊This refers to the employee compensation (including stock and cash) adopted for distribution to managers by the Board of Directors on March 22, 2023.

Note 1: Individual names and titles should be disclosed, but the distribution of earnings may be disclosed in an aggregated form.

Note 2: The scope of application of the managers is based on the Taiwan-Finance-Securities III. No. 0920001301 Letter issued on March 27, 2003, which includes:

(1)General manager and equivalent positions
(2)Vice general manager and equivalent positions
(3)Assistant manager and equivalent positions
(4)Head of Finance Department
(5)Head of Accounting Department
(6)Other persons who have the right to manage the affairs and sign for the Company

(IV) Analysis of the proportion of the total remuneration paid to the Company's directors, supervisors, general managers and vice general mangers by the Company and all companies included in the consolidated financial statements in the last two years to the net income after tax, and explanation of the policy, criteria and portfolio of remuneration, the procedures for determining remuneration, and the correlation between operating performance and future risk

Title	2022 The ratio of the total remuneration paid to the Company's directors, supervisors, general managers and vice general managers by the Company and all companies included in the consolidated financial statements to the net income after tax	2021 The ratio of the total remuneration paid to the Company's directors, supervisors, general managers and vice general managers by the Company and all companies included in the consolidated financial statements to the net income after tax
Director	21.85%	2.21%
Supervisor		
General Manager and Vice General Manager		

1. The remuneration of directors and supervisors has been clearly defined in the Company's Articles of Incorporation and the relevant results of the director performance evaluation will be taken into account.
2. The salary structure of the Company's general manager and vice general manager consists of basic salary, supervisor allowance, and technical allowance. Their salaries are set according to the educational background, experience, performance and length of service.
3. Starting from 2012, the remuneration of directors, supervisors and managers will be determined by the Remuneration Committee of the Company based on operational performance and industry salary levels, and submitted to the Board of Directors for resolution.
4. The remuneration policy for directors, supervisors and key managers of the Company does not encourage the aforementioned persons to engage in high-risk business activities for higher compensation, and the Company's operational risks are not affected by the remuneration system.

III. Governance and Operation:

(I) Operation of the Board of Directors:

Information on the Operation of the Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in 2022. The attendance of the directors and supervisors was as follows:

Title	Name (Note 1)	Attendance in Person B	Attendance by Proxy	Actual Attendance Rate (%) [B/A] (Note 2)	Remarks
Chairman	Wu Wei-Chung	6	0	100%	
Vice Chairman	Wu Ming-Shien	6	0	100%	
Director	Famingo Pte Ltd. Corporate Representative: Law Wang Chak, Waltery	4	2	66.7%	
Director	Famingo Pte Ltd. Corporate Representative: Lam Hin Lap, Michael	6	0	100%	
Director	Wu Yuan-Mei	6	0	100%	
Director	Wu Jen-Horn	6	0	100%	
Director	Wu Tan-Chih	6	0	100%	
Independent Director	Wong Yao-Lin	6	0	100%	
Independent Director	Chu Rueen-Fong	6	0	100%	
Independent Director	Chen Kin-Lung	6	0	100%	

Attendance of independent directors at each board meeting in 2022: ◎: Attendance In Person ☆: Attendance By Proxy X: Non-attendance

Name	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting
Wong Yao-Lin	◎	◎	◎	◎	◎	◎
Chu Rueen-Fong	◎	◎	◎	◎	◎	◎
Chen Kin-Lung	◎	◎	◎	◎	◎	◎

Other matters to be included:

I. For matters listed in Article 14-3 of the Securities and Exchange Act, as well as the resolutions made by the Board of Directors with the opposition or reservation by independent directors which is documented or declared in writing, the date and session of the board meeting, the content of the proposal, the opinions of all independent directors and the Company's handling of the independent directors' opinions shall be detailed:

Board of Directors	Proposal Content and Follow-up Processing	Matters Listed in §14-3 of the Securities and Exchange Act	Independent Directors' Opposition or Reservation
The 17th Session The 5th Meeting	1.The Company's Statement of Internal Control for 2021	v	
	2.The Company's plan for capital reduction by cash refund	v	
	3. Revision of the Company's "Procedures for Acquisition or Disposal of Assets"	v	

2022.3.18	4. Evaluation of the suitability and independence of the Company's CPAs and discussion of compensation for their appointment	v	
	5. Acknowledgment of application of the Company to Taipei Fubon Bank for extension of comprehensive line of credit and derivative financial commodity trading line	v	
	Independent directors' opinion: None.		
	The Company's handling of independent directors' opinions: None.		
	Resolution results: All directors present agreed to adopt it.		
The 17th Session The 6th Meeting 2022.5.11	1. Letter of Undertaking for Real Security of the Company to First Commercial Bank	v	
	Independent directors' opinion: None.		
	The Company's handling of independent directors' opinions: None.		
	Resolution results: All directors present agreed to adopt it.		
The 17th Session The 7th Meeting 2022.6.23	1. Acknowledgment of application of the Company to Bank SinoPac for the extension of comprehensive line of credit and derivative financial commodity trading line	v	
	Independent directors' opinion: None.		
	The Company's handling of independent directors' opinions: None.		
	Resolution results: All directors present agreed to adopt it.		
The 17th Session The 8th Meeting 2022.8.9	1. Planned Capital Increase of PT. Meiloon Technology Indonesia by US$18 million	v	
	2. Acknowledgment of application of the Company to First Commercial Bank for the extension of comprehensive line of credit	v	
	Independent directors' opinion: None.		
	The Company's handling of independent directors' opinions: None.		
	Resolution results: All directors present agreed to adopt it.		
The 17th Session The 10th Meeting 2022.11.9	1. Acknowledgment of application of the Company to Taishin International Bank for the extension of comprehensive line of credit	v	
	2. Acknowledgment of application of the Company to E.SUN Bank for the extension of comprehensive line of credit	v	
	Independent directors' opinion: None.		
	The Company's handling of independent directors' opinions: None.		
	Resolution results: All directors present agreed to adopt it.		

II. Regarding the execution situation of conflict of interest proposals avoided by directors, their names, proposal content, reasons for avoiding interests, and participation in voting should be stated:

Conference Date	Name of Director	Proposal Content	Reasons for Interest Avoidance	Participation in Voting
2022.3.18	Wong Yao-Lin, Chu Rueen-Fong, Chen Kin-Lung	Recognition of the resolution of the Remuneration Committee dated November 23, 2021 regarding the remuneration of the 17th independent directors.	Independent directors with conflicts of interest	Except for the above-mentioned directors who did not participate in the discussion and voting for avoiding conflict of interest, all other directors present passed the proposal without objection.
2022.11.9	Wu Wei-Chung, Wu Ming-Shien, Law Wang Chak (Waltery), Lam Hin Lap (Michael), Wu Jen-Horn, Wu Tan-Chih, Wu Yuan-Mei, Wong Yao-Lin, Chu Rueen-Fong, Chen Kin-Lung	Recognition of the resolution of the Remuneration Committee dated November 8, 2022 regarding the distribution of director and supervisor remuneration for 2021 to directors and supervisors and the distribution of employee compensation for 2021 to managers.	Directors and managers with conflicts of interest	Certain directors' and managers' remuneration were discussed and voted on. Except for the directors or managers who needed to avoid interests and did not participate in the discussion and voting on their remuneration, all other directors present passed the proposal without objection.

III. Information on the assessment cycle and duration, scope, method and content of the Board's self- (or peer) assessment:

Assessment Cycle	Assessment Duration	Assessment Scope	Assessment Method	Assessment Content
Once a year	January 1 to December 31, 2022	Board of Directors	Internal self-assessment	1. Level of involvement in company operation 2. Improvement in the quality of board decisions 3. Composition and structure of the Board of Directors 4. Election of directors and continuing education 5. Internal control
		Individual board members	Member self-assessment	1.Control of company objectives and tasks 2. Awareness of directors' responsibilities 3. Level of involvement in company operation 4. Internal relationship management and communication 5. Professional competence and continuing education of directors 6. Internal control
		Remuneration Committee	Internal self-assessment	1. Level of involvement in company operation 2. Awareness of Functional Committee's responsibilities 3. Improvement in the quality of Functional Committee decisions 4. Composition of Functional Committees and selection of members 5. Internal control
		Audit Committee	Internal self-assessment	1.Level of involvement in company operation 2. Awareness of Functional Committee's responsibilities 3. Improvement in the quality of Functional Committee decisions 4. Composition of Functional Committees and selection of members 5. Internal control

IV. Evaluation of the goals for strengthening the functions of the board in the current and recent years (such as setting up an audit committee, and improving information transparency) and their implementation:

The Company's *Rules of Procedure for the Board of Directors Meetings* were formulated in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies and revised in a timely manner in order to institutionalize the operation of the Company's Board of Directors. In order to improve the salary and remuneration system for the Company's directors and managers, a remuneration committee was established. In addition, to strengthen corporate governance, an audit committee was established in 2021, and major resolutions were disclosed on the Market Observation Post System in accordance with the relevant laws and regulations, so as to enhance information transparency.

Note 1: If the director or supervisor is a corporation, the name of the corporate shareholder and the name of its representative shall be disclosed.

Note 2: (1) If a director or supervisor resigns before the end of the fiscal year, the resignation date shall be noted in the Remarks column, and the actual attendance rate (%) shall be calculated based on the number of board meetings during their tenure and their actual attendance.

(2) If a director or supervisor is re-elected before the end of the fiscal year, both the new and old directors/supervisors should be listed, and the Remarks column shall indicate whether the director/supervisor is an old, newly elected, or re-elected member, as well as the date of re-election. The actual attendance rate (%) is calculated based on the number of board meetings during their tenure and their actual attendance.

(II) Involvement of supervisors in the operation of the Board of Directors: Not applicable.

(III) Operation of the Audit Committee:

Information on the Operation of the Audit Committee

A total of 4 (A) meetings of the Audit Committee were held in 2022. The attendance of the independent directors was as follows:

Title	Name (Note 1)	Attendance in Person B	Attendance by Proxy	Actual Attendance Rate (%) [B/A] (Note 2)	Remarks
Independent Director	Wong Yao-Lin	4	0	100%	
Independent Director	Chu Rueen-Fong	4	0	100%	
Independent Director	Chen Kin-Lung	4	0	100%	

Other matters to be included:

I. If any of the following circumstances occur in the operation of the Audit Committee, the date and period of the Audit Committee meeting, the content of the proposal, independent directors' objections, reservations and major suggestions, the resolutions of the Audit Committee, and the Company's handling of the opinions of the Audit Committee shall be stated.

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

Conference Date	Proposal Content and Follow-up Processing	Matters Listed in §14-5 of the Securities and Exchange Act	Independent directors' objections, reservations and major suggestions
The 1st Session The 3rd Meeting 2022.3.17	1.The Final Statement for 2021	v	
	2.The Company's Statement of Internal Control for 2021	v	
	3.The Company's plan for capital reduction by cash refund	v	
	4.Revision of the Company's "Procedures for Acquisition or Disposal of Assets"	v	
	5.Evaluation of the suitability and independence of the Company's CPAs and discussion of compensation for their appointment	v	
	Independent directors' opinion: None.		
	Resolution results: All committee members present agreed to adopt it.		
	The Company's handling of the Audit Committee's opinions: All directors present agreed to adopt it.		
The 1st Session The 5th Meeting 2022.8.9	1.Planned Capital Increase of PT. Meiloon Technology Indonesia by US$18 million	v	
	Independent directors' opinion: None.		
	Resolution results: All committee members present agreed to adopt it.		
	The Company's handling of the Audit Committee's opinions: All directors present agreed to adopt it.		

(II) In addition to those mentioned in the foregoing, other resolutions not adopted by the Audit Committee but approved by two-thirds and more of all directors: None.

II. Regarding the execution situation of conflict of interest proposals avoided by independent directors, their names, proposal content, reasons for avoiding interests, and participation in voting should be stated: None.

III. Communication among the independent directors, internal audit supervisors and accountants (which should include significant matters, methods and results of communication regarding the Company's financial and business condition):

(I) A discussion forum shall be held at least once a year for independent directors, internal audit supervisors, and accountants to discuss and record the communication between the internal audit supervisors and accountants on deficiencies identified during the annual audit and their opinions.

(II) The internal audit supervisors shall submit the audit report and deficiency tracking report for the previous month by the end of each month, and submit the status of implementation of the annual audit plan and improvement of internal control deficiency tracking to the independent directors for review. The progress of the audit business shall be reported to the independent directors at least once per quarter. The independent directors shall be immediately notified of any material abnormalities.

(III) The independent directors and accountants shall communicate and discuss audit planning matters and key audit matters.

Up to now, the independent directors have good communication with the internal audit supervisors and accountants.

Note 1: If an independent director resigns before the end of the fiscal year, the resignation date shall be noted in the Remarks column, and the actual attendance rate (%) shall be calculated based on the number of the Audit Committee meetings during his/her tenure and his/her actual attendance.

Note 2: If an independent director is re-elected before the end of the fiscal year, both the new and old independent directors should be listed, and the Remarks column shall indicate whether the independent director is an old, newly elected, or re-elected member, as well as the date of re-election. The actual attendance rate (%) is calculated based on the number of the Audit Committee meetings during his/her tenure and his/her actual attendance.

(IV) Status of corporate governance and operation, differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation (Note 1)</th><th rowspan="2">Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>I. Does the company follow the <i>Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies</i> to develop and disclose its corporate governance best practice principles?</td><td>V</td><td></td><td>The Company has established the <i>Corporate Governance Best Practice Principles</i>, which include regulations aimed at protecting the shareholders’ rights and interests, strengthening the functions of the Board of Directors, respecting the stakeholders’ rights and interests, and enhancing information transparency. For the Company’s Corporate Governance Best Practice Principles, please visit the Company’s website.</td><td>No difference.</td></tr>
<tr><td>II. The Company’s shareholding structure and shareholders’ equity
(I) Does the company have internal operating procedures to deal with shareholders’ suggestions, doubts, disputes and litigation? If yes, have these procedures been implemented accordingly?
(II) Does the company possess a list of major shareholders who actually control the company and the persons who have ultimate control over major shareholders?
(III) Does the company establish and implement any risk control and firewall mechanisms between the company and its affiliates?
(IV) Does the company have internal norms that prohibit company insiders from trading securities using information not disclosed to the market?</td><td>V</td><td></td><td>(I) To ensure the rights and interests of shareholders, the Company handles matters such as shareholders’ suggestions or disputes through dedicated personnel such as spokespersons and stock units.
(II) Most of the Company’s current major shareholders are management teams or professionals. The Company can keep track of the list of major shareholders who actually control the Company and interact with them frequently to establish good relationships and ensure the stability of management rights.
(III) The Company has established the <i>Rules of Supervision over Subsidiaries</i> and <i>Operating Procedures for Transactions between Group Companies, Specific Companies and Related Parties</i> and has implemented them.
(IV) In order to establish a sound internal mechanism for handling and disclosing material information, to avoid improper disclosure of information, and to ensure the consistency and accuracy of information released by the Company to the outside world, the Company has developed the “Procedures for Handling Material Information”, which are applicable to the directors, supervisors, managers, employees and other persons who have access to material information within the Company by virtue of their identity, position or control relationship. In addition, the Company also informs insiders of the latest regulations from time to time and reports on changes in insiders’ shareholdings on a monthly basis.</td><td>No difference.</td></tr>
</table>

Item	Operation (Note 1)			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Description	
III. Composition and duties of the Board of Directors (I) Has the Board of Directors established and implemented a diversification policy and specific management objectives? (II) Besides the Remuneration Committee and the Audit Committee which are established as required by law, does the company voluntarily establish any other types of functional committees? (III) Does the company have a board of directors' performance evaluation system and a method thereof, and conduct performance evaluation annually and regularly, and submit the results of performance evaluation to the board of directors for reference of individual director's salary and compensation and nomination for re-election? (IV) Does the company regularly evaluate the independence of its certified public accountants?	V		(I) The Company adopts a candidate nomination system for the nomination and selection of directors in accordance with the Company's Articles of Incorporation, and has established the Corporate Governance Best Practice Principles to formulate and implement a diversification policy and specific management objectives for the members of the Board of Directors. The diversification of the board members lies in age, gender, and industrial experience in manufacturing, marketing, technology research and development, and financial investment. This is to implement the diversification policy and improve the structure of the Company's Board of Directors. The percentage of directors who are also employees of the Company is 40%. The age distribution of directors is as follows: 2 aged between 40-54 years, 7 between 55-69 years, and 1 between 70-84 years. The Company places emphasis on gender equality in the composition of the Board of Directors, and with a target of having a female director ratio of 10% or more. Currently, there are 10 directors, including 1 female director, which accounts for 10%. The Board of Directors has formulated a diversification policy on member composition in accordance with the Company's Corporate Governance Best Practice Principles, which is disclosed on the Company's website and the Market Observation Post System. (For professional qualifications and experience of directors and independence of independent directors, please refer to pages 13 to 15) (II) In addition to having established the Remuneration Committee, the operation of which is detailed in (iv) Operation of the Remuneration Committee, the Company has established an Audit Committee to replace the monitor system in 2021 in order to strengthen corporate governance. Other types of functional committees will be established based on evaluation on a need basis in the future. (III) The Company has established the "Performance Evaluation Method for the Board of Directors and Functional Committees" for ongoing evaluations of individual directors, the Board of Directors and functional committees on a one-year cycle. Additionally, there is an evaluation conducted every three	No difference.

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>years by external professional independent institutions or teams of experts and scholars.
The Taiwan Institute of Ethical Business (hereinafter referred to as TIEB), a corporation aggregate established with the purpose of enhancing the awareness and concern of industry, government and academia on ethical business and corporate governance, is hired as an external evaluation body this time. Its executive members, Mr. Shao Ching-Ping, Mr. Chiang Chao-Sheng and Mr. Tsai Yang-Tsung are responsible for evaluating the performance of the Company's Board of Directors, Audit Committee and Remuneration Committee in an impartial and objective manner, without any circumstance affecting their independence. The following is hereby declared:
1. The executive members, their spouses and dependent relatives are not involved in the following matters:
(1). a direct or indirect material financial interest in the evaluated company.
(2). a business relationship with the evaluated company or its directors, which is sufficient to affect the independence.
(3). receipt of gifts in excess of normal social etiquette standards directly or indirectly from the evaluated company or its directors, managers, or major shareholders.
2. The executive members have no family relationship with the directors of the evaluated company, such as the spouse, lineal relative by blood, direct relative by marriage, or collateral relative by blood within the second degree of kinship.
3. Neither the executive members nor their spouses serve as directors of the evaluated company or hold other positions that have a direct and significant impact on the results of this evaluation report.

This evaluation report evaluates the performance of the Board of Directors based on the four areas:
1. Functional competency of the Board of Directors (board composition and structure, selection and continuing education of directors):</td><td></td></tr>
</table>

Item	Operation (Note 1)			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Description	
			Evaluation metrics include: diversity of board composition, directors' continuing education, and utilization of external resources. 2. Performance of board decisions (degree of involvement in company operation and improvement of the quality of board decisions): Evaluation metrics include: directors' participation in meetings, directors' knowledge of company operation, directors' management of company risks, adequacy of information on which directors base their decisions. 3. Board of Directors' attention to and supervision of internal controls: Evaluation metrics include: the formulation and implementation of the code of conduct for employees, supervision of internal audit and control, smooth communication and reporting channels, disclosure and recusal of interests. 4. Board of Directors' attitude towards sustainable operation: Evaluation metrics include: disclosure of ESG information, talent training and succession planning, and actions for sustainable operation. Evaluation process: 1. TIEB shall provide a list of documents required for the evaluation and an assessment questionnaire 2. The Company shall provide the required documents and respond to the evaluation questionnaire 3. TIEB shall conduct a written review of the documents received (requesting supplementary information or explanations as appropriate) 4. TIEB shall meet and interview directors and related personnel of the Company 5. TIEB shall prepare a report on the evaluation of the performance of the Board of Directors 6. TIEB shall issue a report on the evaluation of the performance of the Board of Directors Conclusions and suggestions: 1. Review and revise the corporate organizational structure and level of authority 2. Strengthen the recording of directors' statements in the minutes of	

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>board meetings
3. Consider the creation of additional functional committees as necessary to strengthen the performance of the Board of Directors
4. Provide resources for directors to pursue further education related to sustainable development
5. The Audit Committee shall continue to strengthen corporate risk management
6. The Remuneration Committee shall continue to develop the evaluation metrics for performance-related incentives

The results of the internal and external evaluation of the Board of Directors' performance of the Company were submitted to the Board of Directors on 2023.3.22, and were used as a reference for individual director's salary and compensation and nomination for re-election.

(IV) The Company's Finance Department evaluates the suitability and independence of the certified public accountants once a year. The results were submitted to the Board of Directors for consideration and were adopted on 2023.3.22.
Upon evaluation by the Company's Finance Department, CPAs LIN Yueh-Hsia and Lee Tsung-Ming from PKF Taiwan both meet the Company's independence evaluation criteria (Note 1) and are qualified to serve as the Company's certified public accountants. In addition, as per the Statement on Auditing Standards No. 46 Quality Control for Public Accounting Firms, accounting firms are required to adjust their certified public accountants at least every seven years, and the same person can only be reappointed as the Company's certified public accountant at least two years apart.</td><td></td></tr>
</table>

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<tr><td></td><td></td><td></td><td colspan="2">Note 1: Criteria for evaluating the independence of CPAs:
<table>
<tr><th>Evaluation Item</th><th>Evaluation Result</th><th>Conformity to Independence</th></tr>
<tr><td>1. Does the CPA have a direct or significant indirect financial interest in the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>2. Does the CPA engage in financing or guarantee activities with the Company or the Company’s directors?</td><td>No</td><td>Yes</td></tr>
<tr><td>3. Does the CPA have a close business relationship and potential employment relationship with the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>4. Does the CPA and his/her audit team members serve as directors, managers or are they in positions with significant influence on the audit of the Company at present or within the last two years?</td><td>No</td><td>Yes</td></tr>
<tr><td>5. Does the CPA provide non-audit services to the Company that may directly affect the audit?</td><td>No</td><td>Yes</td></tr>
<tr><td>6. Does the CPA serve as a broker for shares or other securities issued by the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>7. Does the CPA serve as the defender or representative for the Company in the resolution of conflicts with third parties?</td><td>No</td><td>Yes</td></tr>
<tr><td>8. Is the CPA related to a director or manager of the Company or a person in a position with significant influence on the audit case?</td><td>No</td><td>Yes</td></tr>
</table></td></tr>
<tr><td>IV. Does the TWSE/TPEx listed company have the adequate number of qualified corporate governance personnel and appoint the corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing information necessary</td><td>V</td><td></td><td>On November 9, 2021, the Company’s Board of Directors resolved to appoint the Chief Financial Officer Kuo Li-Jung as the head of corporate governance and the Finance Department as a concurrent unit for corporate governance. Also, professionals familiar with corporate governance related regulations were assigned to plan the immediate and relevant agenda for board meetings and shareholders’ meetings, and provide and maintain relevant information and</td><td>No difference.</td></tr>
</table>

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<tr><td>for directors and supervisors to perform their duties, assisting directors and supervisors in complying with laws and regulations, handling matters related to board meetings and shareholders' meetings in accordance with the law, preparing minutes of board meetings and shareholders' meetings)?</td><td></td><td></td><td>documents. They will keep an eye on the various policies promoted by the securities authorities for the Company's corporate governance blueprint and make every effort to implement various corporate governance matters of the Company.
Continuing education status in the current year:
<table><tr><th>Continuing Education Period</th><th>Continuing Education Content</th><th>Hours of Continuing Education</th></tr><tr><td>2022/7/26
2022/7/27</td><td>Securities & Futures Institute, R.O.C. - Practice Seminar for Initial Directors and Supervisors (including Independent) and Corporate Governance Officers</td><td>12HR</td></tr><tr><td>2022/10/5</td><td>Securities & Futures Institute, R.O.C. - 2022 Legal Compliance Seminar for Insider Equity Transactions</td><td>3HR</td></tr><tr><td>2022/10/27</td><td>Securities & Futures Institute, R.O.C. - [TCFD Disclosure Practices and the Role of Directors] - Seminar on Advanced Practices for Directors and Supervisors (including Independent) and Corporate Governance Officers</td><td>12HR</td></tr></table></td><td></td></tr>
</table>

Item	Operation (Note 1)			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Description	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers) and set up a stakeholder section on the company's website to properly respond to important CSR issues of concern to stakeholders?	V		The Company has smooth communication and complaint channels with owners, suppliers, banks and company employees, with each dedicated department responsible for communication and coordination to protect their legitimate rights and interests. A dedicated section has been set up on the Company's website for stakeholders to ask questions online, which will be dealt with and answered by a specially-assigned person in real time.	No difference.
VI. Does the company appoint a professional stock affairs agency to handle the affairs of the shareholders' meeting?	V		The Company entrusted Yuanta Securities Co., Ltd. Registrar and Transfer Agency Department to handle matters related to the shareholders' meeting.	No difference.
VII. Information Disclosure (I) Does the company have a website to disclose finance and corporate governance information? (II) Does the company employ other means of information disclosure (e.g., establishing an English website, appointing a person to collect and disclose company information, implementing a spokesperson system, placing the investor presentation process on the company's website)? (III) Does the company announce and file its annual financial statements within two months after the end of the fiscal year, and announce and file its financial statements for the first, second, and third quarters and its operation for each month in advance of the prescribed deadline?	V		(I) The Company has set up a website to provide information about its business and regularly and occasionally file information to the Market Observation Post System to disclose financial and corporate governance related information. (II) A person has been designated by the Company for collecting information about the Company and disclosing it on a regular and occasional basis through the Market Observation Post System. In addition, a spokesperson system has been established to ensure that information that may affect shareholders' and stakeholders' decisions is promptly and appropriately disclosed, and a investor presentation will be held every year to post its process on the Company's website. (III) The Company announces and files quarterly financial statements within the prescribed deadlines, and is currently planning the relevant schedule to facilitate earlier announcement and filing.	No difference.
VIII.Does the company have any other important	V		(I) The Company is actively involved in community building and maintains	No difference.

Item	Operation (Note 1)			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Description	
information that would be helpful in understanding the corporate governance operation (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, stakeholder rights, continuing education status for directors and supervisors , implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors)?			good relationships with employees, suppliers and stakeholders. (II) The Company's individual directors and independent directors have arranged their own continuing education, which has been disclosed in the Corporate Governance section of the Market Observation Post System. (III) Currently, the Company mainly holds joint meetings of directors and independent directors, in which all directors actively participate. (IV) The directors and independent directors of the Company uphold a high degree of self-discipline and recuse themselves from discussing and voting on the board of directors' proposals if they have a personal interest therein. (V) The Company has purchased the *Directors' and Managers' Liability Insurance* for its directors and key employees, with a total insurance limit of US$3,500,000 for a period of one year (2022/09/01-2023/09/01).	
IX. Please describe the improvements that have been made and propose priorities and measures to strengthen those that have not yet been improved with respect to the results of the corporate governance evaluation issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year: (I) In order to emphasize the protection of shareholders' equity, the Company took the initiative to enter into an appointment contract with the Taiwan Depository & Clearing Corporation for an "Electronic Voting Platform for Shareholders' Meetings" in 2016, and began to adopt electronic voting for shareholders' meetings in 2017 and to vote on each proposal on a case-by-case basis. (II) Based on the description of the corporate governance evaluation metrics and with reference to the public information regarding the top 5% of high performance companies in corporate governance evaluation, the Company will strengthen the disclosure method and content of the annual report and gradually achieve the goal for corporate governance evaluation.				
Note 1: The description should be provided in the description field, regardless of whether "Yes" or "No" is checked.				

(V)Composition, duties and operation of the Remuneration Committee:

I. Composition of the Remuneration Committee:

Information on Members of the Remuneration Committee

Identity (Note 1)	Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of the Remuneration Committee	Remarks
Independent Director	Wong Yao-Lin	He has many years of work experience as a management consultant and is currently the President of Kind Management Consulting Inc. Currently, he is also a member and Chairman of the Company's Audit Committee.	Each independent director has met the following conditions two years prior to his or her election and during his or her term of office: 1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates (unless the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top ten in shareholdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the manager mentioned in (1) or the personnel mentioned in (2) and (3). 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates a representative as a		

Independent Director	Chu Rueen-Fong	He has many years of working experience in banking and financial management, and has served as an independent director of Hua Nan Commercial Bank and Chairman of Bank of Kaohsiung Co., Ltd. Currently, he is an independent director of Chang Hwa Bank's subsidiary bank in China. He is also a member of the Company's Audit Committee.	director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act (unless the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). 6. Not a director, supervisor, or employee of any other company where a majority of the Company's director seats or voting rights and those of that other company are controlled by the same person (unless the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). 7. Not a director, supervisor, or employee of another company or institution where the chairman, general manager or person holding an equivalent position of the Company and a person in any of those positions at that other company or institution are the same person or are spouses (unless the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). 8. Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (unless such specified company or institution holds more than 20% but not more than 50% of the total issued shares of the Company, and the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). 9. Not a professional who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services for the Company or any of its affiliates, or provides commercial, legal, financial, accounting or related services for the Company or any of its affiliates for which cumulative		

			compensation of over NT$500,000 has been received in the past 2 years, or a spouse thereof. However, this restriction does not apply to a member of the Remuneration Committee, Public Takeover Review Committee, or M&A Committee, who performs his or her powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations. 10. Not having a spousal relationship, or a relative within the second degree of kinship to any other director. 11. He is not involved in any events stated in Article 30 of the Company Act. 12. Not being elected as the government agency, juristic person, or a representative thereof, as stated in Article 27 of the Company Act.		
Others	Hsi-Ping Pai	He has many years of experience as a management consultant and has served as Chairman of Far Eastern Air Transport Corp., a director of Formosa Plastics Corporation (1301 TT), Executive Secretary of the ROC-Philippines Economic Association, Vice General Manager and Spokesperson of TWP Corporation (under Acer Group), and Vice General Manager and Spokesperson of CIS Technology Inc. Currently, he is the General Manager of Master PR Consulting Co., Ltd, a director of Taiyen Biotech Co., Ltd. (1737 TT), an independent non-executive director of Polyard Petroleum International Group Limited, and President of Taiwan Shareholder Activism Promotion Association.		1	

II. Duties of the Remuneration Committee:

1. The Committee shall exercise the due care of a prudent administrator in performing the duties as stated below and submitting its advices to the Board of Director for further discussion:
   (1).review the Charter on a periodic basis and provide advices on its revision;
   (2).establish the policies, systems, standards, and structures relating to the performance review and remuneration of directors and supervisors, as well as members of the management, and perform periodic review on these policies, systems, standards, and structures;

(3).review the remuneration of directors and supervisors, as well as members of the management on a periodic basis.

2. In the performance of the duties described above, the Committee shall follow the principles set forth below:
   (1).Ensure that the remuneration arrangements comply with applicable regulatory requirements and are sufficient to recruit outstanding talents.
   (2).Performance assessments and remuneration levels of directors and supervisors, as well as members of the management shall take into account the general pay levels for such positions in the industry, as well as the reasonableness of the correlation between the individual's performance and the company operational performance and future risk exposure.
   (3).There shall be no incentive for the directors or members of the management to pursue remuneration by engaging in activities that exceed the tolerable risk level of the company.
   (4).For directors and members of the executive management, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable remuneration shall be determined with regard to the characteristics of the industry and the nature of the company's business.
   (5).A member of the Committee may not participate in discussion and voting with respect to the decisions on such a member's individual remuneration.

III. Operation of the Remuneration Committee:

Information on the Operation of the Remuneration Committee

1. The Company's Remuneration Committee comprises 3 members.
2. Term of office of current members: From July 2, 2021 to July 1, 2024. The Remuneration Committee met two times (A) in 2022, and the member qualifications and their attendance are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) [B/A] (Note)	Remarks
Convener	Wong Yao-Lin	2	0	100%	
Member	Chu Rueen-Fong	2	0	100%	
Member	Pai Hsi-Ping	2	0	100%	
Other matters to be included: I. In case the Board of Directors does not adopt or modify the suggestion of the Remuneration Committee, a description shall be provided for the date and session of the board meeting, the content of the proposal, the resolutions of the Board of Directors and the Company's handling of the opinions of the Remuneration Committee (if the remuneration adopted by the Board of Directors is superior to that suggested by the Remuneration Committee, the difference and reasons					

thereof should be explained): None.

II. On matters resolved by the Remuneration Committee, if a member has an objection or reservation which are documented or declared in writing, the date and session of the Remuneration Committee meeting, the content of the proposal, the opinions of all members and the Company's handling of such members' opinions shall be detailed:

Conference Date	Proposal Content	Resolution Results	The Company's handling of the Remuneration Committee's opinions
The 5th Session The 4th Meeting March 17, 2022	1. The Company's remuneration for directors and supervisors for 2021. 2. The Company's total employee compensation and distribution of employee compensation to managers for 2021.	Approved as proposed with the consent of all members present	Submitted to the Board of Directors Approved by all directors present
The 5th Session The 5th Meeting November 8, 2022	1. Remuneration for directors and supervisors for 2021. 2. Bonus for managers for 2021.	Approved as proposed with the consent of all members present	Submitted to the Board of Directors Approved by all directors present

Note 1: f a member of the Remuneration Committee resigns before the end of the fiscal year, the resignation date shall be noted in the Remarks column, and the actual attendance rate (%) shall be calculated based on the number of the Remuneration Committee meetings during his/her tenure and his/her actual attendance.

Note 2: If a member of the Remuneration Committee is re-elected before the end of the fiscal year, both the new and old members of the Remuneration Committee should be listed, and the Remarks column shall indicate whether the member is an old, newly elected, or re-elected member, as well as the date of re-election. The actual attendance rate (%) is calculated based on the number of the Remuneration Committee meetings during his/her tenure and his/her actual attendance.

(VI) Promotion of sustainable development, differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons:

Item	Operation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
I. Does the company have a governance framework in place to promote sustainable development and a dedicated (concurrent) unit for fulfilling sustainable development, with the board of directors authorizing senior management to handle such efforts, and having relevant progress supervised by the board of directors?		V	A dedicated (concurrent) unit is being planned, but personnel will be assigned to perform related matters depending on actual needs.	Under discussion.
II. Does the company perform risk assessments on environmental, social and corporate governance issues related to the company's operation based on the materiality principle and develop relevant risk management policies or strategies?	V		In order to facilitate effective communication with different stakeholders, the Company fully identifies and understands its objectives and strategies, evaluates the quality of stakeholder engagement and robustness of the materiality determination process mainly according to the scope of materiality determined on a stakeholder basks based on its objectives and strategies, and advises on the future direction based on the principles. Eight categories of key stakeholders have been identified, including customers, employees, investors / shareholders, suppliers, government / authorities, non-profit organizations/communities, media, and others. The Company has set up a stakeholder section on the Company website with contact information of the corresponding unit to properly respond to stakeholders' concerns about corporate sustainability and social responsibility, and other related issues.	No significant difference yet.

Item	Operation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
III. Environmental Issues (I) Does the company have an appropriate environmental management system developed based on its industry characteristics? (II) Is the company committed to improving energy efficiency and using renewable materials that have a low impact on the environment? (III) Does the company evaluate the potential risks and opportunities in climate change with regard to the business now and in the future, and take appropriate action to address them? (IV) Does the company count the greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and formulate policies on energy efficiency and carbon reduction, greenhouse gas reduction, water use reduction, or waste management?	V		(I) The Company obtained ISO14001 certification through the SGS audit in March 2022, and operates in accordance with the environmental management system and adheres to the "Environmental Policy", which includes complying with regulations, preventing pollution, and striving for continuous improvement. The Company conducts regular environmental assessments every year to identify significant environmental risks and impacts, perform risk assessments, and develop improvement plans. The progress is continuously monitored in accordance with the implementation schedule, and annual internal audit is conduced to inspect and correct the overall system. The audit results and system effectiveness are reported to the Environmental Management Committee for review. (II) In order to continue to promote the Company's sustainable development and to obtain balance between economic profitability and the environment, the Company is reducing energy use and emissions, shifting to the use of renewable energy, planning the less polluting design and manufacturing processes, and improving product quality. The QC080000 Hazardous Substance Management System and ISO14001 Environmental Management System have been introduced to address material usage and environmental concerns within the management system. (III) An evaluation of the impact of climate change on the company, as well as response measures to be taken by the relevant departments will be planned. (IV) The Company regularly conducts data statistics on electricity, water and waste as follows: 1.Greenhouse gas emissions management	No significant difference yet.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
●Greenhouse gas emissions in the last two years (Taiwan plant)
Category I
<table>
<tr><th>Year</th><th>CO₂ Emissions (metric tons)</th></tr>
<tr><td>2021</td><td>521.78</td></tr>
<tr><td>2022</td><td>537.58</td></tr>
</table>
2.Water resources management
●Water consumption in the last two years (Taiwan plant)
<table>
<tr><th>Year</th><th>Water Consumption (million liters)</th><th>Wastewater Discharge (million liters)</th></tr>
<tr><td>2021</td><td>5.322</td><td>5.15</td></tr>
<tr><td>2022</td><td>5.472</td><td>4.92</td></tr>
</table>
3.Waste management
●Waste volume in the last two years (Taiwan plant)
<table>
<tr><th>Year</th><th>General Industrial Waste (tons)</th><th>Temporary Storage of Hazardous Industrial Waste (tons)</th><th>Recycling Waste (tons)</th></tr>
<tr><td>2021</td><td>15.24</td><td>1.15</td><td>15.16</td></tr>
<tr><td>2022</td><td>24.085</td><td>0.2</td><td>49.78</td></tr>
</table>
4.Management policies and effectiveness:
(1) Under the environmental system, the Company continues to promote environmental management improvement programs and target performance to reduce the problems, such as production loss, defective incoming materials, R&D sample defects,
</td><td></td></tr>
</table>

Item	Operation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
			and to increase the reuse of defective products and scrap materials to achieve business waste reduction. (2) The general industrial waste output in 2022 increased by 8.845 metric tons compared to 2021. (3) Hazardous industrial waste is properly handled and traced in accordance with the Waste Disposal Act. (4) The amount of waste reused in 2022 was 49.78 metric tons, an increase of nearly 34.62 metric tons compared to 2021, with a 2.28-fold increase in the recycling rate. In the future, efforts will be made to continuously reuse waste effectively in terms of output control.	
IV. Social Issues (I) Does the company establish its management policies and procedures in accordance with relevant regulations and the International Bill of Human Rights? (II) Does the company develop and implement reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately reflect business performance or results in employee remuneration? (III) Does the company provide a safe and healthy work environment for its employees and conduct regular safety and health training for its employees? (IV) Does the company have an effective professional competency development training program for employees?	V		(I) In accordance with internationally recognized human rights standards such as the “International Bill of Human Rights” and “the International Labor Organization’s fundamental conventions”, and in the spirit of people-oriented, safety and health, full employee participation, and care for society, the Company’s guidelines for implementing the social responsibility policy are as follows: 1. Comply with the provisions of local government labor-related laws and regulations 2. Prohibit the employment of child labor, exploitation of children, physical punishment, abuse of girls, forced labor and other forms of mistreatment. 3. Ensure that all work performed by employees is on a voluntary basis. 4. Employee salaries should be in compliance with all applicable local government labor laws regarding the salary, including minimum wage, and working hours. 5. Ensure that there are no unjustified disciplinary salary deductions.	No significant difference yet.

Item	Operation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
(V) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling, and are relevant consumer protection or customer rights protection and complaint procedure policies implemented? (VI) Does the company have a supplier management policy that requires suppliers to follow relevant norms on issues, such as environmental protection, occupational safety and health, or labor human rights? If so, describe its implementation status.			6. Promise recruitment and hiring practices that are free from sexual harassment and unlawful discrimination. 7. Employees are given equal opportunities regardless of race, region, gender, age, political preference, religion, etc. 8. Educate employees to observe professional ethics of social responsibility, respect for intellectual property and copyright, and protect internal business secrets. 9. Endeavor to extend the spirit of the Company's CSR policy to suppliers and their subcontractor partners. (II) The Company has established and implemented reasonable employee welfare measures, as described on page 77 of this Annual Report, and has reflected management performance in employee compensation, as described on page 67 hereof, and has submitted work rules approved by the Department of Labor and management regulations, as required by law, and placed them on the intranet. (III) The Company continuously improves the working environment, conducts regular maintenance and repair of production equipment and public facilities to reduce the occurrence of hazards, and introduces an environmental management system to check all facilities and daily environmental hygiene. Moreover, the Company follows environmental regulations, safety and health regulations, and other legal requirements to carry out regular education and training on safety and health and hazard knowledge for employees, as well as monthly health education and promotion. The environmental performance indicators and occupational safety and health management plans are prepared annually to avoid employee safety and health	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>problems caused by the hazards of the operating environment and equipment defects.
※Investment in plant environment and facility improvement in the last two years (Taiwan plant):
<table>
<tr><th>Year</th><th>Number of Improvement</th><th>Improvement Cost</th></tr>
<tr><td>2021</td><td>3</td><td>84,200</td></tr>
<tr><td>2022</td><td>4</td><td>204,190</td></tr>
</table>
※Review of company-wide data on the disabling injury frequency rate in 2021 and 2022 (Taiwan plant):
The total disabling injury frequency rate was 7.37 in 2021 and 7.5 in 2022, both of which were in line with the Company’s target for the respective year. The number occurrence of such injuries was reduced by one in 2022, dominated by occupational injury, as illustrated in the table below:
<table>
<tr><th>Year in which loss incurred</th><th>Number of Occurrence</th><th>Number of Days Lost</th><th>Number of Hours Lost</th><th>Disabling injury frequency rate (FR)</th><th>Current-Year FR Target</th></tr>
<tr><td>2021</td><td>4</td><td>13</td><td>105.0</td><td>7.37</td><td>10</td></tr>
<tr><td>2022</td><td>3</td><td>42.4</td><td>339.5</td><td>7.5</td><td>9</td></tr>
</table>
※Statistics of safety and health education and training in the last two years (Taiwan plant):
According to the occupational safety and health education and training rules, the Company carried out safety and health education and training for new employees, as well as those for in-service staff in special operation and organic solvent operation and first-aid personnel, general safety and health education and training, and hazard knowledge education and training.</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>

Year	Education and Training Sessions	Education and Training Participants
2021	22	113
2022	55	266

Year	Education and Training Sessions	Education and Training Participants
2020	24	117
2021	22	113

(IV) Based on the future operation plan and the functional training of the employees, the Company regularly proposes the training plan for the following year in the fourth quarter of each year.

(V) The Company's products are manufactured in accordance with the specifications set by customers. Products sold in different regions are manufactured and marked with information according to the specifications and standards provided by customers in order to comply with the relevant regulations and standards.

The Company's policy on consumer rights is in line with the relevant government regulations to protect the rights of consumers, and a customer service department is established to provide transparent and effective channels for consumer complaints.

The Company has passed ISO9001 (valid until 2025.01.13) and ISO14001 quality certification (valid until 2025.03.16), QC080000 (valid until 2025.04.14), ISO/TS16949 automotive plant certification (valid until 2024.08.26) and GSV C-TPAT certification. The Company also conducts annual external audits and continuously
</td><td></td></tr>
</table>

Item	Operation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
			review and improve the processes. (VI) The Company has requirements for environmental protection in the procurement contract, which must comply with international environmental protection regulations. In addition, the procurement unit will receive the latest legal and regulatory requirements from time to time and notify vendors of the relevant information, and require the signing of relevant declaration documents.	
V. Does the company refer to the international standards or guidelines for the preparation of reports to prepare sustainability reports and other reports that disclose non-financial information? Does the aforementioned reports acquire the assurance or guarantee of the third-party certification unit?		V	It is still planning. But the Company is following these norms for implementing corporate governance, developing a sustainable environment and maintaining social responsibility.	Under discussion.

VI. Describe the differences between actual practice and the sustainable development principles, if the company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies:

The Company has not yet established such principles, but the Company's relevant operating rules are geared toward the spirit of such principles.

VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development:

(I) Employees:

1. In order to implement the industry-academia cooperation plan, we have established the *Talent Cultivation Method*, which aims to recruit outstanding students with a university or college degree to join the Meiloon team and contribute their knowledge through practical exchange and training, in the hope of them becoming excellent people for the industry in the future.
2. We joined Shu-Te University in an industry-academia cooperative research project, "The Development of Omni-directional Sound Pressure Smart Speakers for Vehicles with Dynamic Engine Exhaust Sound Synthesis and AI Voice Assistant Functions based on On-board Diagnostics System", which applied for a grant from the Ministry of Science and Technology, with an aim to jointly produce research and development results, such as patents, technical knowledge, copyright, other derivative intellectual property rights.

(II) Society:

1. In the spirit of caring for the community, we donated a total of NT$1.5 million to help our compatriots suffering from the 0206 Tainan Earthquake

Item	Operation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	

and the 0206 Hualien Earthquake to rebuild their homes as soon as possible.

2. The spread of the coronavirus disease 2019 (COVID-19) pandemic has led to a global panic, with not only masks in short supply, but also disinfectant water, alcohol and other epidemic prevention supplies hard to find. The +HOCL slightly acidic electrolyzed water (hypochlorous acid water) produced by the +HOCL Slightly Acidic Electrolyzed Water Generator we have developed and manufactured has been proven through years of research in Japan to be a colorless, odorless, and non-hazardous antibacterial solution for human bodies and equipment. It can effectively and quickly destroy a variety of pathogenic bacteria and is friendly to the environment. During the epidemic prevention period, 3 metric tons of +HOCL slightly acidic electrolyzed water were provided to the public free of charge every day, enabling more people to obtain epidemic prevention materials and helping citizens to prevent the epidemic together.

(III) Culture:

1. We participated in the Lantern Festival activity organized by the National Culture and Arts Foundation and the reconstruction of the temple of Earth God in the neighborhood, and obtained a certificate of donation from the Sports Administration, Ministry of Education for supporting athletes, in the hope that the excellent tennis players sponsored will become the light of Taiwan.
2. We sponsored the Liugdui Hakka Games held by the Meinong District Office in Kaohsiung City, in response to the government’s promotion of sports and the spirit of Liugdui sports, so that Hakka culture can be rooted and passed down through generations.

(IV) Diplomatic aspect:

1. We participated in the annual assistance program advocated by the Republic of Nicaragua Ambassador William M. Tapia in ROC, “Please don’t give me gifts on special days, Lunar New Year or Taiwan’s festivals, but please give wheelchairs to children with mobility difficulties in Nicaragua”, which brings real financial help to Nicaraguan children who are in a difficult situation.
2. In the wake of the COVID-19 pandemic spreading worldwide, there was a sharp rise in the epidemic in Indonesia. In this context, we wished to do our part to help Indonesia, support the smooth implementation of Indonesia’s epidemic prevention policy, and hoped that the epidemic would be brought under control as soon as possible. Therefore, we purchased 120 oxygen generators and transported them via Singapore Airlines to Singapore for transfer, with 70 units donated to the Indonesian Ministry of Health, 40 donated to the Subang County Government in West Java, and 10 reserved for our Indonesia factory.
3. The outbreak of the Russo-Ukrainian War in March 2022 has caused the people of Ukraine to suffer a major threat to their lives and property due to the war. In the spirit of humanitarian care and international mutual aid, we donated to the people of Ukraine through the Taiwan Foundation for Disaster Relief in the hope that the war would end soon and the people would live in peace and prosperity.

(VII) Implementation of ethical corporate management, differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons:

Item	Operation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and approaches (I) Does the company have an ethical corporate management policy adopted by the board of directors, and state in its regulations and external documents the ethical corporate management policy and practices, as well as the commitment of the board of directors and management towards enforcement of such policy? (II) Does the company have a mechanism to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company formulate the programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Article 7, Paragraph 2, of the *Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies*? (III) Does the company provide the clear operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above and perform regular reviews and amendments?	V		(I) On August 10, 2021, the Company's Board of Directors resolved to establish the *Ethical Corporate Management Principles* and the *Operating Procedures and Code of Conduct for Ethical Corporate Management* as a commitment by the Board of Directors and management of the Company to actively implement the policy of ethical corporate management. The relevant norms have been posted on the Company's website for shareholders' reference. (II) The Company encourages open and orderly competition and is committed to developing long-term and stable business relationships with suppliers. In order to create a healthy business environment for both parties to facilitate mutual progress and development, the Company has signed a Code of Business Conduct Agreement with suppliers and has also established a *Code of Ethical Conduct and Dedication for Directors and Employees*, which includes: Prohibition of unlawful profit, prohibition of infringement of intellectual property rights, prohibition of unfair competition, etc. (III) According to the Company's standard operating procedures for the reward and punishment mechanism of whistle-blowing system management methods, the whistle-blowing cases investigated to be substantiated shall be handled in accordance with the following procedures: 1. Employees shall sign the "Integrity and Honesty Commitment" when they come on board and shall regularly accept education and training on ethical corporate management to prevent dishonest behavior.	No significant difference yet.

Item	Operation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
			2. Immediately ask the person being reported to stop the relevant behavior, and offer the necessary preventive or emergency response measures. 3. The relevant department will propose written review and improvement measures, and the investigation unit will follow up until the improvement is completed. 4. In case of a major violation or a risk of significant damage to the Company, the relevant department will report to the Audit Committee for follow-up action and review of improvement measures. 5. If necessary, compensation can be sought for damages through legal proceedings in order to protect the Company's reputation and rights. 6. If the reported case has a positive impact on corporate governance or prevents the Company from suffering significant damage, the department in charge of the case will propose the target of the award. 7. The internal audit unit will establish an annual audit plan to check compliance with the system.	
II. Implementation of ethical corporate management (I) Does the company evaluate the integrity record of all counterparties it has business relationships with and specify any integrity terms in the agreements entered into with such counterparties? (II) Does the company have a dedicated unit directly under the Board of Directors to promote corporate integrity, which will report regularly (at least once a year) to the Board of Directors on the ethical management policies and programs against unethical conduct and oversee their	V		(I) The Company evaluates the integrity records of its business partners by means of public information or inquiries, and includes integrity clauses in procurement contracts. Despite not having comprehensively signed the terms and conditions of integrity with counterparties at present, the Company conducts business activities in a fair and transparent manner. (II) The Company has designated the HR Department as the unit to promote ethical corporate management, which is responsible for assisting the Board of Directors and management in formulating and supervising the implementation of ethical corporate management policies and preventive programs, and regularly reporting to the	No significant difference yet.

Item	Operation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
implementation? (III) Does the company have policies to prevent conflicts of interest, provide proper appeal channel, and implement them? (IV) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit devise relevant audit plans based on the results of unethical conduct risk assessments to audit the systems accordingly and prevent unethical conduct, or hire outside accountants to perform the audits? (V) Does the company hold regular internal and external education and training on ethical corporate management?			Board of Directors on relevant matters, their handling and follow-up review and improvement measures on an annual basis. Up to now, no violations have been found. The Company reported in the board meeting in November 2021 on the implementation of ethical corporate management for the current year: 1. A 0.5-hour education and training course was provided for all employees and directors. 2. All employees signed the Integrity and Honesty Commitment. (III) The Company has established a *Code of Ethical Conduct and Dedication for Directors and Employees* and a supplier management team to consider the reasonableness of the Company's procurement costs and to visit suppliers regularly to understand whether there is any unethical conduct in business activities and to eliminate any risk of dishonesty. (IV) The Company upholds ethical corporate management and has established an accounting system and an internal control system in accordance with legal requirements, as well as ethical corporate management principles, which specifies that employees are not allowed to engage in various types of unethical conducts. The management evaluates possible fraud matters from time to time based on changes in the internal and external environment and revises relevant control operation as appropriate. The audit unit prepares an audit plan based on the results of risk assessment and executes it. In addition, the financial statements and internal control systems are audited by professional accountants to ensure the effectiveness of the systems and the fairness of the financial statements.	

Item	Operation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
			(V) New employees have to take ethical corporate management courses, and outsourced education and training is conducted in the third and fourth quarters of each year.	
III. Operation of the Company's Whistle blowing System (I) Does the company have a specific reporting and reward system, and has it established a channel to facilitate reporting and assigned appropriate staff for the accused party? (II) Does the company have standard operating procedures for the investigation of reported matters, as well as follow-up measures and relevant confidentiality mechanisms after the completion of the investigation? (III) Does the company take measures to protect whistleblowers from being subjected to improper treatment as a result of reporting?	V		(I) The Company has internal rules for rewards and punishments, and has established an employee grievance system to handle complaints about employees' discontent with disciplinary actions, mismanagement, suggestions and violations of integrity, and has set up an online discussion forum to collect employees' suggestions and expand communication channels. (II) The Company adheres to the principle of non-disclosure in the investigation of reported cases and requires the relevant participants to observe the confidentiality rules. After the completion of the investigation, in addition to the proper sealing and filing of documents, the identity of the whistleblower and the investigator will be kept absolutely confidential. Retaliation against good faith whistleblowing is prohibited, and appropriate penalties will be imposed if there is a violation of the regulations. (III) In accordance with the Company's *Measures for the Implementation of the Whistleblower System*, the following protective measures are implemented for whistleblowers: 1. The Company's personnel handling the reported cases are required to declare in writing that the identity of the whistleblower and the contents of the report will be kept confidential and that information sufficient to identify the relevant personnel will not be disclosed. 2. Whistleblowers are protected by the following mechanisms: Whistleblowers shall not be dismissed, discharged, demoted, reduced in salary, prejudiced in their rights under	No significant difference yet.

Item	Operation			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
			law, contract or custom, or otherwise dealt with unfavorably as a result of the reported case. 3. If a whistleblower is threatened, intimidated or otherwise disadvantaged by another person, he or she should be assisted in reporting the matter to the police authorities.	
IV. Information Disclosure Enhancement (I) Has the company disclosed the contents of its ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?	V		The Company has disclose the ethical corporate management principles and the implementation thereof on the company website and on the Market Observation Post System.	No significant difference yet.

V. Describe the differences between actual practice and the ethical corporate management principles, if the company has formulated such principles based on the *Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies*:

The operation of the Company's *Ethical Corporate Management Principles* and the contents thereof do not differ from those set forth in the *Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies*.

VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management (such as review and amendment of the ethical corporate management principles):

The Company complies with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the regulations related to TWSE/TPEx listed companies, or other laws and regulations related to business practices as the basis for implementing ethical corporate management.

The Company's Rules and Procedures of Board of Directors Meetings clearly stipulate a system for recusal of directors' interests. If a director or the legal entity he/she represents has an interest in a matter discussed at the board meeting, such director shall state the material content of the interest at that board meeting. If there is a risk of harming the interests of the Company, the said director shall not participate in discussion and voting, shall recuse themselves from discussions and voting, and shall not act as a proxy for other directors to exercise their voting rights.

The Company's *Operating Procedures for Handling of Material Information and Prevention of Insider Trading* clearly stipulate that directors, managers and employees shall conduct their business in good faith and on the basis of the duty of care and loyalty as good managers, and shall sign confidentiality agreements. Directors, officers and employees who learn of material internal information of the Company shall not disclose the said information they learn to others. They shall not inquire or collect any company's undisclosed material internal information that is irrelevant to their personal duties from those who learn of the material internal information, nor shall they disclose to others any company's undisclosed material internal information they learn otherwise than in the course of business.

(VIII) If the company has established corporate governance principles and related guidelines, references to such principles and guidelines should be disclosed:

Please visit the Market Observation Post System (http://mops.twse.com.tw/) or the Company’s website (http://www.meiloon.com.tw/).

(IX) Other significant information sufficient to enhance the understanding of corporate governance and operation may be disclosed together with:

Please refer to “Status of corporate governance and operation, differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons - Paragraph 8”.

(X)Implementation of internal control system

1.Statement of Internal Control

Meiloon Industrial Co., Ltd.

Statement of Internal Control System

Date: March 22, 2023

We hereby make the following statement about our internal control system for the year 2022 based on the assessments we've performed:

I. We acknowledge that it is the responsibility of our Board of Directors and managers to establish, implement and maintain an internal control system, and we have established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of operation (including profitability, performance and security of assets), reliability, promptness and transparency of reports, and compliance with relevant regulatory requirements in reaching compliance targets.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the environment and circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms, and upon identification of the defects, we will take immediate corrective action.

III. We determine whether the design and implementation of our internal control system is effective in accordance with the criteria for judging the effectiveness of the internal control system as stipulated in the *Regulations Governing Establishment of Internal Control Systems by Public Companies* (hereinafter referred to as "Governing Regulations"). The criteria for the internal control system adopted under the Governing Regulations are the five underlying elements of internal control system divided based on the process of management control, namely: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. monitoring. Each of the elements further contains several items. Please refer to the Governing Regulations for details.

IV. We have adopted the aforementioned criteria for evaluating the effectiveness of the design and implementation of the internal control system.

V. Based on the results of the aforementioned evaluation, we believe that the design and implementation of our internal control system as of December 31, 2022 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability, promptness and transparency of reports, and compliance with relevant regulatory requirements, is effective, and that it can reasonably assure the achievement of the aforementioned objectives.

VI. This statement will constitute an integral of our annual report and prospectus, and will be made public. In case of any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement, the Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors of our Company at its meeting held on March 22, 2023, and none of the 10 directors present held an opposing view, all agreeing to the contents of this statement.

Meiloon Industrial Co., Ltd.

Chairman: Wu Wei-Chung

General Manager: Wu Ming-Shien

2. If a CPA is engaged to audit the internal control system, disclose his/her audit report: None.

(XI) For penalties in the most recent year and up to the publication date of this annual report that are imposed on the Company or internal personnel by law, or imposed by the Company on internal personnel for violating the provisions of the internal control system, where such results may pose possible significant impact on shareholders' equity or stock prices, state the content of the penalties, major deficiencies, and improvement status: None.

(XII) Significant resolutions made during shareholders' meetings and board meetings in the most recent year and up to the publication date of this annual report:

Conference Date	Significant resolutions at shareholders' meetings	Remarks
June 23, 2022	1. Acknowledgment of the business report and financial statements for 2021. 2. Acknowledgment of the earnings distribution plan for 2021. 3. Revision of some articles of the Company's Articles of Incorporation. 4. Revision of the Company's "Procedures for Acquisition or Disposal of Assets". 5. Capital reduction by cash refund.	Approved as proposed
Implementation Status	1.Distribution of earnings: July 17, 2022 was determined as the baseline date for distribution; August 12 of the same year was the payout date (with a cash dividend distribution of NT$1.50 per share). 2.Internal regulations: It has been announced on the Market Observation Post System and the Company's website, and the revised procedures have been followed. 3.Capital reduction by cash refund: September 5, 2022 was determined as the baseline date for capital reduction; December 2, 2022 as the baseline date for share swap; and December 5 of the same year as the date for listing of new shares and cash payment (with a cash reduction of NT$2 per share).	

Conference Date	Significant resolutions at board meetings	Remarks
March 18, 2022	1. Financial Statements. 2. Operation management report and review. 3. Report on the results of the internal evaluation of the performance of the Company's Board of Directors. 4. Audit Report. 5. Acknowledgment of the Remuneration Committee meeting on November 23, 2021. 6. The Final Statement for 2021. 7. Remuneration to directors, supervisors and employees for 2021. 8. The Company's 2022 Corporate Budget. 9. The Company's Statement of Internal Control for 2021. 10. The Company's earnings distribution plan for 2021. 11. The Company's plan for capital reduction by cash refund. 12. Revision of some articles of the Company's Articles of Incorporation. 13. Revision of the Company's "Procedures for Acquisition or Disposal of Assets". 14. The Company's 2022 general shareholders' meeting held for discussion of related matters. 15. Evaluation of the suitability and independence of the Company's CPAs and discussion of compensation for their appointment. 16. Application of the Company to Taipei Fubon Bank for extension of comprehensive line of credit and derivative financial commodity trading line.	Approved as proposed
May 11, 2022	1. Audit Report. 2. Report on the Company's consolidated financial statements for the 1st quarter of 2022. 3. The Company issued a real estate guarantee undertaking letter to First Commercial Bank.	Approved as proposed

Conference Date	Significant resolutions at board meetings	Remarks
	4. The Company's GHG inventory and verification schedule planning.	
June 23, 2022	1. Report and review of the Company's operation and management. 2. Audit Report. 3. Discussion of the ex-dividend baseline date for the distribution of cash dividends from the Company's earnings in 2021. 4. Acknowledgment of application of the Company to Bank SinoPac for the extension of comprehensive line of credit and derivative financial commodity trading line.	Approved as proposed
August 09, 2022	1. Report on the completion of the Company's GHG inventory and verification. 2. Audit Report. 3. Report on the Company's consolidated financial statements for the 2nd quarter of 2022. 4. The Company planned to increase the capital of PT. Meiloon Technology Indonesia by US$18 million. 5. Acknowledgment of application of the Company to First Commercial Bank for the extension of comprehensive line of credit. 6. Recognition of the Company undertaking the exchange between US dollars and New Taiwan Dollars for deposits.	Approved as proposed
September 02, 2022	1. The Company's renewal of directors' and managers' liability insurance. 2. Audit Report. 3. Discussion of the Company's cash reduction baseline date and new share exchange plan.	Approved as proposed
November 09, 2022	1. Financial Statements. 2. Report on the completion of the Company's GHG inventory and verification. 3. Report and review of the Company's operation and management. 4. Report on the implementation of the integrity of business advocacy. 5. Audit Report. 6. Report on the Company's consolidated financial statements for the 3rd quarter of 2022. 7. Revision of the Company's *Operating Procedures for Handling of Material Information and Prevention of Insider Trading*. 8. Acknowledgment at the Remuneration Committee meeting on November 8, 2022. 9. Submission of the Company's audit plan for 2023 for review. 10. Acknowledgment of application of the Company to Taishin International Bank for the extension of comprehensive line of credit. 11. Acknowledgment of application of the Company to E.SUN Bank for the extension of comprehensive line of credit.	Approved as proposed
March 22, 2023	1. Financial Statements. 2. Operation management report and review. 3. Report on the results of the internal evaluation and external evaluation of the performance of the Company's Board of Directors. 4. Report on the completion of the Company's GHG inventory and verification. 5. Audit Report. 6. GHG inventory and verification schedule planning of each subsidiary of the Company. 7. Restructuring of the Company's organization. 8. Revision of the Company's level of authority. 9. The Final Statement for 2022. 10. Remuneration to directors and employees for 2022. 11. The Company's 2023 Corporate Budget. 12. The Company's Statement of Internal Control for 2022. 13. The Company's earnings distribution for 2022. 14. Revision of the Company's internal control operation procedures - "Lending of Funds to Others" and "Endorsement and Guarantee". 15. The Company's 2023 general shareholders' meeting held for discussion of related matters. 16. Evaluation of the suitability and independence of the Company's CPAs and discussion of compensation for their appointment.	Approved as proposed

Conference Date	Significant resolutions at board meetings	Remarks
	17. Acknowledgment of application of the Company to Taipei Fubon Bank for the extension of comprehensive line of credit and derivative financial commodity trading line.	

(XIII) The different opinions of directors or supervisors on important resolutions adopted by board meetings that are documented or declared in writing in the most recent year and up to the publication date of the annual report, and the main content thereof: None.

(XIV) Summary of resignation or dismissal for chairman, general manager, accounting supervisor, finance supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent year up to the publication date of this annual report:

April 30, 2023

Title	Name	Date of Arrival	Date of Dismissal	Reasons for resignation or dismissal
Audio Division General Manager	Lin Kai-Cheng	2019.10.01	2022.07.17	Personal career development

IV.Information on CPA Fee:

Unit: In Thousands of New Taiwan Dollars

CPA Firm	CPA Name	CPA's Duration of Audit	Audit Fee	Non-Audit Fee					Total	Remarks
				System Design	Business Registratio	Human Resources	Others	Subtotal		
PKF Taiwan	Lin Yueh-Hsia Lee Tsung-Ming	2022.1/1~ 2022.12/31	3,345	-	-	-	410	410	3,755	Non-audit fee is for the preparation of transfer pricing reports and cash capital reduction report

(I) Cases where the non-audit fee paid to the CPA, the firm to which the CPA belongs and its affiliates is more than one-fourth of the audit fee: None.

(II) Cases where the CPA firm is replaced and the audit fee paid in the year of change is less than that in the year before the change: None.

(III) Cases where the audit fee decreases by 15% or more from the previous year: None.

V. Information on Change of CPA: None.

VI. The Company's Chairman, General Managers or Managers in Charge of Financial or Accounting Affairs Have Served in the CPA Firm or the Affiliates Thereof for the Most Recent Year: None.

VII. Change in the Transfer and Pledge of Shares by Directors, Supervisors, Managers, and Shareholders Holding over 10% of Outstanding Shares in the Most Recent Year and up to the Publication of the Annual Report:

1.Changes in equity of directors, supervisors, managers and major shareholders

Title	Name	2022		As of April 30, 2023	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares
Chairman	Wu Wei-Chung	(901,006)	-	-	-
Vice Chairman	Wu Ming-Shien	(377,399)	-	-	-
Director (Note 1)	Famingo Pte Ltd. Corporate Representative: Law Wang Chak, Waltery	(7,232,418)	-	-	-
Director (Note 1)	Famingo Pte Ltd. Corporate Representative: Lam Hin Lap, Michael	(7,232,418)	-	-	-
Director	Wu Yuan-Mei	(401,698)	-	-	-
Director	Wu Jen-Horn	(5,196)	-	-	-
Director	Wu Tan-Chih	(512,210)	(140,000)	-	-
Independent Director	Wong Yao-Lin	-	-	-	-
Independent Director	Chu Rueen-Fong	-	-	-	-
Independent Director	Chen Kin-Lung	-	-	-	-
General Manager of Audio Division (Note 3)	Lin Kai-Cheng	-	-	-	-
Sales and R&D Assistant Manager	Wu Tan-Chih	(512,210)	-	-	-
Factory Assistant Manager	Wu Jen-Horn	(5,196)	-	-	-
Assistant Manager of Finance and Accounting Supervisor	Kuo Li-Jung	(33,253)	-	-	-

Note 1: Major shareholder of the Company with more than 10% shareholding.

Note 2: The increase (decrease) in the number of shares held and pledged in this table, including the number of shares held in the name of others.

Note 3: Lin Kai-Cheng resigned as the general manager on July 17, 2022.

Note 4: The decrease in the shareholdings of directors and managers was due to the Company's cash capital reduction on September 5, 2022.

2. Equity Transfer Information: None.

VIII. Information on the Relationships Among the Ten Largest Shareholders, Who May Be Related Parties to Each Other or Be Spouses or Relatives within the Second Degree of Kinship

Information on the Relationships Among the Ten Largest Shareholders

April 29, 2023

Name (Note 1)	Principal Shareholding		Shareholding by Spouse and Underage Children		Aggregate Shareholding in the Name of Others		Title/Name of the Ten Largest Shareholders, Who May Be Related Parties to Each Other or Be Spouses or Relatives within the Second Degree of Kinship, and the Relationships		Remarks
	Number of Shares	Share-holding	Number of Shares	Share-holding	Number of Shares	Share-holding	Title (or Name)	Relationship	
Famingo Pte Ltd.	28,929,666	18.24%	-	-	-	-	Leung Pak-Chuen	Company Representative	
Representative: Leung Pak-Chuen	-	-	-	-	-	-	Famingo Pte Ltd.	Company Representative	
Shiling Investment Co., Ltd.	11,004,192	6.94%	-	-	-	-	Hai Ya-Chun	Company Representative	
							Jinbai Investment Co., Ltd.	Same representative	

Representative: Hai Ya-Chun	1,872,859	1.18%	20,782	0.01%	-	-	Shiling Investment Co., Ltd.	Company Representative	
							Jinbai Investment Co. Ltd.	Company Representative	
Lierdo Co., Ltd.	10,784,084	6.80%	-	-	-	-	Wu Tang-Hsi	Company Representative	
							Tonghong Investment Co., Ltd.	Same representative	
Representative: Wu Tang-Hsi	1,950,496	1.23%	-	-	-	-	Lierdo Co., Ltd.	Company Representative	
							Tonghong Investment Co., Ltd.	Company Representative	
							Wu Wei-Chung	Father and son	
							Wu Tan-Chih	Brothers	
Tonghong Investment Co., Ltd.	10,134,372	6.39%	-	-	-	-	Wu Tang-Hsi	Company Representative	
							Lierdo Co., Ltd.	Same representative	
Representative: Wu Tang-Hsi	1,950,496	1.23%	-	-	-	-	Tonghong Investment Co., Ltd.	Company Representative	
							Lierdo Co., Ltd.	Company Representative	
							Wu Wei-Chung	Father and son	
							Wu Tan-Chih	Brothers	
Jinbai Investment Co. Ltd.	8,644,124	5.45%	-	-	-	-	Hai Ya-Chun	Company Representative	
							Shiling Investment Co., Ltd.	Same representative	
Representative: Hai Ya-Chun	1,872,859	1.18%	20,782	0.01%	-	-	Jinbai Investment Co. Ltd.	Company Representative	
							Shiling Investment Co., Ltd.	Company Representative	
Wu Wei-Chung	3,604,024	2.27%	-	-	-	-	Wu Tang-Hsi	Father and son	
							Wu Tan-Chih	Father and son	
Yang Ping-Shan	3,101,432	1.96%	12,087	0.01%	-	-			
Liguan Investment Limited	2,339,736	1.48%					Fu Chuan-Jung	Company Representative	
Representative: Fu Chuan-Jung	837,698	0.53%	1,606,792	1.01%			Liguan Investment Limited	Company Representative	
							Wu Shang-Ju	Father and son	
Wu Shang-Ju	2,230,392	1.41%	-	-	-	-	Fu Chuan-Jung	Father and son	
Wu Tan-Chih	2,048,838	1.29%	-	-	-	-	Wu Wei-Chung	Father and son	
							Wu Tang-Hsi	Brothers	

Note 1: The top ten shareholders are all listed. For those who are corporate shareholders, the names of the corporate shareholders and their representatives shall be listed separately.

Note 2: The calculation of the percentage of shareholding refers to the calculation of the percentage of shareholding in the name of oneself, one’s spouse, one’s minor children or in another person’s name, respectively.

IX. The Number of Shares in the Same Reinvested Enterprise Held by the Company, the Company's Directors, Supervisors and Managers, and the Enterprises Controlled Directly or Indirectly by the Company, and the Consolidated Shareholding Ratio

Comprehensive Shareholding

April 30, 2023 Unit: Shares; %

Reinvestment Business (Note)	Investments of the Company		Investments of Directors, Supervisors, Managers, and Enterprises Controlled Directly or Indirectly by the Company		Comprehensive Investment	
	Number of Shares	Share-holding	Number of Shares	Share-holding	Number of Shares	Share-holding
Meiloon International Ltd.	114,676,493	100.00%	—	—	114,676,493	100.00%
Dongguan Meiloon Acoustic Equipments Co., Ltd.	—	—	—	100.00%	—	100.00%
Mei Fong (Suzhou) Co. Ltd.	—	—	—	100.00%	—	100.00%
FINE STATION LTD	5,362,000	60.51%	3,500,000	39.49%	8,862,000	100.00%
MeiXin Audio Equipment (Dongguan) Co., Ltd.	—	—	—	100.00%	—	100.00%
MAKINGO DEVELOPMENT CORP.	25,185,000	100.00%	—	—	25,185,000	100.00%
Meida Technology (Suzhou) Co., Ltd.	—	—	—	100.00%	—	100.00%
AUDIOXPERTS INC.	—	—	45,000	90.00%	45,000	90.00%
Loonchenfa Investment Co., Ltd.	40,250,000	70.00%	—	—	40,250,000	70.00%
PT. TAIFA JAYA DEVELOPMENT	—	—	—	73.91%	—	73.91%
PT. MEILOON TECHNOLOGY INDONESIA	—	90.00%	—	—	—	90.00%
Prosperity Development Co., Ltd.	2,500,000	100.00%	—	—	2,500,000	100.00%
Fin-Core Corporation	385,714	35.06%	—	—	385,714	35.06%
AlfaPlus Semiconductor Inc.	7,125,088	20.47%	—	—	7,125,088	20.47%
HOCL Inc.	—	—	2,550,000	17.23%	2,550,000	17.23%

Note: Investments accounted for using equity method by the Company.

IV. Capital Raising Overview

I. Capital and Shares

(I) Source of share capital:

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of share capital	Share payment offset by property other than cash	Capital increase approval date and document number
1973.01	100	50,000	5,000,000	50,000	5,000,000	Creation	-	-
1978.11	100	100,000	10,000,000	100,000	10,000,000	Capital increase by cash	-	-
1979.11	100	190,000	19,000,000	190,000	19,000,000	Capital increase by cash	-	-
1981.11	100	380,000	38,000,000	380,000	38,000,000	Capital increase by cash	-	-
1989.02	100	680,000	68,000,000	680,000	68,000,000	Capital increase by merger with Mexin	-	-
1990.02	100	1,200,000	120,000,000	1,200,000	120,000,000	Capital increase by cash Capital increase from surplus	-	-
1995.09	100	700,000	70,000,000	700,000	70,000,000	Capital reduction	-	-
1996.12	100	1,200,000	120,000,000	1,200,000	120,000,000	Conversion of capital surplus to capital increase	-	-
1997.06	10	13,093,817	130,938,170	13,093,817	130,938,170	Capital increase by merger with Meixing	-	-
1997.10	10	30,770,470	307,704,700	30,770,470	307,704,700	Capital increase by cash, surplus	-	(86) Taiwan-Finance-Securities (I) No. 79861 Approval Letter dated 1997.10.29
1998.11	10	40,147,611	401,476,110	40,147,611	401,476,110	Conversion of capital surplus, surplus and employee bonuses to capital increase	-	(87) Taiwan-Finance-Securities (I) No. 86157 Approved Letter dated 1998.10.12
1999.11	10	52,800,000	528,000,000	52,800,000	528,000,000	Conversion of capital surplus, surplus and employee bonuses to capital increase	-	(88) Taiwan-Finance-Securities (I) No. 90800 Approval Letter dated 1999.10.16
2000.06	10	100,000,000	1,000,000,000	74,680,000	746,800,000	Conversion of capital surplus, surplus and employee bonuses to capital increase	-	(89) Taiwan-Finance-Securities (I) No. 45959 Approved Letter dated 2000.06.03
2001.06	10	180,000,000	1,800,000,000	101,900,000	1,019,000,000	Conversion of surplus and employee bonuses to capital increase	-	(90) Taiwan-Finance-Securities (I) No. 133040 Approval Letter dated 2001.05.28
2002.07	10	180,000,000	1,800,000,000	133,870,000	1,338,700,000	Conversion of surplus and employee bonuses to capital increase	-	Taiwan-Finance-Securities I No. 0910134564 Approved Letter dated 2002.06.25
2003.08	10	300,000,000	3,000,000,000	182,824,500	1,828,245,000	Conversion of capital surplus, surplus and employee bonuses to capital increase	-	Taiwan-Finance-Securities I No. 0920128719 Approval Letter dated 2003.06.27
2004.09	10	300,000,000	3,000,000,000	226,000,000	2,260,000,000	Conversion of capital surplus, surplus and employee bonuses to capital increase	-	FSC Security I No. 0930132396 Approved Letter dated 2004.07.20
2005.09	10	300,000,000	3,000,000,000	244,513,011	2,445,130,110	Conversion of surplus and employee bonuses to capital increase	-	FSC Security I No. 0940128957 Approved Letter dated 2005.07.15
2006.09	10	300,000,000	3,000,000,000	250,902,324	2,509,023,240	Conversion of surplus and employee bonuses to capital increase	-	FSC Security I No. 0950128922 Approved Letter dated 2006.07.06
2007.09	10	300,000,000	3,000,000,000	257,791,767	2,577,917,670	Conversion of surplus and employee bonuses to capital increase	-	FSC Security I No. 0960037245 Approved Letter dated 2007.07.17
2008.09	10	300,000,000	3,000,000,000	266,440,659	2,664,406,590	Conversion of surplus and employee bonuses to capital increase	-	FSC Security I No. 0970035675 Approved Letter dated 2008.07.15

2011.05	10	300,000,000	3,000,000,000	262,810,659	2,628,106,590	Cancellation of the first buyback of treasury stock and completion of change registration	-	FSC Security III No. 0970017126 dated 2008.04.16
2012.10	10	300,000,000	3,000,000,000	241,785,806	2,417,858,060	Capital reduction by cash refund	-	FSC Issuance No. 1010044253 dated 2012.10.09
2012.12	10	300,000,000	3,000,000,000	238,815,126	2,388,151,260	Cancellation of the second buyback of treasury stock	-	FSC Exchange No. 1010037425 dated 2012.08.16
2017.07	10	300,000,000	3,000,000,000	198,216,555	1,982,165,550	Capital reduction by cash refund	-	FSC Issuance No. 1060026902 dated 2017.07.27
2022.08	10	300,000,000	3,000,000,000	158,573,244	1,585,732,440	Capital reduction by cash refund	-	Taiwan-Securities-Lisiting I No. 1111804246 dated 2022.08.30

April 30, 2023

Type of Shares	Authorized Capital			Remarks
	Shares outstanding (Note 1)	Unissued shares	Total	
Registered common stock	158,573,244	141,426,756	300,000,000	-

Note 1: The stock is a listed company stock.

Information about the shelf registration system: Not applicable.

(II) Shareholder Structure:

April 29, 2023

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreigners	Total
Number of People (person)	-	-	29	9,292	45	9,366
Number of Shares Held	-	-	45,910,461	79,064,340	33,598,443	158,573,244
Shareholding (%)	-	-	28.95%	49.86%	21.19%	100%

(III) Share distribution:

April 29, 2023

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding (%)
1 to 999	4,296	1,959,318	1.24%
1,000 to 5,000	3,640	8,592,768	5.42%
5,001 to 10,000	704	5,219,637	3.29%
10,001 to 15,000	210	2,567,582	1.62%
15,001 to 20,000	162	2,822,551	1.78%
20,001 to 30,000	91	2,212,442	1.40%
30,001 to 40,000	61	2,132,692	1.34%
40,001 to 50,000	30	1,393,204	0.88%
50,001 to 100,000	65	4,520,687	2.85%
100,001 to 200,000	41	5,758,926	3.63%
200,001 to 400,000	25	7,022,093	4.43%
400,001 to 600,000	8	3,909,878	2.47%

600,001 to 800,000	4	2,601,690	1.64%
800,001 to 1,000,000	4	3,511,661	2.21%
Over 1,000,001	25	104,348,115	65.80%
Total	9,366	158,573,244	100.00%

(IV) List of Major Shareholders

April 29, 2023

Shares Name of Major Shareholder	Number of Shares Held	Shareholding
Famingo Pte Ltd.	28,929,666	18.24%
Shiling Investment Co., Ltd.	11,004,192	6.94%
Lierdo Co., Ltd.	10,784,084	6.80%
Tonghong Investment Co., Ltd.	10,134,372	6.39%
Jinbai Investment Co. Ltd.	8,644,124	5.45%
Wu Wei-Chung	3,604,024	2.27%
Yang Ping-Shan	3,101,432	1.96%
Liguan Investment Limited	2,339,736	1.48%
Wu Shang-Ju	2,230,392	1.41%
Wu Tan-Chih	2,048,838	1.29%

(V) Market price, book value, earnings and dividends per share in the last two years:

Year Item			2021 years	2022 years	For the current year ended April 30, 2023 (Note 8)
Market price per share (Note 1)	Highest		45.30	35.25	22.75
	Lowest		23.85	16.30	19.45
	Average		31.84	23.74	21.20
Book value per share (Note 2)	Before distribution		21.80	25.56	24.30
	After distribution		20.30	24.76	Not yet resolved
Earnings per share	Weighted average shares		198,216,555	185,400,361	158,573,244
	Earnings per share (Note 3)		8.27	0.50	-0.32
Dividends per share	Cash dividends		1.5	0.8 (Note 9)	-
	Stock grants	Retained earnings	-	-	-
		Capital reserve	-	-	-
	Accumulated unappropriated dividends (Note 4)		-	-	-
Return on investment analysis	Price-earnings (P/E) ratio (Note 5)		3.85	47.48	-
	Price-dividend (P/D) ratio (Note 6)		21.23	29.68	-
	Cash dividend yield rate (Note 7)		4.71%	3.37%	-

＊If there is a distribution of shares for capital increase through the conversion of surplus or capital reserve, information on the market price and cash dividends retroactively adjusted based on the number of shares issued shall be disclosed.

Note 1: List the highest and lowest market price of common stock for each year and calculate the average market price for each year based on the amount and volume of transactions for each year.

Note 2: List based on the number of shares issued and outstanding at the end of the year and based on the resolutions at board meetings or at shareholders' meetings of the following year.

Note 3: In case of retroactive adjustment due to stock grants, list the earnings per share before and after adjustment

Note 4: If the conditions of issuance of equity securities provide that dividends unpaid in the current year may be accumulated to be paid in the year with a surplus, the dividends accumulated and unpaid as of the current year should be disclosed separately.

Note 5: P/E ratio = average closing price per share for the year / earnings per share.

Note 6: P/D ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield rate = cash dividends per share / average closing price per share for the year.

Note 8: The book value per share and earnings per share are the data audited by CPAs in the first quarter of 2023; the remaining fields are the data for the current year ended at the publication date of the annual report.

Note 9: The Board of Directors has resolved to distribute cash dividends of NT$0.8 for the earnings distribution in 2023, but has not yet reported it in the 2023 shareholders' meeting.

(VI) Company dividend policy and implementation:

1. Dividend policy:

In accordance with the provisions of the Company Act and the Company's Articles of Incorporation, the Company's dividends are set by the Board of Directors in accordance with the Company's capital planning and the objectives of achieving sound business. The payment process, manner and amount of future dividends are as follows:

(1)Dividend payment process:

In accordance with the Company Act, the Board of Directors shall, at the end of each business year, consider the Company's profitability and future operating needs and prepare a proposal for the distribution of earnings, which shall be submitted to the shareholders' meeting for approval.

(2)Dividend payment method:

The Company's dividends will be paid in three forms: retained earnings, capital reserve and cash dividends.

(3)Dividend payment policy

The distribution of dividends shall not exceed 95% of the distributable earnings, with priority given to cash dividends, and the percentage of stock dividends distributed shall not exceed 50% of the total dividends, provided that no other special circumstances are taken into consideration.

2. Proposed dividend distribution in the current shareholders' meeting:

A cash dividend of NT$126,858,595 from 2022 earnings will be distributed at NT$0.8 per share. The Board of Directors has resolved to set May 3, 2023 as the baseline date for dividend distribution, which will be reported to the general meeting of shareholders.

(VII)Effect of stock grants proposed in the current shareholders' meeting on the Company's operating performance and earnings per share:

Unit: In Thousands of New Taiwan Dollars (except earnings per share)

Year Item		2023
Amount of paid-in capital at the beginning		1,585,732
Distribution of shares and interest for the year (Note 1)	Cash dividends per share	0.8
	Amount of stock distributed per share from surplus to capital	0
	Amount of stock distributed per share from capital reserve to capital	0
Changes in operating performance	Operating income	Not applicable
	Increase (decrease) ratio of operating income over the same period last year	

(Note 2)	Net income after tax		
	Increase (decrease) ratio of net income after tax over the same period last year		
	Earnings per share		
	Increase (decrease) ratio of earnings per share over the same period last year		
	Average annual return on investment (the reciprocal of average annual P/E ratio)		
Pro forma earnings per share and P/E ratio (Note 2)	If all surplus transferred to capital increase is all distributed as cash dividends	Pro forma earnings per share	Not applicable
		Pro forma average annual return on investment	
	If the capital reserve transferred to capital increase is not conducted	Pro forma earnings per share	
		Pro forma average annual return on investment	
	If the capital reserve and surplus transferred to capital increase is not conducted, and distributed as cash dividends	Pro forma earnings per share	
		Pro forma average annual return on investment	

Note 1: Adopted by resolution of the Board of Directors on March 22, 2023, but not yet reported it in the 2023 general meeting of shareholders.

Note 2: No financial forecast has been prepared for 2023, therefore it is not applicable.

(VIII)Employees’ compensation and directors’ remuneration:

1. Information on remuneration of employees and directors as set out in the Articles of Incorporation:

   If the Company makes a profit in the year, the Company shall allocate up to 2% as directors’ remuneration and no less than 2% as employees’ remuneration. However, if there are still accumulated losses, the amount for offsetting should be retained first.

2. The basis for estimating the amount of remuneration of employees and directors; the basis for calculating the number of shares to be distributed as employee remuneration; and the accounting treatment for any difference between the actual distributed amount and the estimated amount, for the current period:

   (1) The amount of remuneration of employees and directors is estimated based on the net income before tax less the amount retained to cover accumulated losses before the distribution of remuneration to employees and directors, as determined in accordance with the Articles.

   (2) The number of shares distributed as employee remuneration is calculated based on the closing price on the day before the shareholders’ meeting and the effect of ex-dividend is considered. Any employee remuneration less than one

share will be paid in cash.

(3) Any difference between the distribution amount approved by the Board of Directors and the estimated amount is recognized in profit or loss for the following year.

3. Information on the amount of remuneration distributed to employees and directors approved by the Board of Directors and the calculation of earnings per share is as follows:

(1) On March 22, 2023, the Company's Board of Directors approved the distribution of employee remuneration of NT$1,696,000 and director remuneration of NT$848,000.

(2) The above distribution amounts did not differ from the employee remuneration of NT$1,696,000 and director remuneration of NT$848,000 that were originally expensed.

(3) The remuneration for employees and directors for this period was distributed in cash. The employee remuneration distributed in stock was NT$0, accounting for 0% of the total amount of net income after tax and employee remuneration in the parent company only financial statements of the current period.

(4) Calculation of earnings per share, taking into account the distribution of remuneration to employees and directors: No recalculation of earnings per share was required because no stock grants were involved.

4. Disclosure of any difference between actual remuneration distribution to employees, directors and supervisors (including the number of shares distributed, the amount and share price) and the recognized remuneration of employees, directors and supervisors, reasons thereof, and responses:

The Company's cash remuneration of NT$40,673,181 for employees and remuneration of NT$8,000,000 for directors and supervisors for 2022 were expensed in 2021, and the amounts expensed did not differ from the amounts proposed by the Board of Directors and resolved by the shareholders' meeting.

(IX)Buyback of the Company's shares by the Company:

As of April 30, 2023

Buyback Batch	The 1st Batch
Buyback purpose (Note 1)	To safeguard the Company's credit and shareholders' rights
Buyback period	2008/1/28~2008/3/27
Original scheduled buyback price range	NT$15.00-25.00 per share
Type and number of shares repurchased	3,630,000 shares of common stock
Amount of shares repurchased	NT$69,662,547
Number of shares canceled and transferred (Note 2)	3,630,000 shares of common stock
Cumulative number of shares held in the Company	0 shares
Ratio of the cumulative number of shares held in the Company to the total number of issued shares	0%

Note 1: In order to motivate and enhance the motivation of employees, the Board of Directors resolved on April 10, 2008 to change the purpose of the buyback to "transferring shares to employees" and established the "Regulations for Transferring Buyback Shares to Employees".

Note 2: The cancellation of shares was completed on April 25, 2011, but the change registration was completed in early May 2011.

Buyback Batch	The 2nd batch
Buyback purpose	To safeguard the Company's credit and shareholders' rights
Buyback period	2012/6/11~2012/8/10
Original scheduled buyback price range	NT$7-11 per share
Type and number of shares repurchased	3,229,000 shares of common stock
Amount of shares repurchased	NT$28,366,038
Number of shares canceled and transferred (Note)	3,229,000 shares of common stock
Cumulative number of shares held in the Company	0 shares
Ratio of the cumulative number of shares held in the Company to the total number of issued shares	0%

Note: The change registration was approved by the Ministry of Economic Affairs and put on record on January 3, 2013.

II. Status of Corporate Bonds, Preferred Stock, Overseas Depositary Receipts, Employee Stock Option Certificates, New Restricted Stock Award Shares Issued to Employees, and New Shares Issued through Merger/Acquisition or Transfer of Shares of Other Companies: None.

III. Implementation of Fund Utilization Plans:

(I) Plan content:

Marketable securities issued in previous batches or private placements that have not been completed or were completed within the last three years and have not yet realized the estimated return: None.

(II) Implementation status: None.

V. Operation Overview

Despite the impact of high inflation and uncertainties such as China-US trade on the global economic outlook, long-term opportunities for automation and accelerated digital transformation are emerged. Meiloon will continue to focus on its four major operational directions, striving for better performance and creating long-term value for the company.

I. Business

(I) Business Scope:

1. Main business operation:
   - (1).Manufacturing, processing and trading of electrical equipment and its parts.
   - (2).Manufacturing, processing and trading of electronic product, electronic parts and components
   - (3).Manufacturing and trading of computer systems and their peripheral equipment.
   - (4).Import, export and agency business of the aforementioned products and their raw materials.
   - (5).Import of controlled telecommunications RF equipment.
   - (6).Manufacturing of controlled telecommunications RF equipment.
   - (7).General investment.

2.Current proportion of business of main products:

Unit: In Thousands of New Taiwan Dollars

Product Item	Amount for 2022	Proportion of business
Monoblock speakers	93,085	2.67%
Car speakers	238,967	6.85%
Sound systems	975,604	27.95%
In-wall or On-wall speakers	762,957	21.85%
Other speakers	1,285,671	36.83%
Sales of materials	98,432	2.82%
Sales of other goods	36,121	1.03%
Total	3,490,837	100%

3.Current company products and service offerings:
   - (1).Professional bass, midrange, tweeter, compression tweeter.
   - (2).Design and manufacture of active and passive speakers and systems for automotive and indoor use.
   - (3).Design and manufacture of outdoor dustproof and waterproof audio equipment and speakers.
   - (4).Design and manufacture of home theater sound systems.
   - (5).Design and manufacture of 3D speakers for TVs.
   - (6).Design and manufacture of amplifiers for automobiles and home use.
   - (7).Design and manufacture of Sound Bar audio systems.
   - (8).Design and manufacture of special speakers and marine horns.
   - (9).Streaming audio equipment.
   - (10).Design and manufacture of video conference audio products.
   - (11).Development of intelligent interactive products.
   - (12).Dolby, Atmos, Sky Soundbox.

4.Products and services to be developed and invested in:
   - (1).Development of video and audio products integrated with the Internet.
   - (2).Car stereo matched with factory-installed products.
   - (3).Consumer portable flat speaker.

(4).Intelligent interactive audio products.
(5).Sky soundbox.
(6).High fidelity audio equipment.

(II) Industry Overview:

1.Current status and development of the industry and correlation between the upstream, midstream and downstream of the industry:

With 50 years of experience in professional speaker manufacturing, Meiloon is the midstream supplier in the industry supply chain. We specialize in the production and manufacturing of mid- to high-end professional audio equipment and provide R&D support for brand owners. We have been proactive in searching for innovative suppliers with development potential. We develop value-added materials through long-term partnerships while simultaneously creating novel application technologies to attract customers and obtain favorable orders. We seek to expand our presence upstream and downstream. However, the current globally high inflation has hit the consumer market and changed the way brands and distributors do business. The focus has shifted towards product development and design, brand marketing and management, with product manufacturing relocating to other parts of Asia.

2.Product development trends and competitive situations:

As the world becomes increasingly advanced and technology-driven, the demand for high-quality audio products continues to rise. Meiloon has dedicated to acoustic technology, innovative application, and development and manufacturing of speakers to meet the demand in this field and enhance customers’ audio experiences and, has become the industry leader.

Meiloon’s commitment to innovation and technological advancement can be seen in its wide range of products and services currently offered. These include the design and manufacture of bass, midrange, tweeter and compression tweeters for professional use, as well as active and passive speakers and systems for in-vehicle use.

Furthermore, Meiloon has expanded into in the design and manufacture of outdoor dustproof and waterproof audio systems and speakers, home theater audio systems, 3D speakers for TVs, and power amplifiers for automobiles and home use. Meiloon also produces the intelligent Sound Bar audio system, which has become increasingly popular in recent years by virtue of its sleek design and interactive voice control system.

(III) Technology and R&D Overview:

1.Annual R&D expenditures in recent years

Unit: In Thousands of New Taiwan Dollars

Year	Turnover	R&D Expenditures	Ratio (%)
January-March 2023	383,733	26,084	6.80%
2022 years	3,490,837	119,251	3.42%
2021 years	3,763,996	135,045	3.59%

2.Successfully developed technologies or products
(1). Glass sound film tweeter.
(2). We are cooperating with Nan Ya Plastics on the injection molding for environmentally friendly PET pellets, which can apply to various traditional plastic molding.
(3). NS-HTSB2123 SOUNDBAR WITH WIRELESS SUB.

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

1.Short-term business development plan:

To offset the impact of inflation, Meiloon plans to focus on obtaining orders from international direct sales channels. Meiloon will explore potential customers in developing countries (Indonesia, South America, Middle East) and engage with them through tailored marketing campaigns. This approach will help clients diversify their portfolio and reduce their reliance on intermediaries, and enable them to explore new markets and broaden their consumers.

Meiloon will optimize product structure and develop new technologies and promote them to existing clients to assist them in future product projects and improvements, ultimately leading to an increase in high-quality orders. This approach will aid in elevating Meiloon's profitability, while increasing customer loyalty and satisfaction.

2.Long-term business development plan:

Meiloon plans to grow its North American business team and maintain good relationships with key clients by actively proposing new designs and new product development ideas. We also plan to aggressively develop the video conferencing systems and new Internet technology platforms to expedite the development and their qaulity. This will assist clients in increasing their market share, and win customers' heart to purchase our products.

Meiloon will actively participate in large international exhibitions to boost visibility and draw the attention of new customers, thereby increasing the number of customers and market share. Meiloon will provide efficient and perfect after-sales service for global customers to foster long-lasting customer relationships with a sustainable management mindset.

For the Southeast Asian market and products for automobiles, Meiloon plans to expand into the Southeast Asian market and broaden the range of products to include products for automobiles. This will help the Company to expand into the new market and increase the revenue.

Therefore, the well-defined short- and long-term business development plans can help the Company overcome challenges and achieve the goals for ensuring sustainable success.

II. Market and Production and Sales Overview

(I) Market Analysis

1.Sales regions of main products

Unit: In Thousands of New Taiwan Dollars

Annual Sales Region		2022	
		Turnover	Percentage
Domestic sales		2,418	0.07%
Export sales	Americas	1,448,957	41.51%
	Europe	1,165,159	33.38%
	Asia	871,006	24.95%
	Others	3,297	0.09%
	Subtotal	3,488,419	99.93%
Total		3,490,837	100.00%

2.Future supply and demand in the market

The demand for superior sound quality and ease of use in the current audio equipment market has driven innovation in audio technology. Also, the rise of wireless and smart audio products has further diversified consumer options. Therefore, the manufacture and sales of audio equipment are faced with new challenges and are seen with new opportunities.

For the regional market, the growth potential of the China market cannot be ignored. International brands may face obstacles in entering the China market due to cultural differences and language barriers, which brings an opportunity for domestic brands to make impacts on the China market. As China's middle class continues to grow, audio firms stand to gain a lot by catering to this expanding group of consumers.

In addition, the growth of the electric vehicle market has offered the Company the opportunity to plan and design audio systems for automobiles to meet the demand from electric vehicle users. With the emergence of voice control and smart technology, the audio system has the potential to become integrated with the overall driving experience.

From the production standpoint, the Company needs to continuously innovate and integrate new technologies to meet the diverse needs of consumers. With the advent of voice control and smart home technology, manufacturers need to focus on integrating these features into their products to remain competitive in the market. By and large, the audio market is evolving, with new technologies and consumer trends that drive innovation and growth. Companies that are able to adapt and innovate will be best positioned to succeed in this dynamic and exciting market.

3.Competitive advantages

The key to business success lies in gaining the competitive advantage in today's rapidly evolving commercial landscape. The following are some of the essential strategies that can help companies gain that edge:

(1)Innovation:

To continuously research and develop new products and technologies that meet market demand, and take the lead in mass production to earn higher profits and gain market share. This strategy can help companies stay ahead of the competition and gain market share. A strong professional R&D team is built to establish a project group and a concurrent engineering platform, which enables the consideration of mass production techniques from the outset of product development, resulting in swift mass production and streamlined reinforced competition. This team can assist companies in developing innovative products that meet customer needs and keep them at the forefront of the competition.

(2)High self-made rate of products:

All major critical components are primarily produced in-house to ensure product quality and on-time delivery. By producing critical components in-house, companies can ensure product quality and reduce their dependence on external suppliers.

(3)Environmental protection:

Companies shall actively cooperate with the environmental protection policies of the EU, the US and other countries to develop products that comply with green and eco-friendly regulations. With customers increasingly concerned about the environmental impact of the products they develop, companies can attract environmentally conscious customers and gain a competitive advantage.

(4)Increased production base:

In response to customer needs, companies can expand their production bases to enhance manufacturing and distribution capabilities. By increasing their manufacturing base, companies can reduce costs, improve product quality and provide better customer service.

Companies that establish the aforementioned competitive advantages can maintain their leading position in competition, gain market share, and achieve long-term success. Strategies such as innovation, cost leadership and differentiation can help companies gain a competitive advantage to accomplish their goals.

4.Advantages and disadvantages of industry development prospects and response strategies:

(1)Advantages:

- Increased close cooperation between North American business bases and customers to quickly make full use of the Group's resources.
- With the rapid growth of economic capacity in China and various emerging markets, the demand for mid- to high-end audio-visual products will continue to grow and expand significantly in the future.
- Increase of customization flexibility to respond to customer needs.
- Addition of customized smart products.
- Establishment of production bases in Southeast Asia.

(2)Disadvantages:

- With the rapid global climate change, raw material prices continue to rise, which has an impact on material costs.
- The rapid changes in the digital audio-visual market and the ever-changing wireless technologies have led to a relatively shortened product life span, posing a profound challenge to development speed and business opportunity grasp.
- Most of the products are mainly sold to the European and American markets, with high export dependence and susceptibility to exchange rate fluctuations.
- Technology are imitated and products are rapidly replaced.
- Upward pressure on wages in China continues.
- The global economy is becoming increasingly unstable, with rapid fluctuations in industry trend and increased volatility in stock and currency markets.
- There is a global shortage of electronic components and a severe imbalance between supply and demand.

(3)Strategies for dealing with disadvantages:

- In response to the rising prices of raw materials, the Company has set up a supplier management department to gradually unify quotations and negotiations, and then divide purchases or supply and sales, expand the versatility of components, and price them by volume.
- Focuses on mainstream products in the market, diversify products, expands business scope, and obtains orders from international direct sales channels.
- In the face of drastic exchange rate fluctuations, the dedicated staff is assigned to monitor changes in market exchange rates and take necessary risk-averse measures, in addition to the flexible pricing policy for businesses.
- Develops customized functional audio-visual products to increase added value and separate market pressure from standard products.
- Applies for R&D patents to protect the Company's technological innovation advantage.
- Integrates enterprise resources, conducts group procurement, strengthens the capacity of buyers while in cooperation with supplier strategic alliances to continuously and effectively reduce procurement costs.
- Strengthens the R&D team and integration capabilities to improve and accelerate the pace of R&D.
- Develops alternative materials for metal raw materials with significant price fluctuations, standardizes common parts with medium to high unit prices, and reduces procurement costs through bulk purchase.
- In response to rising wages in China, greater focus on automated system planning

shall be made to improve productivity and efficiently configure production lines, capacity and management.

- ➢ Expands production lines in Southeast Asia or Taiwan to structure the local supply chain.

In summary, there are both advantageous and disadvantageous factors affecting the development prospects of the audio manufacturing industry. By taking appropriate response strategies, the Company can mitigate the impact of unfavorable factors and capitalize on favorable ones to achieve growth. Looking forward, Meiloon is well prepared to rapidly enter into the market of new product application and open up new opportunities in the future.

5.Sustainable Development

Sustainability has become a fundamental concern for companies worldwide as they are expected to play a crucial role in promoting conservation of the planet's natural resources while creating economic value. To achieve this, companies must adopt a more holistic and integrated approach that encompasses environmental, social and governance (ESG) factors.

Meiloon has established a perfect management system and comprehensive technical R&D capability in the field of electronics and electroacoustics. The Company implements ESG and invests in process optimization and carbon emission reduction measures to minimize carbon emissions from its production processes. Meiloon is also committed to fulfilling its social responsibility and contributing to the society, environment and human development. The Company is responsible for the environmental, social and corporate governance impact, and creates profits through ethical business practices, healthy production and resource conservation.

To achieve sustainable development, Meiloon takes a comprehensive approach that includes integrating and managing production plants and processes, and promoting automated production and vertical integration of the supply chain. Also, Meiloon shares and reduces operational costs while creating economic benefits for mainstream customers and creating greater value for the investment and well-being of all shareholders and employees.

Sustainability has become a key issue facing companies worldwide today. To achieve long-term success, companies must take a more holistic approach that considers both ESG factors and the impact of regulations and the business environment. This can demonstrate that a firm commitment to sustainability is more likely to attract more high-quality customers and gain a competitive advantage, while helping to build a healthier, more sustainable planet.

(II) Important uses of main products:

1.Monoblock speakers: For professional audio and home audio use.
2.Car audio speakers: For car audio use.
3.Sound systems: Combined with electronic products, for home audio use.
4.Computer speakers: Speaker system used in computer multimedia.
5.In-wall or On-wall speakers: Wall-mounted speaker system for home or public places.
6.Family theater series: Combined with audio-visual electronic products, offering the theater experience.
7.Audio system: Internet audio system.
8.Intelligent products: Intelligent interactive voice control speakers.

(III) Supply status of main raw materials:

Across Europe and America, there is a growing consciousness around environmental issues. In the face of the global climate and environmental impact, the reduction in production of raw materials has caused frequent fluctuations in raw material prices, which will indeed result in cost pressure for these materials. Meiloon provides long-term stable demand to its raw material suppliers, so there has been no drastic change in Meiloon's main raw material partners in the recent year. The long-term stable supply relationship has reduced the pressure of purchasing cost. On the other hand, Meiloon has set up dedicated supply chain management units at its headquarters and factories respectively to maintain long-term and stable supply relationships with its major raw material suppliers.

In response to the global imbalance between supply and demand of electronic parts, the Company is paying close attention to the problem of "material shortage" in the supply chain of consumer electronics.

(IV) Names of customers accounted for more than 10% of the total volume of imports (sales) in any of the last two years, as well as the amount and proportion of their purchases (sales), and the reasons for their changes in increase or decrease:

1.Information on main suppliers for the last two years:

Unit: In Thousands of New Taiwan Dollars

	2021 years				2022 years				As of the first quarter of 2023			
Item	Name	Amount	Percentage of net purchases for the entire year [%]	Relation-ship with the Issuer	Name	Amount	Percentage of net purchases for the entire year [%]	Relation-ship with the Issuer	Name	Amount	Percentage of net purchases for the year ended Q1 [%]	Relation-ship with the Issuer
1	Supplier A	140,614	4.97	Unrelated Party	Supplier B	98,240	5.13	Unrelated Party	Supplier D	10,874	5.84	Unrelated Party
2	Supplier B	102,326	3.61	Unrelated Party	Supplier C	70,004	3.65	Unrelated Party	Supplier B	10,029	5.39	Unrelated Party
	Others	2,589,105	91.42		Others	1,748,159	91.22		Others	165,199	88.77	
	Net Purchase	2,832,045	100.00		Net Purchase	1,916,403	100.00		Net Purchase	186,102	100.00	

2.Information on major sales customers for the last two years:

Unit: In Thousands of New Taiwan Dollars

	2021 years				2022 years				As of the first quarter of 2023			
Item	Name	Amount	Percentage of net sales for the year [%]	Relation-ship with the Issuer	Name	Amount	Percentage of net sales for the year [%]	Relation-ship with the Issuer	Name	Amount	Percentage of net sales for the year ended Q1 [%]	Relation-ship with the Issuer
1	Customer A	474,723	12.61	Unrelated Party	Customer B	503,483	14.42	Unrelated Party	Customer E	74,720	19.47	Unrelated Party
2	Customer B	462,053	12.27	Unrelated Party	Customer D	363,067	10.40	Unrelated Party	Customer B	53,893	14.04	Unrelated Party
3	Customer C	342,387	9.10	Unrelated Party	Customer C	349,877	10.02	Unrelated Party	Customers F	42,482	11.07	Unrelated Party
	Others	2,484,834	66.02		Others	2,274,410	65.16		Others	212,638	55.42	
	Net sales	3,763,996	100.00		Net sales	3,490,837	100.00		Net sales	383,733	100.00	

(V) Table of production volume and value for the last two years

Unit: In Thousands of New Taiwan Dollars/PCS

Year	2021		2022	
Production Volume and Value Main Product	Production Volume	Production Value	Production Volume	Production Value
Monoblock speakers	91,213	84,525	112,092	70,836
Car speakers	407,315	377,450	281,598	177,954
Sound systems	1,093,533	1,013,353	1,230,208	777,422
In-wall or On-wall speakers	540,779	501,129	839,698	530,642
Other speakers	1,305,679	1,209,945	1,554,063	982,081
Sales of materials and goods	-	62,489	-	68,736
Total	3,438,519	3,248,891	4,017,659	2,607,671

Note: The Company adopts an international division of labor model, with the Company as the operation center and production bases in subsidiaries in Mainland China.

(VI) Table of sales volume and value for the last two years

Unit: In Thousands of New Taiwan Dollars/PCS

Year Sales Volume and Value Main Product	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Monoblock speakers	-	-	167,689	104,483	-	-	110,382	93,085
Car speakers	2,056	264	543,862	403,731	-	-	223,306	238,967
Sound systems	1,939	11,872	522,867	1,073,119	54,526	218,288	252,656	757,316
In-wall or On-wall speakers	-	-	364,640	690,410	-	-	316,875	762,957
Other speakers	4	5	585,301	1,356,393	4	5	552,116	1,285,666
Sales of materials and other goods	-	3,513	-	120,206	-	704	-	133,850
Total	3,999	15,654	2,184,359	3,748,342	54,530	218,997	1,455,335	3,271,841

III. Employee Information

Year		2021	2022	April 30, 2023
Number of employees	Employees	581	526	592
	Operators	688	579	603
	Total	1,269	1,105	1,195
Average age		41.42	42.92	40.98
Average years of service		8.35	9.06	8.82
Educational background distribution ratio	Doctoral degree	-	-	-
	Master degree	2.7%	2.7%	2.5%
	College/ University	21.1%	20.4%	23.4%
	High school degree or equivalent	22.1%	21.1%	25.6%
	Less than high school degree	54.1%	55.8%	48.5%

IV. Information on Environmental Protection Expenditures

As of the publication date of the annual report in 2022, the Company has not suffered any losses or penalties due to environmental pollution and does not have any environmental pollution occurring at present. Currently, the Company has introduced a new wastewater treatment system in Dongguan factory to make the wastewater purified and recycled. Exhaust gas treatment equipment has been installed to filter harmful substances from the gases emitted from production to reduce air pollution.

V. Labor-Management Relations

(I) Various employee welfare measures, continuing education, training, retirement system and their implementation, as well as labor-management agreements and various measures for employee rights and interests production:

1. Employee welfare measures:

(1) Establishment of Employee Welfare Committee: Allocates welfare funds in accordance with the law, and the committee shall coordinate various measures related to employee welfare.

(2) Employee insurance: Applies for labor and health insurance according to relevant government regulations, and takes out group accident insurance for employees.

(3) Employee bonus: Provides information about distribution of employee compensation

in the Company's Articles of Incorporation for the team building.

(4) Leave system: Provides employees with leave benefits such as regular leave and annual leave in accordance with the relevant government regulations.

(5) Other benefits: Provides employees with Dragon Boat Festival, Mid-Autumn Festival and year-end bonuses, as well as quarterly funds for department gathering, birthday coupons, emergency relief funds, wedding and funeral subsidies, and scholarships for employees' children and scholarships for talent cultivation.

2. On-the-job education and training:

In order to ensure the implementation and achievement of the Company's policies, all employees are given relevant education and training to enhance their professional abilities and strengthen the Company's system to achieve the goal of sustainable operation.

3. Retirement system:

(1) The Company has a labor retirement reserve into which a certain proportion of the total payroll each month is appropriated by the Company in accordance with government regulations and it will be deposited in a special account at the Central Trust of China for payment to employees upon retirement.

(2) Effective from July 1, 2005, for all employees who have opted for the Labor Pension Act, a monthly contribution of 6% of their total payroll is deposited into the individual accounts of employees at the Bureau of Labor Insurance.

(3) The Company has also set up a retirement management policy for employees to follow when they retire.

4. Labor-management agreements and various measures for employee rights and interests protection:

The Company has always maintained harmonious labor relations, and has formulated comprehensive measures for employee motivation, communication, training, welfare and retirement, and integrated the interests of employees and the Company together.

(II) Losses incurred as a result of labor disputes in the most recent year and up to the publication date of the annual report: None.

VI. Information Security Management:

(I) Information security risk management structure, information security policy, specific management plan and resources invested in information security management:

Information security risk assessment and information security incident notification and handling:

I. Objective:To ensure information is protected from various threats, reduce operational risks, and protect the confidentiality, integrity and availability of information.

II. Scope: Applicable to the entire group.

III. Authority and responsibility: IT Department, related departments.

IV. Classification and level of information security incidents:

(I) Three types of information security incidents:

1.Internal information security incidents: Internal malicious damage, including spreading viruses, setting up personal websites, hacking or attacking hosts and infringing on others' intellectual property rights, as well as careless operation, and failure to follow procedures.

2.External intrusion events: Virus infections, hacker attacks.

3.Natural disasters and emergencies: Geological disasters, meteorological disasters, climatic disasters, ecological disasters, astronomical disasters, hydrological disasters, major construction disasters, power/air conditioning anomalies, etc.

(II) There are four levels of impact for information security incidents:

1.Level 4 Incidents
  (1)Confidential information is leaked (confidentiality impact).
  (2)Operation and R&D system databases are damaged or inaccessible (integrity impact).
  (3)Operation and R&D systems are down and unable to resume normal operation within a tolerable disruption time (availability impact).

2.Level 3 Incidents
  (1)Relatively sensitive data is leaked (confidentiality impact).
  (2)Operation and R&D systems or data are significantly tampered (integrity impact).
  (3)Operation and R&D systems are down and resume normal operation within a tolerable disruption time (availability impact).

3.Level 2 Incidents
  (1)Important non-confidential and sensitive information is leaked (confidentiality impact).
  (2)Operation and R&D systems or data are slightly tampered (integrity impact).
  (3)Operation and R&D systems are affected or system efficiency is reduced, and normal operation are resumed within a tolerable disruption time (availability impact).

4.Level 1 Incidents
  (1)General information is leaked (Confidentiality impact).
  (2)General administrative system or data is tampered (integrity impact).
  (3)General non-core business operation are affected or temporarily halted (availability impact).

V. Procedures for notification and handling of information security incidents:

(I) When employees in each department find any abnormality, or issues about security and threat on the information system or information-related services, they should report it to the IT Department or fill in the OA request form on the electronic form system.

(II) Upon receipt of an anomaly notification, the IT Department should first determine whether it is an information security incident.

(III) In the event of a Level 1 information security incident, the repair process can be performed directly. For the abnormality of Level 2 or above, it is necessary to immediately inform the information unit supervisor of the occurrence, scope of impact, loss assessment, and emergency measures, and fill in the incident record form on the electronic form system so that the Company can respond to and handle the matter.

(IV) In the case of any information security incident involving civil or criminal cases, such as putting personnel in danger or damaging equipment, the general manager shall be notified immediately for handling the issue. If a major disaster occurs, report it to the disaster system and request support for handling the issue.

VI. Procedures for emergency handling of information security incidents:

(I) Situation determination:

1. To identify the situation, distinguish the impact level, judge the impact scope, assess the possible damage, and retain the relevant damage evidence for necessary review and prevention and improvement.
2. To obtain solutions (such as downloading vulnerability patches, virus removal) by searching through the system vulnerability (virus) databases, websites, or by technical support units (vendors), or to follow the disaster recovery procedures to recover the system, and continuously and actively monitor and track control.
3. To initiate emergency measures such as backup plans according to the extent of damage.
4. To implement other disaster response measures and to prevent the expansion of the incident.

(II) Prioritization of emergency operation:

1. Operation-related systems: Such as ERP, PLM, PDM, and production line inspection equipment.
2. Information network: Private network, intranet, etc.
3. Network services: Firewall, DNS, web server, email server, anti-virus host, etc.
4. General administration: Personnel system, e-learning, emaker system, etc.

(III) Classification and emergency handling procedures:

1. Internal information security incidents: To quickly identify the impact of the incident, the degree of damage, etc., and to activate the backup data, programs, or to start the relevant measures of the backup plan to restore normal operation as soon as possible.
2. External intrusion events:
    - (1) Viral infection events: Upon identification of virus invasion, to disconnect the network immediately to prevent the virus spreading, to obtain the virus removal program as soon as possible, and to follow the virus removal procedures to complete the virus removal and recovery work.
    - (2) Hacking events:
        - A. Upon discovering invasion, to immediately isolate the intruded system and deny any access of the intruder, such as disconnecting the intruder’s physical connection or adjusting the firewall setting, in order to block further invasion by hackers, and quickly activate the backup system or program.
        - B. To record the intrusion situation and loss assessment and other information to facilitate the search for protection and warning solutions, and to report to the competent authorities or the police units.
3. Natural disasters and emergencies:
    - (1) To quickly leave with important backup data and programs for post-disaster system reset and recovery in the event of geological, meteorological, climatic, ecological, astronomical, hydrological, or major construction disasters.
    - (2) To notify the communication network vendor immediately to identify and remove the obstacle point for restoration, and to urgently activate the backup network in the event of a communication network system backbone disruption.

(IV) Handling procedures for different levels:

1. Level 4: The server room personnel should notify the person in charge of the relevant system and the supervisor and upper management as soon as possible to handle the incident, take immediate emergency measures (such as turning off the power, and moving important data), and contact the maintenance vendor or relevant technical support units for assistance.

2.Level 3: The person in charge of the system should back up all data and status data of the current system as much as possible, find other feasible alternatives such as restoring the old backup, and invite the supervisor, maintenance vendor or related personnel to handle the incident and determine where the problem lies.

3.Level 2: The person in charge of the system should back up all data and status data of the current system as much as possible, find other feasible alternatives or recovery solutions, and notify the supervisor, maintenance vendor or related personnel to handle the incident and determine where the problem lies.

4.Level 1: The person in charge of the system should first recover the system and invite the vendor or relevant personnel to study and judge where the problem lies to determine the cause of the system anomaly.

5. If the system manager suspects that damage from each of the above disasters will continue to expand as a result of the network or system boot, the network connection should be disconnected or shut down immediately.

VII. Disaster recovery operating procedures:

(I) Disaster recovery requires checking whether the information security environment and hardware equipment can operate normally, and performing operating system and application system reset, environment reconstruction, system recovery and virus scanning before restoring the backup files, which can be put into use only after passing the test.

(II) When the disaster recovery is completed, the recovery process should be fully recorded and the event record form on the electronic form system should be filled out for future reference.

(III) If a network security issue causes a serious business interruption, all statements shall be made by the spokesperson.

(II) The losses suffered due to major information security incidents in the most recent year and as of the publication date of the annual report, their possible impact, and response measures:

The Company has not experienced any material information security incidents affecting the Company's operation as of the publication date of the annual report in 2022.

VII. Important Contracts:

Contract Nature	Party	Contract Start and End Dates	Main Content	Restriction
Long-term borrowings	Taishin International Bank	2019.11.28~2024.11.28	Medium-term credit line	Grace period of 3 years
Long-term borrowings	Bank Sinopac	2020.2.17~2025.2.15	Medium-term credit line	Grace period of 2 years
Long-term borrowings	First Commercial Bank	2020.5.8~2027.5.8	Medium-term credit line	Grace period of 3 years
Long-term borrowings	First Commercial Bank	2020.7.20~2027.7.20	Medium-term credit line	Grace period of 3 years

VI. Financial Overview

I. Condensed Balance Sheet, Statement of Comprehensive Income and Auditor's Opinions for the Most Recent Five Years:

(I) Condensed Consolidated Balance Sheet and Statement of Comprehensive Income - Based on IFRS:

Condensed Consolidated Balance Sheet - Based on IFRS

Unit: In Thousands of New Taiwan Dollars

Item / Year		Financial data for the last five years (Note 1)					Financial data as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		3,300,012	4,010,740	6,751,924	6,509,455	5,379,050	5,094,346
Property, plant and equipment		1,025,481	1,018,145	1,565,626	1,405,077	1,649,219	1,396,746
Intangible assets		11,122	12,271	17,742	14,858	22,381	20,178
Other assets		1,280,935	1,285,474	1,438,352	1,116,001	997,799	1,266,509
Total assets		5,617,550	6,326,630	9,773,644	9,045,391	8,048,449	7,777,779
Current liabilities	Before distribution	1,475,672	1,590,748	4,564,232	2,324,009	1,877,842	1,916,633
	After distribution	1,646,138	1,907,894	4,851,646	2,522,225	2,004,701	Undetermined
Non-current liabilities		769,149	1,183,382	1,862,013	2,094,420	1,787,207	1,655,967
Total liabilities	Before distribution	2,244,821	2,774,130	6,426,245	4,418,429	3,665,049	3,572,600
	After distribution	2,415,287	3,091,276	6,713,659	4,616,645	3,791,908	Undetermined
Equity attributable to owners of the parent		3,076,094	3,246,093	3,052,073	4,320,361	4,052,609	3,853,415
Share capital		1,982,165	1,982,165	1,982,165	1,982,165	1,585,732	1,585,732
Capital surplus		4,329	4,329	4,329	4,329	4,327	4,327
Retained earnings	Before distribution	1,194,704	1,445,020	1,310,177	2,652,502	2,452,881	2,275,525
	After distribution	1,024,238	1,127,874	1,022,763	2,454,286	2,326,022	Undetermined
Other equity		(105,104)	(185,421)	(244,598)	(318,635)	9,669	(12,169)
Treasury stock		-	-	-	-	-	-
Non-controlling interests		296,635	306,407	295,326	306,601	330,791	351,764
Total Equity	Before distribution	3,372,729	3,552,500	3,347,399	4,626,962	4,383,400	4,205,179
	After distribution	3,202,263	3,235,354	3,059,985	4,428,746	4,256,541	Undetermined

Note 1: The financial statements for the last five years have been audited by CPAs.

Note 2: The financial data for the first quarter of 2023 has been reviewed by CPAs.

Note 3: The above figures after distribution are based on the resolutions of the board of directors or the following annual shareholders' meeting.

Condensed Consolidated Statement of Comprehensive Income - Based on IFRS

Unit: In Thousands of New Taiwan Dollars
(except earnings per share)

Year / Item	Financial data for the last five years (Note 1)					Financial data as of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	3,445,190	3,869,031	3,053,333	3,763,996	3,490,837	383,733
Gross profit	684,325	888,052	679,859	621,371	481,234	6,127
Operating income (loss)	173,491	340,019	139,770	(27,431)	(31,232)	(92,154)
Non-operating revenue and expenses	73,577	143,545	21,830	2,631,282	287,035	57,384
Net income (loss) before tax	247,068	483,564	161,600	2,603,851	255,803	(34,770)
Net income (loss) in current period from continuing operations	168,671	417,685	176,048	1,626,652	83,933	(45,910)
Loss of discontinuing operation	-	-	-	-	-	-
Net profit (loss) in current period	168,671	417,685	176,048	1,626,652	83,933	(45,910)
Other comprehensive income (loss) for the period (net of tax)	(4,368)	(67,449)	(83,163)	(87,810)	349,254	(22,482)
Total comprehensive income (loss) for the period	164,303	350,236	92,885	1,538,842	433,187	(68,392)
Net income (loss) attributable to owners of the parent	171,029	419,980	183,217	1,638,298	93,292	(50,497)
Net income (loss) attributable to non-controlling interests	(2,358)	(2,295)	(7,169)	(11,646)	(9,359)	4,587
Total comprehensive income attributable to owners of the parent	179,032	340,464	123,126	1,565,549	426,008	(72,335)
Total comprehensive income attributable to non-controlling interests:	(14,729)	9,772	(30,241)	(26,707)	7,179	3,943
Earnings per share	0.86	2.12	0.92	8.27	0.50	(0.32)

Note 1: The financial statements for the last five years have been audited by CPAs.
Note 2: The financial data for the first quarter of 2023 has been reviewed by CPAs.
Note 3: Loss of discontinuing operation is presented as the net amount after the income tax.

(II) Condensed Parent Company Only Balance Sheet and Statement of Comprehensive Income - Based on IFRS:

Condensed Parent Company Only Balance Sheet - Based on IFRS

Unit: In Thousands of New Taiwan Dollars

Year Item		Financial data for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		781,486	1,144,030	1,655,849	2,103,993	2,020,406
Property, plant and equipment		139,393	165,761	306,151	373,467	374,544
Intangible assets		3,101	3,983	9,751	7,607	14,406
Other assets		4,360,015	4,235,313	4,373,659	5,751,809	5,328,173
Total assets		5,283,995	5,549,087	6,345,410	8,236,876	7,737,529
Current liabilities	Before distribution	1,759,996	1,467,578	1,806,419	2,188,536	2,296,400
	After distribution	1,930,462	1,784,724	2,093,833	Undetermined	Undetermined
Non-current liabilities		447,905	835,416	1,486,918	1,727,979	1,388,520
Total liabilities	Before distribution	2,207,901	2,302,994	3,293,337	3,916,515	3,684,920
	After distribution	2,378,367	2,620,140	3,580,751	Undetermined	Undetermined
Equity attributable to owners of the parent		3,076,094	3,246,093	3,052,073	4,320,361	4,042,940
Share capital		1,982,165	1,982,165	1,982,165	1,982,165	1,585,732
Capital surplus		4,329	4,329	4,329	4,329	4,327
Retained earnings	Before distribution	1,194,704	1,445,020	1,310,177	2,652,502	2,452,881
	After distribution	1,024,238	1,127,874	1,022,763	Undetermined	Undetermined
Other equity		(105,104)	(185,421)	(244,598)	(318,635)	9,669
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total Equity	Before distribution	3,076,094	3,246,093	3,052,073	4,320,361	4,052,609
	After distribution	2,905,628	2,928,947	2,764,659	Undetermined	Undetermined

Note 1: The financial statements for the last five years have been audited by CPAs.

Note 2: The above figures after distribution are based on the resolutions of the following annual shareholders' meeting.

Condensed Parent Company Only Statement of Comprehensive Income - Based on IFRS

Unit: In Thousands of New Taiwan Dollars
(except earnings per share)

Item \ Year	Financial data for the last five years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	2,656,894	2,719,496	2,440,752	3,307,244	3,205,664
Gross profit	241,083	247,927	208,556	296,099	290,198
Operating income (loss)	27,063	6,345	(26,913)	23,698	65,251
Non-operating revenue and expenses	183,227	447,359	191,914	1,961,288	17,006
Net income before tax	210,290	453,704	165,001	1,984,986	82,257
Net income in current period from continuing operations	171,029	419,980	183,217	1,638,298	93,292
Loss of discontinuing operation (Note 2)	-	-	-	-	-
Net income for the period	171,029	419,980	183,217	1,638,298	93,292
Other comprehensive income (loss) for the period (net of tax)	8,003	(79,516)	(60,091)	(72,749)	332,716
Total comprehensive income (loss) for the period	179,032	340,464	123,126	1,565,549	426,008
Net income attributable to owners of the parent	171,029	419,980	183,217	1,638,298	93,292
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	179,032	340,464	123,126	1,565,549	426,008
Total comprehensive income attributable to non-controlling interests:	-	-	-	-	-
Earnings per share	0.86	2.12	0.92	8.27	0.50

Note 1: The financial statements for the last five years have been audited by CPAs.
Note 2: Loss of discontinued units is presented at the net of income taxes.

(III) CPAs' names and audit opinions for the last five years

Year	CPA Firm	CPA Name	Opinion
2018	PKF Taiwan	Chang Jung-Chih Lin Yueh-Hsia	Unqualified opinion
2019	PKF Taiwan	Chang Jung-Chih Lin Yueh-Hsia	Unqualified opinion
2020	PKF Taiwan	Lin Yueh-Hsia Lee Tsung-Ming	Unqualified opinion
2021	PKF Taiwan	Lin Yueh-Hsia Lee Tsung-Ming	Unqualified opinion
2022	PKF Taiwan	Lin Yueh-Hsia Lee Tsung-Ming	Unqualified opinion

II. Financial analysis for the last five years

(I) Financial Analysis - Consolidated - Based on IFRS

Year Analysis Item (Note 3)			Financial analysis for the last five years (Note 1)					Financial data as of March 31, 2023 (Note 2)
			2018	2019	2020	2021	2022	
Financial structure %	Debt-to-assets ratio		39.96	43.85	65.75	48.85	45.54	45.93
	Ratio of long-term funds to property, plant and equipment		403.90	465.15	332.74	478.36	374.15	419.63
Solvency %	Current ratio		223.63	252.13	147.93	280.10	286.45	265.80
	Quick ratio		175.39	212.26	129.77	222.42	234.60	217.60
	Interest coverage ratio		28.48	47.30	9.39	135.47	10.88	(3.65)
Operating capability	Receivables turnover (times)		5.02	4.90	4.02	4.88	5.21	3.70
	Average collection days		72.70	74.48	90.79	74.79	70.05	98.64
	Inventory turnover (times)		4.67	5.56	4.21	3.47	2.98	1.83
	Payables turnover (times)		4.41	4.89	3.53	3.89	4.74	4.60
	Average days of sales		78.15	65.64	86.69	105.18	122.48	199.45
	Turnover of Property, plant and equipment (times)		3.58	3.79	2.36	2.53	2.29	1.01
	Total assets turnover (times)		0.61	0.65	0.38	0.40	0.41	0.19
Profitability	Return on assets (%)		3.14	7.13	2.38	17.45	1.22	(0.50)
	Return on equity (%)		4.93	12.06	5.10	40.80	1.86	(1.07)
	Ratio to paid-in capital (%)	Operating income (loss)	8.75	17.15	7.05	(1.38)	(1.97)	(5.81)
		Income (loss) before tax	12.46	24.40	8.15	131.36	16.13	(2.19)
	Net profit margin (%)		4.90	10.80	5.77	43.22	2.40	(11.96)
	Earnings per share (New Taiwan dollars)	No retroactive adjustment (Note 4)	0.86	2.12	0.92	8.27	0.50	(0.32)
		Retroactive adjustment (Note 5)	0.86	2.12	0.92	8.27	-	-
Cash Flows	Cash flow ratio (%)		4.32	33.06	7.31	(38.02)	18.17	(0.36)
	Cash flow adequacy ratio (%)		152.98	202.21	103.63	24.86	9.58	9.58
	Cash reinvestment ratio (%)		(3.25)	5.45	0.24	(14.73)	0.58	(0.09)
Leverage	Operating leverage		2.88	1.93	3.67	(15.92)	(10.36)	0.20
	Financial leverage		1.05	1.03	1.16	0.59	0.55	0.92

Explain the reasons for the changes in the financial ratios in the last two years. (No analysis is required if the change in increase or decrease does not reach 20%)

1. Ratio of long-term funds to property, plant and equipment: The increase in construction in progress for the period was due to the ongoing construction projects by the Indonesian subsidiary and sub-subsidiary companies and the decrease in the long-term borrowings compared to the previous period, rather than the reduction in the amount of current liabilities.
2. Interest coverage ratio: The significant decrease in the net income before tax for the period was due to the absence of any major asset disposals, in contrast to the previous period during which there was a substantial gain on asset disposals by the China sub-subsidiary.
3. Payables turnover: This was due to the increase in the amount of payment at the end of the period compared to the previous period.
4. Profitability (return on assets, return on equity, ratio to paid-in capital, net profit margin, and earnings per share): The significant decrease in the profit for the period was due to the absence of any major asset disposals, in contrast to the previous period during which there was a substantial gain on asset disposals by the China sub-subsidiary.
5. Cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: The well-managed accounts receivable for the period and the reduced inventory reserves compared to the previous period resulted in the net cash inflows from operating activities for the period, thereby impacting the relevant cash flow ratios.
6. Operating leverage: The operating loss was caused by the impact of the global COVID-19 pandemic, which resulted in higher operating costs that affected profitability.

(II) Financial Analysis - Parent Company Only - Based on IFRS

Year / Analysis Item (Note 3)			Financial analysis for the last five years (Note 1)				
			2018	2019	2020	2021	2022
Financial structure %	Debt-to-assets ratio		41.78	41.50	51.90	47.55	47.62
	Ratio of long-term funds to property, plant and equipment		2,528.10	2,462.29	1,482.60	1,619.51	1,452.73
Solvency %	Current ratio		44.40	77.95	91.66	96.14	87.98
	Quick ratio		43.06	74.38	84.55	84.00	81.97
	Interest coverage ratio		42.32	69.12	11.83	129.06	4.76
Operating capability	Receivables turnover (times)		4.87	4.88	4.53	4.98	5.29
	Average collection days		75	75	81	73	69
	Inventory turnover (times)		100.00	93.04	30.71	17.14	15.56
	Payables turnover (times)		2.58	2.95	2.75	3.18	3.15
	Average days of sales		4	4	12	21	23
	Turnover of Property, plant and equipment (times)		18.91	17.82	10.34	9.73	8.57
	Total assets turnover (times)		0.52	0.50	0.41	0.45	0.40
Profitability	Return on assets (%)		3.43	7.85	3.29	22.64	1.39
	Return on equity (%)		5.49	13.29	5.82	44.44	2.23
	Ratio to paid-in capital (%)	Operating income (loss)	1.37	0.32	(1.36)	1.20	4.11
		Income before tax	10.61	22.89	8.32	100.14	5.19
	Net profit margin (%)		6.44	15.44	7.51	49.54	2.91
	Earnings per share (New Taiwan dollars)	No retroactive adjustment (Note 4)	0.86	2.12	0.92	8.27	0.50
		Retroactive adjustment (Note 5)	0.86	2.12	0.92	8.27	0.50
Cash Flows	Cash flow ratio (%)		5.50	(25.35)	8.67	(13.47)	29.12
	Cash flow adequacy ratio (%)		37.27	11.50	22.53	(16.34)	14.26
	Cash reinvestment ratio (%)		(3.47)	(12.04)	(3.35)	(9.29)	6.32
Leverage	Operating leverage		6.41	27.84	(5.57)	9.58	3.48
	Financial leverage		1.23	(20.14)	0.64	2.89	1.50

Please explain the reasons for the changes in the financial ratios in the last two years. (No analysis is required if the change in increase or decrease does not reach 20%)

1. Interest coverage ratio: The significant decrease in the net income before tax for the period compared to the previous period was mainly due to the investment losses recognized under the equity method in the current period, whereas larger profits were recognized in the previous period.
2. Profitability (return on assets, return on equity, ratio to paid-in capital, net profit margin, and earnings per share): The significant decrease in the net income after tax for the period compared to the previous period was due to the substantial decrease in the non-operating income mainly resulting from the investment loss recognized under the equity method in the current period, whereas larger profits were recognized in the previous period.
3. Cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: The well-managed accounts receivable for the period and the reduced inventory reserves compared to the previous period resulted in the net cash inflows from operating activities for the period, which led to the growth of relevant cash flow ratios.
4. Leverage: The well-controlled operating expenses resulted in the increased operating income for the period compared to the previous period, while central bank interest rate hikes aimed at curbing inflation led to higher bank borrowing interest compared to the previous period.

Note 1: The financial statements for the last five years have been audited by CPAs.

Note 2: The financial data for the first quarter of 2023 has been reviewed by CPAs.

Note 3: The calculation formula is listed below:

1.Financial structure
   (1) Debt-to-assets ratio = Total liabilities/Total assets
   (2) Ratio of long-term funds to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment

2.Solvency
   (1) Current ratio = Current assets/Current liabilities
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities
   (3) Interest coverage ratio = Earnings before interest and taxes / Interest expense for the period

3.Operating capability
   (1) Turnover of receivables (including accounts receivable and notes receivable arising from operations) = Net sales / Average balance of receivables (including accounts receivable and notes receivable arising from operations) for each period
   (2) Average collection days = 365/Receivables turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory
   (4) Turnover of payables (including accounts payable and notes payable arising from operations) = Cost of goods sold / Average balance of payables (including accounts payable and notes payable arising from operations) for each period.
   (5) Average days of sales = 365 / Inventory turnover
   (6) Turnover of Property, plant and equipment = Net sales / Average net property, plant and equipment
   (7) Total assets turnover = Net sales / Average total assets

4.Profitability
   (1) Return on assets = [Profit or loss after tax + Interest expense (1 - tax rate)]/ Average total assets
   (2) Return on equity = Profit or loss after tax / Average net equity
   (3) Net profit margin = Profit or loss after tax / Net sales
   (4) Earnings per share = (profit or loss attributable to owners of the parent - preferred stock dividend) / the weighted average number of shares outstanding

5.Cash Flows
   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
   (2) Cash flow adequacy ratio = 5-year sum of net cash flow from operating activities /5-year sum of (capital expenditures + Increase in inventories + Cash dividends)
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital)

6.Leverage
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.
   (2) Financial leverage = Operating income / (Operating income - Interest expense)

Note 4: The calculation is based on the weighted average number of shares outstanding of the current year.

Note 5: The calculation is adjusted retrospectively based on the number of shares after the capital increase from capital surplus and undistributed earnings.

III. Audit Committee's Review Report on the Most Recent Annual Financial Statements:

Audit Committee Approval Report

The Audit Committee has approved the 2022 Financial Statements, Business Report and the Distribution of Profits decided by the Board. The 2022 Financial Statements have been audited by PKF Taiwan which was appointed by the Board and the accountants have issued the unqualified audit report on the 2022 Financial Statements.

The Audit Committee are responsible for overseeing the financial reporting process of the Company.

The matters of 2022 Financial Statements communicated between the certified public accountants and the Audit Committee are as follows,

1. There were no material matters found under the scope of audit and time period planned by the certified public accountants.
2. The certified public accountants provide the Audit Committee with a statement that they have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and there are no other relationships and matters that may reasonably be thought to bear on our independence being found.
3. From the key audit matters communicated, the certified public accountants and Audit Committee have decided (1) sales revenue recognition and (2) inventory valuation are key audit matters.

The Audit Committee has approved the 2022 Financial Statements, Business Report and the Distribution of Profits decided by the Board, all in compliance with applicable regulations, and prepared the report in accordance with Article 14-4 of the Securities and Exchange Act and the Article 219 of the Company Act for your review and approval.

To

Meiloon Industrial Co., Ltd. 2023 Annual Meeting of Shareholders

Meiloon Industrial Co., Ltd.

Convener of the Audit Committee: Wong Yao-Lin

March 22, 2023

IV. Consolidated Financial Statements for the Most Recent Year Audited and Certified by CPAs

Statement

We hereby declare that the entities that should be included in the consolidated financial statements of affiliated companies for the year 2022 (from January 1, 2022 to December 31, 2022), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those that should be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standards No. 10, and the information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the above disclosed consolidated financial statements of parent and subsidiary companies. Consequently, we do not prepare separate consolidated financial statements of affiliated companies.

Company Name: Meiloon Industrial Co., Ltd.

Person-in-Charge: Wu Wei-Chung

March 22, 2023

Independent Auditors' Report

To Meiloon Industrial Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Meiloon Industrial Co., Ltd. and its subsidiaries (Meiloon Group), which comprise the Consolidated Statement of Balance Sheet as of December 31, 2022 and 2021, and the Consolidated Statements of Comprehensive Income, Changes in Equity, Cash Flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies from January 1 to December 31, 2022 and 2021.

In our opinion, based on our audit results and other auditors' reports (please refer to the Other Matters section), the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Meiloon Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows from January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Meiloon 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 audit results and other auditors' reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were most significant in our audit of the consolidated financial statements of Meiloon Group for the year ended 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming an audit opinion thereon, and we do not express a separate opinion on these matters. The key audit matters that, in our judgment, should be communicated on the audit report are as follows:

I. Recognition of Sales Revenue

Please refer to Note 4.16 of the Consolidated Financial Statements for the accounting policy on revenue recognition, and refer to Note 6.22 thereof for the description of revenue recognition.

1. Description of key audit matters:

Under the sales pattern of Meiloon Group, it is mainly to deliver goods to customers directly by its manufacturing facilities in accordance with the agreed trade terms, and revenue is recognized when all performance obligations are met. However, the timing of revenue recognition may be inappropriate due to the fact that the goods have not yet been actually delivered or the ownership of inventory and the risk of loss have not yet been transferred due to different terms and conditions under individual sales contracts. Therefore, we have identified the cut-off and recognition of sales revenue as an area of critical concern in our audit.

2. Our principal audit procedures with respect to the above key audit matters included the following:

(1) We asked the regulatory authorities about the information to understand and review the procedures for recognizing sales revenue and apply them consistently during the period in which the financial statements were compared.

(2) We understood and tested the effectiveness of the design and execution of internal controls over sales revenue.

(3) We verified various documents for periods before and after the financial statement date to determine that sales, sales returns, and sales allowances have been properly closed.

(4) We conducted spot checks on factory shipment documents and sales orders to confirm the correctness of the transaction conditions and the timing of revenue recognition.

II. Valuation of Inventories

Please refer to Note 4.7 of the Consolidated Financial Statements for the accounting policy on inventories; refer to Note 5.2 thereof for the accounting estimates and assumptions uncertainties of inventories; refer to Note 6.5 for the description of recognition of inventories.

1. Description of key audit matters:

The value of inventories may be affected by fluctuations in market demand, resulting in losses due to stagnation or obsolescence. When such inventories become outdated or prices decline, the cost of such inventories may not be recovered. As the determination of the possibility of impairment involves subjective judgments by management, we have identified the reasonableness of the evaluation of inventory valuation losses as an area of critical concern in our audit.

2. Our principal audit procedures with respect to the above key audit matters included the following:

(1) We asked the regulatory authorities about the information to understand and review the procedures for provision for allowance for inventory valuation losses and apply them consistently during the period in which the financial statements were compared.

(2) We compared and analyzed the difference between the provision for allowance for inventory valuation losses in previous years and the actual occurrence of

write-offs or offsets, and evaluate the reasonableness of the provision policy for allowance for inventory valuation losses.

(3) We verified the appropriateness of the inventory aging report system logic used by management to determine that obsolete inventory items beyond a certain age have been recognized in the statements.

(4) We evaluated the reasonableness of obsolete or damaged inventory items identified individually by management and check them with relevant supporting documents.

(5) We conducted spot checks on the most recent sale or purchase price of inventories at the end of the period to confirm that the inventories have been valued at the lower of cost or net realizable value.

Other Matters - Reference to Other Auditors' Reports

The financial statements of PT.MEILOON TECHNOLOGY INDONESIA, a subsidiary included in the aforementioned consolidated financial statements, have not been audited by us, but by other auditors. Therefore, in our opinion on the consolidated financial statements referred to above, the amounts included in the subsidiary's financial statements and the related information regarding the reinvestment business were based on the reports of the other auditors. The total assets of the subsidiary as of December 31, 2022 and December 31, 2021 amounted to NT$1,240,198 thousand and NT$836,297 thousand, respectively, accounting for 15.41% and 9.25% of the total consolidated assets. The operating revenue for the year ended December 31, 2022 and December 31, 2021 were NT$1,223 thousand and NT$0 thousand, respectively, accounting for 0.04% and 0.00% of the net consolidated operating revenue.

The financial statements of AlfaPlus Semiconductor Inc., an invested company accounted for under the equity method, for the years 2022 and 2021, have not been audited by us, but by other auditors. Therefore, in our opinion on the consolidated financial statements referred to above, the information regarding the aforementioned investments accounted for using the equity method and the shares of profit of associates and joint ventures recognized using the equity method, and the related information on the reinvestment business were based on the reports of the other auditors. The aforementioned investments accounted for using the equity method as of December 31, 2022 and December 31, 2021 amounted to NT$4,513 thousand and NT$6,184 thousand, respectively, accounting for 0.06% and 0.07% of the total consolidated assets. The aforementioned shares of profit (loss) of associates and joint ventures recognized using the equity method for the years 2022 and 2021 were (NT$1,671) thousand and NT$6,184 thousand, respectively, accounting for (0.39%) and 0.40% of the total comprehensive income of the current period.

Other Matters - Individual Financial Reports

Meiloon Industrial Co., Ltd. has prepared its individual financial reports for the years 2022 and 2021, on which we have issued an unmodified opinion, including audit on other matters, for information purposes.

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

In preparing the consolidated financial statements, management is responsible for assessing Meiloon 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 Meiloon Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards in 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 Meiloon 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 Meiloon Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions

may cause Meiloon Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the group, in order to express an opinion on the consolidated financial statements. We are responsible for direction, supervision, and performance of the group audit, and 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 the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

PKF Taiwan

Accountant Lin Yueh-Hsia

Accountant Lee Tsung-Ming

Approval Certificate No. by Securities and Futures Bureau,
Financial Supervisory Commission, R.O.C. (formerly the
Securities and Futures Commission, Ministry of Finance,
R.O.C.):
(90) Taiwan-Finance-Securities (VI) No. 145560 Official
Letter

March 22, 2023

Meiloon Industrial Co., Ltd. and its subsidiaries

Consolidated Statement of Balance Sheet

December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

			2022.12.31		2021.12.31	
Code	ASSETS	Note	Amount	%	Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	4 and 6.1	$ 2,275,263	28.27	$ 2,709,298	29.95
1110	Current financial assets measured at fair value through profit or loss	4 and 6.2	272,288	3.38	252,242	2.79
1136	Current financial assets at amortized cost	4 and 6.3	1,324,431	16.46	1,371,621	15.16
1150	Notes receivable, net	4 and 6.4	836	0.01	611	0.01
1170	Accounts receivable, net	4, 6.4 and 7	476,458	5.92	792,167	8.76
1220	Current tax assets	4 and 6.18	862	0.01	2,215	0.03
130X	Inventories, net	4 and 6.5	848,650	10.54	1,169,993	12.93
1410	Prepayments		124,896	1.55	170,434	1.88
1470	Other current assets	7	55,366	0.69	40,874	0.45
	Total current assets		5,379,050	66.83	6,509,455	71.96
15XX	Non-current assets					
1517	Non-current financial assets measured at fair value through other comprehensive income	4 and 6.6	-	-	8,200	0.09
1550	Investments accounted for using equity method	4 and 6.7	7,285	0.09	9,230	0.10
1600	Property, plant and equipment	4, 6.8 and 8	1,649,219	20.49	1,405,077	15.53
1755	Right-of-use assets	4 and 6.9	23,240	0.29	26,640	0.30
1760	Investment property, net	4, 6.10 and 8	694,075	8.62	574,182	6.35
1780	Intangible assets, net	4 and 6.11	22,381	0.28	14,858	0.17
1840	Deferred income tax assets	4 and 6.18	102,381	1.27	177,085	1.96
1915	Prepayments for business facilities	6.12	86,590	1.08	230,500	2.55
1920	Refundable deposits		6,234	0.08	7,215	0.08
1937	Overdue receivables, net	4 and 6.4	-	-	-	-
1960	Current prepayments for investments	6.13	73,657	0.92	78,912	0.87
1995	Other non-current assets, others		4,337	0.05	4,037	0.04
	Total non-current assets		2,669,399	33.17	2,535,936	28.04
1XXX	TOTAL ASSETS		$ 8,048,449	100.00	$ 9,045,391	100.00

			2022.12.31		2021.12.31	
Code	LIABILITIES AND EQUITY	Note	Amount	%	Amount	%
21XX	Current liabilities					
2100	Short-term borrowings	6.14 and 8	$ 702,800	8.73	$ 1,001,000	11.07
2133	Unearned revenue		74,462	0.92	40,510	0.45
2150	Notes payable		1,369	0.02	2,928	0.03
2170	Accounts payable		365,846	4.55	899,046	9.94
2200	Other payables	6.15	142,408	1.77	213,232	2.36
2230	Current tax liabilities	4 and 6.18	173,748	2.16	33,210	0.37
2280	Current lease liabilities	4 and 6.9	1,065	0.01	2,894	0.03
2322	Long-term borrowings, current portion	6.16 and 6.24	389,265	4.84	117,022	1.29
2399	Other current liabilities, others		26,879	0.33	14,167	0.16
	Total current liabilities		1,877,842	23.33	2,324,009	25.70
25XX	Non-current liabilities					
2540	Long-term borrowings	6.16 and 6.24	824,007	10.24	1,011,071	11.18
2551	Non-current provisions for employee benefits	4	153,241	1.90	144,438	1.60
2572	Deferred income tax liabilities, income tax	4 and 6.18	527,706	6.56	664,876	7.35
2580	Non-current lease liabilities	4 and 6.9	1,213	0.01	2,278	0.02
2612	Long-term payables	6.15	201,522	2.50	174,463	1.93
2630	Long-term deferred revenue		60,905	0.76	67,636	0.75
2640	Net defined benefit liability, non-current	4 and 6.17	14,177	0.18	23,680	0.26
2645	Guarantee deposits received		4,436	0.06	5,978	0.06
	Total non-current liabilities		1,787,207	22.21	2,094,420	23.15
2XXX	Total liabilities		3,665,049	45.54	4,418,429	48.85
31XX	Equity attributable to owners of the parent	6.19				
3100	Share capital					
3110	Common stock		1,585,732	19.70	1,982,165	21.91
3200	Capital surplus					
3210	Capital surplus, additional paid-in capital		5	-	5	-
3220	Capital surplus, treasury stock transactions		3,924	0.05	3,924	0.04
3250	Capital surplus, donated assets received		16	-	18	-
3270	Capital surplus, premium from merger		382	-	382	-
3300	Retained earnings					
3310	Legal reserve		848,462	10.54	684,503	7.57
3320	Special reserve		318,635	3.96	244,598	2.71
3350	Unappropriated retained earnings		1,285,784	15.98	1,723,401	19.05
3400	Other equity	4				
3410	Exchange differences on translation of foreign financial statements		9,669	0.12	(318,635)	(3.52)
36XX	Non-controlling interests	6.19	330,791	4.11	306,601	3.39
3XXX	Total equity		4,383,400	54.46	4,626,962	51.15
1XXX	TOTAL LIABILITIES AND EQUITY		$ 8,048,449	100.00	$ 9,045,391	100.00

(Please refer to Notes and Schedules to the Consolidated Financial Statements)

Chairman: Wu Wei-Chung　　Manager: Wu Ming-Shien　　Accounting Supervisor: Kuo Li-Jung

Meiloon Industrial Co., Ltd. and its subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars
(Earnings per share in New Taiwan dollars)

			2022		2021	
Code	Account Item	Note	Amount	%	Amount	%
4000	Operating revenue	4, 6.22 and 7	$ 3,490,837	100.00	$ 3,763,996	100.00
5000	Operating costs		3,009,603	86.21	3,142,625	83.49
5900	Gross profit		481,234	13.79	621,371	16.51
6000	Operating expenses		512,466	14.69	648,802	17.24
6100	Selling expenses		157,684	4.52	184,690	4.91
6200	Administrative expenses		235,531	6.75	329,067	8.74
6300	R&D expenses		119,251	3.42	135,045	3.59
6900	Operating loss		(31,232)	(0.90)	(27,431)	(0.73)
7000	Non-operating revenue and expenses					
7100	Interest income	6.23	87,139	2.50	99,273	2.64
7010	Other income	6.9, 6.24 and 7	156,399	4.48	123,990	3.29
7020	Other gains and losses	6.8, 6.9, 6.10 and 6.25	52,471	1.50	2,428,938	64.53
7050	Finance costs	6.26	(25,883)	(0.74)	(19,364)	(0.51)
7055	Expected credit impairment (loss) gain	4 and 6.4	18,795	0.54	(7,491)	(0.20)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	4 and 6.7	(1,886)	(0.05)	5,936	0.16
	Total non-operating income and expenses		287,035	8.23	2,631,282	69.91
7900	Net income before tax		255,803	7.33	2,603,851	69.18
7950	Income tax expense	4 and 6.18	(171,870)	(4.92)	(977,199)	(25.96)
8200	Net income for the period		83,933	2.41	1,626,652	43.22
8300	Other comprehensive income (loss)					
8310	Items that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	4 and 6.17	5,514	0.16	1,610	0.04
8349	Income tax related to items that will not be reclassified to profit or loss	4 and 6.18	(1,102)	(0.03)	(322)	(0.01)
			4,412	0.13	1,288	0.03
8360	Items that may be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		427,427	12.24	(107,296)	(2.85)
8371	Exchange differences on translation of foreign financial statements of associates and joint ventures	4 and 6.7	(508)	(0.02)	(311)	(0.01)
8399	Income tax related to items that may be reclassified to profit or loss	4 and 6.18	(82,077)	(2.35)	18,509	0.49
			344,842	9.87	(89,098)	(2.37)
	Other comprehensive income (loss) for the period (net of tax)		349,254	10.00	(87,810)	(2.34)
8500	Total comprehensive income (loss) for the period		$ 433,187	12.41	$ 1,538,842	40.88
8600	Net profit attributable to:					
8610	Owners of the parent		$ 93,292		$ 1,638,298	
8620	Non-controlling interests		(9,359)		(11,646)	
			$ 83,933		$ 1,626,652	
8700	Total comprehensive income is attributable to:					
8710	Owners of the parent		$ 426,008		$ 1,565,549	
8720	Non-controlling interests		7,179		(26,707)	
			$ 433,187		$ 1,538,842	
9750	Basic earnings per share	4 and 6.20	$ 0.50		$ 8.27	
9850	Diluted earnings per share	4 and 6.20	$ 0.50		$ 8.21	

(Please refer to Notes and Schedules to the Consolidated Financial Statements)

Chairman: Wu Wei-Chung Manager: Wu Ming-Shien Accounting Supervisor: Kuo Li-Jung

Meiloon Industrial Co., Ltd. and its subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Equity attributable to owners of the parent											
		Capital surplus				Retained earnings			Other equity			
Item	Share capital	Capital premium	Treasury stock transactions	Donated assets received	Merger premium	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
Balance on January 1, 2021	$ 1,982,165	$ 5	$ 3,924	$ 18	$ 382	$ 666,273	$ 185,421	$ 458,483	$ (244,598)	$ 3,052,073	$ 295,326	$ 3,347,399
Appropriation and distribution of retained earnings for 2020:												
Legal reserve	-	-	-	-	-	18,230	-	(18,230)	-	-	-	-
Special reserve	-	-	-	-	-	-	59,177	(59,177)	-	-	-	-
Cash dividends - NT$1.45 per share	-	-	-	-	-	-	-	(287,414)	-	(287,414)	-	(287,414)
Net income (loss) for 2021	-	-	-	-	-	-	-	1,638,298	-	1,638,298	(11,646)	1,626,652
Other comprehensive income (loss) for 2021 (net of tax)												
Gains (losses) on remeasurements of defined benefit plans	-	-	-	-	-	-	-	1,288	-	1,288	-	1,288
Decrease in exchange differences on translation of foreign financial statements	-	-	-	-	-	-	-	-	(74,037)	(74,037)	(15,061)	(89,098)
Total comprehensive income (loss) for 2021	-	-	-	-	-	-	-	1,639,586	(74,037)	1,565,549	(26,707)	1,538,842
Difference between consideration and carrying amount of subsidiaries disposed	-	-	-	-	-	-	-	(9,847)	-	(9,847)	37,982	28,135
Balance on December 31, 2021	1,982,165	5	3,924	18	382	684,503	244,598	1,723,401	(318,635)	4,320,361	306,601	4,626,962
Refund of unclaimed dividends	-	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Appropriation and distribution of retained earnings for 2021:												
Legal reserve	-	-	-	-	-	163,959	-	(163,959)	-	-	-	-
Special reserve	-	-	-	-	-	-	74,037	(74,037)	-	-	-	-
Cash dividends - NT$1.5 per share	-	-	-	-	-	-	-	(297,325)	-	(297,325)	-	(297,325)
Net income (loss) for 2022	-	-	-	-	-	-	-	93,292	-	93,292	(9,359)	83,933
Other comprehensive income (loss) for 2022 (net of tax)												
Gains (losses) on remeasurements of defined benefit plans	-	-	-	-	-	-	-	4,412	-	4,412	-	4,412
Increase in exchange differences on translation of foreign financial statements	-	-	-	-	-	-	-	-	328,304	328,304	16,538	344,842
Total comprehensive income (loss) for 2022	-	-	-	-	-	-	-	97,704	328,304	426,008	7,179	433,187
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	17,011	17,011
Capital reduction by cash refund	(396,433)	-	-	-	-	-	-	-	-	(396,433)	-	(396,433)
Balance on December 31, 2022	$ 1,585,732	$ 5	$ 3,924	$ 16	$ 382	$ 848,462	$ 318,635	$ 1,285,784	$ 9,669	$ 4,052,609	$ 330,791	$ 4,383,400

(Please refer to Notes and Schedules to the Consolidated Financial Statements)

Chairman: Wu Wei-Chung　　Manager: Wu Ming-Shien　　Accounting Supervisor: Kuo Li-Jung

Meiloon Industrial Co., Ltd. and its subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021
Cash flows from operating activities:		
Net income before tax for the period	$ 255,803	$ 2,603,851
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	122,054	107,287
Amortization expense	8,682	5,316
Expected credit loss (reversal of impairment loss)	(18,795)	7,491
Interest expense	25,883	19,364
Interest income	(87,139)	(99,273)
Dividend income	(6,105)	(1,769)
Loss (gain) on disposal and abandonment of property, plant and equipment, net	392	(2,494,778)
Gain on disposal of investment property	-	(108,077)
Prepayments for business facilities transferred to expenses	8,689	152
Reversal of impairment loss on non-financial assets	-	(17,639)
Other impairment losses	-	75,581
Profit from lease modification	(1,306)	(1,280)
Other income	(7,759)	(7,201)
Share of profit (loss) of associates and joint ventures accounted for using equity method	1,886	(5,936)
Changes in assets and liabilities related to operating activities		
Increase in financial assets measured at fair value through profit or loss	(20,046)	(23,655)
Decrease (increase) in notes receivable	(225)	38
Decrease (increase) in accounts receivable (including overdue receivables)	334,378	(128,449)
Decrease (increase) in inventories	321,343	(532,393)
Decrease in prepayments	45,538	20,922
Decrease (increase) in other current assets	(9,456)	93,764
Increase in unearned revenue	33,952	19,235
Increase (decrease) in notes payable	(1,559)	910
Increase (decrease) in accounts payable	(533,200)	188,706
Decrease in other payables	(75,982)	(30,903)
Increase (decrease) in other current liabilities	12,712	(26,880)
Increase (decrease) in long-term deferred revenue	470	(7,865)
Increase in long-term payables	27,059	14,788
Increase (decrease) in provisions for employee benefits	8,803	(16,328)
Decrease in net defined benefit liability	(3,989)	(1,578)
Cash inflow (outflow) generated from operations	442,083	(346,599)
Interest received	82,103	106,523
Dividends received	6,105	1,769
Interest paid	(13,486)	(9,683)
Income tax refund	9,849	14,761
Income tax paid	(185,489)	(650,455)
Net cash generated by (used in) operating activities	341,165	(883,684)

(Carried forward)

(Brought forward)

Cash flows from investing activities:		
Disposal of financial assets measured at fair value through other comprehensive income	8,200	-
Acquisition of financial assets measured at amortized cost	(1,403,005)	(1,225,506)
Disposal of financial assets measured at amortized cost	1,450,873	2,719,133
Acquisition of property, plant and equipment	(169,579)	(378,193)
Disposal of property, plant and equipment	791	199,408
Acquisition of investment property	(7,577)	(85,397)
Disposal of investment property	-	363,758
Acquisition of intangible assets	(6,877)	(2,610)
Other non-current assets, other increase	-	(120)
Decrease in prepayments for investments	6,495	19,975
Increase in prepayments for business facilities	(32,116)	(179,908)
Decrease in refundable deposits	981	178,424
Other investing activities, disposal of right-of-use assets	730	-
Net cash generated by (used in) investing activities	(151,084)	1,608,964
Cash flows from financing activities:		
Increase in short-term borrowings	6,820,400	7,696,540
Decrease in short-term borrowings	(7,118,600)	(7,448,340)
Proceeds from long-term borrowings	195,000	35,880
Repayments of long-term borrowings	(117,022)	-
Decrease in capital surplus overdue dividends	(2)	-
Increase (decrease) in guarantee deposits received	(1,542)	746
Cash dividends distributed	(297,325)	(287,414)
Capital reduction by cash refund	(396,433)	-
Repayments of lease principal	(1,377)	(1,677)
Disposal of ownership interests in subsidiaries (without losing control)	-	28,135
Change in non-controlling interests	17,011	-
Net cash generated by (used in) financing activities	(899,890)	23,870
Effect of exchange rate changes on cash and cash equivalents	275,774	(30,610)
Increase (decrease) in cash and cash equivalents for the period	(434,035)	718,540
Balance of cash and cash equivalents, beginning of year	2,709,298	1,990,758
Balance of cash and cash equivalents, end of year	$ 2,275,263	$ 2,709,298

(Please refer to Notes and Schedules to the Consolidated Financial Statements)

Chairman: Wu Wei-Chung　　Manager: Wu Ming-Shien　　Accounting Supervisor: Kuo Li-Jung

I. Company History

The consolidated financial statements are prepared by Meiloon Industrial Co., Ltd. and its subsidiaries as described below (the Consolidated Company). All significant internal transactions between the parent and subsidiaries and their balances have been eliminated from the consolidated financial statements, and the interests in subsidiaries held by investors other than the parent are recognized as non-controlling interests.

(I)Parent (the Company):

Meiloon Industrial Co., Ltd. (the "Company") was incorporated as a for-profit organization under the Company Act of the Republic of China and other applicable laws in January, 1973 and was approved for public offering by the Securities and Futures Bureau, Financial Supervisory Commission (SFB; former Securities and Futures Commission, Ministry of Finance) in October 1997. In 1999, OTC trading was approved for the Company pursuant to the official letters (88) TPEx Listing No. 36709 and (88) Taiwan-Finance-Securities (I) No. 109345 issued by the Taipei Exchange and SFB, respectively, and the Company was officially listed on the TPEx on February 23, 2000. The Company applied to transfer from an OTC stock to a listed stock on June 27, 2001 and officially began trading in the centralized trading market on September 17, 2001. The Company is mainly engaged in the design, research and development, manufacturing, and sales of audio and video electronic products for home, automotive, multimedia and professional use.

(II)Subsidiaries:

Name of Subsidiaries	Nature of Business	Percentage of direct and indirect shareholding of the parent		Whether to be included in the consolidated entity			
		2022.12.31	2021.12.31	2022.12.31	Remarks	2021.12.31	Remarks
Meiloon International Ltd.	Investment company	100.00%	100.00%	Yes	-	Yes	-
Dongguan Meiloon Acoustic Equipments Co., Ltd.	Production and sales of loudspeakers, speakers, crossovers and DVD players	100.00%	100.00%	Yes	-	Yes	-
Mei Fong (Suzhou) Co., Ltd.	Business management, property management, non-residential real estate leasing, and housing leasing	100.00%	100.00%	Yes	-	Yes	-
FINE STATION LTD.	Trading and investment company	100.00%	100.00%	Yes	-	Yes	-
MeiXin Audio Equipment (Dongguan) Co., Ltd.	Production and sales of pre-cut boards, amplifiers, crossovers and multimedia speakers	100.00%	100.00%	Yes	-	Yes	-
MAKINGO DEVELOPMENT CORP.	Trading and investment company	100.00%	100.00%	Yes	-	Yes	-
Meida Technology (Suzhou) Co., Ltd.	Production and sales of loudspeakers, amplifiers, crossovers and projectors	100.00%	100.00%	Yes	-	Yes	-
AUDIOXPERTS INC.	Trading company	90.00%	90.00%	Yes	Note 2	Yes	Note 2

Name of Subsidiaries	Nature of Business	Percentage of direct and indirect shareholding of the parent		Whether to be included in the consolidated entity			
		2022.12.31	2021.12.31	2022.12.31	Remarks	2021.12.31	Remarks
Loonchenfa Investment Co., Ltd.	Investment company	70.00%	70.00%	Yes	-	Yes	-
PT. TAIFAJAYA DEVELOPMENT	Land development and investment company	73.91%	73.91%	Yes	-	Yes	-
Prosperity Development Co., Ltd.	Real estate development, construction, leasing and sales	100.00%	100.00%	Yes	Note 2	Yes	Note 2
Suzhou YueTai Trading Co., Ltd.	Wholesale, import and export of various kinds of audio-visual equipment and parts	100.00%	100.00%	Yes	Note 2	Yes	Note 2
Fin-Core Corporation	International trade, manufacture of electronic parts and components as well as wholesale of electronic materials	35.06%	35.06%	Yes	Note 1 Note 2	Yes	Note 1 Note 2
PT. MEILOON TECHNOLOGY INDONESIA	Production and sales of loudspeakers, speakers, crossovers, pre-cut boards and DVD players	90.00%	90.00%	Yes	-	Yes	-

Note 1: Although the shareholding ratio is less than 50%, the parent still has actual control over this company because half of the board members are the same.

Note 2: Due to its lack of significant impact on the presentation of the consolidated financial statements, its financial statements have not been audited by the auditor, and the auditor has not issued an audit report with a reservation on the financial statements for the years 2022 and 2021.

(III)The Consolidated Company had an average of 1,875 and 2,275 employees in 2022 and 2021, respectively.

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

The consolidated financial statements were submitted to the Board of Directors for authorization on March 22, 2023.

III. Application of New and Revised Standards and Interpretations

(I) Initial application of the International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (collectively, the “IFRSs”) endorsed and issued into effect in 2022 by the Financial Supervisory Commission (“FSC”)

The new, amended and revised standards and interpretations endorsed by the FSC, as applicable in 2022, are as follows:

New/Amended/Revised Standards and Interpretations	Effective Date of Issuance of IASB
Amendments to IFRS 3, “Updating a Reference to the Conceptual Framework”	January 1, 2022
Amendments to IAS 16, “Property, Plant and Equipment: Proceeds before	January 1, 2022

Intended Use"	
Amendments to IAS 37, "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

(II)IFRSs approved by the FSC as applicable in 2023 have not been adopted

The new, amended and revised standards and interpretations endorsed by the FSC, as applicable in 2023, are as follows:

New/Amended/Revised Standards and Interpretations	Effective Date of Issuance of IASB
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 Income Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

(III)IFRSs that have been issued by the IASB but have not yet been approved by the FSC and issued into effect have not been adopted

As of the date of issuance of these consolidated financial statements, the Consolidated Company has not adopted the following IFRSs that have been issued by the IASB but not yet endorsed by the FSC and issued into force:

New/Amended/Revised Standards and Interpretations	Effective Date of Issuance of IASB
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undetermined
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts" and its Amendments, which replace IFRS 4 "Insurance Contracts"	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

As of the date the consolidated financial statements were issued, the Consolidated Company believed that the initial application of the IFRSs did not have a material impact on the Consolidated Company's accounting policies. The Consolidated Company, however, is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Consolidated Company's financial position and financial performance and will disclose any material impact, if any, when the assessment is completed.

IV. Summary of Significant Accounting Policies

The significant accounting policies of the Consolidated Company is summarized as follows:

(I)Statement of Compliance

The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" as well as the IFRS, IAS and Interpretations developed by IFRIC or the former SIC as endorsed and issued into effect by the FSC.

(II)Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. For an asset, historical cost is generally the fair value of the consideration paid to acquire the asset; for a liability, it is generally the amount to be received to assume an obligation or the amount expected to be paid to settle the liability.

(III)Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and the entities (subsidiaries) controlled by the Company. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

Appropriate adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the Company.

All significant transactions, balances, income and expenses between the Company and its subsidiaries have been eliminated on consolidation.

(IV)Criteria for Classification of Current and Non-current Assets and Liabilities

Current assets include assets expected to be realized, or are intended to be sold or consumed, in the normal operating cycle; assets held primarily for trading purposes; assets expected to be realized within twelve months after the reporting period; and cash or cash equivalents, except for those restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Assets that are not classified as current assets are non-current assets. Current liabilities include liabilities expected to be settled in the normal operating cycle; liabilities held primarily for trading purposes; liabilities due to be settled within twelve months after the reporting period; and liabilities for which the Consolidated Company does not have unconditional right to defer settlement for at least twelve months after the reporting period. Liabilities that are not classified as current liabilities are non-current liabilities.

(V)Foreign currency

The financial statements of each consolidated entity are presented in the common currency (functional currency) of the primary economic environment in which the entity operates. The functional currency of the Company and Meiloon International Ltd., FINE STATION LTD., Loonchenfa Investment Co., Ltd., Prosperity Development Co., Ltd. and Fin-Core Corporation is New Taiwan Dollar; that of MAKINGO DEVELOPMENT CORP. and AUDIOXPERTS INC. is US Dollar; that of Dongguan Meiloon Acoustic Equipments Co., Ltd., MeiXin Audio Equipment (Dongguan) Co., Ltd., Meida Technology (Suzhou) Co., Ltd., Suzhou YueTai Trading Co., Ltd. and Mei Fong (Suzhou) Co., Ltd. is Chinese Yuan; and that of PT. TAIFA JAYA DEVELOPMENT is Indonesian Rupiah. In preparing the consolidated financial statements, the operating results and financial position of each consolidated entity are translated into New Taiwan Dollar.

The subsidiary PT. MEILOON TECHNOLOGY INDONESIA has decided to change its functional currency from “Indonesian Rupiah” to “US Dollar” due to the change in economic conditions and in consideration of the efficiency of the Group’s financing management, and to defer the translation from January 1, 2022 in accordance with IFRS 21 “The Effects of Changes in Foreign Exchange Rates.”

In preparing the financial statements of each consolidated entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the exchange rates prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated into the functional currency using the spot exchange rate at that date. Non-monetary items in foreign currencies that are measured at fair value are retranslated using the exchange rate at the date when the fair value was determined. Non-monetary items in foreign currencies that are measured on a historical cost basis are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise.

In preparing the consolidated financial statements, the assets and liabilities of foreign operations are translated into New Taiwan dollars using the spot exchange rate prevailing at the end of the reporting period; income and expense items are translated at the average exchange rate for the period, and the resulting exchange differences are recognized in other comprehensive income and accumulated in equity under the exchange differences on translation of foreign financial statements.

(VI)Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, time deposits within three months, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

(VII)Inventories

Inventories are recorded at cost and calculated using the weighted-average method. In calculating product costs, variable manufacturing expenses are amortized on the basis of actual output, and fixed manufacturing expenses are amortized on the basis of normal capacity of production equipment. However, if the actual output is not much different from the normal capacity, it may also be amortized on the basis of actual output; if the actual output is abnormally higher than the normal capacity, it will be amortized on the basis of actual output. Inventories are subsequently measured at the lower of cost or net realizable value. Net realizable value refers to the balance of the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison between cost and net realizable value is made item by item. If the net realizable value of a finished product is expected to be equal to or greater than its cost, the raw materials used in the production of the finished product will not be offset below cost. When the price of the raw materials drops and the cost of the finished product exceeds the net realizable value, the raw material will be reduced to the net realizable value.

The amount of inventory reduced from cost to net realizable value is recognized as cost of goods sold, and the net realizable value of inventory is re-measured in each subsequent period. If the previous factors that caused the net realizable value of inventories to be lower than the cost have disappeared or there is evidence proving that the net realizable value has increased due to changes in economic conditions, the increase in the net realizable value of inventories is reversed within the scope of the original write-down amount and recognized as the decrease in the cost of goods sold in the current period.

Premises under construction are measured at the lower of cost or net realizable value. The comparison between cost and net realizable value is made item by item. Net realizable value refers to the balance of the estimated selling price in normal circumstances less costs to be incurred to completion and selling expenses. If the net realizable value is less than the cost, the cost will be written down to the net realizable value and recognized as the construction cost of the current year. If the net realizable value subsequently increases, it is reversed within the amount of the original write-down and recognized as the decrease in the construction cost of the current year.

(VIII)Investments accounted for using equity method

Investments in associates are recorded at cost and subsequently evaluated using the equity method. An associate is an enterprise over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence means the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Under the equity method, the investment in an associate is adjusted for changes in the Company's share of the investee's net assets. When the Company's share of losses of an associate exceeds its interest in that associate, additional losses are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations or has made payments on behalf of that associate.

Any excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of the associate over the acquisition cost, after reassessment, is recognized immediately in profit or loss.

If the Company does not subscribe for new shares issued by an associate in proportion to its shareholding, resulting in a change in its shareholding ratio and leading to an increase or decrease in the net equity of the investment, the increase or decrease is adjusted against capital surplus and the investment accounted for using the equity method. However, if the Company's ownership interest is reduced as a result of not subscribing for or acquiring the new shares of the associate in proportion to its shareholding, the amount recognized in other comprehensive income or loss in relation to that associate is reclassified in proportion to the decrease on the same basis as that required for the direct disposal of the related assets or liabilities by the associate.

When a transaction occurs with an associate, unrealized gains or losses are eliminated in proportion to the shareholding.

(IX)Property, plant and equipment

Property, plant and equipment used in the production of goods or for management purposes are presented at cost less accumulated depreciation and accumulated impairment. Cost includes incremental costs directly attributable to the acquisition of assets.

Depreciation is recognized on a straight-line basis to write off the cost of the assets less their residual value over their useful lives. Depreciation is recognized using the estimated useful lives of the assets below: 9 to 52 years for buildings; 3 to 20 years for plants and equipment; 2 to 3 years for molding machines; 3 to 15 years for test equipment; 5 years for transportation equipment; 2 to 15 years for other equipment. When the major components of property, plant and equipment have different useful lives, they are treated as separate items. The estimated useful lives, residual values and depreciation methods are reviewed at the end of the reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

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

(X)Lease

A contract is a lease or contains a lease if it transfers the right to control the use of an identified asset for a specified period of time in exchange for consideration.

Lessor

The lessor classifies each of its leases as either an operating or a finance lease. A lease is a finance lease if it transfers almost all the risks and rewards incidental to the ownership of the underlying asset; a lease is an operating lease if it does not transfer almost all the risks and rewards incidental to the ownership of the underlying asset.

In the case of an operating lease, the lessor recognizes the lease payments as income on a straight-line basis, but if another systematic basis is more representative of the pattern which benefit derived from the use of the leased asset is diminished, that basis applies.

In the case of a finance lease, the lessor recognizes the finance lease receivables and the unearned finance income of the finance lease at the commencement date of the lease and allocates the finance income over the lease term on a systematic and reasonable basis so that there is a fixed rate of return for each period of the lease term.

Lessee

The lessee recognizes right-of-use assets and lease liabilities at the commencement date of the lease. Right-of-use assets are measured at cost and lease liabilities are measured at the present value of the lease payments that are not paid on that date.

Right-of-use assets are depreciated over the earlier of the period from the commencement of the lease to the end of the useful life of the right-of-use asset or the end of the lease term; provided that if the lessee will acquire ownership of the leased asset at the end of the lease term or if the cost of the right-of-use asset reflects the exercise of a purchase option, the depreciation period is from the commencement of the lease to the end of the useful life of the underlying asset.

Interest expenses on lease liabilities are calculated using the effective interest rate method so that the interest rate for each period calculated on the basis of balance of the lease liabilities is fixed. Lease payments are used to pay interest and reduce lease liabilities. Interest on lease liabilities is recognized in profit or loss.

(XI)Investment properties

A property of the Consolidated Company is recognized as an investment property if it is not held for sale at the end of the reporting period and is not used for the production or supply of goods or services, or for administrative purposes.

An investment property of the Consolidated Company is stated initially at its cost and measured subsequently using the cost model. Buildings and structures in investment properties are depreciated using the straight-line method based on their estimated useful lives of 20 to 42 years. The estimated useful lives, residual values and depreciation methods are reviewed at the end of the reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

(XII)Intangible assets and long-term prepaid rent

Goodwill

As the Consolidated Company elects to take the optional exemption under IFRS 1 for business combinations that occurred before January 1, 2012 (the date of transition to IFRSs), the goodwill arising in business combinations that occurred before such date is measured at the amount recognized in accordance with the generally accepted accounting principles as adopted in the Republic of China before the adoption of IFRSs. At the time of initial recognition, it is recognized as an asset at original cost and is not subsequently amortized and is measured at cost less accumulated impairment.

Other intangible assets

Other separately acquired intangible assets with finite useful lives are presented at cost less accumulated amortization and accumulated impairment. Amortization is recognized on a straight-line basis over the estimated useful lives of intangible assets as stated below for patents and trademarks, over the approved useful lives; for computer software and other intangible assets, over the economic benefits or contractual lives. The estimated useful lives and amortization methods are reviewed at the end of the reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

(XIII)Impairment loss

At the end of each reporting period, the Consolidated Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount, the carrying amount is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss for the current period.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. The impairment loss reversed is recognized in profit or loss for the current period.

Goodwill should be tested for impairment annually and the impairment loss should be recognized in profit or loss for the current period and should not be reversed in subsequent periods.

(XIV)Financial instruments

Financial assets and financial liabilities are recognized when the Consolidated Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. However, accounts receivable that do not contain a significant financial component should be measured at transaction price at the time of initial recognition.

A financial asset is derecognized only if either (1) the contractual rights to the cash flows from the financial asset expire or (2) substantially all the risks and rewards of ownership of the financial asset are transferred, or control over the financial asset is not retained in the event that substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained.

For financial instruments with an active market, the fair value is based on the publicly quoted prices in the active market; for financial instruments without an active market, the fair value is estimated using valuation techniques.

Under a regular way, purchase or sale of financial assets is recognized and derecognized as applicable using trade-date accounting.

1.Financial assets

Financial assets are classified into subsequently measured at amortized cost and at fair value through profit or loss based on (1) the business model of the financial assets under management and (2) the contractual cash flow characteristics of the financial assets.

Measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

(1) The financial asset is held under a business model whose objective is to hold the financial asset for contractual cash flows; and

(2) The contractual terms of the financial asset give rise to cash flows on a specific date, which are solely attributable to the payment of principal and interest on the outstanding principal amount.

Gains or losses on financial assets measured at amortized cost are recognized in profit or loss, unless they are part of a hedging relationship in which case they are accounted for as hedges.

Interest income is calculated using the effective interest method.

Measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(1) The financial asset is held under a business model whose objective is achieved by collecting the contractual cash flows and selling the financial asset; and

(2) The contractual terms of the financial asset give rise to cash flows on a specific date, which are solely attributable to the payment of principal and interest on the outstanding principal amount.

Gains or losses are recognized in other comprehensive income, except for impairment gains or losses and foreign currency exchange gains or losses. When an asset is derecognized, the cumulative gains or losses recognized in other comprehensive income are reclassified from equity to profit or loss.

In addition, for investments in specific equity instruments that should be originally measured at fair value through profit or loss, if neither held for trading nor contingent consideration recognized in the business combination, an irrevocable election may be made at initial recognition to present subsequent changes in fair value of such investments in other comprehensive income. In this case, the gain or loss is recognized in other comprehensive income, but dividends that are not part of the investment cost recovery are included in profit or loss. When an asset is derecognized, the cumulative gain or loss included in other comprehensive income or loss shall not reclassified to profit or loss.

Measured at fair value through profit or loss

Financial assets are all measured at fair value through profit or loss, except when measured at amortized cost or at fair value through other comprehensive income.

A financial asset may be irrevocably designated as measured at fair value through profit or loss at the time of initial recognition to eliminate or significantly reduce any inconsistency in measurement or recognition that, if not designated, would otherwise arise from the application of different bases for measuring assets or liabilities or recognizing their gains and losses.

Gains or losses are recognized in profit or loss, unless they are part of a hedging relationship in which case they are accounted for as hedges.

2.Financial liabilities

Financial liabilities, except for derivatives that do not qualify for hedge accounting, those designated as measured at fair value through profit or loss, and contingent consideration in a business combination that should be classified as measured at fair value through profit or loss, should be classified as subsequently measured at amortized cost, excluding financial liabilities arising from transfers that do not qualify for derecognition or from continuing involvement in transferred assets, financial guarantee contracts, and commitments to provide loans at below-market interest rates.

3.Impairment loss

Financial assets measured at amortized cost, contract assets and loan commitments and financial guarantee contracts to which impairment loss provisions apply are measured for impairment loss based on the expected credit loss model. At each reporting date, the Consolidated Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL) when there has been a significant increase in credit risk of a financial instrument since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Consolidated Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. However, for trade receivables or contract assets that do not contain a significant financing component which arise from transactions as defined in IFRS 15, the Consolidated Company applies the simplified approach to measure their loss allowances at an amount equal to lifetime ECL.

(XV)Provisions

Provisions are recognized when the Consolidated Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured at the estimate of the cash flows to settle the present obligation, its carrying amount is the present value of those cash flows.

(XVI)Revenue Recognition

The Consolidated Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. Revenue is measured based on the consideration to which the Consolidated Company expects to be entitled in exchange for transferring goods or services to a customer.

The revenue recognition is processed in the following steps: (1) Identify the contract with the customer, confirm that the contract is approved and committed to performance, confirm that the rights to the goods or services are identified, confirm that the payment terms for the goods or services are identified, confirm that the contract has commercial substance, and confirm that it is probable that consideration will be received for the transferred goods or services; (2) Identify and distinguish performance obligations.; (3) Determine the transaction price; (4) Allocate the transaction price to the respective performance obligations; and (5) Recognize the allocated revenue when each performance obligation is met.

The Consolidated Company recognizes revenue when it provides a product in accordance with a contract and satisfies the performance obligation, usually by transferring control of the product. Revenue from services rendered under a contract is recognized to the extent of completion of the contract (output method or input method).

Lease revenue is recognized as a revenue on a straight-line basis over the lease term. Dividend income from investments is recognized when the right to dividends is established, the economic benefits associated with dividends are likely to flow in and the amount of dividends can be measured reliably. Interest income is recognized on an accrual basis over time based on the outstanding principal amount and the applicable effective interest rate.

If a contract has been performed by transferring goods or services to the customer before the customer pays the consideration or before the payment can be received from the customer, the performance amount is recognized as a contract asset. However, if there is an unconditional right to the contract consideration, which can be collected from the customer after a certain period of time, the performance amount is recognized as a receivable.

An obligation to transfer goods or services is recognized as a contract liability if consideration is received from the customer or the right to receive consideration unconditionally is obtained before the transfer of goods or services.

(XVII)Government Grants

Government grants are not recognized until there is reasonable assurance that the Consolidated Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognized in profit and loss on a systematic basis over the periods in which the Consolidated Company recognizes expenses for the related costs that the grants intend to compensate. Government grants whose primary condition is that the Consolidated Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(XVIII)Employee benefits expenses

The Company has a retirement plan in place for regular employees and makes monthly pension contributions. Under the plan, payments of employee retirement benefits are calculated based on the years of service and the average salary six months before the employee's retirement. A labor retirement reserve of 2% of the total paid monthly salary is allocated on a monthly basis and deposited with the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. The actual payment of employees’ pensions is first paid from the labor retirement reserve, and if there is a shortfall, it will be charged to the current year’s expenses. However, since the implementation of the Labor Pension Act from July 1, 2005, employees who choose to apply the new labor retirement scheme will instead receive monthly labor pension contributions of 6% of their fixed monthly salaries deposited into their individual accounts at the Bureau of Labor Insurance.

Under the defined contribution plan, during the employees' service period, the Consolidated Company's monthly contributions to the employee’s individual pension accounts are recorded as pension expense in the current period; under the defined benefit pension plan, they are recognized as costs based on actuarial calculations. Actuarial gains and losses are recognized in full immediately in the period in which they occur and are included in other comprehensive income in the consolidated statement of comprehensive income.

(XIX)Share-based Payment Agreement

The Consolidated Company recognizes the costs of goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received, and an expense is recognized when the goods or services are consumed or sold. There are three settlement methods for share-based payment transactions, including equity-settled, cash-settled, and optionally-settled. The Consolidated Company elects to take the optional exemption under IFRS 1 for the equity instruments acquired before January 1, 2012 (the date of transition to IFRSs).

(XX)Income Tax

Income tax expense consists of current and deferred income taxes, which are recognized in profit or loss for the current period, except for income taxes recognized directly in equity or recognized in other comprehensive income items.

Current income tax is calculated on the basis of taxable income in the current year at the tax rate enacted or substantively enacted at the end of the reporting period. Adjustments to prior years' income tax estimates are included in the income tax expense in the year of adjustment.

The additional tax on undistributed earnings is recognized as income tax expense in the year the shareholders resolve to retain the earnings.

Deferred income tax is calculated and recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is not recognized for assets or liabilities originally recognized in transactions other than a business combination that do not affect accounting and taxable profits and losses at the time of the transaction, and for temporary differences arising from investments in subsidiaries that are not likely to reverse in the foreseeable future. Deferred income tax liabilities are also not recognized for taxable temporary differences arising from the original recognition of goodwill. Deferred income tax is measured at the tax rate that will apply when the temporary differences are expected to reverse, based on tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities can be offset only to the extent that the offset of current income tax assets and liabilities is legally enforceable and they are levied by the same taxation authority on either the same entity or different entities that intend to settle current income tax liabilities and assets on a net basis, or where the income tax liabilities and assets will be realized simultaneously.

Deferred income tax assets are recognized for unused tax losses, income tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available for use, and the carrying amount of deferred income tax assets is reviewed and adjusted at the end of each reporting period.

(XXI)Earnings per share

Basic earnings per share is calculated by the dividing net profit for the period by the weighted-average number of ordinary shares outstanding, except for the conversion of surplus to capital increase or capital surplus to capital increase, or the reduction due to capital reduction to cover losses, which are adjusted retrospectively in accordance with the proportion of capital increase and capital reduction. Diluted earnings per share is calculated in the same manner as basic earnings per share except that it is calculated after adjusting for the effects of all diluted potential common shares.

(XXII)Employees' Compensation and Directors' Remuneration

Employees' compensation and the liabilities arising therefrom are derived from the services provided by employees to the Company, and cost of employees' compensation should be recognized as an expense. The Company should recognize the expected cost of employees' compensation as when it has a legal obligation (or constructive obligation) and the amount of the liability can be reasonably estimated.

The amount of employees' compensation is provided in accordance with the Company's Articles of Incorporation. The amount of employees' compensation that can be paid is estimated based on the prescribed percentage during the accounting period in which the employees provide services, and is recognized as an expense. If there is any change in the resolution of the Board of Directors in the following year, it shall be treated as a change in accounting estimate and recorded as profit or loss for the following year.

The accounting treatment of directors' remuneration is handled as that of employees' compensation.

(XXIII)Operating Segments Information

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). The operating results of the operating segment are regularly reviewed by the operating decision makers to make decisions on the allocation of resources to the segment and to evaluate its performance, and for which discrete financial information is available.

V. Significant Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

The preparation of the consolidated financial statements is affected by the application of accounting policies, assumptions, and estimates and requires management to make appropriate professional judgements.

The assumptions and estimates of the Consolidated Company are the best estimates made in accordance with relevant IFRSs. The estimates and assumptions are based on past experience and other relevant factors, but actual results may differ from these estimates and assumptions.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revisions affect both current and future periods.

The key assumptions made about the future and other key sources of estimation uncertainty at the end of the financial reporting date that have a significant risk for causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year are discussed below.

(I)Revenue Recognition

In principle, sales revenue is recognized at the completion of the profit-making process. The related provision for returns and discounts is estimated based on historical experience and other known reasons, and is recognized as a deduction from sales revenue in the period in which the products are sold, and the Consolidated Company periodically reviews the reasonableness of the estimate.

The amounts of provisions for estimated sales returns and other allowances as of December 31, 2022 and 2021 were both NT$0 thousand.

(II)Valuation of Inventories

Inventories are valued at the lower of cost or net realizable value, and the Consolidated Company is required to use judgements and estimates to determine the net realizable value of the inventory at the end of each reporting period. The value of the inventory is mainly estimated based on assumptions of future demand for the product within a specific time horizon and historical experience, and it may be significantly changed due to changes in industrial environment. .

As of December 31, 2022 and 2021, the carrying amounts of the Consolidated Company's inventories were NT$848,650 thousand and $1,169,993 thousand, respectively.

(III)Financial Instrument Valuation

The provision for impairment of trade receivables, investments in debt instruments and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Consolidated Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Consolidated Company's past history, existing market conditions as well as forward-looking information. If actual future cash flows are less than expected, a material impairment loss may arise.

As of December 31, 2022 and 2021, the carrying amounts of accounts receivables (including overdue receivables) were NT$477,294 thousand and NT$792,778 thousand, respectively (deduction of allowance for losses of NT$26,320 thousand and NT$44,989 thousand, respectively).

(IV)Deferred Income Tax Assets

Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. The assessment of the realizability of deferred income tax assets requires management's significant accounting judgments, estimates and assumptions. Any changes in the global economic environment, industrial environment and laws and regulations may result in significant adjustments to deferred income tax assets.

As of December 31, 2022 and 2021, the deferred income tax assets recognized by the Consolidated Company were NT$102,381 thousand and NT$177,085 thousand, respectively.

VI. Explanation of Significant Accounts

(I)Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	$ 9,398	$ 11,222
Checking deposits	36	19
Demand deposits	753,221	1,478,251
Time deposits (less than three months)	1,512,608	1,219,806
Amounts presented in the balance sheet	2,275,263	2,709,298
Less: Bank overdrafts	-	-
Amounts presented in the statement of cash flows	$ 2,275,263	$ 2,709,298

(II)Current financial assets measured at fair value through profit or loss

	2022.12.31	2021.12.31
Listed and OTC stocks	$ 64,527	$ 51,345
Bond funds	37,305	37,602
Equity funds	14,585	18,038

Corporate bonds	155,871	145,257
Total	$ 272,288	$ 252,242

The net loss recognized for financial assets measured at fair value through profit and loss held by the Consolidated Company in 2022 and 2021 was NT$(51,161) thousand and NT$(982) thousand, respectively.

(III)Current financial assets at amortized cost

	2022.12.31	2021.12.31
Restricted bank deposits (Note 1)	$ 927,228	$ 826,612
Time deposits with maturity of more than three months (Note 2)	397,203	545,009
Total	$ 1,324,431	$ 1,371,621

Note 1: These are foreign exchange deposits repatriated and deposited in a special account in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds" *Ac*t

Note 2: As of December 31, 2022 and 2021, the conservation to time deposits with maturity of more than three months, including the ones in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act", were NT$140,330 thousand and NT$124,560 thousand, respectively.

(IV)Net accounts receivable

	2022.12.31	2021.12.31
Notes receivable	$ 836	$ 611
Less: Allowance for loss	-	-
Net	$ 836	$ 611

	2022.12.31	2021.12.31
Accounts receivable	$ 500,826	$ 835,330
Less: Allowance for loss	(24,428)	(43,565)
Net	$ 476,398	$ 791,765

	2022.12.31	2021.12.31
Accounts receivable - related parties (Note 7)	$ 60	$ 402
Less: Allowance for loss	-	-
Net	$ 60	$ 402

	2022.12.31	2021.12.31
Overdue receivables	$ 1,892	$ 1,424
Less: Allowance for loss	(1,892)	(1,424)
Net	$ -	$ -

The average credit period of sales of goods was 30 to 90 days. No interest was charged on notes receivable or accounts receivable.

The Consolidated Company applies the simplified approach to estimate expected credit losses for all accounts receivables (including notes receivable, accounts receivable, accounts receivable – related parties, and overdue receivables), i.e., the accounts receivables are measured using lifetime ECLs. The lifetime ECLs are estimated based on past default experience of the debtor and adjusted for forward looking estimates. The Consolidated Company also distinguishes its customers into groups according to their levels of risk, and loss allowances are recognized in accordance with the ECL rate of the groups based on historical experience and forward-looking estimates.

The aging analysis of the Consolidated Company's receivables (including notes receivable, accounts receivable, accounts receivable – related parties, and overdue receivables) is as follows:

2022.12.31

Aging analysis	Notes receivable	Accounts receivable	Total
Not overdue	$ 836	$ 381,998	$ 382,834
Overdue within 30 days	-	93,631	93,631
Overdue for 31-60 days	-	6,001	6,001
Overdue over 61 days	-	21,148	21,148
Total	$ 836	$ 502,778	$ 503,614

The expected credit loss rates for the foregoing intervals are 0% to 1% for not past due, 1% to 2% for due less than 60 days, and 2% to 100% for over 61 days, except for those evaluated on an individual basis, taking into account the customer's operating condition and solvency.

2021.12.31

Aging analysis	Notes receivable	Accounts receivable	Total
Not overdue	$ 611	$ 704,102	$ 704,713
Overdue within 30 days	-	96,587	96,587
Overdue for 31-60 days	-	14,882	14,882
Overdue over 61 days	-	21,585	21,585
Total	$ 611	$ 837,156	$ 837,767

The expected credit loss rates for the foregoing intervals are 0% to 1% for not past due, 1% to 2% for due less than 60 days, and 3% to 100% for over 61 days, except for those evaluated on an individual basis, taking into account the customer's operating condition and solvency.

Changes in allowance for losses are as follows:

Balance as at January 1, 2021	$ 40,538
Increase in impairment in the current period	7,491
Write-off in the current period	(2,995)

Exchange rate adjustment	(45)
Balance as at December 31, 2021	44,989
Decrease in impairment in the current period	(18,795)
Exchange rate adjustment	126
Balance as at December 31, 2022	$ 26,320

(V)Inventories, net

	2022.12.31	2021.12.31
Raw materials	$ 565,754	$ 591,292
Finished products	237,266	314,662
Work-in-process and semi-finished products	299,430	410,282
Inventory in transit	16	17
Premises under construction	5,128	1,850
Total	1,107,594	1,318,103
Less: Allowance for inventory valuation losses and obsolescence losses	(258,944)	(148,110)
Net	$ 848,650	$ 1,169,993

The breakdown of inventory-related expenses and losses recognized as cost of goods sold is as follows:

	2022	2021
Loss on inventory valuation (gain on recovery)	$ 109,003	$ (59,829)
Loss on inventory scraps	21,420	72,613
Gain on physical inventory	(3,833)	(3,568)
Revenue from sale of scraps	(1,153)	(7,113)
Net	$ 125,437	$ 2,103

The recovery in net realizable value of inventories in 2021 was due to the scrapping and sale of inventories for which an allowance for valuation and obsolescence losses had been provided in prior years.

(VI)Non-current financial assets measured at fair value through other comprehensive income

	2022.12.31	2021.12.31
Equity instruments:		
Unlisted, OTC and emerging stocks		
Power Digital Card Co., Ltd.	$ 17,115	$ 17,115
SAFARI	6,527	6,527
DIMAGIC	12,289	12,289
Frontier Technology Co., Ltd.	3,000	3,000
Amazing Cool Technology Corporation	-	8,200
Subtotal	38,931	47,131

Less: Cumulative impairment	(38,931)	(38,931)
Total	$ -	$ 8,200

1. The above investments in equity instruments were held for long-term strategic purposes and not for trading, the Consolidated Company therefore elected to designate these investments in equity instruments to be measured at fair value through other comprehensive income.
2. The breakdown of financial assets measured at fair value through other comprehensive income that are recognized in profit or loss and comprehensive income is as follows:

	2022	2021
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ -	$ -
Dividend income recognized in profit or loss and still held at the end of the current period	$ -	$ -

(VII)Investments accounted for using equity method

Name of investee	Number of shares held	Account amount	Holding ratio
2022.12.31			
- No public offer			
AlfaPlus Semiconductor Inc.	7,125,088	$ 4,513	20.47%
HOCL Inc.	2,550,000	2,772	17.23%
Total		$ 7,285	
2021.12.31			
- No public offer			
AlfaPlus Semiconductor Inc.	7,125,088	$ 6,184	20.47%
HOCL Inc.	2,550,000	3,046	17.23%
Total		$ 9,230	

1. The recognition of the Consolidated Company’s investment profit or loss for 2022 and 2021 excludes HOCL Inc., which has no material effect on the fair presentation of the Consolidated Company’s financial statements, and its recognition of investment profit or loss is calculated in accordance with the evaluation of its self-clearing financial statements for the same period, and that of AlfaPlus Semiconductor Inc. is calculated in accordance with the evaluation of the investee’s financial statements audited and certified by the auditors for the same period. The amounts of investment profit (loss) recognized using the equity method for 2022 and 2021 above were NT$(1,886) thousand and NT$5,936 thousand, respectively.
2. The Consolidated Company has no individual significant investments in associates or joint ventures. When the associates or joint ventures are foreign operations and their functional currencies are different from that of the Consolidated Company, the exchange differences arising from their foreign currency translation are recognized in other comprehensive income. The amounts recognized in other comprehensive income for 2022 and 2021 were NT$(508) thousand and NT$(311) thousand, respectively.

3. The Consolidated Company holds less than 20% of the voting rights of HOCL Inc., but the Consolidated Company still has significant influence over it in substance.
4. As of December 31, 2022 and 2021, there was no indication of impairment of the Consolidated Company's investments accounted for using the equity method.

Financial information related to the associates of the Consolidated Company is summarized as follows:

	2022.12.31	2021.12.31
Total assets	$ 85,935	$ 101,938
Total liabilities	49,605	55,675
Net assets	$ 36,330	$ 46,263
Consolidated Company's share of net assets of associates	$ 6,974	$ 8,950

	2022	2021
Total revenue	$ 68,271	$ 140,894
Total comprehensive income	$ (9,410)	$ 16,550
Consolidated Company's share of profit or loss of associates	$ (1,886)	$ 5,936
Consolidated Company's share of other comprehensive income of associates	$ (508)	$ (311)

(VIII)Property, plant and equipment

The breakdown of property, plant and equipment and adjustments to balances at the beginning and at the end are as follows:

Cost	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Test Equipment	Transportation equipment	Other equipment	Construction in Progress	Total
Balance as at January 1, 2021	$ 108,831	$ 1,049,327	$ 735,190	$ 395,228	$ 126,583	$ 30,220	$ 338,273	$ 502,014	$ 3,285,666
Increase in current period	1,912	8,308	43,958	27,818	4,799	6,356	10,729	274,313	378,193
Disposal in current period	-	(645,284)	(218,684)	(30,423)	(21,611)	(10,267)	(119,479)	-	(1,045,748)
Reclassification in current period (Note 1)	51,022	5,969	3,043	2,645	183	50	111	-	63,023
Effect of exchange rate changes	-	(3,729)	(4,920)	(1,634)	(340)	(187)	(1,250)	(35,838)	(47,898)
Balance as at December 31, 2021	161,765	414,591	558,587	393,634	109,614	26,172	228,384	740,489	2,633,236
Increase in current period	-	-	31,336	20,955	5,641	1,236	27,605	82,806	169,579
Disposal in current period	(509)	-	(2,436)	-	(1,216)	(2,945)	(4,099)	-	(11,205)
Reclassification in current period	-	-	67,997	6,750	8,667	537	10,272	(20,238)	73,985

(Note 2)									
Effect of exchange rate changes	-	4,653	16,061	6,982	1,565	562	4,455	95,545	129,823
Balance as at December 31, 2022	$ 161,256	$ 419,244	$ 671,545	$ 428,321	$ 124,271	$ 25,562	$ 266,617	$ 898,602	$ 2,995,418
Accumulated depreciation									
Balance as at January 1, 2021	$ -	$ 419,645	$ 537,851	$ 352,319	$ 98,955	$ 27,480	$ 261,876	$ -	$ 1,698,126
Provision in current period	-	13,329	27,329	31,447	7,434	1,175	19,377	-	100,091
Disposal in current period	-	(214,189)	(206,566)	(30,068)	(19,965)	(10,136)	(92,847)	-	(573,771)
Reclassification in current period (Note 1)	-	5,969	-	-	-	-	-	-	5,969
Effect of exchange rate changes	-	(1,464)	(2,090)	(1,489)	(285)	(116)	(1,019)	-	(6,463)
Balance as at December 31, 2021	-	223,290	356,524	352,209	86,139	18,403	187,387	-	1,223,952
Provision in current period	-	10,883	40,113	29,071	8,627	1,811	17,862	-	108,367
Disposal in current period	-	-	(1,930)	-	(1,158)	(2,858)	(4,076)	-	(10,022)
Effect of exchange rate changes	-	2,691	6,196	6,425	1,027	327	3,029	-	19,695
Balance as at December 31, 2022	$ -	$ 236,864	$ 400,903	$ 387,705	$ 94,635	$ 17,683	$ 204,202	$ -	$ 1,341,992
Cumulative impairment									
Balance as at January 1, 2021	$ -	$ -	$ 9,313	$ 2,507	$ 1,382	$ -	$ 8,712	$ -	$ 21,914
Reversal in current period	-	-	(8,617)	(406)	-	-	(8,616)	-	(17,639)
Effect of exchange rate changes	-	-	(30)	(2)	-	-	(36)	-	(68)
Balance as at December 31, 2021	-	-	666	2,099	1,382	-	60	-	4,207
Change in current period	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2022	$ -	$ -	$ 666	$ 2,099	$ 1,382	$ -	$ 60	$ -	$ 4,207
Carrying amounts									
2021.12.31	$ 161,765	$ 191,301	$ 201,397	$ 39,326	$ 22,093	$ 7,769	$ 40,937	$ 740,489	$ 1,405,077
2022.12.31	$ 161,256	$ 182,380	$ 269,976	$ 38,517	$ 28,254	$ 7,879	$ 62,355	$ 898,602	$ 1,649,219

Note 1: The net reclassification amount for the current period is NT$57,054 thousand, NT$6,032 thousand transferred from prepayments for business facilities and NT$51,022 thousand transferred from investment properties.

Note 2: The reclassification amount for the current period is NT$73,985 thousand, which is transferred from prepayments for business facilities.

1. The significant part of the Consolidated Company’s buildings includes main plants and others, and the related depreciation is calculated using the estimated useful lives of 9 to 52 years.
2. For information concerning the property, plant and equipment pledged to others, please refer to Note 8.
3. The Consolidated Company recognized impairment loss related to property, plant and equipment since the carrying amount of some equipment was expected to be unrecoverable.
4. The Consolidated Company, by resolution of the Board of Directors on October 16, 2020, agreed to accept RMB698 million from Chengyang Street Housing Buyback Office in Xiangcheng District, Suzhou as compensation for the acquisition of land and factory buildings in order to meet the development and construction needs of Xiangcheng District, Suzhou, and has completed the acquisition procedures in the 1st quarter of 2021. The compensation for acquisition includes property, plant and equipment, right-of-use assets and intangible assets. The gains after deducting necessary expenses is NT$2,495,629 thousand, which is recorded under the gains on disposals of property, plant and equipment.

(IX)Leasing Transactions - Lessee

1. The breakdown of right-of-use assets and adjustments to balances at the beginning and at the end are as follows:

	Land	Buildings and Structures	Transportation equipment	Other equipment	Total Cost
Cost					
Balance as at January 1, 2021	$ 77,250	$ 2,728	$ 6,259	$ 223	$ 86,460
Increase in current period	-	-	4,197	-	4,197
Disposal in current period	(36,343)	-	(3,227)	-	(39,570)
Effect of exchange rate changes	(292)	(10)	-	-	(302)
Balance as at December 31, 2021	40,615	2,718	7,229	223	50,785
Disposal in current period	-	-	(3,032)	-	(3,032)
Effect of exchange rate changes	633	43	-	-	676
Balance as at December 31, 2022	$ 41,248	$ 2,761	$ 4,197	$ 223	$ 48,429
Accumulated depreciation					
Balance as at January 1, 2021	$ 32,390	$ 151	$ 4,322	$ 78	$ 36,941
Provision in current period	933	551	2,410	44	3,938

Disposal in current period	(13,386)	-	(3,227)	-	(16,613)
Effect of exchange rate changes	(121)	-	-	-	(121)
Balance as at December 31, 2021	19,816	702	3,505	122	24,145
Provision in current period	826	561	1,904	45	3,336
Disposal in current period	-	-	(2,611)	-	(2,611)
Effect of exchange rate changes	308	11	-	-	319
Balance as at December 31, 2022	$ 20,950	$ 1,274	$ 2,798	$ 167	$ 25,189
<u>Carrying amounts</u>					
2021.12.31	$ 20,799	$ 2,016	$ 3,724	$ 101	$ 26,640
2022.12.31	$ 20,298	$ 1,487	$ 1,399	$ 56	$ 23,240

2.Lease Liabilities

The analysis on Consolidated Company’s lease liabilities as of December 31, 2022 is as follows:

	Future Minimum Rent Payments	Interest	Present Value of Minimum Rent Payments
Within 1 year	$ 1,077	$ 12	$ 1,065
1-2 years	1,213	-	1,213
More than 2 years	-	-	-
Total	$ 2,290	$ 12	$ 2,278
Information expressed in balance sheet			
Current lease liabilities			$ 1,065
Non-current lease liabilities			$ 1,213

The analysis on Consolidated Company’s lease liabilities as of December 31, 2021 is as follows:

	Future Minimum Rent Payments	Interest	Present Value of Minimum Rent Payments
Within 1 year	$ 2,934	$ 40	$ 2,894
1-2 years	2,277	12	2,265
More than 2 years	13	-	13
Total	$ 5,224	$ 52	$ 5,172
Information expressed in balance sheet			
Current lease liabilities			$ 2,894
Non-current lease liabilities			$ 2,278

3.Information on profit and loss items related to lease contracts is as follows:

	2022	2021
Interest expense on lease liabilities	$ 38	$ 75
Variable lease payments not included in the lease liability measurement	$ -	$ -
Income from sublease of right-to-use assets	$ -	$ -
Expense on short-term leases	$ -	$ -
Expense on low-value leased assets (excluding low-value leases of short-term leases)	$ -	$ -

4.The amounts recognized in the statement of cash flows are as follows:

	2022	2021
Total cash outflows from leases	$ 1,377	$ 1,677

5.Important leasing activities and terms

(1) In 1992, 1997 and 2003, the Consolidated Company entered into contracts with the People’s Republic of China to acquire the land use right for the construction of the plant, with a lease term of 50 years, and the acquisition price has been paid in full upon the signing of the lease. Among them, the land use rights acquired in 2003 were transferred for disposal in 2021 due to the acceptance of compensation from the government for acquisition. Please refer to Note 6.8 for the related gains on disposal.

(2) The Consolidated Company leases office space for official use for a period of three years, and the purchase price has been paid in full upon the signing of the lease.

(3) The Consolidated Company leases automotive vehicles for the use of business, with a lease term of 3 years. The lease agreement has specified the lease payments for each period. In 2022, the Consolidated Company transferred and sold the lease rights of a portion of the underlying transportation equipment with the consent from the lessors. A gain on disposal was subsequently recognized in the amount of NT$558 thousand (presented in other income) and a gain on lease modification in the amount of NT$1,306 thousand (presented in other gains and losses); in 2021, the lease terms for a portion of transportation equipment expired and the Consolidated Company did not exercise the bargain purchase options as planned. Lease liabilities were written off and a gain on lease modification was recognized in the amount of NT$1,280 thousand (presented in other gains and losses).

(4) The Consolidated Company leases copying machines for the use of business, with a lease term of 5 years. The lease agreement has specified the lease payments for each period.

(5) The Consolidated Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. But the Consolidated Company has bargain purchase options to acquire the transportation equipment and other equipment. In addition, without the lessors’ consent, the Consolidated Company is prohibited from subleasing all or any portion of the underlying assets to any third party.

6. There is no impairment of the above right-to-use assets.

(X)Investment properties

The breakdown of investment properties and adjustments to balances at the beginning and at the end are as follows:

	Land	Buildings and Structures	Total Cost	Accumulated depreciation	Net
Balance as at January 1, 2021	$ 813,002	$ 16,604	$ 829,606	$ 10,214	$ 819,392
Increase in current period	-	85,397	85,397	-	85,397
Disposal in current period	(255,681)	-	(255,681)	-	(255,681)
Reclassification in current period (Note 1)	(51,022)	(5,969)	(56,991)	(5,969)	(51,022)
Depreciation provision	-	-	-	3,258	(3,258)
Effect of exchange rate changes	(20,702)	59	(20,643)	3	(20,646)
Balance as at December 31, 2021	485,597	96,091	581,688	7,506	574,182
Increase in current period	678	6,899	7,577	-	7,577
Reclassification in current period (Note 2)	13,887	86,891	100,778	-	100,778
Depreciation provision	-	-	-	10,351	(10,351)
Effect of exchange rate changes	20,701	1,223	21,924	35	21,889
Balance as at December 31, 2022	$ 520,863	$ 191,104	$ 711,967	$ 17,892	$ 694,075

Note 1: The decrease in reclassification of NT$51,022 thousand is due to the transfer of property, plant and equipment.

Note 2: The increase in reclassification of NT$100,778 thousand is transferred from prepayments for business facilities.

1. The above investment properties are recognized with a previous GAAP revaluation as the deemed cost at the date of revaluation, and the measurement after recognition is based on the cost model.

2. Fair value information:
   (1) The fair values of the above investment properties, except for the newly acquired properties, which were fair valued based on their purchase price, were determined based on the valuation report given by an independent professional valuer on January 29, March 17, April 28, 2022, using comparative unit method and land development analysis, as well as based on valuation reports issued on February 18, February 26, March 3, 2021 using comparative unit method and land development analysis. Significant assumptions and assessments in respect of the fair values are as follows. The relevant significant assumptions and fair values evaluated are as follows:

	2022.12.31	2021.12.31
Fair value	$ 3,937,523	$ 2,810,626
Land development profit margin	15.00% to 17.50%	15.00% and 18.00%
Consolidated interest rate on capital	1.97%、2.23%、 2.59% and 2.96%	1.46%、2.03%、 2.27% and 2.37%

(2) The above fair values are classified in Level 3 of the fair value hierarchy.

3. The lease income recognized for the above investment properties in 2022 and 2021 was NT$8,470 thousand and NT$5,514 thousand, respectively, and the direct operating expenses of the investment properties generating lease income was NT$11,095 thousand and NT$4,060 thousand, respectively.
4. In 2021, the Company’s Board of Directors resolved to sell two parcels of land (No. 187 and No. 188, Shuibiantou Section, Taoyuan City) to Cheng Guo Construction Company Limited for NT$379,300 thousand, with gains on disposal of NT$108,077 thousand after deducting land value-added tax and related necessary expenses.
5. For information concerning the investment properties pledged to others, please refer to Note 8.
6. There is no impairment of the above investment properties.

(XI) Intangible assets

	Trademarks	Patents	Computer Software	Goodwill	Others	Total
Cost						
Balance as at January 1, 2021	$ 16	$ 5,286	$ 74,300	$ 7,027	$ 3,067	$ 89,696
Acquired separately in current period	-	-	2,610	-	-	2,610
Disposal in current period	-	-	(12,363)	-	-	(12,363)
Effect of exchange rate changes	-	-	(67)	-	(86)	(153)
Balance as at December 31, 2021	16	5,286	64,480	7,027	2,981	79,790
Acquired separately in current period	-	-	6,877	-	-	6,877
Disposal in current period	-	-	(46)	-	(3,192)	(3,238)
Transferred from prepayments for business facilities	-	-	9,084	-	-	9,084
Effect of exchange rate changes	-	-	103	-	211	314
Balance as at December 31, 2022	$ 16	$ 5,286	$ 80,498	$ 7,027	$ -	$ 92,827
Accumulated amortization and impairment						

Balance as at January 1, 2021	$ 16	$ 5,286	$ 63,585	$ -	$ 3,067	$ 71,954
Amortization in current period	-	-	5,091	-	-	5,091
Disposal in current period	-	-	(11,964)	-	-	(11,964)
Effect of exchange rate changes	-	-	(63)	-	(86)	(149)
Balance as at December 31, 2021	16	5,286	56,649	-	2,981	64,932
Amortization in current period	-	-	8,448	-	-	8,448
Disposal in current period	-	-	(46)	-	(3,192)	(3,238)
Effect of exchange rate changes	-	-	93	-	211	304
Balance as at December 31, 2022	$ 16	$ 5,286	$ 65,144	$ -	$ -	$ 70,446
Carrying amounts						
2021.12.31	$ -	$ -	$ 7,831	$ 7,027	$ -	$ 14,858
2022.12.31	$ -	$ -	$ 15,354	$ 7,027	$ -	$ 22,381

Impairment loss is provided for some of the Consolidated Company's intangible assets which have been assessed as having no recoverable value.

(XII)Prepayments for business facilities

	2022.12.31	2021.12.31
Prepayments for land purchase	$ 29,014	$ 28,900
Prepayments for house purchase	-	94,001
Other prepayments for business facilities	57,576	107,599
Total	$ 86,590	$ 230,500

(XIII)Current prepayments for investments

	2022.12.31	2021.12.31
Nanjing Vivian's Wonderland Education Information Consulting Co., Ltd.	$ 73,657	$ 78,912

The Consolidated Company has prepaid for the investment shares in March 2017 and is expected to acquire 38% of the equity interest. However, due to delays in the registration of the change in the acquisition of the equity interest, the Consolidated Company intends to renegotiate to reduce the investment percentage and recover part of the investment funds in 2022 and 2021. In addition, to protect the ownership of the aforementioned prepayments for investments, the Consolidated Company has taken out a mortgage on the property held by Nanjing Vivian's Wonderland Education Information Consulting Co., Ltd. in 2021, with a shortfall of NT$75,581 thousand recognized as impairment loss.

(XIV)Short-term borrowings

The breakdown is as follows:

Borrowing	Borrowing	Closing Interest	Last Due Date	Collateral

Nature	Amount	Rate		
2022.12.31				
Credit borrowings	$ 490,000	1.675%-1.940%	2023.2.20	-
Guaranteed borrowings	212,800	1.675%	2023.2.20	Land and buildings
Total	$ 702,800			
2021.12.31				
Credit borrowings	$ 789,000	0.69%-0.80%	2022.5.4	-
Guaranteed borrowings	212,000	0.75%	2022.1.5	Land and buildings
Total	$ 1,001,000			

(XV)Other payables

	2022.12.31	2021.12.31
Salaries and bonuses payable	$ 82,962	$ 106,145
Employee compensation payable	35,529	40,673
Remuneration payable to directors and supervisors	5,387	8,814
Interest payable	31,226	26,068
Commission payable	66,480	54,878
Import and export expenses payable	3,074	18,277
Freight payable	5,954	11,641
Other expenses payable	113,318	121,199
Total	$ 343,930	$ 387,695

Separately recognized as follows:

	2022.12.31	2021.12.31
Current liabilities	$ 142,408	$ 213,232
Long-term payables	201,522	174,463
Total	$ 343,930	$ 387,695

(XVI)Long-term borrowings

Financing Institutions	Borrowing Period	Description	2022.12.31	2021.12.31
Taishin International Bank Jianpei Branch	2019.11.28-2024.11.28	For long-term credit borrowings, the principal is amortized on a monthly basis starting from the fourth year, with a floating interest rate. The interest rates as of December 31, 2022 and 2021 were 0.4745% and 0.00%, respectively. (Note)	$ 383,333	$ 400,000
Bank Sinopac Company Limited	2020.2.17-2025.2.15	For long-term credit borrowings, the principal is amortized on a monthly basis starting from the third year, with a floating interest rate. The interest rates as of December 31, 2022 and 2021 were 0.475% and 0.00%, respectively. (Note)	260,925	361,280

First Commercial Bank Co., Ltd.	2020.5.8-2027.5.8	For long-term credit borrowings, the principal is amortized on a monthly basis starting from the fourth year, with a floating interest rate. The interest rates as of December 31, 2022 and 2021 were 0.345% and 0.00%, respectively. (Note)	186,320	186,320
First Commercial Bank Co., Ltd.	2020.7.20-2027.7.20	For long-term credit borrowings, the principal is amortized on a monthly basis starting from the fourth year, with a floating interest rate. The interest rates as of December 31, 2022 and 2021 were 1.60% and 1.10%, respectively.	400,000	205,000
		Total	1,230,578	1,152,600
		Less: Government grants discount	(17,306)	(24,507)
		Net	$ 1,213,272	$ 1,128,093
		Current	$ 389,265	$ 117,022
		Non-current	824,007	1,011,071
		Total	$ 1,213,272	$ 1,128,093

Note: The amounts NT$830,578 thousand and NT$947,600 thousand recognized at December 31, 2022 and 2021, respectively, are loans from the government at preferential interest rates, as described in Note 6.24.

(XVII) Post-employment benefit plans

1. The Company has a retirement plan for regular employees in accordance with the Labor Standards Act and the Labor Pension Act.

(1) Defined benefit plan

The Company's retirement plan provides for the payment of pensions in segments, with two bases for each full year in the first 15 years of service and one base for each full year starting from the 16th year. In addition, the pension base is calculated by combining the preceding two items, with a maximum limit of 45 bases; and the calculation of the pension base is based on the average salary earned in the six months prior to the approved retirement. In accordance with the Labor Standards Act, 2% of employees' monthly salaries have been allocated for an employee pension fund on a monthly basis since August 1987 and deposited into a special account at the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. Before the end of the year, if it is estimated that the special account balance is insufficient to cover the amount for employees who are expected to meet the retirement requirements in the following year, the shortfall will be allocated in a lump sum before the end of March of the following year. The special account is managed by an authority designated by the central competent authority, so the Company has no right to participate in the use of the pension fund.

(2) Defined contribution plan

On July 1, 2005, the Labor Pension Act came into effect. For the employees of the Company who choose to be covered by the new pension scheme, 6% of their fixed monthly salaries are allocated and deposited into their individual accounts at the Bureau of Labor Insurance.

In addition, the subsidiaries and sub-subsidiaries in Chinese have, in accordance with the local government regulations, contributed a certain proportion of their employees' salaries to the relevant government departments for pension insurance, which is managed and arranged by the government.

2. The Company's defined benefit plan is listed below:

(1) Expenses recognized for defined benefit plans

	2022	2021
Current service cost	$ 104	$ 108
Net interest cost:		
Interest cost on defined benefit obligation	421	212
Expected return on plan assets	(292)	(134)
Net pension cost recognized in profit or loss	233	186
Gains (losses) on remeasurements of defined benefit plans recognized in other comprehensive income	(5,514)	(1,610)
Total amount recognized in comprehensive income	$ (5,281)	$ (1,424)

The amounts recognized in profit or loss for defined benefit plans are summarized by function as follows:

	2022	2021
Manufacturing expenses	$ 27	$ 21
Selling expenses	182	201
Administrative expenses	(322)	(381)
R&D expenses	346	345
Total	$ 233	$ 186

(2) The adjustments to the present value of the defined benefit obligation and the fair value of plan assets are as follows:

	2022.12.31	2021.12.31
Present value of defined benefit obligation	$ 65,537	$ 70,227
Fair value of plan assets	(51,360)	(46,547)
Net defined benefit liability	$ 14,177	$ 23,680

(3) Changes in present value of defined benefit obligation

	2022	2021
Defined benefit obligation at the beginning	$ 70,227	$ 70,880
Recognized in profit or loss:		
Current service cost	104	108

Interest cost	421	212
Gains (losses) on remeasurements recognized in other comprehensive income:		
Actuarial gain - changes in financial assumptions	(2,250)	(1,337)
Actuarial loss - changes in demographic assumptions	-	-
Actuarial loss - experience adjustment	341	364
Benefits paid from plan assets	(3,306)	-
Defined benefit obligation at the end	$ 65,537	$ 70,227

(4)Changes in the fair value of plan assets

	2022	2021
Fair value of plan assets at the beginning	$ 46,547	$ 44,012
Recognized in profit or loss:		
Expected return on plan assets	292	134
Employer's Contribution	4,222	1,764
Gains (losses) on remeasurements recognized in other comprehensive income:		
Gains (losses) on remeasurements of defined benefit assets	3,605	637
Benefits paid from plan assets	(3,306)	-
Fair value of plan assets at end	$ 51,360	$ 46,547

(5) The Company's employee pension funds are fully deposited in the Trust Department of the Bank of Taiwan. The expected rate of return on plan assets is estimated based on the historical compensation trends and the actuarial forecasts of the market for the assets during the duration of the defined benefit obligation, with reference to the Labor Pension Fund Supervisory Committee's utilization of the labor pension fund, and taking into account that the minimum return is not lower than the local bank's two-year time deposit rate.

(6) The Company's present value of defined benefit obligation is calculated by a qualified actuary. The key assumptions for the actuarial valuation at the measurement date are presented below.

	2022.12.31	2021.12.31
Discount rate	1.20%	0.60%
Future salary growth rate	2.00%	2.00%

Due to the pension system under the "Labor Standards Act", the Company is exposed to the following risks:

a. Investment risk: The labor pension funds are invested in equity and debt securities, bank deposits, etc., which is conducted at the discretion of the central government's designated authorities or under the entrusted management. However, according to "the Labor Standards Act", the overall rate of return on assets shall not be lower than the interest rate on a two-year time deposit from local banks; in the event that the rate of return is lower than said interest rate, any shortfall is to be compensated by the National Treasury.

b. Interest rate risk: A decrease in the interest rate on government bonds will increase the present value of the defined benefit obligation; however, this will also increase the return on the plan's debt investments. These will partially offset the impact of the net defined benefit liability.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in plan participants' salaries will increase the present value of the defined benefit obligation.

(7) Sensitivity analysis

In calculating the present value of the defined benefit obligation, the Company must make judgments and estimates to determine the relevant actuarial assumptions at the reporting date, including discount rates and future salary changes. Any changes in actuarial assumptions could materially affect the amount of the Company's defined benefit obligation.

The amount by which the present value of the defined benefit obligation would increase (decrease) if there were a reasonably possible change in each of the significant actuarial assumptions, with all other assumptions held constant, is as follows:

	2022.12.31	2021.12.31
Discount rate		
Add 0.1%	$ (361)	$ (435)
Less 0.1%	$ 365	$ 441
Expected rate of increase in salary		
Add 0.1%	$ 312	$ 380
Less 0.1%	$ (309)	$ (376)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as actuarial assumptions may be correlated with each other and changes in only a single assumption are unlikely.

(8) The amounts the Company expects to contribute to the defined benefit plan and the average duration of the defined benefit obligation in the coming year are as follows:

	2022.12.31	2021.12.31
Amount expected to be contributed within one year	$ 950	$ 4,220
Average duration of defined benefit obligation	5.40 years	5.90 years

3. The Company's defined contribution plan recognized as current expenses in 2022 and 2021 were NT$8,212 thousand and NT$7,752 thousand, respectively. The amounts outstanding as of December 31, 2022 and 2021 were NT$1,375 thousand and NT$1,489 thousand, respectively, which were paid after the end of the reporting period.

(XVIII)Income Tax

For the years 2022 and 2021, the Company, Fin-Core Corporation, Loonchenfa Investment Co., Ltd., and Prosperity Development Co., Ltd. had the profit-seeking enterprise income tax rate of 20% and the income basic tax rates were all 12%. In addition, the rates of the corporate surtax applicable to 2021 and 2020 unappropriated earnings were 5%; Dongguan Meiloon Acoustic

Equipments Co., Ltd., MeiXin Audio Equipment (Dongguan) Co., Ltd., Meida Technology (Suzhou) Co., Ltd., Suzhou Yuetai Trading Co., Ltd., and Mei Fong (Suzhou) Co., Ltd. had the income tax rate of 25%; PT. TAIFA JAYA DEVELOPMENT and PT. MEILOON TECHNOLOGY INDONESIA had the profit-seeking enterprise income tax rate of 22% and the separate taxation rate on interest income of 20%. Information of the deferred income tax assets and liabilities, as well as a reconciliation of income tax expense and income tax payable were as follows.

1. The components of deferred income tax assets and liabilities and the changes during the year are as follows:

	2022				
	Balance at the beginning	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	Balance at the end
Temporary differences:					
Unrealized inventory valuation losses	$ 9,240	$ 8,455	$ -	$ -	$ 17,695
Impairment losses on financial assets	10,746	-	-	-	10,746
Unrealized exchange losses	1,699	2,125	-	-	3,824
Excess of doubtful debts losses	330	(51)	-	-	279
Excess of pension contributions	4,484	(798)	-	-	3,686
Investment loss recognized under the equity method for long-term investments	47,069	17,164	-	-	64,233
Difference between acquisition cost of long-term investments and net equity value	1,918	-	-	-	1,918
Exchange loss on translation of foreign financial statements	79,659	-	(82,077)	-	(2,418)
Investment gain recognized under the equity method for long-term investments	(616,611)	139,847	-	-	(476,764)
Gains (losses) on remeasurements of defined benefit plans	691	-	(1,102)	-	(411)
Land value-added tax	(48,265)	152	-	-	(48,113)
Unused tax losses	21,249	(21,394)	-	145	-
Deferred income tax benefit (expense)		$ 145,500	$ (83,179)	$ 145	
Deferred income tax liabilities, net	$ (487,791)				$ (425,325)
Information expressed in balance sheet:					
Deferred income tax assets	$ 177,085				$ 102,381
Deferred income tax liabilities	$ 664,876				$ 527,706

	2021				
	Balance at the beginning	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	Balance at the end
Temporary differences:					
Unrealized inventory valuation losses	$ 9,226	$ 14	$ -	$ -	$ 9,240
Impairment losses on financial assets	10,746	-	-	-	10,746
Unrealized exchange losses	659	1,040	-	-	1,699
Excess of doubtful debts losses	2,036	(1,706)	-	-	330
Excess of pension contributions	4,799	(315)	-	-	4,484

Investment loss recognized under the equity method for long-term investments	32,736	14,333	-	-	47,069
Difference between acquisition cost of long-term investments and net equity value	1,918	-	-	-	1,918
Exchange loss on translation of foreign financial statements	61,150	-	18,509	-	79,659
Investment gain recognized under the equity method for long-term investments	(291,536)	(325,075)	-	-	(616,611)
Gains (losses) on remeasurements of defined benefit plans	1,013	-	(322)	-	691
Land value-added tax	(48,265)	-	-	-	(48,265)
Unused tax losses	5,228	16,015	-	6	21,249
Deferred income tax benefit (expense)		$ (295,694)	$ 18,187	$ 6	
Deferred income tax liabilities, net	$ (210,290)				$ (487,791)
Information expressed in balance sheet:					
Deferred income tax assets	$ 129,511				$ 177,085
Deferred income tax liabilities	$ 339,801				$ 664,876

Information about the Consolidated Company's unused loss carryforwards (some of which are yet to be approved):

Taiwan

Year in which loss incurred	2022.12.31	2021.12.31	Validity Period
2012	$ -	$ 19,700	2022
2017	96,232	113,336	2027
2019	-	12,095	2029
2020	-	50,691	2030
Total	$ 96,232	$ 195,822	

China

Year in which loss incurred	2022.12.31	2021.12.31	Validity Period
2020	$ -	$ 45,760	2025
2021	918	904	2026
2022	6,513	-	2027
Total	$ 7,431	$ 46,664	

2. Items not recognized as deferred income tax assets:

	2022.12.31	2021.12.31
Unused tax losses	$ 21,104	$ 29,581
Temporary differences (affecting items in profit or loss for current period)	76,566	64,171
Temporary differences (affecting items in other comprehensive income)	23,286	26,609
Total	$ 120,956	$ 120,361

3. Items not recognized as deferred income tax liabilities:

Deferred income tax liabilities are not recognized because the Company can control the timing of the reversal of temporary differences arising from the earnings of some foreign subsidiaries and is confident that they will not reverse in the foreseeable future. The related amounts are as follows:

	2022.12.31	2021.12.31
Temporary differences (affecting items in profit or loss for current period)	$ 54,550	$ 57,612

4. Income tax recognized in profit or loss:

(1) The composition of income tax expense recognized in profit or loss for the current period is as follows:

	2022	2021
Current income tax expense:	$ 164,397	$ 656,031
Adjustments to current income tax of prior periods	(22,681)	23,761
Separate taxation (Note)	175,654	1,713
Deferred income tax expense (benefit)	(145,500)	295,694
Income tax expense recognized in profit or loss	$ 171,870	$ 977,199

Note: Including taxes paid on the distribution of earnings of foreign subsidiaries and separate taxation on interest income of foreign subsidiaries.

(2) A reconciliation of current accounting income, income tax expense recognized in profit or loss and income tax payable at the end is as follows:

	2022	2021
Net income before tax	$ 255,803	$ 2,603,851
Tax on net income before tax at the statutory rate	$ 51,161	$ 520,770
Permanent differences	(2,708)	(23,711)
Temporary differences		
- Unrealized exchange losses	966	1,040
- Gain from inventory valuation losses and obsolescence recovery	24,562	(14,981)
- Recognition of reversal on excess allowance for bad debts	(51)	(1,706)
- Recognition of reversal on excess pension	(798)	(315)
- Cash dividends distributed by subsidiaries	117,938	-
- Other impairment losses	-	18,895
- Others	(12)	(2,781)
Loss carryforwards	(11,601)	(4,484)

Others	4,428	25,620
Effect of different tax rates on subsidiaries operating in other jurisdictions	1,271	123,789
Income tax paid in Chinese mainland and third regions on income from Chinese mainland sources	(74,587)	-
Additional tax on undistributed earnings	53,828	-
Taxation in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act"	-	13,895
Current income tax expense	$ 164,397	$ 656,031

	2022	2021
Accrued income tax (current income tax)	$ 164,397	$ 656,031
Adjustments to current income tax of prior periods	(22,681)	23,761
Add: Income tax payable at the beginning	33,210	2,419
Tax refund received in the current period	9,849	14,761
Separate taxation	175,654	1,713
Less: Provisional and withholding taxes	(7,756)	(632,438)
Income tax payable paid	(177,733)	(18,017)
Income tax refundable at the beginning	(2,215)	(17,289)
Effect of exchange rate changes	161	54
Income tax payable at the end	$ 172,886	$ 30,995

Separately recognized as follows:

	2022.12.31	2021.12.31
Current tax liabilities	$ 173,748	$ 33,210
Current tax assets	(862)	(2,215)
Net	$ 172,886	$ 30,995

5. Income tax benefit (expense) recognized in other comprehensive income

	2022	2021
Exchange differences on translation of foreign financial statements	$ (82,077)	$ 18,509
Gains (losses) on remeasurements of defined benefit plans	(1,102)	(322)
Total	$ (83,179)	$ 18,187

6. Income tax Assessment:

The Company's profit-seeking enterprise annual income tax return for the year ended 2020, except for 2019, have been approved and put on record by the tax authorities.

7. Information on undistributed earnings:

	2022.12.31	2021.12.31
Before 1997	$ -	$ -
After 1998	1,285,784	1,723,401
Total	$ 1,285,784	$ 1,723,401

(XIX)EQUITY

1.Share capital

	2022.12.31	2021.12.31
Authorized shares (in thousands)	300,000	300,000
Issued shares – common shares (in thousands)	158,573	198,217
Shares outstanding at the beginning (in thousands)	198,217	198,217
Less: Capital reduction by cash refund	(39,644)	-
Shares outstanding at the end (in thousands)	158,573	198,217

The Company, through the resolution of the shareholders' regular meeting on June 23, 2022, handled capital reduction by cash refund of NT$396,433 thousand, canceled 39,644 thousand shares, and the base date of capital reduction by cash refund was set on September 5, 2022. This capital reduction case has been approved for change registration by the Ministry of Economic Affairs.

2.Capital surplus

Capital surplus, pursuant to the Company Act, refers to the premiums generated through capital stock transactions between the company and its shareholders, including premiums over shares issued above par value, donations from shareholders and others generated in accordance with generally accepted accounting principles, and can only be offset a deficit when surplus reserves is not sufficient to offset losses, and to be capitalized or distributed as cash dividends from realized capital surplus in accordance with the resolution of the shareholders' meeting. In addition, according to the *Regulations Governing the Offering and Issuance of Securities by Securities Issuers*, the amount of capital surplus to be capitalized shall not exceed 10% of the paid-in capital each year.

3.Legal reserve

In accordance with the Company Act, when distributing surplus, a company shall set aside 10% of its net income after tax as legal reserve until the total amount of its share capital is reached. The legal reserve is only used to offset losses according to law. When the company incurs no loss, it may, with the approval of the shareholders' meeting, issue new shares or distribute cash from the legal reserve, and only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

4.Special reserve

Special surplus is provided and reversed in accordance with Letters of FSC Issuance No. 1010012865 and FSC Issuance No. 1010047490, and the "Q&A on Special Surplus Set Aside by International Financial Reporting Standards (IFRSs) Application". If there is a subsequent reversal of the balance of other equity reduction, the reversed portion of the surplus may be distributed. In addition, the FSC has issued Letter FSC Issuance No. 1090150022 on March 31, 2021. After the issuance of this letter, the original Letters of FSC Issuance No. 1010012865 and FSC Issuance No. 1010047490 were declared void on December 31, 2021 and March 31, 2021, respectively. Subsequent actions will be carried out in accordance with relevant letters.

5.Distribution of earnings

A. According to the Company's Articles of Incorporation, if there is a surplus in the annual accounts, the Company shall first pay taxes and offset accumulated losses in previous years and then set aside 10% as legal reserve, except when the legal reserve has reached the total amount of capital. After setting aside the special reserve as required by law, if there is still a surplus, the Board of Directors shall prepare a proposal for distribution and submit it to the shareholders' meeting for resolution.

B. The Company's earnings distribution plan for 2020 was approved at the shareholders' meeting on July 2, 2021, and it was resolved to distribute a cash dividend of NT$1.45 per share.

C. The Company's earnings distribution plan for 2021 was approved at the shareholders' meeting on June 23, 2022, and it was resolved to distribute a cash dividend of NT$1.50 per share.

D. Regarding the approval of the Board of Directors on the proposal and the resolution of the shareholders' meeting for the distribution of earnings, please go to the "Market Observation Post System" of the Taiwan Stock Exchange for inquiries.

6.Dividend policy

Cash dividends are given priority in the distribution of dividends of the Company, and the ratio of stock dividends distributed is not more than 50% of the total dividends.

7.Other equity

The relevant exchange difference arising from the translation of the net assets of foreign operations from its functional currency into New Taiwan dollars is directly recognized in other comprehensive income and accumulated in the exchange differences on translating the financial statements of foreign operations under other equity items.

8.Non-controlling interests

Changes in non-controlling interests are as follows:

	2022	2021
Amount at the beginning	$ 306,601	$ 295,326
Increase in non-controlling interests	17,011	37,982
Share attributable to non-controlling interests:		
Net loss in current period	(9,359)	(11,646)
Exchange differences on translation of foreign financial statements	16,538	(15,061)
Balance at the end	$ 330,791	$ 306,601

9.Subsidiaries with significant non-controlling interests

Subsidiaries whose non-controlling interests are significant to the Consolidated Company are detailed as follows:

Name of Subsidiary	Principal place of business/country of incorporation	Proportion of ownership interest and voting rights of non-controlling interests	
		2022.12.31	2021.12.31

Loonchenfa Investment Co., Ltd.	Taoyuan City	30.00%	30.00%
PT. TAIFA JAYA DEVELOPMENT	Indonesia	26.09%	26.09%

The following summarized financial information of the above subsidiaries is prepared in accordance with IFRSs endorsed by the FSC and reflects the fair value adjustments made by the Consolidated Company at the date of acquisition and the adjustments for differences in accounting policies. Such financial information represents the amounts of transactions between the consolidated companies that has not yet been written off:

(1)Summarized financial information of Loonchenfa Investment Co., Ltd.:

	2022.12.31	2021.12.31
Current assets	$ 92,530	$ 86,836
Non-current assets	491,331	474,182
Current liabilities	(125)	(235)
Non-current liabilities	(67,602)	(71,176)
Net assets	$ 516,134	$ 489,607

	2022	2021
Operating revenue	$ -	$ -
Net profit (loss) in current period	9,914	(7,044)
Other comprehensive income (loss)	16,612	(16,612)
Total comprehensive income	$ 26,526	$ (23,656)
Net loss in current period attributable to non-controlling interests	$ 2,974	$ (2,113)
Total comprehensive income attributable to non-controlling interests	$ 7,958	$ (7,097)

	2022	2021
Cash flows from operating activities	$ 5,798	$ (1,362)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Increase (decrease) in cash and cash equivalents	$ 5,798	$ (1,362)

(2)Summarized financial information of PT. TAIFA JAYA DEVELOPMENT:

	2022.12.31	2021.12.31
Current assets	$ 21,953	$ 38,853
Non-current assets	684,642	614,293
Current liabilities	(154,787)	(125,514)
Non-current liabilities	(119,932)	(100,592)
Net assets	$ 431,876	$ 427,040

	2022	2021
Operating revenue	$ -	$ -

Net loss in current period	(17,640)	(20,033)
Other comprehensive income (loss)	-	-
Total comprehensive income	$ (17,640)	$ (20,033)
Net loss in current period attributable to non-controlling interests	$ (4,602)	$ (5,227)
Total comprehensive income attributable to non-controlling interests	$ 1,262	$ (11,091)

	2022	2021
Cash flows from operating activities	$ 19,439	$ 53,068
Cash flows from investing activities	(38,022)	(57,522)
Cash flows from financing activities	-	-
Effect of exchange rate changes on cash and cash equivalents	1,175	4,617
Increase (decrease) in cash and cash equivalents	$ (17,408)	$ 163

(XX)Earnings per share

	2022		
	Amount after tax	Weighted average shares outstanding (in thousands)	Earnings per share (New Taiwan dollars)
Basic earnings per share			
Net profit for current period attributable to owners of the parent	$ 93,292	185,400	$ 0.50
Diluted earnings per share			
Net profit for current period attributable to owners of the parent	$ 93,292	185,400	
Effect of dilutive potential common shares – employees' compensation	-	341	
Net profit for current period attributable to owners of the parent plus the effect of potential common shares	$ 93,292	185,741	$ 0.50

	2021		
	Amount after tax	Weighted average shares outstanding (in thousands)	Earnings per share (New Taiwan dollars)
Basic earnings per share			
Net profit for current period attributable to owners of the parent	$ 1,638,298	198,217	$ 8.27
Diluted earnings per share			
Net profit for current period attributable to owners of the parent	$ 1,638,298	198,217	
Effect of dilutive potential common shares – employees' compensation	-	1,366	

	2021		
	Amount after tax	Weighted average shares outstanding (in thousands)	Earnings per share (New Taiwan dollars)
Net profit for current period attributable to owners of the parent plus the effect of potential common shares	$ 1,638,298	199,583	$ 8.21

(XXI)Summary statement of employee benefits, depreciation, depletion and amortization expenses incurred for current period by function

by function / by performance	2022			2021		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefits expense	579,520	253,000	832,520	804,264	311,117	1,115,381
Salary expense	524,472	215,396	739,868	747,410	262,917	1,010,327
Labor and health insurance expense	36,658	19,036	55,694	34,191	20,004	54,195
Pension expense	2,814	5,631	8,445	2,049	5,889	7,938
Directors' remuneration	-	1,488	1,488	-	7,938	7,938
Other employee benefits expense	15,576	11,449	27,025	20,614	14,369	34,983
Depreciation expense (note)	90,271	21,443	111,714	77,294	26,704	103,998
Amortization expense	2,554	6,128	8,682	270	5,046	5,316

Note: Depreciation of leased assets was recorded as NT$10,340 thousand and NT$3,289 thousand in 2022 and 2021, respectively, as a deduction from lease income.

1. As of December 31, 2022 and 2021, the Consolidated Company had 1,875 and 2,275 employees on average, respectively, and the number of directors who have not served as employees were both 3.

2. Employees' compensation and directors' remuneration

In accordance with the Articles of Incorporation, if the Company makes a profit in the year, it shall allocate up to 2% as directors' remuneration and not less than 2% as employees' compensation. The employees' compensation for 2022 and 2021 is estimated as NT$1,696 thousand and NT$40,673 thousand, respectively, based on 2.00% of the net profit before tax. The directors' remuneration for 2022 and 2021 is estimated as NT$848 thousand and NT$8,000 thousand, respectively, based on 1.00% and 0.39% of the net profit before tax, respectively. If there is any difference between the amount resolved by the Board of Directors and the estimated amount, it will be recorded as profit or loss for the year of the Board of Directors' resolution.

The employees' compensation and directors' remuneration of the Company for the year 2021 was approved by the Board of Directors to be calculated at 2.00% and 0.39% of the net income before tax, respectively, and the allotments were NT$40,673 thousand and NT$8,000 thousand, respectively, consistent with the original estimates.

The above-mentioned information on employees' compensation and directors' remuneration can be inquired from the "Market Observation Post System" of the Taiwan Stock Exchange.

(XXII)Operating revenue

The analysis on operating revenue of the Consolidated Company is as follows:

	2022	2021
Revenue from the sale of goods	$ 3,493,148	$ 3,774,024
Less: Sales returns and allowances	(2,311)	(10,028)
Net sales revenue	$ 3,490,837	$ 3,763,996

1.The breakdown by operating segment is as follows:

Loudspeaker Segment	2022	2021
Speakers	$ 3,356,284	$ 3,640,278
Materials	98,432	94,941
Other goods	36,121	28,777
Total	$ 3,490,837	$ 3,763,996

2. The breakdown of contract revenue by geographic area is as follows:

	2022	2021
Europe	$ 1,165,159	$ 1,283,585
Americas	1,448,957	1,663,660
Asia	871,006	767,297
Taiwan	2,418	15,948
Other regions	3,297	33,506
Total	$ 3,490,837	$ 3,763,996

(XXIII)Interest income

The analysis on interest income of the Consolidated Company is as follows:

	2022	2021
Interest income from bank deposits	$ 50,365	$ 12,587
Interest on financial assets measured at fair value through profit or loss	7,092	5,306
Interest income from financial assets measured at amortized cost	29,667	81,360
Other interest income	15	20
Total	$ 87,139	$ 99,273

(XXIV)Other income

The analysis on other income of the Consolidated Company is as follows:

	2022	2021
Lease income (Note 7)	$ 2,027	$ 1,550
Dividend income	6,105	1,769
Other income – government grant income	55,496	16,402
Other income – sample income	14,131	13,003
Other income – income transferred from accrued expenses	26,105	56,530
Other income – transfer of lease rights	558	-

Other income – others (Note 7)		51,977		34,736
Total	$	156,399	$	123,990

The Consolidated Company's government grant income and incentive payments for 2022 and 2021 are as follows:

1. In 2020, the Company applied to the Ministry of Economic Affairs for the "High-Performance Graphene Composite Loudspeaker Technology Development Program", which was completed in 2021. A total of government grants of NT$8,551 thousand was received, recognized in other income.

2. In 2020, the Company applied to the Industrial Development Bureau, Ministry of Economic Affairs for the Thematic R&D Program of "Innovative Research and Development in Traditional Industries Affected by Severe Pneumonia with Novel Pathogens" with the "Small HOCL Diaphragm-Free Electrolysis Equipment for Epidemic Prevention", which was completed in 2021. A government grant of NT$650 thousand was received, recognized in other income.

3. The Company obtained government loans at preferential interest rates under the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" for capital expenditures and operating turnover purposes, and the balances of the loans as of December 31, 2022 and 2021 were NT$830,578 thousand and NT$947,600 thousand, respectively. The fair value of project loans was estimated at an interest rate of 1.60%. The difference between the loan amount obtained and the fair value was considered as low-interest government loan grants, which was recognized as long-term deferred income and transferred to other income in phases during the loan period. The Company recognized NT$7,201 thousand in government grants by the loan period in both 2022 and 2021.

4. The subsidiary Meida Technology (Suzhou) Co., Ltd. Received a government incentive payment of NT$48,295 thousand for early tax payment in 2022.

(XXV)Other gains and losses

Th analysis on other gains and losses of the Consolidated Company is as follows:

		2022		2021
Gains on disposals of property, plant and equipment	$	5	$	2,496,507
Gain on disposal of investment property		-		108,077
Gain on disposal of investments		148		2
Net loss on financial assets measured at fair value through profit or loss		(51,309)		(984)
Gain on reversal of impairment of property, plant and equipment		-		17,639
Profit from lease modification		1,306		1,280
Other impairment losses		-		(75,581)
Net foreign currency exchange gain (loss)		118,739		(32,424)
loss on disposal of property, plant and equipment		(397)		(1,729)
Miscellaneous expenses – equipment transfer export		-		(57,763)

Miscellaneous expenses – others	(16,021)	(26,086)
Total	$ 52,471	$ 2,428,938

(XXVI)Finance costs

The analysis on financial costs of the Consolidated Company is as follows:

	2022	2021
Interest on bank loans	$ 14,621	$ 8,221
Discount on long-term borrowings (Notes 6.16 and 6.24)	7,201	7,201
Interest on lease liabilities	38	75
Imputed interest on advance receipts for ordinary share	4,019	3,863
Imputed interest on deposit	4	4
Total	$ 25,883	$ 19,364

The Consolidated Company's capitalized interests for 2022 and 2021 were both NT$0 thousand.

(XXVII) Other information on net income/loss

The following items were deducted from net income/loss:

	2022	2021
Impairment losses on financial assets		
Expected credit impairment losses	$ -	$ 7,491
Depreciation and amortization expenses		
Depreciation of property, plant and equipment	$ 108,367	$ 100,091
Depreciation of investment properties	10,351	3,258
Depreciation of right-of-use assets	3,336	3,938
Amortization of intangible assets	8,448	5,091
Other non-current assets – other amortization	234	225
Total	$ 130,736	$ 112,603
R&D expenditures recognized as expenses when incurred	$ 119,251	$ 135,045
Employee benefits expense		
Post-employment benefits		
Defined contribution plan	$ 8,212	$ 7,752
Defined benefit plan	233	186
Subtotal	8,445	7,938
Salaries, bonuses and dividends, etc.	739,868	1,010,327
Total	$ 748,313	$ 1,018,265

(XXVIII)Financial instruments

1.Categories of financial instruments

	2022.12.31	2021.12.31
Financial assets		
Measured at amortized cost		
Cash and cash equivalents	$ 2,275,263	$ 2,709,298
Time deposits with maturity of more than three months	397,203	545,009
Restricted bank deposits	927,228	826,612
Notes and accounts receivable, net	477,294	792,778
Other receivables	35,525	13,121
Refundable deposits	6,234	7,215
Subtotal	4,118,747	4,894,033
Measured at fair value		
Current financial assets measured at fair value through profit or loss	272,288	252,242
Non-current financial assets measured at fair value through other comprehensive income	-	8,200
Subtotal	272,288	260,442
Total	$ 4,391,035	$ 5,154,475

	2022.12.31	2021.12.31
Financial liabilities		
Measured at amortized cost		
Short-term borrowings	$ 702,800	$ 1,001,000
Notes and accounts payable	367,215	901,974
Other payables	142,408	213,232
Current lease liabilities	1,065	2,894
Long-term borrowings, current portion	389,265	117,022
Long-term borrowings	824,007	1,011,071
Non-current lease liabilities	1,213	2,278
Non-current long-term payables	201,522	174,463
Deposits received	4,436	5,978
Total	$ 2,633,931	$ 3,429,912

2.Financial Risk Management Purpose

The objective of our financial risk management is to control the financial risks relating to the business activities of the Consolidated Company. These risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. The Consolidated Company seeks to minimize the effects of these financial risks by establishing policies to identify, assess, and avoid the market uncertainties in order to reduce the potentially adverse effects the market fluctuations may have on its financial performance.

The Consolidated Company is always monitoring the effects of exchange rate fluctuations on the Consolidated Company. Compliance with policies, procedures, and internal controls, as well as exposure limits of the relevant risks was reviewed by internal auditors on a continuous basis. The Consolidated Company did not enter into or trade financial instruments for speculative purposes.

3.Market Risk

The Consolidated Company’s operating activities exposed it primarily to the market risks arising from changes in foreign currency exchange rates and interest rates. The Consolidated Company monitors and responds to the risks arising from exchange rate fluctuations on a continuous basis. In addition, the Consolidated Company uses its own capital and bank loans to accommodate the operational needs of the business in a flexible approach. As the current market interest rates are expected to remain low for a long period of time, there is no significant risk presented from the changes in interest rate and therefore no derivative financial instruments was used to manage interest rate risk.

(1) Foreign currency exchange rate risk

Certain business activities of the Consolidated Company as well as net investments in its foreign operations are denominated in foreign currencies, which exposed the Consolidated Company to foreign currency risk.

As the net investments in foreign operations are strategic investments, no tools were used to hedge its exposure.

Information on sensitivity analysis of foreign currency exchange rate risk (calculated mainly based on foreign currency monetary items at the end of the financial reporting period) and foreign currency assets and liabilities with significant exchange rate fluctuations are as follows:

2022.12.31

	Currency	Foreign Currency Amount (NT$)	Period-end Measurement Exchange Rate	Account Amount (In thousands of New Taiwan dollars)	Change Range	Impact on profit or loss before tax
Monetary items						
Financial assets						
Cash and cash equivalents	US Dollar	$ 11,510,021	30.7100	$ 353,473	1%	$ 3,535
Cash and cash equivalents	Chinese Yuan	31,279,143	4.4132	138,041	1%	1,380
Cash and cash equivalents	British Pound	1,109,941	37.0900	41,168	1%	412
Cash and cash equivalents	Euro	347,464	32.7200	11,369	1%	114
Time deposits	US Dollar	5,646,932	30.7100	173,418	1%	1,733
Restricted bank deposits	US Dollar	30,193,040	30.7100	927,228	1%	9,273
Receivables	US Dollar	13,361,214	30.7100	410,323	1%	4,103
Receivables	Chinese Yuan	5,368,323	4.4132	23,691	1%	237
Receivables	British Pound	1,253,391	37.0900	46,488	1%	465
Financial liabilities						
Accounts payable	US Dollar	727,021	30.7100	22,327	1%	223

2021.12.31

	Currency	Foreign Currency Amount (NT$)	Period-end Measurement Exchange Rate	Account Amount (In thousands of New Taiwan dollars)	Change Range	Impact on profit or loss before tax

Monetary items						
Financial assets						
Cash and cash equivalents	US Dollar	$ 4,408,736	27.6800	$ 122,034	1%	$ 1,220
Cash and cash equivalents	Chinese Yuan	1,843,151	4.3454	8,009	1%	80
Cash and cash equivalents	Euro	389,788	31.3200	12,208	1%	122
Time deposits	US Dollar	5,560,873	27.6800	153,925	1%	1,539
Restricted bank deposits	US Dollar	29,863,163	27.6800	826,612	1%	8,266
Receivables	US Dollar	25,695,621	27.6800	711,255	1%	7,112
Receivables	Chinese Yuan	12,586,735	4.3454	54,694	1%	547
Receivables	British Pound	941,371	37.300	35,113	1%	351
Financial liabilities						
Accounts payable	US Dollar	2,290,537	27.6800	63,402	1%	634

Due to the wide variety of functional currencies of the Consolidated Company, the information on exchange gains and losses on monetary items is summarized and disclosed. The foreign currency exchange gain and loss (including realized and unrealized) for 2022 and 2021 was NT$118,739 thousand and NT$(32,424) thousand, respectively.

The non-monetary items of the Consolidated Company could not be significantly affected by changes in foreign exchange rates, and are not disclosed in this note.

(2)Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and changes in future cash flows due to changes in market interest rates. The Consolidated Company's interest rate risk for cash flow arises primarily from floating interest rate demand deposits and short-term and long-term borrowings. The Consolidated Company's borrowings included long-term borrowings at the prime rates according government policy as well as short-term and long-term borrowings at low and floating interest rates, and the net asset amount of the Consolidated Company's financial instruments exposed to interest rate risk for cash flow was not significant. The effect of the changes in interest rates, after assessment, was minimal to the Consolidated Company.

4.Credit Risk Management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Company. The Consolidated Company adopted a policy of only dealing with creditworthy counterparties as reasonably practicable, as a means of mitigating the risk of financial loss from defaults. In addition to determining the creditworthiness of counterparties before transactions, ongoing monitoring of the Consolidated Company's credit exposure and the credit status of the counterparties was also performed in the course of transactions. The Consolidated Company also continues to diversify its customer base and expand into overseas markets to reduce customer concentration risk.

There was no credit risk concentration on one customer for 2022 and 2021, so the exposure to credit risks were limited.

The credit risk and concentration risk was also limited because the counterparties of liquidity transactions were banks with high credit ratings from international credit rating agencies.

5.Liquidity Risk Management

The Consolidated Company manages liquidity risk with the objective to maintain a level of cash and cash equivalents, highly liquid marketable securities, and line of credit deemed adequate to finance the Consolidated Company's operations and to ensure financial flexibility of the Consolidated Company.

The table below summarizes the analysis of the Consolidated Company's financial liabilities with agreed repayment periods based on maturity dates and undiscounted cash flows of financial liabilities from the earliest date on which the Consolidated Company can be required to pay:

	2022.12.31			
	Within 6 months	6-12 months	More than 1 year	Total
Non-derivative financial liabilities				
Short-term borrowings	$ 702,800	$ -	$ -	$ 702,800
Notes payable	1,369	-	-	1,369
Accounts payable	365,846	-	-	365,846
Other payables	104,036	38,372	201,522	343,930
Lease liabilities	539	538	1,213	2,290
Long-term borrowings	164,095	225,170	841,313	1,230,578
Total	$ 1,338,685	$ 264,080	$ 1,044,048	$ 2,646,813

	2021.12.31			
	Within 6 months	6-12 months	More than 1 year	Total
Non-derivative financial liabilities				
Short-term borrowings	$ 1,001,000	$ -	$ -	$ 1,001,000
Notes payable	2,928	-	-	2,928
Accounts payable	899,046	-	-	899,046
Other payables	163,745	49,487	174,463	387,695
Lease liabilities	839	2,095	2,290	5,224
Long-term borrowings	40,142	76,880	1,035,578	1,152,600
Total	$ 2,107,700	$ 128,462	$ 1,212,331	$ 3,448,493

6.Fair value of financial instruments

(1) Fair value of financial instruments measured at amortized cost

Key management of the Consolidated Company believes that the carrying amounts of the Consolidated Company's financial assets and financial liabilities measured at amortized cost in the consolidated financial statements are close to their fair values.

(2) Valuation techniques and assumptions used to measure fair value

The fair value of financial assets and financial liabilities is determined by following methods:

- The fair values of financial assets and financial liabilities with standard terms and conditions that are traded in active markets are determined by reference to market quotes, respectively.

- The fair value of derivative instruments is measured using quoted prices provided by banks.
- The fair value of stocks that are not publicly quoted is determined according to generally accepted pricing models based on the market approach or discounted cash flow analysis.

(3) Fair value measurements recognized in the consolidated statement of financial position

The table below provides an analysis of how financial instruments are measured at fair value after initial recognition according to the degree of observability of fair value, categorized into Levels 1 to 3.

- Level 1 fair value measurements are those derived from publicly quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than publicly quoted prices in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for assets or liabilities based on unobservable market information (unobservable inputs).

A.Financial assets and liabilities measured at fair value on a recurring basis

The Consolidated Company's financial assets and liabilities that were measured at fair value on a recurring basis are grouped into Levels 1 to 3:

	2022.12.31			
	Level 1	Level 2	Level 3	Total
Current financial assets measured at fair value through profit or loss				
- Listed and OTC stocks	$ 64,527	$ -	$ -	$ 64,527
- Bond funds	37,305	-	-	37,305
- Equity funds	14,585	-	-	14,585
- Corporate bonds	155,871	-	-	155,871
Total	$ 272,288	$ -	$ -	$ 272,288

	2021.12.31			
	Level 1	Level 2	Level 3	Total
Current financial assets measured at fair value through profit or loss				
- Listed and OTC stocks	$ 51,345	$ -	$ -	$ 51,345
- Bond funds	37,602	-	-	37,602
- Equity funds	18,038	-	-	18,038
- Corporate bonds	145,257	-	-	145,257

Non-current financial assets measured at fair value through other comprehensive income - Non-publicly quoted equity instruments	-	-	8,200	8,200
Total	$ 252,242	$ -	$ 8,200	$ 260,442

There were no transfers between Level 1 and 2 financial assets that were measured at fair value on a recurring basis for 2022 and 2021.

In 2022, disposals for financial assets that were measured at fair value on a recurring basis on Level 3 were NT$8,200 thousand; there were no disposals for financial assets that were measured at fair value on a recurring basis on Level 3 for 2021.

There were no purchases for financial assets that were measured oat fair value on a recurring basis on Level 3 for 2022 and 2021.

A review on the Consolidated Company's polices adopted in fair value measurement as well as its processes is performed at least once at each reporting date or as deemed required. If the use of unobservable inputs is required in the measurement of fair value, the Consolidated Company will carefully evaluate the valuation process and give priority to the most relevant market parameters.

B.Financial assets and liabilities measured at fair value on a non-recurring basis: None

(XXIX)Capital Management

The capital management objective of the Company and its subsidiaries is to provide adequate compensation for shareholders by maintaining an optimal capital structure while continuing to operate and grow. The Company's capital structure management strategy is to plan the required capital expenditures based on the scale of the industries operated by the Company and its subsidiaries, the future growth of the industries, product development blueprints and changes in the external environment, and other factors; and, according to the characteristics of the industries, calculate the required working capital and cash, estimate the possible product profit, operating profit rate and cash flow, and consider risk factors such as industrial cycle fluctuations and product life cycle, so as to determine the most appropriate capital structure.

The debt ratios of the Consolidated Company as of December 31, 2022 and 2021 are as follows:

	2022.12.31	2021.12.31
Total liabilities	$ 3,665,049	$ 4,418,429
Total assets	$ 8,048,449	$ 9,045,391
Debt ratio	45.54%	48.85%

The Consolidated Company's debt ratio as of December 31, 2022 decreased due to the repayment of bank loans.

VII. **Transactions with Related Parties**

(I)Name of related parties and relationship with the Company

Name of related party	Relationship with the Company
Well Care Hygienic Company Limited	Other related parties (Its chairman is the same as the Company's)
HOCL Inc.	With a significant impact on the entity

(II)Significant transactions with related parties

The amounts and balances of transactions between the Company and its subsidiaries have been eliminated in the preparation of the consolidated financial statements and are not disclosed in the Notes. The details of transactions between the Company and its subsidiaries and other related parties are disclosed as follows:

1.Sales

Transaction Amount	2022	2021
Other related parties	$ 18	$ 383
With a significant impact on the entity	129	-
Total	$ 147	$ 383

The sales prices to related parties were determined at cost plus markup, with collection terms of 60 days, which were not significantly different from those of sales to unrelated parties.

2.Accounts receivable

Outstanding balance	2022.12.31	2021.12.31
Other related parties	$ -	$ 402
With a significant impact on the entity	60	-
Total	$ 60	$ 402

3.Other receivables

Transaction Amount	2022.12.31	2021.12.31
Other related parties	$ 312	$ 5

The above other receivables include lease income, management income and advances.

4.Lease income (recorded as other income)

Transaction Amount	2022	2021
Other related parties	$ 96	$ 96

The rent is determined by the mutual agreement with reference to the market conditions and is charged on a monthly basis.

5.Management income (recorded as other income)

Transaction Amount	2022	2021
Other related parties	$ 79	$ 96

(III)Compensation of key management personnel

The compensation of the Consolidated Company's key management personnel for the period is as follows:

	2022	2021
Short-term benefits	$ 19,999	$ 35,305
Post-employment benefits	383	268
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	$ 20,382	$ 35,573

Short-term benefits include salary, bonus, employees' compensation and directors' remuneration.

VIII. Pledged Assets

As of December 31, 2022 and 2021, the following assets were provided as collateral for bank borrowings:

	2022.12.31	2021.12.31
Land – cost and revaluation increment	$ 152,282	$ 152,791
Building and structures – net	54,771	60,985
Total	$ 207,053	$ 213,776

(The above includes investment properties)

IX. Significant Contingencies and Unrecognized Contractual Commitments

(I) As of December 31, 2022 and 2021, the amounts of guarantee letters issued by the Company for the acquisition of technology rights were both US$650 thousand.

(II) As of December 31, 2022 and 2021, the total amount of promissory notes issued by the Company as guarantees for financial transactions and borrowing lines to various banks and financial institutions were NT$1,492,000 thousand and US$10,500 thousand, NT$1,271,280 thousand and US$5,500 thousand, respectively.

X. Significant Disaster Losses: None

XI. Significant Events after the Balance Sheet Date: None

XII. Others: None

XIII. Note Disclosure

(I)Significant Transaction Information

1. Funds lending to others: Please refer to Schedule I for details.
2. Endorsement for others: None.
3. Securities held at the end of the period: Please refer to Schedule II for details.
4. Cumulative purchase or sale of the same securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of properties amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of properties amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase or sale of goods with related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Schedule III for details.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Schedule IV for details.
9. Trading in derivatives: None.
10. Business relationships and significant transactions between the parent and subsidiaries and between the subsidiaries and the amounts thereof: Please refer to Schedule VIII for details.

(II)Information on Reinvestment Business

Relevant information such as the name and location of the investee: Please refer to Schedule V for details.

(III)Information on Investment in China

1. Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: Please refer to Schedule VI for details.
2. Significant transactions with investee companies in Mainland China directly or indirectly through third regions, as well as their prices, payment terms, and unrealized gains or losses: Please refer to Schedule VII for details.

(IV)Information on Major Shareholders

1.The name, number of shares and shareholding ratio of shareholders with an equity ratio of 5% or more: Please refer to Schedule IX for details.

XIV. Department Information

(I)General information

The Consolidated Company mainly manufactured and sold loudspeakers, primarily in the loudspeaker segment, in 2022 and 2021.

(II)Information on the basis of measurement of segment profit and loss

The accounting policies of the Company’s operating segments are the same as those described in the summary of significant accounting policies in Note 4 to the Consolidated Financial Statements. The profit and loss of the Company’s operating segments is measured by net operating income and is used as the basis for evaluating the performance of the operating segment.

(III)Segment information that should be disclosed

The segment information that the Company and its subsidiaries shall disclose is as follows:

2022	Loudspeaker Segment	Other Segments	Adjustments and Write-offs	Consolidated
Revenue from customers other than the parent and consolidated subsidiaries	$ 3,490,837	$ -	$ -	$ 3,490,837
Revenue from the parent and consolidated subsidiaries	5,290,492	-	(5,290,492)	-
Total revenue	$ 8,781,329	$ -	$ (5,290,492)	$ 3,490,837
Segment gain (loss)	$ (26,557)	$ (5,292)	$ 617	$ (31,232)
Depreciation	$ 121,957	$ 97		

2021	Loudspeaker Segment	Other Segments	Adjustments and Write-offs	Consolidated
Revenue from customers other than the parent and consolidated subsidiaries	$ 3,763,996	$ -	$ -	$ 3,763,996
Revenue from the parent and consolidated subsidiaries	6,273,486	-	(6,273,486)	-
Total revenue	$ 10,037,482	$ -	$ (6,273,486)	$ 3,763,996
Segment gain (loss)	$ (25,115)	$ (7,490)	$ 5,174	$ (27,431)
Depreciation	$ 107,192	$ 95		

The net operating profit of the segment reported by the Company and its subsidiaries to the chief operating decision maker is measured in a manner consistent with that of revenue, expenses, etc. reported in the consolidated statement of comprehensive income. The Company does not provide the amount of total assets and total liabilities for the operating decision maker to make business decisions.

(IV)Regional financial information

Please refer to Note 6.22 for region information of the Consolidated Company's revenue from external customers, where revenue is classified on the basis of the geographical location of the customer, and non-current assets are classified on the basis of the geographical location of the assets as follows:

Region	2022.12.31	2021.12.31
Taiwan	$ 496,963	$ 508,926
People's Republic of China	462,090	504,249
Indonesia	1,520,789	1,242,119
Total	$ 2,479,842	$ 2,255,294

Non-current assets include property, plant and equipment, investment property, right-of-use assets, intangible assets and other assets, except for financial instruments, deferred income tax assets, assets for post-employment benefits and non-current assets arising from rights under insurance contracts.

(V)Important customer information

Customers to which the Consolidated Company sells goods amounting to 10% of sales revenue on the consolidated statement of comprehensive income are as follows:

Customer Name	2022			2021		
	Sales Amount	% of Net Sales	Sales Department	Sales Amount	% of Net Sales	Sales Department
Customer E	$ 503,483	14.42%	Loudspeaker Segment	$ 462,053	12.28%	Loudspeaker Segment
Customer D	363,067	10.40%	Loudspeaker Segment	254,383	6.76%	Loudspeaker Segment
Customer C	349,877	10.02%	Loudspeaker Segment	342,387	9.09%	Loudspeaker Segment
Customer A	326,098	9.34%	Loudspeaker Segment	474,723	12.61%	Loudspeaker Segment
Total	$ 1,542,525	44.18%		$ 1,533,546	40.74%	

Schedule I

Meiloon Industrial Co., Ltd. and its subsidiaries
Statement of Financing Provided to Others
December 31, 2022

Unit: In Thousands of New Taiwan Dollars

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party or Not	Maximum Amount in Current Period	Balance at the end (Note 6)	Amount Actually Drawn	Interest Rate Range	Nature of Financing (Note 2)	Transaction Amount	Reasons for Short-term Financing	Provision for impairment loss allowance	Collateral		Financing Limit to Each Borrower (Notes 3 and 5)	Aggregate Financing Limit (Notes 4 and 5)
													Name	Value		
1	MAKINGO DEVELOPMENT CORP.	PT. MEILOON TECHNOLOGY INDONESIA	Other receivables	Yes	443,638	642,467	428,862	-	2	-	Working capital	-	-	-	642,467	3,212,336
1	MAKINGO DEVELOPMENT CORP.	Dongguan Meiloon Acoustic Equipments Co., Ltd.	Other receivables	Yes	-	642,467	-	-	2	-	Working capital	-	-	-	642,467	3,212,336
2	Meida Technology (Suzhou) Co., Ltd.	Dongguan Meiloon Acoustic Equipments Co., Ltd.	Other receivables	Yes	174,016	49,822	26,479	-	2	-	Working capital	-	-	-	49,822	498,222

Note 1: (1) The issuer is entered as 0; (2) The investees are numbered in order starting from the Arabic numeral 1 according to the company.

Note 2: 1 for those with business dealings; 2 for those with the need for short-term financing.

Note 3: For companies with which the Company has business dealings, the amount of individual loans shall not exceed the amount of business dealings between the two parties. The transaction amount refers to the higher of purchase or sale between the two parties. For companies with the need for short-term financing, the amount of individual loans shall not exceed 10% of the net value of the Company's most recent financial statements audited and certified or reviewed by an accountant.

Note 4: The total loan amount of the Company shall not exceed 40% of the net value of the Company's most recent financial statements audited and certified or reviewed by an accountant.

Note 5: The Board of Directors has permitted that the aggregate amount of loans of the subsidiary, MAKINGO DEVELOPMENT CORP. shall be 100% of the net value of the most recent audited and certified or reviewed financial statements, and the amount of any individual loan shall not exceed 20% of the net value of the most recent audited and certified or reviewed financial statements or accounts. The Board of Directors has permitted that the aggregate amount of loans of the sub-subsidiary, Meida Technology (Suzhou) Co., Ltd. shall be 100% of the net value of the most recent audited and certified or reviewed financial statements , and the amount of any individual loan shall not exceed 10% of the net value of the most recent audited and certified or reviewed financial statements or accounts.

Note 6: The amount adopted by the Board of Directors.

Note 7: The presentation of the consolidated financial statements has been written off on a consolidated basis.

Schedule II-Part I

Meiloon Industrial Co., Ltd. and its subsidiaries
Breakdown of Securities Held at the End of the Period (excluding investments in subsidiaries, associates and joint ventures)
December 31, 2022

Unit: shares; in thousands of New Taiwan dollars

Securities held by	Type and Name of Securities	Relationship with the Security Issuer	Account	Period-end				Remarks
				Number of Shares	Book value	Sharehol-ding	Fair Value	
Meiloon Industrial Co., Ltd.	Shares of Domestic Listed and OTC Companies							
	Cathay Financial Holdings	-	Financial assets measured at fair value through profit or loss	75,467	$ 3,019	-	$ 3,019	-
	First Financial Holding	-	Financial assets measured at fair value through profit or loss	1,368,154	36,256	-	36,256	-
	Ruentex Ind. Ltd	-	Financial assets measured at fair value through profit or loss	26,347	1,713	-	1,713	-
	Chunghwa Telecom	-	Financial assets measured at fair value through profit or loss	80,000	9,040	-	9,040	-
	YangMing	-	Financial assets measured at fair value through profit or loss	200,000	13,100	-	13,100	-
	Asia Pacific Telecom	-	Financial assets measured at fair value through profit or loss	229,400	1,399	-	1,399	-
			Subtotal		64,527			
Loonchenfa Investment Co., Ltd.	Bond funds							
	Capital Safe Income Fund	-	Financial assets measured at fair value through profit or loss	2,194,614	35,958	-	35,958	-
Dongguan Meiloon Acoustic Equipments Co., Ltd.	Equity funds							
	GF Shanghai-Hong Kong-Shenzhen Hybrid Fund	-	Financial assets measured at fair value through profit or loss	4,000,000	14,585	-	14,585	-

Schedule II-Part II

Meiloon Industrial Co., Ltd. and its subsidiaries
Breakdown of Securities Held at the End of the Period (excluding investments in subsidiaries, associates and joint ventures)
December 31, 2022

Unit: shares; in thousands of New Taiwan dollars

Securities held by	Type and Name of Marketable Securities	Relationship with the Security Issuer	Account	Period-end				Remarks
				Number of Shares	Book value	Shareholding	Fair Value	
MAKINGO DEVELOPMENT CORP.	Bond funds							
	Amundi Global High Yield Fund	-	Financial assets measured at fair value through profit or loss	4,831	$ 1,347	-	$ 1,347	-
	Corporate Bond							
	AT&T Corporate Bond	-	Financial assets measured at fair value through profit or loss	-	47,682	-	47,682	-
	Standard Chartered Corporate Bond	-	Financial assets measured at fair value through profit or loss	-	29,199	-	29,199	-
	Barclays Corporate Bond	-	Financial assets measured at fair value through profit or loss	-	57,271	-	57,271	
	Saudi Arabian Oil Corporate Bond	-	Financial assets measured at fair value through profit or loss	-	21,719	-	21,719	-
			Subtotal		155,871			
			Total		$ 272,288			
Meiloon Industrial Co., Ltd.	Stock							
	Power Digital Card Co., Ltd.	-	Non-current financial assets measured at fair value through other comprehensive income	410,080	$ 17,115	0.87%	$ -	-
	SAFARI	-	Non-current financial assets measured at fair value through other comprehensive income	12,500,000	6,527	0.44%	-	-
	DIMAGIC	-	Non-current financial assets measured at fair value through other comprehensive income	200	12,289	1.45%	-	-
	Frontier Technology Co., Ltd.	-	Non-current financial assets measured at fair value through other comprehensive income	190,000	3,000	19.00%	-	-
			Subtotal		38,931			
			Cumulative impairment		(38,931)			
			Net		$ -			

Schedule III

Meiloon Industrial Co., Ltd. and its subsidiaries

Purchase or Sale of Goods with Related Parties Amounting to at least NT$100 Million or 20% of the Paid-in Capital

January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Purchasing (Selling) Company	Counterparty Name	Relationship	Transaction Details				Circumstances and Reasons for Differences in Trading Conditions from Ordinary Transactions		Notes/Accounts Payable or Receivable		Remarks
			Purchase (Sale)	Amount	Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes/Accounts Payable or Receivable	
Meiloon Industrial Co., Ltd.	MAKINGO DEVELOPMENT CORP.	Subsidiary of the Company	Purchases	2,489,381	93.71%	Within 75 days	-	-	(926,814)	(98.74%)	
MAKINGO DEVELOPMENT CORP.	Dongguan Meiloon Acoustic Equipments Co., Ltd.	Subsidiary of the Company	Purchases	2,558,219	99.95%	Within 90 days	-	-	(149,299)	(99.16%)	

Note 1: The Company’s purchases from Dongguan Meiloon Acoustic Equipments Co., Ltd. are resold through MAKINGO DEVELOPMENT CORP.

Note 2: The presentation of the consolidated financial statements has been written off on a consolidated basis.

Schedule IV

Meiloon Industrial Co., Ltd. and its subsidiaries

Receivables from Related Parties Amounting to at least NT$100 Million or 20% of the Paid-in Capital

December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Company name	Counterparty Name	Relationship	Balance of Receivables from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Period from Related Parties	Provision for impairment loss allowance
					Amount	Actions Taken		
MAKINGO DEVELOPMENT CORP.	Meiloon Industrial Co., Ltd.	The Company's parent company	$ 926,814	2.81	$ -	-	$ 208,184	-
Dongguan Meiloon Acoustic Equipments Co., Ltd.	MAKINGO DEVELOPMENT CORP.	Group company of the same parent company	149,299	13.06	-	-	149,299	-
MeiXin Audio Equipment (Dongguan) Co., Ltd.	Dongguan Meiloon Acoustic Equipments Co., Ltd.	Group company of the same parent company	244,032 (Note 1)	0.80	-	-	21,959	-

Note 1: It refers to processing income receivable.

Note 2: The presentation of the consolidated financial statements has been written off on a consolidated basis.

Schedule V

Meiloon Industrial Co., Ltd. and its subsidiaries

Information on Reinvestment (excluding investees in Mainland China)

January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Name of Investor	Name of investee	Location	Main Business Items	Original Investment Amount		End of Last Year			Current Profit and Loss of the Investee	Investment Gains and Losses Recognized in Current Period	Remarks
				Period-end Holding	End of the Period	Number of Shares	Ratio	Book value			
Meiloon Industrial Co., Ltd.	Meiloon International Ltd.	Hong Kong	Investment company	520,580	520,580	114,676,493	100.00%	678,893	(21,740)	(21,740)	Subsidiary
Meiloon Industrial Co., Ltd.	FINE STATION LTD.	British Virgin Islands	Trading and investment company	201,996	201,996	5,362,000	60.51%	224,418	36,964	22,365	Subsidiary
Meiloon Industrial Co., Ltd.	MAKINGO DEVELOPMENT CORP.	British Virgin Islands	Trading and investment company	830,647	830,647	25,185,000	100.00%	3,272,876	(77,507)	(77,362) (Note 1)	Subsidiary
Meiloon Industrial Co., Ltd.	Prosperity Development Co., Ltd.	Taoyuan City	Real estate development, construction, leasing and sales	25,000	25,000	2,500,000	100.00%	24,986	20	20	Subsidiary
Meiloon Industrial Co., Ltd.	Loonchenfa Investment Co., Ltd.	Taoyuan City	Investment company	402,500	402,500	40,250,000	70.00%	361,294	9,914	6,940	Subsidiary
Meiloon Industrial Co., Ltd.	AlfaPlus Semiconductor Inc.	Hsinchu City	Manufacture of electronic parts and components, wholesale and retail of electronic materials	98,316	98,316	7,125,088	20.47%	4,513	(8,165)	(1,671)	Investee evaluated by the equity method
Meiloon Industrial Co., Ltd.	Fin-Core Corporation	Taoyuan City	International trade, manufacture of electronic parts and components as well as wholesale of electronic materials	87,000	87,000	385,714	35.06%	403	-	-	Subsidiary

Meiloon Industrial Co., Ltd.	PT. MEILOON TECHNOLOGY INDONESIA	Indonesia	Production and sales of loudspeakers, speakers, crossovers, pre-cut boards and DVD players	688,669	535,565	-	90.00%	571,134	(77,313)	(69,582)	Subsidiary
Meiloon International Ltd.	FINE STATION LTD.	British Virgin Islands	Trading and investment company	117,945	117,945	3,500,000	39.49%	141,980	36,964	14,599	Subsidiary
MAKINGO DEVELOPMENT CORP	AUDIOXPERTS INC.	United States of America	Trading company	13,415	13,415	45,000	90.00%	(13,099)	(1)	(1)	Sub-subsidiary
MAKINGO DEVELOPMENT CORP.	HOCL Inc.	Japan	Production and sales of slightly acidic electrolyzed water	9,082	9,082	2,550,000	17.23%	2,772	(1,245)	(215)	Investee evaluated by the equity method
Loonchenfa Investment Co., Ltd.	PT. TAIFA JAYA DEVELOPMENT	Indonesia	Land development and investment	127,998	127,998	-	73.91%	(67,602)	(17,640)	(13,038)	Sub-subsidiary

Note 1: This refers to adding the unrealized gross profit of NT$5,551 thousand from upstream transactions at the beginning of the period and deducting the unrealized gross profit of NT$5,406 thousand from upstream transactions of the current period.

Note 2: Presentation of consolidated statements: Long-term investments and investment gains and losses have been written off on a consolidated basis.

Schedule VI

Meiloon Industrial Co., Ltd. and its subsidiaries
Information on Investment in Mainland China
January 1 to December 31, 2022

Unit: In thousands of NTD; in USD; in HKD; in RMB

Name of Investee in Mainland China	Main Business Items	Amount of Paid-in Capital	Invest-ment Method	Accumulated Outflow of Investment from Taiwan at the Beginning of the Period	Amount of Outflow or Inflow during the Period		Accumulated Outflow of Investment from Taiwan at the End of the Period	Current Profit and Loss of the Investee	Shareholding ratio of the Company's Direct or Indirect Investment	Investment Gains and Losses Recognized in Current Period (Notes 4 and 5)	Ending Investment Carrying Amount (Notes 4 and 5)	Gain on repatriated investment as of the Current Period
					Outflow	Inflow						
Dongguan Meiloon Acoustic Equipments Co., Ltd.	Production and sales of loudspeakers, speakers, crossovers and DVD players	RMB 92,770,000	(Note 1)	520,580	-	-	520,580	(41,667)	100.00%	(40,081) (Note 6)	503,764	81,325
MeiXin Audio Equipment (Dongguan) Co., Ltd.	Production and sales of pre-cut boards, amplifiers, crossovers and multimedia speakers	USD 8,148,000	(Note 1)	201,996	-	-	201,996	7,590	100.00%	7,590	308,749	-
Meida Technology (Suzhou) Co., Ltd.	Production and sales of loudspeakers, amplifiers, crossovers and projectors	USD 2,000,000	(Note 1)	760,154	-	-	760,154	44,249	100.00%	44,249	205,375	745,875
Suzhou YueTai Trading Co., Ltd.	Wholesale, import and export of various kinds of audio-visual equipment and parts	USD 950,000	(Note 2)	29,531	-	-	29,531	(1,527)	100.00%	(1,527)	1,964	-
Mei Fong (Suzhou) Co. Ltd.	Business management, property management, non-residential real estate leasing, and housing leasing	RMB 45,000,000	(Note 3)	-	-	-	-	(6,521)	100.00%	(6,521)	191,162	-

Accumulated Outflow of Investment from Taiwan to Mainland China at the End of the Period	Investment Amount Authorized by Investment Commission, MOEAIC	Upper Limit on Investment to Mainland China stipulated by Investment Commission, MOEAIC
USD38,048,049.44、NTD156,168 and RMB30,592,000	USD65,378,400.94、NTD112,320 and HKD2,150,000	Note 7

Note 1: Investment method: Reinvestment in Mainland China companies through third region companies.

Note 2: Investment method: Direct investment in Mainland China companies.

Note 3: Investment method: Reinvestment through reinvestment in the company in Mainland China - Dongguan Meiloon Acoustic Equipments Co., Ltd. According to the MOEAIC, since Dongguan Meiloon Acoustic Equipments Co., Ltd. is not a holding company, it does not need to apply for approval from the MOEAIC for reinvestment in Mainland China.

Note 4: As the investment gains or losses in Suzhou YueTai Trading Co., Ltd. did not result in any significant impact to the fair representation of the fair presentation of the Company's financial statements, they were recognized based on such companies' unaudited financial statements for the same years; as for the remaining subsidiaries, their investment gains or losses were recognized based on the financial statements which have been audited and certified by the certified accountant of the parent company in Taiwan.

Note 5: Except for the direct investment in Suzhou YueTai Trading Co., Ltd., the investment gain or loss and the carrying value of the investment in Dongguan Meiloon Acoustic Equipments Co., Ltd., MeiXin Audio Equipment (Dongguan) Co., Ltd., and Meida Technology (Suzhou) Co., Ltd. are recognized in the third region because they are reinvested through the third region, and the investment gain or loss and the carrying value of the investment in Mei Fong (Suzhou) Co. Ltd. is recognized in Dongguan Meiloon Acoustic Equipments Co., Ltd. because it is reinvested through Dongguan Meiloon Acoustic Equipments Co., Ltd..

Note 6: This includes the realized gross profit of NT$756 thousand recognized on sidestream transactions in the beginning of the period and the unrealized loss of NT$830 thousand on sidestream transactions for the current period.

Note 7: The Company is an enterprise certified by the Industrial Development Bureau, Ministry of Economic Affairs to be in compliance with the operating scope of the operating headquarters. In accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, there is no restriction on the amount of investment in the Mainland China by the Company.

Note 8: The presentation of the consolidated financial statements has been written off on a consolidated basis.

Schedule VII

Meiloon Industrial Co., Ltd. and its subsidiaries
Transactions with Investees in Mainland China Directly or Indirectly through Third Regions
January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

I. Sales

The Company's sales to its Mainland China investees are as follows:

Object	Amount	Percentage of the Company's net sales	Unrealized gain or loss at the end of the period	Accounts receivable at the end of the period
Dongguan Meiloon Acoustic Equipments Co., Ltd.	$ 139	-	$ -	$ 369

Note: Accounts receivable at the end of the period include the outstanding balance of raw materials purchased on behalf of subsidiaries.

The sales prices to related parties were determined at cost plus markup (3%), with collection terms of 75 days, which were not significantly different from those of sales to unrelated parties.

II. Purchases

The Company's purchases from its Mainland China investees are as follows:

Object	Amount	Percentage of the Company's net purchases	Unrealized gain or loss at the end of the period	Accounts payable at the end of the period
Dongguan Meiloon Acoustic Equipments Co., Ltd.	$ 2,489,381	93.71%	$ 5,406	$ 926,814

The sales prices to related parties were determined at sales order price with markdown and the payment terms were within 75 days, which were not significantly different from those of sales to unrelated parties.

The Company's purchases from Dongguan Meiloon Acoustic Equipments Co., Ltd. are made through MAKINGO DEVELOPMENT CORP.

III. Others

From January 1, 2022 to December 31, 2022, the Company purchased raw materials on behalf of Dongguan Meiloon Acoustic Equipments Co., Ltd. for a total amount of NT$1,989 thousand.

Note: During the presentation of the consolidated financial statements, the purchase and sales transactions between the consolidated entities have been written off.

Schedule VIII

Meiloon Industrial Co., Ltd. and its subsidiaries

Business Relationships and Significant Transactions between the Parent and Subsidiaries

January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

No. (Note 1)	Trader Name	Trading Partner	Relationship with the Trader (Note 2)	Transaction Details			
				Account	Amount	Trading Conditions	Percentage of Consolidated Total Revenue or Total Assets (Note 3)
0	Meiloon Industrial Co., Ltd.	MAKINGO DEVELOPMENT CORP.	(1)	Purchases	2,489,381	Same as the general	71.31%
1	MAKINGO DEVELOPMENT CORP.	Dongguan Meiloon Acoustic Equipments Co., Ltd.	(3)	Purchases	2,558,219	Same as the general	73.28%

Note 1: Information on business transactions between the parent and its subsidiaries should be indicated separately in the number column, and the number should be filled in as follows:

(1) Fill in 0 for the parent.

(2) Subsidiaries are numbered sequentially according to the company, starting with the Arabic numeral 1.

Note 2: There are three types of relationships with the trader as follows:

(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Subsidiary to subsidiary.

Note 3: The ratio of transaction amount to consolidated total revenue or total assets is calculated based on the ending balance to consolidated total assets for balance sheet items and on the interim cumulative amount to consolidated total revenue for profit and loss items.

Note 4: The transactions listed above have been written off on a consolidated basis.

Note 5: Significant transactions are those amounting to at least NT$100 million or 20% of the parent company’s paid-in capital.

Schedule IX

Meiloon Industrial Co., Ltd. and its subsidiaries
Information on Major Shareholders
December 31, 2022

Shares Name of Major Shareholder	Number of Shares Held	Shareholding
Famingo Pte Ltd.	28,929,666	18.24%
Shiling Investment Co., Ltd.	11,004,192	6.94%
Lierdo Co., Ltd.	10,756,084	6.78%
Tonghong Investment Co., Ltd.	10,134,372	6.39%
Jinbai Investment Co. Ltd.	8,644,124	5.45%

Description: The above information was obtained by the Company on application to Taiwan Depository & Clearing Corporation (TDCC).

(1) The information on major shareholders in this schedule is calculated by TDCC based on the information of shareholders holding 5% or more of the Company's common and preferred shares that have been delivered without physical registration (including treasury shares), as of the last business day of each quarter. The number of share capital recorded in the Company's financial statements may be different from the actual number of shares already delivered without physical registration by the Company due to differences in the preparation and calculation basis.

(2) If the aforementioned information contains shares which are held in trust by the shareholders, the information is disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10%, in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on the reported share equity of insider, please refer to the Market Observation Post System.

V. Parent Company Only Financial Statements for the Most Recent Year Audited and Certified by CPAs

Independent Auditors' Report

To Meiloon Industrial Co., Ltd.:

Opinion

We have audited the accompanying parent company only financial statements of Meiloon Industrial Co., Ltd., which comprise the Parent Company Only Balance Sheets as of December 31, 2022 and 2021, and the Parent Company Only Statements of Comprehensive Income, Changes in Equity, Cash Flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies from January 1 to December 31, 2022, and 2021.

In our opinion, based on our audit results and auditor's report by other auditors (please refer to the Other Matters section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows from January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Meiloon Industrial Co., Ltd. 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 audit results and other auditors' reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our judgment, should be communicated on the audit report are as follows:

I.Recognition of Sales Revenue

Please refer to Note 4.15 of the Parent Company Only Financial Statements for the accounting policy on revenue recognition and Note 6.18 thereof for the description of revenue recognition.

1. Description of key audit matters:

   Under the sales pattern of Meiloon Industrial Co., Ltd., it is mainly to deliver goods to customers directly by its manufacturing facilities in accordance with the agreed trade terms, and revenue is recognized when all performance obligations are met. However, the timing of revenue recognition may be inappropriate due to the fact that the goods have not yet been actually delivered or the ownership of inventory and the risk of loss have not yet been transferred due to different terms and conditions under individual sales contracts. Therefore, we have identified the cut-off and recognition of sales revenue as an area of critical concern in our audit.

2. Our principal audit procedures with respect to the above key audit matters included the following:

   (1) We asked the regulatory authorities about the information to understand and review the procedures for recognizing sales revenue and apply them consistently during the period in which the financial statements were compared.

   (2) We understood and tested the effectiveness of the design and execution of internal controls over sales revenue.

   (3) We verified various documents for periods before and after the financial statement date to determine that sales, sales returns, and sales allowances have been properly closed.

   (4) We conducted spot checks on factory shipment documents and sales orders to confirm the correctness of the transaction conditions and the timing of revenue recognition.

II. Valuation of Inventories

Please refer to Note 4.6 of the Parent Company Only Financial Statements for the accounting policy on inventories , refer to Note 5.2 thereof for the accounting estimates and assumptions uncertainties of inventory valuation; refer to Note 6.5 for the description of recognition of inventories.

1. Description of key audit matters:

   The value of inventories may be affected by fluctuations in market demand, resulting in losses due to stagnation or obsolescence. When such inventories become outdated or prices decline, the cost of such inventories may not be recovered. As the determination of the possibility of impairment involves subjective judgments by management, we have identified the reasonableness of the evaluation of inventory valuation losses as an area of critical concern in our audit.

2. Our principal audit procedures with respect to the above key audit matters included the following:

   (1) We asked the regulatory authorities about the information to understand and review the procedures for provision for allowance for inventory valuation losses and apply them consistently during the period in which the financial statements were compared.

   (2) We compared and analyzed the difference between the provision for allowance for inventory valuation losses in previous years and the actual occurrence of write-offs

or offsets, and evaluate the reasonableness of the provision policy for allowance for inventory valuation losses.

(3) We verified the appropriateness of the inventory aging report system logic used by management to determine that obsolete inventory items beyond a certain age have been recognized in the statements.

(4) We evaluated the reasonableness of obsolete or damaged inventory items identified individually by management and check them with relevant supporting documents.

(5) We conducted spot checks on the most recent sale or purchase price of inventories at the end of the period to confirm that the inventories have been valued at the lower of cost or net realizable value.

Others

The above parent company only financial statements of PT.MEILOON TECHNOLOGY INDONESIA and AlfaPlus Semiconductor Inc., invested companies accounted for under the equity method, for the years 2022 and 2021, have not been audited by us but by other auditors. Therefore, in our opinion on the financial statements referred to above, the information regarding the aforementioned investments accounted for using the equity method and the shares of profit of subsidiaries, associates and joint ventures recognized using the equity method, and the related information on the reinvestment business were based on the reports of the other auditors. The aforementioned investments accounted for using the equity method as of December 31, 2022 and December 31, 2021 amounted to NT$575,647 thousand and NT$ 441,294 thousand, respectively, accounting for 7.44% and 5.36% of total asset respectively as of December 31, 2022 and 2021. The aforementioned shares of profit (loss) of subsidiaries, associates and joint ventures recognized using the equity method for the years 2022 and 2021 were (NT$71,253) thousand and (NT$ 62,352) thousand, respectively, accounting for (16.73%) and (3.98%) of total comprehensive income of the current period.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing Meiloon Industrial Co., Ltd.'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 Meiloon Industrial Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) of Meiloon Industrial Co., Ltd. are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the auditing standards in 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Meiloon Industrial Co., Ltd.'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 Meiloon Industrial Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Meiloon Industrial Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of investments accounted for using equity method by the invested company to express an

opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in our audit of the parent company only financial statements of Meiloon Industrial Co., Ltd. for the year ended 2022 and are therefore the key audit matters. In our auditor's report, we describe these matters unless law or regulation precludes public disclosure about the specific matter or when, in extremely rare circumstances, we determine that such matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PKF Taiwan

Accountant Lin Yueh-Hsia

Accountant Lee Tsung-Ming

Approval Certificate No. by Securities and Futures Bureau, Financial Supervisory Commission, R.O.C. (formerly the Securities and Futures Commission, Ministry of Finance, R.O.C.):
(90) Taiwan.Finance.Securities. (VI) No. 145560 Letter

March 22, 2023

Meiloon Industrial Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEET

December 31, 2022 and 2021

Dollars

Code	ASSETS	Note	2022.12.31 Amount	2022.12.31 %	2021.12.31 Amount	2021.12.31 %
11XX	Current assets					
1100	Cash and cash equivalents	4 and 6.1	$ 276,743	3.58	$ 65,141	0.79
1110	Current financial assets measured at fair value through profit or loss	4 and 6.2	64,527	0.83	51,345	0.62
1136	Current financial assets at amortized cost	4 and 6.3	1,067,558	13.80	951,172	11.55
1150	Notes receivable, net	4 and 6.4	836	0.01	611	0.01
1170	Accounts receivable, net	4 and 6.4	451,502	5.83	744,496	9.04
1180	Accounts receivable -related parties, net	4, 6.4 and 7	565	0.01	938	0.01
1220	Current income tax assets	4 and 6.14	781	0.01	1,775	0.02
130X	Inventories, net	4 and 6.5	131,661	1.70	243,090	2.95
1410	Prepayments		6,497	0.08	22,582	0.27
1470	Other current assets	7	19,736	0.26	22,843	0.28
	Total current assets		2,020,406	26.11	2,103,993	25.54
15XX	Non-current assets					
1517	Non-current financial assets measured at fair value through other comprehensive income	4 and 6.6	-	-	8,200	0.10
1550	Investments accounted for using equity method	4 and 6.7	5,140,481	66.44	5,465,428	66.35
1600	Property, plant and equipment	4, 6.8 and 8	374,544	4.84	373,467	4.53
1755	Right-of-use assets	4 and 6.9	1,455	0.02	3,825	0.05
1760	Investment property, net	4, 6.10 and 8	98,222	1.27	98,438	1.20
1780	Intangible assets, net	4	14,406	0.19	7,607	0.09
1840	Deferred income tax assets	4 and 6.14	85,423	1.10	154,445	1.88
1915	Prepayments for business facilities		753	0.01	18,684	0.23
1920	Refundable deposits		1,839	0.02	2,789	0.03
1937	Overdue receivables, net	4 and 6.4	-	-	-	-
	Total non-current assets		5,717,123	73.89	6,132,883	74.46
1XXX	TOTAL ASSETS		$ 7,737,529	100.00	$ 8,236,876	100.00

Code	LIABILITIES AND EQUITY	Note	2022.12.31 Amount	2022.12.31 %	2021.12.31 Amount	2021.12.31 %
21XX	Current liabilities					
2100	Short-term borrowings	6.11 and 8	$ 702,800	9.09	$ 1,001,000	12.15
2150	Notes payable		1,369	0.02	2,928	0.04
2170	Accounts payable		11,796	0.15	63,051	0.77
2180	Accounts payable - related parties	7	926,814	11.98	847,454	10.29
2200	Other payables		80,284	1.04	121,619	1.48
2230	Current income tax liabilities	4 and 6.14	160,345	2.07	22,342	0.27
2280	Current lease liabilities	4 and 6.9	1,065	0.01	2,894	0.03
2322	Long-term borrowings, current portion	6.12 and 6.20	389,265	5.03	117,022	1.42
2399	Other current liabilities, others	7	22,662	0.29	10,226	0.12
	Total current liabilities		2,296,400	29.68	2,188,536	26.57
25XX	Non-current liabilities					
2540	Long-term borrowings	6.12 and 6.20	824,007	10.65	1,011,071	12.27
2572	Deferred income tax liabilities, income tax	4 and 6.14	527,706	6.82	664,876	8.07
2580	Non-current lease liabilities	4 and 6.9	1,213	0.02	2,278	0.03
2612	Long-term payables		2,544	0.03	-	-
2630	Long-term deferred revenue	4 and 6.12	17,306	0.22	24,507	0.30
2640	Net defined benefit liability, non-current	4 and 6.13	14,177	0.18	23,680	0.29
2645	Guarantee deposits received		1,567	0.02	1,567	0.02
	Total non-current liabilities		1,388,520	17.94	1,727,979	20.98
2XXX	Total liabilities		3,684,920	47.62	3,916,515	47.55
	EQUITY	6.15				
3100	Share capital					
3110	Common stock		1,585,732	20.50	1,982,165	24.07
3200	Capital surplus					
3210	Capital surplus, additional paid-in capital		5	-	5	-
3220	Capital surplus, treasury stock transactions		3,924	0.05	3,924	0.05
3250	Capital surplus, donated assets received		16	-	18	-
3270	Capital surplus, premium from merger		382	-	382	-
3300	Retained earnings					
3310	Legal reserve		848,462	10.97	684,503	8.31
3320	Special reserve		318,635	4.12	244,598	2.97
3350	Unappropriated retained earnings		1,285,784	16.62	1,723,401	20.92
3400	Other equity					
3410	Exchange differences on translation of foreign financial statements	4	9,669	0.12	(318,635)	(3.87)
3XXX	Total equity		4,052,609	52.38	4,320,361	52.45
	TOTAL LIABILITIES AND EQUITY		$ 7,737,529	100.00	$ 8,236,876	100.00

(Please refer to Notes and Schedules to Financial Statements)

Chairman: Wu Wei-Chung Manager: Wu Ming-Shien Accounting Supervisor: Kuo Li-Jung

Meiloon Industrial Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

January 1 to December 31, 2022 and 2021

Unit: (In Thousands of New Taiwan Dollars, Except
Earnings Per Share that are in New Taiwan Dollars)

			2022		2021	
Code	Account Item	Note	Amount	%	Amount	%
4000	Net operating revenue	4, 6.18 and 7	$ 3,205,664	100.00	$ 3,307,244	100.00
5000	Operating costs	7	2,915,466	90.95	3,011,145	91.05
5900	Gross profit		290,198	9.05	296,099	8.95
6000	Operating expenses		224,947	7.01	272,401	8.23
6100	Selling expenses		63,367	1.97	69,180	2.09
6200	Administrative expenses		85,505	2.67	113,144	3.42
6300	R&D expenses		76,075	2.37	90,077	2.72
6900	Operating income		65,251	2.04	23,698	0.72
7000	Non-operating revenue and expenses					
7100	Interest income	6.19	28,566	0.89	8,145	0.25
7010	Other income	6.20 and 7	22,609	0.71	23,876	0.72
7020	Other gains and losses	6.21	126,999	3.96	95,270	2.88
7050	Finance costs	6.22	(21,864)	(0.68)	(15,501)	(0.47)
7055	Expected credit impairment gain	4 and 6.4	3,253	0.10	3,846	0.11
7375	Share of profit (loss) of associates and joint ventures accounted for using equity method	4 and 6.7	(142,557)	(4.45)	1,845,652	55.81
	Total non-operating income and expenses		17,006	0.53	1,961,288	59.30
7900	Net income before tax		82,257	2.57	1,984,986	60.02
7950	Income tax (expenses) benefits:	4 and 6.14	11,035	0.34	(346,688)	(10.48)
8200	Net income for the period		93,292	2.91	1,638,298	49.54
8300	Other comprehensive income (loss)					
8310	Items that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	4 and 6.13	5,514	0.17	1,610	0.05
8349	Income tax related to items that will not be reclassified to profit or loss	4 and 6.14	(1,102)	(0.03)	(322)	(0.01)
			4,412	0.14	1,288	0.04
8360	Items that may be reclassified to profit or loss					
8381	Exchange differences on translation of foreign financial statements of subsidiaries, associates and joint ventures		410,381	12.80	(92,546)	(2.80)
8399	Income tax related to items that may be reclassified to profit or los	4 and 6.14	(82,077)	(2.56)	18,509	0.56
			328,304	10.24	(74,037)	(2.24)
	Other comprehensive income (loss) for the period (net of tax)		332,716	10.38	(72,749)	(2.20)
8500	Total comprehensive income (loss) for the period		$ 426,008	13.29	$ 1,565,549	47.34
9750	Basic earnings per share	4 and 6.16	$ 0.50		$ 8.27	
9850	Diluted earnings per share	4 and 6.16	$ 0.50		$ 8.21	

(Please refer to Notes and Schedules to Financial Statements)

Chairman: Wu Wei-Chung Manager: Wu Ming-Shien Accounting Supervisor: Kuo Li-Jung

Meiloon Industrial Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		Capital surplus				Retained earnings			Other equity	
Item	Share capital	Capital premium	Treasury stock transactions	Donated assets received	Merger premium	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total
Balance on January 1, 2021	$ 1,982,165	$ 5	$ 3,924	$ 18	$ 382	$ 666,273	$ 185,421	$ 458,483	$ (244,598)	$ 3,052,073
Appropriation and distribution of retained earnings for 2020:										
Legal reserve	-	-	-	-	-	18,230	-	(18,230)	-	-
Special reserve	-	-	-	-	-	-	59,177	(59,177)	-	-
Cash dividends - NT$1.45 per share	-	-	-	-	-	-	-	(287,414)	-	(287,414)
Net Income for 2021	-	-	-	-	-	-	-	1,638,298	-	1,638,298
Other comprehensive income (loss) for 2021 (net of tax)										
Gains (losses) on remeasurements of defined benefit plans	-	-	-	-	-	-	-	1,288	-	1,288
Decrease in exchange differences on translation of foreign financial statements	-	-	-	-	-	-	-	-	(74,037)	(74,037)
Total comprehensive income (loss) for 2021	-	-	-	-	-	-	-	1,639,586	(74,037)	1,565,549
Difference between consideration and carrying amount of subsidiaries disposed	-	-	-	-	-	-	-	(9,847)	-	(9,847)
Balance on December 31, 2021	1,982,165	5	3,924	18	382	684,503	244,598	1,723,401	(318,635)	4,320,361
Refund of unclaimed dividends	-	-	-	(2)	-	-	-	-	-	(2)
Appropriation and distribution of retained earnings for 2021:										
Legal reserve	-	-	-	-	-	163,959	-	(163,959)	-	-
Special reserve	-	-	-	-	-	-	74,037	(74,037)	-	-
Cash dividends - NT$1.5 per share	-	-	-	-	-	-	-	(297,325)	-	(297,325)
Net Income for 2022	-	-	-	-	-	-	-	93,292	-	93,292
Other comprehensive income (loss) for 2022 (net of tax)										
Gains (losses) on remeasurements of defined benefit plans	-	-	-	-	-	-	-	4,412	-	4,412
Increase in exchange differences on translation of foreign financial statements	-	-	-	-	-	-	-	-	328,304	328,304
Total comprehensive income (loss) for 2022	-	-	-	-	-	-	-	97,704	328,304	426,008
Capital reduction by cash refund	(396,433)	-	-	-	-	-	-	-	-	(396,433)
Balance on December 31, 2022	$ 1,585,732	$ 5	$ 3,924	$ 16	$ 382	$ 848,462	$ 318,635	$ 1,285,784	$ 9,669	$ 4,052,609

(Please refer to Notes and Schedules to Financial Statements)

Chairman: Wu Wei-Chung　　Manager: Wu Ming-Shien　　Accounting Supervisor: Kuo Li-Jung

Meiloon Industrial Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021
Cash flows from operating activities:		
Net income before tax for the period	$ 82,257	$ 1,984,986
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	32,033	25,373
Amortization expense	8,048	4,754
Gain on reversal of expected credit impairment	(3,253)	(3,846)
Interest expense	21,864	15,501
Interest income	(28,566)	(8,145)
Dividend income	(6,105)	(1,769)
Profit from lease modification	(1,306)	(1,280)
Other income	(7,759)	(7,201)
Prepayments for business facilities transferred to expenses	-	152
Loss on disposal and abandonment of property, plant and equipment, net	197	1,415
Gain on disposal of investment property	-	(108,077)
Reversal of impairment loss on non-financial assets	-	(1,458)
Share of profit (loss) of associates and joint ventures accounted for using equity method	142,557	(1,845,652)
Changes in assets and liabilities related to operating activities		
Increase in financial assets measured at fair value through profit or loss	(13,182)	(7,359)
Decrease (increase) in notes receivable	(225)	38
Decrease (increase) in accounts receivable (including overdue receivables)	296,247	(176,047)
Decrease in accounts receivable - related parties	373	888
Decrease (increase) in inventories	111,429	(134,816)
Decrease (Increase) in prepayments	16,085	(2,270)
Decrease (increase) in other current assets	8,692	(8,873)
Increase (decrease) in notes payable	(1,559)	910
Increase (decrease) in accounts payable	(51,255)	55,505
Increase (decrease) in accounts payable - related parties	79,360	(120,990)
Increase (decrease) in other payables	(41,547)	52,432
Increase in other current liabilities	12,436	5,412
Increase in long-term payables	2,544	-
Decrease in net defined benefit liability	(3,989)	(1,578)
Cash inflow (outflow) generated from operations	655,376	(281,995)
Interest received	22,981	7,970
Dividends received	6,105	1,769
Interest paid	(14,413)	(7,935)
Income tax refund	994	-
Income tax paid	(2,289)	(14,676)
Net cash generated by (used in) operating activities	668,754	(294,867)

(Carried forward)

(Brought forward)

Cash flows from investing activities:		
Disposal of financial assets measured at fair value through other comprehensive income	8,200	-
Acquisition of financial assets measured at amortized cost	(410,060)	(406,389)
Disposal of financial assets measured at amortized cost	293,674	-
Acquisition of investments accounted for using equity method	(153,104)	(62,795)
Acquisition of property, plant and equipment	(22,537)	(35,330)
Disposal of property, plant and equipment	791	245
Disposal of investment property	-	363,758
Acquisition of intangible assets	(5,763)	(2,610)
Increase in prepayments for business facilities	(549)	(13,169)
Decrease in refundable deposits	950	60
Dividends received	745,875	138,950
Other investing activities, disposal of right-of-use assets	730	-
Net cash generated by (used in) investing activities	458,207	(17,280)
Cash flows from financing activities:		
Increase in short-term borrowings	6,820,400	7,696,540
Decrease in short-term borrowings	(7,118,600)	(7,448,340)
Proceeds from long-term borrowings	195,000	35,880
Repayments of long-term borrowings	(117,022)	-
Decrease in capital surplus overdue dividends	(2)	-
Decrease in guarantee deposits received	-	(5)
Cash dividends distributed	(297,325)	(287,414)
Capital reduction by cash refund	(396,433)	-
Repayments of lease principal	(1,377)	(1,677)
Disposal of ownership interests in subsidiaries (without losing control)	-	28,135
Net cash generated by (used in) financing activities	(915,359)	23,119
Increase (decrease) in cash and cash equivalents for the period	211,602	(289,028)
Balance of cash and cash equivalents, beginning of year	65,141	354,169
Balance of cash and cash equivalents, end of year	$ 276,743	$ 65,141

(Please refer to Notes and Schedules to Financial Statements)

Chairman: Wu Wei-Chung Manager: Wu Ming-Shien Accounting Supervisor: Kuo Li-Jung

Meiloon Industrial Co., Ltd.
Notes to Parent Company Only Financial Statements
December 31, 2022 and 2021

(Amounts are expressed in thousands of New Taiwan dollars, unless otherwise specified)

I. Company History

Meiloon Industrial Co., Ltd. (the “Company”) was incorporated as a for-profit organization under the Company Act of the Republic of China and other applicable laws in January, 1973 and was approved for public offering by the Securities and Futures Bureau, Financial Supervisory Commission (SFB; former Securities and Futures Commission, Ministry of Finance) in October 1997. In 1999, OTC trading was approved for the Company pursuant to the official letters (88) TPEx Listing No. 36709 and (88) Taiwan-Finance-Securities (I) No. 109345 issued by the Taipei Exchange and SFB, respectively, and the Company was officially listed on the TPEx on February 23, 2000. The Company applied to transfer from an OTC stock to a listed stock on June 27, 2001 and officially began trading in the centralized trading market on September 17, 2001.

The Company is mainly engaged in the design, research and development, manufacturing, and sales of audio and video electronic products for home, automotive, multimedia and professional use. For 2022 and 2021, the Company had 348 and 269 employees on average, respectively.

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

The parent company only financial statements were approved by the Board of Directors on March 22, 2023.

III. Application of New and Revised Standards and Interpretations

(I) Initial application of the International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (collectively, the “IFRSs”) endorsed and issued into effect in 2022 by the Financial Supervisory Commission (“FSC”)

The new, amended and revised standards and interpretations endorsed by the FSC, as applicable in 2022, are as follows:

New/Amended/Revised Standards and Interpretations	Effective Date of Issuance of IASB
Amendments to IFRS 3, “Updating a 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 IFRSs 2018-2020 Cycle	January 1, 2022

(II) IFRSs approved by the FSC as applicable in 2023 have not been adopted

The new, amended and revised standards and interpretations endorsed by the FSC, as applicable in 2023, are as follows:

New/Amended/Revised Standards and Interpretations	Effective Date of Issuance of IASB
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 Income Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

(III) IFRSs that have been issued by the IASB but have not yet been approved by the FSC and issued into effect have not been adopted

As of the date of issuance of the parent company only financial statements, the Company has not adopted the following IFRSs that have been issued by the IASB but not yet endorsed by the FSC and issued into force:

New/Amended/Revised Standards and Interpretations	Effective Date of Issuance of IASB
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undetermined
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts" and its Amendments, which replace IFRS 4 "Insurance Contracts"	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

As of the date the parent company only financial statements were issued, the Company believed that the initial application of the IFRSs did not have a material impact on the Company's accounting policies. The Company, however, is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Company's financial position and financial performance and will disclose any material impact, if any, when the assessment is completed.

IV. Summary of Significant Accounting Policies

The significant accounting policies for the parent company only financial statements is summarized as follows:

(I) Statement of Compliance

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

(II) Basis of Preparation

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. For an asset, historical cost is generally the fair value of the consideration paid to acquire the asset; for a liability, it is generally the amount to be received to assume an obligation or the amount expected to be paid to settle the liability.

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit or loss for the period, other comprehensive income (loss) for the period and total equity in the parent company only financial statements to be the consistent with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to "Investments Accounted for Using the Equity Method, the Share of Profit (Loss) of Subsidiaries Accounted for Using the Equity Method", the "Share of Other Comprehensive Income (Loss) of Subsidiaries Accounted for Using the Equity Method", and other relevant equity items in these financial statements.

(III) Criteria for Classification of Current and Non-current Assets and Liabilities

Current assets include assets expected to be realized, or are intended to be sold or consumed, in the normal operating cycle; assets held primarily for trading purposes; assets expected to be realized within twelve months after the reporting period; and cash or cash equivalents, except for those restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Assets that are not classified as current assets are non-current assets. Current liabilities include liabilities expected to be settled in the normal operating cycle; liabilities held primarily for trading purposes; liabilities due to be settled within twelve months after the reporting period; and liabilities for which the Consolidated Company does not have unconditional right to defer settlement for at least twelve months after the reporting period. Liabilities that are not classified as current liabilities are non-current liabilities.

(IV) Foreign currency

In preparing the parent company only financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated into the functional currency using the spot exchange rate at that date. Non-monetary items in foreign currencies that are measured at fair value are retranslated using the exchange rate at the date when the fair value was determined. Non-monetary items in foreign currencies that are measured on a historical cost basis are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise.

(V) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, time deposits within three months, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

(VI) Inventories

Inventories are recorded at cost and calculated using the weighted-average method. In calculating product costs, variable manufacturing expenses are amortized on the basis of actual output, and fixed manufacturing expenses are amortized on the basis of normal capacity of production equipment. However, if the actual output is not much different from the normal capacity, it may also be amortized on the basis of actual output; if the actual output is abnormally higher than the normal capacity, it will be amortized on the basis of actual output. Inventories are subsequently measured at the lower of cost or net realizable value. Net realizable value refers to the balance of the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison between cost and net realizable value is made item by item. If the net realizable value of a finished product is expected to be equal to or greater than its cost, the raw materials used in the production of the finished product will not be offset below cost. When the price of the raw materials drops and the cost of the finished product exceeds the net realizable value, the raw material will be reduced to the net realizable value.

The amount of inventory reduced from cost to net realizable value is recognized as cost of goods sold, and the net realizable value of inventory is re-measured in each subsequent period. If the previous factors that caused the net realizable value of inventories to be lower than the cost have disappeared or there is evidence proving that the net realizable value has increased due to changes in economic conditions, the increase in the net realizable value of inventories is reversed within the scope of the original write-down amount and recognized as the decrease in the cost of goods sold in the current period.

(VII) Investments accounted for using equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1. Investments in subsidiaries:

A subsidiary is an entity that is controlled by the Company (including a special purpose entity).

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income or loss of the subsidiary. The Company also recognizes the changes in the Company's share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately as profit for the period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized in profit or loss for the period. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

2. Investments in associates

Investments in associates are recorded at cost and subsequently evaluated using the equity method. An associate is an enterprise over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence means the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Under the equity method, the investment in an associate is adjusted for changes in the Company's share of the investee's net assets. When the Company's share of losses of an associate exceeds its interest in that associate, additional losses are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations or has made payments on behalf of that associate.

Any excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of the associate over the acquisition cost, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus and investments accounted for using the equity method. If the Company's ownership interest is reduced due to the subscription of additional new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate is recognized in the Company's parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

(VIII) Property, plant and equipment

Property, plant and equipment used in the production of goods or for management purposes are presented at cost less accumulated depreciation and accumulated impairment. Cost includes incremental costs directly attributable to the acquisition of assets.

Depreciation is recognized on a straight-line basis to write off the cost of the assets less their residual value over their useful lives. Depreciation is recognized using the estimated useful lives of the assets below: 9 to 45 years for buildings; 5 to 10 years for plants and equipment; 3 years for molding machines; 3 to 8 years for test equipment; 5 to 10 years for transportation equipment; 3 to 12 years for other equipment. When the major components of property, plant and equipment have different useful lives, they are treated as separate items. The estimated useful lives, residual values and depreciation methods are reviewed at the end of the reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

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

(IX) Lease

A contract is a lease or contains a lease if it transfers the right to control the use of an identified asset for a specified period of time in exchange for consideration.

Lessor

The lessor classifies each of its leases as either an operating or a finance lease. A lease is a finance lease if it transfers almost all the risks and rewards incidental to the ownership of the underlying asset; a lease is an operating lease if it does not transfer almost all the risks and rewards incidental to the ownership of the underlying asset.

In the case of an operating lease, the lessor recognizes the lease payments as income on a straight-line basis, but if another systematic basis is more representative of the pattern n which benefit derived from the use of the leased asset is diminished, that basis applies.

In the case of a finance lease, the lessor recognizes the finance lease receivables and the unearned finance income of the finance lease at the commencement date of the lease and allocates the finance income over the lease term on a systematic and reasonable basis so that there is a fixed rate of return for each period of the lease term.

Lessee

The lessee recognizes right-of-use assets and lease liabilities at the commencement date of the lease. Right-of-use assets are measured at cost and lease liabilities are measured at the present value of the lease payments that are not paid on that date.

Right-of-use assets are depreciated over the earlier of the period from the commencement of the lease to the end of the useful life of the right-of-use asset or the end of the lease term; provided that if the lessee will acquire ownership of the leased asset at the end of the lease term or if the cost of the right-of-use asset reflects the exercise of a purchase option, the depreciation period is from the commencement of the lease to the end of the useful life of the underlying asset.

Interest expenses on lease liabilities are calculated using the effective interest rate method so that the interest rate for each period calculated on the basis of balance of the lease liabilities is fixed. Lease payments are used to pay interest and reduce lease liabilities. Interest on lease liabilities is recognized in profit or loss.

(X) Investment properties

A property of the Company is recognized as an investment property if it is not held for sale at the end of the reporting period and is not used for the production or supply of goods or services, or for administrative purposes.

An investment property of the Company is stated initially at its cost and measured subsequently using the cost model. Buildings and structures in investment properties are depreciated using the straight-line method based on their estimated useful lives of 30 to 42 years. The estimated useful lives, residual values and depreciation methods are reviewed at the end of the reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

(XI) Intangible assets

Goodwill

As the Company elects to take the optional exemption under IFRS 1 for business combinations that occurred before January 1, 2012 (the date of transition to IFRSs), the goodwill arising in business combinations that occurred before such date is measured at the amount recognized in accordance with the generally accepted accounting principles as adopted in the Republic of China before the adoption of IFRSs. At the time of initial recognition, it is recognized as an asset at original cost and is not subsequently amortized and is measured at cost less accumulated impairment.

Other intangible assets

Other separately acquired intangible assets with finite useful lives are presented at cost less accumulated amortization and accumulated impairment. Amortization is is recognized on a straight-line basis over the estimated useful lives of intangible assets as stated below: computer software, based on its economic benefits or contractual period. The estimated useful lives and amortization methods are reviewed at the end of the reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

(XII) Impairment loss

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified..

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount, the carrying amount is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss for the current period.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. The impairment loss reversed is recognized in profit or loss for the current period.

Goodwill should be tested for impairment annually and the impairment loss should be recognized in profit or loss for the current period and should not be reversed in subsequent periods.

(XIII) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. However, accounts receivable that do not contain a significant financial component should be measured at transaction price at the time of initial recognition.

A financial asset is derecognized only if either (1) the contractual rights to the cash flows from the financial asset expire or (2) substantially all the risks and rewards of ownership of the financial asset are transferred, or control over the financial asset is not retained in the event that substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained.

For financial instruments with an active market, the fair value is based on the publicly quoted prices in the active market; for financial instruments without an active market, the fair value is estimated using valuation techniques.

Under a regular way, purchase or sale of financial assets is recognized and derecognized as applicable using trade-date accounting.

1. Financial assets

Financial assets are classified into subsequently measured at amortized cost and at fair value through profit or loss based on (1) the business model of the financial assets under management and (2) the contractual cash flow characteristics of the financial assets.

Measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

(1) The financial asset is held under a business model whose objective is to hold the financial asset for contractual cash flows; and

(2) The contractual terms of the financial asset give rise to cash flows on a specific date, which are solely attributable to the payment of principal and interest on the outstanding principal amount.

Gains or losses on financial assets measured at amortized cost are recognized in profit or loss, unless they are part of a hedging relationship in which case they are accounted for as hedges.

Interest income is calculated using the effective interest method.

Measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(1) The financial asset is held under a business model whose objective is achieved by collecting the contractual cash flows and selling the financial asset; and

(2) The contractual terms of the financial asset give rise to cash flows on a specific date, which are solely attributable to the payment of principal and interest on the outstanding principal amount.

Gains or losses are recognized in other comprehensive income, except for impairment gains or losses and foreign currency exchange gains or losses. When an asset is derecognized, the cumulative gains or losses recognized in other comprehensive income are reclassified from equity to profit or loss.

In addition, for investments in specific equity instruments that should be originally measured at fair value through profit or loss, if neither held for trading nor contingent consideration recognized in the business combination, an irrevocable election may be made at initial recognition to present subsequent changes in fair value of such investments in other comprehensive income. In this case, the gain or loss is recognized in other comprehensive income, but dividends that are not part of the investment cost recovery are included in profit or loss. When an asset is derecognized, the cumulative gain or loss included in other comprehensive income or loss shall not reclassified to profit or loss.

Measured at fair value through profit or loss

Financial assets are all measured at fair value through profit or loss, except when measured at amortized cost or at fair value through other comprehensive income.

A financial asset may be irrevocably designated as measured at fair value through profit or loss at the time of initial recognition to eliminate or significantly reduce any inconsistency in measurement or recognition that, if not designated, would otherwise arise from the application of different bases for measuring assets or liabilities or recognizing their gains and losses.

Gains or losses are recognized in profit or loss, unless they are part of a hedging relationship in which case they are accounted for as hedges.

2. Financial liabilities

Financial liabilities, except for derivatives that do not qualify for hedge accounting, those designated as measured at fair value through profit or loss, and contingent consideration in a business combination that should be classified as measured at fair value through profit or loss, should be classified as subsequently measured at amortized cost, excluding financial liabilities arising from transfers that do not qualify for derecognition or from continuing involvement in transferred assets, financial guarantee contracts, and commitments to provide loans at below-market interest rates.

3. Impairment loss

Financial assets measured at amortized cost, contract assets and loan commitments and financial guarantee contracts to which impairment losses provisions apply are measured for impairment loss based on the expected credit loss model. At each reporting date, the Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL) when there has been a significant increase in credit risk of a financial instrument since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. However, for trade receivables or contract assets that do not contain a significant financing component which arise from transactions as defined in IFRS 15, the Company applies the simplified approach to measure their loss allowances at an amount equal to lifetime ECL.

(XIV) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured at the estimate of the cash flows to settle the present obligation, its carrying amount is the present value of those cash flows.

(XV) Revenue Recognition

The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

The revenue recognition is processed in the following steps: (1) Identify the contract with the customer, confirm that the contract is approved and committed to performance, confirm that the rights to the goods or services are identified, confirm that the payment terms for the goods or services are identified, confirm that the contract has commercial substance, and confirm that it is probable that consideration will be received for the transferred goods or services; (2) Identify and distinguish performance obligations.; (3) Determine the transaction price; (4) Allocate the transaction price to the respective performance obligations; and (5) Recognize the allocated revenue when each performance obligation is met.

The Company recognizes revenue when it provides a product in accordance with a contract and satisfies the performance obligation, usually by transferring control of the product. Revenue from services rendered under a contract is recognized to the extent of completion of the contract (output method or input method).

Lease revenue is recognized as a revenue on a straight-line basis over the lease term. Dividend income from investments is recognized when the right to dividends is established, the economic benefits associated with dividends are likely to flow in and the amount of dividends can be measured reliably. Interest income is recognized on an accrual basis over time based on the outstanding principal amount and the applicable effective interest rate.

If a contract has been performed by transferring goods or services to the customer before the customer pays the consideration or before the payment can be received from the customer, the performance amount is recognized as a contract asset. However, if there is an unconditional right to the contract consideration, which can be collected from the customer after a certain period of time, the performance amount is recognized as a receivable.

An obligation to transfer goods or services is recognized as a contract liability if consideration is received from the customer or the right to receive consideration unconditionally is obtained before the transfer of goods or services.

(XVI) Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognized in profit and loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs that the grants intend to compensate. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(XVII) Employee benefits expenses

The Company has a retirement plan in place for regular employees and makes monthly pension contributions. Under the plan, payments of employee retirement benefits are calculated based on the years of service and the average salary six months before the employee's retirement. A labor retirement reserve of 2% of the total paid monthly salary is allocated on a monthly basis and deposited with the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. The actual payment of employees' pensions is first paid from the labor retirement reserve, and if there is a shortfall, it will be charged to the current year's expenses. However, since the implementation of the Labor Pension Act from July 1, 2005, employees who choose to apply the new labor retirement scheme will instead receive monthly labor pension contributions of 6% of their fixed monthly salaries deposited into their individual accounts at the Bureau of Labor Insurance.

Under the defined contribution plan, during the employees' service period, the Company's monthly contributions to the employee's individual pension accounts are recorded as pension expense in the current period; under the defined benefit pension plan, they are recognized as costs based on actuarial calculations. Actuarial gains and losses are recognized immediately on the statement of comprehensive income in other comprehensive income in the period in which they occur.

(XVIII) Share-based Payment Agreement

The Company recognize the costs of goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received, and an expense is recognized when the goods or services are consumed or sold. There are three settlement methods for share-based payment transactions, including equity-settled, cash-settled, and optionally-settled. The Company elects to take the optional exemption under IFRS 1 for the equity instruments acquired before January 1, 2012 (the date of transition to IFRSs).

(XIX) Income Tax

Income tax expense consists of current and deferred income taxes, which are recognized in profit or loss for the current period, except for income taxes recognized directly in equity or recognized in other comprehensive income items.

Current income tax is calculated on the basis of taxable income in the current year at the tax rate enacted or substantively enacted at the end of the reporting period. Adjustments to prior years' income tax estimates are included in the income tax expense in the year of adjustment.

The additional tax on undistributed earnings is recognized as income tax expense in the year the shareholders resolve to retain the earnings.

Deferred income tax is calculated and recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is not recognized for assets or liabilities originally recognized in transactions other than a business combination that do not affect accounting and taxable profits and losses at the time of the transaction, and for temporary differences arising from investments in subsidiaries that are not likely to reverse in the foreseeable future. Deferred income tax liabilities are also not recognized for taxable temporary differences arising from the original recognition of goodwill. Deferred income tax is measured at the tax rate that will apply when the temporary differences are expected to reverse, based on tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities can be offset only to the extent that the offset of current income tax assets and liabilities is legally enforceable and they are levied by the same taxation authority on either the same entity or different entities that intend to settle current income tax liabilities and assets on a net basis, or where the income tax liabilities and assets will be realized simultaneously.

Deferred income tax assets are recognized for unused tax losses, income tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available for use, and the carrying amount of deferred income tax assets is reviewed and adjusted at the end of each reporting period.

(XX) Earnings per share

Basic earnings per share is calculated by dividing net income for the period by the weighted-average number of ordinary shares outstanding, except for the conversion of surplus to capital increase or capital surplus to capital increase, or the reduction due to capital reduction to cover losses, which are adjusted retrospectively in accordance with the proportion of capital increase and capital reduction. Diluted earnings per share is calculated in the same manner as basic earnings per share except that it is calculated after adjusting for the effects of all diluted potential common shares.

(XXI) Employees' Compensation and Directors' Remuneration

Employees' compensation and the liabilities arising therefrom are derived from the services provided by employees to the Company, and cost of employees' compensation should be recognized as an expense. The Company should recognize the expected cost of employees' compensation as when it has a legal obligation (or constructive obligation) and the amount of the liability can be reasonably estimated.

The amount of employees' compensation is provided in accordance with the Company's Articles of Incorporation. The amount of employees' compensation that can be paid is estimated based on the prescribed percentage during the accounting period in which the employees provide services, and is recognized as an expense. If there is any change in the resolution of the Board of Directors in the following year, it shall be treated as a change in accounting estimate and recorded as profit or loss for the following year.

The accounting treatment of directors' remuneration is handled as that of employees' compensation.

(XXII) Operating Segments Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). The operating results of the operating segment are regularly reviewed by the operating decision makers to make decisions on the allocation of resources to the segment and to evaluate its performance, and for which discrete financial information is available.

V. Significant Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

The preparation of the parent company only financial statements is affected by the application of accounting policies, assumptions, and estimates and requires management to make appropriate professional judgements.

The assumptions and estimates are the best estimates made in accordance with relevant IFRSs. The estimates and assumptions are based on past experience and other relevant factors, but actual results may differ from these estimates and assumptions.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revisions affect both current and future periods.

The key assumptions made about the future and other key sources of estimation uncertainty at the end of the financial reporting date that have a significant risk for causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year are discussed below.

(I) Revenue Recognition

In principle, sales of goods are recognized as revenue when the conditions under which revenue is considered earned are satisfied. Provision for estimated sales returns and other allowances is made and adjusted based on historical experience and any known factors and recognized as a reduction in revenue from sale of goods for the period in which the products were sold. The Company periodically reviews the adequacy of the estimates used.

The amounts of provisions for estimated sales returns and other allowances as of December 31, 2022 and 2021 were both NT$0 thousand.

(II) Valuation of Inventories

Inventories are valued at the lower of cost or net realizable value, and the Company is required to use judgements and estimates to determine the net realizable value of the inventory at the end of each reporting period. The value of the inventory is mainly estimated based on assumptions of future demand for the product within a specific time horizon and historical experience, and it may be significantly changed due to changes in industrial environment, market competition, or obsolescence.

The carrying amounts of inventories as of December 31, 2022 and 2021 were NT$131,661 thousand and NT$243,090 thousand, respectively.

(III) Financial Instrument Valuation

The provision for impairment of trade receivables, investments in debt instruments and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking information. If actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amounts of accounts receivables (including overdue receivables) as of December 31, 2022 and 2021 were NT$452,903 thousand and NT$746,045 thousand, respectively (deduction of allowance for losses of NT5,915 thousand and NT$9,168 thousand, respectively).

(IV) Deferred Income Tax Assets

Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. The assessment of the realizability of deferred income tax assets requires management's significant accounting judgments, estimates and assumptions. Any changes in the global economic environment, industrial environment and laws and regulations may result in significant adjustments to deferred income tax assets.

The amounts of deferred income tax assets recognized as of December 31, 2022 and 2021 were NT$85,423 thousand and NT$154,445 thousand, respectively.

VI. Explanation of Significant Accounts

(I) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	$ 439	$ 332
Checking deposits	23	7
Demand deposits	122,731	64,802
Time deposits (less than three months)	153,550	-
Amounts presented in the balance sheet	276,743	65,141
Less: Bank overdrafts	-	-
Amounts presented in the statement of cash flows	$ 276,743	$ 65,141

(II) Current financial assets measured at fair value through profit or loss

	2022.12.31	2021.12.31
Listed and OTC stocks	$ 64,527	$ 51,345

The Company recognized net gain/loss on financial assets held and measured at fair value through profit and loss amounted to NT$ (12,956) thousand and NT$7,359 thousand in 2022 and 2021, respectively.

(III) Current financial assets at amortized cost

	2022.12.31	2021.12.31
Restricted bank deposits (Note 1)	$ 927,228	$ 826,612
Time deposits with maturity of more than three months (Note 2)	140,330	124,560
Total	$ 1,067,558	$ 951,172

Note 1: These are foreign exchange deposits repatriated and deposited in a special account in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act"

Note 2: Time deposits made as required by "The Management, Utilization, and Taxation of

Repatriated Offshore Funds Act" with original maturities of more than 3 months.

(IV) Net accounts receivable

	2022.12.31	2021.12.31
Notes receivable	$ 836	$ 611
Less: Allowance for loss	-	-
Net	$ 836	$ 611

	2022.12.31	2021.12.31
Accounts receivable	$ 457,417	$ 752,240
Less: Allowance for loss	(5,915)	(7,744)
Net	$ 451,502	$ 744,496

	2022.12.31	2021.12.31
Accounts receivable due from related parties (Note 7)	$ 565	$ 938
Less: Allowance for loss	-	-
Net	$ 565	$ 938

	2022.12.31	2021.12.31
Overdue receivables	$ -	$ 1,424
Less: Allowance for loss	-	(1,424)
Net	$ -	$ -

The average credit period of sales of goods was 30 to 90 days. No interest was charged on notes receivable or accounts receivable.

The Company applies the simplified approach to estimate expected credit losses for all accounts receivables (including notes receivable, accounts receivable, accounts receivable - related parties, and overdue receivables), i.e., the accounts receivables are measured using lifetime ECLs. The lifetime ECLs are estimated based on past default experience of the debtor and adjusted for forward looking estimates. The Company also distinguishes its customers into groups according to their levels of risk, and loss allowances are recognized in accordance with the ECL rate of the groups based on historical experience and forward-looking estimates.

The aging analysis of accounts receivables (including notes receivable, accounts receivable, accounts receivable - related parties, and overdue receivables) is as follows:

2022.12.31			
Aging analysis	Notes receivable	Accounts receivable	Total
Not overdue	$ 836	$ 363,707	$ 364,543
Overdue within 30 days	-	86,975	86,975
Overdue for 31-60 days	-	2,536	2,536
Overdue over 61 days	-	4,764	4,764
Total	$ 836	$ 457,982	$ 458,818

The expected credit loss rates for the foregoing intervals are 0% - 1% for not past due, 1% - 2% for due less than 60 days, and 2% - 100% for over 61 days.

2021.12.31			
Aging analysis	Notes receivable	Accounts receivable	Total
Not overdue	$ 611	$ 654,034	$ 654,645
Overdue within 30 days	-	80,369	80,369
Overdue for 31-60 days	-	12,112	12,112
Overdue over 61 days	-	8,087	8,087
Total	$ 611	$ 754,602	$ 755,213

The expected credit loss rates for the foregoing intervals are 0% - 1% for not past due, 1% - 2% for due less than 60 days, and 2% - 100% for over 61 days.

Changes in allowance for losses are as follows:

Balance as at January 1, 2021	$ 16,009
Decrease in impairment in the current period	(3,846)
Write-off in the current period	(2,995)
Balance as at December 31, 2021	9,168
Decrease in impairment in the current period	(3,253)
Balance as at December 31, 2022	$ 5,915

(V) Inventories, net

	2022.12.31	2021.12.31
Merchandise	$ 25,397	$ 44,236
Raw materials	95,888	130,234
Finished products	44,910	45,470
Work-in-process and semi-finished products	56,496	69,603
Total	222,691	289,543
Less: Allowance for inventory valuation losses and obsolescence losses	(91,030)	(46,453)
Net	$ 131,661	$ 243,090

The breakdown of inventory-related expenses and losses recognized as cost of goods sold is as follows:

	2022	2021
Inventory valuation losses and obsolescence losses	$ 44,577	$ 151
Gain on physical inventory	(729)	(317)
Inventory scraps	597	-
Total (net)	$ 44,445	$ (166)

(VI) Non-current financial assets measured at fair value through other comprehensive income

	2022.12.31	2021.12.31
Equity instruments:		
Unlisted, OTC and emerging stocks		
Power Digital Card Co., Ltd.	$ 17,115	$ 17,115
SAFARI	6,527	6,527
DIMAGIC	12,289	12,289
Frontier Technology Co., Ltd.	3,000	3,000
Amazing Cool Technology Corporation	-	8,200
Subtotal	38,931	47,131
Less: Cumulative impairment	(38,931)	(38,931)
Total	$ -	$ 8,200

1. The above investments in equity instruments were held for long-term strategic purposes and not for trading, the Company therefore elected to designate these investments in equity instruments to be measured at fair value through other comprehensive income.
2. The breakdown of financial assets measured at fair value through other comprehensive income that are recognized in profit or loss and comprehensive income is as follows:

	2022	2021
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ -	$ -
Dividend income recognized in profit or loss and still held at the end of the current period	$ -	$ -

(VII) Investments accounted for using equity method

The information of investments accounted for using equity method is as follows:

	2022.12.31	2021.12.31
Subsidiaries	$ 5,135,968	$ 5,459,244
Associates	4,513	6,184
Total	$ 5,140,481	$ 5,465,428

1. Investments in subsidiaries:

The subsidiaries of the Company are listed below:

Name of investee	Number of shares held	Account amount	Holding ratio
2022.12.31			
- No public offer			
Meiloon International Ltd.	114,676,493	$ 678,893	100.00%
FINE STATION LIMITED	5,362,000	224,418	60.51%
MAKINGO DEVELOPMENT CORP.	25,185,000	3,272,876	100.00%
Loonchenfa Investment Co., Ltd.	40,250,000	361,294	70.00%
Suzhou YueTai Trading Co., Ltd.	-	1,964	100.00%
Fin-Core Corporation	385,714	403	35.06%
PT. MEILOON TECHNOLOGY INDONESIA	-	571,134	90.00%

Prosperity Development Co., Ltd.	2,500,000	24,986	100.00%
Total		$ 5,135,968	
2021.12.31			
- No public offer			
Meiloon International Ltd.	114,676,493	$ 690,396	100.00%
FINE STATION LIMITED	5,362,000	199,259	60.51%
MAKINGO DEVELOPMENT CORP.	25,185,000	3,762,949	100.00%
Loonchenfa Investment Co., Ltd.	40,250,000	342,725	70.00%
Suzhou YueTai Trading Co., Ltd.	-	3,436	100.00%
Fin-Core Corporation	385,714	403	35.06%
PT. MEILOON TECHNOLOGY INDONESIA	-	435,110	90.00%
Prosperity Development Co., Ltd.	2,500,000	24,966	100.00%
Total		$ 5,459,244	

(1) A parent-subsidiary relationship exists when an investor obtains control of an investee. In the preparation of the consolidated financial statements for fiscal years 2022 and 2021, all the subsidiaries of the Company were included. As the investment gains or losses in subsidiaries Suzhou YueTai Trading Co. Ltd., Fin-Core Corporation, and Prosperity Development Co., Ltd. did not result in any significant impact to the fair representation of the Company's financial statements, they were recognized based on such companies' unaudited financial statements for the same years; as for the remaining subsidiaries, their investment gains or losses were measured based on the investees' financial statements which have been audited for the same years.

(2) As of December 31, 2022 and 2021, the proportion of ownership held by the Company in FINE STATION LTD. were both 60.51%, and the proportion of ownership held by Meiloon International Ltd. in FINE STATION LTD. were both 39.49%, and therefore the total percentage of ownership in FINE STATION LTD. were both 100%.

(3) For information concerning the nature of business, principal place of business, and place (country name) of incorporation of the subsidiaries above, please refer to Table 5 (Information on Reinvestments (Excluding Investees in Mainland China)) and Table 6 (Information on Investment in Mainland China).

2. Investments in associates

The associates of the Company are listed below:

Name of investee	Number of shares held	Account amount	Holding ratio
2022.12.31			
- No public offer			
AlfaPlus Semiconductor Inc.	7,125,088	$ 4,513	20.47%
2021.12.31			
- No public offer			
AlfaPlus Semiconductor Inc.	7,125,088	$ 6,184	20.47%

(1) The investment gains or losses in associates above were measured based on the investees' financial statements which have been audited for the same years. The investment gains/losses recognized in 2022 and 2021 were NT$(1,671) thousand and NT$6,184 thousand, respectively.

(2) The summarized financial information in respect of the Company's associates is set forth below:

	2022.12.31	2021.12.31
Total assets	$ 46,994	$ 57,308
Total liabilities	24,947	27,096
Net assets	$ 22,047	$ 30,212
The Company's share of net assets of associates	$ 4,513	$ 6,184

	2022	2021
Total revenue	$ 30,151	$ 100,930
Total comprehensive income	$ (8,165)	$ 17,991
The Company's share of profit or loss of associates	$ (1,671)	$ 6,184
The Company's share of other comprehensive income of associates	$ -	$ -

3. As of December 31, 2022 and 2021, there was no indication of impairment loss on the long-term equity investments accounted for using the equity method as stated above.

(VIII) Property, plant and equipment

The breakdown of property, plant and equipment and adjustments to balances at the beginning and at the end are as follows:

Cost	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Test Equipment	Transportation equipment	Other equipment	Construction in Progress	Total
Balance as at January 1, 2021	$ 108,831	$ 102,133	$ 66,376	$ 448	$ 30,514	$ 605	$ 57,829	$ 49,565	$ 416,301
Increase in current period	1,912	8,309	4,223	3,387	1,668	2,629	3,194	10,008	35,330
Disposal in current period	-	-	(4,212)	-	(213)	-	(551)	-	(4,976)
Reclassification in the period	51,022	5,969	1,057	2,645	117	50	-	-	60,860
Balance as at December 31, 2021	161,765	116,411	67,444	6,480	32,086	3,284	60,472	59,573	507,515
Increase in current period	-	-	13,525	3,868	2,479	-	2,265	400	22,537
Disposal in current period	(509)	-	(640)	-	-	-	(765)	-	(1,914)
Reclassification in the period	-	-	14,144	6,750	173	-	-	(11,671)	9,396
Balance as at December 31, 2022	$ 161,256	$ 116,411	$ 94,473	$ 17,098	$ 34,738	$ 3,284	$ 61,972	$ 48,302	$ 537,534
Accumulated depreciation									
Balance as at January 1, 2021	$ -	$ 38,559	$ 8,466	$ 75	$ 19,244	$ 300	$ 41,414	$ -	$ 108,058
Provision in current period	-	5,946	7,513	1,649	2,734	311	4,550	-	22,703
Disposal in current period	-	-	(2,790)	-	(103)	-	(423)	-	(3,316)
Reclassification in the period	-	5,969	-	-	-	-	-	-	5,969
Balance as at December 31, 2021	-	50,474	13,189	1,724	21,875	611	45,541	-	133,414
Provision in current period	-	6,387	10,542	4,344	3,056	478	5,061	-	29,868
Disposal in current period	-	-	(162)	-	-	-	(764)	-	(926)
Balance as at December 31, 2022	$ -	$ 56,861	$ 23,569	$ 6,068	$ 24,931	$ 1,089	$ 49,838	$ -	$ 162,356
Cumulative impairment									
Balance as at January 1, 2021	$ -	$ -	$ 1,508	$ -	$ 504	$ -	$ 80	$ -	$ 2,092
Reversal in current period	-	-	(1,423)	-	-	-	(35)	-	(1,458)
Balance as at December 31, 2021	-	-	85	-	504	-	45	-	634
Change in current period	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2022	$ -	$ -	$ 85	$ -	$ 504	$ -	$ 45	$ -	$ 634
Carrying amounts									
2021.12.31	$ 161,765	$ 65,937	$ 54,170	$ 4,756	$ 9,707	$ 2,673	$ 14,886	$ 59,573	$ 373,467
2022.12.31	$ 161,256	$ 59,550	$ 70,819	$ 11,030	$ 9,303	$ 2,195	$ 12,089	$ 48,302	$ 374,544

1. The significant part of the Company's buildings includes main plants and others, and the related depreciation is calculated using the estimated useful lives of 9 to 45 years.
2. In 2022, the net amount of reclassification was NT$9,396 thousand which was transferred from prepayments for business facilities; in 2021, the net amount of reclassification was NT$54,891 thousand, in which an amount of NT$3,869 thousand was transferred from prepayments for business facilities with the remaining amount of NT$51,022 thousand transferred from investment properties.
3. For information concerning the property, plant and equipment pledged to others, please refer to Note 8.
4. For the prior year, the Company recognized impairment loss related to property, plant and equipment since the carrying amount of some equipment was expected to be unrecoverable.

(IX) Leasing Transactions - Lessee

1. The breakdown of right-of-use assets and adjustments to balances at the beginning and at the end are as follows:

	Transportation equipment	Other equipment	Total
Cost			
Balance as at January 1, 2021	$ 6,259	$ 223	$ 6,482
Increase in current period	4,197	-	4,197
Disposal in current period	(3,227)	-	(3,227)
Balance as at December 31, 2021	7,229	223	7,452
Disposal in current period	(3,032)	-	(3,032)
Balance as at December 31, 2022	$ 4,197	$ 223	$ 4,420
Accumulated depreciation			
Balance as at January 1, 2021	$ 4,322	$ 78	$ 4,400
Provision in current period	2,410	44	2,454
Disposal in current period	(3,227)	-	(3,227)
Balance as at December 31, 2021	3,505	122	3,627
Provision in current period	1,904	45	1,949
Disposal in current period	(2,611)	-	(2,611)
Balance as at December 31, 2022	$ 2,798	$ 167	$ 2,965
Carrying amounts			
2021.12.31	$ 3,724	$ 101	$ 3,825
2022.12.31	$ 1,399	$ 56	$ 1,455

2. Lease Liabilities

The Company's analysis on lease liabilities as of December 31, 2022 is as follows:

	Future Minimum Lease Payments	Interest	Present value of minimum lease payments
Within 1 year	$ 1,077	$ 12	$ 1,065
1-2 years	1,213	-	1,213
More than 2 years	-	-	-
Total	$ 2,290	$ 12	$ 2,278
Information expressed in balance sheet			
Current lease liabilities			$ 1,065
Non-current lease liabilities			$ 1,213

The Company's analysis on lease liabilities as of December 31, 2021 is as follows:

	Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
Within 1 year	$ 2,934	$ 40	$ 2,894
1-2 years	2,277	12	2,265
More than 2 years	13	-	13
Total	$ 5,224	$ 52	$ 5,172
Information expressed in balance sheet			
Current lease liabilities			$ 2,894
Non-current lease liabilities			$ 2,278

3. Information on profit and loss items related to lease contracts is as follows:

	2022	2021
Interest expense on lease liabilities	$ 38	$ 75
Variable lease payments not included in the lease liability measurement	$ -	$ -
Income from sublease of right-to-use assets	$ -	$ -
Expense on short-term leases	$ -	$ -
Expense on low-value leased assets (excluding low-value leases of short-term leases)	$ -	$ -

4. The amounts recognized in the statement of cash flows are as follows:

	2022	2021
Total cash outflows from leases	$ 1,377	$ 1,677

5. Important leasing activities and terms

(1) The Company leases automotive vehicles for the use of business, with a lease term of 3 years. The lease agreement has specified the lease payments for each period. In 2022, the Company transferred and sold the lease rights of a portion of the underlying transportation equipment with the consent from the lessors. A gain on disposal was

subsequently recognized in the amount of NT$558 thousand (presented in other income) and a gain on lease modification in the amount of NT$1,306 thousand (presented in other gains and losses); in 2021, the lease terms for a portion of transportation equipment expired and the Company did not exercise the bargain purchase options as planned. Lease liabilities were written off and a gain on lease modification was recognized in the amount of NT$1,280 thousand (presented in other gains and losses).

(2) The Company leases copying machines for the use of business, with a lease term of 5 years. The lease agreement has specified the lease payments for each period.

(3) The Company has bargain purchase options to acquire the lease equipment at the end of the lease terms. In addition, without the lessors' consent, the Company is prohibited from subleasing all or any portion of the underlying assets to any third party.

6. There is no impairment of the above right-to-use assets.

(X) Investment property, net

The breakdown of investment properties and adjustments to balances at the beginning and at the end are as follows:

	Land	Buildings and Structures	Total Cost	Accumulated depreciation	Net
Balance as at January 1, 2021	$ 398,967	$ 16,604	$ 415,571	$ 10,214	$ 405,357
Disposal in current period	(255,681)	-	(255,681)	-	(255,681)
Reclassification in current period (Note)	(51,022)	(5,969)	(56,991)	(5,969)	(51,022)
Depreciation provision	-	-	-	216	(216)
Balance as at December 31, 2021	92,264	10,635	102,899	4,461	98,438
Depreciation provision	-	-	-	216	(216)
Balance as at December 31, 2022	$ 92,264	$ 10,635	$ 102,899	$ 4,677	$ 98,222

Note: The decrease in reclassification of NT$51,022 thousand is due to the transfer of property, plant and equipment.

1. The above investment properties are recognized with a previous GAAP revaluation as the deemed cost at the date of revaluation, and the measurement after recognition is based on the cost model.

2. Fair value information:

(1) The fair values of the above investment properties were determined based on the valuation report given by an independent professional valuer on March 17, 2022, using comparative unit method and land development analysis, as well as based on valuation reports issued on February 18 and 26, 2021 using comparative unit method and land development analysis. Significant assumptions and assessments in respect of the fair values are as follows:

	2022.12.31	2021.12.31
Fair Value	$ 119,095	$ 112,795
Land development profit margin	15.00% to 17.50%	15.00% and 18.00%
Consolidated interest rate on capital	1.97%, 2.23% 2.59% and 2.96%	1.46% 2.03% 2.27% and 2.37%

(2) The above fair values are classified in Level 3 of the fair value hierarchy.

3. The lease revenue recognized for the above investment properties in 2022 and 2021 was NT$2,422 thousand and NT$2,145 thousand, respectively, and the direct operating expenses of the investment properties generating lease revenue was NT$491 thousand and NT$535 thousand, respectively.
4. In 2021, the Company's Board of Directors resolved to sell two parcels of land (No. 187 and No. 188, Shuibiantou Section, Taoyuan City) to Cheng Guo Construction Company Limited for NT$379,300 thousand, with gains on disposal of NT$108,077 thousand after deducting land value-added tax and related necessary expenses.
5. For information concerning the investment properties pledged to others, please refer to Note 8.
6. There is no impairment of the above investment properties.

(XI) Short-term borrowings

The breakdown is as follows:

Borrowing Nature	Borrowing Amount	Closing Interest Rate	Last Due Date	Collateral
2022.12.31				
Credit borrowings	$ 490,000	1.675%-1.940%	2023.2.20	-
Guaranteed borrowings	212,800	1.675%	2023.2.20	Land and buildings
Total	$ 702,800			
2021.12.31				
Credit borrowings	$ 789,000	0.69%-0.80%	2022.5.4	-
Guaranteed borrowings	212,000	0.75%	2022.1.5	Land and buildings
Total	$ 1,001,000			

(XII) Long-term borrowings

Financing Institutions	Borrowing Period	Abstract	2022.12.31	2021.12.31
Taishin International Bank Jianpei Branch	2019.11.28-2024.11.28	For long-term credit borrowings, the principal is amortized on a monthly basis starting from the fourth year, with a floating interest rate. The interest rates as of December 31, 2022 and 2021 were 0.4745% and 0.00%, respectively. (Note)	$ 383,333	$ 400,000
Bank Sinopac Company Limited	2020.2.17-2025.2.15	For long-term credit borrowings, the principal is amortized on a monthly basis starting from the third year, with a floating interest rate. The interest rates as of December 31, 2022 and 2021 were 0.475% and 0.00%, respectively. (Note)	260,925	361,280
First Commercial Bank Co., Ltd.	2020.5.8-2027.5.8	For long-term credit borrowings, the principal is amortized on a monthly basis starting from the fourth year, with a floating interest rate. The interest rates as of December 31, 2022 and 2021 were 0.345% and 0.00%, respectively. (Note)	186,320	186,320
First Commercial Bank Co., Ltd.	2020.7.20-2027.7.20	For long-term credit borrowings, the principal is amortized on a monthly basis starting from the fourth year, with a floating interest rate. The interest rates as of December 31, 2022 and 2021 were 1.60% and 1.10%, respectively.	400,000	205,000
		Total	1,230,578	1,152,600
		Less: Government grants discount	(17,306)	(24,507)
		Net	$ 1,213,272	$ 1,128,093
		Current	$ 389,265	$ 117,022
		Non-current	824,007	1,011,071
		Total	$ 1,213,272	$ 1,128,093

Note: The amounts NT$830,578 thousand and NT$947,600 thousand recognized at December 31, 2022 and 2021, respectively, are loans from the government at preferential interest rates, as described in Note 6.20.

(XIII) Post-employment benefit plans

1. The Company has a retirement plan for regular employees in accordance with the Labor Standards Act and the Labor Pension Act.

(1) Defined benefit plan

The Company's retirement plan provides for the payment of pensions in segments, with two bases for each full year in the first 15 years of service and one base for each full year starting from the 16th year. In addition, the pension base is calculated by combining the preceding two items, with a maximum limit of 45 bases; and the calculation of the pension base is based on the average salary earned in the six months prior to the approved retirement. In accordance with the Labor Standards Act, 2% of employees' monthly salaries have been allocated for an employee pension fund on a monthly basis since August 1987 and deposited into a special account at the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. Before the end of the year, if it is estimated that the special account balance is insufficient to cover the amount for employees who are expected to meet the retirement requirements in the following year, the shortfall will be allocated in a lump sum before the end of March of the following year. The special account is managed by an authority designated by the central competent authority, so the Company has no right to participate in the use of the pension fund.

(2) Defined contribution plan

On July 1, 2005, the Labor Pension Act came into effect. For the employees of the Company who choose to be covered by the new pension scheme, 6% of their fixed monthly salaries are allocated and deposited into their individual accounts at the Bureau of Labor Insurance.

2. The Company's defined benefit plan is listed below:

(1) Expenses recognized for defined benefit plans

	2022	2021
Current service cost	$ 104	$ 108
Net interest cost:		
Interest cost on defined benefit obligation	421	212
Expected return on plan assets	(292)	(134)
Net pension cost recognized in profit or loss	233	186
Gains (losses) on remeasurements of defined benefit plans recognized in other comprehensive income	(5,514)	(1,610)
Total amount recognized in comprehensive income	$ (5,281)	$ (1,424)

The amounts recognized in profit or loss for defined benefit plans are summarized by function as follows:

	2022	2021
Manufacturing expenses	$ 27	$ 21
Selling expenses	182	201
Administrative expenses	(322)	(381)
R&D expenses	346	345
Total	$ 233	$ 186

(2) The adjustments to the present value of the defined benefit obligation and the fair value of plan assets are as follows:

	2022.12.31	2021.12.31
Present value of defined benefit obligation	$ 65,537	$ 70,227
Fair value of plan assets	(51,360)	(46,547)
Net defined benefit liability	$ 14,177	$ 23,680

(3) Changes in present value of defined benefit obligation

	2022	2021
Defined benefit obligation at the beginning	$ 70,227	$ 70,880
Recognized in profit or loss:		
Current service cost	104	108
Interest cost	421	212
Gains (losses) on remeasurements recognized in other comprehensive income:		
Actuarial gain - changes in financial assumptions	(2,250)	(1,337)
Actuarial loss - changes in demographic assumptions	-	-
Actuarial loss - experience adjustment	341	364
Benefits paid from plan assets	(3,306)	-
Defined benefit obligation at the end	$ 65,537	$ 70,227

(4) Changes in the fair value of plan assets

	2022	2021
Fair value of plan assets at the beginning	$ 46,547	$ 44,012
Recognized in profit or loss:		
Expected return on plan assets	292	134
Employer's Contribution	4,222	1,764
Gains (losses) on remeasurements recognized in other comprehensive income:		
Gains (losses) on remeasurements of defined benefit assets	3,605	637
Benefits paid from plan assets	(3,306)	-
Fair value of plan assets at the end	$ 51,360	$ 46,547

(5) The Company's employee pension funds are fully deposited in the Trust Department of the Bank of Taiwan. The expected rate of return on plan assets is estimated based on the historical compensation trends and the actuarial forecasts of the market for the assets during the duration of the defined benefit obligation, with reference to the Labor Pension Fund Supervisory Committee's utilization of the labor pension fund, and taking into account that the minimum return is not lower than the local bank's two-year time deposit rate.

(6) The Company's present value of defined benefit obligation is calculated by a qualified actuary. The key assumptions for the actuarial valuation at the measurement date are presented below:

	2022.12.31	2021.12.31
Discount rate	1.20%	0.60%
Future salary growth rate	2.00%	2.00%

Due to the pension system under the "Labor Standards Act", the Company is exposed to the following risks:

a. Investment risk: The labor pension funds are invested in equity and debt securities, bank deposits, etc., which is conducted at the discretion of the central government's designated authorities and under the entrusted management. However, according to the "Labor Standards Act", the overall rate of return on assets shall not be lower than the interest rate on a two-year time deposit from local banks; in the event that the rate of return is lower than said interest rate, any shortfall is to be compensated by the National Treasury.

b. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will also increase the return on the plan's debt investments. These will partially offset the impact of the net defined benefit liability.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in plan participants' salaries will increase the present value of the defined benefit obligation.

(7) Sensitivity analysis

In calculating the present value of the defined benefit obligation, the Company must make judgments and estimates to determine the relevant actuarial assumptions at the reporting date, including discount rates and future salary changes. Any changes in actuarial assumptions could materially affect the amount of the Company's defined benefit obligation.

The amount by which the present value of the defined benefit obligation would increase (decrease) if there were a reasonably possible change in each of the significant actuarial assumptions, with all other assumptions held constant, is as follows:

	2022.12.31	2021.12.31
Discount rate		
Add 0.1%	$ (361)	$ (435)
Less 0.1%	$ 365	$ 441
Expected rate of increase in salary		
Add 0.1%	$ 312	$ 380
Less 0.1%	$ (309)	$ (376)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as actuarial assumptions may be correlated with each other and changes in only a single assumption are unlikely.

(8) The amounts the Company expects to contribute to the defined benefit plan and the average duration of the defined benefit obligation in the coming year are as follows:

	2022.12.31	2021.12.31
Amount expected to be contributed within one year	$ 950	$ 4,220
Average duration of defined benefit obligation	5.40 years	5.90 years

3. The Company's defined contribution plan recognized as current expenses in 2022 and 2021 were NT$8,212 thousand and NT$7,752 thousand, respectively. The amounts outstanding as of December 31, 2022 and 2021 were NT$1,375 thousand and NT$1,489 thousand, respectively, which were paid after the end of the reporting period.

(XIV) Income Tax

The profit-seeking enterprise income tax rates for 2022 and 2021 were both 20%, and the income basic tax rates were both 12%. In addition, the rates of the corporate surtax applicable to 2021 and 2020 unappropriated earnings were 5%. Information of the deferred income tax assets and liabilities, as well as a reconciliation of income tax expense and income tax payable are as follows:

1. The components of deferred income tax assets and liabilities and and the changes during the year are as follows:

	2022			
	Balance at the beginning	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end
Temporary differences:				
Unrealized inventory valuation losses	$ 9,240	$ 8,455	$ -	$ 17,695
Impairment losses on financial assets	10,746	-	-	10,746
Excess of bad debts losses	330	(51)	-	279
Excess of pension contributions	4,484	(798)	-	3,686
Investment loss recognized under the equity method for long-term investments	33,843	14,556	-	48,399
Difference between acquisition cost of long-term investments and net equity value	1,918	-	-	1,918
Exchange differences on translation of foreign financial statements	79,659	-	(82,077)	(2,418)
Unrealized exchange losses	977	1,723	-	2,700
Investment gain recognized under the equity method for long-term investments	(616,611)	139,847	-	(476,764)
Gains (losses) on remeasurements of defined benefit plans	691	-	(1,102)	(411)
Land value-added tax	(48,265)	152	-	(48,113)
Unused tax losses	12,557	(12,557)	-	-
Deferred income tax benefit (expense)		$ 151,327	$ (83,179)	
Deferred income tax liabilities, net	$ (510,431)			$ (442,283)
Information expressed in balance sheet:				
Deferred Income Tax Assets	$ 154,445			$ 85,423
Deferred income tax liabilities	$ 664,876			$ 527,706

	2021			
	Balance at the beginning	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end
Temporary differences:				
Unrealized inventory valuation losses	$ 9,226	$ 14	$ -	$ 9,240
Impairment losses on financial assets	10,746	-	-	10,746
Excess of bad debts losses	2,036	(1,706)	-	330
Excess of pension contributions	4,799	(315)	-	4,484
Investment loss recognized under the equity method for long-term investments	22,471	11,372	-	33,843
Difference between acquisition cost of long-term investments and net equity value	1,918	-	-	1,918
Exchange differences on translation of foreign financial statements	61,150	-	18,509	79,659
Unrealized exchange losses	589	388	-	977
Investment gain recognized under the equity method for long-term investments	(291,536)	(325,075)	-	(616,611)
Gains (losses) on remeasurements of defined benefit plans	1,013	-	(322)	691
Land value-added tax	(48,265)	-	-	(48,265)
Unused tax losses	5,228	7,329	-	12,557
Deferred income tax benefit (expense)		$ (307,993)	$ 18,187	
Deferred income tax liabilities, net	$ (220,625)			$ (510,431)
Information expressed in balance sheet:				
Deferred Income Tax Assets	$ 119,176			$ 154,445
Deferred income tax liabilities	$ 339,801			$ 664,876

Information about the Company’s unused loss carryforwards:

Year in which loss incurred	2022.12.31	2021.12.31	Validity Period
108	$ -	$ 12,095	2029
109	-	50,691	2030
Total	$ -	$ 62,786	

2. Items not recognized as deferred income tax assets:

	2022.12.31	2021.12.31
Temporary differences (affecting items in profit or loss for current period)	$ 16,681	$ 19,867

3. Items not recognized as deferred income tax liabilities:

Deferred income tax liabilities are not recognized because the Company can control the timing of the reversal of temporary differences arising from the earnings of some foreign subsidiaries and is confident that they will not reverse in the foreseeable future. The related amounts are as follows:

	2022.12.31	2021.12.31
Temporary differences (affecting items in profit or loss for current period)	$ 54,550	$ 57,612

4. Income tax recognized in profit or loss:

A. The composition of income tax expense recognized in profit or loss for the current period is as follows:

	2022	2021
Current income tax expense:	$ 145,520	$ 13,895
Adjustments to current income tax of prior periods	(5,228)	24,800
Deferred income tax expense (benefit)	(151,327)	307,993
Income tax expense (benefit) recognized in profit or loss	$ (11,035)	$ 346,688

B. A reconciliation of current accounting income, income tax expense recognized in profit or loss and income tax payable at the end is as follows:

	2022	2021
Net income before tax	$ 82,257	$ 1,984,986
Tax on net income before tax at the statutory rate	$ 16,451	$ 396,997
Permanent differences		
- Gains or losses accounted for using the equity method	(1,392)	993
- Gains on disposal of land	13	(21,615)
- Losses on financial assets	2,600	-
- Dividend income	(1,221)	(354)
- Others	(7)	(1,470)
Temporary differences		
- Unrealized exchange losses	1,723	388
- Losses on inventory obsolescence	8,455	14
- Reversal on excess pensions recognized	(798)	(315)
- Reversal on excess allowance for bad debts recognized	(51)	(1,706)
- Gains or losses accounted for using the equity method	147,842	(370,123)
Effect of loss carryforwards on income tax	(7,336)	(2,809)
Income tax paid in Mainland China and third regions on income from China sources	(74,587)	-
Additional tax on undistributed earnings	53,828	-
Taxation in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act"	-	13,895
Current income tax expense:	$ 145,520	$ 13,895

	2022	2021
Accrued income tax (current income tax)	$ 145,520	$ 13,895
Add: Income tax payable (tax refund receivable), beginning of year	20,567	(3,452)
Adjustments to current income tax of prior periods	(5,228)	24,800
Tax refund received	994	-
Less: Provisional and withholding taxes	(2,289)	(781)
Income tax payable paid	-	(13,895)
Income tax payable at the end	$ 159,564	$ 20,567

Separately recognized as follows:

	2022.12.31	2021.12.31
Current tax liabilities	$ 160,345	$ 22,342
Current tax assets	(781)	(1,775)
Net	$ 159,564	$ 20,567

5. Income tax benefit (expense) recognized in other comprehensive income:

	2022	2021
Exchange differences on translation of foreign financial statements	$ (82,077)	$ 18,509
Gains (losses) on remeasurements of defined benefit plans	(1,102)	(322)
Total	$ (83,179)	$ 18,187

6. Income tax Assessment:

The Company’s profit-seeking enterprise annual income tax return for the year ended 2020, except for 2019, have been approved and put on record by the tax authorities.

7. Information on undistributed earnings:

	2022.12.31	2021.12.31
Before 1997	$ -	$ -
After 1998	1,285,784	1,723,401
Total	$ 1,285,784	$ 1,723,401

(XV) Equity

1. Share capital

	2022.12.31	2021.12.31
Authorized shares (in thousands)	300,000	300,000
Issued shares - common shares (in thousands)	158,573	198,217
Shares outstanding at the beginning (in thousands)	198,217	198,217
Less: Capital reduction by cash refund	(39,644)	-
Shares outstanding at the end (in thousands)	158,573	198,217

The Company, through the resolution of the shareholders’ regular meeting on June 23, 2022, handled capital reduction by cash refund of NT$396,433 thousand, canceled 39,644 thousand shares, and the base date of capital reduction by cash refund was set on

September 5, 2022. This capital reduction case has been approved for change registration by the Ministry of Economic Affairs.

2. Capital surplus

Capital surplus, pursuant to the Company Act, refers to the premiums generated through capital stock transactions between the company and its shareholders, including premiums over shares issued above par value, donations from shareholders and others generated in accordance with generally accepted accounting principles, and can only be offset a deficit when surplus reserves is not sufficient to offset losses, and to be capitalized or distributed as cash dividends from realized capital surplus in accordance with the resolution of the shareholders' meeting. In addition, according to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be capitalized shall not exceed 10% of the paid-in capital each year.

3. Legal reserve

In accordance with the Company Act, when distributing surplus, a company shall set aside 10% of its net income after tax as legal reserve until the total amount of its share capital is reached. The legal reserve is only used to offset losses according to law. When the company incurs no loss, it may, with the approval of the shareholders' meeting, issue new shares or distribute cash from the legal reserve, and only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

4. Special reserve

Special surplus is provided and reversed in accordance with Letters of FSC Issuance No. 1010012865 and FSC Issuance No. 1010047490, and the Q&A on "Special Surplus Set Aside by International Financial Reporting Standards (IFRSs) Application". If there is a subsequent reversal of the balance of other equity reduction, the reversed portion of the surplus may be distributed. In addition, the FSC has issued Letter FSC Issuance No. 1090150022 on March 31, 2021. After the issuance of this letter, the original Letters of FSC Issuance No. 1010012865 and FSC Issuance No. 1010047490 were declared void on December 31, 2021 and March 31, 2021, respectively. Subsequent actions will be carried out in accordance with relevant letters.

5. Distribution of earnings

A. According to the Company's Articles of Incorporation, if there is a surplus in the annual accounts, the Company shall first pay taxes and offset accumulated losses in previous years and then set aside 10% as legal reserve, except when the legal reserve has reached the total amount of capital. After setting aside the special reserve as required by law, if there is still a surplus, the Board of Directors shall prepare a proposal for distribution and submit it to the shareholders' meeting for resolution.

B. The Company's earnings distribution plan for 2020 was approved at the shareholders' meeting on July 2, 2021, and it was resolved to distribute a cash dividend of NT$1.45 per share.

C. The Company's earnings distribution plan for 2021 was approved at the shareholders' meeting on June 23, 2022, and it was resolved to distribute a cash dividend of NT$1.50 per share.

D. Regarding the approval of the Board of Directors on the proposal and the resolution of the shareholders' meeting for the distribution of earnings, please go to the "Market Observation Post System" of the Taiwan Stock Exchange for inquiries.

6. Dividend policy

Cash dividends are given priority in the distribution of dividends of the Company, and the ratio of stock dividends distributed is not more than 50% of the total dividends.

7. Other equity

The relevant exchange difference arising from the translation of the net assets of foreign operations from its functional currency into New Taiwan dollars is directly recognized in other comprehensive income and accumulated in the exchange differences on translating the financial statements of foreign operations under other equity items.

(XVI) Earnings per share

	2022		
	Amount after tax	Weighted average shares outstanding (in thousands)	Earnings per share (New Taiwan dollars)
Basic earnings per share			
Net profit for current period attributable to owners of the parent	$ 93,292	185,400	$ 0.50
Diluted earnings per share			
Net profit for current period attributable to owners of the parent	$ 93,292	185,400	
Effect of dilutive potential common shares - employees' compensation	-	341	
Net profit for current period attributable to owners of the parent plus the effect of potential common shares	$ 93,292	185,741	$ 0.50

	2021		
	Amount after tax	Weighted average shares outstanding (in thousands)	Earnings per share (New Taiwan dollars)
Basic earnings per share			
Net profit for current period attributable to owners of the parent	$ 1,638,298	198,217	$ 8.27
Diluted earnings per share			
Net profit for current period attributable to owners of the parent	$ 1,638,298	198,217	
Effect of dilutive potential common shares - employees' compensation	-	1,366	
Net profit for current period attributable to owners of the parent plus the effect of potential common shares	$ 1,638,298	199,583	$ 8.21

(XVII) Summary statement of of employee benefits, depreciation, depletion and amortization expenses incurred for current period by function

by function / by performance	2022			2021		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefits expense	108,265	135,292	243,557	71,408	181,974	253,382
Salary expense	95,061	114,485	209,546	61,783	153,531	215,314
Labor and health insurance expense	6,276	10,027	16,303	4,743	11,184	15,927
Pension expense	2,814	5,631	8,445	2,049	5,889	7,938
Remuneration of directors	-	1,488	1,488	-	7,938	7,938
Other employee benefits expense	4,114	3,661	7,775	2,833	3,432	6,265
Depreciation expense (Note)	16,185	15,644	31,829	9,074	16,051	25,125
Amortization	2,469	5,579	8,048	115	4,639	4,754

Note: Depreciation of leased assets was recorded as NT$204 thousand and NT$248 thousand in 2022 and 2021, respectively, as a deduction from rental income.

1. As of December 31, 2022 and 2021, the Company had 348 and 269 employees on average, respectively, and the number of directors who have not served as employees were both 3.

2. Companies which are listed on the Taiwan Stock Exchange or on the Taipei Exchange for OTC trading should disclose additional information as set forth below:

(1) For the current year, the average employee benefit expense was NT$702 thousand ((total amount of employee benefit expense - total amount of remuneration of directors for the current year) / (total number of employees - total number of directors who have not served as employees for the current year)).

For the prior year, the average employee benefit expense was NT$923 thousand ((total amount of employee benefit expense - total amount of remuneration of directors for the prior year) / (total number of employees - total number of directors who have not served as employees for the prior year)).

(2) For the current year, the average employee salary expense was NT$607 thousand (total amount of employee salary expense for the current year / (total number of employees - total number of directors who have not served as employees for the current year)).

For the prior year, the average employee salary expense was NT$809 thousand (total amount of employee salary expense for the prior year / (total number of employees - total number of directors who have not served as employees for the prior year)).

(3) The average employee salary expense decreased by 24.97% ((average employee salary expense for the current year - average employee salary expense for the prior year) / average employee salary expense for the prior year).

(4) In 2021, an audit committee was established to replace the role of supervisors, so there was no remuneration for supervisors for 2022; the remuneration of supervisors before the audit committee was established for 2021 was NT$640 thousand.

3. Employees' compensation and remuneration of directors and management policy

(1) The Company has established a comprehensive employee benefit system as required by law to offer its employees with the right remuneration and benefits packages.

Employee compensation includes monthly salaries, bonuses given based on operating performance, and other financial benefits given to employees in accordance with the Articles of Incorporation based on the Company's profitability in a fiscal year. The Company conducts a regular performance review to its employees each year. The results of such performance review are used as the basis for the employee promotion, training, and compensation decisions.

(2) Pursuant to Article 7 of the "Company's Remuneration Committee Charter":

The Committee shall exercise the due care of a prudent administrator in performing the duties as stated below and submitting its advices to the Board of Director for further discussion:

I. review the Charter on a periodic basis and provide advices on its revision;

II. establish the policies, systems, standards, and structures relating to the performance review and remuneration of directors and supervisors, as well as members of the management, and perform periodic review on these policies, systems, standards, and structures;

III. review the remuneration of directors and supervisors, as well as members of the management on a periodic basis.

In the performance of the duties described above, the Committee shall follow the principles set forth below:

I. Ensure that the remuneration arrangements comply with applicable regulatory requirements and are sufficient to recruit outstanding talents.

II. Performance assessments and remuneration levels of directors and supervisors, as well as members of the management shall take into account the general pay levels for such positions in the industry, as well as the reasonableness of the correlation between the individual's performance and the company operational performance and future risk exposure.

III. There shall be no incentive for the directors or members of the management to pursue remuneration by engaging in activities that exceed the tolerable risk level of the company.

IV. For directors and members of the executive management, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable remuneration shall be determined with regard to the characteristics of the industry and the nature of the company's business.

V. A member of the Committee may not participate in discussion and voting with respect to the decisions on such a member's individual remuneration.

(3) In accordance with the Articles of Incorporation, if the Company makes a profit in the year, it shall allocate up to 2% as directors' remuneration and not less than 2% as employees' compensation. The employees' compensation for 2022 and 2021 is estimated as NT$1,696 thousand and NT$40,673 thousand, respectively, based on 2.00% of the net profit before tax. The directors' remuneration for 2022 and 2021 is estimated as NT$848 thousand and NT$8,000 thousand, respectively, based on 1.00% and 0.39% of the net profit before tax, respectively. If there is any difference between the amount resolved by the Board of Directors and the estimated amount, it will be recorded as profit or loss for the year of the Board of Directors' resolution.

(4) The employees' compensation and directors' remuneration of the Company for the year 2021 was approved by the Board of Directors to be calculated at 2.00% and 0.39% of the net income before tax, respectively, and the allotments were NT$40,673 thousand and NT$8,000 thousand, respectively, consistent with the original estimates.

(5) The above-mentioned information on employees' compensation and directors' remuneration can be inquired from the "Market Observation Post System" of the Taiwan Stock Exchange.

(XVIII) Operating revenue

The analysis on the Company's operating revenue is as follows:

	2022	2021
Revenue from the sale of goods	$ 3,207,975	$ 3,317,272
Less: Sales returns and allowances	(2,311)	(10,028)
Net sales revenue	$ 3,205,664	$ 3,307,244

1. The breakdown by operating segment is as follows:

Loudspeaker Segment	2022	2021
Speakers	$ 3,108,202	$ 3,211,735
Materials	96,959	94,544
Other goods	503	965
Total	$ 3,205,664	$ 3,307,244

2. The breakdown of contract revenue by geographic area is as follows:

	2022	2021
Europe	$ 1,119,125	$ 1,200,571
Americas	1,274,904	1,390,266
Taiwan	2,418	15,948
Asia	806,290	667,713
Other regions	2,927	32,746
Total	$ 3,205,664	$ 3,307,244

(XIX) Interest income

The analysis on the Company's interest income is as follows:

	2022	2021
Interest on bank deposits	$ 11,285	$ 493
Interest income from financial assets measured at amortized cost	17,266	7,632
Other interest income	15	20
Total	$ 28,566	$ 8,145

(XX) Other income

The analysis on the Company's other income is as follows:

	2022	2021
Rental income (Note 7)	$ 2,050	$ 1,722
Dividend income	6,105	1,769
Other income - government grant income	7,201	16,402
Other income - transfer of lease rights	558	-
Other income - others (Note 7)	6,695	3,983
Total	$ 22,609	$ 23,876

The incomes from government grants for 2022 and 2021 are as described below:

1. In 2020, the Company applied to the Ministry of Economic Affairs for the "High-Performance Graphene Composite Loudspeaker Technology Development Program", which was completed in 2021. A total of government grants of NT$8,551 thousand was received, recognized in other income.

2. In 2020, the Company applied to the Industrial Development Bureau, Ministry of Economic Affairs for the Thematic R&D Program of "Innovative Research and Development in Traditional Industries Affected by Severe Pneumonia with Novel Pathogens" with the "Small HOCL Diaphragm-Free Electrolysis Equipment for Epidemic Prevention", which was completed in 2021. A government grant of NT$650 thousand was received, recognized in other income.

3. The Company obtained government loans at preferential interest rates under the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" for capital expenditures and operating turnover purposes, and the balances of the loans as of December 31, 2022 and 2021 were NT$830,578 thousand and NT$947,600 thousand, respectively. The fair value of project loans was estimated at an interest rate of 1.60%. The difference between the loan amount obtained and the fair value was considered as low-interest government loan grants, which was recognized as long-term deferred income and transferred to other income in phases during the loan period. The Company recognized NT$7,201 thousand in government grants by the loan period in both 2022 and 2021.

(XXI) Other gains and losses

The analysis on the Company's other gains and losses is as follows:

	2022	2021
Gains on disposals of property, plant and equipment	$ 5	$ 43
Gain on disposal of investment property	-	108,077
Gain on disposal of investments	44	-
Gains (losses) on financial assets at fair value through profit or loss, net	(13,000)	7,359
Gains (losses) on foreign exchange, net	138,901	(21,335)
Profit from lease modification	1,306	1,280
Gain on reversal of impairment of property, plant and equipment	-	1,458
Loss on disposal of property, plant and equipment	(202)	(1,458)
Miscellaneous Disbursements	(55)	(154)
Total	$ 126,999	$ 95,270

(XXII) Finance costs

The analysis on the Company's financial costs is as follows:

	2022	2021
Interest on bank loans	$ 14,621	$ 8,221
Discount on long-term borrowings (Notes 6.12 and 6.20)	7,201	7,201
Interest on lease liabilities	38	75
Accrued interest on deposit	4	4
Total	$ 21,864	$ 15,501

The Company's capitalized interests for 2022 and 2021 were both NT$0 thousand.

(XXIII) Other information on net income/loss

The following items were deducted from net income/loss:

	2022	2021
Impairment losses on financial assets		
Expected credit impairment losses	$ -	$ -

	2022	2021
Depreciation and amortization expenses		
Depreciation of property, plant and equipment	$ 29,868	$ 22,703
Depreciation of investment properties	216	216
Depreciation of right-of-use assets	1,949	2,454
Amortization of intangible assets	8,048	4,754
Total	$ 40,081	$ 30,127

	2022	2021
R&D expenditures recognized as expenses when incurred	$ 76,075	$ 90,077

	2022	2021
Employee benefits expense		
Post-employment benefits		
Defined contribution plan	$ 8,212	$ 7,752
Defined benefit plan	233	186
Subtotal	8,445	7,938
Salaries, bonuses and dividends, etc.	209,546	215,314
Total	$ 217,991	$ 223,252

(XXIV) Financial instruments

1. Categories of financial instruments

	2022.12.31	2021.12.31
Financial assets		
Measured at amortized cost		
Cash and cash equivalents	$ 276,743	$ 65,141
Time deposits with maturity of more than three months	140,330	124,560
Restricted bank deposits	927,228	826,612
Notes and accounts receivable, net	452,903	746,045
Refundable deposits	1,839	2,789
Subtotal	1,799,043	1,765,147
Measured at fair value		
Current financial assets measured at fair value through profit or loss	64,527	51,345
Non-current financial assets measured at fair value through other comprehensive income	-	8,200
Subtotal	64,527	59,545
Total	$ 1,863,570	$ 1,824,692

Financial liabilities				
Measured at amortized cost				
Short-term borrowings	$	702,800	$	1,001,000
Notes and accounts payable		939,979		913,433
Other payables		80,284		121,619
Current lease liabilities		1,065		2,894
Long-term borrowings, current portion		389,265		117,022
Long-term borrowings		824,007		1,011,071
Non-current lease liabilities		1,213		2,278
Non-current long-term payables		2,544		-
Guarantee deposits received		1,567		1,567
Total	$	2,942,724	$	3,170,884

2. Financial Risk Management Purpose

The objective of our financial risk management is to control the financial risks relating to the business activities of the Company. These risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. The Company seeks to minimize the effects of these financial risks by establishing policies to identify, assess, and avoid the market uncertainties in order to reduce the potentially adverse effects the market fluctuations may have on its financial performance.

The Company is always monitoring the effects of exchange rate fluctuations on the Company. Compliance with policies, procedures, and internal controls, as well as exposure limits of the relevant risks was reviewed by internal auditors on a continuous basis. The Company did not enter into or trade financial instruments for speculative purposes.

3. Market Risk

The Company's operating activities exposed it primarily to the market risks arising from changes in foreign currency exchange rates and interest rates. The Company monitors and responds to the risks arising from exchange rate fluctuations on a continuous basis. In addition, the Company uses its own capital and bank loans to accommodate the operational needs of the business in a flexible approach. As the current market interest rates are expected to remain low for a long period of time, there is no significant risk presented from the changes in interest rate and therefore no derivative financial instruments was used to manage interest rate risk.

(1) Foreign currency exchange rate risk

Certain business activities of the Company as well as net investments in its foreign operations are denominated in foreign currencies, which exposed the Company to foreign currency risk.

As the net investments in foreign operations are strategic investments, no tools were used to hedge its exposure.

Information on sensitivity analysis of foreign currency exchange rate risk (calculated mainly based on foreign currency monetary items at the end of the financial reporting period) and foreign currency assets and liabilities with significant exchange rate fluctuations are as follows:

	2022.12.31					
	Currency	Foreign Currency Amount (NT$)	Period-end Measure-ment Exchange Rate	Account Amount (In thousands of New Taiwan dollars)	Change Range	Impact on profit or loss before tax
Monetary items						
Financial assets						
Cash and cash equivalents	US Dollar	$ 8,374,782	30.7100	$ 257,190	1%	$ 2,572
Cash and cash equivalents	Chinese Yuan	510,516	4.4132	2,253	1%	23
Cash and cash equivalents	British Pound	57,904	37.0900	2,148	1%	21
Time deposits	US Dollar	4,569,501	30.7100	140,330	1%	1,402
Restricted bank deposits	US Dollar	30,193,040	30.7100	927,228	1%	9,273
Receivables	US Dollar	12,770,363	30.7100	392,178	1%	3,922
Receivables	British Pound	1,253,391	37.0900	46,488	1%	465
Receivables	Chinese Yuan	2,155,202	4.4132	9,511	1%	95
Financial liabilities						
Accounts payable	US Dollar	22,258,154	30.7100	683,548	1%	6,835
Accounts payable	Chinese Yuan	43,465,887	4.4132	191,824	1%	1,918
Accounts payable	British Pound	1,205,691	37.0900	44,719	1%	447
Accounts payable	Euro	200,486	32.7200	6,560	1%	66

	2021.12.31					
	Currency	Foreign Currency Amount (NT$)	Period-end Measure-ment Exchange Rate	Account Amount (In thousands of New Taiwan dollars)	Change Range	Impact on profit or loss before tax
Monetary items						
Financial assets						
Cash and cash equivalents	US Dollar	$ 1,444,537	27.6800	$ 39,985	1%	$ 400
Cash and cash equivalents	Euro	46,562	31.3200	1,458	1%	15
Cash and cash equivalents	British Pound	19,583	37.3000	730	1%	8
Time deposits	US Dollar	4,500,000	27.6800	124,560	1%	1,246
Restricted bank deposits	US Dollar	29,863,163	27.6800	826,612	1%	8,266
Receivables	US Dollar	24,565,467	27.6800	679,972	1%	6,800
Receivables	Euro	220,315	31.3200	6,900	1%	69
Receivables	British Pound	941,371	37.3000	35,113	1%	351
Receivables	Chinese Yuan	4,526,442	4.3454	19,669	1%	197
Financial liabilities						
Accounts payable	US Dollar	21,139,325	27.6800	585,137	1%	5,851
Accounts payable	Chinese Yuan	48,375,048	4.3454	210,209	1%	2,102
Accounts payable	British Pound	1,252,551	37.3000	46,720	1%	467
Accounts payable	Euro	487,622	31.3200	15,272	1%	153

The foreign exchange gains and losses (including realized and unrealized) for 2022 and 2021 were NT$138,901 thousand and NT$(21,335) thousand, respectively.

The non-monetary items of the Company could not be significantly affected by changes in foreign exchange rates, and are not disclosed in this note.

(2) Interest rate risk

Interest rate risk is the risk of a change in the fair value of a financial instrument as well as in future cash flows resulting from fluctuations in market interest rates. The Company's interest rate risk for cash flow arises primarily from floating interest rate demand deposits and short-term and long-term borrowings. The Company's borrowings included long-term borrowings at the prime rates according government policy as well as short-term and long-term borrowings at low and floating interest rates, and the net asset amount of the Company's financial instruments exposed to interest rate risk for cash flow was not significant. The effect of the changes in interest rates, after assessment, was minimal to the Company.

4. Credit Risk Management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company adopted a policy of only dealing with creditworthy counterparties as reasonably practicable, as a means of mitigating the risk of financial loss from defaults. In addition to determining the creditworthiness of counterparties before transactions, ongoing monitoring of the Company's credit exposure and the credit status of the counterparties was also performed in the course of transactions. The Company also continues to diversify its customer base and expand into overseas markets to reduce customer concentration risk.

There was no credit risk concentration on one customer for 2022 and 2021, so the exposure to credit risks were limited.

The credit risk and concentration risk was also limited because the counterparties of liquidity transactions were banks with high credit ratings from international credit rating agencies.

5. Liquidity Risk Management

The Company manages liquidity risk with the objective to maintain a level of cash and cash equivalents, highly liquid marketable securities, and line of credit deemed adequate to finance the Company's operations and to ensure financial flexibility of the Company.

The table below summarizes the analysis of the Company's financial liabilities with agreed repayment periods based on maturity dates and undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay:

	2022.12.31			
	Within 6 months	6-12 months	More than 1 year	Total
Non-derivative financial liabilities				
Short-term borrowings	$ 702,800	$ -	$ -	$ 702,800
Notes payable	1,369	-	-	1,369
Accounts payable	938,610	-	-	938,610
Other payables	41,912	38,372	2,544	82,828
Lease liabilities	539	538	1,213	2,290
Long-term borrowings	164,095	225,170	841,313	1,230,578
Total	$ 1,849,325	$ 264,080	$ 845,070	$ 2,958,475

	2021.12.31			
	Within 6 months	6-12 months	More than 1 year	Total
Non-derivative financial liabilities				
Short-term borrowings	$ 1,001,000	$ -	$ -	$ 1,001,000
Notes payable	2,928	-	-	2,928
Accounts payable	910,505	-	-	910,505
Other payables	72,132	49,487	-	121,619
Lease liabilities	839	2,095	2,290	5,224
Long-term borrowings	40,142	76,880	1,035,578	1,152,600
Total	$ 2,027,546	$ 128,462	$ 1,037,868	$ 3,193,876

6. Fair value of financial instruments

(1) Fair value of financial instruments measured at amortized cost

The management considered that the carrying amounts of financial assets and financial liabilities at amortized cost recognized in the parent company only financial statements approximate their fair values.

(2) Valuation techniques and assumptions used to measure fair value

The fair value of financial assets and financial liabilities is determined by following methods:

- The fair values of financial assets and financial liabilities with standard terms and conditions that are traded in active markets are determined by reference to market quotes, respectively.
- The fair value of derivative instruments is measured using quoted prices provided by banks.
- The fair value of stocks that are not publicly quoted is determined according to generally accepted pricing models based on the market approach or discounted cash flow analysis.

(3) Fair value measurements recognized in the parent company only balance sheets

The table below provides an analysis of how financial instruments are measured at fair value after initial recognition according to the degree of observability of fair value, categorized into Levels 1 to 3.

- Level 1 fair value measurements are those derived from publicly quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than publicly quoted prices in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for assets or liabilities based on unobservable market information (unobservable inputs).

A. Financial assets and liabilities measured at fair value on a recurring basis

The Company’s financial assets and liabilities that were measured at fair value on a recurring basis are grouped into Levels 1 to 3:

	2022.12.31			
	Level 1	Level 2	Level 3	Total
Current financial assets measured at fair value through profit or loss				
- Listed and OTC stocks	$ 64,527	$ -	$ -	$ 64,527

	2021.12.31			
	Level 1	Level 2	Level 3	Total
Current financial assets measured at fair value through profit or loss				
- Listed and OTC stocks	$ 51,345	$ -	$ -	$ 51,345
Non-current financial assets measured at fair value through other comprehensive income				
- Non-publicly quoted equity instruments	-	-	8,200	8,200
Total	$ 51,345	$ -	$ 8,200	$ 59,545

There were no transfers between Level 1 and 2 financial assets that were measured at fair value on a recurring basis for 2022 and 2021.

In 2022, disposals for financial assets that were measured at fair value on a recurring basis on Level 3 were NT$8,200 thousand; there were no disposals for financial assets that were measured at fair value on a recurring basis on Level 3 for 2021.

There were no purchases for financial assets that were measured at fair value on a recurring basis on Level 3 for 2022 and 2021.

A review on the Company's polices adopted in fair value measurement as well as its processes is performed at least once at each reporting date or as deemed required. If the use of unobservable inputs is required in the measurement of fair value, the Company will carefully evaluate the valuation process and give priority to the most relevant market parameters.

B. Financial assets and liabilities measured at fair value on a non-recurring basis:
None

(XXV) Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern and expand its business while maximizing the return to shareholders through the maintenance of an optimal capital structure. The strategy used in the management of the Company's capital structure is to plan the required capital expenditures based on factors including the scale of the Company's businesses, future growth of the industry, product development plans, and changes in the external environment. The Company then calculates the required working capital and cash based on the industry characteristics, estimates the probable product profit, operating profit margin, and cash flow, and considers risk factors such as fluctuations in the economic cycle of the industry and product life cycle to determine the most appropriate capital structure for the Company.

The Company's debt ratios as of December 31, 2022 and 2021 are as follows:

	2022.12.31	2021.12.31
Total liabilities	$ 3,684,920	$ 3,916,515
Total assets	$ 7,737,529	$ 8,236,876
Debt ratio	47.62%	47.55%

VII. Transactions with Related Parties

(I) Name of related parties and relationship with the Company

Name of related party	Relationship with the Company
Dongguan Meiloon Acoustic Equipments Co., Ltd.	Subsidiary
MAKINGO DEVELOPMENT CORP.	Subsidiary
Loonchenfa Investment Co., Ltd.	Subsidiary
Prosperity Development Co., Ltd.	Subsidiary
Well Care Hygienic Company Limited	Other related parties (Its chairman is the same as the Company's)
HOCL Inc.	With a significant impact on the entity

(II) Significant transactions with related parties

1. Sales

Transaction Amount	2022	2021
Subsidiary	$ 409	$ 1,163
Other related parties	18	383
With a significant impact on the entity	129	-
Total	$ 556	$ 1,546

The sales prices were determined at cost plus markup, with collection terms of 60 to 75 days, which were not significantly different from those of sales to unrelated parties.

2. Purchases

Transaction Amount	2022	2021
Subsidiary (MAKINGO)	$ 2,489,381	$ 2,874,575
Other subsidiaries	-	155
Total	$ 2,489,381	$ 2,874,730

The sales prices to subsidiaries were determined at sales order price with markdown and the payment terms were within 75 days, which were not significantly different from those of sales to unrelated parties.

3. Accounts receivable

Outstanding balance	2022.12.31	2021.12.31
Subsidiary	$ 505	$ 536
Other related parties	-	402
With a significant impact on the entity	60	-
Total	$ 565	$ 938

The above accounts receivable include purchase payments on behalf of subsidiaries.

4. Other receivables

Outstanding balance	2022.12.31	2021.12.31
Other related parties	$ 312	$ 5

The above other receivables include rental income, management income and advances.

5. Accounts payable

Outstanding balance	2022.12.31	2021.12.31
Subsidiary (MAKINGO)	$ 926,814	$ 847,454

6. Rental income (recorded as other income)

Transaction Amount	2022	2021
Subsidiary	$ 23	$ 16
Other related parties	96	96
Total	$ 119	$ 112

The rent is determined by the mutual agreement with reference to the market conditions and is charged on a monthly basis.

7. Management income (recorded as other income)

Transaction Amount	2022	2021
Subsidiary	$ 360	$ 360
Other related parties	79	96
Total	$ 439	$ 456

8. Transactions of property

The Company sold parcels of land to subsidiaries in 2022. The sales prices and the loss from disposals after deducting related expenses were NT$830 thousand and NT$83 thousand, respectively.

9. Others

(1) The Company's purchases of raw materials and goods on behalf of subsidiaries for 2022 and 2021 were NT$4,361 thousand and NT$12,044 thousand, respectively.

(2) As of December 31, 2021, the payment received in advance from the sales of parcels of land to subsidiaries was NT$664 thousand, which was presented in other current liabilities - others.

(III) Compensation of key management personnel

The compensation of the Company's key management personnel for the period is as follows:

	2022	2021
Short-term benefits	$ 19,245	$ 33,824
Post-employment benefits	383	268
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	$ 19,628	$ 34,092

Short-term benefits include salary, bonus, employees' compensation and directors' remuneration.

VIII. Pledged Assets

As of December 31, 2022 and 2021, the following assets were provided as collateral for bank borrowings:

	2022.12.31	2021.12.31
Land - cost and revaluation increment	$ 152,282	$ 152,791
Building and structures, net	54,771	60,985
Total	$ 207,053	$ 213,776

(The above includes investment properties)

IX. Significant Contingencies and Unrecognized Contractual Commitments

(I) As of December 31, 2022 and 2021, the amounts of guarantee letters issued by the Company for the acquisition of technology rights were both US$650 thousand.

(II) As of December 31, 2022 and 2021, the total amount of promissory notes issued by the Company as guarantees for financial transactions and borrowing lines to various banks and financial institutions were NT$1,492,000 thousand and US$10,500 thousand, NT$1,271,280 thousand and US$5,500 thousand, respectively.

X. Significant Disaster Losses: None

XI. Significant Events after the Balance Sheet Date: None

XII. Others: None

XIII. Note Disclosure

(I) Significant Transaction Information

1. Funds lending to others: Please refer to Schedule I for details.
2. Endorsement for others: None.
3. Securities held at the end of the period: Please refer to Schedule II for details.
4. Cumulative purchase or sale of the same securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of properties amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of properties amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase or sale of goods with related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Schedule III for details.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Schedule IV for details.
9. Trading in derivatives: None.

(II) Information on Reinvestment Business

Relevant information such as the name and location of the investee: Please refer to Schedule V for details.

(III) Information on Investment in Mainland China

1. Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: Please refer to Schedule VI for details.

2. Significant transactions with investee companies in Mainland China directly or indirectly through third regions, as well as their prices, payment terms, and unrealized gains or losses: Please refer to Schedule VII for details.

(IV) Information on Major Shareholders

1. The name, number of shares and shareholding ratio of shareholders with an equity ratio of 5% or more: Please refer to Schedule VIII for details.

XIV. Department Information

Information on operating segments has been disclosed in the consolidated financial statements as required.

Schedule I

Meiloon Industrial Co., Ltd.
Statement of Financing Provided to Others
December 31, 2022

Unit: In Thousands of New Taiwan Dollars

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party or Not	Maximum Amount in Current Period	Balance at the end (Note 6)	Amount Actually Drawn	Interest Rate Range	Nature of Financing (Note 2)	Transaction Amount	Reasons for Short-term Financing	Provision for impairment loss allowance	Collateral		Financing Limit to Each Borrower (Notes 3 and 5)	Aggregate Financing Limit (Notes 4 and 5)
													Name	Value		
1	MAKINGO DEVELOPMENT CORP.	PT.MEILOON TECHNOLOGY INDONESIA	Other receivables	Yes	443,638	642,467	428,862	-	2	-	Working capital	-	-	-	642,467	3,212,336
1	MAKINGO DEVELOPMENT CORP.	Dongguan Meiloon Acoustic Equipments Co., Ltd.	Other receivables	Yes	-	642,467	-	-	2	-	Working capital	-	-	-	642,467	3,212,336
2	Meida Technology (Suzhou) Co., Ltd.	Dongguan Meiloon Acoustic Equipments Co., Ltd.	Other receivables	Yes	174,016	49,822	26,479	-	2	-	Working capital	-	-	-	49,822	498,222

Note 1: (1) The issuer is entered as 0; (2) The investees are numbered in order starting from the Arabic numeral 1 according to the company.

Note 2: 1 for those with business dealings; 2 for those with the need for short-term financing.

Note 3: For companies with which the Company has business dealings, the amount of individual loans shall not exceed the amount of business dealings between the two parties. The transaction amount refers to the higher of purchase or sale between the two parties. For companies with the need for short-term financing, the amount of individual loans shall not exceed 10% of the net value of the Company's most recent financial statements audited and certified by an accountant.

Note 4: The total loan amount of the Company shall not exceed 40% of the net value of the Company's most recent financial statements audited and certified by an accountant.

Note 5: The Board of Directors authorizes the subsidiary, MAKINGO DEVELOPMENT CORP., to lend funds in an aggregate amount equal to 100% of the net value of the most recent audited or certified financial statements, and the amount of any individual loan shall not exceed 20% of the net value of the most recent audited or certified financial statements or accounts. The Board of Directors authorizes the sub-sidiary, Meida Technology (Suzhou) Co., Ltd., to lend funds in an aggregate amount equal to 100% of the net value of the most recent audited or certified financial statements , and the amount of any individual loan shall not exceed 10% of the net value of the most recent audited or certified financial statements or accounts.

Note 6: The amount adopted by the Board of Directors.

Schedule II-Part I

Meiloon Industrial Co., Ltd.
Breakdown of Securities Held at the End of the Period (excluding investments in subsidiaries, associates and joint ventures)
December 31, 2022

Unit: shares; thousands of New Taiwan dollars

Securities held by	Type and Name of Securities	Relationship with the Security Issuer	Account	Period-end				Remarks
				Number of Shares	Carrying amounts	Sharehol-ding	Fair Value	
Meiloon Industrial Co., Ltd.	Shares of Domestic Listed and OTC Companies							
	Cathay Financial Holdings	-	Financial assets measured at fair value through profit or loss	75,467	$ 3,019	-	$ 3,019	-
	First Financial Holding	-	Financial assets measured at fair value through profit or loss	1,368,154	36,256	-	36,256	-
	Ruentex Ind. Ltd	-	Financial assets measured at fair value through profit or loss	26,347	1,713	-	1,713	-
	Chunghwa Telecom	-	Financial assets measured at fair value through profit or loss	80,000	9,040	-	9,040	-
	YangMing	-	Financial assets measured at fair value through profit or loss	200,000	13,100	-	13,100	-
	Asia Pacific Telecom	-	Financial assets measured at fair value through profit or loss	229,400	1,399	-	1,399	-
			Subtotal		64,527			
Loonchenfa Investment Co., Ltd.	Bond funds							
	Capital Safe Income Fund	-	Financial assets measured at fair value through profit or loss	2,194,614	35,958	-	35,958	-
Dongguan Meiloon Acoustic Equipments Co., Ltd.	Equity funds							
	GF Shanghai-Hong Kong-Shenzhen Hybrid Fund	-	Financial assets measured at fair value through profit or loss	4,000,000	14,585	-	14,585	-

Schedule II-Part II

Meiloon Industrial Co., Ltd.

Breakdown of Securities Held at the End of the Period (excluding investments in subsidiaries, associates and joint ventures)

December 31, 2022

Unit: shares; thousands of New Taiwan dollars

Securities held by	Type and Name of Securities	Relationship with the Security Issuer	Account	Period-end				Remarks
				Number of Shares	Carrying amounts	Shareholding	Fair Value	
MAKINGO DEVELOPMENT CORP.	Bond funds							
	Amundi Global High Yield Fund	-	Financial assets measured at fair value through profit or loss	4,831	$ 1,347	-	$ 1,347	-
	Corporate Bond							
	AT&T Corporate Bond	-	Financial assets measured at fair value through profit or loss	-	47,682	-	47,682	-
	Standard Chartered Corporate Bond	-	Financial assets measured at fair value through profit or loss	-	29,199	-	29,199	-
	Barclays Corporate Bond	-	Financial assets measured at fair value through profit or loss	-	57,271	-	57,271	
	Saudi Arabian Oil Corporate Bond	-	Financial assets measured at fair value through profit or loss	-	21,719	-	21,719	-
			Subtotal		155,871			
			Total		$ 272,288			
Meiloon Industrial Co., Ltd.	Stock							
	Power Digital Card Co., Ltd.	-	Non-current financial assets measured at fair value through other comprehensive income	410,080	$ 17,115	0.87%	$ -	-
	SAFARI	-	Non-current financial assets measured at fair value through other comprehensive income	12,500,000	6,527	0.44%	-	-
	DIMAGIC	-	Non-current financial assets measured at fair value through other comprehensive income	200	12,289	1.45%	-	-
	Frontier Technology Co., Ltd.	-	Non-current financial assets measured at fair value through other comprehensive income	190,000	3,000	19.00%	-	-
			Subtotal		38,931			
			Cumulative impairment		(38,931)			
			Net		$ -			

Schedule III

Meiloon Industrial Co., Ltd.

Purchase or Sale of Goods with Related Parties Amounting to at least NT$100 Million or 20% of the Paid-in Capital

January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Purchasing (Selling) Company	Counterparty Name	Relationship	Transaction Details				Circumstances and Reasons for Differences in Trading Conditions from Ordinary Transactions		Notes/Accounts Payable or Receivable		Remarks
			Purchase (Sale)	Amount	Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes/ Accounts Payable or Receivable	
Meiloon Industrial Co., Ltd.	MAKINGO DEVELOPMENT CORP.	Subsidiary of the Company	Purchases	2,489,381	93.71%	Within 75 days	-	-	(926,814)	(98.74%)	
MAKINGO DEVELOPMENT CORP.	Dongguan Meiloon Acoustic Equipments Co., Ltd.	Sub-subsidiary of the Company	Purchases	2,558,219	99.95%	Within 90 days	-	-	(149,299)	(99.16%)	

Note 1: The Company’s purchases from Dongguan Meiloon Acoustic Equipments Co., Ltd. are resold through MAKINGO DEVELOPMENT CORP.

Schedule IV

Meiloon Industrial Co., Ltd.
Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital:
December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Company name	Counterparty Name	Relationship	Balance of Receivables from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Period from Related Parties	Provision for impairment loss allowance
					Amount	Actions Taken		
MAKINGO DEVELOPMENT CORP.	Meiloon Industrial Co., Ltd.	The Company's parent company	$ 926,814	2.81	$ -	-	$ 208,184	-
Dongguan Meiloon Acoustic Equipments Co., Ltd.	MAKINGO DEVELOPMENT CORP.	Group company of the same parent company	149,299	13.06	-	-	149,299	-
MeiXin Audio Equipment (Dongguan) Co., Ltd.	Dongguan Meiloon Acoustic Equipments Co., Ltd.	Group company of the same parent company	244,032 (Note 1)	0.80	-	-	21,959	-

Note 1: It refers to processing income receivable.

Schedule V

Meiloon Industrial Co., Ltd.
Information on Reinvestment (excluding investees in Mainland China)
January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Name of Investor	Name of investee	Location	Main Business Items	Original Investment Amount		Period-end Holding			Current Profit and Loss of the Investee	Investment Gains and Losses Recognized in Current Period	Remarks
				End of the Period	End of Last Year	Number of Shares	Ratio	Carrying amounts			
Meiloon Industrial Co., Ltd.	Meiloon International Ltd.	Hong Kong	Investment company	520,580	520,580	114,676,493	100.00%	678,893	(21,740)	(21,740)	Subsidiary
Meiloon Industrial Co., Ltd.	FINE STATION LTD.	British Virgin Islands	Trading and investment company	201,996	201,996	5,362,000	60.51%	224,418	36,964	22,365	Subsidiary
Meiloon Industrial Co., Ltd.	MAKINGO DEVELOPMENT CORP.	British Virgin Islands	Trading and investment company	830,647	830,647	25,185,000	100.00%	3,272,876	(77,507)	(77,362) (Note 1)	Subsidiary
Meiloon Industrial Co., Ltd.	Prosperity Development Co., Ltd.	Taoyuan City	Real estate development, construction, leasing and sales	25,000	25,000	2,500,000	100.00%	24,986	20	20	Subsidiary
Meiloon Industrial Co., Ltd.	Loonchenfa Investment Co., Ltd.	Taoyuan City	Investment company	402,500	402,500	40,250,000	70.00%	361,294	9,914	6,940	Subsidiary
Meiloon Industrial Co., Ltd.	AlfaPlus Semiconductor Inc.	Hsinchu City	Manufacture of electronic parts and components, wholesale and retail of electronic materials	98,316	98,316	7,125,088	20.47%	4,513	(8,165)	(1,671)	Investee evaluated by the equity method
Meiloon Industrial Co., Ltd.	Fin-Core Corporation	Taoyuan City	International trade, manufacture of electronic parts and components as well as wholesale of electronic materials	87,000	87,000	385,714	35.06%	403	-	-	Subsidiary
Meiloon Industrial Co., Ltd.	PT. MEILOON TECHNOLOGY INDONESIA	Indonesia	Production and sales of loudspeakers, speakers, crossovers, pre-cut boards and DVD players	688,669	535,565	-	90.00%	571,134	(77,313)	(69,582)	Subsidiary
Meiloon International Ltd.	FINE STATION LTD.	British Virgin Islands	Trading and investment company	117,945	117,945	3,500,000	39.49%	141,980	36,964	14,599	Subsidiary
MAKINGO DEVELOPMENT CORP	AUDIOXPERTS INC.	United States of America	Trading company	13,415	13,415	45,000	90.00%	(13,099)	(1)	(1)	Sub-subsidiary
MAKINGO DEVELOPMENT CORP.	HOCL Inc.	Japan	Production and sales of slightly acidic electrolyzed water	9,082	9,082	2,550,000	17.23%	2,772	(1,245)	(215)	Investee evaluated by the equity method
Loonchenfa Investment Co., Ltd.	PT. TAIFA JAYA DEVELOPMENT	Indonesia	Land development and investment	127,998	127,998	-	73.91%	(67,602)	(17,640)	(13,038)	Sub-subsidiary

Note 1: This refers to adding the unrealized gross profit of NT$5,551 thousand from upstream transactions at the beginning of the period and deducting the unrealized gross profit of NT$5,406 thousand from upstream transactions of the current period.

Schedule VI

Meiloon Industrial Co., Ltd.
Information on Investment in Mainland China
January 1 to December 31, 2022

Unit: In thousands of NTD; in USD; in HKD; in RMB

Name of Investee in Mainland China	Main Business Items	Amount of Paid-in Capital	Invest-ment Method	Accumulated Outflow of Investment from Taiwan at the Beginning of the Period	Amount of Outflow or Inflow during the Period		Accumulated Outflow of Investment from Taiwan at the End of the Period	Current Profit and Loss of the Investee	Shareholding ratio of the Company's Direct or Indirect Investment	Investment Gains and Losses Recognized in Current Period (Notes 4 and 5)	Ending Investment Carrying Amount (Notes 4 and 5)	Gain on repatriated investment as of the Current Period
					Outflow	Inflow						
Dongguan Meiloon Acoustic Equipments Co., Ltd.	Production and sales of loudspeakers, speakers, crossovers and DVD players	RMB92,770,000	(Note 1)	520,580	-	-	520,580	(41,667)	100.00%	(40,081) (Note 6)	503,764	81,325
MeiXin Audio Equipment (Dongguan) Co., Ltd.	Production and sales of pre-cut boards, amplifiers, crossovers and multimedia speakers	USD8,148,000	(Note 1)	201,996	-	-	201,996	7,590	100.00%	7,590	308,749	-
Meida Technology (Suzhou) Co., Ltd.	Production and sales of loudspeakers, amplifiers, crossovers and projectors	USD2,000,000	(Note 1)	760,154	-	-	760,154	44,249	100.00%	44,249	205,375	745,875
Suzhou YueTai Trading Co., Ltd.	Wholesale, import and export of various kinds of audio-visual equipment and parts	USD950,000	(Note 2)	29,531	-	-	29,531	(1,527)	100.00%	(1,527)	1,964	-
Mei Fong (Suzhou) Co. Ltd.	Business management, property management, non-residential real estate leasing, and housing leasing	RMB45,000,000	(Note 3)	-	-	-	-	(6,521)	100.00%	(6,521)	191,162	-

Accumulated Outflow of Investment from Taiwan to Mainland China at the End of the Period	Investment Amount Authorized by Investment Commission, MOEAIC	Upper Limit on Investment to Mainland China stipulated by Investment Commission, MOEAIC
USD38,048,049.44, NTD156,168 and RMB30,592,000	USD65,378,400.94, NTD112,320 and HKD2,150,000	Note 7

Note 1: Investment method: Reinvestment in Mainland China companies through third region companies.

Note 2: Investment method: Direct investment in Mainland China companies.

Note 3: Investment method: Reinvestment through reinvestment in the company in Mainland China - Dongguan Meiloon Acoustic Equipments Co., Ltd. According to the MOEAIC, since Dongguan Meiloon Acoustic Equipments Co., Ltd. is not a holding company, it does not need to apply for approval from the MOEAIC for reinvestment in Mainland China.

Note 4: Except for Suzhou YueTai Trading Co., Ltd., which has no significant impact on the fair presentation of the Company’s financial statements and is therefore recognized in its pre-audited financial statements for the same period, all the investment gains and losses are recognized in the financial statements audited or certified by the parent company’s certified accountant in Taiwan.

Note 5: Except for the direct investment in Suzhou YueTai Trading Co., Ltd., the investment gain or loss and the carrying value of the investment in Dongguan Meiloon Acoustic Equipments Co., Ltd., MeiXin Audio Equipment (Dongguan) Co., Ltd., and Meida Technology (Suzhou) Co., Ltd. are recognized in the third region because they are reinvested through the third region, and the investment gain or loss and the carrying value of the investment in Mei Fong (Suzhou) Co., Ltd. is recognized in Dongguan Meiloon Acoustic Equipments Co., Ltd. because it is reinvested through Dongguan Meiloon Acoustic Equipments Co., Ltd..

Note 6: This includes the realized gross profit of NT$756 thousand recognized on sidestream transactions in the beginning of the period and the unrealized loss of NT$830 thousand on sidestream transactions for the current period.

Note 7: The Company is an enterprise certified by the Industrial Development Bureau, Ministry of Economic Affairs to be in compliance with the operating scope of the operating headquarters. In accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, there is no restriction on the amount of investment in the Mainland China by the Company.

Schedule VII

Meiloon Industrial Co., Ltd.
Transactions with Investees in Mainland China Directly or Indirectly through Third Regions
January 1 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

I. Sales

The Company's sales to its Mainland China investees are as follows:

Object	Amount	Percentage of the Company's net sales	Unrealized gain or loss at the end of the period	Accounts receivable at the end of the period
Dongguan Meiloon Acoustic Equipments Co., Ltd.	$ 139	-	$ -	$ 369

Note: Accounts receivable at the end of the period include the outstanding balance of raw materials purchased on behalf of subsidiaries.

The sales prices to related parties were determined at cost plus markup (3%), with collection terms of 75 days, which were not significantly different from those of sales to unrelated parties.

II. Purchases

The Company's purchases from its Mainland China investees are as follows:

Object	Amount	Percentage of the Company's net sales	Unrealized gain or loss at the end of the period	Accounts receivable at the end of the period
Dongguan Meiloon Acoustic Equipments Co., Ltd.	$ 2,489,381	93.71%	$ 5,406	$ 926,814

The sales prices to subsidiaries were determined at sales order price with markdown and the payment terms were within 75 days, which were not significantly different from those of sales to unrelated parties.

The Company's purchases from Dongguan Meiloon Acoustic Equipments Co., Ltd. are made through MAKINGO DEVELOPMENT CORP.

III. Others

From January 1, 2022 to December 31, 2022, the Company purchased raw materials on behalf of Dongguan Meiloon Acoustic Equipments Co., Ltd. for a total amount of NT$1,989 thousand.

Schedule VIII

Meiloon Industrial Co., Ltd.
Information on Major Shareholders
December 31, 2022

Shares Name of Major Shareholder	Number of Shares Held	Shareholding
Famingo Pte Ltd.	28,929,666	18.24%
Shiling Investment Co., Ltd.	11,004,192	6.94%
Lierdo Co., Ltd.	10,756,084	6.78%
Tonghong Investment Co., Ltd.	10,134,372	6.39%
Jinbai Investment Co., Ltd.	8,644,124	5.45%

Description: The above information was obtained by the Company on application to Taiwan Depository & Clearing Corporation (TDCC).

(1) The information on major shareholders in this schedule is calculated by TDCC based on the information of shareholders holding 5% or more of the Company's common and preferred shares that have been delivered without physical registration (including treasury shares), as of the last business day of each quarter. The number of share capital recorded in the Company's financial statements may be different from the actual number of shares already delivered without physical registration by the Company due to differences in the preparation and calculation basis.

(2) If the aforementioned information contains shares which are held in trust by the shareholders, the information is disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10%, in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on the reported share equity of insider, please refer to the Market Observation Post System.

VI. The Impact on the Financial Position of the Company Arising from Any Financial Difficulties Encountered by the Company and Its Affiliates in the Most Recent Year and up to the Publication of the Annual Report: None.

VII. Review and Analysis of Financial Position and Financial Performance, and Risk Matters

I. Financial Position:

Unit: In Thousands of New Taiwan Dollars

Year / Item	2022	2021	Differences	
			Amount	%
Current assets	5,379,050	6,509,455	(1,130,405)	(17.37%)
Non-current assets	2,669,399	2,535,936	133,463	5.26%
Total assets	8,048,449	9,045,391	(996,942)	(11.02%)
Current liabilities	1,877,842	2,324,009	(446,167)	(19.20%)
Non-current liabilities	1,787,207	2,094,420	(307,213)	(14.67%)
Total liabilities	3,665,049	4,418,429	(753,380)	(17.05%)
Share capital	1,585,732	1,982,165	(396,433)	(20.00%)
Capital surplus	4,327	4,329	(2)	(0.05%)
Retained earnings	2,452,881	2,652,502	(199,621)	(7.53%)
Other equity	9,669	(318,635)	328,304	103.03%
Treasury stock	-	-	-	-
Total equity attributable to owners of the parent	4,052,609	4,320,361	(267,752)	(6.20%)
Non-controlling interests	330,791	306,601	24,190	7.89%
Total Equity	4,383,400	4,626,962	(243,562)	(5.26%)
Equivalent issue shares of advance receipts for ordinary share (Unit: Share)	-	-	-	-
Number of treasury stock	-	-	-	-
Book value per share	25.56	21.80	3.76	17.25%

Explanation for changes up to 20% in the last two years and the amount of change amounting to NT$10 million:

1.Share capital: This was due to the Company's cash capital reduction on September 5, 2022.

2.Other equity: This was mainly due to the recognition of reversal in the net equity value of the Company's subsidiaries under the equity method as a result of the depreciation trend of the New Taiwan dollar relative to the Hong Kong dollar, the Chinese Yuan and the U.S. dollar in 2022.

II. Financial Performance:

Comparative Analysis of Financial Performance

Unit: In Thousands of New Taiwan Dollars

Year Item	2022		2021		Increase (decrease) amount	Change ratio (%)
Total operating revenue	$ 3,493,148		$ 3,774,024		$ (280,876)	(7.44%)
Less: Sales returns and allowances	2,311		10,028		(7,717)	(76.95%)
Net operating revenue		$ 3,490,837		$ 3,763,996	(273,159)	(7.26%)
Operating costs		3,009,603		3,142,625	(133,022)	(4.23%)
Gross profit		481,234		621,371	(140,137)	(22.55%)
Unrealized gain (loss) from sales		-		-	-	-
Realized gain (loss) on from sales		-		-	-	-
Net gross profit		481,234		621,371	(140,137)	(22.55%)
Operating expenses		512,466		648,802	(136,336)	(21.01%)
Other gains and losses, net		-		-	-	-
Operating loss		(31,232)		(27,431)	(3,801)	(13.86%)
Non-operating revenue and expenses		287,035		2,631,282	(2,344,247)	(89.09%)
Net income before tax		255,803		2,603,851	(2,348,048)	(90.18%)
Income tax expense		(171,870)		(977,199)	805,329	82.41%
Net income in current period from continuing operations		83,933		1,626,652	(1,542,719)	(94.84%)
Profit (Loss) from discontinued operations		-		-	-	-
Net income for the period		83,933		1,626,652	(1,542,719)	(94.84%)
Other comprehensive income (net)		349,254		(87,810)	437,064	497.74%
Profit (Loss) from discontinued operations		-		-	-	-
Total comprehensive income (loss) for the period		$ 433,187		$ 1,538,842	(1,105,655)	(71.85%)
Net income attributable to owners of the parent		93,292		1,638,298	(1,545,006)	(94.31%)
Net loss attributable to non-controlling interests		(9,359)		(11,646)	2,287	19.64%
Total comprehensive income attributable to owners of the parent		426,008		1,565,549	(1,139,541)	(72.79%)
Total comprehensive income attributable to non-controlling interests:		7,179		(26,707)	33,886	126.88%
Basic earnings per share		$ 0.50		$ 8.27	(7.77)	(93.95%)

Analysis of significant changes in the percentage of increase or decrease:

1. Decrease in gross profit: Mainly due to severe delays in chips, products could not be delivered as scheduled, resulting in a decrease in sales revenue and thus affecting sales gross profit.
2. Increase in operating expenses: The increase in research and development and sales expenses was mainly due to the development of new machine models and business promotion.
3. Increase in non-operating income and net operating income: The significant increase in non-operating income and the resulting substantial growth of net operating income in the current period were mainly due to the recognition of a larger amount of gains on disposal of land and factory buildings of our China sub-subsidiary, Meida Technology (Suzhou) Co., Ltd., in the previous period.
4. Increase in income tax expense: The significant increase in income tax expenses in the current period was mainly due to the recognition of a larger amount of gains on disposal as a result of the settlement of the land and plant acquisition by our wholly-owned sub-subsidiary in China, Meida Technology (Suzhou) Co., Ltd., in the previous period.

III. Cash flow:

(I) Analysis of changes in cash flows for the most recent year:
Liquidity analysis:

Item / Year	2022	2021	Increase/ decrease ratio
Cash flow ratio	18.17%	-38.02%	147.78%
Cash flow adequacy ratio	9.58%	24.86%	-61.47%
Cash reinvestment ratio	0.58%	-14.73%	103.96%
Analysis of changes in the percentage of increase or decrease: The operating loss and the resulting impact on relevant cash flow ratios were caused by the impact of the global COVID-19 pandemic, which resulted in higher operating costs that affected profitability.			

(II) Improvement plan for insufficient liquidity: None.

(III) Cash flow analysis for the coming year:

Unit: In Thousands of New Taiwan Dollars

Cash balance at the beginning (1)	Expected net cash flows from operating activities for the year (2)	Expected cash outflows for the year (3)	Expected cash balance (shortfall) amount (1) + (2) + (3)	Remedy for expected cash shortfall	
				Investment Plan	Financial Plan
2,275,263	310,924	(534,973)	2,051,214	-	-

IV. Impact of Major Capital Expenditures on Finance in the Most Recent Year:

(I) Utilization of Major Capital Expenditures and Sources of Funds: None.

(II) Expected potential benefits: None.

V. Main Causes for Profits or Losses of the Reinvestment Policy in the Most Recent Year, Improvement Plans and Investment Plans for the Coming Year:

(I) The Company's reinvestment policy:
The Company's main reinvestment targets are companies that are related to the Company's business or other high-performance companies with industrial prospects. The Company's overall investment evaluation, execution and control are performed in accordance with the provisions of the Company's *Procedures for Handling the Acquisition or Disposal of Assets*.

(II) Investment income or loss for the most recent year:
The Company recognized an investment loss of NT$51,161 thousand in 2022.

(III) Investment plan for the coming year:
The Company will continue to focus on its own operation and vertical integration of upstream and downstream industries in the future.

VI. Risk Matters Assessment

(I) The impact of changes in interest rates, exchange rates and inflation on the Company's profit and loss and future response measures:

In 2022, the exchange gain of NT$118,739 thousand accounted for 3.40% of net operating revenue and 46.42% of net income before tax; the interest income of NT$87,139 thousand accounted for 2.50% of net operating revenue and 34.06% of net income before tax; the interest expense of NT$25,883 thousand accounted for 0.74% of net operating revenue and 10.12% of net income before tax. The degree of impact on the Company's profit and loss will be increased by interest rates and inflation, and future response measures are described below:

1. The finance unit maintains close contact with the foreign exchange department of each financial institution to collect information related to changes in exchange rates at any time and to fully grasp information on domestic and foreign exchange rate trends and changes, in order to reduce the negative impact arising from changes in exchange rates.
2. When making quotations to customers, the Company takes into account the possible impact of exchange rate changes and adopts a more robust and conservative exchange rate as the basis for quotations, so as to reduce the impact of exchange rate fluctuations on the interests of the orders.
3. The Company opens foreign-currency deposit accounts with various banks and maintains foreign-currency positions in response to the demand for foreign-currency funds, and adjusts its foreign-currency holdings as appropriate to reduce the impact of exchange rate fluctuations.
4. When the exchange rate fluctuations are large, other hedging methods such as forward exchange trading, foreign currency time deposit, and foreign exchange options are taken to hedge the impact of exchange rate changes in a timely manner.
5. In accordance with the regulations of the Taiwan-Finance-Securities I No. 0910006105 Letter dated December 10, 2002 of Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, the Company's *Procedures for Handling the Acquisition or Disposal of Assets* are formulated, which regulates the procedures for handling derivative transactions and strengthens the risk control management system.

(II) The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsements, guarantees and derivative transactions, the main reasons for profit or loss, and future response measures:

The Company is mainly engaged in the manufacturing industry and does not participate in high-risk, highly leveraged investments. Lending of funds to others, endorsements, guarantees and derivative transactions are all subject to handling procedures required by the regulations of the Securities and Futures Bureau.

(III) Future R&D plans and expected R&D expenses:

1.Future R&D plans

(1).Development of video and audio products integrated with the Internet.

(2).Car stereo matched with factory-installed products.

(3).Consumer portable flat speaker.

(4).Intelligent interactive audio products.

(5).Sky soundbox.

(6).High fidelity audio equipment.

2.Estimated R&D expenses

The Audio Division is expected to invest NT$110,861 thousand in R&D in 2023.

(IV) The impact of important domestic and foreign policies and legal changes on the Company's financial business and response measures:

The Company keeps abreast of important domestic and foreign policies and legal changes and assesses their impact on the Company. In the most recent year and as of the publication date of the annual report, there was no significant adverse impact on the Company's financial business due to significant domestic and foreign policy and legal changes.

(V) The impact of technological changes (including information security risks) and industry changes on the Company's financial business and response measures:

The Company keeps abreast of developments in its industry and related technologies, and assigns dedicated persons or task force to assess the impact on the Company's future development and financial business and the response measures. In the most recent year and as of the publication date of the annual report, there were no significant technological changes (including information security risks) or industry changes that had a material adverse effect on the Company's financial business.

(VI) The impact of corporate image change on corporate crisis management and response measures:

The Company has a good corporate image and there has been no significant change in corporate crisis management in the most recent year.

(VII)Expected benefits, possible risks and response measures for conducting M&A: None.

(VIII)Expected benefits, possible risks and response measures for the expansion of the plant:

In response to the government's *Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan*, the Company plans to establish a highly intelligent and automated audio assembly line in Taiwan. By increasing automatic assembly equipment and optimizing artificial intelligence, the Company will be able to meet the current production characteristics - diversity, complex combinations, and small lot and large variety production, and further enhance its competitiveness against other manufacturers.

In the design of the intelligent automatic production line, this plan is expected to adopt the composite streamlined design, set RFID sensors at each work station, with the work-in-process 2D code, to achieve 100% process tracking. By utilizing visual and acoustic sensors, real-time quality inspections and automatic precision calibration can be performed to ensure that the entire manufacturing process and final products are error-free. For the bass and tweeter lines, this plan will use a six-axis robot arm with built-in visual features and a dedicated intelligent machine, together with M2M and remote management system (RMS) for parameters, to achieve a production line with an automation rate of 95% or more. In the assembly and packaging line, this plan will use a large number of six-axis robot arms with built-in visual features, along with acoustic and visual inspection, to ensure the quality and efficiency of product assembly and achieve an automation rate of 69% or more.

(IX) Risks on vendor and customer concentration and response measures:

The Company's customer with the highest amount of order accounted for approximately 14.42% of net sales; the vendor (from which we purchase goods) with the highest amount of purchase only accounted for approximately 5.13% of total purchases, and there was no vendor and customer concentration.

(X) The impact of substantial transfer or replacement of shareholdings of directors, supervisors or major shareholders holding more than 10% of shares on the Company, its risks and response measures: None.

(XI) The impact of the change of management rights on the Company, its risks and response measures: None.

(XII)For litigation or non-litigation events in which the Company, its directors, supervisors, general managers, substantial persons-in-charge, major shareholders holding more than 10% of shares, or subordinate companies are involved that have been determined by verdict of the court or are still pending in a major litigation, non-litigation, or administrative litigation, the outcome of which may have a significant impact on shareholder equity or securities prices, , the facts of the dispute, the amount of money at stake in the dispute, the date of commencement of the litigation, the main parties involved in the litigation, and he status of the dispute as of the date of publication of the annual report shall be disclosed: None.

(XIII) Other important risks and response measures: None.

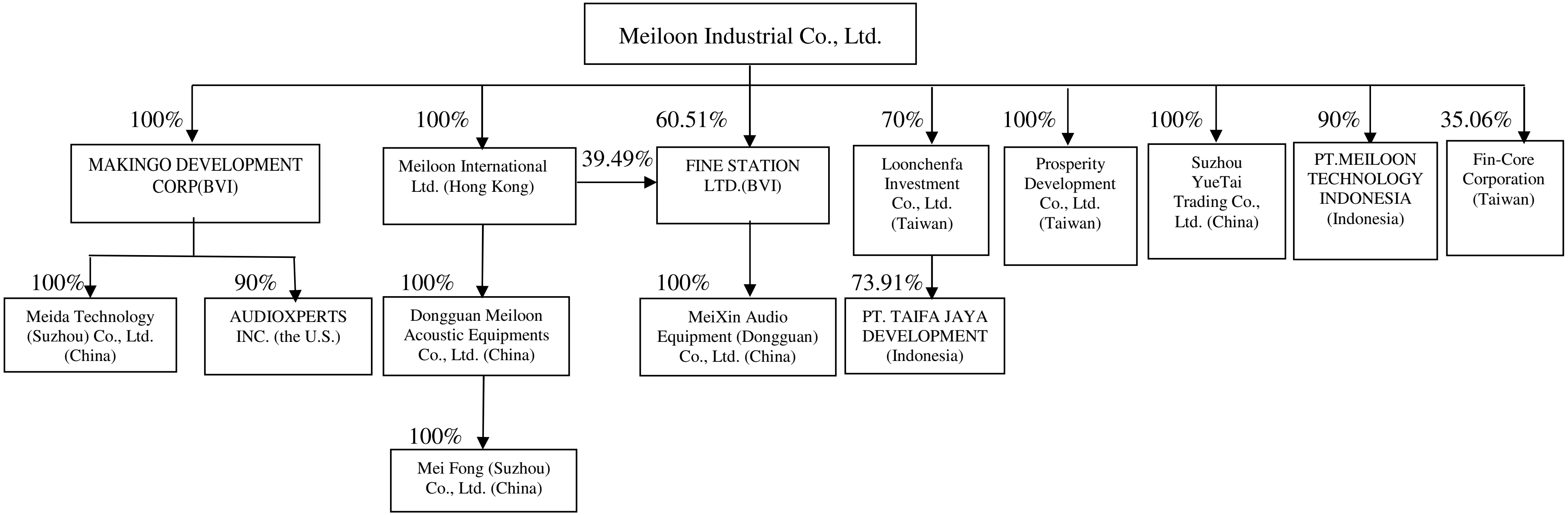
VII. Other Important Matters: None.

VIII. Special Disclosure

I. Information on Affiliates

(I) Affiliate Structure

As of December 31, 2022



(II) Basic information of each affiliate

Unit: In Thousands of New Taiwan Dollars
December 31, 2022

Business name	Date of Establishment	Address	Paid-in Capital	Main business
Meiloon International Ltd.	1992.12.15	UNIT A1,4/F.,ETON BUILDING,288 DES VOEUX ROAD,CENTRAL, HONG KONG.	466,571	Investment company
Dongguan Meiloon Acoustic Equipments Co., Ltd.	1993.04.20	No.77, Yuanlin Road, Fenghuanggang Industrial Zone, Tangxia Town, Dongguan City, Guangdong Province	410,932 (RMB 92,769,000) (Note 4)	Production and sales of loudspeakers, speakers, crossovers and DVD players
FINE STATION LIMITED	1998.10.22	P.O. Box957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	287,718	Trading and investment company
MeiXin Audio Equipment (Dongguan) Co., Ltd.	1998.12.14	No.75, Yuanlin Road, Fenghuanggang Industrial Zone, Tangxia Town, Dongguan City, Guangdong Province	267,162 (RMB 62,382,000) (Note 1)	Speakers, pre-cut boards, amplifiers, crossovers and multimedia speakers
MAKINGO DEVELOPMENT CORP	2000.01.06	P.O. Box3152, Road Town, Tortola British Virgin Islands	830,647 (USD25,185,000) (Note 2)	Trading and investment company
Meida Technology (Suzhou) Co., Ltd.	2002.04.27	No.5, Chunshen Lake East Road, Xiangcheng Economic Development Zone, Suzhou City, Jiangsu Province	218,397 (RMB49,188,000) (Note 3)	Production and sales of loudspeakers, amplifiers, crossovers and projectors
Loonchenfa Investment Co., Ltd.	2007.10.11	8F-2, No. 618, Jingguo Rd., Bianzhou Vil., Taoyuan City	575,000	Investment company
Suzhou YueTai Trading Co., Ltd.	2010.01.28	No.12, Chengyang Road, Xiangcheng Economic Development Zone, Suzhou City, Jiangsu Province	29,531 (RMB6,140,000) (Note 5)	Sales of various kinds of audio-visual equipment and parts
Fin-Core Corporation	2008.04.17	4F-1, No. 618, Jingguo Rd., Bianzhou Vil., Taoyuan City	11,000	Production and sales of LED bulbs and modules

Business name	Date of Establishment	Address	Paid-in Capital	Main business
AUDIOXPERTS INC.	2013.03.01	‘505,PARADISE ROAD #397,SWAMPSCOTT, MA,01907,USA	14,913 (USD500,000) (Note 6)	Trading company
PT. TAIFA JAYA DEVELOPMENT	2014.01.15	APL Tower-Central Park,19th Floor Unit T7 JI.S Parman Kav 28 Jakarta Barat-11470 Kelurahan Tanjung Duren Selatan, Kecamatan Grogol Petamburan	173,133 (IDR69,598,000,000) (Note 7)	Land development and investment
PT. MEILOON TECHNOLOGY INDONESIA	2019.12.19	APL Tower-Central Park,19F Unit T7 Jalan Letjen S. Parman Kav 28, Kel, Tanjung Duren Selatan Kec. Grogol Petamburan, Kota Adm. Jakarta Barat, Prov. DKI Jakarta	762,822 (USD25,556,000) (Note 8)	Production and sales of loudspeakers, speakers, crossovers, pre-cut boards and DVD players
Mei Fong (Suzhou) Co., Ltd.	2021.03.24	Room 910, Tiancheng Times Business Plaza,, No. 58 Qinglonggang Road, High-speed Railway New Town, Xiangcheng District, Suzhou City, Jiangsu Province	196,830 (RMB45,000,000) (Note 9)	Business management, property management, non-residential real estate leasing, and housing leasing
Prosperity Development Co., Ltd.	2021.07.28	8F-2, No. 618, Jingguo Rd., Bianzhou Vil., Taoyuan City	25,000	Real estate development, construction, leasing and sales

(Note 1): Based on the historical exchange rate of TWD:CNY = 4.283:1.
(Note 2): Based on the historical exchange rate of TWD:USD = 32.98:1.
(Note 3): Based on the historical exchange rate of TWD:CNY = 4.440:1.
(Note 4): Based on the historical exchange rate of TWD:CNY = 4.4296:1.
(Note 5): Based on the historical exchange rate of TWD:CNY = 4.8096:1.
(Note 6): Based on the historical exchange rate of TWD:USD = 29.826:1.
(Note 7): Based on the historical exchange rate of TWD:IDR = 0.00249:1.
(Note 8): Based on the historical exchange rate of TWD:USD = 29.8490:1.
(Note 9): Based on the historical exchange rate of TWD:CNY = 4.3740:1.

(III) Our Shareholders that are deemed to have a controlling and controlled relationship:

Unit: In Thousands of New Taiwan Dollars; Share; %
December 31, 2022

Subordinate Company	Reason for Selection	Title or Name	Shareholding		Date of Establishment	Address	Paid-in Capital	Main Business Items
			Number of Shares	Shareholding				
None								

(IV) The industries in which the business activities of the affiliate are engaged

I. The business operated by the Company and its affiliates includes the manufacture and trading of electronic products such as loudspeakers, crossovers, speakers, multimedia speakers, amplifiers and DVD players.

II. Division of Labor:

Business Name	Main business	Division of Labor
Dongguan Meiloon Acoustic Equipments Co., Ltd.	Loudspeakers, speakers, crossovers and DVD players	1.Part of raw materials are purchased from the Company and other affiliates. 2.Sales of loudspeakers, speakers, crossovers and DVD players to the Company.
MeiXin Audio Equipment (Dongguan) Co., Ltd.	Speakers, pre-cut boards, amplifiers, crossovers and multimedia speakers	1.Part of raw materials are purchased from the Company and other affiliates. 2.Sales of speakers, pre-cut boards, amplifiers, crossovers and multimedia speakers to the Company.
Meida Technology (Suzhou) Co., Ltd.	Production and sales of loudspeakers, amplifiers and crossovers	1.Part of raw materials are purchased from the Company and other affiliates. 2.Sales of loudspeakers, amplifiers, crossovers and projectors to the Company.
Suzhou YueTai Trading Co., Ltd.	Wholesale and sales of various kinds of audio-visual equipment, components and parts	1.Purchase of finished audio products and parts from other affiliates. 2.Wholesale and retail of various audio-visual equipment and parts.
AUDIOXPERTS INC.	Sales of various types of audio-visual equipment	1.Purchase of finished audio products and parts from other affiliates. 2.Wholesale and retail of various audio-visual equipment and parts.
PT. MEILOON TECHNOLOGY INDONESIA	Speakers, pre-cut boards, amplifiers, crossovers, multimedia speakers, and loudspeakers	1.Part of raw materials are purchased from the Company and other affiliates. 2.Sales of speakers, pre-cut boards, amplifiers, crossovers and multimedia speakers to the Company.

Note 1: Meiloon International Ltd., FINE STATION LIMITED and MAKINGO DEVELOPMENT CORP act as trade intermediaries between the Company and companies in China.

Note 2: The above-mentioned purchases and sales between Dongguan Meiloon Acoustic Equipments Co., Ltd., MeiXin Audio Equipment (Dongguan) Co., Ltd., Meida Technology (Suzhou) Co., Ltd. and PT. MEILOON TECHNOLOGY INDONESIA are mainly transactions of intermediate products, while sales to the Company mainly involve final products.

Note 3: Loonchenfa Investment Co., Ltd., Prosperity Development Co., Ltd., Mei Fong (Suzhou) Co., Ltd. and PT. TAIFA JAYA DEVELOPMENT are mainly engaged in investment related business.

Note 4: Fin-Core Corporation is mainly engaged in the production and sales of LED bulbs and modules. It is a new investment business of the Company to engage in diversified operation and has no business division with the Company or affiliates.

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

Unit: In Thousands of New Taiwan Dollars; %
December 31, 2022

Business Name	Title	Name or Representative	Shareholding	
			Amount of Contribution	Ratio of Contribution
Meiloon International Ltd.	Director	Meiloon Industrial Co., Ltd. Representative: Wu Wei-Chung, Wu Chi-Shueng, Law Wang Chak (Waltery), Yang Ping-Shan, Wu Yuan-Mei	520,580	100%
	General Manager	Wu Wei-Chung	-	-
Dongguan Meiloon Acoustic Equipments Co., Ltd.	Director	Meiloon International Ltd. Representative: Wu Wei-Chung, Law Wang Chak (Waltery), Wu Chi-Shueng, Yang Ping-Shan, Wu Yuan-Mei	410,932	100%
	General Manager	Wu Wei-Chung	-	-
FINE STATION LIMITED	Director	Meiloon Industrial Co., Ltd. Representative: Wu Wei-Chung, Wu Chi-Shueng, Yang Ping-Shan, Law Wang Chak (Waltery), Wu Yuan-Mei	201,996	60.51%
	Director	Meiloon International Ltd. Representative: Wu Wei-Chung, Wu Chi-Shueng, Yang Ping-Shan, Law Wang Chak (Waltery), Wu Yuan-Mei	117,945	39.49%
	General Manager	Wu Wei-Chung	-	-
MeiXin Audio Equipment (Dongguan) Co., Ltd.	Director	FINE STATION LIMITED Representative: Wu Wei-Chung, Wu Chi-Shueng, Law Wang Chak (Waltery), Wu Yuan-Mei, Yang Ping-Shan	267,162	100%
	General Manager	Wu Wei-Chung	-	-
MAKINGO DEVELOPMENT CORP	Director	Meiloon Industrial Co., Ltd. Representative: Wu Wei-Chung, Wu Yuan-Mei, Wu Chi-Shueng, Law Wang Chak (Waltery), Yang Ping-Shan	830,647	100%
	General Manager	Wu Wei-Chung	-	-

Business Name	Title	Name or Representative	Shareholding	
			Amount of Contribution	Ratio of Contribution
Meida Technology (Suzhou) Co., Ltd.	Director	MAKINGO DEVELOPMENT CORP Representative: Wu Wei-Chung, Wu Yuan-Mei, Wu Chi-Shueng, Law Wang Chak (Waltery), Yang Ping-Shan	218,397	100%
	General Manager	Wu Wei-Chung	-	-
Loonchenfa Investment Co., Ltd.	Director	Meiloon Industrial Co., Ltd. Representative: Wu Wei-Chung, Wu Yuan-Mei, Wu Chi-Shueng, Law Wang Chak (Waltery)	402,500	70%
	Director	Jack Pot Industries Co., Ltd. Representative: Chang Mei-Hui	57,500	10%
	Supervisor	Wu Tang-Hsi, Yang Ping-Shan	-	-
	General Manager	Wu Wei-Chung	-	-
Suzhou YueTai Trading Co., Ltd.	Director	Meiloon Industrial Co., Ltd. Representative: Wu Wei-Chung, Wu Chi-Shueng, Law Wang Chak (Waltery), Wu Yuan-Mei	29,531	100%
Fin-Core Corporation	Director	Meiloon Industrial Co., Ltd. Representative: Wu Wei-Chung, Wu Chi-Shueng	3,857	35.06%
	Director	Chung Hui-Yu	3,214	29.22%
	Director	Chen Chung-Tsun	57	0.52%
AUDIOXPERTS INC.	Director	MAKINGO DEVELOPMENT CORP. Representative: Tseng Chia-Cheng, Lin Chi-Feng, Lin Ying-Jen	13,415	90%
	Director	ELI HARARY	15	10%

Business Name	Title	Name or Representative	Shareholding	
			Amount of Contribution	Ratio of Contribution
PT. TAIFA JAYA DEVELOPMENT	Director	Loonchenfa Investment Co., Ltd. Representative: Wu Wei-Chung, Wu Chi-Shueng, Law Wang Chak (Waltery)	127,998	73.91%
	Director	Li Wen-Ching	3,764	2.17%
	Director	Leopaard Prawira	3,764	2.17%
	Director	Lin Hsiang-An	-	-
PT. MEILOON TECHNOLOGY INDONESIA	Director	Meiloon Industrial Co., Ltd. Representative: Wu Wei-Chung, Wu Jen-Horn, Law Wang Chak (Waltery)	688,669	90%
	Director	Leopaard Prawira	74,153	10%
	Director	Wu Ming-Shien	-	-
Mei Fong (Suzhou) Co., Ltd.	Director	Dongguan Meiloon Acoustic Equipments Co., Ltd. Representative: Wu Wei-Chung, Wu Yuan-Mei, Wu Jen-Horn, Law Wang Chak (Waltery)	196,830	100%
	Director	Kuo Li-Jung	-	-
Prosperity Development Co., Ltd.	Director	Meiloon Industrial Co., Ltd. Representative: Wu Wei-Chung, Wu Ming-Shien	25,000	100%
	Supervisor	Law Wang Chak (Waltery)	-	-

(VI) Operation Status of Affiliates

Year 2022 Unit: In Thousands of New Taiwan Dollars

Business Name	Capital (Note 1)	Total Assets	Total liabilities	Net Value	Operating revenue	Operating Income (Loss)	Net profit (loss) in current period	Earnings per share (New Taiwan dollars)
Meiloon International Ltd.	$ 466,571	$ 678,893	$ -	$ 678,893	$ -	$ (29)	$ (21,740)	$ -
Dongguan Meiloon Acoustic Equipments Co., Ltd. (Note 4)	410,932	1,269,205	766,394	502,811	2,594,117	(56,384)	(41,667)	-
FINE STATION LIMITED	287,718	359,519	25	359,494	21,317	1,829	36,964	-
MeiXin Audio Equipment (Dongguan) Co., Ltd. (Note 4)	267,162	379,358	70,609	308,749	192,964	5,204	7,590	-
MAKINGO DEVELOPMENT CORP (Note 2)	830,647	3,681,712	403,430	3,278,282	2,762,294	58,668	(77,507)	-
Meida Technology (Suzhou) Co., Ltd. (Note 3)	218,397	218,836	13,428	205,408	-	(11,950)	44,249	-
Loonchenfa Investment Co., Ltd.	575,000	583,861	67,727	516,134	-	(593)	9,914	-
Suzhou YueTai Trading Co., Ltd. (Note 4)	29,531	1,964	-	1,964	3,750	(1,543)	(1,527)	-
Fin-Core Corporation	11,000	1,150	-	1,150	-	-	-	-
AUDIOXPERTS INC. (Note 2)	14,913	860	15,414	(14,554)	-	(1)	(1)	-
PT. TAIFA JAYA DEVELOPMENT (Note 5)	173,133	706,595	274,719	431,876	-	(2,484)	(17,640)	-
PT.MEILOON TECHNOLOGY INDONESIA (Note 2)	762,822	1,240,198	605,605	634,593	1,223	(89,804)	(77,313)	-
Mei Fong (Suzhou) Co., Ltd. (Note 4)	196,830	197,568	6,406	191,162	-	(1,968)	(6,521)	-
Prosperity Development Co., Ltd.	25,000	24,986	-	24,986	-	(13)	20	-

Note 1: For details of the capital conversion rate, please refer to "I. Basic information of each affiliate".

Note 2: The asset and liability accounts are translated at the spot rate of TWD:USD = 30.71:1 and the profit and loss accounts are translated at the average exchange rate of TWD:USD = 29.6354:1.

Note 3: The asset and liability accounts are translated at the spot rate of CNY:USD = 6.9586:1 and then at TWD:USD = 30.71:1, and the profit and loss accounts are translated at the average exchange rate of CNY:USD = 6.7078 and then at TWD:USD = 29.6354:1.

Note 4: The asset and liability accounts are translated at the spot rate of TWD:CNY= 4.4132:1 and the profit and loss accounts are translated at the average exchange rate of TWD:CNY= 4.4184:1.

Note 5: The asset and liability accounts are translated at the spot rate of TWD:IDR = 1:506 and the profit and loss accounts are translated at the average exchange rate of TWD:IDR = 1:500.

(VII) Consolidated Financial Statements of Affiliates

We hereby declare that the entities that should be included in the consolidated financial statements of affiliated companies are the same as those that should be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standards No. 10, and the information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the above disclosed consolidated financial statements of parent and subsidiary companies. Moreover, a statement has been issued. Consequently, we do not prepare separate consolidated financial statements of affiliated companies.

II. Private Placement of Securities in the Most Recent Year and up to the Publication of the Annual Report: None.

III. Holding or Disposal of the Company’s Shares by Subsidiaries in the Most Recent Year and up to the Publication of the Annual Report: None.

IV. Other Matters Requiring Supplementary Information: None.

IX. Any Matters Which Have Had a Significant Impact on Shareholders’ Equity or the Price of Securities as Stated in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act in the Most Recent Year and up to the Publication of the Annual Report: None.