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2022

# Annual Report

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Acting Spokesman

Name: Cheng Ya-Wen Title: Vice President

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1.Head Office: ANLI International Co., Ltd.

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Tel: (886)2-8522-7056

2.Subsidiary in Hong Kong

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Address: Block W&C, 8F, Valiant Industrial Centre, No.10, Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong

Tel: (852) 3499-1563

(2)KUANGHE CO.,LIMITED

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3.Subsidiary in China

(1)KUNSHAN ANLI PRECISE METAL CO., LTD.

Address: No. 99-88, Jidian East Road, Shipu Industrial and Commercial Management Zone, Qiandeng Township, Kunshan, Jiangsu Province.

Tel: (86)512-5740-6899

(2)KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.

Address: No. 1425, Fengshou North Road, Qiandeng Township, Kunshan, Jiangsu Province.

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IV.Name of CPAs, accounting firm, address, website and TEL for the financial reports of the most recent year.

CPA Name: Chiu Chao-Hsien, Chen Chin-Chang  
Auditor's firm: PwC Taiwan Website: <http://www.pwc.tw>  
Address: 27F., No. 333, Sec. 1, Keelung Rd., Songshan Dist., Taipei City TEL: (02)2729-6666

V.Name of overseas exchange where securities are listed, and the methods for inquiring the foreign-listed securities:  
None.

VI.Corporate Website: [www.anli-group.com](http://www.anli-group.com)

VII.List of Board of Directors

Title	Name	Nationality or place of registration	Experience (Education)
Chairman	ANLIINTERNATIONALLIMITED(SAMOA) Representative: Hsu Cheng-Kun	SAMOA Taiwan R.O.C.	Industry Management, Oriental Industrial Vocation School. QC Section Manager, Sheng Da Spring Co., Ltd.
Director	KUANGHECO.,LTD.(SAMOA) Representative: Wu Ching-Song	SAMOA Taiwan R.O.C.	Mechanical Drawing, Kai Nan Commercial and Industrial School President, Kuanghe Development Co., Ltd.
Director	Lin Chih-Kun	Taiwan R.O.C.	Tai Shi Junior High School President Yunglun Precision Industrial Co., Ltd.
Director	Lo Li-Wen	Taiwan R.O.C.	Mechanical Engineering, Lунghwa University of Science and Technology President, Certain Micro Application Technology Inc. Chairman, MSH Technology Co., Ltd. Director, Douma Investment Holding Co., Ltd.
Independent director	Chen Li-Yuan	Taiwan R.O.C.	EMBA, Information Management Program, National Taiwan University Assistant Vice President, Ernst & Young
Independent director	Huang Kuo-Feng	Taiwan R.O.C.	PhD in management, London University Chief Secretary, Secretariat of National Chengchi University Convenor of EMBA Chinese Entrepreneurs Program, National Chengchi University Vice CEO of EMBA program, National Chengchi University CEO of EMBA program, National Chengchi University
Independent director	Huang Kui-Jung	Taiwan R.O.C.	Master in materials and manufacturing engineering, Feng Chia University Product Manager, High Entropy Materials Center, National Tsing Hua University Partner and Attorney-at-law, Tai Yin Law Office

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## I.Message to the Shareholders

Dear shareholders, ladies and gentlemen, the 2022 operating performance and future outlook is reported as follows:

### 1.2022 Business Report

#### (1)Business highlight:

Unit: NTD thousand

Item	2022	2021	Increase (decrease) in amount	Change (%)
Operating revenue	2,059,560	2,275,541	(215,981)	-9.49%
Operating costs	1,528,093	1,650,068	(121,975)	-7.39%
Gross profit	531,467	625,473	(94,006)	-15.03%
Operating expenses	336,986	338,431	(1,445)	-0.43%
Operating profit	194,481	287,042	(92,561)	-32.25%
Non-operating income- net	47,355	6,887	40,468	587.60%
Net profit before taxation	241,836	293,929	(52,093)	-17.72%
Income tax expenses	45,868	62,761	(16,893)	-26.92%
Net income	195,968	231,168	(35,200)	-15.23%

(2)Budget execution: The Company did not present any financial forecast to the public, and this part is not applicable.

#### (3)Financial income and expenditure, and profitability analysis:

Item		2022	2021	Increase (decrease)
Financial structure	Debt to assets ratio (%)	42.58	48.12	(5.54)
	Long term capital as a percentage of fixed assets (%)	207.98	304.37	(96.39)
Solvency	Current ratio (%)	173.94	220.00	(46.06)
	Liquid ratio (%)	158.01	199.82	(41.81)
Profitability	ROA (%)	5.75	6.90	(1.15)
	ROE (%)	9.79	12.46	(2.67)
	Basic earnings per share (NTD)	4.40	5.22	(0.82)

#### (4)Research and development:

The consolidated expenditures of the Company in research and development amounted to NT\$79,289 thousand in 2022 and NT\$69,271 thousand in 2021, which accounted for 3.85% and 3.04% of the consolidated revenue, respectively.

### 2.Outline of the Business Plan in 2023

#### (1)Business policy

- A.Continue to strengthen cross-plant resource integration, communication, and management to facilitate decision-making implementation.
- B.Continue to input automated production and instrument updates and adjust the production processes to enhance competitiveness.
- C.Actively develop new products, new markets, and promptly engage in cooperation with academic and research institutions to grasp the Company's future mid-term and long-term high-tech sources.
- D.Keep abreast of economic prosperity and changes in market demand, promptly and flexibly adjust inventory to prevent the risk of sluggish material and raw material price fluctuations.

- E.Strive to maintain a good cooperative relationship with customers, grasp the latest market information, actively gain new product orders, and continue to create value for customers.
- F.Gain product orders from different industries through diversification to diversify the company’s operating risks and to reduce the business ratio of a single industry.

(2)Major production and sales policies

- A.Active development of new products, new markets, and new purposes.
- B.Acceleration of the expansion of the horizon for new products in line with the input of new equipment.
- C.Continued improvement of the cost structure, adjustment of internal management process, upgrade of production efficiency so as to reduce the cost of production and upgrade competitiveness in the market.

3.Development strategy of the Company in the future

- (1)Set up the corporate logistics center in Taiwan for coordination and control of all operations and functional department of the group in other regions. Build up the system of real-time communication with key customers. Map out the business strategy from top-down and outward to form unified strategies.
- (2)Develop global competitive power and horizon, strengthen the capacity for the pursuit of policy and enhance the competitive power of the Company, and spare no effort in the development and training of talents in Taiwan, Hong Kong, and Mainland China.
- (3)Set a high standard for customer service, respond to the feedback of customers and works with customer satisfaction to satisfy market mechanisms and customer needs.
- (4)Develop proper corporate culture to strengthen the capacity in pursuit. The leadership of the Company will declare the vision and mission of the Company, the corporate goal and commitment to motivate the employees with a sense of participation, cohesion, mission and achievement.

4.Impacts of the external competitive environment, regulatory environment, and the overall business environment

The Company has constantly faced external competition since its inception, as well as the impacts of foreign regulations and the overall business environment. The competition in the market, the new rules and regulations promulgated by the competent authority of securities and exchange, the demand for environmental protection in countries all around the world, and the unpredictable global operation environment hampered the business performance of the Company significantly.

The Company, in responding to the changes in the current environment, in addition to complying with new law and regulations announced by the competent authority of securities and requiring suppliers and the products of the Company to comply with the environmental protection requirements, has continued to substantiate the corporate governance system of the Company, improved production processes, and actively expanded productivity to reduce production costs; also, it has grasped the order demands of the customers in order to have the raw material procurement planned properly and to improve the overall competitiveness of the Company.

The supply and demand of fertilizers and food in the world is out of balance due to the war between Ukraine and Russia. Inflation has been worsening from early 2022 and is on-going. The US FED takes the lead to raise interest rates that affects the global capital market and funds cost. China’s pandemic development has impacted the Covid-19 pandemic for three years. China has adopted a city lockdown strategy to prevent the prevailing of pandemic, resulting in the shutdown of some factories, worker shortage, material shortage, and transportation difficulty. The operation and performance of the electronics industry is affected in the worst way possible. The company accelerated the construction of a production base in Anli, Huzhou, Zhejiang to diversify risks.

Chairman:	Hsu Cheng-Kun	Manager:	Hsu Cheng-Kun	Accounting Supervisor:	Wang Wan-Hsing
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## II. Overview

### 1. Date of foundation

Anli International Co., Ltd. (hereinafter referred to as “the Company” or “Anli International”) was a holding company established in the British Caymans Island on June 23, 2010. The Company has acquired the equity shares of Anli International Holdings Limited (Hong Kong) and Kuanghe Co., Limited (Hong Kong) on November 22 of the same year through share swap, including the direct subsidiaries of these two companies, KUNSHAN ANLI PRECISE METAL CO., LTD. and KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. In addition, the Company also founded Chongqing Gtek Technology Co., Ltd in 2011 and founded Antronic Technologies Ltd. (Huzhou) in 2019.

The Company mainly engages in the development, production, assembly, and sales of various precision metal stamping, magnesium aluminum die casting, and CNC processing, and other products, which are applied in computer, communication, and consumer electronic products (3C products). The Company actively deploys the expansion of products for other industries, such as automotive products, optical communication products, vision system application products, household products, and other new product lines, moving towards product diversification.

The Company is specialized in the development, improvement of production process of the mold for metallic devices of parts and components for cooling, and the acquisition and installation of automated equipment for introduction to the production lines. With the wealth of knowledge in stamping, die casting and CNC chipping techniques and the innovative production methods, the Company could provide the customers with vertical integration production process from product design, tooling, and mass production, and could effectively help the customers to shorten the lead-time of product development and production cycle. In addition, the Company also provides complete solutions for critical parts and components for the customers. In the future, the heat dissipation components applied in electronic products will continue to undergo development to production automation related equipment and will continue to undergo R&D and improvement, actively expanding application products for trend fields, strengthening core technical capabilities, as well as building automated, digitalized and smart intelligent factories, thus improving production efficiency and product yield rates and reducing labor costs.

### 2. History

Year	Milestones
2010	Kunshan Shinli was selected as an enterprise with advantage in intellectual property in Kunshan City, and had been qualified as an R&D institution in Jiangsu Province. KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. was accredited with the QC080000 on hazardous substances process management system.
2011	KUNSHAN ANLI PRECISE METAL CO., LTD. was cited as a learning enterprise in Kunshan. KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. was accredited with the OHSAS 18001, the occupational health and safety assessment series. KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. passed the enterprise electronic free supervision by the Electrical and Electronic Association of Kunshan Government. Setup a production site at Chongqing with the establishment of Chongqing Gtek Technology Co., Ltd for expansion of the market in west China.
2012	KUNSHAN ANLI PRECISE METAL CO., LTD. was granted the Certificate of High-tech enterprise by the R&D Institution of Jiangsu Province again. Kunshan Kuanghe has obtained the R&D institution high-tech enterprise certificate in Jiangsu Province. Capital investment of Ways Technologies for expansion to the cell phone market.
2013	KUNSHAN ANLI PRECISE METAL CO., LTD. was granted the certificate of safety production enterprise. KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. was granted the certificate of safety production enterprise. KUNSHAN ANLI PRECISE METAL CO., LTD. expanded its Phase IV plant by 3,864m <sup>2</sup> . Procurement of CNC automated equipment and engaged in precision chipping of metals and the production of metal cases.

Year	Milestones
2014	Chongqing Gtek Technology Co., Ltd. purchased land for plant construction and completed Phase I which occupied an area of 7,035m <sup>2</sup> .
2016	Fully launched the automated production process engineering. Fully launched the accreditation of automotive manufacturing TS16949 management system. The company in Taiwan purchased a new office building occupying an area of about 500m <sup>2</sup> (8F, No. 213 and 215, XinBei Blvd Section IV, Xinzhuang District, New Taipei).
2017	Application for listing in the Taipei Exchange in December.
2018	Raised capital of NT\$48,060 thousand by issuing new shares, which made the paid-in capital amount to NT\$432,477 thousand. The stock issued by the Company was officially listed on TPEX for trading on July 2. In the fourth quarter, Chongqing Gtek Technology Co., Ltd. underwent Phase II factory expansion (7,080 square meters in area).
2019	The Phase II factory expansion of Chongqing Gtek Technology Co., Ltd. was completed. A production base was set up in Huzhou, Huzhou Anli was established, and the land use right was obtained for the factory construction.
2020	Convertible corporate bonds were issued on October 30 to be traded at the TPEX.

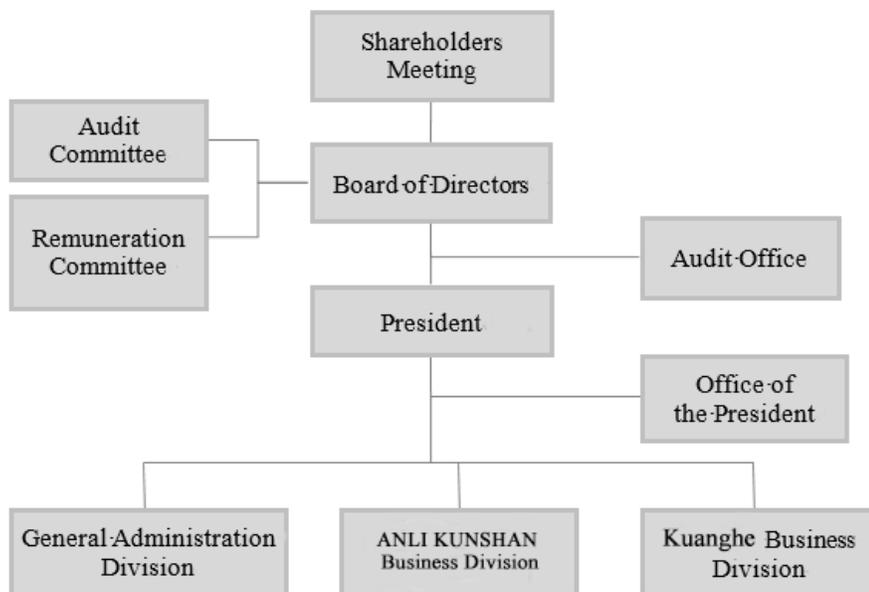
3. Structure of the group: refer to page 109 of this report.

4. Risks: refer to page 106 to page 108 of this report.

### III. Corporate Governance Report

#### 1. Organization

##### (1) Organizational Chart of the Company



##### (2) Function of major segments

Department	Assigned duties
Board of Directors	<ol style="list-style-type: none"> <li>1. Develop the core value of the Company and explicit vision for mid- to long-term development, determine the business policy and objective.</li> <li>2. Monitor and fully understand the pursuit of the business plan.</li> </ol>
Audit Committee	<ol style="list-style-type: none"> <li>1. Monitor and evaluate the fair presentation of the business, financial position, and financial reporting of the group.</li> <li>2. Monitor and evaluate the enforcement of the internal control system of the group and the effectiveness of the enforcement.</li> <li>3. Monitor and evaluate the internal control system of the group and the degree of compliance with the external applicable laws.</li> <li>4. Monitor and evaluate existing and potential risks of the group and the control of risks.</li> <li>5. Monitor and evaluate the appointment (dismissal) of the certified public accountants of the group, and their independence and competence.</li> </ol>
Remuneration Committee	<ol style="list-style-type: none"> <li>1. Establishment with routine review of the performance evaluation of the Directors and Managers, and the policies, system, standards, and structure of remunerations.</li> <li>2. Routine assessment and determination of the remuneration to the Directors and the Managers.</li> <li>3. Affirmation of the remuneration system of the Company is in compliance with applicable legal rules for the companies listed in TWSE/TPEX and capable of attracting and keeping good people to maintain the competitiveness of the Company.</li> </ol>
Audit Office	<ol style="list-style-type: none"> <li>1. Conduct audits on the operation, financial position, safekeeping of assets, and information in accordance with the internal code of the Company, report on shortcomings and related corrective actions and preventive action and keep track on the result, provide timely recommendation for improvement to ensure the effective implementation of the internal control system of the Company.</li> <li>2. The design, execution, and reporting of the annual audit plan and internal audit system.</li> <li>3. Training and education of compliance with the internal control system.</li> <li>4. Review and amendment to the regulations governing internal control, internal audit and related control, and assess the control performance of these systems.</li> </ol>
President	<ol style="list-style-type: none"> <li>1. Report to the Board and Shareholders Meeting on the operation result and development plan of the Company.</li> <li>2. Execution of the resolutions of the Board.</li> <li>3. Determination of the business objective, strategy for development in the future and action plans</li> </ol>

Department	Assigned duties
	<p>of the Company.</p> <ol style="list-style-type: none"> <li>4. Supervision and control of the overall planning and budgeting of the Company to ensure the achievement of the business goals.</li> <li>5. Planning on direct investment.</li> </ol>
Office of the President	<ol style="list-style-type: none"> <li>1. Design the organizational structure of the Company, planning, establishment, management and the integration and coordination of implementation of the internal code of the system.</li> <li>2. Integration, planning, implementation and tracking of the assignment of the senior management.</li> <li>3. Holding meetings for the Shareholders Meeting, Board meeting, Auditing Committee, Remuneration Committee, and Executive Meetings, communication and coordination, recording of the minutes of meetings, follow up with the resolutions of the meetings.</li> <li>4. Administration, communication, and coordination of share registration and investor services, legal affairs and related matters.</li> </ol>
General Administration Division	<p><b>General Administration Division</b></p> <ol style="list-style-type: none"> <li>1. Integration and compilation of the annual budget of the group and reporting and analysis of the attainment.</li> <li>2. Review and compilation of the business report of the group, audit and control of costing.</li> <li>3. The analysis and supply of information on the operations of the long-term investment of the group.</li> <li>4. Spokesman of the Company, elaboration and dissemination of information externally and the window for contact with investors and stakeholders.</li> </ol> <p>Human Resources</p> <ol style="list-style-type: none"> <li>(1) Human resources planning and personnel administration.</li> <li>(2) Establishment and revision of the regulations governing human resources and personnel administration, planning and implementation of employee training and continuing education programs.</li> </ol> <p>Finance</p> <ol style="list-style-type: none"> <li>(1) The analysis and review of the establishment, assessment, and pursuit of the accounting process.</li> <li>(2) Compilation and review of financial statements.</li> <li>(3) Tax planning, declaration, and review.</li> <li>(4) Fund management and financing planning and managing</li> </ol> <p>Administrative management</p> <ol style="list-style-type: none"> <li>(1) Purchase and miscellaneous management, planning and holding of employee benefits and activities.</li> <li>(2) Assets, specimen seal and document management.</li> <li>(3) Environment, safety and health management at the workplace and fire safety equipment maintenance and management.</li> </ol> <p>Information</p> <ol style="list-style-type: none"> <li>(1) Design and installation of related information systems, equipment in line with the business development of the Company, and information security management.</li> <li>(2) Development, management, and maintenance of application systems.</li> <li>(3) The planning, management, and maintenance of mainframe, database, network and peripherals.</li> </ol>
ANLI KUNSHAN Business Division	<ol style="list-style-type: none"> <li>1. Administering the operation management of investee companies.</li> <li>2. Introduction and exhibition of products, business promotion events, customer relation management, and development of new accounts.</li> <li>3. Setting the short- to long-term business plans, leading the business team to achieve the overall business performance goal.</li> <li>4. Product strategy, planning of new products, and related works.</li> <li>5. Responsible for the research and development of new products and data search.</li> <li>6. Handling customer complaints, assisting customers and sales personnel to solve technical problems of related products.</li> </ol>
Kuanghe Business Division	<ol style="list-style-type: none"> <li>1. Administering the operation management of investee companies.</li> <li>2. Introduction and exhibition of products, business promotion events, customer relation management, and development of new accounts.</li> <li>3. Setting the short- to long-term business plans, leading the business team to achieve the overall business performance goal.</li> <li>4. Product strategy, planning of new products, and related works.</li> <li>5. Responsible for the research and development of new products and data search.</li> <li>6. Handling customer complaints, assisting customers and sales personnel to solve technical problems of related products.</li> </ol>

2.Profiles of Directors, Supervisors, President, Executive Vice Presidents, Asst. VP, and supervisors of the various departments and branches

(1)Director

A.Profiles of Directors

April 17, 2023

Title	Nationality or place of registration	Name	Gender Age	Date elected	Duration	Inauguration date	Shares at Election		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Current duties in The Company and in other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remarks		
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Quantity	Ratio of Shareholding	Title		Name	Relation
Chairman	SAMOA	ANLI INTERNATIONAL LIMITED (SAMOA)	—				13,312,589	30.78%	12,578,589	28.23%	—	—	—	—	—							
	Taiwan R.O.C.	Representative: Hsu Chen-Kun	Male 61-70	2022.05.26	4	2012.08.20	1,066,371	2.47%	494,000	1.11%	—	—	—	—	Industry Management, Oriental Industrial Vocation School, QC Section Manager, Sheng Da Spring Co., Ltd. The Company's President Director, ANLI INTERNATIONAL HOLDINGS LIMITED (ANLI Hong Kong) Director, KUANGHE CO., LTD. (Kuanghe Hong Kong) Director, KUNSHAN ANLI PRECISE METAL CO., LTD. Director, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. Director, Chongqing Gtek Technology Co., Ltd. Chairman of Antronic Technologies Ltd. (Huzhou) Director, ANLI INTERNATIONAL LIMITED (SAMOA) Director, ANLI Spring Co., Ltd. Director, An Tai Spring Co., Ltd.	—	—	—				
Director	SAMOA	KUANGHECO.,LTD.(SAMOA)	—				4,467,979	10.33%	3,962,979	8.90%	—	—	—	—	—							
	Taiwan R.O.C.	Representative: Wu Chin-Sung	Male 51-60	2022.05.26	4	2012.08.20	—	—	—	—	—	—	—	—	Mechanical Drawing, Kai Nan Commercial and Industrial School President, Kuanghe Development Co., Ltd. Director and President, KUANGHE CO., LIMITED (Hong Kong) Director and President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. Supervisor, KUNSHAN ANLI PRECISE METAL CO., LTD. Directors and General Manager of Antronic Technologies Ltd. (Huzhou) Director, KUANGHE CO., LTD. (SAMOA)	Vice President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.	Wu Chi-Kun	Brothers				
Director	Taiwan R.O.C.	Lin Chih-Kun	Male 51-60	2022.05.26	4	2011.03.29	—	—	—	—	—	—	—	Tai Shi Junior High School President, Yunglun Precision Industrial Co., Ltd. Director and President, ANLI INTERNATIONAL HOLDINGS LIMITED (ANLI Hong Kong) Director and President, KUNSHAN ANLI PRECISE METAL CO., LTD. Supervisor, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. Directors of Antronic Technologies Ltd. (Huzhou) Director, ANLI INTERNATIONAL LIMITED (SAMOA)	—	—	—					
Director	Taiwan R.O.C.	Lo Li-Wen	Female 51-60	2022.05.26	1	2022.05.26	—	—	—	—	—	—	—	Mechanical Engineering, Lunghwa University of Science and Technology President, Certain Micro Application Technology Inc. Chairman, MSH Technology Co., Ltd. Director, Douma Investment Holding Co., Ltd.	President, Certain Micro Application Technology Inc. Chairman, MSH Technology Co., Ltd. Director, Douma Investment Holding Co., Ltd.	—	—	—				
Independent Director	Taiwan R.O.C.	Chen Li-Yuan	Male 51-60	2022.05.26	1	2022.05.26	—	—	—	—	—	—	—	EMBA, Information Management Program, National Taiwan University Assistant Vice President, Ernst & Young Practice Accountant/Responsible Person, Li-Yuan CPA Firm Director, Turn Cloud Technology Service Inc. Supervisor, Basecom telecommunication Co., Ltd.	—	—	—					
Independent Director	Taiwan R.O.C.	Huang Kuo-Feng	Male 51-60	2022.05.26	1	2022.05.26	—	—	—	—	—	—	—	PhD in management, London University Chief Secretary, Secretariat of National Chengchi University Convener of EMBA Chinese Entrepreneurs Program, National Chengchi University Vice CEO of EMBA program, National	Professor in Business Administration, National Chengchi University Director, Chengchi University Business Administration Education Foundation	—	—	—				

Title	Nationality or place of registration	Name	Gender Age	Date elected	Duration	Inauguration date	Shares at Election		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Current duties in The Company and in other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remarks
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
															Chengchi University CEO of EMBA program, National Chengchi University					
Independent Director	Taiwan R.O.C.	Huang Kui-Jung	Male 51-60	2022.05.26	1	2022.05.26	-	-	-	-	-	-	-	-	Master in materials and manufacturing engineering, Feng Chia University Product Manager, High Entropy Materials Center, National Tsing Hua University	President, Jingwei Materials Science Co., Ltd. Sales Manager, High Entropy Materials, Inc.	-	-	-	

Note: If the chairman and general manager or the equivalent (top manager) is the same person, the spouse, or a first-degree relative, the reason, reasonability, necessity, and response measures should be stated.

The Company's chairman and general manager are the same person, as explained below:

- a. The Company's chairman and general manager Mr. Hsu Cheng-Kun is one of the founders of Anli International Co., Ltd. who has thorough knowledge of business operations and main product information and operational status, not only ensuring the smooth decision-making of the board of directors, but also enhancing the Company's business performance.
- b. The Company's seven director seats (including three independent directors) are without spouse relations or first-degree relative relations, and the external directors account for more than 50%. In addition, the Company set up the Audit Committee made up of three independent directors in 2011. Therefore, in case of relevant business decision-making involving one's own interest or loss of objectivity, the supervision and balance mechanism can be promptly brought into play to ensure the rights and interests of the general public.
- c. The Company has insured directors and important staff liability insurance, while PwC Taiwan, a large accounting firm, has been invited to serve as the Company's external supervisory agency responsible for financial statement audits and internal control system project reviews in order to reduce the Company's operational risk and enhance the corporate governance function.

**Table 1 Main shareholders of corporate shareholders**

April 17, 2023

Names of corporate shareholders (Note 1)	Major Shareholders of corporate shareholders (Note 2)
ANLIINTERNATIONALLIMITED(SAMOA)	Hsu Cheng-Kun (20%), Lin Chih-Kun (20%), Huang Ta-Peng (20%), Wu Wen-Yu (20%), Huang A-Chun (20%)
KUANGHECO.,LTD.(SAMOA )	Wu Ching-Song (35%), Wu Chi-Kun (35%), Lin Chung A-Chueh (20%), Kang Hsiu-Yen (8%), Wu Li-Hui (2%)

Note 1: Directors and supervisors who are corporate shareholder representatives are required to fill out their corporate shareholder names.

Note 2: The names of main shareholders of corporate shareholders (with a shareholding ratio ranking top 10) and the ratios of shareholdings should be filled out.

B. The professional knowledge and independence of the directors

Name	Condition	Professional qualifications and experience (Note 1)	Status of independence (note 2)	Number of public companies where the person holds the title as independent director
ANLI INTERNATIONAL LIMITED(SAMOA) Representative: Hsu Chen-Kun		With more than five years of work experience required for commerce and corporate business, currently serves as the chairman of Anli International Co., Ltd., director of Hong Kong Anli International Holdings Co., Ltd., director of KUANGHE CO., LIMITED, director of KUNSHAN ANLI PRECISE METAL CO., LTD., director of KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD., director of Chongqing Gtek Technology Co., Ltd , director of Antronic Technologies Ltd. (Huzhou), and does not meet any descriptions stated in Article 30 of the Company Act..	Not applicable for non-independent directors.	None.
KUANGHE CO.,LTD. (SAMOA) Representative: Wu Chin-Sung		With more than five years of work experience required for commerce and corporate business, currently serves as the director of Anli International Co., Ltd., director of KUANGHE CO., LIMITED, supervisor of KUNSHAN ANLI PRECISE METAL CO., LTD., director of KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD., director of Antronic Technologies Ltd. (Huzhou), and does not meet any descriptions stated in Article 30 of the Company Act.	Not applicable for non-independent directors.	None.
Lin, Chi-Kun		With more than five years of work experience required for commerce and corporate business, currently serves as the director of Anli International Co., Ltd., director of Hong Kong Anli International Holdings Co., Ltd., director of KUNSHAN ANLI PRECISE METAL CO., LTD., supervisor of KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD., director of Antronic Technologies Ltd. (Huzhou), and does not meet any descriptions stated in Article 30 of the Company Act..	Not applicable for non-independent directors.	None.
Lo, Li-Wen		With more than five years of work experience required for commerce, finance, accounting and corporate business, currently serves as the director of Anli International Co., Ltd., president of Certain Micro Application Technology Inc. and does not meet any descriptions stated in Article 30 of the Company Act.	Not applicable for non-independent directors.	None.
Chen, Li-Yuan		With more than five years of work experience required for commerce, law, finance, accounting and corporate	1. Not an employee of the Company or its affiliates. 2. Not a Director, Supervisor of	None.

Name	Condition	Professional qualifications and experience (Note 1)	Status of independence (note 2)	Number of public companies where the person holds the title as independent director
		business, and holds a certificate of public accountant from the Republic of China. Currently serves as the director of Anli International Co., Ltd., practice accountant of Li-Yuan CPA Firm, director of Turn Cloud Technology Service Inc., supervisor of Basecom telecommunication Co., Ltd. and does not meet any descriptions stated in Article 30 of the Company Act.	the Company or its affiliates (except the independent directors established by the Company or its parent company, subsidiaries under this law or applicable laws in the place of incorporation). 3. Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.	
Huang, Kuo-Feng		With more than five years of work experience required for commerce, law, finance, accounting and corporate business. Currently serves as the director of Anli International Co., Ltd., professor in Business Administration, National Chengchi University, Director of Chengchi University Business Administration Education Foundation. Not under any of the categories stated in Article 30 of the Company Act.	4. Not a spouse, relative of second degree, or direct kin of third degree or closer to persons not qualified for criteria 1~3. 5. Not a director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; nor a director, supervisor, or employee to any of the top 5 corporate shareholders.	None.
Huang, Kuei-Jung		With more than five years of work experience required for commerce, law, finance, accounting and corporate business, currently serves as the independent director of Anli International Co., Ltd., President of Jingwei Materials Science Co., Ltd., sales manager of High Entropy Materials, Inc. Not under any of the categories stated in Article 30 of the Company Act.	6. Directors, supervisors, or employed persons of other companies not exceeding half of the Company's director seats or shares with voting rights controlled by the same person (not limited to concurrent independent directors designated by the Company, parent company, subsidiary, or subsidiary under the same parent company by the local regulations). 7. Not the owner, partner, director, supervisor, manager and spouse to the owner, partner, director, supervisor of the professional, sole proprietor, partnership, body corporate, or institution providing business, legal, financial and/or accounting services or consultation to the Company. Except the members of the Remuneration Committee performing their function pursuant to Article 7 of the	None.

Name	Condition	Professional qualifications and experience (Note 1)	Status of independence (note 2)	Number of public companies where the person holds the title as independent director
			<p>Regulations Governing the Establishment of Remuneration Committee by Companies listed in the Stock Exchange or OTC Markets and Performing of its Duties.</p> <p>8.Board of directors (directors), supervisors (members of the board of supervisors), managers, or shareholders with more than 5% shareholding of specific companies or institutions without financial or business dealings with the Company (not limited to specific companies or institutions with more than 20% but not exceeding 50% of shares issued by the Company and concurrent independent directors designated by local regulations of the Company and its parent company and subsidiary company or subsidiaries under the same parent company).</p> <p>9.Professionals engaged in commercial, legal, financial, accounting, and other related services whose audits are not provided by the Company or its conglomerates or whose cumulative rewards in the recent two years have not exceeded NT\$500,000, sole proprietors, company or institution owners, partners, directors (board of directors), supervisors (members of the board of supervisors), managers, and their spouses. (not limited to the members of the Remuneration Committee, Public Takeover Review Committee, or Mergers and Acquisition Special Committee performing their duties in accordance with the Securities Exchanges Act or the Business Mergers and Acquisitions Act)</p> <p>10.Not having a marital relationship, or a relative within the second degree of kinship to any other director</p>	

Name	Condition	Professional qualifications and experience (Note 1)	Status of independence (note 2)	Number of public companies where the person holds the title as independent director
			of the Company. 11. Not under any of the categories stated in Article 30 of the Company Act. 12. Not elected as a government or corporate representative according to Article 27 of The Company Act.	

(2)Background information of the President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

April 17, 2023

Title	Nationality	Name	Gender	Election Date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
President	Taiwan R.O.C.	Hsu, Chen-Kun	Male	2013.06.14	494,000	1.11%	—	—	—	—	Industry Management, Oriental Industrial Vocation School. QC Section Manager, Sheng Ta Spring Co., Ltd.	Director, ANLI Spring Co., Ltd. Director, An Tai Spring Co., Ltd. Director, ANLI INTERNATIONAL LIMITED (SAMOA) Director, ANLI INTERNATIONAL HOLDINGS LIMITED (ANLI Hong Kong) Director, KUANGHE CO., LTD. (Kuanghe Hong Kong) Director, KUNSHAN ANLI PRECISE METAL CO., LTD. Director, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. Director, Chongqing Gtek Technology Co., Ltd. Chairman of Antronic Technologies Ltd. (Huzhou)	—	—	—	—
President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.	Taiwan R.O.C.	Wu, Chin-Sung	Male	2010.06.23	—	—	—	—	—	—	Mechanical Drawing, Kai Nan Commercial and Industrial School President, Kuanghe Development Co., Ltd.	Director, KUANGHE CO., LTD. (SAMOA) Director and President, KUANGHE CO., LIMITED (Hong Kong) Director and President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. Supervisor, KUNSHAN ANLI PRECISE METAL CO., LTD. Directors and General Manager of Antronic Technologies Ltd. (Huzhou)	Vice President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.	Wu Chi-Kun	Brothers	—

Title	Nationality	Name	Gender	Election Date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
President, KUNSHAN ANLI PRECISE METAL CO., LTD.	Taiwan R.O.C.	Lin, Chi-Kun	Male	2010.06.23	-	-	-	-	-	-	Tai Shi Junior High School President, Yunglun Precision Industrial Co., Ltd.	Director, ANLI INTERNATIONAL LIMITED (SAMOA) Director and President, ANLI INTERNATIONAL HOLDINGS LIMITED (ANLI Hong Kong) Director and President, KUNSHAN ANLI PRECISE METAL CO., LTD. Supervisor, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. Directors of Antronic Technologies Ltd. (Huzhou)	-	-	-	-
President, Chongqing Gtek Technology Co., Ltd.	Taiwan R.O.C.	Chang Yi-Chang	Male	2018.12.04	680	0.00%	-	-	-	-	Graduate Institute of Entomology, National Chung Hsing University Department of Entomology, National Chung Hsing University COO, North Bay Entertainment Marketing Manager, Forcecon Technology	Director and President, Chongqing Gtek Technology Co., Ltd. Directors of Antronic Technologies Ltd. (Huzhou)	-	-	-	-
Vice President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.	Taiwan R.O.C.	Wu Chi-Kun	Male	2010.06.23	-	-	-	-	-	-	Mechanical Drawing, Kai Nan Commercial and Industrial School President, Kuang Feng Development Co., Ltd.	Director and Vice President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. Director of Chongqing Gtek Technology Co., Ltd. Directors of Antronic Technologies Ltd. (Huzhou)	President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.	Wu, Chin-Sung	Brothers	-
Vice President, KUNSHAN ANLI PRECISE METAL CO., LTD.	Taiwan R.O.C.	Chen Chia-Feng	Male	2015.01.01	30,000	0.07%	-	-	-	-	MBA, Concordia University, USA Industry Engineering and Management, Wang Neng Industrial and Commercial School Chief Event Planning Officer, Shang Dian Duo Media Integrated Marketing Co., Ltd. Engineer, Ding Sheng Business Machine Co., Ltd.	Vice President, KUNSHAN ANLI PRECISE METAL CO., LTD. Supervisors, Chongqing Gtek Technology Co., Ltd.	-	-	-	-

Title	Nationality	Name	Gender	Election Date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
CFO and Chief Accounting Officer	Taiwan R.O.C.	Wang Wan-Hsing	Male	2017.05.02	20,000	0.04%	-	-	-	-	Bachelor, Dept of Accounting, Soochow University. Deputy Manager, Auditing Dept, Deloitte Taiwan. Accounting Manager, Xin Li Qi Electronic Co., Ltd. Accounting Manager, Elite Group Computers Principal Consultant, ORACLE CEO, San Yan Technology Co., Ltd.	Supervisors of Antronic Technologies Ltd. (Huzhou)	-	-	-	-
Internal Audit Manager	Taiwan R.O.C.	Yao Li-Fang	Female	2017.04.01	27,000	0.06%	-	-	-	-	Master, Graduate Institute of Marketing and Distribution Management, CFO and Manager of Administration Dept, Zhuzhijia Electronic Technologies (Shanghai) Co., Ltd.	-	-	-	-	
Executive Vice President	Taiwan R.O.C.	Cheng Ya-Wen	Female	2020.07.01	-	-	-	-	-	-	Master degree of Business Administration, University of Queensland, Australia Junior Vice President of Cathay Securities Corporation	Representative of Institutional Supervisor, Certain Micro Application Technology Inc. Representative of Institutional Supervisor, Therlect Co., Ltd.	-	-	-	-
Corporate governance supervisor	Taiwan R.O.C.	Tu Shih-Chieh	Male	2023.04.01	8,000	0.00%	13,000	0.00%			Department of Finance, Tamkang University Deputy Manager, finance and accounting, ANLI International Co., Ltd.	-	-	-	-	

Note: If the general manager or the equivalent (top manager) and the chairman is the same person, a spouse, or a first-degree relative, the reason, reasonability, necessity, and response measures should be disclosed, including information related to the methods for adding independent director seats, and more than half of the directors are not concurrently serving as employees or managers, etc.

The Company's general manager and chairman are the same person, as explained below:

A. The Company's chairman and general manager Mr. Hsu Cheng-Kun is one of the founders of Anli International Co., Ltd. who has thorough knowledge of business operations and main product information and operational status, not only ensuring the smooth decision-making of the board of directors, but also enhancing the Company's business performance.

- B.The Company's seven director seats (including three independent directors) are without spouse or first-degree relative relations, and the external directors account for more than 50%. In addition, the Company set up the Audit Committee made up of three independent directors in 2011. Therefore, in case of relevant business decision-making involving one's own interest or loss of objectivity, the supervision and balance mechanism can be promptly brought into play to ensure the rights and interests of the general public.
- C.The Company has insured directors and important staff liability insurance, while PwC Taiwan, a large accounting firm, has been invited to serve as the Company's external supervisory agency responsible for financial statement audits and internal control system project reviews in order to reduce the Company's operational risk and enhance the corporate governance function.



a. Please state the director remuneration payment policy, system, standard, and structure and state the relevance between the amount paid and duties, risks, input time, and other factors.

The Company's remunerations for independent directors include director remunerations, remunerations and transportation fees for performing business. The Remuneration Committee shall regularly review and evaluate remuneration payment policies, systems, standards, and structures and inspect directors' participation in company operations, professionalism in decision implementation, and effective contribution aspects, which shall be set up in reference to the standards of the same trade and after discussion and resolution by the board. The contribution of remunerations for directors is based on the Company's profitability situation and in compliance with the provision in the corporate charter. Remunerations will be distributed after reaching a resolution by the board of directors.

b. In addition to the disclosure in the above table, remunerations claimed by the directors for providing services for all the companies in the financial statement in the most recent year to (such as serving as non-staff consultants) other than the disclosure in the table above: None.

Classification of remuneration

Remunerations to individual directors in respective brackets along the salaries scale	Name of Directors			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	The Company	All companies contained in the financial report H	The Company	All companies mentioned in the financial statements I
Less than 1,000,000	Lin Chi-Kun, Wu Chin-Sung, Ways Technical Corps, Chen Yin-Chang, Yeh Wang-Ming, Chuang Kun-Min Chen, Li-Yuan Huang, Kuo-Feng Huang, Kuei-Jung	Lin Chi-Kun, Wu Chin-Sung, Ways Technical Corps, Chen Yin-Chang, Yeh Wang-Ming, Chuang Kun-Min Chen, Li-Yuan Huang, Kuo-Feng Huang, Kuei-Jung	Ways Technical Corps, Chen Yin-Chang, Yeh Wang-Ming, Chuang Kun-Min Chen, Li-Yuan Huang, Kuo-Feng Huang, Kuei-Jung	Ways Technical Corps, Chen Yin-Chang, Yeh Wang-Ming, Chuang Kun-Min Chen, Li-Yuan Huang, Kuo-Feng Huang, Kuei-Jung
1,000,000(inclusive)~2,000,000 (exclusive)	--	--	Wu Chin-Sung, Lin Chi-Kun	--
2,000,000(inclusive)~3,500,000 (exclusive)	--	--	--	--
3,500,000(inclusive)~5,000,000 (exclusive)	--	--	--	--
5,000,000(inclusive)~10,000,000 (exclusive)	--	--	Hsu, Chen-Kun	Hsu Chen-Kun, Lin Chi-Kun
10,000,000(inclusive)~15,000,000 (exclusive)	--	--	--	Wu, Chin-Sung
15,000,000(inclusive)~30,000,000 (exclusive)	--	--	--	--
30,000,000(inclusive)~50,000,000(exclusive)	--	--	--	--
50,000,000(inclusive)~100,000,000 (exclusive)	--	--	--	--
100,000,000 above	--	--	--	--
Total	--	--	--	--

B.Remuneration to the Supervisors: Not applicable, the Company did not establish the seats for Supervisors.

C.Remuneration to President and Executive Vice Presidents

Unit NTD thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc (C)		Remuneration to the employees (D)				The sum of A, B, C and D in proportion to Earnings (%)				Remuneration paid to directors from an invested company other than the company's subsidiary
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies shown in the financial report (note 5)		The Company		All companies mentioned in the financial statements		
								Cash	Stock	Cash	Stock	Total	Rate	Total	Rate	
President, Anli International Co., Ltd.	Hsu, Chen-Kun															
President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.	Wu, Chin-Sung															
President, KUNSHAN ANLI PRECISE METAL CO., LTD.	Lin, Chi-Kun	12,309	29,604	121	121			6,414		8,216		18,844	9.62%	37,941	19.36%	None
President, Chongqing Gtek Technology Co., Ltd.	Chang Yi-Chang															
Vice President, Anli International Co., Ltd.	Cheng Ya-Wen															

Classification of remuneration

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Name of Presidents and Executive Vice Presidents	
	The Company	All companies mentioned in the financial statements
Less than 1,000,000	—	—
1,000,000(inclusive)~2,000,000 (exclusive)	Wu Chin-Sung, Lin Chi-Kun	—
2,000,000(inclusive)~3,500,000 (exclusive)	Cheng Ya-Wen	Cheng Ya-Wen
3,500,000(inclusive)~5,000,000 (exclusive)	—	—
5,000,000(inclusive)~10,000,000 (exclusive)	Hsu, Chen-Kun, Chang Yi-Chang	Hsu Chen-Kun, Lin Chi-Kun, Chang Yi-Chang
10,000,000(inclusive)~15,000,000 (exclusive)	—	Wu, Chin-Sung
15,000,000(inclusive)~30,000,000 (exclusive)	—	—
30,000,000(inclusive)~50,000,000 (exclusive)	—	—
50,000,000(inclusive)~100,000,000 (exclusive)	—	—
100,000,000 above	—	—
Total	—	—

D.Name of the managers received remuneration and the distribution of remuneration

Unit NTD thousand

	Title	Name	Stock	Cash	Total	Total/after-tax profit
Manager	President, Anli International Co., Ltd.	Hsu Cheng-Kun	—	13,057	13,057	6.66%
	President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.	Wu Ching-Song				
	President, KUNSHAN ANLI PRECISE METAL CO., LTD.	Lin Chih-Kun				
	President, Chongqing Gtek Technology Co., Ltd.	Chang Yi-Chang				
	Vice President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.	Wu Chi-Kun				
	Vice President, KUNSHAN ANLI PRECISE METAL CO., LTD.	Chen Chia-Feng				
	CFO and Chief Accounting Officer	Wang Wan-Hsing				
	Chief Internal Auditor	Yao Li-Fang				
	Vice President, Anli International Co., Ltd.	Cheng Ya-Wen				

(4)The analysis of the total amount of remuneration to the Directors, Supervisors, President and Vice Presidents paid by the Company and all companies included in the consolidated financial statements in the last 2 years in proportion to net income, and the association with the remuneration policy, standard and combination, procedure for determining the remuneration, and operation performance, and the risks in the future.

A.The total amount of remuneration to the Directors, Supervisors, President and Vice Presidents paid by the Company and all companies included in the consolidated financial statements in the last 2 years in proportion to net income.

Item	Ratio of total remuneration to net income			
	2021		2022	
	The Company	Consolidated financial statements	The Company	Consolidated financial statements
Remuneration to Directors	2.20%	2.20%	2.31%	2.10%
President's and Vice Presidents' remuneration	4.11%	11.47%	9.62%	19.36%

B.Association with the remuneration policy, standard and combination, procedure for determining the remuneration, and operation performance, and the risks in the future.

The Company has established the Remuneration Committee and the members are independent directors. This committee review and evaluate the performance of the Directors and the Managers, and the policy, system, standard, and structure of the remuneration.

a.Director:

The remuneration to the Directors covers traveling subsidy, business expense, and Director fees. The remuneration to the Directors is regulated by the Articles of Incorporation of the Company and determined by the Board under authorization with reference to their degree of participation in the operation and contribution value to the Company, and also industry level. The appropriation of remuneration to the Directors was made in compliance with the Articles of Incorporation of the Company subject to the resolution of the Board and report to the Shareholders Meeting before release.

b.President and Vice Presidents:

The remuneration to the President and the Vice Presidents covers salaries and remuneration to employees. The salaries were set with reference to their participation in the operation and contribution value, and industry standard. The appropriation of remuneration to the employees was made in compliance with the Articles of Incorporation of the Company subject to the resolution of the Board and report to the Shareholders Meeting before release.

### 3. Status of Corporate Governance

#### (1) The function of the Board

The Board of the Company has convened (A) 8 times in 2022 to the date this report was printed. Before the re-election of directors on May 26, 2022, the board of directors held a total of (C) 2 meetings, and after the re-election of directors on May 26, 2022, the board of directors held a total of (D) 6 meetings. The attendance of the Directors is specified below:

Title	Name	Actual attendance (B)	Attend through proxy	Attendance rate (B/A)	Remarks
Chairman	ANLIINTERNATIONALLIMITED Representative: Hsu Chen-Kun	8	0	100%	Assumed office on 2022.5.26 for a second term
Director	Lin, Chi-Kun	8	0	100%	Assumed office on 2022.5.26 for a second term
Director	KUANGHECO.,LTD. Representative: Wu Chin-Sung	8	0	100%	Assumed office on 2022.5.26 for a second term
Title	Name	Actual attendance (B)	Attend through proxy	Attendance rate % (B/D)	Remarks
Director	Lo, Li-Wen	5	1	83.33%	2022.5.26 First appointment
Independent director	Chen, Li-Yuan	6	0	100%	2022.5.26 First appointment
Independent director	Huang, Kuo-Feng	6	0	100%	2022.5.26 First appointment
Independent director	Huang, Kuei-Jung	6	0	100%	2022.5.26 First appointment
Title	Name	Actual attendance (B)	Attend through proxy	Attendance rate % (B/C)	Remarks
Director	Ways Technical Corps. Representative: Kuo Shi-Yee	2	0	100%	2022.5.26 The term expires
Independent director	Chuang Kun-Ming	2	0	100%	2022.5.26 The term expires
Independent director	Chen Yin-Chang	2	0	100%	2022.5.26 The term expires
Independent director	Yeh Wang-Ming	2	0	100%	2022.5.26 The term expires

Other notes:

A. For the particulars inscribed in Article 14-3 of the Securities and Exchange Act, and resolutions of the Board with adverse opinions or qualified opinions of the Independent Directors on record or in written declaration, specifying the date and the session, the content of the motion, the opinions of all Independent Directors, and the response of the Company to the opinions of the Independent Directors: None.

B. The recusal of the Directors to avoid the conflict of interest:

In the sessions of the Board of the Company held in 2022 and to the date this report was printed, the recusal of the Directors to avoid the conflict of interest is shown below:

Date of session	Name of Directors	Agenda	Reasons for avoiding conflicting interests	Voting decision
2022.3.4	Hsu, Chen-Kun Lin, Chi-Kun Wu, Chin-Sung	1. The motion for the salaries of the managers in 2022	Related to personal interest of the managers	The Directors concerned recused from the session to avoid the conflict of interest. The motion was passed by all other Directors in common consent in reply to the inquiry of the acting Chairman.
2022.7.14	Hsu, Chen-Kun Lin, Chi-Kun Wu, Chin-Sung	1. The motion of the remuneration to the Directors of the Company in 2021. 2. The motion for the remuneration to the employees and managers in 2021.	Related to personal interest of the managers	The Directors concerned recused from the session to avoid the conflict of interest. The motion was passed by all other Directors in common consent in reply to the inquiry of the acting Chairman.
2023.1.12	Hsu, Chen-Kun Lin, Chi-Kun Wu, Chin-Sung	1. The motion of year-end bonus in 2022.	Related to personal interest of the managers	The Directors concerned recused from the session to avoid the conflict of interest. The motion was passed by all other Directors in common consent in reply to the inquiry of the acting Chairman.
2023.3.21	Hsu, Chen-Kun Lin, Chi-Kun Wu, Chin-Sung	1. The motion for the salaries of the managers in 2023	Related to personal interest of the managers	The Directors concerned recused from the session to avoid the conflict of interest. The motion was passed by all other Directors in common consent in reply to the inquiry of the acting Chairman.

C. Board Self-assessment Situation:

2022 Board Performance Self-assessment Implementation Situation:

a. Cycle, Period, Scope, Method and Content of Board of Directors Self-assessment

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
Implemented once a year	2022.1.1-2022.12.31	1. The board as a whole 2. Individual board member 3. Functional Committee	1. Internal self-assessment of board of directors 2. Self-assessment of individual board members 3. Internal self-assessment of Functional Committee	1. Board Performance Self-assessment content i) Degree of participation in company operation ii) Board decision-making quality improvement iii) Board makeup and structure iv) Director appointment and continuing education v) Internal control 2. Individual board member performance evaluation content i) Grasp of company objectives and mission ii) Perception of director duties iii) Degree of participation in company operation

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
				iv) Internal relation management and communication v) Director professionalism and continuing education vi) Internal control 3. Functional Committee performance evaluation content i) Degree of participation in company operation ii) Perception of Functional Committee duties iii) Improvement of Functional Committee decision-making quality iv) Functional Committee makeup and member appointment v) Internal control

**b. Board Performance Self-assessment Results**

i. The Company board passed the “Board Performance Assessment Guidelines” on January 10th, 2019. According to the provisions in the guidelines, a performance assessment is conducted at the end of the year, and the performance self-assessment results were submitted to the board on March 21, 2023.

ii. Performance self-assessment is presented in a rating scale from 1 to 5. The performance assessment rating scale is explained below:

Number 1: Very poor (Strongly disagree) 2: Poor (disagree) 3: Neutral (Normal) 4: Good (Agree) 5: Excellent (Strongly agree).

iii. Assessment results

i) Internal self-assessment of board of directors

Based on the performance assessment content, it is divided into 45 performance assessment items. The average assessment results ranged from 4: Good (agree) to 5: Excellent (strongly agree).

ii) Self-assessment of individual board members

Based on the performance assessment content, it is divided into 23 performance assessment items. The average assessment results ranged from 4: Good (agree) to 5: Excellent (strongly agree).

iii) Functional Committee (including Audit Committee and Remuneration Committee) Internal Self-assessment

Based on the performance assessment content, it is divided into 24 performance assessment items. The average assessment results reached 5: Excellent (strongly agree).

iv) The Company’s “Board Performance Assessment Guidelines” and the 2022 board performance assessment results have been disclosed in the Company’s website corporate governance area.

**c. Improvement and Recommendations**

i. The directors should continue to gain a deeper insight into the departmental reports and inspect the management performance of the operational team in order to fully and promptly keep abreast of the Company’s operations and various detrimental trends and risks.

ii. The board member diversification policy needs to be reimplemented (currently no female directors at present or non-R.O.C. directors).

iii. Plan and train suitable board member candidates to maintain the board decision-making quality, professionalism, and experience heritage.

d. The objective of enhancing the function of the board of directors and the status of implementation in 2022 and 2023 as of the publication date of the annual report:

i. The Company has allotted 5–9 directors according to the Articles of Incorporation. In particular, the independent directors shall not be less than three persons, and the overall director seats exceeding 1/5 should be reached. The term of office the Company’s fifth term of Board of Directors expired, so the general shareholders’ meeting held on May 26, 2022 elected the fifth term of directors in accordance with Article 79 of the Articles of

Incorporation by adapting the candidates nomination system and in compliance with the election procedures set forth in the “Regulations Governing the Election of Directors.” The balloting was prudent and transparent, and in which seven directors were elected (including three independent directors). The result was publicly announced in compliance with Article 192-1 of the Company Act.

- ii. The Company’s seven directors have no spouse relations or kinship within the second degree to ensure all board members can operate objectively and independently.
- iii. The diversification, competency, and complementariness of company board members

i) Board Member Diversification

Diversification items  Name of Directors	Basic makeup					Industrial experience				Professional skills			
	Nationality	Gender	Concurrent employee status	Age		Manufacturing and R&D	Business marketing	Management	Asset management	Accounting	Finance	Law	Risk management
				51 to 60	61 to 70								
ANLI INTERNATIONAL LIMITED Representative: Hsu Chen-Kun	Taiwan R.O.C.	Male	V		V	V	V	V	V				V
Lin, Chi-Kun	Taiwan R.O.C.	Male	V	V		V	V	V	V				V
KUANGHE CO.,LTD. Representative: Wu Chin-Sung	Taiwan R.O.C.	Male	V	V		V	V	V	V				V
Lo, Li-Wen	Taiwan R.O.C.	Female		V		V	V	V	V				V
Chen, Li-Yuan	Taiwan R.O.C.	Male		V				V	V	V	V	V	V
Huang, Kuo-Feng	Taiwan R.O.C.	Male		V				V	V	V	V	V	V
Huang, Kuei-Jung	Taiwan R.O.C.	Male		V		V	V	V	V				V

ii) Competency and complementariness of board members

The Company’s board members specialize in various industrial fields (including manufacturing, food, biotechnology, accounting and taxation affairs, legal affairs, etc.), with practical industrial experience, leadership decision-making, operational judgement, financial and accounting analysis, business management, and crisis management capabilities, professional knowledge and literacy during decision-making. Thus, the board members are free of competency concerns and complementariness among members is demonstrated.

- iv. The Audit Committee was established in 2011 to implement relevant operations in accordance with Article 14-5 of the Securities Exchange Act. In order to perfect the board functions and strengthen corporate governance mechanisms, all the independent directors served as Audit Committee members, one of which as the convener. Operations have been carried out smoothly since the implementation commenced.
- v. The company established the Remuneration Committee in 2011 with all the independent directors serving as the members of the Committee, and one of them is the convener who possesses independent, objective, and professional expertise to offer suggestions and assist the board of directors in planning and evaluating relevant remuneration policies, systems, standards, and structures, which has been operating smoothly so far.
- vi. The Company has set up the “Board Performance Assessment Guidelines” in accordance with Article 37 of the “Corporate Governance Best Practice Principles for Exchange-Listed and OTC-Listed Companies.” According to the provisions in the guidelines, a performance assessment for the current year was conducted at the end of the year, which was submitted to the board on March 5, 2021. The 2020 board performance self-assessment implementation situation has been disclosed in the Company’s website corporate governance area.
- vii. The Company will successively plan board member takeovers when the time deems appropriate in the year to come. Targeting the cultivation of future talents, in addition to strengthening core value propaganda, company management philosophy, and experience sharing and heritage, through professional training, operational management, risk management, financial analysis, and risk management, and other diversification abilities can be developed.
- viii. The Company has established the position of spokesman and acting spokesman to enhance information

transparency. Designated personnel have also been appointed to perform the function of information collection and disclosure.

(2) The operation of the Auditing Committee

A. The Company has established the Auditing Committee on November 28, 2011 and all the members are Independent Directors. At the end of the fourth term of the Committee, the company's board of directors elected three independent directors as the Committee members to serve the fifth term on May 26, 2022. It is for a three-year term of office from May 26, 2022 to May 25, 2025.

B. The Auditing Committee of the Company has convened (A) 8 times in 2022 and 2023 to the date this report was printed. Before the re-election of directors on May 26, 2022, 4th Audit Committee meeting held a total of (C) 2 meetings, and after the re-election of directors on May 26, 2022, 5th Audit Committee meeting held a total of (D) 6 meetings. The attendance of the Audit Committees member specified below:

Title	Name	Attendance in person (B)	Attend through proxy	Attendance rate % (B/D)	Remarks
Independent director/ Convener	Chen, Li-Yuan	6	0	100%	2022.5.26 First appointment
Independent director/ Committee	Huang, Kuo-Feng	6	0	100%	2022.5.26 First appointment
Independent director/ Committee	Huang, Kuei-Jung	6	0	100%	2022.5.26 First appointment

Title	Name	Attendance in person (B)	Attend through proxy	Attendance rate % (B/C)	Remarks
Independent director/ Convener	Chuang Kun-Ming	2	0	100%	2022.5.26 The term expires
Independent director/ Committee	Chen Yin-Chang	2	0	100%	2022.5.26 The term expires
Independent director/ Committee	Yeh Wang-Ming	2	0	100%	2022.5.26 The term expires

Other notes:

a. If any of the following applies to the operation of the Auditing Committee, specify the session and the date, the content of the motion, the resolution of the committee in session, and the response of the Company to the opinions of the committee members.

i. The particulars inscribed in Article 14-5 of the Securities and Exchange Act.

Board of Directors	Details of the relevant agendas and the subsequent	The particulars inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two thirds of the board directors.
2022.3.4 21 <sup>st</sup> Meeting of the 5 <sup>th</sup> Board of Directors	1. To pass the Company's 2021 CPA Independence Assessment Case. 2. Passed the Business Report and consolidated financial statements of 2021. 3. Passed the motion for distribution of earnings in 2021. 4. Passed the budget of the Company in 2022Q2. 5. Passed the "Declaration of Internal Control System" of the Company	✓	×

Board of Directors	Details of the relevant agendas and the subsequent	The particulars inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two thirds of the board directors.
	<p>in 2021.</p> <p>6.To pass the Company’s “Corporate Charter” partial amendment case.</p> <p>7.Passed the partial amendment to the “Regulations Governing the Election of Directors” of the Company.</p> <p>8.Passed the partial amendment to the “Organization Code of the Remuneration Committee” of the Company.</p> <p>9.To pass the Company’s “Investment Cycle” partial amendment case.</p> <p>10.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company.</p> <p>11.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company.</p> <p>12.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company.</p> <p>13.Passed the partial amendment to the “Corporate Governance Best Practice Principles” of the Company.</p> <p>14.Passed the partial amendment to the “Sustainable Development Best Practice Principles” of the Company.</p>		
<p>2022.5.9 22<sup>nd</sup> Meeting of the 5<sup>th</sup> Board of Directors</p>	<p>1.Passed the consolidated financial statements of the Company covering 2022 Q1.</p> <p>2.Passed the budget of the Company in 2022 Q3.</p> <p>3.Passed the Company subsidiary’s endorsement guarantee quota case pertaining to customs matters.</p> <p>4.To pass the “commissioned self-owned land construction project contract case” of the Company’s Chongqing Gtek Technology Co., Ltd..</p> <p>5.The endorsement and guarantee made by the company for the credit line applied for by Hong Kong Anli, the subsidiary, to Bank is hereby proposed for approval.</p> <p>6.The loaning of funds made by HK Anli, a subsidiary of the company, to Chongqing Gtek Technology Co., Ltd..is hereby proposed for approval.</p>	<p>✓</p>	<p>×</p>
<p>2022.7.14 2<sup>nd</sup> Meeting of the 6<sup>th</sup> Remuneration Committee</p>	<p>1.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary Anli Hong Kong.</p> <p>2.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary Kuanghe Hong Kong.</p> <p>3.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary KUNSHAN ANLI PRECISE METAL CO., LTD..</p> <p>4.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD..</p> <p>5.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary Chongqing Gtek Technology Co., Ltd.</p> <p>6.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary Antronic Technologies Ltd. (Huzhou).</p>	<p>✓</p>	<p>×</p>

Board of Directors	Details of the relevant agendas and the subsequent	The particulars inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two thirds of the board directors.
	<p>7.The amendments to the “Approval Authority List” made by Hong Kong Kuanghe, a subsidiaries are hereby proposed for approval.</p> <p>8.The amendments to the “Approval Authority List” made by KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD., a subsidiaries are hereby proposed for approval.</p> <p>9.The amendments to the “Approval Authority List” made by Chongqing Gtek Technology Co., Ltd., a subsidiaries are hereby proposed for approval.</p> <p>10.The amendments to the “Approval Authority List” made by Antronic Technologies Ltd. (Huzhou), a subsidiaries are hereby proposed for approval.</p> <p>11.The capital increase in Huzhou Anli, a subsidiary of the company, is hereby proposed for approval.</p>		
2022.8.15 3 <sup>rd</sup> Meeting of the 6 <sup>th</sup> Board of Directors	<p>1.Passed the consolidated financial statements of the Company covering 2022 Q2.</p> <p>2.Passed the budget of the Company in 2022 Q4.</p> <p>3.To pass the company's greenhouse gas inventory and verification schedule.</p> <p>4.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary Anli Hong Kong.</p> <p>5.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary Kuanghe Hong Kong.</p> <p>6.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary KUNSHAN ANLI PRECISE METAL CO., LTD..</p> <p>7.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD..</p> <p>8.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary Chongqing Gtek Technology Co., Ltd..</p> <p>9.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary Antronic Technologies Ltd. (Huzhou).</p> <p>10.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary Anli Hong Kong.</p> <p>11.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary Kuanghe Hong Kong.</p> <p>12.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary KUNSHAN ANLI PRECISE METAL CO., LTD..</p> <p>13.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD..</p> <p>14.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary Chongqing Gtek Technology Co., Ltd..</p> <p>15.Passed the partial amendment to the “Procedure for</p>	✓	x

Board of Directors	Details of the relevant agendas and the subsequent	The particulars inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two thirds of the board directors.
	<p>Endorsement/Guarantee” of the Company’s subsidiary Antronic Technologies Ltd. (Huzhou).</p> <p>16.The endorsement and guarantee made by the company for the credit line applied for by Hong Kong Anli, the subsidiary, to ChinaTrust Bank is hereby proposed for approval.</p> <p>17.The endorsement and guarantee made by the company for the credit line applied for by Hong Kong Kuanghe, the subsidiary, to ChinaTrust Bank is hereby proposed for approval.</p> <p>18.Passed the motion of seeking financing from First Commercial Bank.</p>		
2022.11.10 4 <sup>th</sup> Meeting of the 6 <sup>th</sup> Remuneration Committee	<p>1.Passed the consolidated financial statements of the Company covering 2022 Q3.</p> <p>2.Passed the budget of the Company in 2023 Q1.</p> <p>3.To pass the Company and its subsidiaries’ 2023 audit project case.</p> <p>4.Passed the partial amendment to the “Rules of Procedure for Board of Directors Meetings” of the Company.</p> <p>5.Passed the motion of introducing the “Cyber Security Management Act” of the Company.</p> <p>6.Passed the partial amendment to the “Procedures for Handling Material Inside Information” of the Company.</p> <p>7.The capital increase in Huzhou Anli, a subsidiary of the company, is hereby proposed for approval.</p> <p>8.To release the endorsement and guarantee made by the company for the credit line applied for by Hong Kong Anli, the subsidiary, to E.Sun Bank is hereby proposed for approval.</p> <p>9.To release the endorsement and guarantee made by the company for the credit line applied for by Hong Kong Kuanghe, the subsidiary, to E.Sun Bank is hereby proposed for approval.</p> <p>10.The company’s application filed to Cathay United Bank for the credit line is hereby proposed for approval.</p>	✓	x
2023.1.12 5 <sup>th</sup> Meeting of the 6 <sup>th</sup> Board of Directors	<p>1.Passed the Business Plan in 2023.</p> <p>2.The loaning of funds made by KUNSHAN ANLI PRECISE METAL CO., LTD., a subsidiary of the company, to Huzhou Anli is hereby proposed for approval.</p> <p>3.The loaning of funds made by KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD., a subsidiary of the company, to Huzhou Anli is hereby proposed for approval.</p> <p>4.To pass the company's subsidiary KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. to treat the accounts receivable of Hong Kong Kuanghe beyond the credit period as a loan of funds.</p> <p>5.To pass the amendment to the Company’s “Internal Audit Implementation Rules” amendment case.</p>	✓	x
2023.3.21 6 <sup>th</sup> Meeting of the 6 <sup>th</sup> Board of Directors	<p>1.Passed the motion of the appointment of certified public accountants for external audits and certification and remuneration in 2023.</p> <p>2.To pass the Company’s 2022 CPA Independence Assessment Case.</p> <p>3.Passed the Business Report and consolidated financial statements of 2022.</p> <p>4.Passed the motion for distribution of earnings in 2022.</p> <p>5.Passed the budget of the Company in 2023 Q2.</p> <p>6.Passed the “Declaration of Internal Control System” of the Company</p>	✓	x

Board of Directors	Details of the relevant agendas and the subsequent	The particulars inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two thirds of the board directors.
	<p>in 2022.</p> <p>7.To pass the Company’s “Corporate Charter” partial amendment case.</p> <p>8.Passed the partial amendment to the “Shareholders Meeting Procedure” of the Company.</p> <p>9.Passed the partial amendments to the “Internal Audit Implementation Rules” of Hong Kong Anli, a subsidiary of the company, are hereby proposed for approval.</p> <p>10.Passed the partial amendments to the “Internal Audit Implementation Rules” of Hong Kong Kuanghe, a subsidiary of the company, are hereby proposed for approval.</p> <p>11.Passed the partial amendments to the “Internal Audit Implementation Rules” of KUNSHAN ANLI PRECISE METAL CO., LTD., a subsidiary of the company, are hereby proposed for approval.</p> <p>12.Passed the partial amendments to the “Internal Audit Implementation Rules” of KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD., a subsidiary of the company, are hereby proposed for approval.</p> <p>13.Passed the partial amendments to the “Internal Audit Implementation Rules” of Chongqing Gtek Technology Co., Ltd., a subsidiary of the company, are hereby proposed for approval.</p> <p>14.Passed the partial amendments to the “Internal Audit Implementation Rules” of Antronic Technologies Ltd. (Huzhou), a subsidiary of the company, are hereby proposed for approval.</p> <p>15.Passed the partial amendment to the “Corporate Governance Best Practice Principles” of the Company.</p> <p>16.Passed the motion of the purchase of financial products by KUNSHAN ANLI PRECISE METAL CO., LTD., a subsidiaries of the Company.</p> <p>17.To pass the company's subsidiary KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. to treat the accounts receivable of Hong Kong Kuanghe beyond the credit period as a loan of funds.</p> <p>18.To pass the appointment of the company's corporate governance supervisor</p>		

ii.In addition to the abovementioned items, other resolutions not passed by the Audit Committee and with the consent of more than 2/3 of all the directors:

The Company has no resolution not passed by the Audit Committee and with the consent of more than 2/3 of all the directors.

b.The recusal of the Independent Directors to avoid the conflict of interests, specifying the names of the Independent Directors, the content of the motions, the reason for recusal, and the participation in voting: None.

c.The main tasks of the company’s Audit Committee in 2022 and as of the publication date of the annual report is summarized as follows:

- i.Discussion and review of the Company’s annual operational plan
- ii.Review of the Company’s annual business report
- iii.Annual consolidated financial statement review for the first, second, and third quarter.
- iv.Discussion and review of internal audit report and annual audit plan.
- v.Discussion and review of the enactment or amendment of the internal control system and related rules, and

- assessment of the effectiveness of the internal control system.
- vi. Discussion and review of “acquisition or disposal of assets, capital loan to others, endorsement for others, or guarantee provision operation procedure revision or amendment.”
  - vii. Discussion and review of material assets or derivative transactions, loaning of funds to others, and endorsements or guarantees for others.
  - viii. Appointment, remuneration review, and assessment of independence and competence of the certified public accountants.
  - ix. Discussion and review of other major matters provisioned by other companies or competent authorities.
  - x. Regular or occasional communication with the audit officer and the certified public accountants.
- d. The communication between the Auditing Committee (Independent Directors) and the Chief Internal Auditor and the certified public accountants (including the communications related to the financial position and state of operation of the Company, in materiality, the means of communications, and the result):
- i. The communication between the Audit Committee (independent directors) and the internal audit officer
    - i) The Audit Committee of the company shall, in addition to reviewing the internal audit report on a monthly basis, convene a meeting at least once a quarter to communicate with the internal audit office regarding the audit operation performed by the internal audit unit, and may hold an extraordinary meeting at any time as needed, or communicate via e-mail, telephone, or video conference.
    - ii) The communication methods, matters, and results have been disclosed in the corporate governance section of the company’s website as detailed in the following list in 2022 and as of the printing date of the annual report:

Date/Method	Communication matters	Communication results
2022/3/4 Audit Committee	1. Audit Report in December 2021-January 2022. 2. Discussion on the 2021 “Declaration of Internal Control System” 3. Discussion on revision of the internal control system	It is approved unanimously by all participants after a lengthy explanation and discussion.
2022/5/9 Audit Committee	1. Audit Report in 2022 Q1.	It is approved unanimously by all participants after a lengthy explanation and discussion.
2022/7/14 Audit Committee	1. Audit Report in April to May 2022. 2. Discussion on revision of the internal control system	It is approved unanimously by all participants after a lengthy explanation and discussion.
2022/8/15 Audit Committee	1. Audit Report in 2022 Q2. 2. Discussion on revision of the internal control system	It is approved unanimously by all participants after a lengthy explanation and discussion.
2022/11/10 Audit Committee	1. Audit Report in 2022 Q3. 2. Discussion on the 2023 Audit Plan 3. Discussion on revision of the internal control system	It is approved unanimously by all participants after a lengthy explanation and discussion.
2023/1/12 Audit Committee	1. The 2022Q4 Internal Audit Report 2. Discussion on revision of the internal control system	It is approved unanimously by all participants after a lengthy explanation and discussion.
2023/3/21 Audit Committee	1. Audit Report in January to February 2023. 2. Discussion on the 2022 “Declaration of Internal Control System” 3. Discussion on revision of the internal control system	It is approved unanimously by all participants after a lengthy explanation and discussion.

- ii. Communication between Audit Committee (Independent Directors) and Certified Public Accountants
  - i) The company has commissioned CPA Chao-Hsien Chiu and CPA Chin-Chang Chen of PwC Taiwan as the

attestation CPAs for the company's financial report.

- ii) The company's attestation CPAs when reviewing (checking) the company's quarterly (annual) financial reports should explain the reasonableness and accuracy of the financial status and financial performance, the adequacy of presentation and entries adjustment, amendments to IFRSs bulletins, amendments to law and regulations, etc., to the Audit Committee (independent directors) at least once a quarter before the Audit Committee reviews the company's consolidated financial statements. Also, they should communicate and explain the key review matters of the company to the independent directors with a consensus reached every year. A meeting can be convened at any time upon the occurrence of a major abnormal event.
- iii) The communication methods, communication matters, and communication results have been disclosed in the corporate governance section of the company's website as detailed in the following list in 2022 and as of the printing date of the annual report:

Date/Method	Communication matters	Communication results
2022/3/4 Pre-meeting of the Audit Committee	<ol style="list-style-type: none"> <li>1.Explanation and communication of the 2021 consolidated financial statement review report</li> <li>2.Explanation and communication of key review items (inventory evaluation and the occurrence of significant changes in the counterparty's income)</li> <li>3.Explanation and communication of major adjusted entries</li> <li>4.Explanation and communication on the independence of the attestation CPAs</li> <li>5.Explanation and communication of the preparation of financial reports by the company</li> <li>6.Discussion of the CPAs on the issues raised by the Audit Committee</li> </ol>	It is passed unanimously at the meeting.
2022/5/9 Pre-meeting of the Audit Committee	<ol style="list-style-type: none"> <li>1.Explanation and communication of the 2022Q1 consolidated financial statement review report</li> <li>2.Explanation and communication of major adjusted entries</li> <li>3.Explanation and communication on the independence of the attestation CPAs</li> <li>4.Explain and communicate the auditing schedule for semi-annual financial statements.</li> <li>5.Explanation and communication of the preparation of financial reports by the company</li> <li>6.Discussion of the CPAs on the issues raised by the Audit Committee</li> </ol>	It is passed unanimously at the meeting.
2022/8/15 Pre-meeting of the Audit Committee	<ol style="list-style-type: none"> <li>1.Explanation and communication of the 2022Q2 consolidated financial statement review report</li> <li>2.Explanation and communication of major adjusted entries</li> <li>3.Explanation and communication on the independence of the attestation CPAs</li> <li>4.Explanation and communication of the preparation of financial reports by the company</li> <li>5.Discussion of the CPAs on the issues raised by the Audit Committee</li> </ol>	It is passed unanimously at the meeting.
2022/11/10 Pre-meeting of the Audit Committee	<ol style="list-style-type: none"> <li>1.Explanation and communication of the 2022Q3 consolidated financial statement review report</li> <li>2.Explanation and communication of major adjusted entries</li> <li>3.Explanation and communication on the independence of the attestation CPAs</li> <li>4.Explanation and communication of the preparation of financial reports by the company</li> <li>5.Discussion of the CPAs on the issues raised by the Audit Committee</li> </ol>	It is passed unanimously at the meeting.
2023/3/21 Pre-meeting of the Audit Committee	<ol style="list-style-type: none"> <li>1.Explanation and communication of the 2022 consolidated financial statement review report</li> <li>2.Explanation and communication of key review items</li> <li>3.Explanation and communication of major adjusted entries</li> <li>4.Explanation and communication on the independence of the attestation CPAs</li> <li>5.Explanation and communication of the preparation of financial reports by the company</li> <li>6.Discussion of the CPAs on the issues raised by the Audit Committee</li> </ol>	It is passed unanimously at the meeting.

(3) How The Company's actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best Practice Principles for TWSE/TPEX- listed Companies, and the reasons
	Yes	No	Summary	
A. Will the Company based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" set up and disclose the Company's corporate governance best-practice principles?	✓		The Company has instituted the "Corporate Governance Best Practice Principles" in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies, and has disclosed related information at the official website of the Company and MOPS.	No significant difference
B. Shareholding structure and shareholders' equity a. Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?  b. Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?  c. Will the Company establish and implement the risk control and firewall mechanisms with the related parties?  d. Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	✓  ✓  ✓  ✓		a. The Company has commissioned a professional share registration and investor services institution for handling share registration and investor services, and has established the spokesman system. The spokesman (or acting spokesman) of the Company will accept and respond to the suggestions, queries, and related matters of the shareholders. b. The Company has declared the state of shareholding by insiders (Directors, Supervisors, Managers, and dominant shareholders holding more than 10% of the outstanding shares) monthly as required, and keeps abreast of the information on the list of dominant shareholders of the Company and the eventual dominant parties behind these dominant shareholders through the share registration and investor services agent. c. The Company has instituted the "Regulations Governing the Transactions with Related Parties, Designated Companies, and Group Enterprises" and the "Regulations Governing the Supervision of Subsidiaries". The monitoring and control of subsidiaries by the Company has been made in compliance with the applicable rules and regulations, and the transactions with affiliates are also conducted in compliance with applicable legal rules governing transactions for the proper implementation of risk control and a firewall mechanism. d. The Company has instituted the "Procedure for Handling Internal Information in Materiality" and "Regulations for the Prevention of Insider Transactions", and has educated insiders with the "Applicable Laws Governing Insider Transactions and Important Guidelines" to prohibit insiders of the Company from using undisclosed information for trading securities.	No significant variation

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best Practice Principles for TWSE/TPEX- listed Companies, and the reasons
	Yes	No	Summary	
C.The organization of the Board and their duties a.Has the Board of Directors formulated and implemented a diversity policy on membership?	✓		a.According to the “Corporate Governance Best Practice Principles,” the members of the Board shall be qualified with the necessary knowledge, skills, and ethics in order to achieve the ideal goal of corporate governance. The Company has mapped out appropriate and diversified policies in line with the mode of operation and development needs. Currently, there are 7 seats of Directors (including 3 seats of Independent Directors) on the Board. These Directors are well-trained and experienced in corporate decision-making, the practice of corporate management, finance and accounting, and laws further to their understanding and the professional knowledge and skills in marketing. Information on related parties as detailed in page 27 of the annual report.	No significant variation
b.Further to the establishment of the Remuneration Committee and the Auditing Committee as required by law, has the Company voluntarily established related functional committees?	✓		b.The Company has established the Auditing Committee and the Remuneration Committee in compliance with applicable legal rules of the competent authority, and will establish various functional committees in the future where necessary.	
c.Has the Company set up board performance assessment guidelines and assessment methods to periodically conduct annual performance assessments, submit performance assessment results to the board, and use them as references for individual director remuneration and nomination for a second term in office?	✓		c.The Company has set up the Board Performance Assessment Guidelines and performance assessment methods. According to the provisions, performance assessment is periodically conducted every year and is submitted to the board in advance in the first quarter of the following year. The Company submitted the 2022 board performance assessment report to the board on March 21, 2023, which shall serve as a reference for nominating succeeding annual directors and nomination for a second term in office. See the report (Page 25 to page 27) for the board performance appraisal implementation situation.	
d.Has the Company conducted routine evaluation of the independence of the certified public accountants who conducted the external audits and certification?	✓		d.The Company shall periodically (at least once a year) assess the independence and competency of CPAs hired in accordance with the provisions in the “Code of Practice for Exchange-Listed and OTC-Listed Companies.” An assessment on the independence of CPAs was conducted by the Company’s relevant departments. No events affecting independence were found, and the CPAs also supplied a declaration of	

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best Practice Principles for TWSE/TPEX- listed Companies, and the reasons																											
	Yes	No	Summary																												
			<p>independence to the Company. The Audit Committee and the board reviewed, discussed, and approved the eligibility of CPAs Chiu Chao-Hsien and Chen Chin-Chang of PwC Taiwan who meet the independence assessment standards to serve as the Company's CPAs on March 21, 2023. The independence assessment items and assessment results are as shown in the table below:</p> <table border="1"> <thead> <tr> <th>Items for evaluation</th> <th>Assessment results</th> <th>Meet independence standards:</th> </tr> </thead> <tbody> <tr> <td>i.Are there major and indirect financial interests between the CPA and the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>ii.Are there financing or guarantee conducts between the CPA and the Company or company directors?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>iii.Are there close business relations and potential employment relations between the CPA and the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>iv.Have the CPA and the audit team member recently (or in the recent two years) served as directors, managers, or positions exerting major influence on audit work?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>v.Does the CPA provide non-audit services that may directly affect audit work to the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>vi.Does the CPA have possession of stocks or other securities issued by the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>vii.Does the CPA serve as the Company's defender or represent the Company in coordinating conflicts with a third party?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>viii.Does the CPA have kinship with the Company's directors, managers, or staff exerting a major influence on audit cases?</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>	Items for evaluation	Assessment results	Meet independence standards:	i.Are there major and indirect financial interests between the CPA and the Company?	No	Yes	ii.Are there financing or guarantee conducts between the CPA and the Company or company directors?	No	Yes	iii.Are there close business relations and potential employment relations between the CPA and the Company?	No	Yes	iv.Have the CPA and the audit team member recently (or in the recent two years) served as directors, managers, or positions exerting major influence on audit work?	No	Yes	v.Does the CPA provide non-audit services that may directly affect audit work to the Company?	No	Yes	vi.Does the CPA have possession of stocks or other securities issued by the Company?	No	Yes	vii.Does the CPA serve as the Company's defender or represent the Company in coordinating conflicts with a third party?	No	Yes	viii.Does the CPA have kinship with the Company's directors, managers, or staff exerting a major influence on audit cases?	No	Yes	
Items for evaluation	Assessment results	Meet independence standards:																													
i.Are there major and indirect financial interests between the CPA and the Company?	No	Yes																													
ii.Are there financing or guarantee conducts between the CPA and the Company or company directors?	No	Yes																													
iii.Are there close business relations and potential employment relations between the CPA and the Company?	No	Yes																													
iv.Have the CPA and the audit team member recently (or in the recent two years) served as directors, managers, or positions exerting major influence on audit work?	No	Yes																													
v.Does the CPA provide non-audit services that may directly affect audit work to the Company?	No	Yes																													
vi.Does the CPA have possession of stocks or other securities issued by the Company?	No	Yes																													
vii.Does the CPA serve as the Company's defender or represent the Company in coordinating conflicts with a third party?	No	Yes																													
viii.Does the CPA have kinship with the Company's directors, managers, or staff exerting a major influence on audit cases?	No	Yes																													
D.Has the Company allocated an appropriate number of competent corporate governance staff members, has it designated a corporate governance supervisor		✓	The Office of the President is an adjunct body of the Company in the pursuit of corporate governance and is responsible for matters pertinent to corporate governance. Arrangement of the sessions of the Board and	No significant variation																											

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best Practice Principles for TWSE/TPEX- listed Companies, and the reasons
	Yes	No	Summary	
responsible for corporate governance related matters (including but not limited to information required by directors and supervisors for business operations), matters at board and shareholders' meetings conducted in accordance with the law, production of board and shareholders' meeting proceedings, etc.?			Shareholders' Meeting, compilation of the minutes of meetings on record for the Board and the Shareholders' Meeting, supplying the information and materials for the Directors in performing their duties, organization of continuing education and training programs for the Directors. On March 21, 2023, the company's board of directors will approve the setting of corporate governance supervisors to strengthen the effectiveness of corporate governance	
E.Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	✓		The Company has established the spokesman system, installed an official website, and has designated a special section for the stakeholders and investors. Designated personnel have been appointed to administer the special section providing information on the financial position, business outlook and corporate governance of the Company for the reference of the shareholders and related parties. Stakeholders and investors may use the means suggested on the web pages of the official website for communication with the Company. The Company will properly respond to the issues of their concerns, including the issue of sustainable development.	No significant variation
F.Has the Company commissioned a professional stock service agent to handle shareholders affairs?	✓		The Company has commissioned First Securities for handling matters related to the Shareholders Meeting by its Share Registration Department.	No significant variation
G.Disclosures a.Has the Company installed an official website for the disclosure of information on finance, operation, and corporate governance?  b.Has the Company adopted other means in the disclosure of its information (such as the installation of a website in English language, appointment of designated personnel in the collection and disclosure of information on the Company, proper implementation of the spokesman system, and conference of institutional investors and placed the footage on the official website of the Company)?	✓  ✓		a.The Company has installed an official website for the disclosure of its information, and has declared relevant information on the financial position, operation, and corporate governance at MOPS in compliance with the requirements of the competent authority.  b.The Company has established the positions of spokesman and acting spokesman, and has installed an official website with the appointment of designated personnel in the collection and disclosure of information on the Company, proper implementation of the spokesman system, and conference of institutional investors and placed the footage on the official website of the Company for the reference of the shareholders and the public.	No significant variation

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best Practice Principles for TWSE/TPEX- listed Companies, and the reasons
	Yes	No	Summary	
c.Were the Company's announcement and declaration of the annual financial statement within two months after the end of the accounting year, and were the announcement and declaration of the financial statements for the first, second, and third quarter in advance and the situations of the operational plans for different months within the provisioned dates?		✓	c.The announcement and declaration of the Company's financial statements for the first, second, and third quarter and the situations of the operational plans are in accordance with the regulations. The announcements and declarations were completed within the provisioned dates. The Company shall urge the relevant departments to improve operational efficiency and coordinate and cooperate with the financial statement checking (approval) CPAs, with the announcement and declaration of financial and business information in advance as the future goal.	
H.Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	✓		a.Employee rights: The Company seeks to protect the legitimate rights of the employees under law, and has instituted the rules and regulations governing personnel administration to protect the rights of the employees. Except for the provision of pension according to law, labor insurance and health insurance, the Company has also provided group insurance for the employees to improve the protection of the employees. In addition, the Company also provides sufficient training for the employees and has the channels for the employees to reflect their opinions in their entirety. The Company has established a mutual trust relation with the employees. b.Employee care: further to the requirements of the government in the protection of employees, the Company has also subsidized the employees for routine health inspection, and also the policies for the employees on occasions of matrimony, bereavement, and other celebrations. Banquets, birthday parties, and employee pleasure traveling have also been held at appropriate times to provide recreation for the employees, physically and psychologically. c.Investor relation: The Company has established the positions of spokesman and acting spokesman as the window for the dissemination of Company news and response to the questions of the investors. In addition, the Company has also declared and announced relevant information on the financial position, operation, and state of corporate governance at MOPS in compliance with the requirements of the competent authority. d.Supplier relation: The Company upholds the principle of honesty and	No significant variation

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best Practice Principles for TWSE/TPEX- listed Companies, and the reasons
	Yes	No	Summary	
			<p>sincerity in the conduct of business on the basis of corporate governance and insists on transparency in the operation. All subsidiaries of the group have maintained mutual trust with the suppliers in the spirit of mutual benefit and are in positive relations for common growth and development where all sides are the winners.</p> <p>e.Stakeholder rights: The Company has established the spokesman system with accountability to stakeholders, like the customers, employees, shareholders, and suppliers, in setting up channels for communications and respecting their legitimate rights.</p> <p>f.Continuing education of the Directors: The Directors, Independent Directors of the Company have engaged in continuing education as required by law and made announcements as required by law. Refer to the “Details of Advanced Studies of Directors” for details on the refresher course.</p> <p>g.The pursuit of risk management policy and risk assessment standard: The Company has instituted the internal control system and related management regulations, and implements these regulations as required by law for the reduction and prevention of possible risks. The pursuit of risk management of the Company is exhibited from page 106 to page 108 of this report.</p> <p>h.The pursuit of customer policy: The subsidiaries of the Company have maintained positive relations with the customers, and have established designated departments to respond to the complaints and related matters of the customers to protect the rights of the customers.</p> <p>i.The situation of liability insurance purchase for directors: The Company has purchased liability insurance for the directors and major staff, which was submitted to the board on March 4, 2022 and declaration uploading was completed according to the provision.</p>	
<p>I.Explain the improvement situation based on the corporate governance assessment results for the current year released by the Taiwan Stock Exchange Corporate Governance Center and propose prioritized items for strengthening and measures if not yet improved.</p> <p>According to the 11<sup>th</sup> (2022) corporate governance evaluation results and the company’s internal self-evaluation, the improvement of company information transparency and the disclosure of corporate governance information must be filed and announced in accordance with the regulations of the competent authority; also, they must be disclosed in the company’s annual report and on the company’s website.</p> <p>For the structural enhancement of the board of directors, the substantiation of sustainable development, and other matters that have not yet reached the corporate</p>				

Items for evaluation	Implementation Status		Summary	Exclusion to the Corporate Governance Best Practice Principles for TWSE/TPEX- listed Companies, and the reasons
	Yes	No		
governance evaluation indicators, an implementation plan is formed and is to be executed gradually year after year to achieve the corporate governance indicators in order to respond to the company's future development and protect the rights and interests of the investors.				

Table of Continuing Education of the Directors

Title	Name	Training date	Organizer	Course name	Training hours	Total continuing education hours of the year
Corporate Director representative	Hsu, Chen-Kun	2022/11/13	Taiwan Stock Exchange Corporation	2022 Cathay Sustainable Finance and Climate Change Summit	9	9
		2022/11/14				
Corporate Director representative	Wu, Chin-Sung	2022/11/13	Taiwan Stock Exchange Corporation	2022 Cathay Sustainable Finance and Climate Change Summit	9	9
		2022/11/14				
Director	Lin, Chi-Kun	2022/11/13	Taiwan Stock Exchange Corporation	2022 Cathay Sustainable Finance and Climate Change Summit	9	9
		2022/11/14				
Director	Lo, Li-Wen	2022/11/13	Taiwan Stock Exchange Corporation	2022 Cathay Sustainable Finance and Climate Change Summit	9	9
		2022/11/14				
Independent director	Chen, Li-Yuan	2022/11/13	Taiwan Stock Exchange Corporation	2022 Cathay Sustainable Finance and Climate Change Summit	9	9
		2022/11/14				
Independent director	Huang, Kuo-Feng	2022/11/13	Taiwan Stock Exchange Corporation	2022 Cathay Sustainable Finance and Climate Change Summit	9	9
		2022/11/14				
Independent director	Huang, Kuei-Jung	2022/11/13	Taiwan Stock Exchange Corporation	2022 Cathay Sustainable Finance and Climate Change Summit	9	9
		2022/11/14				

## (4) The composition and operation of the Remuneration Committee

## A.Information on the members of the Remuneration Committee

Identity (Note 1)Name	Condition	Professional qualifications and experience (Note 2)	Status of independence (note 3)	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies
Independent director	Chen, Li-Yuan	With more than five years of work experience required for commerce, law, finance, accounting and corporate business, and holds a certificate of public accountant from the Republic of China. Currently serves as the director of Anli International Co., Ltd., practice accountant of Li-Yuan CPA Firm, director of Turn Cloud Technology Service Inc., supervisor of Basecom telecommunication Co., Ltd. and does not meet any descriptions stated in Article 30 of the Company Act.	a.Not an employee of the Company or its affiliates. b.Directors and supervisors not affiliated with the Company or is conglomerates (not limited to concurrent independent directors designated by the Company, parent company, subsidiary, or subsidiary under the same parent company by the local regulations). c.Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.	None
Independent director	Huang, Kuo-Feng	With more than five years of work experience required for commerce, law, finance, accounting and corporate business. Currently serves as the director of Anli International Co., Ltd., professor in Business Administration, National Chengchi University, Director of Chengchi University Business Administration Education Foundation. Not under any of the categories stated in Article 30 of the Company Act.	d.Not managers listed in (1) or spouses, within second-degree relatives or within third-degree immediate relatives listed in (2), (3).	None
Independent director	Huang, Kuei-Jung	With more than five years of work experience required for commerce, law, finance, accounting and corporate business, currently serves as the independent director of Anli International Co., Ltd., President of Jingwei Materials Science Co., Ltd., sales manager of High Entropy Materials, Inc. Not under any of the categories stated in Article 30 of the Company Act.	e.No direct holding of more than 5% of shares issued by the Company, not ranking top five in shareholdings, and not representatives appointed in Paragraph 1 and 2 of Article 27 of the Company Act serving as corporate shareholder directors, supervisors, or employed persons, (not limited to concurrent independent directors designated by the Company, parent company, subsidiary, or subsidiary under the same parent company by the local regulations). f.Directors, supervisors, or employed persons of other	None

Identity (Note 1)Name	Condition	Professional qualifications and experience (Note 2)	Status of independence (note 3)	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies
			<p>companies not exceeding half of the Company's director seats or shares with voting rights controlled by the same person (not limited to concurrent independent directors designated by the Company, parent company, subsidiary, or subsidiary under the same parent company by the local regulations).</p> <p>g. Not the same person as the Company's chairman, general manager (or equivalent position); not the spouse's company or institution board of directors (directors), supervisors (members of the board of supervisors), or employed persons (not limited to concurrent independent directors designed by the Company, parent company, subsidiary, or subsidiary under the same parent company by the local regulations).</p> <p>h. Board of directors (directors), supervisors (members of the board of supervisors), managers, or shareholders with more than 5% shareholding of specific companies or institutions without financial or business dealings with the Company (not limited to specific companies or institutions with more than 20% but not exceeding 50% of shares issued by the Company and concurrent independent directors designated by local regulations of the Company and its parent company and subsidiary company or subsidiaries under the same parent company).</p> <p>i. Professionals engaged in commercial, legal, financial,</p>	

Identity (Note 1)Name	Condition	Professional qualifications and experience (Note 2)	Status of independence (note 3)	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies
			accounting, and other related services whose audits are not provided by the Company or its conglomerates or whose cumulative rewards in the recent two years have not exceeded NT\$500,000, sole proprietors, company or institution owners, partners, directors (board of directors), supervisors (members of the board of supervisors), managers, and their spouses. (not limited to the members of the Remuneration Committee, Public Takeover Review Committee, or Mergers and Acquisition Special Committee performing their duties in accordance with the Securities Exchanges Act or the Business Mergers and Acquisitions Act)  j. Not under any of the categories stated in Article 30 of the Company Act.	

B. The operation of the Remuneration Committee

- a. The company established a Remuneration Committee in 2011 with three independent directors serving as the Committee members in order to improve the efficiency of corporate governance operations and improve the company's remuneration system for directors and managers. The Remuneration Committee members shall truthfully perform the following duties in good faith: (1) Formulate and regularly review the policies, systems, standards, and structure of the performance appraisal and remuneration for directors and managers; (2) Regularly appraise and formulate the remuneration of directors and managers, be accountable to the board of directors, and present the suggestions to the board of directors for discussion.
- b. This year's members' term in office:
  - i. This year's members' term in office: May 26, 2022 to May 25, 2025.
  - ii. The Remuneration Committee of the Company has convened (A) 5 times in 2022 to the date this report was printed. Before the re-election of directors on May 26, 2022, 4th Remuneration Committee meeting held a total of (C) 1 meetings, and after the re-election of directors on May 26, 2022, 5th Remuneration Committee meeting held a total of (D) 4 meetings. The attendance of the Remuneration Committee member specified below:

Title	Name	Attendance in person (B)	Attend through proxy	Attendance rate % (B/D)	Remarks
Independent director/ Convener	Huang, Kuo-Feng	4	0	100%	2022.5.26 First appointment
Independent director/ Committee	Chen, Li-Yuan	4	0	100%	2022.5.26 First appointment
Independent director/ Committee	Huang, Kuei-Jung	4	0	100%	2022.5.26 First appointment

Title	Name	Attendance in person (B)	Attend through proxy	Attendance rate % (B/C)	Remarks
Independent director/ Convener	Chuang Kun-Ming	1	0	100%	2022.5.26 The term expires
Independent director/ Committee	Chen Yin-Chang	1	0	100%	2022.5.26 The term expires
Independent director/ Committee	Yeh Wang-Ming	1	0	100%	2022.5.26 The term expires

i) Resolutions of the Remuneration Committee in 2022 to the date this report was printed and the state of execution.

Remuneration Committee	Agenda	Status of implementation
2022.3.4 12 <sup>nd</sup> Meeting of the 4 <sup>th</sup> Board of Directors	1. Passed the motion of appropriation of remuneration to the employees and the Directors of the Company in 2022. 2. Passed the motion of the remuneration to the managers of the Company in 2022.	The proposal was discussed and passed, and then presented to the board of directors for resolution, which was implemented on April 1, 2022.
2022.5.26 1 <sup>st</sup> Meeting of the 5 <sup>th</sup> Board of Directors	1. To select the fifth annual convener of the Remuneration Committee.	Discussion passed, and the appointment of the convener was completed
2022.7.14 2 <sup>nd</sup> Meeting of the 5 <sup>th</sup> Board of Directors	1. Passed the motion of the remuneration to the Directors of the Company in 2021. 2. Passed the motion of remuneration to managers of the Company in 2021.	The proposal was discussed and passed, and then presented to the board of directors for resolution, which was issued on September 1, 2022.
2023.1.12 3 <sup>rd</sup> Meeting of the 5 <sup>th</sup> Board of Directors	1. Passed the motion of year-end bonus for the managers of the Company in 2022.	The proposal was discussed and passed, and then presented to the board of directors for resolution, which was issued on January 16, 2023.
2023.3.21 4 <sup>th</sup> Meeting of the 5 <sup>th</sup> Board of Directors	1. Passed the motion of appropriation of remuneration to the employees and the Directors of the Company in 2022. 2. To pass the Company's 2023 manager remuneration case.	The proposal was discussed and passed, and then presented to the board of directors for resolution, which was implemented on April 1, 2023.

ii) Other notes:

- a) If the Board declined to accept or revised the recommendations of the Remuneration Committee, specify the date and the session, the content of the motions, the resolution of the Board, and the response to the opinions of the Remuneration Committee (such as if the resolution of the Board on the remuneration is at a higher level than the recommendation of the committee, specify the difference and the reasons for the difference): None.
- b) If there is any member of the Remuneration Committee who holds adverse or qualified opinions on the resolutions of the committee on record or in written declaration, specify the date and session, the content of the motion, the opinions of all members, and response to the opinions of the members: None.

(5) The implementation situation of sustainable development promotion; “Sustainable Development Best- Practice Principles for TWSE/TPEX Listed Companies” differences and reasons

Items for evaluation	Implementation Status			Differences and Reasons for Differences from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1.Does your company set any dedicated (or designate any existing) unit for the task of sustainability development promotion? Does the Board of Directors of your company authorize the top management to handle relevant matters and report to the Board?	✓		The chief officers of the Company act as the Sustainable Development, and all corporate activities are in compliance with applicable laws and the internal control regulations of the Company. Respective authorities of the Company have performed their duties and reported to the Board based on the level of authority. The Company’s board as a good administrator will also perform its duties, supervise the implementation of corporate social responsibility, and review implementation effectiveness and seek continuous improvement in order to ensure the fulfillment of sustainable development policies.	No significant discrepancy.
2.Has the Company conducted a risk assessment on the Company’s operational plan related environment and social and corporate governance issues, and has it formulated related risk management policies or strategies? (Note 2)	✓		The company conducts risk assessments on environmental, social and corporate governance issues related to the company's operations, and formulates the following countermeasures. 1. Evaluation and control of the company's overall operations and objectives 2. Compliance control of government orders and regulations Evaluation and control of the environmental, safety and health.	No significant discrepancy.
3.Environmental Issues a.Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		a.The Company acts in conformity to the requirements of the ISO14001/OHSAS18001 to integrate the regulations governing environmental management and occupational safety and health management, and thereby established the relevant system on the basis of the specific nature of the industry and has conducted routine audits on the effectiveness and applicability of these systems.	No significant discrepancy.
b.Is the Company committed to improving the energy use efficiency and using recycled materials with a low impact on the environment?	✓		b.In order to fulfill the social responsibility of protecting the earth environment and pollution prevention, harmful raw materials are not used during production and R&D processes to reduce the generation of scrap and reduce resource waste. Negotiations with clients have been carried out regarding packaging material reutilization and other recycling and regeneration mechanisms in order to make use of the utilization efficiency of various resources and reduce the load on the environment.	
c.Has the Company assessed climate change on the Company’s present and future potential risks and opportunities, and have coping measures for climate related issues been adopted?	✓		c.The Company has set up company energy conservation, carbon reduction, and greenhouse gas emission measures based on the operational plan situation in order to reduce the impact of the Company’s operational plan related activities on the natural environment.	
d.Has the Company tallied the greenhouse emission, water usage, and total weight of waste	✓		d.The Company spares no effort in advocating energy saving for energy efficiency and carbon reduction. The e-office implementation, workshop rectification, and the like are	

Items for evaluation	Implementation Status			Differences and Reasons for Differences from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
over the past two years, and has it set energy conservation and carbon reduction, greenhouse gas emission reduction, water usage reduction, or other waste management policies?			intended to reduce exhaust emissions. Die-casting cooling water recycling and reutilization during the production process, turning off lights, and air-conditioning temperature control, etc., are intended to reduce energy waste and water usage, as well as reducing gas emissions; the concept of energy conservation and carbon reduction is irregularly promoted to achieve energy conservation and greenhouse gas emission policies, reduce environmental impacts, and fulfill the responsibility of corporate environmental protection.	
4.Social Issues				No significant discrepancy.
a.Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	✓		a.The Company duly observes applicable laws in respective host countries of operation, and also the International Convention on Human Rights including the rights of sexual equality, equal opportunity for employment of both sexes, and the prohibition of sexual discrimination. There is no discrimination against, sex, ethnicity, social class, age, marital status, and family condition in the human resources policy. Fair employment, condition for employment, salaries, benefits, training, evaluation and promotion are provided to protect the legitimate rights of the employees.	
b.Has the Company set up and implemented staff welfare measures (including remunerations, holidays, and other benefits), and has business performance or results been appropriately reflected on employee remunerations?	✓		b.The Company has set up reasonable remuneration policies, performance management guidelines, and personnel regulations pertaining to staff welfare, employee holidays, and so on, to reasonably reward employees based on operational performance, make adjustments according to the relevant local regulations and actual market needs, and incorporate sustainable development policies in a timely manner, thereby fulfilling social responsibility.	
c.Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		c.The Company has conducted routine review and maintenance of the safety and health condition of the work environment through its related safety and health management system, and occupational disease examination of the personnel in related functions. Through continuing education and training, the Company trains its employees for the capacity of responding to emergency situations, and nurtures the idea of safety so as to upgrade the overall occupational safety and health, and reduce the hazards of the work environment posted to the safety and health of the employees.	
d.Has the company established an effective career development and training program for employees?	✓		d.Employees are vital assets to the Company. The Company holds internal and external training of the employees every year to establish a viable human resources development program to strengthen their capacity of career planning.	
e.Regarding product and service-related customer	✓		e.The Company has duly observed applicable laws, international standards, and the	

Items for evaluation	Implementation Status			Differences and Reasons for Differences from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>health, safety, and privacy of clients and marketing and labeling, has the Company set up relevant consumer or customer rights protection policies and complaint reporting procedures in accordance with relevant regulations and international standards?</p> <p>f.Has the Company set up supplier management policies, requiring suppliers to comply with relevant provisions on the issues of environmental protection, vocational safety and health, or labor human rights? What is the implementation situation?</p>	✓		<p>requirements of the sales targets and stakeholders in the marketing and labeling of its products and services.</p> <p>The Company has set up internal control systems for R&amp;D, procurement, production, and sales, and has set up quality control departments to ensure product quality and maintain customer health and safety. In addition, the “Customer Complaint Control Procedure” has been set up to conduct cause analysis and improvement based on the content of complaints, thereby protecting customer rights.</p> <p>f.The Company has established the “Supplier Control Procedures” and will select suppliers with proper environmental protection licensing and who value environmental protection and corporate social responsibility with routine assessment of their competency.</p> <p>The Company has not yet included such clause in the contracts entered into with the major suppliers, but will conduct routine on-site inspection and interviews in accordance with the internal control system of the Company, and compile the “Supplier Routine Evaluation Sheet” to check if they are conforming to the sustainable development policy. The Company will immediately sever its business relation with any supplier found in defiance of such policy, or where the source of supply has caused significant impact on the environment and the society.</p>	
<p>5.Does the company refer to internationally accepted standards or guidelines for the preparation of reports to compile sustainable development reports to disclose the company’s non-financial information? Is the aforementioned report prepared with the confirmation or guarantee opinion obtained from the contracted verification unit?</p>		✓	<p>The company has not prepared a sustainable development report, but has passed the following certifications:</p> <p>①ISO9001 Quality Management System certification</p> <p>②ISO14001 Environmental Management System certification</p> <p>③QC080000 Hazardous Substance Process Management System certification and</p> <p>④OHSAS18001 Occupational Safety and Health Management System certification</p>	<p>The Company is not under the food industry, chemical industry, and financial industry, and its capital falls short of NT\$5 billion. Therefore, the sustainable development report has not been prepared.</p>

Items for evaluation	Implementation Status			Differences and Reasons for Differences from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>6. Where the company may have establish its own Sustainable Development Best Practice Principle in accordance with the “Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies”, and shall elaborate the practice of business integrity and the variations from the aforementioned regulation:  The Company has instituted its “Sustainable Development Best Practice Principles” and maintained proper balance between sustainable development and profits and environmental protection, social charity and implements corporate governance, and has included these elements into corporate management and operation with incremental pursuit. There is no significant variation.</p>				
<p>7. Other information critical to the understanding of our company’s sustainable development and how it is put into practice:</p> <p>a. Environmental protection measures: In order to fulfill the social responsibility of environmental protection, ① no harmful substances are used in production during production and R&amp;D processes; ② water resource recycling and utilization are adopted; ③ product packaging materials are reused; ④ workshop rectification is done to reduce exhaust emissions.</p> <p>b. Social charity: The Company seeks to assist less fortunate students in schooling and participates in the “Recycle of Valuables Program” to subsidize these students to complete senior high school education.</p> <p>In order to help disadvantaged children from poor families get out of difficult situations, the Company takes part in the “Take Action with Love Side by Side with Children Plan” to support their families and move forward healthily.</p> <p>The Company has taken part in parent-child joint road run events, hoping to create a life filled with happiness for every family.</p>				

(6) The Company’s situation of social responsibility fulfillment, differences in Exchange-Listed and OTC-Listed Companies’ Code of Practice for Corporate Social Responsibility, and the reasons.

Items for evaluation	Implementation Status			Variation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies and the reasons
	Yes	No	Summary	
<p>A.The policy and plan of business integrity</p> <p>a.Does the Company have the corporate management policy and method declared explicitly in the Articles of Incorporation and external documents; also, the commitment of the board of directors and the management to actively implement the operating policies?</p> <p>b.Has the Company established a dishonest behavioral risk assessment mechanism to periodically analyze and assess the business activities involving a higher risk of dishonest conduct within the business scope, based on which a dishonest conduct behavior plan is set up and covers at least the preventive measures in the conducts in Article 7, Paragraph 2 of the “Code for Integrity Operations of Exchange-Listed and OTC-Listed Companies”?</p> <p>c.Has the Company explicitly stipulated operational procedures, conduct guidelines, violation punishments, and complaint systems in the Dishonest Conduct Prevention Plan? Has it been implemented, and has the abovementioned plan been periodically reviewed and revised?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>a.The Company has set up the “Code for Integrity Operations” and the “Integrity Operation Procedure Guidelines,” explicitly stipulating relevant policies and regulations in order to establish the corporate culture of integrity operations. Additionally, the board and the management level adhere by integrity as the corporate philosophy and actively implements relevant policies.</p> <p>b.The Company engages in business activities based on the principles of fairness, honesty, and transparency. The “Code for Integrity Operations,” “Integrity Operation Procedure and Conduct Guidelines,” and “Code of Ethical Conduct” have been set up to specifically provision precautions when company staff perform business.</p> <p>c.In addition to provisions in the “Code for Integrity Operations” and “Code of Ethical Conduct” on prohibiting dishonest conduct, the Integrity Operation Procedure and Conduct Guidelines” has also been set up to provision dishonest conduct handling procedures of company staff and the establishment of a reward, punishment, and complaint system, strictly requiring compliance by company staff concerned in order to prevent occurrences of dishonest conduct and carry out the implementation.</p>	No significant discrepancy.
<p>B.Implementation of ethical corporate management</p> <p>a.Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p> <p>b.Has the Company set up corporate integrity operation full-time (part-time) units under the board, and do they regularly report to the board (at least once a year)</p>	<p>✓</p> <p>✓</p>		<p>a.The Company has established the “Ethical Corporate Management Best-Practice Principles” and conducted assessment on various issues including ethical practices in business meetings, and has explained to the counterparties of its policies of honesty and integrity.</p> <p>b.The Company has appointed the board internal audit unit to be responsible for setting up integrity operation policies and prevention plans, engaging in relevant operation conduct and implementation supervision, and periodically reporting to</p>	No significant discrepancy.

Items for evaluation	Implementation Status			Variation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies and the reasons
	Yes	No	Summary	
<p>regarding the integration operation policies and dishonest conduct prevention plans and supervision execution situations?</p> <p>c.Does the company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?</p> <p>d.Has the Company set up an effective accounting system, and internal control system to implement integrity operations? Has the internal audit unit formulated relevant audit plans according to dishonest conduct risk assessment results, based on which the dishonest conduct prevention plan compliance situation can be checked, or are CPAs commissioned to execute checking?</p> <p>e.Has the Company organized corporate management internal and external education and training programs on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>the board.</p> <p>c.Interest avoidance is set in the “Ethical Corporate Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” and channels for making statements are fully provided.</p> <p>d.In order to ensure the implementation of ethical operations, an effective accounting system and internal control system have been established. In addition to the internal audit unit’s formulation of relevant audit plans according to the assessment results, if necessary, the CPAs will be engaged to implement relevant audits.</p> <p>e.The Company has set up the “Ethical Corporate Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” and boosted employee awareness from time to time.</p>	
<p>C.The operations of the Company’s Report System</p> <p>a.Does the company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?</p> <p>b.If the Company has set up standard operation procedures for offense reports accepted; if it adopts subsequent measures after an investigation and has a relevant confidentiality mechanism.</p>	<p>✓</p> <p>✓</p>		<p>a.The Company explicitly stipulates the reporting procedures and access in the “Ethical Corporate Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct.” Any violation or complaints can be reported to the internal audit unit via the Company’s internal e-mail. In case of a major violation or the Group is thus subject to major damage, the event should be immediately made into a report, and the board and independent directors should be notified in writing.</p> <p>b.In case of unethical conduct, directly report to the supervisor concerned or the audit supervisor and adopt relevant operation procedures and subsequent measures based on the severity of the conduct in accordance with the “Ethical Corporate Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct.” If necessary, report to the competent authorities or transfer the case to the judicial agency for investigation. The confidentiality of relevant information shall be observed.</p>	No significant discrepancy.

Items for evaluation	Implementation Status			Variation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies and the reasons
	Yes	No	Summary	
c.Has the company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	✓		c.The Company protects the informants from undue treatment because of the act of reporting on unethical practices.	
D.Enhanced information disclosure Does the company have the contents of ethical corporate management and its implementation disclosed on the website and MOPS?	✓		The Company has set up its official website for the disclosure of related information on ethical corporate management, and has uploaded such information to MOPS as required by law.	No significant discrepancy.
E.Where the company may have establish its own business integrity best-practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”, and shall elaborate the practice of business integrity and the variations from the aforementioned regulation: No significant discrepancy. The Company has established the “Ethical Corporate Management Best Practice Principles” and there is no significant variation from the “Ethical Corporate Management Best Practice Principles for the TWSE/TPEX-listed Companies” in practice.				
F.Other important information that helps to understand the practice of business integrity of the company (e.g., the review and revision of the best-practice principles of the Company in business integrity)				
a.The code of conduct for all personnel of the Company (including the Directors, Supervisors, managers and employees) was inscribed in the “Ethical Code of Conduct” of the Company for supporting the pursuit of the policy of ethical corporate management.				
b.The mechanisms of handling and disclosing internal information in materiality were stated in the “Procedures for Handling Internal Information in Materiality” and ensure the consistency and accuracy of all information for disclosure.				
c.The recusal system of the Directors for the avoidance of conflicts of interest was inscribed in the “Rules of Procedure for Board of Directors Meetings”. If there is an issue related to the private interest of a particular Director (direct or indirect), such Director shall explain the summary of the stake in the session. If the interest of the Company is at stake, such Director shall be recused from the voting or discussion on the issue in the session. Such Director shall explain the content of the stake to the Board in the session, and be recused from discussion and voting, and shall not act as the proxy of another Director in voting.				

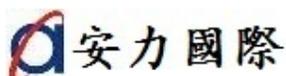
(7) The method of inquiry shall be disclosed if the Company has established the Corporate Governance Best Practice Principles and related rules and regulations:

The company has formulated the “Corporate Governance Best-Practice Principles” and related charters and rules, which can be inquired on the company’s website at: <http://www.anli-group.com>, and is announced in the Market Observation Post System (MOPS) at: <http://mops.twse.com.tw/mops/web/index>

(8) Any other vital information that helps to understand the performance of corporate governance of the Company shall also be disclosed: None.

(9) The following shall be disclosed in the pursuit of the internal control system

A. Declaration of Internal Control



ANLI International Co., Ltd.  
Statement of Declaration of Internal Control System

Date: March 21, 2023

The Company has conducted internal audit in accordance with its Internal Control System covering the 2022 and hereby declares as follows:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's board of directors and managers. These policies were implemented throughout the Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the "Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. Based on the aforementioned audit findings, the company holds that it has reasonably preserved the achievement of the aforementioned goals of internal control (including the monitoring over the subsidiaries) as of December 31, 2022, including the effectiveness and efficiency in operation, reliability, timeliness, transparency in financial reporting and compliance with relevant legal rules, and that the design and enforcement of internal control are effective.
- VI. This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. This statement of declaration shall form an integral part of the annual report and prospectus on the company and will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.
- VII. This declaration has been passed by the Board in a session held on March 21, 2023 with the attendance of 7 Directors (including 3 Independent Directors) with zero adverse opinions. The content has been passed as stated in common consent.

ANLI International Co., Ltd.

Chairman: Hsu Chen-Kun

President: Hsu Chen-Kun

B. Commissioned CPAs to conduct project review on the internal control system: None.

(10) Punishment of the Company and its internal personnel by law, punishment of the internal personnel of the Company for violation of the internal control system in the most recent year to the date this report was printed, and the major defects and state of corrective action taken: None.

(11) Major resolutions of the Shareholders Meeting and the Board in 2022 to the date this report was printed.

A. Major resolutions by the Shareholders Meeting in regular session in 1.2022 and the state of execution

Date	Important Resolution Items	Status of implementation
	Ratification of the Business Report and Consolidated Financial Statements in 2021.	Resolved to pass the motion.
	Ratification of the motion of distribution of earnings in 2021.	Resolved to pass the motion. The base date for the distribution of cash dividend was scheduled on August 17, 2022, and the cash dividend payday was scheduled on September 1, 2022.
2022.5.26	Partial amendment to the “Articles of Incorporation” of the Company. Partial amendment to the “Regulations Governing the Election of Directors” of the Company. Partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company. Partial amendment to the “Procedures for Loaning funds to others” of the Company. Partial amendment to the “Procedure for Endorsement/Guarantee” of the Company.	It was implemented in accordance with the resolutions of the shareholders meeting.

B. Major resolutions of the Board in 2022 to the date this report was printed

Date	Important Resolution Items
2022.3.4	<ol style="list-style-type: none"> <li>1. To report the Company’s subsidiary Antronic Technologies Ltd. (Huzhou) plant construction project report.</li> <li>2. To report the Company’s 2020 fourth quarter operational situation report.</li> <li>3. The report on the company’s foreign exchange hedging business from January to February, 2022 is hereby proposed.</li> <li>4. The report on the improvement plan and implementation of the company’s preparation of financial statements is hereby proposed.</li> <li>5. Audit Report covering December 2021 to January, 2022.</li> <li>6. To report the Company’s 2021 Audit Committee member and internal audit supervisor communication situation.</li> <li>7. To report the Company’s 2021 board performance self-assessment results.</li> <li>8. Passed the motion of taking professional liability insurance for the protection of the Directors and key employees in 2021.</li> <li>9. To pass the Company’s 2021 CPA Independence Assessment Case.</li> <li>10. Passed the motion of appropriation of remuneration to the employees and the Directors of the Company in 110.</li> <li>11. Passed the Business Report and consolidated financial statements of 2021.</li> <li>12. Passed the motion for distribution of earnings in 2021.</li> <li>13. Passed the budget of the Company in 2022 Q2.</li> <li>14. Passed the “Declaration of Internal Control System” of the Company in 2021.</li> <li>15. To pass the Company’s “Corporate Charter” partial amendment case.</li> <li>16. Passed the partial amendment to the “Regulations Governing the Election of Directors” of the Company.</li> <li>17. Passed the partial amendment to the “Organization Code of the Remuneration Committee” of the Company.</li> <li>18. To pass the Company’s “Investment Cycle” partial amendment case.</li> <li>19. Passed the partial amendment to the “Procedure for the Acquisition or Disposition of</li> </ol>

Date	Important Resolution Items
	<p>Assets” of the Company.</p> <p>20.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company.</p> <p>21.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company.</p> <p>22.Passed the partial amendment to the “Corporate Governance Best Practice Principles” of the Company.</p> <p>23.Passed the partial amendment to the “Sustainable Development Best Practice Principles” of the Company.</p> <p>24.To pass the Company’s 2022 manager remuneration case.</p> <p>25.Passed the motion of the election of the 6th Board.</p> <p>26.The non-compete restriction on the Company’s directors is proposed to be lifted.</p> <p>27.The motion for the convention of the 2022 regular session of the Shareholders Meeting.</p>
2022.5.9	<p>1.To report the Company’s subsidiary Antronic Technologies Ltd. (Huzhou) plant construction project report.</p> <p>2.Business Report in 2022 Q1.</p> <p>3.The report on the company’s foreign exchange hedging business from March to April, 2022 is hereby proposed.</p> <p>4.The Company’s internal audit follow-up report in 2022 Q1 is proposed to be reported.</p> <p>5.Passed the consolidated financial statements of the Company covering 2022 Q1.</p> <p>6.Passed the budget of the Company in 2022 Q3.</p> <p>7.Passed the Company subsidiary’s endorsement guarantee quota case pertaining to customs matters.</p> <p>8.To pass the “commissioned self-owned land construction project contract case” of the Company’s Chongqing Gtek Technology Co., Ltd..</p> <p>9.The endorsement and guarantee made by the company for the credit line applied for by Hong Kong Anli, the subsidiary, to Bank is hereby proposed for approval.</p> <p>10.The loaning of funds made by HK Anli, a subsidiary of the company, to Chongqing Gtek Technology Co., Ltd.is hereby proposed for approval.</p>
2022.5.26	<p>1. To pass the Company’s sixth annual chairman appointment case.</p> <p>2. To pass the Company’s fifth annual Audit Committee member case.</p> <p>3. To pass the Company’s fifth Remuneration Committee member case.</p>
2022.7.14	<p>1.To report the Company’s subsidiary Antronic Technologies Ltd. (Huzhou) plant construction project report.</p> <p>2.Audit Report covering April to May.</p> <p>3.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary Anli Hong Kong.</p> <p>4.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary Kuanghe Hong Kong.</p> <p>5.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary KUNSHAN ANLI PRECISE METAL CO., LTD..</p> <p>6.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD..</p> <p>7.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary Chongqing Gtek Technology Co., Ltd..</p> <p>8.Passed the partial amendment to the “Procedure for the Acquisition or Disposition of Assets” of the Company’s subsidiary Antronic Technologies Ltd. (Huzhou).</p> <p>9.The amendments to the “Approval Authority List” made by Hong Kong Kuanghe, a subsidiaries are hereby proposed for approval.</p> <p>10.The amendments to the “Approval Authority List” made by KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD., a subsidiaries are hereby proposed for approval.</p> <p>11.The amendments to the “Approval Authority List” made by Chongqing Gtek Technology Co., Ltd., a subsidiaries are hereby proposed for approval.</p> <p>12.The amendments to the “Approval Authority List” made by Antronic Technologies Ltd. (Huzhou), a subsidiaries are hereby proposed for approval.</p> <p>13.The capital increase in Huzhou Anli, a subsidiary of the company, is hereby proposed for approval.</p>

Date	Important Resolution Items
	<p>14.It is proposed to approve the base date for the company’s 2021 earnings distribution in the form of cash dividend.</p> <p>15.Passed the motion of the remuneration to the Directors of the Company in 2021.</p> <p>16.Passed the motion of remuneration to managers of the Company in 2021.</p>
2022.8.15	<p>1.To report the Company’s subsidiary Antronic Technologies Ltd. (Huzhou) plant construction project report.</p> <p>2.To report the Company’s 2022Q2operational situation report.</p> <p>3.The report on the company’s 2022Q2 foreign exchange hedging business is hereby proposed.</p> <p>4.Audit Report covering 2022 Q2.</p> <p>5.The Company’s internal audit follow-up report in July 2022 is proposed to be reported.</p> <p>6.Passed the consolidated financial statements of the Company covering 2022 Q2.</p> <p>7.Passed the budget of the Company in 2022 Q4.</p> <p>8.To pass the company's greenhouse gas inventory and verification schedule.</p> <p>9.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary Anli Hong Kong.</p> <p>10.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary Kuanghe Hong Kong.</p> <p>11.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary KUNSHAN ANLI PRECISE METAL CO., LTD..</p> <p>12.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD..</p> <p>13.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary Chongqing Gtek Technology Co., Ltd..</p> <p>14.Passed the partial amendment to the “Procedures for Loaning funds to others” of the Company’s subsidiary Antronic Technologies Ltd. (Huzhou).</p> <p>15.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary Anli Hong Kong.</p> <p>16.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary Kuanghe Hong Kong.</p> <p>17.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary KUNSHAN ANLI PRECISE METAL CO., LTD..</p> <p>18.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD..</p> <p>19.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary Chongqing Gtek Technology Co., Ltd..</p> <p>20.Passed the partial amendment to the “Procedure for Endorsement/Guarantee” of the Company’s subsidiary Antronic Technologies Ltd. (Huzhou).</p> <p>21.The endorsement and guarantee made by the company for the credit line applied for by Hong Kong Anli, the subsidiary, to ChinaTrust Bank is hereby proposed for approval.</p> <p>22.The endorsement and guarantee made by the company for the credit line applied for by Hong Kong Kuanghe, the subsidiary, to ChinaTrust Bank is hereby proposed for approval.</p> <p>23.Passed the motion of seeking financing from First Commercial Bank.</p>
2022.11.10	<p>1.To report the Company’s subsidiary Antronic Technologies Ltd. (Huzhou) plant construction project report.</p> <p>2.To report the Company’s 2022Q3 operational situation report.</p> <p>3.The report on the company’s foreign exchange hedging business in October 2022 is hereby proposed.</p> <p>4.Audit Report covering 2022 Q3.</p> <p>5.The Company’s internal audit follow-up report in October 2022 is proposed to be reported.</p> <p>6.Passed the consolidated financial statements of the Company covering 2022 Q3.</p> <p>7.Passed the budget of the Company in 2023 Q1.</p> <p>8.To pass the Company and its subsidiaries’ 2023 audit project case.</p> <p>9.Passed the partial amendment to the “Rules of Procedure for Board of Directors Meetings” of the Company.</p> <p>10.Passed the motion of introducing the “Cyber Security Management Act” of the</p>

Date	Important Resolution Items
	<p>Company.</p> <ol style="list-style-type: none"> <li>11. Passed the partial amendment to the “Procedures for Handling Material Inside Information” of the Company.</li> <li>12. The capital increase in Huzhou Anli, a subsidiary of the company, is hereby proposed for approval.</li> <li>13. To release the endorsement and guarantee made by the company for the credit line applied for by Hong Kong Anli, the subsidiary, to E.Sunt Bank is hereby proposed for approval.</li> <li>14. To release the endorsement and guarantee made by the company for the credit line applied for by Hong Kong Kuanghe, the subsidiary, to E.Sunt Bank is hereby proposed for approval.</li> <li>15. The company’s application filed to Cathay United Bank for the credit line is hereby proposed for approval.</li> </ol>
2023.1.12	<ol style="list-style-type: none"> <li>1. To report the Company’s subsidiary Antronic Technologies Ltd. (Huzhou) plant construction project report.</li> <li>2. Audit Report covering 2022 Q4.</li> <li>3. The Company’s internal audit follow-up report in December 2022 is proposed to be reported.</li> <li>4. Passed the Business Plan in 2023.</li> <li>5. The loaning of funds made by KUNSHAN ANLI PRECISE METAL CO., LTD., a subsidiary of the company, to Huzhou Anli is hereby proposed for approval.</li> <li>6. The loaning of funds made by KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD., a subsidiary of the company, to Huzhou Anli is hereby proposed for approval.</li> <li>7. To pass the company’s subsidiary KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. to treat the accounts receivable of Hong Kong Kuanghe beyond the credit period as a loan of funds.</li> <li>8. To pass the amendment to the Company’s “Internal Audit Implementation Rules” amendment case.</li> <li>9. Passed the motion of year-end bonus for the managers of the Company in 2022.</li> </ol>
2023.3.21	<ol style="list-style-type: none"> <li>1. To report the Company’s subsidiary Antronic Technologies Ltd. (Huzhou) plant construction project report.</li> <li>2. To report the Company’s 2022Q4 operational situation report.</li> <li>3. The report on the company’s foreign exchange hedging business in March 2023 is hereby proposed.</li> <li>4. Audit Report covering January to February 2023.</li> <li>5. The Company’s internal audit follow-up report in February 2023 is proposed to be reported.</li> <li>6. To report the Company’s 2022 Audit Committee member and internal audit supervisor communication situation.</li> <li>7. To report the Company’s 2022 board performance self-assessment results.</li> <li>8. Passed the motion of taking professional liability insurance for the protection of the 2023 Directors and key employees.</li> <li>9. Passed the motion of the appointment of certified public accountants for external audits and certification and remuneration in 2023.</li> <li>10. To pass the Company’s 2022 CPA Independence Assessment Case.</li> <li>11. Passed the motion of appropriation of remuneration to the employees and the Directors of the Company in 111.</li> <li>12. Passed the Business Report and consolidated financial statements of 2022.</li> <li>13. Passed the motion for distribution of earnings in 2022.</li> <li>14. Passed the budget of the Company in 2023 Q2.</li> <li>15. Passed the “Declaration of Internal Control System” of the Company in 2022.</li> <li>16. To pass the Company’s “Corporate Charter” partial amendment case.</li> <li>17. Passed the partial amendment to the “Shareholders Meeting Procedure” of the Company.</li> <li>18. Passed the partial amendments to the “Internal Audit Implementation Rules” of Hong Kong Anli, a subsidiary of the company, are hereby proposed for approval.</li> <li>19. Passed the partial amendments to the “Internal Audit Implementation Rules” of Hong Kong Kuanghe, a subsidiary of the company, are hereby proposed for approval.</li> <li>20. Passed the partial amendments to the “Internal Audit Implementation Rules” of KUNSHAN ANLI PRECISE METAL CO., LTD., a subsidiary of the company, are</li> </ol>

Date	Important Resolution Items
	<p>hereby proposed for approval.</p> <p>21. Passed the partial amendments to the “Internal Audit Implementation Rules” of KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD., a subsidiary of the company, are hereby proposed for approval.</p> <p>22. Passed the partial amendments to the “Internal Audit Implementation Rules” of Chongqing Gtek Technology Co., Ltd., a subsidiary of the company, are hereby proposed for approval.</p> <p>23. Passed the partial amendments to the “Internal Audit Implementation Rules” of Antronic Technologies Ltd. (Huzhou), a subsidiary of the company, are hereby proposed for approval.</p> <p>24. Passed the partial amendment to the “Corporate Governance Best Practice Principles” of the Company.</p> <p>25. Passed the motion of the purchase of financial products by KUNSHAN ANLI PRECISE METAL CO., LTD., a subsidiaries of the Company.</p> <p>26. To pass the company's subsidiary KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. to treat the accounts receivable of Hong Kong Kuanghe beyond the credit period as a loan of funds.</p> <p>27. To pass the appointment of the company's corporate governance supervisor</p> <p>28. To pass the Company’s 2023 manager remuneration case.</p> <p>29. The motion for the convention of the 2023 regular session of the Shareholders Meeting.</p>

(12) Adverse opinions from the Directors or the Supervisors against major resolutions of the Board on record or in written declaration in the most recent year to the date this report was printed. The key content: None.

(13) Resignation or relief from office of the Chairman, President, chief accounting officer, chief financial officer, chief internal auditor and chief R&D officer in aggregate: None.

4. Disclosure of the accountant’s fee in 2022:

Unit: NTD thousand

Firm Name	CPA Name		The duration of the audit	Auditing fee	Non-Auditing fee	Total	Remarks
PwC Taiwan	Chiu Chao-Hsien	Chen Chin-Chang	2022.1.1 to 2022.3.31	4,380		4,380	
	Chiu Chao-Hsien	Chen Chin-Chang	2022.4.1 to 2022.6.30				
	Chiu Chao-Hsien	Chen Chin-Chang	2022.7.1 to 2022.9.30				
	Chiu Chao-Hsien	Chen Chin-Chang	2022.10.1 to 2022.12.31				

Unit: NTD thousand

Name of firm	CPA Name	Auditing fee	Non-Auditing fee					CPA Duration of Audit	Remarks
			System design	Corporate Registration	Human Resources	Others	Subtotal		
PwC Taiwan	Chiu Chao-Hsien Chen Chin-Chang	4,380						2022.1.1 to 2022.12.31	

(1) For those whose ratio of non-audit public fees paid to CPAs, accounting firms to which CPAs belong exceeds 1/4, the audit and non-audit public fees and audit service contents should be disclosed: has been disclosed in appendix.

(2) For those whose audit public fees on the year of accounting firm change decreased compared to that of the previous year, the amount, ratio, and reason of audit public fees decrease should be disclosed: Not applicable.

(3) If the audit remuneration was reduced by more than 10% from the previous year, the amount, percentage, and reasons for the reduction must be disclosed: Not applicable.

5.Information of CPA:

(1)Information on replacement of the CPA

A.Information relating to the former CPA

Date of reappointment	March 6 <sup>th</sup> , 2019		
Reason for reappointment	In response to the Company's internal management and operational planning need, beginning the first quarter of 2019, the former CPAs Cheng Chung-Cheng and Chen Chao-Mei from Deloitte Taiwan were changed to Chiu Chao-Hsien and Chen Chin-Chang from PwC Taiwan.		
Was the termination of audit services initiated by the principal or by the CPA	Nature of agreement	CPA	Principal
	Situation		
	Service terminated by		V
	Service no longer accepted (continued) by		
Reasons for issuing opinions other than unqualified opinions in the recent 2 years	Not applicable		
Disagreements with the issuer	Yes	—	Accounting policy or practice
		—	Financial statement disclosure
		—	Audit coverage or procedures
		—	Others
	None	✓	
	Remark		
Other disclosures (Disclosures deemed necessary under Article 10.6.1.4~ Article 10.6.1.7 of The Guidelines)	None.		

B.Information relating to the succeeding CPA

Name of firm	PwC Taiwan
CPA Name	CPA Chiu Chao-Hsien and Chen Chin-Chang
Date of reappointment	Passed by the Company board on March 6 <sup>th</sup> , 2019.
Inquiries and replies relating to the accounting practices or accounting principles of certain transactions, or any audit opinions the auditors were likely to issue and counseling results on the financial reports prior to reappointment.	None
Written disagreements from the succeeding auditor against the opinions made by the former CPA	None

C.The former CPA's reply on the matters in Article 10, Subparagraph 6, Item 1 and Item 2-3 of the criteria: The former holds no differed opinion, hence is not applicable.

6.The Chairman, President, manager charged with finance or accounting of the Company has been working with the CPA firm retained as an external auditor or its affiliate in the last year: None.

7.The transfer of shares and change in shares mortgaged by the directors, supervisors, managers, and shareholders whose shareholding ratio exceeds 10% of the equity in 2022 and as of the publication date of the annual report

## (1) Shareholding changes of directors, supervisors, managers, and major shareholders

Title (Note 1)	Name	2022		Up till April 17, 2023	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Corporate director and currently major shareholder	ANLI INTERNATIONAL LIMITED(SAMOA)	0	0	0	0
Chairman and President	Hsu, Chen-Kun	0	0	0	0
Corporate director and currently major shareholder	KUANGHECO.,LTD. (SAMOA )	0	0	0	0
Corporate director representative and concurrently general manager of KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD..	Wu, Chin-Sung	0	0	0	0
Institutional Director	WAYS Technical Corp., Ltd.	0	0	0	0
Corporate Director representative	Kuo Shi-Yi	0	0	0	0
Director and concurrent general manager of KUNSHAN ANLI PRECISE METAL CO., LTD..	Lin, Chi-Kun	0	0	0	0
Director	Lo, Li-Wen	0	0	0	0
Independent director	Chen, Li-Yuan	0	0	0	0
Independent director	Huang, Kuo-Feng	0	0	0	0
Independent director	Huang, Kuei-Jung	0	0	0	0
Independent director	Chuang Kun-Ming	0	0	0	0
Independent director	Chen Yin-Chang	0	0	0	0
Independent director	Yeh Wang-Ming	0	0	0	0
President, Chongqing Gtek Technology Co., Ltd.	Chang Yi-Chang	0	0	0	0

Title (Note 1)	Name	2022		Up till April 17, 2023	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Vice President, KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.	Wu Chi-Kun	0	0	0	0
Vice President, KUNSHAN ANLI PRECISE METAL CO., LTD.	Chen Chia-Feng	0	0	0	0
CFO and Chief Accounting Officer	Wang Wan-Hsing	0	0	0	0
Audit Manager	Yao Li-Fang	0	0	0	0
Executive Vice President	Cheng Ya-Wen	0	0	0	0
Corporate governance supervisor	Tu Shih-Chieh	0	0	0	0

Note 1: Shareholders with more than 10% of company shares shall be listed as a major shareholder, as listed below:

Note 2: Where the counterparty of equity transfer or pledge of equity is a related person, the table below should be filled out.

(2) Information on the counterparty of directors, supervisors, managers, and major shareholders' transfer of equity who is a related person: None.

(3) Information on the counterparty of directors, supervisors, managers, and major shareholders' pledge of equity who is a related person:

8. Information on the top 10 shareholders of the Company by proportion of shareholding are related parties or spouses to one another, kindred within the 2<sup>nd</sup> tier under the Civil Code.

April 17, 2023; Unit: shares; %

Name (Note 1)	Own shareholdings		Shares Held by Spouse & Dependents		Shareholdings under the title of a third party		The titles or names and relationships of the top ten shareholders with spouse relations or second-degree relative relations. (Note 3)		Remarks
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
ANLI INTERNATIONAL LIMITED(SAMOA) Representative: Hsu Chen-Kun	12,578,589	28.23%	-	-	-	-	Wu Wen-Yu Huang A-Chun	It is a major shareholder of ANLI INTERNATIONAL LIMITED (SAMOA)	
	494,000	1.11%	-	-	-	-			
KUANGHECO.,LTD. (SAMOA) Representative: Wu Chin-Sung	3,962,979	8.90%	-	-	-	-			
	0	0%	-	-	-	-			
WAYS Technical Corp., Ltd. Representative: Kuo Shi-Yee	2,163,207	4.86%	-	-	-	-			
	0	0%	-	-	-	-			
Dinkle Holding Co.,Ltd(B.V.I.) Representative: Wu Shang-Tsai	2,020,685	4.54%	-	-	-	-			
	0	0%	-	-	-	-			
Tsai Kuei-Fan	1,670,714	3.75%	40,080	0.09%	-	-			
Tsai Chun-Hsin	1,340,951	3.01%	-	-	-	-			
Zhou Feng Yuan	1,182,000	2.65%							
Wu Wen-Yu	981,871	2.20%	140,400	0.32%	-	-	ANLI INTERNATIONAL LIMITED (SAMOA)	Major Shareholder	
Liao Kuo-Hsiang	831,000	1.87%	-	-	-	-			
Huang A-Chun	638,671	1.43%	-	-	-	-	ANLI INTERNATIONAL LIMITED (SAMOA)	Major Shareholder	

Note 1: Illustrate the top-ten shareholders. The name of the corporate shareholders and the name of its representative should be illustrated separately.

Note 2: The calculation of shareholding ratio refers to the shareholding ratio calculated in accordance with the shareholding of the shareholders, spouse, minor children, and in the name of others.

Note 3: The shareholders (including corporations and natural persons) above shall disclose their mutual relations in accordance with provisions in the Issuer Financial Statement Preparation Criteria.

9.The combined holding by the business directly or indirectly controlled by the Company, the Directors, Supervisors and Managers of the Company and the proportion of shareholding.

April 17, 2023; Unit: shares; %

Investee (Note 1)	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Combined investment	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
ANLI INTERNATIONAL HOLDINGS LIMITED	92,190	100%	-	-	92,190	100%
KUANGHECO.,LIMITED	13,166	100%	-	-	13,166	100%
KUNSHAN ANLI PRECISE METAL CO., LTD. (Note 1.A)	- (Note 2)	100%	-	-	- (Note 2)	100%
KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. (Note 1.B)	- (Note 2)	100%	-	-	- (Note 2)	100%
Chongqing Gtek Technology Co., Ltd. (Note 1.C)	- (Note 2)	100%	-	-	- (Note 2)	100%
Antronic Technologies Ltd. (Huzhou) (Note 1.D)	- (Note 2)	100%	-	-	- (Note 2)	100%

Note 1: Indirect investment in Mainland China through a third area

- (1)KUNSHAN ANLI PRECISE METAL CO., LTD. has re-invested through ANLI INTERNATIONAL HOLDINGS LIMITED.
- (2)KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD. has re-invested through KUANGHE CO., LIMITED and KUNSHAN ANLI PRECISE METAL CO., LTD..
- (3)Chongqing Gtek Technology Co., Ltd. has re-invested through KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.and KUNSHAN ANLI PRECISE METAL CO., LTD..
- (4)Antronic Technologies Ltd. (Huzhou) has re-invested through ANLI INTERNATIONAL HOLDINGS LIMITED and KUANGHE CO., LIMITED.

Note 2: It is a limited company and thus is without shares.

IV. Status of Capital Planning

1. The Company's capital stock and stock shares

(1) Sources of shares and dividends

A. Stock Type

April 17, 2023; Unit: shares

Stock Type	Authorized shares capital			Remarks
	Outstanding shares	Unissued Shares	Total	
Common stock	44,549,781	55,450,219	100,000,000	GTSM-listing companies stock

Note: Transaction of shares is prohibited on April 17, 2023

B. Sources of shares and dividends

Unit: Shares; NT\$

Year and month	Issue price	Authorized shares capital		Paid-in shares capital		Remarks		
		Quantity	Amount	Quantity	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
June 2010	NTD 10	50,000,000	500,000,000	1	10	Authorized capital	-	-
March 2011	NTD 10	50,000,000	500,000,000	26,000,001	260,000,010	Equity conversion at NT\$260,000,000	-	-
October 2011	NTD 10	50,000,000	500,000,000	27,800,000	278,000,000	Capitalization of additional paid-in capital at NT\$17,999,990	-	-
July 2012	NTD 10	50,000,000	500,000,000	31,800,000	318,000,000	Issuance of common stock for cash NTD 40,000,000	-	-
August 2012	NTD 10	50,000,000	500,000,000	34,026,000	340,260,000	Recapitalization of earnings NTD 22,260,000	-	-
June 2013	NTD 10	50,000,000	500,000,000	35,046,780	350,467,800	Recapitalization of earnings NTD 10,207,800	-	-
September 2013	NTD 10	50,000,000	500,000,000	38,441,700	384,417,000	Issuance of common stock for cash NTD 33,949,200	-	-
June 2018	NTD 27	50,000,000	500,000,000	43,247,700	432,477,000	Issuance of common stock for cash NTD 48,060,000	-	1070523 Letter Zheng-Gui-Shen-Zi No.0700113862
April 2021	NTD 75.8	100,000,000	1,000,000,000	44,549,781	445,497,810	Convertible corporate bonds NTD 98,700,000	-	-

C. Relevant information of Shelf Registration System: Not applicable.

(2) Composition of Shareholders

April 17, 2023; Unit: shares

Amount	Composition of Shareholders					
	Government Apparatus	Financial Institution	Other Juridical	Individual	Foreign institutions and foreigners	Total
No. of Person	-	3	10	3,063	10	3,086
Shares	-	170,000	2,438,229	23,254,199	18,687,353	44,549,781
Ratio of Shareholding	-	0.38%	5.47%	52.20%	41.95%	100.00%

Note: Shareholding from Mainland China at 0%.

## (3)Diversification of Shareholdings

April 17, 2023; Unit: shares

Range of Shares	No. of Shareholders	Shares	Shareholding percentage %
1~999 shares	232	28,604	0.0642%
1,000~5,000 shares	2,247	4,592,988	10.3098%
5,001~10,000 shares	325	2,501,814	5.6158%
1,001~15,000 shares	92	1,194,600	2.6815%
15,001~20,000 shares	56	1,031,204	2.3147%
20,001~30,000 shares	50	1,293,449	2.9034%
30,001~40,000 shares	22	785,000	1.7621%
40,001~50,000 shares	15	669,080	1.5019%
50,001~100,000 shares	24	1,593,600	3.5771%
100,001~200,000 shares	8	1,099,800	2.4687%
200,001~400,000 shares	0	0	0.0000%
400,001~600,000 shares	5	2,388,975	5.3625%
600,001~800,000 shares	1	638,671	1.4336%
800,001~1,000,000 shares	2	1,812,871	4.0693%
1,000,001 shares and more	7	24,919,125	55.9354%
Total	3,330	44,549,781	100.0000%

## (4)Name of Principle shareholder

Names of shareholders holding more than 5% of the shares or the top 10 shareholders by shareholding, the quantity and proportion of their shareholding:

April 17, 2023; Unit: shares

Name of Principle shareholder	Stock	Shares	Ratio of Shareholding (%)
ANLI INTERNATIONAL LIMITED (SAMOA)		12,578,589	28.23
KUANGHE CO., LTD.(SAMOA)		3,962,979	8.90
WAYS Technical Corp., Ltd.		2,163,207	4.86
Dinkle Holding Co., Ltd(B.V.I.)		2,020,685	4.54
Tsai Kuei-Fan		1,670,714	3.75
Tsai Chun-Hsin		1,340,951	3.01
Zhou Feng Yuan		1,182,000	2.65
Wu Wen-Yu		981,871	2.20
Liao Kuo-Hsiang		831,000	1.87
Huang A-Chun		638,671	1.43

## (5) Information on market price, net value, earnings and dividends per share in the most recent 2 years

Unit: NTD

Item		Year	2021	2022	Up till March 31, 2023
Market Price Per Share	The Highest		120.5	61.30	42.90
	The Lowest		45.40	35.00	38.05
	Average		88.92	46.69	40.48
Net Value Per Share	Before Distribution		43.81	46.08	-
	After Distribution		41.11	(Note 4)	-
Earnings per share	Weighted average shares (in thousands shares)		44,550	44,550	44,550
	Earnings per share	Before adjustment	5.22	4.40	-
		After adjustment	4.81	4.06	-
Dividend Per Share	Cash dividends		2.70	2.00 (Note 4)	-
	Free-Gratis Dividends	Retained Shares Distribution	-	-	-
		Capital Reserve Shares Distribution	-	-	-
	Retained Dividends		-	(Note 4)	-
Return on investment Analysis	P/E ratio		17.03	10.61	-
	Dividend Yield		32.93	23.35	-
	Cash Dividend Yields		3.04	4.28	-

Note 1: P/E ratio = Average closing price per share for the year / earnings per share.

Note 2: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.

Note 3: Cash Dividend Yields = Cash dividend per share / Average closing price per share of current year.

Note 4: The proposal for the distribution of earnings in 2022 has been passed by the Board in the session held March 21, 2023. However, it has not been passed by the shareholders' meeting.

## (6) The company's dividend policies and execution

## A. Dividend Policy:

- a. The Company is at the stage of long-term growth and is conditioned by the basic capital spending, business expansion, and vital financial planning for sustainable development. As such, the dividend policy is based on the capital expenditure budgeting and capital requirements of the future where dividends paid to the shareholders will be in the forms of stock dividends and/or cash dividends.
- b. If the Company has earnings after account settlement, (1) appropriate for payment of applicable taxes as required by law; (2) Cover carryforward loss (if applicable); followed by (3) the appropriation of 10% as legal reserve until the amount of legal reserve is equivalent to the paid-in capital of the Company; and (4) appropriation or reversal of special reserve as required by law. If there is still a balance, pool up with undistributed incomes for distribution at the proposal of the Board, and present it to the Shareholders Meeting for payment of the shareholder dividends.
- c. The Company may release dividends in cash and/or stock, and the amount of dividend for release shall not fall below the net earnings of the year of the appropriation specified in (1) to (4) if there is no contradiction to the law of the Cayman Islands. In addition, the amount of cash dividend shall not fall below 20% and up to 100% of the total dividend payable to the shareholders.

B. The proposal for the distribution of earnings in 2022 has been passed by the Board in the session held March 21, 2023, thereby the cash dividend paid to the shareholders totaled NT\$89,099,522 at NT\$2/share.

## (7) The influence of stock dividend planned to be released by the Shareholders Meeting for this year on the

operation performance and earnings per share of the Company: Not applicable.

(8) Remuneration to the employees and Directors: The Company has established the Auditing Committee to replace the function of the Supervisors.

A. The Articles of Incorporation of the Company specified that if there are earnings before taxation (EBIT), the Company shall appropriate for:

At least 2% as remuneration to the employees (including the employees of the Company and/or employees of affiliates) (hereinafter referred to as "remuneration to employees"); and (2) No more than 3% as remuneration to the Directors (hereinafter referred to as "remuneration to Directors"). Appropriate for covering carryforward loss, if applicable, followed by the remuneration to employees and remuneration to Directors as mentioned. The remunerations to employees and Directors will be presented to the Shareholders Meeting after the resolution of the Board.

B. The estimation of remunerations to the employees and Directors for the current period was based on the calculation of the quantity of shares distributed to the employees and the actual amount paid, and the accounting of the difference between the estimates and the actual payment.

If there is a difference between the actual amount and estimated amount of remuneration to employees and remuneration to Directors for 2022, recognize a change in estimates and as income for 2023.

C. The Board passed the proposal for remunerations:

a. The Board resolved in the session of March 21, 2023 to pay NT\$12,809,281 as remuneration to employees and NT\$4,269,760 as remuneration to Directors for 2022, payable in cash. The aforementioned proposed amount of payment did not vary with the amount of expense recognized in 2022.

b. Percentage of the amount of employee remuneration distributed by shares to the summation of current after-tax profits and total employee remuneration: Not applicable.

D. The actual amount released as remuneration to employees and remuneration to Directors and Supervisors in the previous year (including the quantity and amount of stock dividends paid, and the stock price), and the difference from the recognized amount of remuneration to employees and remuneration to Directors and Supervisors, the reason of the variation and the response:

The regular session of the Shareholders Meeting in 2022 resolved to release remuneration for employees and remuneration to Directors for 2021 as follows:

a. Remuneration to employees: NT\$15,084,642.

b. Remuneration to Directors: NT\$5,028,214.

The remuneration was released in cash in the full amount and there was no difference from the estimated amount.

(9) Shares repurchased by The Company:

The repurchase of shares issued by the Company in 2022 to the day this annual report was printed: None.

2.The status of corporate bonds (including overseas corporate bonds):

(1)The execution of corporate bonds

Bond type		The 1st Unsecured Convertible Bond in R.O.C.
Issue date		October 31, 2020
Face Value		NT\$ 100,000
Place of Issue and Trading (Note 3)		Not applicable
Issue price		NTD 100
Total amount		NT\$ 400,000,000
Rate		0.00%
Maturity		3 years, matured on October 30, 2023
Guarantee Institution		Non-secured
Trustee		Trust Department, Taipei Fubon Bank
Consignee		Fubon Securities Co., Ltd.
Certified Lawyer		Jheding Law Firm, Lawyer Yu-Liang Chen
Certified CPA		Chao-Hsian Chiu and Chin-Chang Chen, CPAs of PwC Taiwan
Repayment Methods		Redeemable by cash at maturity in lump sum at par.
Amount not repaid		NT\$ 400,000,000
Clause on redemption or earlier redemption		Please refer to the Company's "Regulations Governing the First Issuance & Transfer of the Unsecured Convertible Corporate Bonds in the Republic of China" for more details.
Restrictions (Note 4)		Not applicable
Name of the credit rating agency, rating date, and rating results		Not applicable
Permitted for conversion, exchange or corporate bonds with warrants		Convertible
Conversion (swap) or subscription right		Common stock
Present conversion (swap) or subscription price		NT\$ 67.4
Duration for conversion (swap) or subscription.		January 31, 2021 to October 30, 2023
Quantity of shares converted (swapped) or subscribed.		1,302,081 shares (Up till April 17, 2023)
Amount anticipated for future conversion (swap) or subscription of shares on the basis of the present conversion (swap) or subscription price.		3,013 sheets
Other equity attached	The amount of the bonds that have been converted into ordinary shares (either by exchange or purchase), GDRs or other securities	As of April 17, 2023, 1,302,081 shares of common stock have been converted amounting to NT\$98,700,000.
	Rules for issuing and conversion (either by exchange or purchase)	Please refer to Market Observation Post System website - the Company's "Regulations Governing the First Issuance & Transfer of the Unsecured Convertible Corporate Bonds in the Republic of China" for more details.
The effect of the rules for issuance and conversion, swap or subscription of shares, and condition of issuance on possible dilution of equity shares and Influence on shareholders' equity at present		An additional 5,276,000 shares will be issued when the issued corporate bonds are converted entirely, accounting for 12.20% of the total shares before the corporate bonds are issued. The convertible bond holders usually have it converted to common stock shares gradually, which does not cause equity dilution immediately. Furthermore, the earnings per share of the convertible bonds issued are higher than the earnings per share of the cash capital increase; therefore, the possibility of equity dilution and the impact on the current shareholders' equity of the Company is insignificant.
Custody Agency Name for the Exchange Target		None

Note 1: Status of issuing corporate bonds through public offering and private placement. The issuance of corporate bonds by public offering has been approved by the FSC and become effective. The issuance of corporate bonds through private placement refers to the portion of bonds passed by the Board for offering.

Note 2: The space of the field is adjusted as needed.

Note 3: For overseas corporate bonds.

Note 4: Such as the limitation of payout cash dividend, direct investment or requirements for keeping assets at a specific ratio.

Note 5: Private placements have been highlighted in a visible manner.

Note 6: For convertible bonds, exchangeable bonds, the overall corporate bonds declared for issuance or corporate bonds with subscription features shall be tabulated by type with disclosure of the information on convertible bonds, exchangeable bonds, the overall corporate bonds declared for issuance or corporate bonds with subscription features.

(2) Status of convertible bonds:

Bond type (Note 1)		The 1st Unsecured Convertible Bond in R.O.C.	
		Year	
Item		2022 years	In the current year as of May 10, 2023 (Note 4)
Market price of the convertible bond (Note 2)	The Highest	103.20	99.90
	The Lowest	95.50	96.95
	Average	98.83	97.76
Conversion price		67.40	67.40
Issue date and conversion price		75.8	75.80
Ways of fulfilling conversion obligation (Note 3)		Delivery by issuing new shares	Delivery by issuing new shares

Note 1: The space of the field is adjusted as needed.

Note 2: If the overseas corporate bonds have different places for exchange, list the places separately.

Note 3: Delivery of issued shares or new shares

Note 4: Information is presented up till the publication date of this annual report.

(3) The use of the funds solicited

Item of use	Aggregate total amount of offering	Actual amount consumed (as of March 31, 2023)	Ratio of execution
Plant construction	402,000 thousand	414,014 thousand	76.06%

As of the quarter prior to the annual report date, the estimated expenditure amount was NT\$544,255 thousand, The actual capital used by the company was NT\$ 414,014 thousand, and the execution of the funds is behind the original schedule. The main reason is that the original construction manufacturer Jiangsu Didu Construction Engineering Co., Ltd. delayed the construction period and delayed the construction progress. The company has appointed a local lawyer to apply for the effective termination of the contract. Arbitration, the arbitral tribunal ruled that the termination of the contract was valid, and in December 2011, the board of directors signed a contract with the new construction factory Zhejiang Qiaoxing Construction Group Co., Ltd., and completed the re-application for the construction project construction permit in the first quarter of 2011. At present, the construction of the factory building is continuing. As of the first quarter of 2011, the amount raised has been fully used, so there is no unused funds.

3. Disclosure relating to preference shares: none.

4. Employee stock certificates: None.

5. Disclosure relating to depository receipts: none.

6. The new shares from restricted employee stock option: None.

7. Disclosure on new shares issued in exchange of other company shares: None.

## 8. Progress on the use of funds

(1) The plan: As of the end of the quarter prior to the printing of this report, the offering of securities in tranches or through private placement was not fully accomplished, or was accomplished in the last 3 years but the result is insignificant: The Company has issued 4,000 unsecured convertible corporate bonds for the first time in Taiwan at 100.5% of the face value, which is NT\$100 thousand per unit, for a 3-year term and 0% coupon rate. The total issuance face value amounted to NT\$400,000 thousand with NT\$402,000 thousand paid-in that will be used for the construction of Antronic Technologies Ltd. (Huzhou).

Projects	Target completion date	Total fund required	Fund application progress							
			2020		2021				2022	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Plant construction	2022 Q2	544,255	28,645	44,455	76,721	76,772	171,645	66,716	50,656	28,645

(2) Implementation situation: As of the quarter prior to the annual report date, the estimated expenditure amount was NT\$544,255 thousand, The actual capital used by the company was NT\$ 414,014 thousand, and the execution of the funds is behind the original schedule. The main reason is that the original construction manufacturer Jiangsu Didu Construction Engineering Co., Ltd. delayed the construction period and delayed the construction progress. The company has appointed a local lawyer to apply for the effective termination of the contract. Arbitration, the arbitral tribunal ruled that the termination of the contract was valid, and in December 2011, the board of directors signed a contract with the new construction factory Zhejiang Qiaoxing Construction Group Co., Ltd., and completed the re-application for the construction project construction permit in the first quarter of 2011. At present, the construction of the factory building is continuing. As of the first quarter of 2011, the amount raised has been fully used, so there is no unused funds.

## V.Operation Profile

### 1.The operation of the Company

#### (1)Business Contents

##### A.Business scope

###### a.Content of principal business:

- i.The manufacturing, processing and trading of various types of machines and parts, and precision molds.
- ii.The manufacturing and sale of various types of precision casting items.
- iii.Manufacturing and sale of precision stamping products
- iv.Automated lathe and CNC lathe machine processing.
- v.The export trade of the above products.

###### b.The proportion of key items to overall operation:

Unit: 1000 NTD

Product name	Year	2021		2022	
		Amount	%	Amount	%
Computer parts and components		1,864,307	81.93	1,585,600	76.99
Parts and components of consumer electronics		269,793	11.86	299,809	14.56
Portable device parts and components		12,881	0.57	18,447	0.90
Others		128,560	5.65	155,704	7.56
Total		2,275,541	100.00	2,059,560	100.00

###### c.Carrying items of the Company

The Company is a professional supplier of key parts and components of cooling devices. Production technologies are the development of molding tools for metallic components of cooling systems, precision metal die casting, precision metal stamping, and CNC processing. The products are mainly used in notebook PCs, servers, game consoles, and portable devices.

###### d.New products and services in planning for development:

Production technologies of the Company are the development of molding tools for metallic components of cooling systems, precision metal die casting, precision metal stamping, and CNC processing and related integrated solutions. The products are precision metallic components which could be extensively applied to the downstream industries so that the Company is unlikely to be affected by the economic condition of a particular industry. The Company is a professional supplier of parts and components for cooling systems. The products made and sold are extensively used in notebook PCs, servers, game consoles and portable devices. The Company commits its resources to a wide array of products and services for expansion into new markets with new customers. Related products planned for development are:

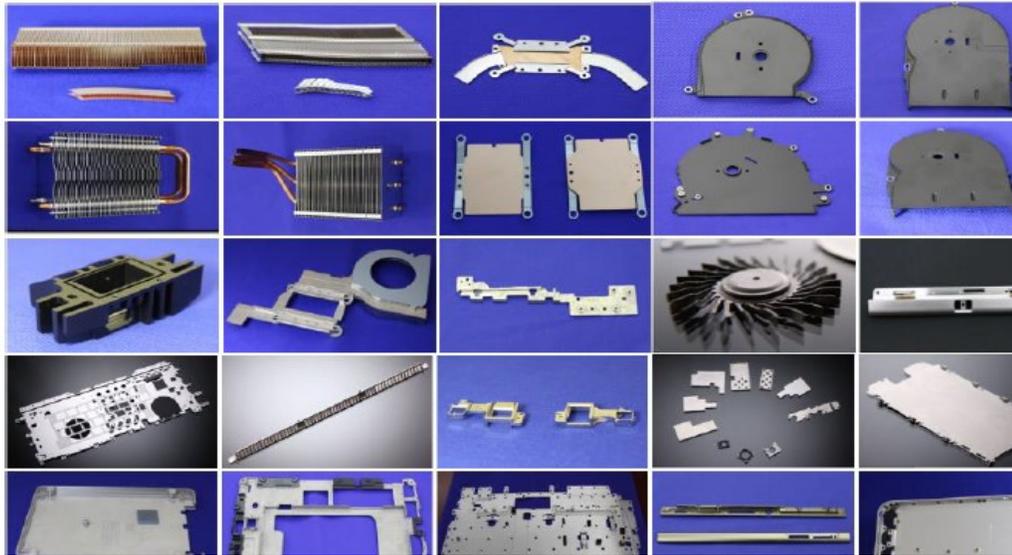
- i.The development of new models for the above products.
- ii.Continued refinement and innovation of key parts and components for the cooling systems of CPUs.
- iii.Automotive electronics parts and components
- iv.Optical communication product components
- v.Components of Wearable Devices
- vi.Satellite navigation products
- vii.Household and Electrical Appliance Parts and Accessories

## B. Industry Overview

### a. Industrial status and development

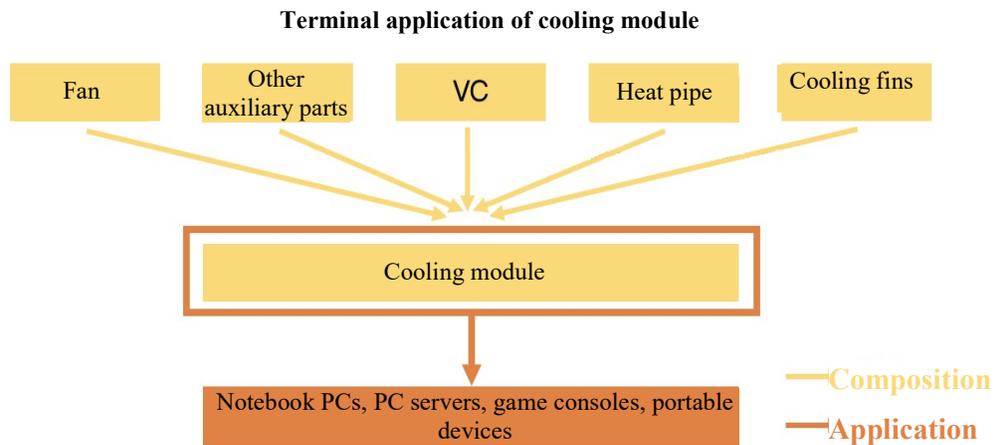
Anli International Co., Ltd. was incorporated in 2010 as a group holding company. The Company is a professional supplier of parts and components for cooling systems and the premium items are cooling back covers, cooling fans, cooling fins covers, and cooling plates. The products are mainly used in notebook PCs, servers, game consoles, and cell phones. Further to the above application, the Company is positioned as a supplier of multilateral solutions with the continued engagement into automotive electronic products, optical communication products, wearables, satellite navigation and home appliances for diversification. In manufacturing, the Company is one among the few enterprises with outstanding capacity in molding tool development and manufacturing management. The Company also provides integrated solutions for precision metal die casting, precision metal stamping process, and CNC processing and merges the three forms of applications through three production processes to integrate into vertical production to provide customers full-range services, from product development to mass production. This helps to substantially condense the lead-time of development and create competitive advantage.

**Figure 1: Anli-KY product line: Parts and components for NB/cooling system/hinge/portable devices**



Source: Anli-KY

The Company committed its resources in providing solutions for the cooling of electronic products over the years. Through the development of cooling module process planning and materials selection, the Company meets the demand of the customers. Metals such as copper alloys, aluminum and stainless steel are used in the making of cooling fins. Since the conductivity of these metals are different, the selection will be based on the requirement of the customers in cooling needs. For enlarging the surface area for cooling, the density of the cooling fins by unit area must be enhanced. The density is closely associated with the production process and involves the limit of the design of cooling mold. Furthermore, cooling fins must be able to be fully adhere to CPUs in order to conduct heat evenly. Therefore, flatness is extremely important. Since the Company has the state-of-the-art capacity in precision metal die casting and stamping process, which enable the Company to provide different combinations of cooling modules for the cooling needs of different kinds of electronic products through the die casting process, stamping process, and CNC processing. The Company can meet the needs of customization of products with consistent quality in mass production. As such, the Company made cooling modules to emerge as a high-level customization product.



Source: Compiled by Fubon Securities

Cooling parts and components are vital to electronic products and are critical for the successful cooling of the system, from heat pipes, vapor chambers, fans, to cooling modules, where none are indispensable. Most electronic products need cooling devices for the time being. Cooling modules are applicable to a wide array of products. In the wake of the emergence and development of 5G, AI and IoT that require high performance computing applications, the demand for solutions for handling the heat generated from high speed computing and transmission in very short time to avoid overheating of the product that results in abnormal functioning of the products has grown significantly. According to the forecast of Qianzhan Industrial Research Institute, the size of the market for cooling devices will increase from RMB149,700 million in 2018 to RMB219,900 million in 2023. The compound growth rate of the market for cooling devices in the period of 2018–2023 is projected at 7.99%. The products of the Company are mainly used in notebook PCs, servers, game consoles, and portable devices as parts and components. The sale of these products is closely associated with the economic situation of the industry. The following explains the industry type of the market for the application of our key items:

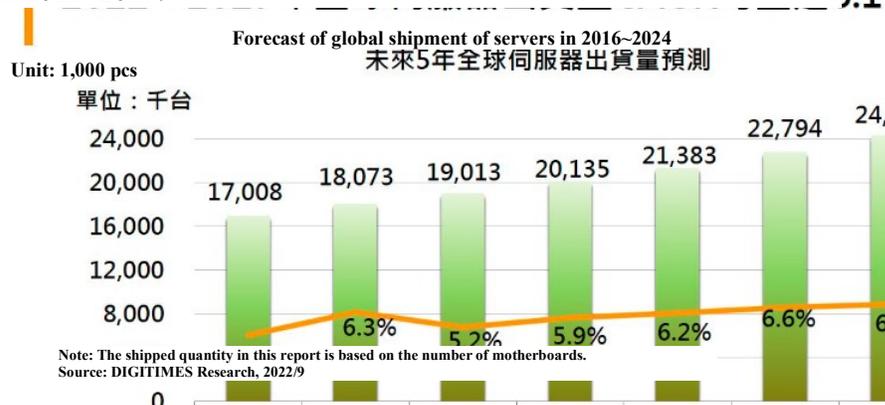
i. Notebook PCs

Cooling module application is still targeting at PC products for the time being. The design of notebook PCs is developed in two major trends. One is light and slim in smaller size while the other is high performance with multiple functions. As a result, the previous function of the chip has to be intensified significantly without changing the dimensions of the machine. A larger capacity of heat is therefore generated from limited space housing more transistors, and a more efficient method of heat transmission is necessary. The increase in the generation of heat capacity and the streamlining of the dimensions, echoed with the rapid rise in computing speed, the heat generating density has risen quickly. To avoid possible influence on the performance and reliability of the machine under high temperatures, strong heat environment, and even possible shortening of the life span, cooling management is increasingly important to the whole notebook PC industry.

In addition, notebook PCs demand stronger high speed computing, transmission and image processing functions, which in turn dictates better metallic components for the cooling system. The M-shape application of notebook PCs, and the high-end oriented design of consumer models and business models of notebook PCs may make thin rim design a standard option. Accordingly, the overall dimension of notebook PCs will be even more compact than high-end shell, and high precision and slim light cooling modules will be an obvious trend of development. This will be more favorable for the electronic cooling component industry.

ii. Server

**The CAGR of global server shipments is expected to reach 6.1% in 2022–2027.** 5.1'



It is expected that enterprises will continue to replace old platforms and upgrade computing performance, which will stimulate another wave of replacement with new machines in the server market. The development of IoT, AI, VR/AR application will also help to compel internet service providers to expand their data centers. Under the strong demand for data centers, the shipment volume of servers is expected to be lucrative. Enterprises have actively moved towards digitalization in recent years, and more information or data will be generated, which will be accelerated even further with the introduction of the Internet of Things (IoT) and 5G mobile broadband services, and the refinement of artificial intelligence (AI) technology and applications. The increasing volume of data will drive the demand for computing servers to go up year by year. The demand for servers of large-scale cloud data centers in North America will be the driving force for growth in 2022–2027. In addition, applications of peripheral AIoT, 5G telecommunications, etc., will inspire cloud operators and server manufacturers to engage in hybrid cloud development in various applications. The compound annual growth rate of global server shipments is expected to reach 6.1%. It is expected that the large data center operators in North America, such as Amazon, Microsoft, Google, and Meta remain the main force for market growth in 2023 to provide cloud services or audio-visual community platforms and other demands. In addition, the oversupply and short-supply problem of IC and component can be alleviated. The sales of servers are expected to grow by 5.2%.

iii. Games Consoles

**Statistics on accumulated sales of Games Consoles worldwide**

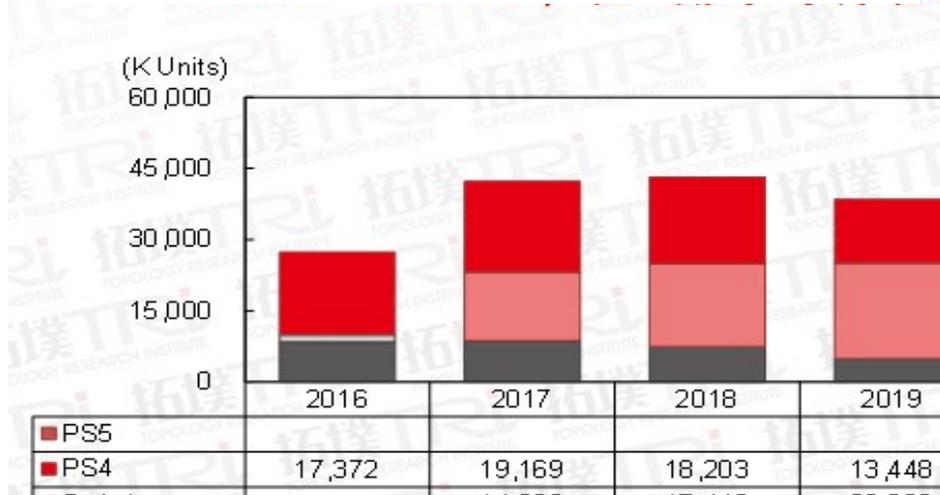


Source: VGChartz, 2020/09

Game devices are also known as “gaming consoles”, which are computer systems for games with the use of a TV or other special monitor and exclusive input equipment. The main difference between games consoles and PCs is the source code and closed system of software. After the prolonged development of the electronic technology industry and the launch of computer animation, games consoles are being presented more professionally. The history of games consoles shows that the 8<sup>th</sup> generation of games consoles has already been developed, which mainly refers to the digital games consoles launched in 2012–2013. The sale of the 8<sup>th</sup> generation of games consoles was mainly the PS4 of SONY, the Switch of

Nintendo, and Xbox of Microsoft. The PlayStation brand of SONY has been the number one brand in the game market ever since the launch of the prototype games console in 1994. PS2 and PS have each enjoyed more than 100 million units sold in their respective life cycles, with the sale of the PS2 as high as 157 million units of main devices. SONY has successfully launched generation after generation of PlayStation products in line with the changes in the setting of gaming on games consoles and has extended the products to related markets. According to the statistics compiled by VGChartz, the shipment volume of the 8<sup>th</sup> generation game server, the PS4 of SONY, has accumulated to 113.1 million units from its launch in Autumn 2013 to September 2020. This made SONY the number one in the sale of the 8<sup>th</sup> generation of games consoles. It exceeds the 101.63 million units of Wii and also 102.49 million units of the PS generation, and was only behind the volume of 158 million PS2s, and emerged as the number two in sales of home games consoles in its history. If we take a closer look at the sales market of games consoles, we can see that the shipment volume of the PS4 of SONY and the Xbox One of Microsoft fell marginally in 2019 as compared with the shipment volume of 2018 mainly because of the anticipated launch of the PS5 and Xbox Series X at the end of 2020, as consumers tended to wait for new devices. However, it is expected that there will be high demand of the new generation of games consoles for replacement of the old version. Under the impact of COVID-19, home entertainment expenditure moved upward and will attract new players to purchase, which will trigger the momentum of shipment for related firms along the supply chain.

### Accumulated sales of Games Consoles in 2016–2020



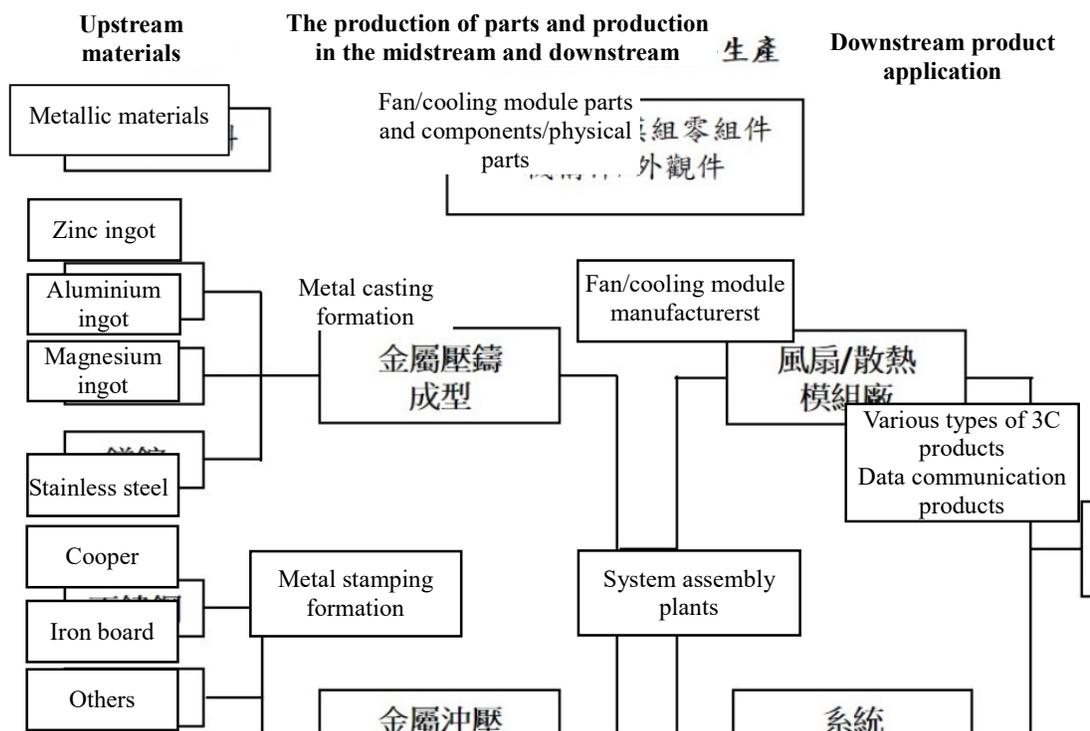
Source: Topology Research Institute, 2020/07

#### iv. Portable Devices

The advancement of the function of cell phones over time allows for more and more application functions integrated with cell phones. Accordingly, the role of the cell phone has evolved from the traditional function of communication to a multi-function mobile computing device. Further to the traditional function of voice communication, it also covers community networking, e-mail, mobile network and open-end application programs and services. As a result, the penetration rate of smart phones increased over time. According to the MIC market forecast report, even though the sales of smartphones are affected by the pandemic, the sales of smartphones are expected to grow along with the switch to 5G in the future.

b. Association between upstream, midstream, and downstream industry participants

The formation of metal parts (casting and stamping) of metallic parts of consumer electronics from upstream to downstream.



i. Upstream supply of key materials

Magnesium ingots, aluminium ingots, and different types of metal board (rolls) are important materials purchased in the casting process. The supply of these materials could be secured by a long-term relationship with domestic and foreign suppliers. Usually, there are more than 2 suppliers. In general, the sources for the supply of materials and parts and components are abundant. In addition, the Company has established a positive relation of the suppliers in the long run to assure reliable sources of material supply with a cost advantage. As such, the Company has stable sources of supply in key materials.

ii. Downstream application of products

Cooling modules are an indispensable part of most consumer electronics products, which makes parts and components of cooling systems vital for all types of electronic products. Since being slim and light with even stronger performance functions emerged as the trend in the development of communication electronic products, it could be anticipated that cooling components will be highly applicable to information, communication and consumer electronics that deserved further in-depth development.

c. The development trends for each product

The cooling module has its origin from the CPU of desktop PCs, and the capacity in cooling increased in proportion to the hours of work of the CPU. As the design of business notebook PCs and consumer electronics is getting closer and closer to the high-end, the demand for cooling parts and components has skyrocketed, echoed with the increase of heat generation and density resulting from the diversification of the function of the games consoles of the next generation, the increasing demand in the eSport market, and electronic related products worldwide and the continued development of these products toward diversification. Manufacturers have therefore sought new opportunities for growth in the area of product diversification, such as the eSport industry, communication machine room, automotive, and LED lighting, which are new niche markets. With the ceaseless upgrade of technology with the application of core technology to different products, a new source of profit from diversification of revenue was unveiled.

Traditionally, air cooling would be the technology for cooling, including the use of fans and cooling fins. The new generation of the electronic cooling industry advanced towards using heat pipes, vapor chambers,

water-cooling technology, and high thermal conductivity composite materials for cooling, and are described below:

i. Heat pipe and vapor chamber

Cooling modules mainly consist of aluminum cooling plates matched with fans and heat pipes. Lately, cooling modules adopted the combination of cooling plates and heat pipes and vapor chambers (mainly in the process of using two stamped copper plates and being injected with water after evacuation of air and sealed with special copper paste) as the cooling solution. Most large server data centers adopted this mode of cooling with the emphasis of energy saving in air-conditioning, which in turn drove demand for vapor chamber cooling. In addition, heat pipes are also adopted for cooling in high-end notebook PCs. This solution helps to increase the thermal conductivity coefficient and speed up cooling, enhancing the performance of CPUs, and is mainly used in the eSports industry and high-end server products.

ii. Water-cooling technology

In water-cooling technology, liquid of high thermal coefficient is used as the media of cooling to take away the heat generated from the parts. In the water-cooling module, a water pump is used to perform the cooling function by taking the heat from the inside out to the water-cooling column, followed by the wind blowing of the fan to further help the cooling.

iii. High thermal conductivity composite materials

An ideal electronic device and cooling material must feature high thermal conductivity rate, low density, and low expansion coefficient, which cannot be satisfied by the traditional mode of using copper and aluminum materials only. Indeed, the composition of at least two materials will be necessary to serve the purpose. Among all the advanced heat pipe materials, carbon fiber composite material has high thermal conductivity (higher than copper), and also features lower density and thermal expansion coefficient as compared with aluminum and copper. This material has been taken as a cooling material with high potential.

d. Competition

The parts and components of consumer electronics produced by the Company have been extensively used by famous international computer firms. These products entail a high level of know-how and added value with ceaseless development, innovation and process improvement. Therefore, we are highly competitive in product development and manufacturing. The Company could maintain its competitive edge mainly based on the following factors:

i. Wide array of product lines in parts and components produced and supplied to world famous computer firms. The product quality is good and stable.

ii. The products of the Company are customized to customer specification in production with technology and quality conforming to the requirements of the customers.

iii. The Company is innovative in research and development with continued effort in product development, and improvement of production process for new products. The Company has acquired several patents to enhance its competitiveness in products.

C. Technology and R&D Overview

a. Technical level and R&D for business operations

The Company has developed critical technologies for a large number of professional cooling parts and components ever since its establishment. Most of these critical technologies have been patented in Mainland China. The design and production of cooling parts and components will transcend into a new era. Actively recruit professional talents to be responsible for the research and development of new products and new technologies, and to develop and improve precision metal die-casting and stamping processes and technologies in order to have the cooling components products meet the standards of major brands.

The Company is still actively engaged in the improvement and innovation of precision metal die casting and precision metal stamping process for the time being, and has made various automated and production equipment to upgrade production efficiency and performance so as to satisfy the needs of customers in different areas in their entirety. The Company will continue to enlarge the scale of R&D and further the development of cooling-related products and technologies, and will also develop products for applications in different areas for diversification of product development.

b. Education and work experience of the R&D staff

Unit: person

Item	December 31, 2021	December 31, 2022
Graduate schools	1	2
Bachelor	25	31
Senior high school/ vocation school and below	78	82
Total	104	115

c. Annual R&D expenses for the last 5 years

Unit: 1,000 NTD

Item/year	2018	2019	2020	2021	2022
R&D expenses (A)	36,274	39,740	46,677	69,271	79,289
Net operating revenue (B)	1,517,552	1,473,398	2,075,283	2,275,541	2,059,560
(A)/(B)	2.39%	2.70%	2.25%	3.04%	3.85%

d. Successfully developed technologies or products

With the competitive edge in the molding technology of key parts and components for cooling, the innovative production process, the outstanding management team, the distinguished research and development team and development strategy, the Company can meet the needs of the customers and the market. Under ceaseless innovation in design and improvement, the Company has successfully developed different forms of technologies and applications over the years, and has acquired several patents and competitive advantages in the market. The following is the result of research and development of the Company over the years:

Year	Important R&D results
2015	<ul style="list-style-type: none"> <li>■Development of changing masking lamination to lamination with tape in production process</li> <li>■Formation mold and processing technologies for super small magnesium alloy cooling fans</li> <li>■Formation technology of locks</li> <li>■Production process for physical parts of cell phones</li> </ul>
2016	<ul style="list-style-type: none"> <li>■Introduction of automatic flatness inspection equipment</li> <li>■Introduction of automatic laser engraving equipment</li> <li>■Introduction of automatic loading and riveting equipment</li> <li>■Integrated stamping-riveting-drilling equipment</li> </ul>
2017	<ul style="list-style-type: none"> <li>■Introduction of CCD smart camera testing system</li> <li>■Development of trapezium cooling plates</li> <li>■Development of in-mold riveting technique for introducing in production process.</li> <li>■Development of FN series CNC material feeding system</li> <li>■Development of FN automatic grinder</li> </ul>
2018	<ul style="list-style-type: none"> <li>■FN series conversion of manual inspection to automated inspection</li> <li>■Self-developed improvement of the fastener for effective reduction of loss</li> <li>■Formation of precision motor products and technology improvement</li> <li>■The FN series thermal jig stamping module changed to silicone materials to solve the problem of defects black electric fan products.</li> </ul>
2019	<ul style="list-style-type: none"> <li>■Machine–Man conversion application technology project</li> <li>■Intellectual property right GB system declaration</li> <li>■Mobile phone battery, display screen support plate bonding auxiliary fixture</li> <li>■Cell phone battery central board manufacturing method</li> <li>■High dimension automatic inspection equipment</li> <li>■Jig for computer shaft assembly</li> <li>■Precision motor clamps</li> <li>■Automatic screw fasteners</li> </ul>

Year	Important R&D results
2020	<ul style="list-style-type: none"> <li>■Laptop cooling bracket processing technology project</li> <li>■Portable projector case molding project</li> <li>■Ultra-thin notebook computer fan base</li> <li>■Self-driving car switch cover assembly method</li> <li>■Inclined heat sink</li> <li>■Vacuum liquid cooling tube</li> </ul>
2021	<ul style="list-style-type: none"> <li>■Electric car high-safety and high-latitude cutting method</li> <li>■New energy car starting component detection method</li> <li>■Computer component swing adjustable automatic die-casting method</li> <li>■Multifunctional pipe-inserting cooling fin set</li> <li>■Round radio cooling base</li> </ul>
2022	<ul style="list-style-type: none"> <li>■Multi-layer three-dimensional heat sink</li> <li>■New fan cover</li> <li>■Wireless charging shield</li> <li>■Vehicle lidar mechanical component molding technology</li> </ul>

#### D.Long and short-term business development plan

The Company mapped out its long and short-term plans as the basis for business planning in the future in responding to industrial development and the macroeconomic trend so as to upgrade our competitive power. The Company's long and short term plans are summarized below:

##### a.Short term development

##### i.Marketing strategy

- i)Keeping the notebook PC market on hand and actively developing the market of key parts and components for cooling for a larger market share.
- ii)Support the PC system firms in business deployment for expansion of the production capacity in Chongqing plant for bringing in higher revenue.
- iii)Enter the market of parts and components of consumer electronics and traditional sectors like automotive in full effort.
- iv)Continue to improve the product lines of high added value through in depth cultivation of customer relations.

##### ii.Production policy

- i)Extend to the back-end production process for an upgrade in the capacity of self-production.
- ii)Satisfy the needs of the customers in delivery
- iii)Automation of equipment to optimize the production utilization rate and capacity utilization rate.
- iv)Enhance logistics management efficiency and reduce logistics costs and delivery schedule.

##### iii.Direction of product development

- i)Based on the experience of success in research and development of parts and components for the cooling system of notebook PC, the Company will actively develop parts and components for cooling beyond PCs.
- ii)Develop customers in products other than electronics with the advantage of R&D and mass production.
- iii)Keep close ties with existing customers in business cooperation, keep abreast of market information, and secure purchase orders for new models.

##### iv.R&D strategy

- i)Recruit good people in research and development for augmenting the R&D team.
- ii)Proceed with the research and development of products other than electronic applications without altering the size and staffing of the R&D function, and consider recruiting professionals in related areas of specializations.
- iii)Research and develop the production process for improvement of the yield rate and reduction of the cost of production.

- iv) Strengthen the competitive power of the R&D staff and increase the investment in research and development.

b. Long-term Development Plan

i. Marketing Strategy

- i) Train and develop professional talents in the long run, keep alert of any business opportunity in the market, and increase the market share.
- ii) Continue bonding with customers as good business partners, keep abreast of the market trends and outreach for new customers and purchase orders for the new generation of models to maintain the competitive power of the Company.
- iii) Expand revenues from mechanisms; strengthen the scope of non-electronic product market applications; expand electronic devices (automatic control, automotive, etc.) markets.

ii. Production policy

- i) Cultivate a positive relationship with the OEM partners for the effective use of production capacity and expand the capacity for structural parts to reduce the cost of production and increase revenue.
- ii) Improve the production process and optimize the utilization rate and yield rate.
- iii) Become capable of satisfying the demand of the customers in “speed and quality first”.
- iv) Continue the launch of automated production to enhance productivity and product quality.
- v) Keep abreast of the front-end trend through close association with the supply chain.
- vi) Actively import Industrial 4.0 to enhance efficiency.

iii. Direction of product development

- i) Intensify the development of other products such as automotive electronics, optical communication products, wearables, satellite navigation system and home appliances, and enhance the competitive power of the Company by broadening the product horizon.
- ii) Continue the research and development of products with stronger structural strength, slimmer in size, and lighter in weight.

iv. R&D strategy

- i) Intensify the development of other products such as automotive electronics, optical communication products, wearables, satellite navigation system and home appliances, and enhance the competitive power of the Company by broadening the product horizon.
- ii) Continue the research and development of products with stronger structural strength, slimmer in size, and lighter in weight.
- iii) Recruit professionals capable of internalized operation for bolstering the core competence of the Company.

(2) Market and sales overview

A. Market analysis

a. Regions of sale of premium items

Unit: NT\$ thousands

Sales area	2021		2022	
	Amount	%	Amount	%
China	1,575,479	69.24	1,570,502	76.25
Philippines	525,072	23.07	308,535	14.98
Taiwan	87,044	4.00	126,219	6.13
Others	87,946	4.00	54,304	2.64
Total	2,275,541	100.00	2,059,560	100.00

b. Market share

The key customers of the Company are big international OEM manufacturers and companies listed on the TWSE or TPEX. The products of the Company are customized merchandise and are fully in conformity

with the specifications and quantities of the orders of the customers under accreditation. There is no commonality among these products. The performance of the cooling module affects the performance of electronic products in computing. Due to this, the cooling module emerged as an indispensable part of slim light electronic products and has its place in the sale of terminal application such as in computers, portable devices, and consumer electronics. As a result, the earning of high level of customer trust will be vital for bonding long-term cooperation. The technology of parts and components of cooling systems is vital to the Company. Through close association with the customers and keeping abreast of the trend of frontier technology for the development of high added value products, the Company could satisfy the needs of the customers and cultivate a production and sale relation where both sides are winners.

c. Future market supply/demand and growth potentials

i. Future trend of the industry

Anli-KY is a professional supplier of key parts and components for cooling with production skills and know-how covering precision metal die casting, stamping, and development of tooling. The combination of all these skills and know-how gives perfect products. The products are mostly applied to notebook PCs as cooling modules for the time being. Most consumer electronics and high precision electronic items require cooling modules and physical components. The electronic products are key components. In the past, the technology of cooling products was mainly the active combination of heat management solutions. At the onset of slim light and small size communication electronic products with higher demand for a greater variety of function, echoed with the active transformation into 5G in most countries of the world since 2019, which will be applicable to AR/VR audiovisual entertainment, smart vehicle/traffic, smart manufacturing/plant, and IoT in positive development. Under the specific nature of high level transmission with low slippage, related infrastructure and terminal equipment will be developed proactively. In response to the emergence and application of high performance computing, the demand for cooling modules will be enhanced. As a result, cooling solutions will be diverted to heat plates and vapor chambers. In the foreseeable future, cooling parts and components will be deeply applied to information, communication and consumer electronics. Analysis of the future trend of development:

i) Precision and composite development of molding tool production

The development of semiconductor and micro-system technology, and the development of different products of advanced technology towards portable and high performance in use such as consumer electronics and optoelectronics dictate to precision and micro size of parts and components. Under this trend, the demand for micro size parts and components mushroomed and entails lucrative business opportunity.

ii) Condensed Time to Market of new products that compresses the lead-time for mold development

The life cycle of consumer electronics is getting shorter and shorter, which demands the ceaseless compression of the lead-time for tooling development. It was echoed with the rise of material prices that in turn drove up the cost and trimmed off the profit. As a result, design software becomes essential for tooling design that gets closer to customer needs in real-time.

iii) Diversified applications of cooling

The application of cooling modules has its origin in the CPUs of desktop PCs. The enhancement of performance requires higher power consumption, which in turn dictates new forms of cooling. Under the rapid growth of the markets of tablet PCs, notebook PCs, smartphones, and cloud applications, the heat management industry also thrived. It was echoed with the diversification of the function of games consoles of the next generation, such as the PS5 of SONY, the Xbox360 of Microsoft, and the SWITCH of Nintendo of Japan. Further to the function of gaming, other functions such as watching movies, surfing the Internet and music are also developed. These indicated that electronic related products tended to develop into smaller size and higher variety in function, which dictated different levels of cooling. As capacity of heat generation and density continue to increase, the Company will engage in multilateral development of our products under our sensitive observation and judgment of the industry trend, and spares no effort in tracing the opportunity for growth in areas other than PCs, such as the niche markets of automotive electronics, optical communication products, wearables, satellite navigation system, and home appliances. Under the ceaseless advancement and upgrade of technology, the Company will use its core technology to different product areas to seek better business opportunities in greater variety and diversified sources of profit.

ii. Market positioning of the Company

The primary business engagement of the Company is a supplier of key parts and components of cooling systems. There are far too many domestic and foreign firms engaged in metal die casting and stamping with the mushrooming of many small factories in Mainland China entered into the market in the last few

years. Yet, the scale of production and the precision level of the products of these enterprises varied significantly. In Taiwan, Auras Technology, Forcecon, and LemTech-KY are similar to the Company among the companies listed at TWSE or TPEX in production process, application of products, industry association and development.

The technology of parts and components of cooling systems is vital to the Company. Through close association with the customers and keeping abreast of the trend of frontier technology, the Company customized the products in conformity to their specification and quantity requirement with proper accreditation. As a result, the products are customized such that universal application is unlikely. The performance of the key parts and components for cooling affects the computing performance of electronic products, and these parts and components emerged as indispensable parts of the slim light and small electronic products and affect terminal application in computers, portable devices and consumer electronics to a considerable extent. The Company is actively engaged in the development and improvement of the die casting and stamping process and technology to allow the cooling module parts and components and structural components conforming to the standards adopted by the famous brands and the needs of the customers in different areas. The targets of sales are world-known computer firms, big international OEM factories, and companies listed at TWSE and TPEX. The products are in high and stable quality such that the customers always take the Company as a vital business partner irrespective of the frequent replacement of new terminal electronic items that required them to switch to new models. This indicated that the Company has earned high trust from the customers in order to be one among their principal suppliers, and the Company thus enjoys stable growth in market share.

### iii. Future Growth

Consumer electronics have been well developed over the years with the trend of development continued. The market has already undergone the period of rapid growth and is in transition to the stage of stable growth. At this stage, differentiation and personalization emerged as the key elements of competition which oriented towards innovation and smart development. Such environment allowed consumer electronics to enjoy continued development to a certain extent. Likewise, market size also extended in line with differentiation and personalization. The continued development of the new consumer electronics, the upgrade of the research and development technologies, and the growing consumption power under the popularity of smart equipment, wearables, and VR/AR equipment drives further growth for the industries related to consumer electronics.

Under the trend of slim, light and small in the design of products, the material for the casing of products becomes an issue. It must be fit into the customized cooling device for effective cooling. Therefore, the key parts and components for cooling and the stamped pieces are used extensively. The terminal products of the Company are mainly cooling modules for electronic products, including the fan for CPUs, cooling modules for notebook PCs, and cooling solutions for communication products, servers, and games consoles. In the future, the Company will continue to develop products conforming to the specification of most electronic brands for the customers and also in the areas beyond consumer electronics to broaden the horizon of application in diversity. In addition, the production process will continue to be developed to a higher level of automation as specified below:

#### i) In-depth development of cooling parts and components for consumer electronics

The Company concentrates on the research and development of parts and components for cooling systems in line with the development trend of consumer electronics and the product specification of the famous-brand customers at different stages for customization of design and development. In the future, consumer products will be increasingly slim, light and small in size, and energy efficient with quick access to the internet such that capacity of heat generation from CPUs, chip sets, and drawing chips and related devices will continue to increase. In addition, the performance of hardware will also be upgraded in line with product performance, which drives for the high cooling capacity. The Company has already developed parts and components for slim micro fans for different types of computers, cooling modules for cloud servers, wearables, and home appliances. From the initial stage of precision metal die casting and stamping in the riveting process, to the development of a one-stop casting and stamping for finishing, and from the traditional type of cooling fins to the development of circular ultra-thin cooling fins, cascading cooling fins and compact tubular high performance cooling fins. The Company will continue to work in cooperation with the customers to develop more advanced cooling application technology and cooling solutions.

#### ii) Development in the areas beyond consumer electronics

##### a) Automotive products

Governments of most countries of the world have unveiled different policies for encouragement with

preferential treatment to support the development of electric cars for environmental protection, energy security, and industrial consideration through the investment in the infrastructures to increase the locations for charging. In the future, the development of electric cars and thriving of unmanned driving will demand new parts and components for vehicles. According to the forecast of Bloomberg, the sales volume of electric cars and hybrid cars will be approximately 2.2 million units in 2019, and will increase to 56 million units by 2040 worldwide. Electric cars will emerge as the mainstream products in the automotive market with annual compound growth at 15%. The horsepower of electric cars will also increase in the future. As the motor power increases, switching power will also increase such that the demand for corresponding cooling systems will be in place. Under the notion of energy efficiency and carbon reduction for environmental protection, lightweight metals such as magnesium and aluminum casting pieces used in the making of parts and components for electric cars to reduce the overall loading.

The Company takes this trend of the automotive industry as a opportunity, and has actively deployed in the markets of automotive parts and components, interior structural parts, cooling devices, electrical control and related application products, such as automotive satellite navigation parts and components, car lamb cooling plates support and others. In the future, the Company will spare no effort in broadening the product line of vehicle-mounted parts and components and cooling components, and also applying the die casting and stamping process to electrical system of electric cars such as the casting pieces of driving motor casing. In addition, the Company will also engage in the automotive powder coating process to provide customers a complete solution for products. The newly developed process will be vertically integrated to reduce the cost of production and to provide customers modularized service.

#### b)Others

Every generation of communication technology upgrade brings about revolutionary change in terminal products with products redefined, and drives the restructuring and significant change in the industry chain. The installation of 5G implies the revolution of the application of technology as a whole. As a result, the bottleneck of many industrial applications will be solved such that triggers the smart era of IoT. 5G will reshape the ecology of the digital economy and drive the development of national economy. City lives including transportation, safety, education, tourism and others will become more intelligent.

5G is an entire industry chain and a change in the entire ecological system. The platform, technology, network, and all other layers of 5G will undergo revolutionary change and rewrite the rule of the game of the whole society in a matter of 8–10 years. The transmission volume under 5G is more than 1000 times that of the technology at present and it can connect to terminal devices in tens or even hundreds of times in multiple of the know-how on hand. It will drive for the development of AI and IoT technologies, and will be the last piece of the puzzle for the grounding of frontier technologies, such as edge computing, big data, and block chain, which will prompt further development of related technologies and application in greater depth. According to a research conducted by Deloitte, the investment in the 5G industry chain worldwide from 2020 to 2035 will amount to USD 4 trillion. Global industrial application driven by 5G technology will create more than USD 12 trillion worth of sale.

The Company has actively expanded in the areas of application of 5G products. The rise of 5G triggers the demand for optical fibers, smart cities, smart factories, and facial recognition security control, which eventually stimulates the extensive use of cooling modules. Terminal products under 5G will gradually proceed to mass production. In the future, the Company will work meet the needs of the customers further and engage in the research and development of related products even more.

#### iii)Production automation

The Company has proactively moved towards production automation over the last few years to save manual labor, reduce cost, and minimize human error to improve the yield rate. The Company has successfully developed and launched the equipment for automation for the time being, including the automated stamping and riveting process equipment, four-shaft rotational automatic dip-soldering equipment, automatic dispensing system for stamping, CNC automatic dispensing, automation of stamping-cutting-drilling-riveting in one-step equipment, and automation of stamping-drilling-tapping in one-step equipment. In the future, the Company will plan for the upgrading of automation in different production processes to bolster production.

#### d.Competitive advantage

##### i.Outstanding production process technology to satisfy the needs of customers

The metal production process of the Company could be accomplished in an integrated step of metal die casting, precision metal stamping, the rear-end CNC precision processing, drilling, tapping, laser engraving, welding and riveting. The intermediate products will then be referred to surface treatment such as grinding, polishing, mirror surface grinding, printing, highlighting, sand spraying and anodizing. Functional products will be treated under plastic enveloping injection with continued development and exposure and image development techniques, and be supported by simple assembly to provide customers a complete service of metal components.

ii.Capacity in tooling development

Molds are the origin of industry and also essential equipment for industrial mass production. The manufacturing of precision molds will be critical for the processing of high quality metal pieces and plastic pieces in high efficiency production. The Company has had a wealth of experience in professional tooling design and production ever since its establishment. We are a supplier of parts and components for cooling systems. The parts and components we make must conform to the terminal products of the customers in parallel development. Discussion with the customers will begin at the development stage of customer products. The feasibility of production and development will be probed at the time of tooling design. A viable design and production plan will help to achieve accurate cost management in development so that customers can have a competitive advantage in the market. The stronger the capacity in mold development and process technology, the stronger the Company will be with its competitive edge.

iii.Distinguished management team

The members of our management team have more than 10 years of experience in this industry and are well seasoned for responding to the changes in the industrial environment, product development trend, and experienced in production, manufacturing, and marketing. The revenue and profit over the years indicated growth, which is the result of the professional standing and industrial experience of the management team. In addition, operation performance is also sound. The Company has acquired several patents, which implied the technical capacity of the Company has reached a specific level and is highly competitive.

iv.Solid financial foundation

The enlargement of the scale of operation inevitably pushed up the inventory level and amount of account receivables. As such, the management of working capital will become particularly important. In the electronic industry where product update is ceaseless and price raises come so quickly, the control of working capital and healthy financial structures will be critical for proper appropriation and performance of operation. In addition, the Company has conducted credit evaluation on all its customers as a reference for granting credit limits for the customers and management of account receivables. Besides, the Company also reviewed its aging inventory from time to time to keep sound utility.

v.Technology and people oriented corporate philosophy

The Company has expanded its production capacity significantly in recent years and never hesitated to improve its process technology to upgrade the technical capacity in metallic products and develop high quality cooling parts. The Company is also engaged in the training and development of human resources so as to attract good people to become a part of the Company. This remains an integral part of the major strategy. The product development and production technology process are high precision processing processes, and the Company highly treasures professionals in good standing to maintain its competitiveness and advantage.

vi.Sustainable refinement of R&D capacity

Corporate management is just like rafting upstream, to stand still means falling behind. Under the rapid change in the environment and the speedy development of technology, the Company will continue investing in research and development resources to upgrade its capacity in research and development and satisfy the needs of customers, maintain the bond with customers and broaden the product line to bolster the competitive advantage.

e.Factors favorable and unfavorable for the development in the long run and response

i.Favorable factors

i)The growth in the demand for cooling parts and components for electronic products

As most electronic products are becoming increasingly slim, light, and small in size, and feature higher levels of intelligence and functions, the size of IC chips and electronic components also gets smaller and smaller. In contrast, the power density becomes higher and higher, which dictates higher density in

packing in a slimmer body of the device. As a result, cooling emerges as an issue of immediate concern for electronic equipment. The foremost problem confronting electronic products in cooling is the design of cooling modules inside the products. Therefore, cooling device becomes a key component of the products with rising demand.

ii) Extensive application of precision metal die casting and stamping

Metallic materials are indispensable in the application of different industries and could mainly be classified as ferrous and non-ferrous metals, such as copper, aluminium, and magnesium. Copper is chemically stable and resistant to corrosion, and is a kind of good metallic material for electrical work. Aluminium is light weight, and highly ductile and malleable, which could be used in various kinds of mechanical processing. This is particularly the case where aluminium-magnesium alloy has been extensively used over the years and this material has attracted high attention as a kind of strong and light weight environmental friendly metal. It is anticipated that the development of products in different industries will help to stimulate the demand for metal casting and stamping production process to a higher level quickly.

iii) Product development is congruent with the trend of industrial development

The Company is a supplier of professional cooling parts and components made from precision metal die casting, stamping, and mold manufacturing, and has introduced the-state-of-the-art mold-making and production equipment to upgrade technological know-how and product quality ever since its establishment. The Company holds the corporate philosophy of “Sincerity, Proactivity, Innovation, Breakthrough” to serve customers. Furthermore, the Company can keep abreast of the latest trends in the market, and engage in the research and development of mainstream parts and components with its outstanding know-how. As a result, the Company has been acclaimed by many big international firms and will continue the joint ventures with these firms in further depth.

ii. Unfavorable factors and response

i) Sensitive to the economic cycle of the industry

The functions designed by different manufacturers of consumer electronics approximate one another and are highly substitutional. In addition, the overall consumer market is under the influence of the global economic cycle and inflation. Big brand proprietors are under the ceaseless pressure of price cutting to stimulate sales and clear up the inventory and transfer the burden to the upstream parts suppliers that deprived their profit margin.

Responses:

a) Continue to strengthen the capacity of technological know-how across the board

The Company continues to upgrade the capacity of mold development and structure a diversity of surface treatment technologies, strengthen the overall technical capacity, and work in conjunction with the big brand proprietors as early as at the product R&D and design stage. In addition, the Company also works closely with the customers to create higher added value for the products. The Company has made ceaseless efforts to production automation so as to save manpower, cut down cost, and to minimize human error, and hence improve the yield rate. Currently, the Company has successfully developed and launched several pieces of automated production equipment including the integrated stamping and automatic loading and riveting equipment, the four-axis rotational integrated automatic spot welding equipment, the automatic material feeding and retrieving casting machine, CNC automatic two-way feeding equipment, integrated stamping/cutting/drilling/riveting formation equipment, and integrated stamping/drilling/tapping equipment. In the future, the Company will continue to develop its automated production capacity in all production process to reduce cost and be the first in the market.

b) Diversified development of products

Metal die casting and stamping pieces could be extensively applied. The premium items of the Company are mostly applied to electronic products. In the future, the Company will continue to develop products other than consumer electronics such as automotive products, optical communication products, wearables, satellite navigation system, home appliances, and other applications in new product lines. In the area of automotive parts and components, Kuanghe Kunshan, KUNSHAN ANLI, and Chongqing Gtek Technology Co., Ltd. have been accredited with the IATF16949 automotive quality management system. As a matter of the business development strategy, the Company will continue to locate big brand proprietors for the possible opportunity of joint ventures in new products to balance the existing product portfolio and dependence on existing customers for reducing operation risk.

ii)Frequent fluctuation of the prices of key materials.

The key metallic materials used by the Company are cooper, aluminium and magnesium and are vulnerable to price fluctuation in the metal market.

Responses:

The Company always pays close attention to the trend of international material prices, and maintains a proper level of inventory at the right time to mitigate the negative effect from price fluctuation. The Company also cultivated long-term positive interactive relations with the materials suppliers to access to the latest trend of development of material prices in order to purchase at the best moment to reduce the risk deriving from price fluctuation, and will adjust the sales price in line with the rise in material prices to keep a specific profit margin.

iii)Ceaseless entrance of industry peers resulted in acute competition

The competition from existing competitors and the entrance of newly emerging sectors, and the pressure of costing and inventory downsizing strategies from upstream customers made competition even more acute.

Responses:

The Company will continue to upgrade and introduce new technologies to compress the lead-time for mold development, develop high precision products and improve service quality. In addition, the Company will maintain close relationships with the suppliers to earn the trust of the customers for keeping the market on hand. In addition, the Company will continue to upgrade its management quality for the effective improvement of utility, and seek refinement of the technical know-how currently in service to develop a wider array of products so as to bolster the competitive advantage.

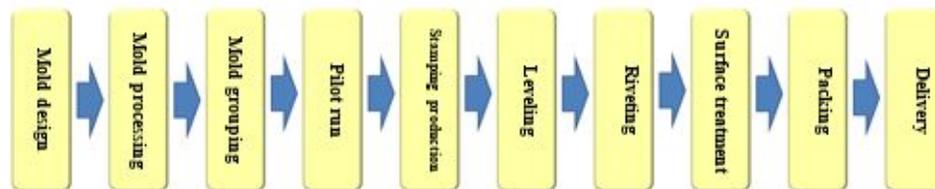
B.The purpose of key items and production process

a.Important use of key items.

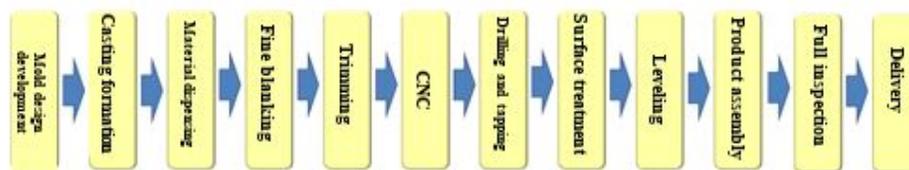
Product category	Purpose or scope of application
Computer parts and components	The key parts and components for the cooling modules, fan frames and structural parts for notebook PCs, desktop PCs and servers.
Parts and components of consumer electronics	Game consoles and wearable devices
Portable device parts and components	Structural parts for Tablet PCs, Smart Phones, and LCD Frames.
Others	Automotive electronic products, optical communication products, satellite navigation, home appliances, etc.

b.Production process of key items

i.Precision stamping process



ii.Precision casting process



C. Supply of key materials

Main raw materials	Location of supply	Supply status
Aluminum/ aluminum alloy ingot	China	Good
Copper	China	Good
Iron/stainless steel	China	Good

D. Note to significant changes in the gross margin of key items or departments in the last 2 years.

a. Analysis of change in gross margin:

Unit: 1000 NTD

Primary	2021			2022			Change (%)
	Operating revenue	Gross profit	Gross margin (%)	Operating revenue	Gross profit	Gross margin (%)	
Computer parts and components	1,864,307	522,630	28.03	1,585,600	388,219	24.48	(12.66)
Consumer electronic components	269,793	68,646	25.44	299,809	62,386	20.81	(18.22)
Portable device parts and components	12,881	3,513	27.27	18,447	2,748	14.90	(45.38)

b. Explanation for the change in operating gross profit exceeding 20%: The reasons for the change of gross profit rate of handheld device components by 45.38%: Product profit margin is suppressed by the homogenization of mobile phone accessories and lower end user buying price.

c. For construction companies or companies with a construction department, specify the year of declaration and the projected revenue for recognition of construction projects and analysis of gross profit of the previous year, and explain if there is any exception of gross margin, projects completed without sale, and the projected sale: Not applicable.

E. List of key customers for purchase and sales

a. Names of suppliers accounting for more than 10% of the total purchase in any of the last 2 years, the amount of purchase and proportion to total purchase, and explain the reasons for the changes:

Unit: 1,000 NTD

Item	Name	2021			2022			
		Amount	Ratio to the annual net purchases amount [%]	Relationship with the issuer	Name	Amount	Ratio to the annual net purchases amount [%]	Relationship with the issuer
1	Company A	110,736	23.94	None	Company A	119,094	12.41	None
2	Company B	142,608	12.37	None	Company B	36,397	15.99	None
3	Company C	69,957	13.54	None	Company C	56,251	7.84	None
	Others	568,788	50.15	—	Others	557,578	63.76	—
	Net purchase	892,089	100	—	Net purchase	769,320	100	—

Note to the changes:

The main items of the Company for purchase are copper, aluminium, iron, and stainless steel, as well as the semi-finished cast or stamped items. The purchase amount of respective years varied with the demand as stated in customer orders and the materials required for relevant products.

b.Names of customers accounted for more than 10% of the total sale in any of the last 2 years, the amount of sale and proportion to total sale, and explain the reasons for the changes:

Unit: 1000 NTD

Item	2021				2022			
	Name	Amount	Ratio to the annual net sales amount [%]	Relationship with the issuer	Name	Amount	Ratio to the annual net sales amount [%]	Relationship with the issuer
1	A	317,812	10.94	None	A	375,107	18.21	None
2	B	525,072	26.65	None	B	308,535	14.98	None
3	C	316,276	19.40	None	C	270,813	13.15	None
4	D	124,406	10.40	None	D	180,003	8.74	None
	Others	991,975	32.62	—	Others	925,102	44.92	—
	Net sales	2,275,541	100	—	Net sales	2,059,560	100	—

Note to the changes:

Company A and Company B, the end customers that have had business with our company for many years are highly affirmative of our product quality, technology, and mass production capacity. The sales amount total has been subjected to change mainly due to changes in product portfolio

F.Production volume and value in the last 2 years

Unit: NTD 1,000 / 1,000 pcs

Main products	2021			2022		
	Productivity	Outputs	Output value	Productivity	Outputs	Output value
Computer parts and components	124,855	124,113	1,354,560	128,236	95,311	1,122,051
Consumer electronic components	18,309	18,200	269,160	31,578	23,470	254,198
Portable device parts and components	689	685	11,552	537	399	20,029
Others	9,133	9,079	54,996	8,835	6,567	92,901
Total	152,986	152,077	1,690,268	169,186	125,747	1,489,179

Note to the changes:

Price competition in the market of portable devices is acute. The Company attuned to the product sales strategy by expanding the production capacity of computer parts and components and reducing the capacity for portable devices with proper adjustment of production volume to the purchase orders.

G.Sale volume and value in the last 2 years

Currency: NTD 1,000 / 1,000 pcs

Main products	2021				2022			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Computer parts and components	61,489	467,153	58,755	1,392,523	49,796	437,863	42,985	1,147,736
Parts and components of consumer electronics	16,585	226,662	1315	47,762	23,153	288,215	769	11,595
Portable device parts and components	555	11,395	130	1,486	165	17,307	190	1,140
Others	4,594	74,393	1,999	54,167	4,238	98,327	1,486	57,377
Total	83,223	779,603	62,199	1,495,938	77,352	841,712	45,430	1,217,848

Note:Others are mold development, automotive parts and components, and 3D goggle parts and components. The unit of calculation varied significantly and the sales volume is not stated.

Note to the changes:

Price competition of the portable devices made by the Company is acute in the market and the business strategy was adjusted and switched to structural parts and components of Notebook PCs, which have thicker profit. As such, the sale quantity of portable devices fell while the parts.

2.The number of employees, average years of service, average age and education in the last 2 years to the date this report was printed.

Unit: person

Year		2021	2022
Employee No.	R&D	104	115
	Management and sale personnel	110	107
	Operators and technical staff	423	406
	Total	637	628
Average age		38.66	38.17
Average seniority		6.37	6.61
Academic qualification	Doctoral Degree	-	-
	Master	0.78%	0.64%
	Bachelor	18.52%	21.66%
	Below Senior High School	80.69%	78.18%
Total		100.00%	100.00%

### 3.Information on spending on environmental protection

#### (1)Application for anti-pollution facility and spending

Permit of the installation of pollution treatment facility, or permit for emission of pollutants, or the payable fees for anti-pollution treatment, or the appointment of the designated body and personnel for environmental protection under law, and the status of licensing, payment or installation of such facility:

The production process of the Company is subject to the regulations of local bylaws so that application for permission of the emission of pollutants is required by law and specified as follows:

Plant	Contents	Effective date
KUNSHAN ANLI PRECISE METAL CO., LTD.	The Company has installed water treatment facilities for treating water pollutants from production and household use to the required standard before emission.	The Company has been granted the permit for the emission of pollutants
		Validity date: December 5, 2025
Chongqing Gtek Technology Co., Ltd..	The Company has installed water treatment facilities for treating water pollutants from production and household use to the required standard before emission.	The Company has been granted the permit for the emission of pollutants
		Validity date: July 25, 2026

#### (2)Anti-pollution equipment

Specify the investment in the major equipment of the Company for environmental protection and anti-pollution, the purpose and desired result:

December 31, 2022

Machinery name	Quantity	Acquisition date	Investment cost	Balance before depreciations and amortization	Purpose and expected result
Water pollutant treatment work	1	2007.11.30	NT\$ 2,048 thousand	NT\$ 0 thousand	Water pollutants from household use and industrial production were treated to the required standard before emission. This helps to save the consumption of water required for neutralization and reduce the emission of hazardous substances.
Water and air pollutants treatment work	1	2016.5.30	NT\$ 676 thousand	NT\$ 66 thousand	Water pollutants from household use and industrial production were treated to the required standard before emission. This helps to save the consumption of water required for neutralization and the collection and purification of air pollutants from industrial production for purification, and reduce the emission of hazardous substances.

Machinery name	Quantity	Acquisition date	Investment cost	Balance before depreciations and amortization	Purpose and expected result
Treatment of air pollutants from the casting process	1	2021.11.30	NT\$ 738 thousand	NT\$ 603 thousand	It is used to capture exhaust emission so as to reduce the emission of harmful substances with the use of the cyclone dust collector.
Sinter waste-gas capture engineering	1	2021.11.30	NT\$ 232 thousand	NT\$ 190 thousand	It is used to capture waste-gas emissions, secondary combustion, water dusting, and other ion devices to help reduce the emission of harmful substances.
Wastewater treatment project	1	2021.11.30	NT\$ 1,590 thousand	NT\$ 1,301 thousand	Water pollutants from industrial production were treated to the required standard before emission. This helps to save the consumption of water required for neutralization and the collection and purification of air pollutants from industrial production for purification, and reduce the emission of hazardous substances.
Treatment of air pollutants from the casting process	1	2017.12.31	NT\$ 5,460 thousand	NT\$ 1,192 thousand	For use in the collection of air pollutants before emission, and transferred through the spraying device to reduce the emission of air pollutants.
Treatment of air pollutants from the casting process	1	2017.12.31	NT\$ 5,233 thousand	NT\$ 1,142 thousand	For use in the collection of air pollutants before emission, and transferred through the spraying device to reduce the emission of air pollutants.

(3) Describe the efforts of the Company in anti-pollution and environmental protection in the last 2 years to the date this report was printed. If there was any dispute deriving from pollution, explain the process in response to the problem: None.

(4) Specify the loss inflicted on the Company due to pollution of the environment in the last two years to the day this report was printed (including compensation and the violation against environmental protection laws as indicated in the audit findings, specify the date, the penalty notice number, the provisions of law being violated, the content of the provisions, and the content of penalty), and disclose the estimated amount of possible penalty and loss for the time being and in the future, and the response. If it is impossible to reasonably estimate the amount, specify the reason: The Company did not suffer any loss from environmental pollution.

(5) Describe the status of pollution and corrective action, and the influence on the earnings, competitive position, and capital expenditures of the Company, and the major capital expenditures for environmental protection projected in the 2 years ahead:

A. Current problem of pollution and the influence of the remedy to pollution on the earnings, competitive position, and capital expenditure of the Company:

The Company has not been influenced by pollution on its earnings, competitive position, and capital expenditures in the last 2 years to the date this report was printed.

B. Significant capital expenditures on environmental protection in 2 years ahead: None.

#### 4. Labor-Management Relations

(1) List out the employee benefits, continuing education, training, retirement system and the status of implementation, and labor-management agreement and the protection of employee rights:

A. Employee benefit policies:

As always, the Company spares no effort in providing benefits and a positive work environment for its

employees. Further to the release of bonuses and gifts for the Chinese New Year and festivals, the Company also provides the opportunity for its employees to participate in the operation of the Company for improving labor-management bonding and team work. Performance bonuses will be released in commensuration with the individual performance of the employees and the business performance of the Company. The Company also takes care of the physical and mental health of its employees by establishing the Employee Welfare Committee for organizing tourist traveling and parties for the employees from time to time in addition to the protection of the employees with medical insurance, social security insurance, and all the required insurances under law.

#### B. Continuing education and training for the employees

The Company organized internal training from time to time, and arranged external training on topics relevant with the required professional skills for the employees to improve their professional skills and competitive power. Different training programs have also been arranged for employees of different job functions.

#### C. Retirement system and implementation of the system:

a. Plants in Mainland China: The Company makes contributions to the pension funds in accordance with applicable local laws, and thereby appropriates 24% of the total monthly salaries to designated accounts for this purpose. Of the 24% of payment, the Company contributes 16% while the employee contributes 8%. The Company has no other responsibility of any other pension.

b. Employees of Taiwanese origin are governed by the "Labor Pension Act" under the system of defined appropriation of pension funds. Under this system, 6% of the monthly salaries of the employees will be appropriated to their individual pension accounts at the Labor Insurance Bureau.

c. Subsidiaries established in different regions shall be governed by the applicable laws of the respective regions governing pension funds. The Company recognized the contribution to the pension fund as an expense and is not liable to any other retirement and pension of the employees.

#### D. Labor-management agreement and the protection of employee rights:

The Company highly values employee benefits, employee career planning, strengthening of employee professional skills and employee opinions with a view to improving labor-management harmony. There was no labor-management dispute to the date this report was printed.

(2) Specify the loss caused by labor-management dispute of the Company in the last two years to the day this report was printed (including the violation of the Labor Standard Act as indicated in the audit findings of labor service, specify the date, the penalty notice number, the provisions of law being violated, the content of the provisions, and the content of penalty), and disclose the estimated amount of possible penalty and loss for the time being and in the future, and the response. If it is impossible to reasonably estimate the amount, specify the reason:

The labor-management relation of the Company is always in harmony, there is no loss caused by labor-management dispute in the last two years to the day this report was printed.

### 5. Information Communication Safety Management:

(1) Information security risk management framework, information security policy, specific management plan and resources in information security management: :

#### A. Information security risk management framework

The responsible department of the company's information security is the IT department, which has an IT manager and a numbers of IT personnel , who are responsible for formulating the company's information security policy, planning information security operations, and promoting and implementing information security policies. The audit office will conduct regular inspections every year. If any defects are found in the inspection, the inspected unit will be immediately requested to propose improvement measures, and the improvement results will be tracked regularly to reduce internal information security risks.

#### B. Information security policy

In order to maintain the normal operation of the company's information system, strengthen the security management of information communication, ensure the availability, integrity and confidentiality of information, and avoid internal and external intentional or accidental threats.

The company's information security management mechanism includes the following:

a. System specification: formulate the company's information security management system to standardize the operation behavior of personnel.

b.Organizational management system: establish the company's information security work management system, establish the responsibilities of the security management organization, make overall planning and expert decision-making to promote the development of information security work.

c.System protection: Set up information security management equipment and tools, and implement information security management measures.

d.Personnel training: regularly conduct information security education and training to improve the information security knowledge and professional skills of the company's colleagues.

C.Specific management plan

Regularly review internal information security regulations, coordinate, manage and supervise all information security businesses of the group, regularly conduct relevant information security inspections such as protection system effectiveness checks and social engineering drills, and continue to provide relevant information security publicity to employees. Through the implementation of information security policies and operating procedures, a sufficient information security environment can be provided to ensure the normal operation of the company's various services.

D.Resources in information security management

Build an information security monitoring system and perform system vulnerability scans to prevent hackers from invading and stealing confidential company information. Desktop computers, notebook computers, etc. management to implement the protection of personal data of employees, confidential company data, customers and suppliers, etc.

(2)In the most recent year and as of the date of publication of the annual report, losses, impacts and countermeasures due to major information security incidents: None.

6.Important contract

Contracts still in force and the Buy–Sell Agreements, Technical Joint Venture Agreements, Engineering Agreements, Long-Term Loan Agreement to be expired in one year and other important agreements that may affect shareholders' equity:

(1)Anli-KY

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Credit limit contracts	Shilin Branch, First Commercial Bank	2022/10/3 to 2023/10/3	Applying for short-term financing quota from a bank.	None

(2)Anli Hong Kong

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Loans contract	HsinFu Branch, First Commercial Bank	2016/10/28 to 2031/10/27	Financing for procurement of fixed assets	None
Loans contract	Bank SinoPac Co., Ltd. Hong Kong Branch	2022/4/29 to 2023/7/31	Operating capital turnover	None

(3)Kuanghe Hong Kong

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Loans contract	First Commercial Bank HsinFu Branch	2016/10/28 to 2031/10/27	Financing for procurement of fixed assets	None
Credit limit contracts	CTBC Bank	2022/8/30 to 2023/8/31	Applying for financing quota from a bank.	None

(4)KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Housing Lease Agreement	Shencheng Metal Technology (Kunshan) Co., Ltd.	2019/1/1 to 2023/12/31	Plant Lease Agreement	None

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Loans contract	Kunshan Rural Commercial Bank	2022/12/16 to 2023/6/15	Operating capital turnover	None

(5) KUNSHAN ANLI PRECISE METAL CO., LTD.

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Loans contract	Kunshan Rural Commercial Bank	2022/12/8 to 2023/6/1	Operating capital turnover	None

(6) Chongqing Gtek Technology Co., Ltd..

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Engineering contract	Chongqing Jinqing Construction Engineering Co., Ltd.	2022/5/9 to 2028/12/31	Plant construction	None

(7) Anli Technology Co., Ltd. (Huzhou)

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Construction contract	Zhejiang Chaio-Shing Construction Group Co., Ltd.	2021/12/28 to 2023/8/31	Plant construction	None

VI. Financial Status

1. Condensed Balance Sheet and Income Statements of the last 5 years

(1) Consolidated Balance Sheet – IFRS (Consolidated Financial Statements)

Unit: NTD thousand

Item		Year				
		2018	2019	2020	2021	2022
Current assets		1,490,643	1,254,440	1,983,009	2,581,059	2,052,413
Property, plant, and equipment		637,057	717,872	854,739	850,637	1,152,072
Intangible assets		2,203	2,480	1,525	769	2,989
Other assets		243,817	437,151	328,678	329,800	368,257
Total assets		2,373,720	2,411,943	3,167,951	3,762,265	3,575,731
Current liabilities	Before Distribution	586,733	590,181	695,902	1,173,203	1,179,977
	After Distribution	686,203	642,078	848,022	1,293,487	Note 2
Non-current liabilities		290,612	317,940	713,943	637,366	342,698
Total liabilities	Before Distribution	877,345	908,121	1,409,845	1,810,569	1,522,675
	After Distribution	976,815	960,018	1,561,965	1,930,851	Note 2
Equity of the parent company		1,496,375	1,503,822	1,758,106	1,951,696	2,053,056
Capital stock		432,477	432,477	432,477	445,498	445,498
Capital surplus		463,064	463,064	479,795	561,556	561,556
Retained	Before Distribution	697,865	752,704	984,291	1,063,339	1,139,023
earnings	After Distribution	598,395	700,807	832,171	943,055	Note 2
Other equity		(97,031)	(144,423)	(138,457)	(118,697)	(93,021)
Treasury stock		-	-	-	-	-
Uncontrolled equity		-	-	-	-	-
Equity	Before Distribution	1,496,375	1,503,822	1,758,106	1,951,696	2,053,056
Total amount	After Distribution	1,396,905	1,451,925	1,605,986	1,831,414	Note 2

Note 1: The financial information covering the aforementioned periods was audited by CPAs.

Note 2: The information provided was based on the resolution of the Shareholders Meeting of the next year.

## (2) Consolidated Income Statement – IFRS (Consolidated Financial Statements)

Unit: NTD thousand

Item	Year	Financial information for the latest 5 years (Note 1)				
		2018	2019	2020	2021	2022 years
Operating revenue		1,517,552	1,473,398	2,075,283	2,275,541	2,059,560
Gross profit		500,729	451,224	707,336	625,473	531,467
Operating income		209,178	182,584	408,535	287,042	194,481
Non-operating income (expenses)		26,060	(997)	(42,388)	6,887	47,355
Net profit before taxation		235,238	181,587	366,147	293,929	241,836
Current year profit of continuing business units		179,907	154,309	283,484	231,168	195,968
gain(loss) from discontinued operations		-	-	-	-	-
Income (loss) in the current period		179,907	154,309	283,484	231,168	195,968
Other comprehensive incomes in the current period (net income)		(30,262)	(47,392)	5,966	19,760	25,676
Current period other comprehensive income (Gross)		149,645	106,917	289,450	250,928	221,644
Net profit attributable to parent company		179,907	154,309	283,484	231,168	195,968
Net income attributable to uncontrolled equity		-	-	-	-	-
Comprehensive income attributable to shareholders of the parent company		149,645	106,917	289,450	250,928	221,644
Total comprehensive income attributable to uncontrolled equity		-	-	-	-	-
Earnings per share (NTD)		4.40	3.57	6.56	5.22	4.40

Note 1: The financial information covering the aforementioned periods was audited by CPAs.

## (3) Names of financial statement auditors in the last 5 years, and their audit opinions

Year	Firm Name	Name of auditor	Audit opinions
2018	Deloitte & Touche	Chen Chung-Cheng, Chen Chao-Mei	Unqualified opinion
2019	PwC Taiwan	Chiu Chao-Hsien, Chen Chin-Chang	Unqualified opinion
2020	PwC Taiwan	Chiu Chao-Hsien, Chen Chin-Chang	Unqualified opinion
2021	PwC Taiwan	Chiu Chao-Hsien, Chen Chin-Chang	Unqualified opinion
2022	PwC Taiwan	Chiu Chao-Hsien, Chen Chin-Chang	Unqualified opinion

## 2. Financial analysis for the latest 5 years

### (1) IFRS (Consolidated Financial Statements)

Analytical items		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to assets ratio (%)	36.96	37.65	44.50	48.12	42.58	
	Ratio of long-term capital to property, plant and equipment (%)	280.51	253.77	289.21	304.37	207.98	
Solvency (%)	Current ratio (%)	254.06	212.55	284.95	220.00	173.94	
	Liquid ratio (%)	229.53	192.17	256.57	199.82	158.01	
	Interest coverage ratio (time)	131.96	45.29	84.24	52.79	25.33	
Operating ability	Account receivable turnover (times)	2.26	2.26	2.55	2.17	2.22	
	Number of days in average cashing.	161.82	161.23	142.83	168.13	164.41	
	Inventory turnover (times)	9.77	9.51	9.96	8.70	8.70	
	Account payable turnover (times)	6.55	6.32	6.90	7.11	7.49	
	Average number of days in sales.	37.34	38.38	36.64	41.97	41.93	
	Property, plant, and equipment turnover (times)	2.34	2.17	2.63	2.67	2.06	
	Total assets turnover (times)	0.67	0.62	0.74	0.66	0.56	
Profitability	ROA (%)	7.95	6.59	10.30	6.90	5.75	
	Return on equity (%)	12.02	10.29	17.38	12.46	9.79	
	Ratio of the net value (%)	Operating income (%)	48.37	42.22	94.46	64.43	43.65
		Pre-tax profits (%)	54.39	41.99	84.66	65.98	54.28
	Net profit rate (%)	11.86	10.47	13.66	10.16	9.52	
Cash flows	Earnings per share (NTD)	4.40	3.57	6.55	5.22	4.40	
	Cash flow ratio (%)	34.83	57.23	12.07	35.43	37.40	
	Cash flow adequacy ratio (%)	242.00	203.23	127.70	145.78	106.10	
Leverage	Cash flow reinvestment ratio (%)	5.41	11.80	1.16	8.96	11.52	
	<b>Business operation leverage</b>	1.10	1.16	1.08	1.15	1.21	
	<b>Financial leverage</b>	1.01	1.02	1.01	1.04	1.10	

Please describe the reasons for the changes in the financial ratios over the last two years (If the increase or decrease is less than 20%, an analysis is exempted)

The change in financial ratios exceeding 20% in 2022 and 2021 is analyzed as follows:

- A. In terms of the changes in financial structure ratio, the decrease in the ratio of long-term funds to fixed assets is mainly due to the increase in new factories constructed.
- B. Decrease in solvency (current ratio/quick ratio): The decrease in the ratio is due to the decrease in current assets, which is resulted from the payment made for the newly constructed factories.  
Decrease in "time interest earned": It is mainly due to the decrease in the overall operating profit and the increase in interest expenses in 2022.
- C. Decrease in operating capacity (fixed asset turnover rate): It is mainly due to the decrease in operating income and the increase in new factories in 2022.
- D. Decrease in profitability (return on shareholders' equity and ratio to paid-in capital): It is mainly due to the decline in operating profit and net income in 2022 compared to the previous year.
- E. Decrease in cash flow (adequate ratio of cash flow): It is mainly due to the increase in capital expenditure this year.
- F. Increase in cash flow (cash reinvestment ratio): It is mainly due to the decrease in operating capital in 2022 compared to the previous year.

Note 1: The financial information covering the aforementioned periods was audited or reviewed by CPAs.

Note 2: The formula for calculation is as follows:

#### a. Financial structure

i. The ratio of total liabilities to total assets = total liabilities / total assets

ii. Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.

#### b. Solvency

i. Current ratio = current assets / current liabilities.

ii. Quick ratio = (current assets – inventories - prepaid expense) / current liabilities.

iii. Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.

#### c. Operating ability

i. Accounts receivable turnover (including accounts receivable and notes receivable resulting from business operations) = Net sales / Average accounts receivable in various periods (including accounts

receivable and notes receivable resulting from business operations)

- ii. Average collection days =  $365 / \text{Accounts receivable turnover}$ .
- iii. Inventory turnover =  $\text{Cost of goods sold} / \text{Average inventory value}$ .
- iv. Accounts payable turnover (including accounts payable and notes payable resulting from business operations) =  $\text{Cost of goods sold} / \text{Average accounts payable in various periods (including accounts payable and notes payable resulting from business operations)}$
- v. Average days in sales =  $365 / \text{Inventory turnover}$ .
- vi. Property, plant and equipment turnover rate =  $\text{Net sales} / \text{Net average property, plant and equipment}$ .
- vii. Total assets turnover =  $\text{Net sales} / \text{Total assets}$ .

d. Profitability

- i. Return on assets =  $(\text{after tax net profit} + \text{interest expenses} \times (1 - \text{tax rate})) / \text{average asset balance}$ .
- ii. Return on shareholders' equity =  $\text{after tax net profit} / \text{total average equity}$ .
- iii. Profit ratio =  $\text{net income} / \text{net sales}$ .
- iv. Earnings per share =  $(\text{profits or loss attributable to owners of the parent company} - \text{preferred stock dividend}) / \text{weighted average stock shares issued}$ .

e. Cash flows

- i. Net cash flow ratio =  $\text{Net cash flow from operating activities} / \text{Current liability}$ .
- ii. Cash flow adequacy ratio =  $\text{net cash flow from operating activities within five years} / (\text{capital expenditure} + \text{inventory increase} + \text{cash dividend}) \text{ within five years}$ .
- iii. Cash re-investment ratio =  $(\text{net cash flow from operating activity} - \text{cash dividend}) / (\text{gross property, plant, and equipment} + \text{long-term investment} + \text{other noncurrent assets} + \text{working capital})$ .

f. Leverage:

- i. Operating leverage =  $(\text{Net operating revenue} - \text{variable operating costs and expenses}) / \text{Operating profit}$
- ii. Financial leverage =  $\text{Operating profit} / (\text{Operating profit} - \text{Interest expense})$

3. Auditing Committee's Review Report on Financial Statements.

Anli International Co., Ltd

Audit Committee's Report

The Audit Committee has approved and the board has ratified the 2022 financial statements (including consolidated statements), business reports and earnings distribution proposal. Meanwhile, the financial statements (including consolidated statements) have been audited by CPA Chiu, Chao-Hsien and CPA Chen, Chin-Chang of PricewaterhouseCoopers, Taiwan, who has issued unqualified opinions. Hence, the 2022 financial statements (including consolidated statements), business reports and earnings distribution proposal approved by the Audit Committee and ratified by the board are in compliance with relevant laws and regulations. Please review.

Submitted to: 2023 Shareholders' meeting of Anli International Co., Ltd

Audit Committee of Anli International Co., Ltd:

Independent Directors: Chen Li-Yuan

March 21, 2023

Anli International Co., Ltd

Audit Committee's Report

The Audit Committee has approved and the board has ratified the 2022 financial statements (including consolidated statements), business reports and earnings distribution proposal. Meanwhile, the financial statements (including consolidated statements) have been audited by CPA Chiu, Chao-Hsien and CPA Chen, Chin-Chang of PricewaterhouseCoopers, Taiwan, who has issued unqualified opinions. Hence, the 2022 financial statements (including consolidated statements), business reports and earnings distribution proposal approved by the Audit Committee and ratified by the board are in compliance with relevant laws and regulations. Please review.

Submitted to: 2023 Shareholders' meeting of Anli International Co., Ltd

Audit Committee of Anli International Co., Ltd:

Independent Directors: Huang Kuo-Feng

March 21, 2023

Anli International Co., Ltd

Audit Committee's Report

The Audit Committee has approved and the board has ratified the 2022 financial statements (including consolidated statements), business reports and earnings distribution proposal. Meanwhile, the financial statements (including consolidated statements) have been audited by CPA Chiu, Chao-Hsien and CPA Chen, Chin-Chang of PricewaterhouseCoopers, Taiwan, who has issued unqualified opinions. Hence, the 2022 financial statements (including consolidated statements), business reports and earnings distribution proposal approved by the Audit Committee and ratified by the board are in compliance with relevant laws and regulations. Please review.

Submitted to: 2023 Shareholders' meeting of Anli International Co., Ltd

Audit Committee of Anli International Co., Ltd:

Independent Directors: Huang Kui-Jung

March 21, 2023

4. The financial statements of the most recent year, including the Auditors' Report, Balance Sheet, Comprehensive Income Statements, Statement of Changes in Shareholders Equity, Statement of Cash Flows and note to financial statement or appendix comparing 2 fiscal years: please refer to page 123 to page 198.
5. The company's individual financial report for the current year approved by the accountant: Not applicable. We only presented the consolidated financial statement of the parent company only.
6. Any insolvency of the Company and its affiliates in the most recent year to the date this report was printed, and the influence on the financial position of the Company, if applicable: The Company did not have any insolvency: Not applicable.

VII. Financial position and review and analysis of the financial performance

1. Comparison and analysis of the financial position

Unit: NTD thousand; %

Item \ Year	2021	2022	Variation	
			Amount	%
Current assets	2,581,059	2,052,413	-528,646	(20.48)
Property, plant, and equipment	850,637	1,152,072	301,435	35.44
Intangible assets	769	2,989	2,220	288.69
Other non-current assets	329,800	368,257	38,457	11.66
Total assets	3,762,265	3,575,731	-186,534	(4.96)
Current liabilities	1,173,203	1,179,977	6,774	0.58
Non-current liabilities	637,366	342,698	-294,668	(46.23)
Total liabilities	1,810,569	1,522,675	-287,894	(15.90)
Capital stock	445,498	445,498	-	-
Capital surplus	561,556	561,556	-	-
Retained earnings	1,063,339	1,139,023	75,684	7.12
Other equity	-118,697	-93,021	25,676	(21.63)
Total equity	1,951,696	2,053,056	101,360	5.19

If the change between the two periods exceeds 20% and the amount is more than NT\$10 million, the analysis of the main cause of the change is specified below:

- (1) Current assets decreased by 20.48%: It is mainly due to the payment for the plant constructed and the collection of accounts receivable after the disposal of financial assets measured at the amortized cost in 2022.
- (2) Property, plant and equipment increased by 35.44%: It is mainly due to the impact of plant construction in 2022.
- (3) Noncurrent liabilities decreased by 46.23%: It is mainly due to the reclassification of payable of corporate bonds due within one year to current liabilities.
- (4) Other equity decreased by 21.63%: It is mainly due to the impact of exchange differences in the translation of financial statements of foreign operating institutions.

## 2. Comparison and analysis of financial performance

Unit: NTD thousand; %

Item	Year	2021	2022	Variation	
				Amount	%
Operating revenue		2,275,541	2,059,560	(215,981)	(9.49)
Operating costs		1,650,068	1,528,093	(121,975)	(7.39)
Gross profit		625,473	531,467	(94,006)	(15.03)
Operating expenses		338,431	336,986	(1,445)	(0.43)
Net Operating Income		287,042	194,481	(92,561)	(32.25)
Non-operating income (expenses)		6,887	47,355	40,468	587.60
Net profit before taxation		293,929	241,836	(52,093)	(17.72)
Income tax expenses		(62,761)	(45,868)	16,893	(26.92)
Net income		231,168	195,968	(35,200)	(15.23)
Other comprehensive profit or loss		19,760	25,676	5,916	29.94
Current period other comprehensive income (Gross)		250,928	221,644	(29,284)	(11.67)

If the change between the two periods exceeds 20% and the amount is more than NT\$10 million, the analysis of the main cause of the change is specified below:

- (1) Net non-operating income increased by 587.6%: It is mainly due to the impact of foreign currency exchange gains of NT\$31,621 thousand resulted from the exchange rate fluctuations in 2022 (foreign currency exchange gain was NT\$19,490 thousand in 2022 and foreign currency exchange loss was NT\$12,132 thousand last year).
- (2) Decrease in income tax expenses by 26.92%, mainly due to the decrease in net income before tax by NT\$52,093 thousand in 2022.

## 3. Cash flows

- (1) Analysis of the changes in cash flows in the most recent year:

Unit: NTD thousand

Opening cash balance	Projected cash flows from operation of the year	Projected cash flows from investment of the year	Projected cash inflows from financing of the year	Predicted cash balance (deficit)	Financing of cash deficits	
					Investment	Wealth management
(1)	(2)	(3)	(4)	(1)+(2)+(3)+(4)		
796,667	48,430	(19,400)	17,467	843,164	—	—

Analysis of the changes in cash flows

A. Operating activities: The income is expected to decline in 2023, so inventory is expected to decrease, and accounts receivable will be collected accordingly; therefore, a net cash inflow from the overall operating activity is expected.

B. Investment: Additional procurement of equipment is expected in 2023 to meet the operation needs for bolstering the competitive power of the Company and the investment in Huzhou.

C. Financing activities: The cash flow is expected to change in 2023 due to the liquidation of corporate bond and the increase of bank loans.

(2) Plans to improve liquidity

The Company is in stable profit position with net cash inflows from operation. The Company also uses loans from banks with flexibility so that no cash flow shortage has occurred.

(3) Cash flow analysis for the next year

The cash flow of the Company is good and there is no cash flow problem.

4. Significant capital spending in the most recent year and its influence on financial positions and operation:

(1) Major capital expenditure and funding sources:

Unit: NTD thousand

Projects	Sources of funds	Expected completion date	Total fund required	Actual or planned use of funds (2021)
Plant construction	Proprietary funds and convertible corporate bonds	2023 Q2	615,622	233,112

(2) Expected benefits: The construction of the plant in Huzhou Anli is in progress for the need of the Company in production and operation and to respond to the Group's production capacity planning and business growth and development.

5. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year

(1) The Company's investment policy

Most of the direct investment of the Company goes to industries related to its operation and was executed in conformity to the "Investment Cycle" and "Procedure for the Acquisition or Disposition of Assets" of the internal control system. The aforementioned regulations or procedures have been discussed and passed by the Board or the Shareholders Meeting.

(2) The main cause of profit or loss in investment of the most recent year, and the remedy

Unit: NTD thousand

Items for explanation	2022 Recognition of gains (loss)	Main cause of profit or loss	Remedy
Anli Hong Kong	134,102	Investment in Mainland China was made through this investment company. The sales performance and profit position of the subsidiaries in Mainland China were sound.	Not applicable
Kuanghe Hong Kong	95,178	Investment in Mainland China was made through this investment company. The sales performance and profit position of the subsidiaries in Mainland China were sound.	Not applicable
KUNSHAN ANLI PRECISE METAL CO., LTD.	142,930	They are the entities of operation in China in good performance.	Not applicable
KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.	118,236	They are the entities of operation in China in good performance.	Not applicable
Chongqing Gtek Technology Co., Ltd.	87,879	They are the entities of operation in China in good performance.	Not applicable
Anli Technology Co., Ltd. (Huzhou)	(22,547)	Construction in progress of the subsidiary's plant	Not applicable

(3) Investment plan of the year ahead:

The Company planned to invest for the establishment of a new plant and office at Huzhou, Zhejiang Province, in alignment with the strategy of the group in expansion to the business of new energy cars, 5G communications equipment, and the overall upgrade of the production capacity of the group.

## 6. Risk analysis and assessment:

- (1) The influence of interest rates, exchange rate fluctuation, and inflation on the income position of the Company, and the response:

### A. Interest rates

Unit: NTD thousand

Item \ Year	2021		2022	
	Amount	Ratio to net income	Amount	Ratio to net income
Interest revenue	18,703	0.82%	27,856	1.35%
Interest expenditure	10,050	0.44%	18,294	0.89%

Data source: Financial statements with the auditing and attestation performed by the CPAs.

Interest income in 2022 and 2021 accounted for 1.35% and 0.82% of the net income in respective periods. Interest expense in 2022 and 2021 accounted for 0.89% and 0.44% of respective periods. The influence is marginal. The Company has been on good terms with the service banks for a long time, and is financially sound and in good credit standing. If there is a need for financing, the Company could always get a good rate for interest payments. It is expected that interest rate fluctuation is unlikely to cause a significant influence on the overall operation of the Consolidated Company.

### B. Exchange rate

Unit: NTD thousand

Item \ Year	2021	2022
Exchange loss (A)	(12,132)	19,489
Operating revenue (B)	2,275,541	2,059,560
(A)/(B) (%)	-0.53%	0.95%

Data source: Financial statements with the auditing and attestation performed by the CPAs.

The account title of foreign exchange gain (loss) is the result of conversion of USD from export sale into CNY, as the Company has to purchase locally in Mainland China and cover daily expenses in the operation there. The fluctuation of exchange rates in the market will take away the profit of operation and posed difficulty in capital management. The Company adopted the following measures as a remedy for the risk brought about by exchange rate fluctuation and mitigate the influence of exchange rate fluctuation on the operation:

- a. Keep abreast of the trends of exchange rate fluctuation: Enrich the knowledge of the financial and accounting staff in hedging against the exchange rate, and keep close contact with foreign exchange departments of financial institutions. The finance and accounting function will gather information on exchange rates from time to time for the attuning to the trend of exchange rate change, and respond positively to the influence deriving from exchange rate fluctuation.
- b. Judgment on the right time for foreign exchange settlement and keeping of foreign currencies at a safe level: The Company reviews the cash levels of foreign currency daily and assesses the overall cash needs in consultation with the actual exchange rate and the evaluation report on exchange rate trend of the banks to convert USD into CNY for depositing at the right time.
- c. Timely adjustment of quotation on products: All products of the Company are customized items. The sales function will consider the trend of foreign exchange rates at the time of making quotations to the customers to avoid the loss of profit due to exchange rate fluctuation.
- d. Undertaking of hedge instruments: The Company and its subsidiaries have instituted the "Procedure for the Acquisition and Disposition of Assets" whereby these entities will assess the position of foreign currencies and exchange rate fluctuation, and will proceed to hedging in accordance with the internal control system with the use of forwards if there is a need for taking a derivative for such purpose.

### C. Inflation:

The global economic environment is so unpredictable. Yet, the Company has not suffered a significant impact from inflation crisis on its income position. In the future, the Company will continue to maintain positive interactions with the customers and the suppliers, and pay close attention to the fluctuation of the market price from time to time to adjust its purchase and sales strategy and cost structure on due time so as to mitigate the influence of inflation on the income position of the Company.

- (2) The policies of engagement in high risk and high leverage investment, loaning to third parties, undertaking of endorsement/guarantee, and derivative trade, the main reason for profit or loss, and the response:
- A. The financial policy of the Company rests with stability and conservative operation. As such, the Company did not make any high risk and high leverage investment or conduct any derivative trade in the most recent year to the date the report was printed.
- B. The Company and its subsidiaries have instituted the “Procedure for Financing Third Parties”, “Procedure for Endorsement/Guarantee”, and the “Procedure for the Acquisition or Disposition of Assets” as the guidelines for financing third parties of undertaking of endorsement/guarantee in favor of third parties.
- (3) R&D plan in the future and projected expenses for research and development:
- The Company has established R&D function at KUNSHAN ANLI, Kuanghe Kunshan, and Gtek Chongqing. They focused on the development of the tooling for metallic structural parts like cooling items, related parts and components, improvement of production process, and acquisition, installation of automated equipment for introducing into the production line for production to respond to the rapid changing industrial environment. The Company spared no effort in the incubation of professionals in tooling, stamping and casting to improve production process and innovation of technologies for providing solutions of critical parts and components for the customers. In the future, the Company will continue the development of cooling parts and components for electronic products, and will expand the operation to other areas of applications including automotive parts, and optical communications, and related equipment for production automation so as to upgrade production efficiency and reduce labor cost.
- The Company spent approximately NT\$79,289 thousand and NT\$69,271 thousand in R&D in 2022 and 2021, respectively, for production research and development, innovation of production technologies and improvement of production process. In the future, the Company will commit further resources in research and development depending on the product development plan, and the development of advanced technologies in joint ventures with customers to accumulate result of research and development, refine product performance and costs to maintain competitive advantage in market.
- (4) The influence of changes in important policies and regulatory environment at home and abroad on the financial position and operation of the Company, and the response:
- The Company is registered in the Cayman Islands with its principal place of business in Hong Kong and Mainland China, and the ultimate sales are directed at the PC system firms in Mainland China. The principal economic activity in the Cayman Islands is financial services while Hong Kong is a special administrative region of China, and Mainland China is a major economy of the world. The products researched, developed and sold by the Company are mostly heat conducting items and key structural parts and components for consumer electronics, which are not businesses that require special permission or are under restriction. The Company conducts its business operation in accordance with important policies and applicable laws at home and in relevant host countries, and pays attention to the trend of policy development and the changes in the regulatory environment from time to time, and will respond to any change in the market with appropriate measures. As such, there is no incident of significant influence from the changes in the vital policies and regulatory environment in the Cayman Islands, Hong Kong, and Mainland China on the financial position and operation of the Company.
- (5) Effects of technological and industrial changes (including information security risks) to the company's financial and business performance, and the responsive actions
- The company appoints a team of consultants to review the information security management system, risk assessment, risk handling and continuous improvement, conduct information security technology testing, and promote a better information security system. In order to improve information security risk control, the company also invests in the purchase of relevant information security hardware and software.
- (6) The influence of change in the corporate image on corporate crisis management and the response:
- The Company upholds its corporate philosophy of sincerity, cooperation, innovation, speed and learning, and has projected a positive corporate image ever since its establishment. The management team is stable and has attracted good people to work with the Company with the result of operation feeding back to the shareholders. In addition, the Company has performed its corporate social responsibility in due diligence. There has been no change in its corporate image that would trigger a crisis for the enterprise so far.
- (7) The expected result, possible risk from merger and acquisition, and the response:
- The Company has no plan for merger and acquisition with any other company in the most recent year to the date the report was printed, and will take caution in evaluation of any possible merger and acquisition in the future with overall assessment on the synergy after the merger to ensure the rights of the shareholders. on the synergy after the merger to ensure the rights of the shareholders.

- (8) The expected result, possible risk of capacity expansion, and the response:

The Company has the plant expanded in response to the future increase in product lines and to improve the efficiency of equipment at the production line. The plant expansion has gone through a complete, prudent, and professional evaluation process in compliance with the internal control requirements. Major capital expenditures also need to be reviewed and deliberated by the board of directors in terms of the source of funds from the operating earnings, cash capital increase, or bank loans. Possible risks and countermeasures: The Company will review industry and market trends constantly to protect the business operation from the environment and market uncertainties; also, we will propose relevant countermeasures to minimize the Company's operating risks and enhance the Company's development and competitiveness by referring to market demand and proprietary fund solvency.

- (9) The risks deriving from concentration of purchase or sale, and the response:

A.Risk from purchase

The key materials for the heat conducting devices and structural parts and components for the consumer electronics sold by the Company are copper, aluminium, iron, and stainless steel. There is no monopoly of supply among the suppliers where substitution is possible. The sources of supply are abundant too. Furthermore, the Company practiced diversification in the sourcing of materials and inquired with at least 2 suppliers for quotation on the same material that there is no risk deriving from concentration of purchase.

B.Risk from sale

The targeted customers of the Company are cooling modules makers, international system assembly firms, and big brand proprietors. In 2022, the amount of sales with a particular customer accounted fell below 10% of the total sale of the Company and there were only three customers whose sale accounted for more than 10% of the total sale. Measures taken:

- a.Maintain close interactions with the customers, and assist the customers in front-end design, development and reinforce the bonding with the customers.
- b.Diversified development of products
- c.Reinforcement of automated production for a higher yield rate, upgrade of production efficiency, and strengthen the competitive edge.

- (10) The influence and risk from the change hands of the management, and the response:

There was no change in hands of the management of the Company that influenced the operation of the Company in the most recent year to the date the report was printed.

- (11) The influence and risk from the change hands of the management, and the response:

There was no change in hands of the management of the Company that influenced the operation of the Company in the most recent year to the date the report was printed.

- (12) List out the legal proceedings or non-contentious matters, or administrative actions, involving the Company, the Directors, Supervisors, President, the deputy agent, or dominant shareholders holding more than 10% of the shares issued by the Company and its subsidiaries, concluded with rulings or still pending, the result of which may cause significant influence on the shareholders equity or stock price of the Company. Disclose the factual account of the contention, the starting date of the proceedings, the parties concerned, and the action taken by the Company to the date this report was printed: None

- (13) Other important risks and coping measures: Information security risk assessment analysis and coping measures:

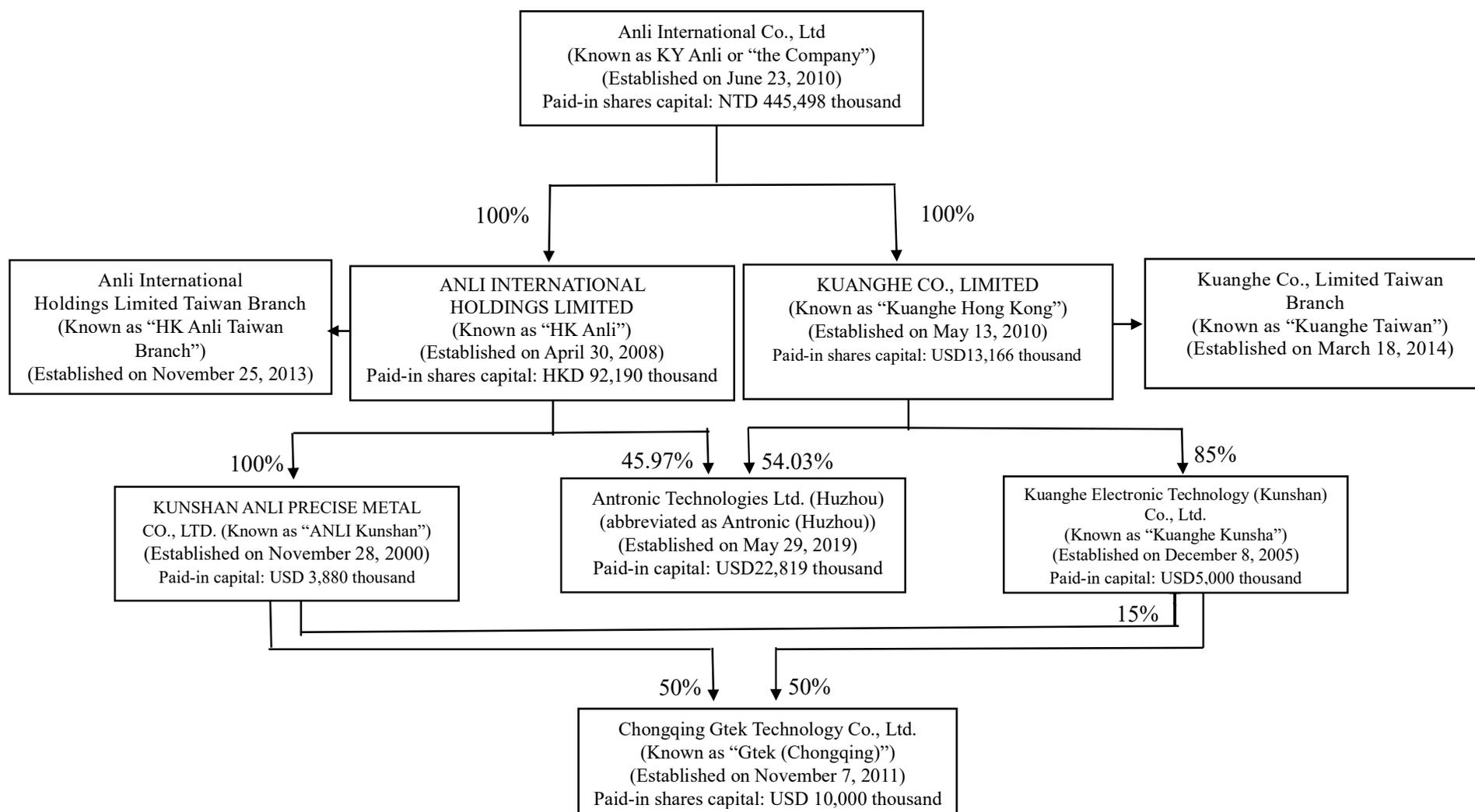
The company has set up information security policies to establish the company information and computer system and maintain a safe environment, with complete information system measures and management processes. Although the company has established the abovementioned policies, processes, and many other information security protection measures, it cannot guarantee the computer system responsible for regulating and maintaining the company's manufacturing operations and important corporate functions such as accounting, nor can it completely prevent invasion of any third party by illegal means to the company's internal network system. That said, the company will continue to strengthen safety measures and management processes through inspection and evaluation in order to ensure appropriateness and effectiveness, thereby reducing risks

7.Other important notes: None

VIII.Special Notes

1.Affiliated companies

(1)Organizational Chart of the affiliates (up to the publication date of this annual report)



## (2) Profiles of the affiliates

Name of affiliate	Date of foundation	Address	Paid-in capital	Main business activities or products
Anli Hong Kong	2008.4.30	Block W&C, 8F, Valiant Industrial Centre, No.10, Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong	HKD 92,190 thousand	Investments and trading, and sales of the subsidiaries
Kuanghe Hong Kong	2010.5.13	Block W&C, 8F, Valiant Industrial Centre, No.10, Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong	USD 13,166 thousand	Investments and trading, and sales of the subsidiaries
KUNSHAN ANLI PRECISE METAL CO., LTD.	2000.11.28	No. 99-88, Jidian East Road, Shipu Industrial and Commercial Management Zone, Qiandeng Township, Kunshan, Jiangsu Province.	USD 3,880 thousand	Responsible for the production and sales of stamped products
Kuanghe Electronic Technology (Kunshan) Co., Ltd.	2005.12.8	No. 1425, Fengshou North Road, Qiandeng Township, Kunshan, Jiangsu Province.	USD 5,000 thousand	Responsible for the production and sales of <b>cast</b> products.
Chongqing Gtek Technology Co., Ltd.	2011.11.7	No. 199, Donglin Blvd, Bishan District, Chongqing City	USD 10,000 thousand	Responsible for the production and sales of stamped and <b>cast</b> products of the Company.
Anli Technology Co., Ltd. (Huzhou)	2019.5.29	Address: No. 18-177, Gongye Road., South Taihu High-Tech Industrial Park, High-Tech Zone, Wuxing District, Huzhou City, Zhejiang Province	USD 22,819 thousand	Responsible for the production and sales of stamped and <b>cast</b> products of the Company.

(3) Information on the same group of shareholders presumed as under control and in subordinated relation: Nil

(4) Information on directors, supervisors, and general managers of affiliated enterprises

Name of affiliate	Title	Name or the representative person	Status of shareholding	
			Quantity	Ratio of Shareholding
Anli Hong Kong	Director / President	Lin Chih-Kun	-	-
	Director	Hsu Cheng-Kun	-	-
Kuanghe Hong Kong	Director / President	Wu Ching-Song	-	-
	Director	Hsu Cheng-Kun	-	-
KUNSHAN ANLI PRECISE METAL CO., LTD.	Director / President	Lin Chih-Kun	-	-
	Director	Hsu Cheng-Kun	-	-
	Director	Huang Ta-Peng	-	-
	Supervisor	Wu Ching-Song	-	-
Kuanghe Electronic Technology (Kunshan) Co., Ltd.	Director / President	Wu Ching-Song	-	-
	Director	Hsu Cheng-Kun	-	-
	Director	Wu Chi-Kun	-	-
	Supervisor	Lin Chih-Kun	-	-
Chongqing Gtek Technology Co., Ltd.	Director / President	Chang Yi-Chang	-	-
	Director	Hsu Cheng-Kun	-	-
	Director	Wu Chi-Kun	-	-
	Supervisor	Chen Chia-Feng	-	-
Anli Technology Co., Ltd. (Huzhou)	Chairman	Hsu Cheng-Kun	-	-
	Director / President	Wu Ching-Song	-	-
	Director	Lin Chih-Kun	-	-
	Director	Wu Chi-Kun	-	-
	Director	Chang Yi-Chang	-	-
	Supervisor	Wang Wan-Hsing	-	-

## (5) Operation overview of the bank's subsidiaries

December 31, 2022 Unit: NT\$ thousands

Name of affiliate	Share capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Current period profit (after tax)	Earnings per share (\$) (After tax)
Anli Hong Kong	497,221	1,549,267	274,228	1,275,039	370,012	17,598	134,102	Note 1
Kuanghe Hong Kong	390,241	1,279,709	243,116	1,036,593	207,690	17,254	95,178	Note 1
KUNSHAN ANLI PRECISE METAL CO., LTD.	112,927	1,163,954	246,305	917,649	593,466	69,912	142,930	Note 1
Kuanghe Electronic Technology (Kunshan) Co., Ltd.	145,525	1,279,505	394,029	885,476	603,919	51,153	118,236	Note 1
Gtek Technology Co., Ltd. (Chongqing)	283,456	905,208	422,458	482,750	714,234	85,570	87,879	Note 1
Anli Technology Co., Ltd. (Huzhou)	639,639	705,016	125,684	579,332	-	-	(22,547)	Note 1

Note 1: Non-limited company

(6) Consolidated financial statements with the affiliates: the same as the Consolidated Financial Statements of the Parent Company and Subsidiaries: please refer to page 123 to page 198.

Affiliation Report: None.

2. In the latest financial year to the date this report was printed, private placement of securities: None.

3. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.

4. Other supplementary information:

The Company promised the Taipei Exchange prior to OTC listing to revise "In the event the Company's direct or indirect forfeit of KUNSHAN ANLI PRECISE METAL CO., LTD., Kuanghe Electronic Technology (Kunshan) Co., Ltd., and Chongqing Gtek Technology Co., Ltd. capital increase for years to come or directly or indirectly disposes the shares of the said companies causing the Company to lose substantive control over the said companies, approval by the Company's board (Special Resolution) is required, and the independent directors should attend and express their opinions" in the "Acquisition and Disposal of Asset Operation procedure." The above resolution contents and subsequent guideline amendments shall be disclosed as major information on the Market Observation Post System and reported to the Taipei Exchange for recordkeeping." The Company issued a letter on April 10, 2018, promising revision operations in accordance with the provisions. The revised articles were passed by the board on April 24, 2018 and was passed at the general shareholders' meeting on May 25, 2018.

5. Note to significant variation from the protection of shareholders equity in Taiwan

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
<p>The Company repurchased its own shares for assignment to its employees with the restriction of no transfer within the specific period of time. Such period could not be longer than 2 years.</p>	<p>The contents of this requirement are stated in Article 40D of the Articles of Incorporation, read as "Unless Article 40E of the Articles of Incorporation and the laws governing the listing on the TWSE or TPEX provide otherwise, the treasury shall be disposed in accordance with the provisions and conditions determined by the Board. If the repurchase of treasury shares shall be subject to assignment to employees under applicable laws governing the listing on the TWSE or TPEX, the employees concerned shall promise not to transfer these shares within a stipulated period no longer than 2 years. (Note: The above is the extract in Chinese)"</p>	<p>According to Article 1 of the Articles of Incorporation, Treasury Shares as referred to shall be those shares issued in accordance with the Articles of Incorporation, the company law of the Cayman Islands, and applicable laws governing the listing on the TWSE or TPEX but repurchased or redeemed, or repossessed through any other means by the Company without cancellation. As such, the requirement of this section is provided by Article 40D of the Articles of Incorporation. According to the lawyers of the Cayman Islands, "the restrictions agreed between the transferor and transferee is a contractual matter between themselves."</p>	<p><b><u>The restriction of transfer shall be governed by agreement binding the parties with no significant and unfavorable influence on shareholders equity.</u></b></p>
<p>6. The following should be elaborated with examples as an integral part of the cause for the convention of a Shareholders Meeting, and cannot be proposed as extemporary motions. The summary of the content could be posted on the website designated by the competent authority of securities or the Company, and specify the notice to the link of the website:</p> <ol style="list-style-type: none"> <li>(1) The election or dismissal of directors, supervisors;</li> <li>(2) Amendments to the Company Corporate Charter (Articles of Incorporation);</li> <li>(3) Decapitalization;</li> <li>(4) Application for discontinuation of public offering;</li> <li>(5) Company Dismissal, Consolidation, Share Conversion and Division:</li> </ol>	<p>The contents of requirement in this section are stated in Article 50 of the Articles of Incorporation and specified as, "The following shall be cited in the notice of the Shareholders Meeting, and cannot be proposed as extemporary motions: the summary of the content could be posted on the website designated by the competent authority of securities or the Company, and specify the notice to the link of the website: (a) Election or relief of Directors or Supervisors (where applicable); (b) Alteration of the MOU and/or the Articles of Incorporation; (c) Decapitalization; (d) Application for discontinuation of public offering; (e) Dissolution of the Company, transfer of shares (defined by applicable laws governing the listing on the TWSE or TPEX), merger, or spinoff; (f) Entering into, alteration, or termination of the agreement on leasing of the whole operation, entrustment of operation, or</p>	<p>The operation in the Cayman Islands has no specific rules and regulations governing extemporary motions. According to the lawyer of the Cayman Islands, the Company shall explicitly state the content of the meeting for discussion and provide related information for the shareholders in the meeting notice in the aspect of extemporary motion. However, "Miscellaneous motions" will usually be included in the meeting notice of the Shareholders Meeting. In general, these motions are informal and insignificant so that the Chairman (Presiding Officer) cannot include major issues in this category. In case of major issues, meetings shall be called under the agenda for further discussion and resolution. In case of an emergency where the issue must be resolved in the convention of the Shareholders Meeting, the substantive content of these issues must be presented in the next session for ratification. Nevertheless, extemporary motion is not regulated under the laws of the Cayman Islands. Yet, the</p>	<p><b><u>In accordance with "Foreign Issuer Registration Country Shareholders' Right Protection Matter Checklist" (hereinafter Shareholders' Right Protection Matter Checklist) amendment by letter of zheng-gui-fan-zi No. 10800681281 announced by Taipei Exchange on January 8, 2020, the Corporate Charter has been amended according to the Shareholders' Right Protection Matter Check List and shall not have major impacts on shareholders' rights.</u></b></p>

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
<p>(6) Entering into, alteration, or termination of the agreement on leasing of the whole operation, entrustment of operation, or joint venture in operation with a third party.</p> <p>(7) Assignment of all or the principal business operation or assets;</p> <p>(8) Acceptance of business operation or assets assigned by a third party that caused significant influence on the operation of the Company;</p> <p>(9) Offering of equity securities through private placement;</p> <p>(10) The engagement of the Directors in business prohibited under the rule of no competition;</p> <p>(11) Payment of dividends and bonuses in whole or in part through the offering of new shares.</p> <p>(12) Appropriation of the legal reserve or additional paid-in capital or as gifts for capitalization into new shares, or in cash payable to the original shareholders in whole or in part.</p>	<p>joint venture in operation with a third party; (g) Assignment of all or the principal business operation or assets; (h) Acceptance of business operation or assets assigned by a third party that caused significant influence on the operation of the Company; (i) Offering of equity securities through private placement; (j) The engagement of the Directors in business prohibited under the rule of no competition; (k) Payment of dividends and bonuses in whole or in part through the offering of new shares; (l) Appropriation of legal reserve or additional paid-in capital or as gifts for capitalization into new shares or in cash payable to the original shareholders in whole or in part; (m) According to the Company Act, payment of dividends and bonuses in whole or in part through the offering of new shares; (n) The Company may assign treasury shares to the employees; and (o) termination of listing on the TWSE or TPEX.</p> <p>Shareholders may propose motions at the convention of the Shareholders Meeting unless the Company Act or the Articles of Incorporation provide otherwise but only confined to the scope of the original motions. (Note : The above is the extract in Chinese)”</p>	<p>lawyer of the Cayman Islands recommended not to bring up any extemporary motion in the convention of a Shareholders Meeting.</p>	
<p>2. If balloting could be made by correspondence or electronic means, the method must be elaborated in the notice of Shareholders Meeting. Shareholders who have voted in writing or using the electronic method are considered to have attended the shareholders meeting</p>	<p>The contents of this requirement are stated in Article 67 and Paragraph 1 in Article 68 of the Articles of Incorporation, and specified as “67. Unless the Articles of Incorporation provide otherwise, balloting at the Shareholders Meeting could be made by correspondence or electronic means and the method shall be elaborated in the notice of the Shareholders Meeting. Unless otherwise provisioned by OTC listing</p>	<p>There is no specific requirement of the former part in Section II under the Company Law of the Cayman Islands. As such, the former part in Section II was included in Article 67 of the Articles of Incorporation. According to the lawyer of the Cayman Islands, the act of balloting by shareholders by correspondence shall be construed as the appointment of the Presiding Officer of the session of the Shareholders</p>	<p>In Article 68 of the Articles of Incorporation, it is suggested that when the Chairman (Presiding Officer) acts on behalf of and in the names of the shareholders in casting the votes for decision as per the instructions of these shareholders by correspondence or via electronic means,</p>

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
<p>in person. However, they waive their rights to participate in any special motions or revisions to the original agendas that may arise during the shareholders meeting.</p>	<p>regulations, the Company shall list electronic means as one of the channels for exercising voting rights at shareholders' meetings. If the Board determined a specific session of the Shareholders Meeting would be held outside the Republic of China, the Board shall allow shareholders to cast their votes for decision by correspondence or via electronic means." "68. Shareholders electing to cast their votes by correspondence or via electronic means as stated in the previous article shall be deemed the appointment of the Chairman (Presiding Officer) of the session of the Shareholders Meeting to exercise the right to votes as per the instruction of the aforementioned correspondence or electronic document. However, the balloting of these shareholders by correspondence or electronic means shall be construed as their abstention from the balloting on extemporary motions or amendments to the motions proposed in the session. The act of the aforementioned appointment shall not be construed as the appointment of proxy under the rules and regulations governing the listing on the TWSE or TPEX. Once appointed by the aforementioned shareholders, the Chairman (Presiding Officer) cannot exercise the right to vote beyond the scope inscribed in the aforementioned correspondence or electronic documents. (Note: the above is extract from Chinese)</p>	<p>Meeting to vote on behalf of and in the name of these shareholders. Accordingly, the lawyer of the Cayman Islands suggested including the latter part in Section II in Article 68 of the Articles of Incorporation.</p>	<p>he or she cannot exercise the right to vote not specified in the aforementioned correspondence or electronic document. This practice does not cause unfavorable and significant influence on shareholders equity.</p>
<p>4. Shareholders after exercising their votes in writing or by electronic means wish to attend the meeting of shareholders in person</p>	<p>The contents of the requirements of this section are inscribed in Article 70 of the Articles of Incorporation, and specified as "Where the</p>	<p>There is no specific requirement of the Company Law of the Cayman Islands on Section 4. As such, Section 4 is included in Article 70 of the Articles of Incorporation. According to the lawyer of the Cayman Islands, under "common law, a person may revoke its proxy by attending</p>	<p><b><u>The variation in this section is caused by the principle of the Anglo-American Common Law system, which will not cause unfavorable and significant influence</u></b></p>

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
<p>shall have the intension of exercising votes in writing or by electronic means revoked the same way of exercising their votes two days prior to the meeting commencement date. For overdue revocations, the votes exercised in writing or by electronic means shall prevail.</p>	<p>shareholders may desire to attend the session of the Shareholders Meeting in person after expressing the intent of voting by correspondence or electronic means, they shall revoke the previous expression of intent of voting by correspondence or electronic means at least 2 days prior to the meeting date. The revocation of the voting by correspondence or electronic means shall constitute the revocation of the appointment to the Chairman (Presiding Officer) in exercising the right to vote as stated in Article 68. If the shareholders expressed the intent of revoking the previous intent of voting by correspondence or electronic means as stated Article 67 after the aforementioned deadline, the previous expression of intent of voting by correspondence or electronic means shall stand and the Chairman (Presiding Officer) shall be appointed for casting the votes on behalf of and in the names of these shareholders as stated in Article 68. Where the shareholders may change their mind after expressing the intent of voting by correspondence or electronic means as stated in Article 67 by the appointment</p>	<p>the meeting in person.” Shareholders electing to exercise the right to vote by correspondence or electronic means shall be construed as the appointment of the Chairman (Presiding Officer) to exercise the right to vote in the names of and on behalf of these shareholders in the meeting. As such, the content in Section 4 may not be enforceable.</p>	<p><b><u>on shareholders equity. The shareholders equity could be protected after the disclosure of the content to the shareholders through the annual report.</u></b></p>

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
	<p>of proxies to attend the session of the Shareholders Meeting, it shall be construed as the revocation of the previous appointment of the Chairman (Presiding Officer) for voting on their behalf and in their names. Accordingly, the votes cast by the proxies in the session shall stand. (Note : The above is the extract in Chinese)”</p>		
<p>4. If the shareholders desire to attend the meeting in person, or exercise the right to vote by correspondence of electronic means after the delivery of the power of attorney to the Company, they shall notify the Company for revocation of the power of attorney at least 2 days prior to the meeting date, or the attendance by proxy to exercise the right to vote shall stand if notification cannot be made by the aforementioned deadline.</p>	<p>The contents of the requirements are inscribed in Article 62B of the Articles of Incorporation, which are specified as “If the shareholders desire to attend the meeting in person, or exercise the right to vote by correspondence of electronic means after the delivery of the power of attorney to the Company, they shall notify the Company for revocation of the power of attorney previous made at least 2 days prior to the meeting date. The attendance by proxy to exercise the right to vote shall stand if notification cannot be made by the aforementioned deadline. (Note : The above is the extract in Chinese)”</p>	<p>There is no specific requirement of the power of attorney or the solicitation of power of attorney in the Company Law of the Cayman Islands. As such, the content of Section 4 is included in Article 62B of the Articles of Incorporation. According to the lawyer of the Cayman Islands, “under common law, a person may revoke its proxy by attending the meeting in person.” As such, the content of Section 4 may not be enforceable.</p>	<p><b><u>The variation in this section is caused by the principle of the Anglo-American Common Law system, which will not cause unfavorable and significant influence on shareholders equity. The shareholders equity could be protected after the disclosure of the content to the shareholders through the annual report.</u></b></p>
<p>The following motions involve the rights and privileges of the shareholders in materiality and shall be passed by the Shareholders Meeting in a session attended by shareholders representing more than two third of the outstanding shares and a simple majority of the votes from the shareholders in session. If the presence of shareholders in this session</p>	<p>Subparagraphs 1, 4, and 5 in the consolidated and spinoff , Subparagraph 6, and Subparagraph 7, were inscribed in Article 32 (a)(b)(c)(d)(g)(h) of the Articles of Incorporation. The content is “The following may be determined by Type A Special Resolution or Type B Special Resolution: (a) Entering into, alteration or termination of the agreement on leasing of the whole operation, entrustment of operation, or joint venture in operation with a third party; (b)</p>	<p>According to the lawyer of the Cayman Islands: (i) The articles of incorporation of the operation in the Cayman Islands must comply with the mandatory requirements of the Company Act of the Cayman Islands. In case of contradiction, the Company Law of the Cayman Islands shall stand; (ii) “Special Resolution” is a legal term under the Company Law of the Cayman Islands. Issues required for “Special Resolution” under the Company Law of the Cayman Islands shall be decided</p>	<p>Article 32(a)(b)(c)(d)(g)(h) and Article 33 (a) of the Articles of Incorporation (voluntary dissolution of the Company in case of insolvency) were amended in accordance with the Protection of Shareholders Equity Checklist generally. In addition, Article 157 changes to Corporate</p>

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
<p>cannot qualify for a quorum, the motion could be passed by the presence of shareholders representing more than half of the outstanding shares and a two third majority of the votes cast by the shareholders in the session:</p> <ol style="list-style-type: none"> <li>1. Entering into, alteration, or termination of the agreement on leasing of the whole operation, entrustment of operation, or joint venture in operation with a third party, assignment of all or the principal business operation or assets, acceptance of business operation or assets assigned by a third party that caused significant influence on the operation of the Company</li> <li>2. Amendment to the Articles of Incorporation</li> <li>3. If the amendment to the Articles of Incorporation may jeopardize the rights of the holders of preferred shares, the resolution for approval by the meetings of the preferred shareholders is necessary.</li> <li>4. Payment of dividends or bonuses in whole or in part by issuing new shares.</li> <li>5. Decision of dissolution, merger or spinoff</li> <li>6. The issuance of restricted stock</li> <li>7. Share Conversion</li> </ol>	<p>assignment of all or principal business operation or assets; (c) acceptance of business operation or assets assigned by a third party that caused a significant influence on the operation of the Company; (d) Proceed to consolidated and spinoff under the applicable laws governing the listing on the TWSE or TPEx; (g) Issuance of restricted stock in accordance with Article 17B; and (h) Payment of dividends or bonuses in whole or in part by issuing new shares. (Note: The above is an abridged translation in Chinese.)</p> <p>The requirement in Section 2 is presented in Article 157 of the Articles of Incorporation and is specified as “Unless the Company Act and the Articles of Incorporation specify otherwise, the Company may change the MOU and/or the Articles of Incorporation in whole or in part under a special resolution. (Note : The above is the extract in Chinese)”</p> <p>Subparagraph 3 of this section is presented in Article 18 of the Articles of Incorporation and specified as “The Company may split up its equity capital into different categories of shares (such as common shares or preferred shares) at any time. Any unfavorable and significant change or revocation of the rights (including without</p>	<p>by shareholders under “Special Resolution” but the minimum votes shall not fall below the requirements under the “Special Resolution” under the Company Law of the Cayman Islands. As such, the Articles of Incorporation shall set a higher standard.</p>	<p>Charter (including Articles 18 of Incorporation circumstances depriving special shareholders of their rights), Article 33(b) Dismissal (referring to the Company’s voluntary dismissal due to failure to clear debts in time), and Article 31 (c) Merger matters of the corporate charter are in accordance with the mandatory provisions of the Company Act of the Cayman Islands, stipulating that approval must be through the “Special Resolution” rather than arbitrary change through the Corporate Charter. <b><u>The Corporate Charter and Shareholders’ Right Checklist are deemed equivalent in terms of shareholders’ right protection.</u></b></p>

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
	<p>limitation to any amendment to the Articles of Incorporation that may jeopardize the rights of any of the shareholders of preferred shares) of any category of shares (except the conditions for the offering of specific categories of shares specify otherwise) shall be made under (I) the special resolution of the Shareholders Meeting (of common shares); and (II) the special resolution of a separate shareholders Meeting of a specific category of shares (such as preferred shares). (Note: The above is the extract in Chinese)”</p> <p>The requirement of section 5 in the aspect of dissolution of the organization is presented in Article 33 of the Articles of Incorporation and is specified as “Unless the Company Act, the Articles of Incorporation, and applicable laws governing the listing on the TWSE or TPEX specify otherwise in attendance, the Company shall (a) resolve to voluntary dissolution in case of insolvency for settlement of debts upon due under Special Resolution A or Special Resolution B; or (b) resolve to</p>		

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
	<p>voluntary dissolution in case of other incidents beyond insolvency under special resolution for the dissolution of the Company. (Note: The above is the extract in Chinese)”</p> <p>Subparagraph 5 of this section in the aspect of merger is presented in Article 31 (c) of the Articles of Incorporation and is specified as “the Company may (c) proceed to merger in accordance with the applicable laws governing listing on the TWSE or TPEx through special resolution. (Note : The above is the extract in Chinese)”</p>		
<p>Related regulations of the Supervisors.</p>	<p>The Company has not designated supervisors. Thus, no amendments have been made on the provisions related to supervisors in the charter.</p>	<p>The Company Act of the Cayman Islands has no specific provisions on supervisors, and the Company has set up the Audit Committee in place of supervisors.</p>	<p>According to Article 14-4 Paragraph 1 of the Securities and Exchange Act of the ROC, public companies may select either the system of Audit Committee or Supervisor. In accordance with the Shareholders’ Right Protection Matter Checklist, although there is no stipulation on the Company to set up either the Audit Committee or</p>

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
			<p>designate supervisors, <b><u>Article 118 of the Corporate Charter provisioning the setup of an audit committee is in line with the purpose in the added “companies applying for first OTC stock should set up an audit committee.” Thus, not designating supervisors shall have no major detrimental impacts on shareholders’ interest.</u></b></p>
<p>1.Shareholders who hold more than 1% of the outstanding shares issued by the Company for more than 6 months consecutively may petition with the Supervisor in writing to sue Directors for the Company, and may refer to Taipei District Court of Taiwan as the court of legal jurisdiction. 2.If the Supervisor declines to institute legal action within 30 days after the shareholder has petitioned for legal action, the shareholder may institute legal action for the Company and submit the jurisdiction of the first instance to Taipei District Court of Taiwan.</p>	<p>The contents of the requirements in Paragraph 1 and Paragraph 2 are included in Article 123 of the Articles of Incorporation and are specified as “under the laws of the British Cayman Islands, shareholders who hold 1% or more of the outstanding shares issued by the Company for more than 6 months consecutively may petition with any of the Independent Directors of the Audit Committee in writing for suing the Directors and institute the action with a court of legal jurisdiction (including Taipei District Court of Taiwan, where applicable). If the Independent</p>	<p>There is no special requirement or prohibition inscribed in the Articles of Incorporation of the Cayman Company. According to the laws of the Cayman Islands, shareholders may institute legal action for the Company in the following circumstances: (i) an act of offense under law or abusive use of power without authorization of the Company and lacked the ratification of the shareholders; or (ii) An act of fraud against minority shareholders (the parties petitioned for remedy are the majority shareholders. These majority shareholders will not permit the Company to give leeway for the complainant in the petition for remedy through legal action. If the cause under this paragraph is the cause of legal action, prove that the fraud and illegal activities are committed by those who have control over the Company). Any act within the authority of the Company or the</p>	<p><b><u>In accepting the opinion of the lawyer of the Cayman Islands, this section is recommended to be disclosed in the annual report to make the information for the shareholders complete.</u></b></p>

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
	<p>Director of the Audit Committee who accepted the petition of the shareholders declined to or rejected to institute legal action within 30 days after receiving the petition from the shareholders as mentioned in the previous paragraph, the shareholders may institute legal action for the Company with a court of legal jurisdiction (including Taipei District Court of Taiwan, where applicable) unless the laws of the British Cayman Islands provide otherwise. (Note : The above is the extract in Chinese)”</p>	<p>abusive use of power was ratified by the shareholders and is the will of the majority of shareholders, the court of the Cayman Islands tends not to interfere into the internal affairs of the Company. The lawyer of the Cayman Islands went further that Article 123 of the Articles of Incorporation must be in compliance with the legal requirements of the Cayman Islands. Accordingly, it is not the obligation of the Directors to respond to the request of shareholders holding more than 1% of the outstanding shares of the Company to institute legal action against the other Directors if these Directors hold that the institution of legal action is not for the interest of the Company.</p>	
<p>1.The Directors of the Company owe a fiduciary duty of care and shall be held responsible to all the damages to the Company for their failure to perform such duty. If an act was committed by a Director on their own will or in favor of a third party, the Shareholders Meeting may resolve to take the income from such act as the income of the Company.</p> <p>2.If the performance of the assigned duties of the Company by the Directors is in violation of applicable laws the extent to which damage is caused to a third party, the Directors shall</p>	<p>The content of requirement in this paragraph is presented in Article 97B of the Articles of Incorporation and is specified as “All Directors owe a fiduciary duty to the Company under the law of the Cayman Islands and applicable laws to the listing on the TWSE or TPEX, and such fiduciary duty shall include without limitation the observation of honesty and good will, and avoidance of conflict between obligation and personal interest. If any Director violates the aforementioned obligation of honesty, such Director shall assume responsibility of the damage thereof under the law of the British Cayman Islands and applicable laws for listing on the TWSE or TPEX. According to the law of British Cayman</p>	<p>According to the Company Law of the Cayman Islands, Directors owe fiduciary duties to the Company, and any violation which causes damage to the Company may result in a court ruling for assuming liability for the damage. If there is an act of breach of honesty by the Director for self-interest or a third party with the return of benefit, the court may rule to return the benefit.</p> <p>According to the law of the Cayman Islands, if a Director has caused damage to a third party in performing the assigned duties of the Company, such third party may claim for the damage against the Company. Likewise, the Company may claim for the loss due to the damage claimed by the third party against the Director.</p> <p>From the perspective of the law of</p>	<p><b><u>In accepting the opinion of the lawyer of the Cayman Islands, this section is recommended to be disclosed in the annual report to make the information for the shareholders complete.</u></b></p>

The protection of shareholders equity	Contents Provisioned in the Corporate Charter	Cause of variation	Influence on shareholders equity
<p>assume joint and several liabilities of the damages to the third party and the Company.</p> <p>3.The managers and Supervisors of the Company shall, within the scope of duties, be responsible for the same joint and several liabilities of damages of the Directors.</p>	<p>Islands and applicable laws for listing on the TWSE or TPEX, any Director who violates the aforementioned obligation of honesty for self-interest or a third party, the Shareholders Meeting may take any income for the above act as the income of the Company. If any Director of the Company has caused damage to a third party in performing the assigned duties of the Company, this Director shall assume joint and several liabilities to the third party and the Company under the law of the British Cayman Islands and applicable laws for listing on the TWSE or TPEX. Under such circumstance, the Director shall respond to the claim for damage instituted by the third party. According to the law of the British Cayman Islands and applicable laws regarding the TWSE or TPEX, the managers and the Supervisors of the Company (where applicable) shall, within their respective scopes of assigned duties, assume the same responsibilities with the Directors as mentioned in preceding paragraphs. (Note : The above is the extract in Chinese)”</p>	<p>the Cayman Islands, the third party cannot make a claim directly against the Director even though the Articles of Incorporation specify that Directors shall assume joint and several liabilities with the Company.</p>	

6.Occurrences of events defined under Subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None.

**ANLI INTERNATIONAL CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2022 AND 2021**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Anli International Co., Ltd.

### ***Opinion***

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

### **Evaluation of inventories**

#### Description

Refer to Note 4(13) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for details of allowance for inventory losses.

The Group is primarily engaged in the sales of steelwork of computer, communication and consumer electronic (3C) products. There is a higher risk of incurring loss on inventory valuation and obsolescence after considering the highly competitive market, short life cycle of electronic products, and fluctuations in market prices. Further, the determination of net realisable value in the evaluation of inventories involves subjective judgement. Thus, we considered the evaluation of inventories as a key audit matter.

#### How our audit addressed the matter:

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

1. Assessed the reasonableness of policies and procedures related to the provision for allowance for inventory valuation losses based on our understanding of the Group's operations and the characteristics of its industry, including the classification of inventory in determining the net realisable value.
2. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of internal controls over inventory.
3. Obtained an understanding of the policy on inventory aging and the preparation logic of inventory aging report. Tested the selected samples to verify the accuracy of inventory aging report.
4. Checked the appropriateness of classification of obsolete inventory and amount of net realisable value, including testing inventory sales or purchase prices, recalculating and evaluating the

reasonableness of allowance for inventory valuation losses.

### **Existence and occurrence of revenue from customers with significant changes in sales**

#### Description

Refer to Notes 4(26) and 6(19) for accounting policy on revenue recognition and related details of revenue.

The Group is primarily engaged in the sales of steelwork of computer, communication and consumer electronic (3C) products. For the year ended December 31, 2022, revenue from main customers constituted more than 80% of consolidated operating revenue. As such, the existence and occurrence of revenue from main customers are considered to be material to the consolidated operating revenue. Due to significant changes in revenue recognition arising from the main customers because of the highly competitive market, comparatively large changes in sales revenue and the pressure from the management to meet its financial targets, we considered the existence and occurrence of revenue from customers with significant changes in sales as a key audit matter.

#### How our audit addressed the matter:

We performed the following audit procedures in respect of the above key audit matter:

1. Understood and assessed the internal control over sales revenue from the customers with significant changes in sales and tested the effectiveness of its relevant control procedures.
2. Sampled and tested whether the sales schedules were in agreement with the supporting documents to ascertain the existence of revenue from customers with significant changes in sales.
3. Inspected related documents with respect to sales returns and discounts from customers with significant changes in sales, which occurred subsequent to the reporting period and assessed the reasonableness of respective sales revenue recognised.

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

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

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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

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

underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chiu, Chao-Hsien

Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 21, 2023

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

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

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
<b>Current assets</b>			
1100	Cash and cash equivalents	6(1) \$ 796,667	\$ 563,190
1110	Financial assets at fair value through profit or loss-current	6(2) -	151
1136	Financial assets at amortised cost-current	6(4) 264,610	707,662
1150	Notes receivable, net	6(5) 5,105	4,047
1170	Accounts receivable, net	6(5) 781,151	1,059,360
1180	Accounts receivable due from related parties, net	7 1,023	728
1200	Other receivables	15,881	9,161
130X	Inventories	6(6) 145,291	205,820
1410	Prepayments	42,685	30,940
11XX	<b>Total current assets</b>	<u>2,052,413</u>	<u>2,581,059</u>
<b>Non-current assets</b>			
1517	Financial assets at fair value through other comprehensive income - non-current	6(3) 45,203	33,974
1535	Financial assets at amortised cost - non-current	6(4) 44,102	-
1600	Property, plant and equipment	6(7) 1,152,072	850,637
1755	Right-of-use assets	6(8) 251,215	265,364
1780	Intangible assets	2,989	769
1840	Deferred tax assets	6(25) 20,735	26,349
1915	Prepayments for business facilities	3,679	1,740
1920	Guarantee deposits paid	3,323	2,373
15XX	<b>Total non-current assets</b>	<u>1,523,318</u>	<u>1,181,206</u>
1XXX	<b>Total assets</b>	<u>\$ 3,575,731</u>	<u>\$ 3,762,265</u>

(Continued)

**ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022	December 31, 2021
			AMOUNT	AMOUNT
<b>Current liabilities</b>				
2100	Short-term borrowings	6(9)	\$ 348,046	\$ 400,195
2130	Contract liabilities-current	6(19)	510	2,997
2170	Accounts payable		141,879	265,737
2180	Accounts payable to related parties	7	211	208
2200	Other payables	6(13)	358,027	483,739
2230	Current income tax liabilities		15,779	1,695
2280	Lease liabilities-current	6(8)	13,452	12,712
2320	Long-term liabilities, current portion	6(10)	301,361	4,004
2399	Other current liabilities		712	1,916
21XX	<b>Total current liabilities</b>		<u>1,179,977</u>	<u>1,173,203</u>
<b>Non-current liabilities</b>				
2530	Bonds payable	6(10)(11)	-	292,803
2540	Long-term borrowings	6(12)	35,078	38,971
2570	Deferred income tax liabilities	6(25)	190,935	174,717
2580	Lease liabilities - non-current	6(8)	-	13,242
2630	Long-term deferred revenue	6(14)	116,023	116,982
2645	Guarantee deposits received		662	651
25XX	<b>Total non-current liabilities</b>		<u>342,698</u>	<u>637,366</u>
2XXX	<b>Total liabilities</b>		<u>1,522,675</u>	<u>1,810,569</u>
<b>Equity</b>				
Share capital				
3110	Ordinary share	6(16)	445,498	445,498
Capital surplus				
3200	Capital surplus	6(17)	561,556	561,556
Retained earnings				
3310	Legal reserve	6(18)	152,714	129,597
3320	Special reserve		118,697	138,457
3350	Unappropriated retained earnings		867,612	795,285
Other equity				
3400	Other equity interest		( 93,021 )	( 118,697 )
3XXX	<b>Total equity</b>		<u>2,053,056</u>	<u>1,951,696</u>
Significant contingent liabilities and unrecorded contract commitments				
Significant subsequent events				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,575,731</u>	<u>\$ 3,762,265</u>

The accompanying notes are an integral part of these consolidated financial statements

**ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31	
			2022	2021
			AMOUNT	AMOUNT
4000	Operating revenue	6(19) and 7	\$ 2,059,560	\$ 2,275,541
5000	Operating costs	6(6)(23)(24)	( 1,528,093)	( 1,650,068)
5900	Gross profit from operations		<u>531,467</u>	<u>625,473</u>
	Operating expenses	6(23)(24)		
6100	Selling expenses		( 73,295)	( 74,389)
6200	Administrative expenses		( 184,585)	( 194,761)
6300	Research and development expenses		( 79,289)	( 69,271)
6450	Impairment gain (loss) determined in accordance with IFRS 9	12(2)	183	( 10)
6000	Total operating expense		<u>( 336,986)</u>	<u>( 338,431)</u>
6900	Operating income		<u>194,481</u>	<u>287,042</u>
	Non-operating income and expenses			
7100	Interest income	6(20)	27,856	18,703
7010	Other income		15,940	16,800
7020	Other gains and losses	6(21)	21,853	( 18,566)
7050	Finance costs	6(22)	( 18,294)	( 10,050)
7000	Total non-operating income and expenses		<u>47,355</u>	<u>6,887</u>
7900	<b>Profit before income tax</b>		<u>241,836</u>	<u>293,929</u>
7950	Income tax expense	6(25)	( 45,868)	( 62,761)
8200	<b>Profit</b>		<u>\$ 195,968</u>	<u>\$ 231,168</u>
	<b>Other comprehensive income</b>			
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 11,439)	\$ 6,619
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Exchange differences on translation		37,115	13,141
8300	<b>Other comprehensive income</b>		<u>\$ 25,676</u>	<u>\$ 19,760</u>
8500	<b>Total comprehensive income</b>		<u>\$ 221,644</u>	<u>\$ 250,928</u>
	Earnings per share (in dollars)	6(26)		
9750	Basic earnings per share		\$ 4.40	\$ 5.22
9850	Diluted earnings per share		\$ 4.06	\$ 4.81

The accompanying notes are an integral part of these consolidated financial statements

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
	Capital Reserves					Retained Earnings			Other Equity Interest			
		Capital surplus, additional paid-in capital	Capital surplus, treasury share transactions	Capital surplus, employee share options	Capital surplus, share options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity	
Notes	Ordinary share	paid-in capital	treasury share transactions	employee share options	Capital surplus, share options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity	
<b>Year ended December 31, 2021</b>												
Balance at January 1, 2021	\$ 432,477	\$ 456,522	\$ 952	\$ 6,542	\$ 15,779	\$ 101,249	\$ 144,423	\$ 738,619	(\$ 145,769)	\$ 7,312	\$1,758,106	
Profit for the year	-	-	-	-	-	-	-	231,168	-	-	231,168	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	13,141	6,619	19,760	
Total comprehensive income	-	-	-	-	-	-	-	231,168	13,141	6,619	250,928	
Appropriations of 2020 earnings												
Legal reserve	6(18)	-	-	-	-	28,348	-	( 28,348 )	-	-	-	
Special reserve	6(18)	-	-	-	-	-	( 5,966 )	5,966	-	-	-	
Cash dividends	6(18)	-	-	-	-	-	-	( 152,120 )	-	-	( 152,120 )	
Issuance of convertible bonds	6(11)(16)	13,021	85,654	-	( 3,893 )	-	-	-	-	-	94,782	
Balance at December 31, 2021	\$ 445,498	\$ 542,176	\$ 952	\$ 6,542	\$ 11,886	\$ 129,597	\$ 138,457	\$ 795,285	(\$ 132,628)	\$ 13,931	\$1,951,696	
<b>Year ended December 31, 2022</b>												
Balance at January 1, 2022	\$ 445,498	\$ 542,176	\$ 952	\$ 6,542	\$ 11,886	\$ 129,597	\$ 138,457	\$ 795,285	(\$ 132,628)	\$ 13,931	\$1,951,696	
Profit for the year	-	-	-	-	-	-	-	195,968	-	-	195,968	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	37,115	( 11,439 )	25,676	
Total comprehensive income	-	-	-	-	-	-	-	195,968	37,115	( 11,439 )	221,644	
Appropriations of 2021 earnings												
Legal reserve	6(18)	-	-	-	-	23,117	-	( 23,117 )	-	-	-	
Special reserve	6(18)	-	-	-	-	-	( 19,760 )	19,760	-	-	-	
Cash dividends	6(18)	-	-	-	-	-	-	( 120,284 )	-	-	( 120,284 )	
Balance at December 31, 2022	\$ 445,498	\$ 542,176	\$ 952	\$ 6,542	\$ 11,886	\$ 152,714	\$ 118,697	\$ 867,612	(\$ 95,513)	\$ 2,492	\$2,053,056	

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

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 241,836	\$ 293,929
Adjustments			
Adjustments to reconcile profit (loss)			
Impairment (gain) loss determined in accordance with IFRS 9	12(2)	( 183 )	10
(Gain) loss on disposals of property, plant and equipment	6(21)	( 5,522 )	4,531
Depreciation	6(23)	119,367	125,275
Amortization	6(23)	1,475	766
Loss on financial assets at fair value through profit or loss	6(21)	151	769
Recognition of long-term deferred revenue	6(14)	( 2,786 )	( 2,766 )
Interest income	6(20)	( 27,856 )	( 18,703 )
Dividend income		( 793 )	-
Finance costs	6(22)	18,294	10,050
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 1,000 )	( 2,650 )
Accounts receivable		316,685	( 34,488 )
Accounts receivable due from related parties		( 295 )	5,094
Other receivables		( 2,134 )	( 4,863 )
Inventory		65,366	( 30,897 )
Prepayments		( 12,158 )	( 6,915 )
Changes in operating liabilities			
Contract liabilities		( 2,487 )	2,527
Accounts payable		( 123,858 )	35,412
Accounts payable to related parties		3	48
Other payables		( 125,419 )	47,436
Other current liabilities		( 1,204 )	1,117
Cash inflow generated from operations		457,482	425,682
Receipt of interest		23,270	18,769
Payment of interest		( 10,271 )	( 5,758 )
Receipt of dividends		793	-
Refund of income tax		4,011	16,715
Payment of income tax		( 33,943 )	( 40,175 )
Net cash flows from operating activities		441,342	415,233

(Continued)

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets at amortised cost		\$ 412,916	(\$ 705,684)
Acquisition of financial assets at fair value through other comprehensive income - non-current	6(3) and 12(3)	( 22,668 )	( 9,999 )
Acquisition of property, plant and equipment	6(27)	( 408,140 )	( 105,310 )
Proceeds from disposal of property, plant and equipment		21,645	3,842
Acquisition of intangible assets		( 3,673 )	-
(Increase) decrease in prepayments for business facilities		( 1,939 )	7,094
Increase in guarantee deposits paid		( 918 )	-
Net cash flows used in investing activities		( 2,777 )	( 810,057 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(28)	( 73,320 )	387,228
Repayment of long-term borrowings	6(28)	( 3,946 )	( 3,934 )
Lease principal repayment	6(28)	( 13,000 )	( 12,168 )
Increase in guarantee deposits	6(28)	-	216
Cash dividends paid	6(18)	( 120,284 )	( 152,120 )
Net cash flows (used in) from financing activities		( 210,550 )	219,222
Effects of exchange rate changes on cash		5,462	( 4,323 )
Net increase (decrease) in cash and cash equivalents		233,477	( 179,925 )
Cash and cash equivalents at beginning of year		563,190	743,115
Cash and cash equivalents at end of year		\$ 796,667	\$ 563,190

The accompanying notes are an integral part of these consolidated financial statements

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Anli International Co., Ltd. (the “Company”) was incorporated in the Cayman Islands on June 23, 2010. The Company acquired a 100% equity interest in ANLI INTERNATIONAL HOLDINGS LIMITED and KUANGHE CO., LIMITED by using the Company’s shares totaling 26 million shares. The Company became the holding company of these two companies when the reorganisation was completed. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the stamping of various precision metals, manufacture and sales of die casting components, computers, communication equipment, vehicle components, precision metalworking products and new electronic components such as inductance, and metal finishing. The Company’s shares of stock were listed on the Taipei Exchange on July 2, 2018.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 21, 2023.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

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

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
The Company	ANLI INTERNATIONAL HOLDINGS LIMITED	Investment company and stamping of various precision metal and sales of die casting components	100	100	
"	KUANGHE CO., LIMITED	Investment company and sales of new electronic components	100	100	
ANLI INTERNATIONAL HOLDINGS LIMITED	Kunshan Anli Precise Metal Co., Ltd.	Stamping of various precision metal and manufacturing and sales of die casting components	100	100	
"	HuZhou Anli Technology Co., Ltd.	Design, research and development of electronic components, vehicle components, new metal material, machine parts, communication equipment and computer software; and manufacture of fine blanking die	52	49	Note 1
KUANGHE CO., LIMITED	Kunshan Kuanghe Electronic Technology Co., Ltd.	Manufacture and sales of new electronic components	85	85	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
KUANGHE CO., LIMITED	HuZhou Anli Technology Co., Ltd.	Design, research and development of electronic components, vehicle components, new metal material, machine parts, communication equipment and computer software; and manufacture of fine blanking die	48	51	Note 1
Kunshan Anli Precise Metal Co., Ltd.	Kunshan Kuanghe Electronic Technology Co., Ltd.	Manufacture and sales of new electronic components	15	15	
HuZhou Anli Technology Co., Ltd.	Gtek Technology Co., Ltd.	Manufacture and sales of new electronic components such as inductance; and metal finishing	50	50	
Kunshan Kuanghe Electronic Technology Co., Ltd.	Gtek Technology Co., Ltd.	Manufacture and sales of new electronic components such as inductance; and metal finishing	50	50	

Note 1: On July 14, 2022, the Board of Directors of ANLI INTERNATIONAL HOLDINGS LIMITED and KUANGHE CO., LIMITED resolved to participate in the capital increase of the Group's subsidiary, HuZhou Anli Technology Co., Ltd. They infused additional capital of RMB 22,541 thousand and RMB 14,279 thousand, and the shareholding ratios were 52% and 48%, respectively, after the capital infusion was completed.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

#### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the consolidated statement of comprehensive income within 'other gains and losses'.

#### B. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

#### (5) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are

to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

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

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

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

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

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

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

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

The Group subsequently measures the financial assets at fair value.

- (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

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

- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

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

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

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

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures		
Main building	20 ~ 50	years
Auxiliary building	10	years
Machinery and equipment	2 ~ 12	years
Transportation equipment	4 ~ 10	years
Office equipment	3 ~ 10	years
Leasehold improvements	2 ~ 3	years
Other equipment	3 ~ 10	years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

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

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

Intangible assets, mainly computer software and patents, are amortised on a straight-line basis over their estimated useful lives of 2 ~ 10 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

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

method.

(19) Accounts payable

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

(20) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' remuneration

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

(22) Employee share-based payment

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

(23) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries,

except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

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

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(26) Revenue recognition

Sales of goods

- A. The Group manufactures and sells steelwork and electronic components in the market. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated customer returns, sales discounts and other similar allowances. Accumulated experience is used to estimate and provide for the customer returns, sales discounts and other similar allowances and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term ranging from 30 days after monthly billings to 120 days after the end of the month of sales. As the time interval between the transfer of

committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to right-of-use asset, property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(28) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2022, the carrying amount of inventories was \$145,291.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 2,654	\$ 68
Checking accounts and demand deposits	552,317	441,560
Time deposits and cash equivalents	<u>241,696</u>	<u>121,562</u>
	<u>\$ 796,667</u>	<u>\$ 563,190</u>

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial assets designated as at fair value through profit or loss		
Embedded call options	\$ 783	\$ 783
Valuation adjustment	<u>( 783)</u>	<u>( 632)</u>
	<u>\$ -</u>	<u>\$ 151</u>

A. As of December 31, 2022 and 2021, amounts recognised in loss in relation to financial assets at fair value through profit or loss are \$151 and \$769, respectively.

B. As of December 31, 2022 and 2021, the issuance of convertible bonds by the Group amounting to \$0 and \$151, respectively, was recognised under ‘financial assets designated as at fair value through profit or loss on initial recognition’ due to their compound instrument feature.

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

D. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 42,711	\$ 20,043
Valuation adjustment	<u>2,492</u>	<u>13,931</u>
	<u>\$ 45,203</u>	<u>\$ 33,974</u>

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$45,203 and \$33,947 as at December 31, 2022 and 2021, respectively.

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

	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 11,439)	\$ 6,619

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$45,203 and \$33,947, respectively.

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

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits with original maturity of more than three months	\$ 264,610	\$ 707,662
Non-current items:		
Time deposits with original maturity of more than one year	44,102	-
	<u>\$ 308,712</u>	<u>\$ 707,662</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>2022</u>	<u>2021</u>
Interest income	\$ 21,151	\$ 14,294

B. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$308,712 and \$707,662, respectively.

C. The Group has no financial assets at amortised cost pledged to others.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 5,105	\$ 4,047
Accounts receivable	\$ 781,402	\$ 1,060,224
Less: Allowance for uncollectible accounts	( 251)	( 864)
	<u>\$ 781,151</u>	<u>\$ 1,059,360</u>

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 749,191	\$ 5,105	\$ 1,052,153	\$ 4,047
Up to 30 days	18,307	-	6,250	-
31 to 60 days	11,321	-	653	-
61 to 120 days	2,382	-	208	-
121 to 180 days	-	-	430	-
181 to 300 days	201	-	-	-
Over 300 days	-	-	530	-
	<u>\$ 781,402</u>	<u>\$ 5,105</u>	<u>\$ 1,060,224</u>	<u>\$ 4,047</u>

The above ageing analysis was based on past due date.

B. The Group has no accounts and notes receivable pledged to others.

C. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$1,024,703. As of the end of the reporting period, without taking into account any collateral held or other credit enhancements, the Group's maximum exposure to credit risk in respect of the financial loss arising from unfulfilled obligation of the counterparties is the carrying amount of the financial assets.

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

(6) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 28,742	(\$ 6,029)	\$ 22,713
Work in progress	66,890	( 6,525)	60,365
Finished goods	86,223	( 24,010)	62,213
	<u>\$ 181,855</u>	<u>(\$ 36,564)</u>	<u>\$ 145,291</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 35,082	(\$ 3,244)	\$ 31,838
Work in progress	82,766	( 9,167)	73,599
Finished goods	120,381	( 19,998)	100,383
	<u>\$ 238,229</u>	<u>(\$ 32,409)</u>	<u>\$ 205,820</u>

The cost of inventories recognised as expense or loss for the year:

	Years ended December 31,	
	2022	2021
Cost of goods sold	\$ 1,517,675	\$ 1,637,294
Loss on decline in market value	3,668	12,774
Others	6,750	-
	<u>\$ 1,528,093</u>	<u>\$ 1,650,068</u>

(7) Property, plant and equipment

2022

	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1</u>									
Cost	\$ 42,672	\$ 316,179	\$ 933,452	\$ 41,569	\$ 10,240	\$ 8,332	\$ 54,334	\$ 116,434	\$ 1,523,212
Accumulated depreciation	-	( 116,433)	( 478,698)	( 27,052)	( 8,514)	( 7,144)	( 34,734)	-	( 672,575)
	<u>\$ 42,672</u>	<u>\$ 199,746</u>	<u>\$ 454,754</u>	<u>\$ 14,517</u>	<u>\$ 1,726</u>	<u>\$ 1,188</u>	<u>\$ 19,600</u>	<u>\$ 116,434</u>	<u>\$ 850,637</u>
Opening net book amount as at January 1	\$ 42,672	\$ 199,746	\$ 454,754	\$ 14,517	\$ 1,726	\$ 1,188	\$ 19,600	\$ 116,434	\$ 850,637
Additions	-	-	46,930	550	772	-	5,786	354,109	408,147
Disposals	-	( 6,194)	( 9,800)	( 53)	( 34)	-	( 42)	-	( 16,123)
Transfers	-	-	-	-	46	-	299	( 345)	-
Depreciation charge	-	( 15,004)	( 73,719)	( 5,293)	( 612)	( 1,215)	( 5,054)	-	( 100,897)
Net exchange differences	-	2,814	7,440	219	38	27	304	( 534)	10,308
Closing net book amount as at December 31	<u>\$ 42,672</u>	<u>\$ 181,362</u>	<u>\$ 425,605</u>	<u>\$ 9,940</u>	<u>\$ 1,936</u>	<u>\$ -</u>	<u>\$ 20,893</u>	<u>\$ 469,664</u>	<u>\$ 1,152,072</u>
<u>At December 31</u>									
Cost	\$ 42,672	\$ 303,188	\$ 971,711	\$ 41,180	\$ 10,602	\$ 8,464	\$ 60,620	\$ 469,664	\$ 1,908,101
Accumulated depreciation	-	( 121,826)	( 546,106)	( 31,240)	( 8,666)	( 8,464)	( 39,727)	-	( 756,029)
	<u>\$ 42,672</u>	<u>\$ 181,362</u>	<u>\$ 425,605</u>	<u>\$ 9,940</u>	<u>\$ 1,936</u>	<u>\$ -</u>	<u>\$ 20,893</u>	<u>\$ 469,664</u>	<u>\$ 1,152,072</u>

2021

	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1</u>									
Cost	\$ 42,672	\$ 304,048	\$ 885,438	\$ 38,631	\$ 9,663	\$ 24,813	\$ 49,783	\$ 94,690	\$ 1,449,738
Accumulated depreciation	-	( 98,565)	( 426,468)	( 24,720)	( 7,947)	( 6,870)	( 30,429)	-	( 594,999)
	<u>\$ 42,672</u>	<u>\$ 205,483</u>	<u>\$ 458,970</u>	<u>\$ 13,911</u>	<u>\$ 1,716</u>	<u>\$ 17,943</u>	<u>\$ 19,354</u>	<u>\$ 94,690</u>	<u>\$ 854,739</u>
Opening net book amount as at January 1	\$ 42,672	\$ 205,483	\$ 458,970	\$ 13,911	\$ 1,716	\$ 17,943	\$ 19,354	\$ 94,690	\$ 854,739
Additions	-	-	6,674	2,213	195	-	1,623	96,570	107,275
Disposals	-	-	( 7,759)	( 342)	( 118)	-	( 154)	-	( 8,373)
Transfers	-	12,107	68,271	3,602	549	( 12,107)	3,230	( 75,652)	-
Depreciation charge	-	( 19,204)	( 75,100)	( 4,968)	( 629)	( 4,780)	( 4,618)	-	( 109,299)
Net exchange differences	-	<u>1,360</u>	<u>3,698</u>	<u>101</u>	<u>13</u>	<u>132</u>	<u>165</u>	<u>826</u>	<u>6,295</u>
Closing net book amount as at December 31	<u>\$ 42,672</u>	<u>\$ 199,746</u>	<u>\$ 454,754</u>	<u>\$ 14,517</u>	<u>\$ 1,726</u>	<u>\$ 1,188</u>	<u>\$ 19,600</u>	<u>\$ 116,434</u>	<u>\$ 850,637</u>
<u>At December 31</u>									
Cost	\$ 42,672	\$ 316,179	\$ 933,452	\$ 41,569	\$ 10,240	\$ 8,332	\$ 54,334	\$ 116,434	\$ 1,523,212
Accumulated depreciation	-	( 116,433)	( 478,698)	( 27,052)	( 8,514)	( 7,144)	( 34,734)	-	( 672,575)
	<u>\$ 42,672</u>	<u>\$ 199,746</u>	<u>\$ 454,754</u>	<u>\$ 14,517</u>	<u>\$ 1,726</u>	<u>\$ 1,188</u>	<u>\$ 19,600</u>	<u>\$ 116,434</u>	<u>\$ 850,637</u>

A. Property, plant and equipment were acquired for self-use.

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

(8) Leasing arrangements – lessee

A. The Group leases various assets including land use right, plant and buildings. Rental contracts are made for periods of 50 years and 5 years, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Land use right	\$ 238,395	\$ 240,123
Plant and buildings	12,820	25,241
	<u>\$ 251,215</u>	<u>\$ 265,364</u>

	Depreciation charge	
	Years ended December 31,	
	2022	2021
Land use right	(\$ 5,564)	(\$ 3,391)
Plant and buildings	(12,906)	(12,585)
	<u>(\$ 18,470)</u>	<u>(\$ 15,976)</u>

C. As of December 31, 2022 and 2021, the balance of lease liabilities (including current and non-current) were \$13,452 and \$25,954, respectively.

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

<u>Items affecting profit or loss</u>	Years ended December 31,	
	2022	2021
Interest expense on lease liabilities	\$ 798	\$ 1,286
Expense on short-term lease contracts	\$ 771	\$ 726
Expense on leases of low-value assets	\$ 443	\$ 582

E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$15,012 and \$14,762, respectively.

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 212,240	4.27%~5.53%	
Secured borrowings	135,806	1.65%~4.63%	Note
	<u>\$ 348,046</u>		

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 369,805	1.25%~1.75%	
Secured borrowings	30,390	3.85%	Note
	<u>\$ 400,195</u>		

Details of assets pledged as collateral for short-term borrowings are provided in Note 8.

A. Interest expense recognised in profit or loss amounted to \$12,889 and \$3,878 for the years ended December 31, 2022 and 2021, respectively.

B. Endorsements and guarantees of short-term borrowings were provided by the management of the Group. Details of the guarantees provided for short-term borrowings are provided in Note 7.

(10) Long-term liabilities, current portion

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Long-term borrowings-current portion	\$ 3,951	\$ 4,004
Bonds payable-current portion	297,410	-
	<u>\$ 301,361</u>	<u>\$ 4,004</u>

(11) Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds payable	\$ 301,300	\$ 301,300
Less: Discount on bonds payable	( 3,890)	( 8,497)
	297,410	292,803
Less: Current portion or exercise of put options	(297,410)	-
	<u>\$ -</u>	<u>\$ 292,803</u>

A. The issuance of domestic convertible bonds by the Company:

(a) The terms of the first time domestic unsecured convertible bonds issued by the Company are as follows

- i. The Company issued \$400,000, 0% first time domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (October 30, 2020 ~ October 30, 2023) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on October 30, 2020.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (January 31, 2021) to 40 days before the maturity date (September 20, 2023), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- iii. The conversion price of the bonds is \$67.4, set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms.
- iv. From the date after three months of the bonds issue (January 31, 2021) to 40 days (September 20, 2023) before the maturity date. Convertible corporate bonds will be redeemed based on the rule for issuance and conversion of convertible bonds if one of the following criteria is met: (i) the closing price of the Company's common shares is

above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(b) As of December 31, 2022, the bonds totaling \$98,700 (face value) had been converted into 1,302 thousand shares of common stock.

(c) As of December 31, 2022, no bonds had been repurchased by the Company from the Taipei Exchange.

B. Regarding the issuance of convertible bonds, the equity conversion options were separated from the liability component and were recognised in ‘capital surplus—share options’ in accordance with IAS 32. As of December 31, 2022, the balance of “Capital surplus - stock options” changed to \$11,886, due to execution of conversion from bonds into common stock or bonds matured. The call options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.57%.

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2022
Secured borrowings	Borrowing period is from November 17, 2016 to November 17, 2031; interest is repayable monthly in 180 installments; principal is repayable starting from the 25th installment	2.38% (Note 1)	Note 2	\$ 39,029
Less: Current portion				( 3,951)
				<u>\$ 35,078</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2021
Secured borrowings	Borrowing period is from November 17, 2016 to November 17, 2031; interest is repayable monthly in 180 installments; principal is repayable starting from the 25th installment	1.75% (Note 1)	Note 2	\$ 42,975
Less: Current portion				( 4,004)
				<u>\$ 38,971</u>

Note 1: In accordance with the floating interest rate on a 2-year time deposit as posted by the First Commercial Bank plus 0.73% points or more.

Note 2: Details of assets pledged as collateral for long-term borrowings are provided in Note 8.

(13) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payable	\$ 90,057	\$ 113,359
Pension payable	43,076	46,928
Benefits payable	31,760	29,497
Processing fees payable	94,402	199,624
Insurance payable	33,681	35,823
Machinery and equipment payable	5,519	5,512
Others	59,532	52,996
	<u>\$ 358,027</u>	<u>\$ 483,739</u>

(14) Long-term deferred revenue

The Group received government grant amounting \$162,232 for acquiring land use right (shown as “right-of-use asset”), which were recognised as deferred revenue and are transferred to profit or loss over the estimated useful lives of the related assets. Income recognised for the years ended December 31, 2022 and 2021 was \$2,786 and \$2,766, respectively.

(15) Pensions

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

B. The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has

no further obligations. Defined contribution plan is as follows:

<u>Management</u>	<u>Beneficiary</u>	<u>Contribution percentage</u>
City government of each province in Mainland China	Employees of all China subsidiaries	16%

C. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were \$21,014 and \$18,440, respectively.

(16) Share capital

As of December 31, 2022, the Company's authorised capital was \$1,000,000, consisting of 100 million shares of ordinary stock, and the paid-in capital was \$445,498 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	<u>2022</u>	<u>2021</u>
At January 1	44,550	43,248
Conversion of convertible bonds	-	1,302
At December 31	<u>44,550</u>	<u>44,550</u>

(17) Capital surplus

Under the Company's Article of Incorporation, all or a portion of capital surplus arising from paid-in capital on issuance of common stocks and donations can be used to issue new stocks or cash to shareholders in proportion to their share ownership. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. The Company's dividend policy is summarized below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 5% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends, and cash dividends shall account for at least 20% and not be higher than 100% of the total dividends distributed.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. (a) The appropriations of 2021 and 2020 earnings had been approved at the shareholders' meeting on May 26, 2022 and July 12, 2021, respectively. Details are summarized below:

	Years ended December 31,			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 23,117		\$ 28,348	
Special reserve	( 19,760)		( 5,966)	
Cash dividends	120,284	\$ 2.70	152,120	\$ 3.41
	<u>\$ 123,641</u>		<u>\$ 174,502</u>	

- (b) The appropriation of earnings for 2022 has been proposed by the Board of Directors on March 21, 2023. Details are summarized below:

	Year ended December 31, 2022	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 19,597	
Special reserve	( 20,692)	
Cash dividends	89,100	\$ 2.00
	<u>\$ 88,005</u>	

The appropriation of earnings for the year ended December 31, 2022 has not yet been approved by the shareholders as of March 21, 2023.

(19) Operating revenue

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers	<u>\$ 2,059,560</u>	<u>\$ 2,275,541</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Goods sales revenue	\$ 2,014,856	\$ 2,232,240
Molding revenue	44,704	43,301
	<u>\$ 2,059,560</u>	<u>\$ 2,275,541</u>

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021
Contract liabilities:		
Advance receipts from customers	<u>\$ 510</u>	<u>\$ 2,997</u>
		January 1, 2021
Contract liabilities:		
Advance receipts from customers		<u>\$ 470</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year.

	Years ended December 31,	
	2022	2021
Advance receipts from customers	<u>\$ 2,917</u>	<u>\$ 397</u>

(20) Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	\$ 6,705	\$ 4,409
Interest income from financial assets measured at amortised cost	21,151	14,294
	<u>\$ 27,856</u>	<u>\$ 18,703</u>

(21) Other gains and losses

	Years ended December 31,	
	2022	2021
Foreign exchange Gains(losses)	\$ 19,489	(\$ 12,132)
Gains(losses) on disposals of property, plant and equipment	5,522	( 4,531)
Loss on financial assets at fair value through profit or loss	( 151)	( 769)
Other losses	( 3,007)	( 1,134)
	<u>\$ 21,853</u>	<u>(\$ 18,566)</u>

(22) Finance costs

	Years ended December 31,	
	2022	2021
Interest expense on bank borrowings	\$ 12,889	\$ 3,878
Interest expense on lease liabilities	798	1,286
Interest expense on bonds payable	4,607	4,886
	<u>\$ 18,294</u>	<u>\$ 10,050</u>

(23) Expenses by nature

	Years ended December 31,	
	2022	2021
Employee benefit expense	\$ 374,552	\$ 394,623
Depreciation charges on property, plant and equipment	100,897	109,299
Depreciation charges on right-of-use assets	18,470	15,976
Amortisation charges on intangible assets	1,475	766
	<u>\$ 495,394</u>	<u>\$ 520,664</u>

(24) Employee benefit expense

	Years ended December 31,	
	2022	2021
Wages and salaries	\$ 305,644	\$ 324,872
Pension (benefit) costs	21,014	18,440
Other personnel expenses	47,894	51,311
	<u>\$ 374,552</u>	<u>\$ 394,623</u>

A. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to offset prior years' operating losses. For the remainder, if any, at least 2% shall be distributed as employees' compensation and the distribution of directors' remuneration shall not be higher than 3%.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$12,809 and \$15,085, respectively; while directors' remuneration was accrued at \$4,270 and \$5,028, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 6% and 2% of distributable profit of current year as of the end of reporting period. Employees' compensation and directors' remuneration for 2021 amounting to \$15,085 and \$5,028, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. The employees' compensation will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 40,804	\$ 42,319
Prior year income tax under(over) estimation	680	( 6,061)
Total current tax	41,484	36,258
Deferred tax:		
Origination and reversal of temporary differences	4,384	26,503
Income tax expense	\$ 45,868	\$ 62,761

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 103,929	\$ 120,095
Expenses disallowed by tax regulation	1,721	2,167
Tax exempt income by tax regulation	( 53,600)	( 60,713)
Tax losses not recognised as deferred tax assets	2,330	1,501
Effect from investment tax credits	( 13,803)	( 21,796)
Change in assessment of realisation of deferred tax assets	( 44)	( 4,312)
Prior year income tax under(over) estimation	680	( 6,061)
Acquisition of cash dividends distributed by investee company accounted for using the equity method	-	9,583
Deferred tax effects of subsidiaries' profit	4,655	22,297
Income tax expense	\$ 45,868	\$ 62,761

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

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

	2022			
	At January 1	Recognised in profit or loss	Exchange difference	At December 31
Deferred tax assets:				
- Temporary differences				
Loss on inventory	\$ 5,835	(\$ 443)	\$ 92	\$ 5,484
Employee benefit expense payable	20,401	( 5,516)	335	15,220
Others	113	( 85)	3	31
	<u>26,349</u>	<u>( 6,044)</u>	<u>430</u>	<u>20,735</u>
Deferred tax liabilities:				
- Temporary differences				
Retained earnings of subsidiary	( 159,511)	( 4,655)	( 17,621)	( 181,787)
Others	( 15,206)	6,315	( 257)	( 9,148)
	<u>( 174,717)</u>	<u>1,660</u>	<u>( 17,878)</u>	<u>( 190,935)</u>
	<u>(\$ 148,368)</u>	<u>(\$ 4,384)</u>	<u>(\$ 17,448)</u>	<u>(\$ 170,200)</u>

	2021			
	At January 1	Recognised in profit or loss	Exchange difference	At December 31
Deferred tax assets:				
- Temporary differences				
Loss on inventory	\$ 2,917	\$ 2,886	\$ 32	\$ 5,835
Employee benefit expense payable	16,023	4,235	143	20,401
Others	99	14	-	113
	<u>19,039</u>	<u>7,135</u>	<u>175</u>	<u>26,349</u>
Deferred tax liabilities:				
- Temporary differences				
Retained earnings of subsidiary	( 139,499)	( 22,297)	2,285	( 159,511)
Others	( 3,802)	( 11,341)	( 63)	( 15,206)
	<u>( 143,301)</u>	<u>( 33,638)</u>	<u>2,222</u>	<u>( 174,717)</u>
	<u>(\$ 124,262)</u>	<u>(\$ 26,503)</u>	<u>\$ 2,397</u>	<u>(\$ 148,368)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets pertaining to the subsidiaries of the Group are as follows:

December 31, 2022					
Year incurred	Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2020	\$ 3,198	\$ 3,198	\$ 3,198	None	
2019	4,438	2,603	2,603	None	
December 31, 2021					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2020	\$ 3,198	\$ 3,198	\$ 3,198	None	
2019	4,438	4,438	4,438	None	
2018	251	251	251	None	
2017	5,911	3,039	3,039	None	

E. The income tax returns of the Group's Taiwan branch through 2020 have been assessed and approved by the Tax Authority.

F. Kunshan Kuanghe Electronic Technology Co., Ltd., Kunshan Anli Precise Metal Co., Ltd. and Gtek Technology Co., Ltd. are productive foreign investment businesses which were incorporated in the People's Republic of China (PRC), with the applicable income tax rate of 25%. As these subsidiaries obtained high-tech enterprise certification, they are entitled to a 10% income tax deduction from December 2022 to November 2025, November 2020 to

October 2023 and November 2021 to October 2024, respectively, and the applicable income tax rate is 15%.

(26) Earnings per share

	Year ended December 31, 2022		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 195,968	44,550	\$ 4.40
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 195,968		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	343	
Convertible bonds	4,607	4,470	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 200,575	49,363	\$ 4.06
Year ended December 31, 2021			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 231,168	44,306	\$ 5.22
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 231,168		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	251	
Convertible bonds	4,886	4,536	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 236,054	49,093	\$ 4.81

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2022	2021
Purchase of property, plant and equipment	\$ 408,147	\$ 107,275
Add: Opening balance of payable on equipment	5,512	3,547
Less: Ending balance of payable on equipment	(5,519)	(5,512)
Cash paid during the year	<u>\$ 408,140</u>	<u>\$ 105,310</u>

(28) Changes in liabilities from financing activities

	2022						
	Short-term borrowings	Long-term borrowings - current portion	Long-term borrowings	Guarantee deposits received	Lease liability	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 400,195	\$ 4,004	\$ 38,971	\$ 651	\$ 25,954	\$ 292,803	\$ 762,578
Changes in cash flow from financing activities	( 73,320)	( 3,946)	-	-	( 13,000)	-	( 90,266)
Long-term borrowings, current portion	-	3,951	( 3,951)	-	-	-	-
Interest paid for lease liabilities	-	-	-	-	( 798)	-	( 798)
Remeasurement of lease liabilities	-	-	-	-	798	-	798
Changes in other non-cash items	-	( 58)	58	-	-	4,607	4,607
Impact of changes in foreign exchange rate	21,171	-	-	11	498	-	21,680
At December 31	<u>\$ 348,046</u>	<u>\$ 3,951</u>	<u>\$ 35,078</u>	<u>\$ 662</u>	<u>\$ 13,452</u>	<u>\$ 297,410</u>	<u>\$ 698,599</u>

	2021						
	Short-term borrowings	Long-term borrowings - current portion	Long-term borrowings	Guarantee deposits received	Lease liability	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 12,920	\$ 3,934	\$ 42,975	\$ 431	\$ 37,851	\$ 382,697	\$ 480,808
Changes in cash flow from financing activities	387,228	( 3,934)	-	216	( 12,168)	-	371,342
Long-term borrowings, current portion	-	4,004	( 4,004)	-	-	-	-
Interest paid for lease liabilities	-	-	-	-	( 1,286)	-	( 1,286)
Remeasurement of lease liabilities	-	-	-	-	1,286	-	1,286
Changes in other non-cash items	-	-	-	-	-	( 89,894)	( 89,894)
Impact of changes in foreign exchange rate	47	-	-	4	271	-	322
At December 31	<u>\$ 400,195</u>	<u>\$ 4,004</u>	<u>\$ 38,971</u>	<u>\$ 651</u>	<u>\$ 25,954</u>	<u>\$ 292,803</u>	<u>\$ 762,578</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Kunshan Guanghui Precision Metal. Co., Ltd	Other related party
Kunshan Guanghui Precise Hardware Co., Ltd.	Other related party
Certain Micro Application Technology Inc.	Other related party
HSU, CHENG-KUN	Key management personnel of the Group
WU, CHING-SONG	Key management personnel of the Group

### (2) Significant related party transactions

#### A. Operating revenue:

	Years ended December 31	
	2022	2021
Sales of goods:		
Other related party	\$ 1,468	\$ 4,899

The sales prices to related parties and third parties are negotiated. Credit terms of related parties is 90 days after monthly billings, and of third parties are between 30 days after monthly billings and 120 days after the end of the month of sales.

#### B. Purchases

	Years ended December 31	
	2022	2021
Purchases of goods:		
Other related party	\$ 1,032	\$ 344

The purchase prices of related parties and third parties are negotiated. Payment terms of related parties are between 60 days after monthly billings and 150 days after the end of the month of purchase, and of third parties are between 30 days after monthly billings and 150 days after the end of the month of purchase.

#### C. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable:		
Other related party	\$ 1,023	\$ 728
Other receivables:		
Other related party	7	-
	<u>\$ 1,030</u>	<u>\$ 728</u>

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

D. Payables to related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Other related party	\$ 211	\$ 208

The outstanding trade payables from related parties are unsecured.

E. The key management of the Group has provided financial guarantee on the Group's short-term borrowings. As of December 31, 2022 and 2021, the guarantee amounted to \$92,145 and \$231,202, respectively.

(3) Key management compensation

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 63,052	\$ 60,299
Post-employment benefits	256	247
	<u>\$ 63,308</u>	<u>\$ 60,546</u>

8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Land	\$ 42,672	\$ 42,672	Long-term borrowings
Buildings and structures	153,116	104,441	Short-term and Long-term borrowings
Right-of-use assets	62,652	54,782	Short-term borrowings
	<u>\$ 258,440</u>	<u>\$ 201,895</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

HuZhou Anli Technology Co., Ltd., a subsidiary of the Group, signed the Construction Project Construction Contract with Jiangsu Didu Construction Engineering Co., Ltd. on September 1, 2020. As Jiangsu Didu Construction Engineering Co., Ltd. deliberately delayed the construction progress, Huzhou Anli Technology Co., Ltd. appointed a lawyer to apply with the Huzhou Arbitration Commission for arbitration to request the termination of the contract, which was confirmed by the arbitration award of Huzhou Arbitration Commission on December 15, 2021. The termination of the contract involves claims for delay and breach of contract. The Group has applied for compensation in a separate case on September 28, 2022. The arbitration case is currently in progress.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equipment	\$ 8,754	\$ 1,812
Plant construction under consignment	318,569	615,622
	<u>\$ 327,323</u>	<u>\$ 617,434</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) Refer to Note 6(18)E(b) for details of the appropriation of earnings for the year ended December 31, 2022.

(2) On November 10, 2022, the Company's Board of Directors adopted a resolution of the Board of Directors to increase the capital of KUANGHE CO., LIMITED's subsidiary, HuZhou Anli Technology Co., Ltd., in the amount of RMB18,743 thousand. The capital increase has been approved by the Investment Review Committee of the Ministry of Economic Affairs, and the relevant registration procedures are in process.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets designated as at fair value through profit or loss	\$ -	\$ 151
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 45,203</u>	<u>\$ 33,974</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 796,667	\$ 563,190
Financial assets at amortised cost	308,712	707,662
Notes receivable	5,105	4,047
Accounts receivable (including related parties)	782,174	1,060,088
Other receivables	15,881	9,161
Guarantee deposits paid	<u>3,323</u>	<u>2,373</u>
	<u>\$ 1,911,862</u>	<u>\$ 2,346,521</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 348,046	\$ 400,195
Accounts payable (including related parties)	142,090	265,945
Other payables	358,027	483,739
Bonds payable (including current portion)	297,410	292,803
Long-term borrowings (including current portion)	39,029	42,975
Guarantee deposits received	<u>662</u>	<u>651</u>
	<u>\$ 1,185,264</u>	<u>\$ 1,486,308</u>
Lease liability	<u>\$ 13,452</u>	<u>\$ 25,954</u>

B. Financial risk management policies

The primary financial instruments of the Group include accounts receivable, accounts payable and borrowings. Group treasury provides services to each operating unit, by coordinating the operations of domestic and foreign financial markets, analysing the internal risk report on exposure by risk degree and supervising and managing the financial risk of the consolidated company. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Group treasury periodically reports to the Board of Directors which monitors risk and the execution of policy to reduce the Group's exposure to identified risks.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB and NTD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Natural hedge is adopted to minimise the volatility of the exchange rate affecting assets and liabilities in foreign currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
<b>(Foreign currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	\$ 19,551	6.9646	\$ 600,509
USD:NTD	587	30.7150	18,030
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	6,911	6.9646	212,271
USD:NTD	163	30.7150	5,007

December 31, 2021			
	Foreign currency amount		Carrying amount
	(In thousands)	Exchange rate	
<b>(Foreign currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	\$ 16,919	6.3757	\$ 468,318
USD:NTD	1,507	27.6800	41,714
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	8,441	6.3757	233,647
USD:NTD	2,185	27.6800	60,481

iv. The total exchange Gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to \$19,490 and (\$12,132), respectively.

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

Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	1%	\$ 6,005	-
USD:NTD	1%	180	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	1%	2,123	-
USD:NTD	1%	50	-

Year ended December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	1%	\$ 4,683	\$ -
USD:NTD	1%	417	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	1%	2,336	-
USD:NTD	1%	605	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2022 and 2021 would have increased/decreased by \$452 and \$340, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and financial assets at amortised cost based on the agreed terms, and the contract cash flows which were settled in accordance with trading conditions.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain grade

are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the simplified approach using the provision matrix to estimate expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2022 and 2021, the Group had no written-off financial assets that are still under recourse procedures.
- vii. The Group used the forecastability of the global economic information to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable of general credit customers. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31-60 days past due	61-120 days past due	121-180 days past due	181-300 days past due	Over 300 days	Total
<u>December 31, 2022</u>								
Expected loss rate	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%-5.03%	100.00%	
Total book value	\$ 754,296	\$ 18,307	\$ 11,321	\$ 2,382	\$ -	\$ 201	\$ -	\$ 786,507
Loss allowance	\$ 223	\$ 7	\$ 3	\$ 1	\$ -	\$ 17	\$ -	\$ 251
<u>December 31, 2021</u>								
Expected loss rate	0.03%	0.03%	0.03%	0.03%	0.03%-0.07%	0.03%-8.73%	100.00%	
Total book value	\$ 1,056,200	\$ 6,250	\$ 653	\$ 208	\$ 430	\$ -	\$ 530	\$ 1,064,271
Loss allowance	\$ 331	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ 530	\$ 864

- viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 864	\$ 850
Provision for impairment (Reversal of impairment loss)	( 183)	10
Write-off during the year	( 457)	-
Effect of exchange rate changes	27	4
Balance at December 31	<u>\$ 251</u>	<u>\$ 864</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in short-term interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Floating rate:		
Expiring within one year	\$ 228,833	\$ 54,544
Expiring beyond one year	313,109	11,864
	<u>\$ 541,942</u>	<u>\$ 66,408</u>

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

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
December 31, 2022				
<u>Non-derivative financial liabilities</u>				
Accounts payable (including related parties)	\$ 124,277	\$ 17,813	\$ -	\$ -
Other payables	347,715	10,312	-	-
Lease liability	3,426	10,279	-	-
Long-term borrowings (including current portion)	1,191	3,573	19,057	18,660
Short-term borrowings	228,436	120,232	-	-
Bonds payable (including current portion)	-	301,300	-	-

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
December 31, 2021				
<u>Non-derivative financial liabilities</u>				
Accounts payable (including related parties)	\$ 225,916	\$ 40,029	\$ -	\$ -
Other payables	391,700	92,039	-	-
Lease liability	3,373	10,119	13,492	-
Long-term borrowings (including current portion)	1,191	3,573	19,057	23,424
Short-term borrowings	170,708	231,937	-	-
Bonds payable	-	-	301,300	-

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and the call options embedded in bonds payable are included in Level 3.

B. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, accounts payable (including related parties), other payables, long-term borrowings, current portion and guarantee deposits received are approximate to their fair values.

	December 31, 2022			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable (including current portion)	\$ 297,410	\$ -	\$ 295,385	\$ -

	December 31, 2021			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 292,803	\$ -	\$ 293,978	\$ -

- (b) The methods and assumptions of bonds payable' fair value estimate is measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.
- C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:
- (a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 45,203	\$ 45,203

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Call options	\$ -	\$ -	\$ 151	\$ 151
Financial assets at fair value through other comprehensive income				
Equity securities	<u>-</u>	<u>-</u>	<u>33,974</u>	<u>33,974</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,125</u>	<u>\$ 34,125</u>

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

- i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange).
- ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)7.
- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

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

	2022		
	Equity		
	Call options	instruments	Total
At January 1	\$ 151	\$ 33,974	\$ 34,125
Gains and losses recognised in profit or loss			
Recorded as non-operating income and expenses	( 151)	-	( 151)
Gain or loss recognised in other comprehensive income			
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	( 11,439)	( 11,439)
Acquired during the period	-	22,668	22,668
At December 31	<u>\$ -</u>	<u>\$ 45,203</u>	<u>\$ 45,203</u>

	2021		
	Equity		
	Call options	instruments	Total
At January 1	\$ 920	\$ 17,356	\$ 18,276
Gains and losses recognised in profit or loss			
Recorded as non-operating income and expenses	( 769)	-	( 769)
Gain or loss recognised in other comprehensive income			
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	6,619	6,619
Acquired during the period	-	9,999	9,999
At December 31	<u>\$ 151</u>	<u>\$ 33,974</u>	<u>\$ 34,125</u>

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

F. Investment department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the

fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 30,084	Market comparable companies	Industrial average price to book ratio	Not Applicable	The higher the book value per share, the higher the fair value
			Price to earnings ratio multiple	Not Applicable	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20.80%	The higher the discount for lack of marketability, the lower the fair value
	15,119	Discounted cash flow	Long-term revenue growth rate	Not Applicable	The higher the long-term revenue growth rate, the higher the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Call options embedded in bonds payable	\$ 151	Binomial Value Tree	Volatility	47.80%	The higher the volatility, the higher the fair value
Unlisted shares	23,228	Market comparable companies	Industrial average price to book ratio	Not Applicable	The higher the book value per share, the higher the fair value
			Price to earnings ratio	Not Applicable	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20.80%	The higher the discount for lack of marketability, the lower the fair value
	10,746	Discounted cash flow	Long-term revenue growth rate	Not Applicable	The higher the long-term revenue growth rate, the higher the fair value

(4) Information on the impact of Covid-19

The Group had implemented various response measures to handle the impact of the Covid-19. All sites adopted high standards for epidemic prevention. Except for the closed loop management of the factory in Kunshan, China in cooperation with the local government's epidemic prevention work in April 2022, other production sites have maintained normal operations, and the Kunshan Plant has also fully resumed production in early-May 2022. Until March 21 2023, the epidemic of new coronavirus has no significant impact on the overall operations and financial situation of the Group.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker, the Board of Directors, that are used to make strategic decisions.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Segment information

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

Year ended December 31, 2022	A segment	B segment	C segment	All other segments	Total
Revenue from external customers	\$ 642,151	\$ 703,175	\$ 714,234	\$ -	\$ 2,059,560
Inter-segment revenue	-	39,311	-	-	39,311
Total segment revenue	\$ 642,151	\$ 742,486	\$ 714,234	\$ -	2,098,871
Internal write-offs					( 39,311)
Consolidated revenue					\$ 2,059,560
Segment income (loss)	\$ 118,097	\$ 208,231	\$ 20,459	(\$ 14,385)	\$ 332,402
Depreciation	\$ 73,688	\$ 24,444	\$ 21,070	\$ 165	\$ 119,367
Amortisation	\$ 486	\$ 516	\$ 473	\$ -	\$ 1,475

<u>Year ended December 31, 2021</u>	<u>A segment</u>	<u>B segment</u>	<u>C segment</u>	<u>All other segments</u>	<u>Total</u>
Revenue from external customers	\$ 881,074	\$ 786,907	\$ 607,560	\$ -	\$ 2,275,541
Inter-segment revenue	-	82,459	218	-	82,677
Total segment revenue	<u>\$ 881,074</u>	<u>\$ 869,366</u>	<u>\$ 607,778</u>	<u>\$ -</u>	2,358,218
Internal write-offs					( 82,677)
Consolidated revenue					<u>\$ 2,275,541</u>
Segment income (loss)	<u>\$ 202,284</u>	<u>\$ 153,702</u>	<u>\$ 83,573</u>	<u>(\$ 6,363)</u>	<u>\$ 433,196</u>
Depreciation	<u>\$ 83,172</u>	<u>\$ 22,180</u>	<u>\$ 19,592</u>	<u>\$ 331</u>	<u>\$ 125,275</u>
Amortisation	<u>\$ 263</u>	<u>\$ 503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766</u>

Note: Inter-segment revenue has been eliminated to \$0.

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2022 and 2021 is provided as follows:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Reportable segments income	\$ 346,787	\$ 439,559
Other segments income/(loss)	( 14,385)	( 6,363)
Total segments	332,402	433,196
Depreciation	( 119,367)	( 125,275)
Amortisation	( 1,475)	( 766)
Interest income	27,856	18,703
Other income	15,940	16,800
Other gains and losses	21,854	( 18,566)
General management cost and directors' compensation	( 17,079)	( 20,113)
Finance costs	( 18,294)	( 10,050)
Income before tax from continuing operations	<u>\$ 241,837</u>	<u>\$ 293,929</u>

(4) Information on products and services

Revenue from external customers is mainly from computer peripherals. Details of revenue are as follows:

	Years ended December 31,	
	2022	2021
Computer components	\$ 1,585,600	\$ 1,864,307
Consumer electronics components	299,809	269,793
Handheld device components	18,447	12,881
Others	155,704	128,560
	<u>\$ 2,059,560</u>	<u>\$ 2,275,541</u>

(5) Geographical information

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

	Years ended December 31,			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 1,570,502	\$ 1,424,772	\$ 1,575,479	\$ 1,081,849
Philippines	308,535	-	525,072	-
Taiwan	126,219	74,488	87,044	70,635
Others	54,304	-	87,946	-
	<u>\$ 2,059,560</u>	<u>\$ 1,499,260</u>	<u>\$ 2,275,541</u>	<u>\$ 1,152,484</u>

(6) Major customer information

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

	Years ended December 31,	
	2022	2021
A	\$ 375,107	\$ 317,812
B	308,535	525,072
C	270,813	316,276
D	180,003	124,406

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at		Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
						December 31, 2022	Actual amount drawn down						Item	Value			
1	ANLI INTERNATIONAL HOLDINGS LIMITED	HuZhou Anli Technology Co., Ltd.	Other receivables	Y	\$ 136,221	\$ 35,381	\$ 35,381	0%	2	\$ -	Operations	\$ -	None	\$ -	\$ 1,275,386	\$ 1,275,386	None
1	ANLI INTERNATIONAL HOLDINGS LIMITED	Gtek Technology Co., Ltd.	Other receivables	Y	92,145	92,145	92,145	5.53%	2	-	Operations	-	None	-	1,275,386	1,275,386	None
2	KUANGHE CO., LIMITED	HuZhou Anli Technology Co., Ltd.	Other receivables	Y	141,781	77,917	77,917	0%	2	-	Operations	-	None	-	1,035,800	1,035,800	None

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1', and the same company shall be numbered at the same code.

Note 2: The column of 'Nature of loan' shall fill in 1. 'Business transaction or 2. 'Short-term financing'.

Note 3: (1) Limit on total loans shall not exceed 40% of creditor's net assets. However, loans to direct or indirect wholly-owned foreign subsidiaries of the Company shall not exceed 100% of creditor's net assets.

(2) For the companies having business relationship with the Company, limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower.

Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing.

For companies having short-term loans, ceiling on loans granted to a single party is 10% of the Company's net assets. However, loans to direct or indirect wholly-owned foreign subsidiaries of the Company shall not exceed 100% of creditor's net assets.

Note 4: Maximum balance and ending balance listed in the table are expressed in New Taiwan dollars. The balances denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate of NTD 30.715 to USD 1 and NTD 4.4102 to RMB 1 at the balance sheet date.

Note 5: Actual parent-subsidiary company transactions included in ending balance were all eliminated.

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 4)	Actual drawn down amount (Note 4)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Anli International Co., Ltd	KUANGHE CO., LIMITED		2	\$ 410,611	\$ 92,145	\$ 92,145	\$ -	\$ -	4.49%	\$ 410,611	Y	N	N	None
0	Anli International Co., Ltd	ANLI INTERNATI ONAL HOLDINGS LIMITED		2	410,611	122,860	122,860	92,145	-	5.97%	410,611	Y	N	N	None

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: According to the Company's "Procedures for Provision of Endorsements and Guarantees":

- (1) The total guarantee amount shall not exceed 40% of the Company's net assets based on the latest financial statements, and the guarantee to a single party shall not exceed 20% of the Company's net assets based on the latest financial statements.

Limit on the total endorsement/guarantee of the Company and its subsidiaries is 50% of the Company's net assets. Limit on the total endorsement/guarantee to a single party is 20% of the Company's net assets.

- (2) For the companies having business relationship and thus being provided endorsements/guarantees, aside from the abovementioned limits, limit on endorsements to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchase or sales)

Note 4: Maximum balance, ending balance and actual drawn amount listed in the table are expressed in New Taiwan dollars. The balances denominated in foreign currencies are translated into New Taiwan dollars at exchange rates of NTD 30.715 to USD 1 at the balance sheet date.

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period

December 31, 2022

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	
Anli International Co., Ltd.	Certain Micro Application Technology Inc.	None	Financial assets at fair value through other comprehensive income-non-current	1,457	\$ 30,084	9.05%	\$ 30,084	None
Anli International Co., Ltd	Therlect Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	2,024	15,119	12.01%	15,119	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial Instruments.'

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES  
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more  
December 31, 2022

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:		Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer					
HuZhou Anli Technology Co., Ltd.	Plant	2022/12/28	615,622	310,394	Zhejiang Qiaoxing Construction Group Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	Production	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: The accounts of the Company are expressed in New Taiwan dollars. The balances denominated in foreign currencies are translated into New Taiwan dollars at exchange rates prevailing at the balance sheet date, and the exchange rate used was NTD 4.4102 to RMB 1. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates (period from January to December), and the exchange rate used was NTD 4.4400 to RMB 1.

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
December 31, 2022

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Kunshan Anli Precise Metal Co., Ltd.	ANLI INTERNATIONAL HOLDINGS LIMITED	parent-subsidiary company	Sales	\$ 214,064	36%	150 days after monthly billings	None	None	\$ 59,144	31%	None
Kunshan Kuanghe Electronic Technology Co., Ltd.	KUANGHE CO., LIMITED	parent-subsidiary company	Sales	169,676	28%	120 days after monthly billings	None	None	150,104	55%	None

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

The Kunshan Anli Precise Metal Co., Ltd.'s credit terms to ANLI INTERNATIONAL HOLDINGS LIMITED are longer than third parties due to the nature of transaction classified as inter-company transactions (parent-subsidiary company and sibling company)

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company.

In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: The accounts of the Company are expressed in New Taiwan dollars. The balances denominated in foreign currencies are translated into New Taiwan dollars at exchange rates prevailing at the balance sheet date, and the exchange rate used was NTD 30.715 to USD 1. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates (period from January to December), and the exchange rate used was NTD 29.8636 to USD 1.

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 Year ended December 31, 2022

Table 6

		Expressed in thousands of NTD (Except as otherwise indicated)							
Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts	
					Amount	Action taken			
ANLI INTERNATIONAL HOLDINGS LIMITED	Gtek Technology Co., Ltd.	parent-subsiary company	\$ 92,145	-	\$ -	-	\$ -	-	
Kunshan Kuanghe Electronic Technology Co., Ltd.	KUANGHE CO., LIMITED	parent-subsiary company	150,104	1.59	85,334	-	85,334	26	
KUANGHE CO., LIMITED	Kunshan Kuanghe Electronic Technology Co., Ltd.	parent-subsiary company	98,838	-	-	-	-	-	

Note 1: Maximum balance and ending balance listed in the table are expressed in New Taiwan dollars. The balances denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate of NTD 30.715 to USD 1 and NTD 4.4102 to RMB 1 at the balance sheet date.

Note 2: Actual parent-subsiary company transactions included in ending balance were all eliminated.

Note 3: Until February 2023.

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
December 31, 2022

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ANLI INTERNATIONAL CO., LTD.	KUANGHE CO., LIMITED	1	Other income	\$ 5,379	Mutual agreement	0%
0	ANLI INTERNATIONAL CO., LTD.	ANLI INTERNATIONAL HOLDINGS LIMITED	1	Other income	5,379	Mutual agreement	0%
1	ANLI INTERNATIONAL HOLDINGS LIMITED	HuZhou Anli Technology Co., Ltd.	1	Other receivables	35,381	Endorsement, guarantee	1%
1	ANLI INTERNATIONAL HOLDINGS LIMITED	Gtek Technology Co., Ltd.	1	Other receivables	92,145	Endorsement, guarantee	3%
2	KUANGHE CO., LIMITED	HuZhou Anli Technology Co., Ltd.	1	Other receivables	77,917	Endorsement, guarantee	2%
2	KUANGHE CO., LIMITED	Kunshan Kuanghe Electronic Technology Co., Ltd.	1	Other receivables	98,838	Mutual agreement(Note 6)	3%
3	Kunshan Anli Precise Metal Co., Ltd.	Gtek Technology Co., Ltd.	1	Sales revenue	5,710	120 days after monthly billings	0%
3	Kunshan Anli Precise Metal Co., Ltd.	ANLI INTERNATIONAL HOLDINGS LIMITED	2	Sales revenue	214,064	150 days after monthly billings	10%
3	Kunshan Anli Precise Metal Co., Ltd.	ANLI INTERNATIONAL HOLDINGS LIMITED	2	Accounts receivable	59,144	150 days after monthly billings	2%
3	Kunshan Anli Precise Metal Co., Ltd.	Kunshan Kuanghe Electronic Technology Co., Ltd.	3	Sales revenue	39,311	120 days after monthly billings	2%
3	Kunshan Anli Precise Metal Co., Ltd.	Kunshan Kuanghe Electronic Technology Co., Ltd.	3	Accounts receivable	11,082	120 days after monthly billings	0%
3	Kunshan Anli Precise Metal Co., Ltd.	Kunshan Kuanghe Electronic Technology Co., Ltd.	3	Sales revenue	10,049	Mutual agreement	1%
3	Kunshan Anli Precise Metal Co., Ltd.	Kunshan Kuanghe Electronic Technology Co., Ltd.	3	Cost of good sold	15,471	Mutual agreement	1%
3	Kunshan Anli Precise Metal Co., Ltd.	Kunshan Kuanghe Electronic Technology Co., Ltd.	3	Other receivables	16,207	Mutual agreement(Note 6)	0%
4	Kunshan Kuanghe Electronic Technology Co., Ltd.	KUANGHE CO., LIMITED	2	Sales revenue	169,676	120 days after monthly billings	8%
4	Kunshan Kuanghe Electronic Technology Co., Ltd.	KUANGHE CO., LIMITED	2	Accounts receivable	150,104	120 days after monthly billings	4%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories, fill in the number of category each case belongs to:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

Note 4: Individual transactions not exceeding \$10,000 and their corresponding transactions are not disclosed.

Those transactions shown in other assets and revenue are not disclosed from the opposite side.

Note 5: The related transactions were eliminated when preparing the consolidated financial statements.

Note 6: Dividend Receivable.

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Information on investees

December 31, 2022

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 1, 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 1, 2)	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Anli International Co., Ltd.	KUANGHE CO., LIMITED	Hong Kong	Investment company	\$ 390,241	\$ 390,241	13,166	100	\$ 1,035,800	\$ 95,178	\$ 95,178	None
Anli International Co., Ltd.	ANLI INTERNATIONAL HOLDINGS LIMITED	Hong Kong	Investment company	497,221	497,221	92,190	100	1,275,386	134,102	134,102	None

Note 1: Profit or loss of investees and investment income (loss) recognised by the Company for the year ended December 31, 2022 is based on financial statements audited and attested by R.O.C. parent company's CPA.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

Note 3: The accounts of the Company are expressed in New Taiwan dollars. The balances denominated in foreign currencies are translated into New Taiwan dollars at exchange rates of NTD 30.715 to USD 1, at the balance sheet date. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates (period from January to December) of NTD 29.8636 to USD 1.

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

December 31, 2022

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Tawain to Mainland China as of January 1, 2022	Amount remitted from Tawain to Mainland China / Amount remitted back to Tawain for the year ended December 31, 2022		Accumulated amount of remittance from Tawain to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022 (Note 2)	Ownership held by the Company (direct or indirect)	Investment income (less) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Tawain as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Tawain							
Kunshan Anli Precise Metal Co., Ltd.	Stamping of various precision metal and manufacturing and sales of die casting components	\$ 112,927	(2)A	\$ -	\$ -	\$ -	\$ -	\$ 142,930	100	\$ 142,930	\$ 917,649	\$ -	None
Kunshan Kuanghe Electronic Technology Co., Ltd.	Manufacturing and sales of new electronic component such as inductance	145,525	(2)B	-	-	-	-	118,236	100	118,236	885,476	-	None
Gtek Technology Co., Ltd.	Manufacturing and sales of new electronic component such as inductance, and metal finishing	283,456	(2)C	-	-	-	-	87,879	100	87,879	482,750	-	None
HuZhou Anli Technology Co., Ltd.	Research and development, manufacturing and sales of electronic components, vehicle components and new metal material.	639,639	(2)D	-	-	-	( 22,547)	-	( 22,547)	( 22,547)	579,332	-	None
Company name	Accumulated amount of remittance from Tawain to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA									
Note 4	\$ -	\$ -	-	Note 4									

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
  - A. Kunshan Anli Precise Metal Co., Ltd. was reinvested through ANLI INTERNATIONAL HOLDINGS LIMITED.
  - B. Kunshan Kuanghe Electronic Technology Co., Ltd. was reinvested through KUANGHE CO., LIMITED and Kunshan Anli Precise Metal Co., Ltd.
  - C. Gtek Technology Co., Ltd. was reinvested through Kunshan Kuanghe Electronic Technology Co., Ltd. and Kunshan Anli Precise Metal Co., Ltd.
  - D. HuZhou Anli Technology Co., Ltd. was reinvested through KUANGHE CO., LIMITED and ANLI INTERNATIONAL HOLDINGS LIMITED.
- (3) Others

Note 2: The amount recognized was based on the financial statements that were audited by R.O.C. parent company's CPA firm.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

Note 4: Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA is not applicable for the Company due to the Company was a foreign issuer and has primary listing in Taiwan.

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2022

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ANLI INTERNATIONAL LIMITED (SAMOA)	12,579	28.23%
KUANGHE CO., LIMITED (SAMOA)	3,963	8.89%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.

Note 2: If the aforementioned data contains shares which were held in the trust by the shareholders, the data 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 Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

Anli International Co., Ltd

Chairman: Hsu Cheng-Kun