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卓越成功股份有限公司

SUCCESS PRIME CORPORATION

111 年度年報

2022 ANNUAL REPORT

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This translation is intended for reference only and nothing else, the company hereby disclaims any and all liabilities whatsoever for the translation. The chinese text of the annual report shall govern any and all matters related to the interpretation of the subject matter stated herein.

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Spokesperson

Name: Shu Ling Tseng

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Acting spokesperson

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IV. Auditors

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CPA Firm: Deloitte & Touche Taiwan

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V. Overseas Securities Exchange: N/A.

VI. Company Website: <https://www.chenliedu2496.com/tw/>

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I. Report to the Shareholders

Dear Shareholders,

The rollout of COVID-19 vaccine has encouraged classes to shift from online back to in-person teaching. Although the problem of declining birth rate has caused the overall number of people in related industries to decrease year over year, the demand for entrance exams preparation is still viable. The Group's continuous dedication to solid education training and professional counseling has shape its renown reputation in the education sector and drive excellence results, growth in overall performance. In terms of revenue growth, other than expansion to elementary and middle school division, the high school division continues to maintain growth in monthly and quarterly financial reports and successfully reached the 700 million revenue mark.

1. 2022 Annual Business Report

(1) Business Plan Outcome

The consolidated net operating income in 2022 is NT\$702,257 thousand, which is 6.09% more than 2021 figure of NT\$661,920 thousand. The consolidated net profit attributable to the parent Company only in 2022 is NT\$78,704 thousand, which increased by 38.32% compared to 2021 figure of NT\$56,900 thousand. The increase in consolidated net operating income was mainly attributable to expansion in elementary and middle school division; the increase in consolidated net profit was mainly due to the growth of net profit driven by the increase in operating income and the recognition of impairment losses of subsidiaries in China in 2021.

(2) Budget Implementation

The Company has not disclosed financial forecasts.

(3) Analysis of Financial Income, Expenditure and Profitability

Units: NT\$ thousands; %

Item/Year			Consolidated		Individual	
			2022	2021	2022	2021
Income and expenditure	Operating Income		95,043	77,493	30,461	33,098
	Non-operating Income and Expenses		3,333	(3,237)	54,182	31,219
	Pre-tax Income		98,376	74,256	84,643	64,317
	Net Income		79,261	56,623	78,704	56,900
Analysis of profitability	Return on asset		6.40	4.71	9.39	6.81
	Return on equity		9.90	7.07	9.87	7.14
	Pre-tax income to paid-in Capital ratio (%)		51.50	38.87	44.31	33.67
	Net Profit Margin		11.28	8.55	35.49	26.09
	EPS (NT\$)	Non-adjusted	4.16	3.02	4.16	3.02
		Adjusted	-	-	-	-

(4) Analysis of Financial Income, Expenditure and Profitability

The Corporation's main business is education service with faculty and curriculum management for primary and secondary education, there is no R&D fee investments in 2022.

2. 2023 Business Plan Prospects

(1) Operation Strategy, Planning and Key Marketing Policies

- i. After three years of virtual and offline integration during the pandemic, the solid and professional training resources of SPC's "Chen Li Education" and its applicability to 2019 K-12 curriculum are what makes Chen Li Education the top choice of academy for parents and students. The course planning, professional education and counselling services for primary, middle to high school curriculums helped our market share and per capita consumption to grow. The comprehensive education intergraded platform includes TMT diagnostic test, resume certification, literacy questions and other materials, these all are core competences and growth drivers of this platform.
- ii. In response to the declining birth rate and regionalization, one on one tutoring has become a teaching model that has flourished in Taiwan in the past five years. Chen Li Education's core model continues to be hosting big group classes, but is not absent in the new field either. Smaller group classes were opened in separate one on one academies, and one to four tutoring classes has opened in CL's Northern branches, this creates a one stop service providing different teaching models to meet the needs of students.
- iii. In addition to developing the online, offline, literacy topics and more for primary, middle and high schools, SPC has created new product line "Brain Max" - a board game series for children to build logical thinking, the game is to embed Mathematics into lifestyle, the more you play, the smarter you are.
- iv. In addition to perfecting K-12 Mathematics and all subject exams, SPC has also expanded to online education for professionals. SPC has invested in Xuemi, a potential high performing stock that is involved in graphic design, front-end engineering, web design and audio-visual media fields. This service help provides high-quality and functional training to college students and workplace professionals, especially to the graduates of Chen Li Education in the past 40 years.
- v. In terms of Mathematics teaching materials for primary schools, on top of the original STEMath digital courseware, 12 volumes of K-12 Mathematics were produced, including paper textbooks, teaching videos, homework, assessment systems and more. Moreover, the subsidiary Chen Li Elementary has developed exclusive teaching materials for primary schools in 2022, including logic mathematics for first to third graders, and modular mathematics for forth to sixth graders. These help CLE expand more opportunities to collaborate with private primary schools, English academies and other organizations.

(2) Sales Volume Forecast and Basis

The all-subject branches in the Group with steady growth are forecasted to continue to grow slightly in 2023, and the high school division will expand its services to maintain its market share. The junior high division will expand its branches, subjects and servicing year groups and work with regional academies. The primary and pre-school division are still in the pioneering stage, and the future growth is expected to be promising.

3. Impact from Future Development Strategies, External Market Environment, Legal Environment, and Global Environment

The cram school education industry is a licensed industry regulated by the central government and approved by the municipal government. Our corporate value is to operate legally and pay meticulous attention to public safety, which all of our business operating locations fit all the legal criteria.

The pandemic has accelerated the acceptance and popularization of online education, but in the post-pandemic era, the nature of K-12 Education's difficulty in self-learning has caused parents who demand high performance or those who have no time to take care of kids to send students back to classrooms one after another. Other than focusing on 2019's second interview, resume certification and self-learning, CL's primary division continues to expand branches working towards the goal of "one school district, one Chen Li Education", providing digital platform, opening Think Mathematics classes, Gold Olympic Mathematics Competition classes, extracurricular classes, summer-winter camps and many more. Moreover, SPC has developed new pre-school board games, one to one tutoring, broadcasting classes and virtual classes for professionals. The diversified models, fruitful resources and efficient management creates a win-win advantage and will push SPC into another peak of success.

The corporation will try its best to generate more revenue streams, and we hope to reward the shareholders for their many years of support with better operating results.

Chairman: Shu-Ling Tseng

II. Company Profile

1. Date of incorporation: June 15, 1991.

2. Company History

Year	Important Events
1991	Jun. Prime Optical Fiber Co., Ltd. was formally established, the registered capital is NT\$ 100 million, the amount of paid-in capital is NT\$ 50 million.
1992	Sep. The first trial output of the 2.5μm Multimode pre-body.
1994	Feb. Held "FDDI" Standard type 62.5μm Multi-mode Fiber "product conference.
	Mar. "Excellent POFC" The domestic registration of the trademark is complete.
	Apr. Exhaust Gas Treatment and Recycling" R&D Project (12 months period) awarded by the Authority.
	Jul. "POFC" Trademark US registration completed.
	Aug. Fiber Cladding Layer to 500μm Successful processing technology development.
	Dec. Dispersion-Shift Fiber was successfully developed.
1996	Oct. "POFC" Trademark registration is complete in mainland China.
	Nov. Obtained ISO-9002 international quality certification from SGS European Quality Certification Institute.
	Dec. Completed the development of the preform production unit.
1999	Nov. Completion of the Ministry of Economy to assist small and medium-sized enterprises to develop a nine-month "large-scale multi-mode pre-system" technology development case.
2000	May. Joined 3M The Company's Fiber to Table Strategy Alliance program.
2001	Aug. "PHOTO SENSITIVE FIBER" Award the fourth Outstanding Optoelectronic Products Award by the Optoelectronics Association".
2002	Mar. Officially listed on the Taiwan Securities centralized market.
	Dec. Obtained ISO-9001 (2000 Annual edition) of the National Quality certification.
2003	Mar. The new Zhunan factory located in the fourth phase of Zhuke officially started construction.
	Apr. Officially issued ECB and successfully raised US\$10 million.
2004	Apr. Won the "Excellent Technology Award Winner" of TOCIA's 2nd Taiwan Optical Communication Elite Award for "High-temperature CVD Erbium-doped Optical Fiber Preform and Optical Fiber Manufacturing Process Technology".
	Nov. The company officially moved to the Zhunan Base of Hsinchu Science Park.
	Dec. "Development and application of integrated fiber grating Sensing system" is supported by the Bamboo Bureau's Innovation Technology Research and Development award.
2005	Mar. The self-developed "Optical Fiber Bending Gauge" won the "Outstanding Product Award" in the 3rd Taiwan Optical Communication Elite Awards hosted by TOCIA.
	May. "Optical fiber laser Module Development Plan" by the Ministry of Economy industry branch subsidies.
	Jun. Signed an important contract for COATING technology transfer and purchase of GGP Fiber from us with A company in the United States.
2006	Dec. Successfully developed the first fiber laser module.
2008	Jan. 3M (Taiwan) Co., Ltd. visited the factory to carry out FTTH on-site vertical optical cable connector (NPC) and connection sub-construction education and training, and issued a training certificate to the Company's trainees after the meeting.
	Mar. All ECB was fully converted into the Company's common stock, and therefore introduced a new professional investor - Singapore Dark Horse Asset Management Co., Ltd., becoming the Company's largest shareholder.
	Sep. Products such as high-strength lead-through optical cables, high-strength bending-resistant indoor optical cables, and high-strength optical fiber patch cords have passed the test specifications of Chunghwa Telecom.
2009	Feb. Obtained ISO-9001 (2008 Annual edition) international quality certification.
	May. Obtained the trademark rights of BendSafe™ in Taiwan.

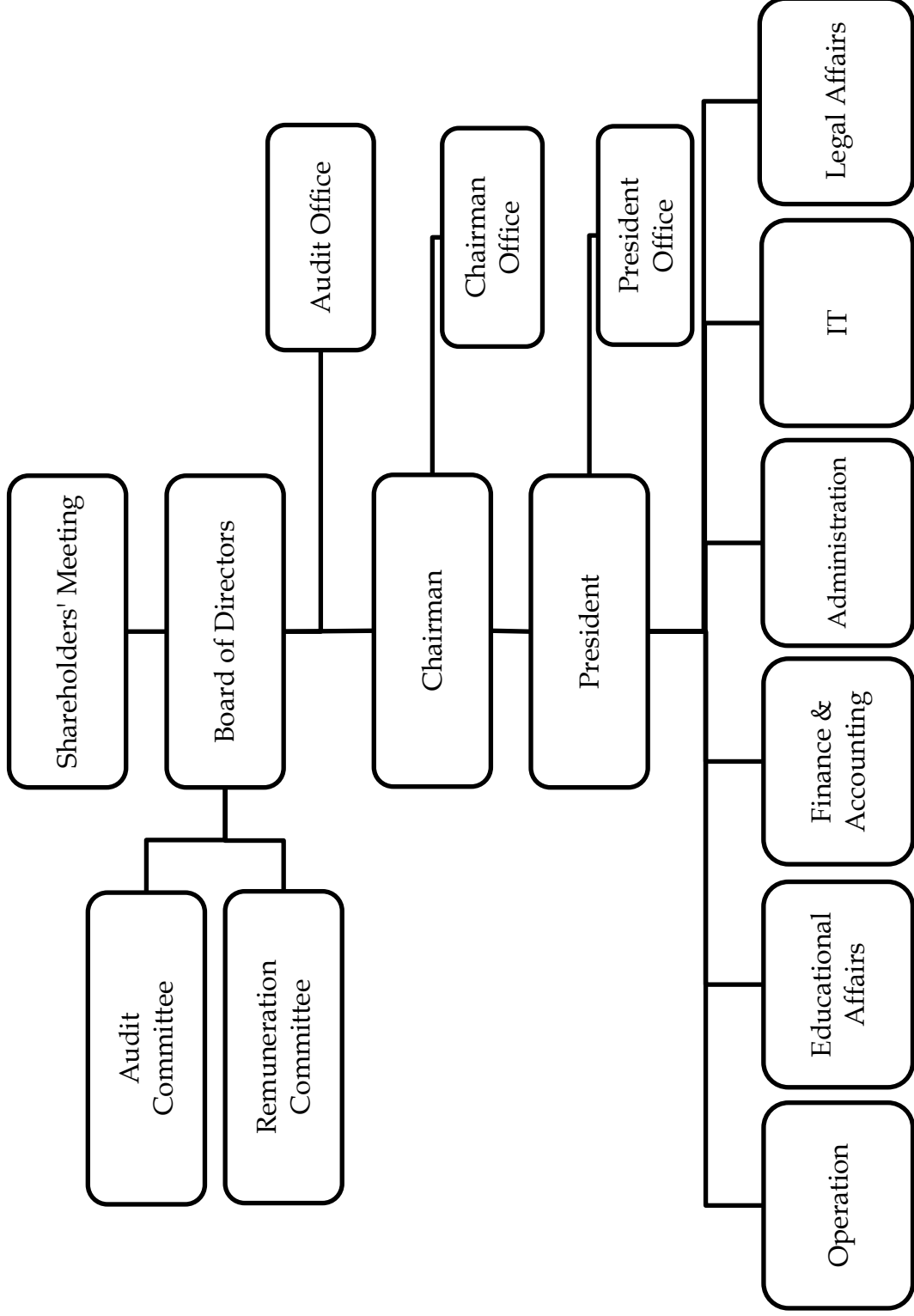
Year	Important Events
2009	Sep. BendSafe™ products are adopted by Intel Corporation in the latest Light Peak solution and published in IDF.
	Oct. A new type of patent in Taiwan is obtained from the structure of the monthly axle-free cable winding body.
	Nov. The industry-university-research cooperation project with Tsinghua University "research on advanced high-power near-infrared and visible light band fiber lasers for scientific research and industrial applications" was funded by the State Science and Technology Commission.
	Dec. Cooperate with Xuming Optoelectronics in the smart building energy saving and carbon reduction plan. Obtained NSPO to purchase a batch of high-strength bending-resistant optical fibers, and successfully completed delivery acceptance, making BendSafe™ optical fibers successfully used in national space programs.
2010	Feb. Non-axle cable winding body structure to obtain a new type of patent in mainland China.
	Mar. Obtained high-strength bending fiber (Bend Safe™) Trademark rights in mainland China.
	Apr. Launched high-strength optical fiber cable with innovative "shaftless carton packaging" to break through the obstacle of FTTH.
	Oct. The industry-university cooperation project with Tsinghua University - "Research on Novel Optical Fiber for Light Peak Technology" was awarded the National Science Council R&D Advanced Research Project Grant.
2011	Jun. Participated in the Taipei International Optoelectronics Exhibition and demonstrated the advantages of 'BendSafe™ for FTTH cabling construction', which include more efficient use of manpower, time and cost.
	Sep. The Company sets up the Remuneration Committee in accordance with the provisions of the relevant laws and regulations.
2012	Feb. The Company hired Dr. Stan Lumish, an American optical communications expert, as a senior consultant.
	May. Established an audit committee in accordance with relevant laws and regulations in order to promote corporate governance.
	Jul. Provisional shareholders' meeting resolution through the Company changed its name to "excellent Success Co., Ltd." (Success Prime Corporation)☞
	Aug. Science Park Authority approved the filing Company changed its name to "excellent Success Co., Ltd." (Success Prime Corporation).
2014	Oct. Witty Sino Investment Co., Ltd. made a public acquisition of the SPC's common stock shares.
2015	Jun. Participated in the <2015 Annual cross-Strait Optical communication Forum> sponsored by Cross-Strait Optical Communication Industry Alliance Council.
	Jun. Application for scientific industrial Park R&D Cooperation program "R&D of high energy noise-like pulsed fiber laser for material processing" was developed by the Hsinchu Science Industrial Park Authority of the Ministry of Science and Technology to develop the cooperation grant for excellence in industry and science.
	Sep. General Manager Heng Tai Xiang participated in 2015 OF week Seminar on optical communication technology and applications, presented at the conference "How to create a rugged fiber entry solution for new hard skin fibers".
	Nov. exercise of employee equity first application for recognition and listing.
2016	Invisible fiber successfully won two Chinese bids (Inner Mongolia + China Telecom in Shaoguan, Guangdong), reaching the milestone of entering the bid mode from a small number of individual samples.
	May. The AGM resolved to pass the case of capital reduction to make up for losses and private placement to handle the case of cash capital increase and issuance of ordinary shares.
	Oct. Acquisition of 1,680,000 common stock shares of Chen Li Education Co., Ltd., with a shareholding ratio of 15%.
2017	Mar. Acquisition of 8,176,000 common stock shares of Chen Li Education Co., Ltd., with the cumulative shareholding ratio is 88%.
	Chen Li Education Co., Ltd. began to be incorporated into the consolidated statements.

Year	Important Events
2017	Jul. Acquisition of 1,344,000 common stock shares of Chen Li Education Co., Ltd., with the cumulative shareholding ratio is 100%.
	Oct. Set up subsidiary Prime Optical Fiber Co., Ltd.
2018	Jan. Prime Education Consulting Co., Ltd. was jointly established with Yi He Short-term cram school, in order to expand the supplementary education market in Kaohsiung.
	Mar. Share subscription warrants of 800,000 Share.
	Aug. NT\$ 8,314 thousand was transferred from capital reserves.
2019	Oct. Acquired Chuang-Si Technology Co., Ltd. and be renamed as "Chen Li Elm Co., Ltd.", in order to develop primary school digital education products beyond subjects.
2020	Jan. Li-ren Education Co., Ltd. was jointly established with the head of the biology team, in order to expand its operations to the field of biology teaching.
	Feb. Chen Li Zhiyi Education Co., Ltd. was triggle jointly established with a teacher Min-ru Zhang, and with the chairman of Eagle Institute, which is first American English brand locally, in order to expand the operation to the Zhubei area of Hsinchu.
	Mar. The BOD have passed a resolution on the sale of the Optic fiber business Division. The sale of this division will be transferred to the Corporation's 100% owned subsidiary-Prime Optical Fiber Corporation. The base date of this sale is on May 15,2020.
	Jul. The Board of Directors has approved a resolution to dispose the optical fiber subsidiary.
	Aug. Capital reserve transferred to common stock \$17,260 Thousand NT.
	Sep. Acquisition of 490,000 common stock shares of Prime Education Consulting Co., Ltd., with the cumulative shareholding ratio is 100%. The entity is renamed as "Here Co., Ltd.".
2021	Jul. Moved out of Hsinchu Science Park and moved to Zhongzheng District, Taipei City.
	Jul. The treasury shares were cancelled and the capital was reduced by NT\$850,000.
	Dec. Due to the impact of the pandemic, Chen Lizhiyi Education Co., Ltd., which was mainly engaged in Hsinchu and Zhubei, was dissolved and liquidated.

III. Corporate Governance Report

1. Organization

(1) Organization Chart



(2) Functions of the Main Departments

Dept.	Functions
Chairman Office	1.Assist in establishing long-, mid-, and short-term operational strategies and objectives.
	2.Coordinate the planning of the overall business systems and the guidelines of management of the Company.
President Office	1.Coordinate organizational operation, process improvement and supervision of the responsibilities of each department.
	2.Assist the senior management level in operational decision analysis
Audit Office	1.Inspect operational risks of the group, improve abnormalities, and supervise the effectiveness of the implementation of operational plans.
	2.Inspect annual audit plan and abnormal events.
Operation	1.Assist in establishing the developmental strategies and objectives of enterprise digital business
	2.Digital business retail business development unit: Middle school, high school, vocational school.
	3.Assessment and development of the digital business of learning center licensing
	4.Cooperate with physical learning centers to develop solutions for integration of virtual and physical business.
Finance & Accounting	1.Accounting processing, accounting report preparation and analysis of the group.
	2.Fund management and funds raising management of the group.
	3.Financial insurance management and execution of relevant laws relating to stock affairs management of the group.
Administration	1.Human resource planning, recruitment and appointment, salary management, education and training, employee welfare relations and other related matters.
	2.Establish related management measures including salary adjustment, performance reward operations and human resources.
	3.General affairs and equipment/property management.
	4.Responsible for teachers, teaching materials, publicity advertisements, equipment and external procurement and request for funding.
	5.Request for reimbursement of general affairs expenses and management of supplier evaluation.
	6.Responsible for the repair and maintenance of the general affairs of the factory, the safety and sanitation of the general office and schools.
IT	1.Information security policy formulation and information security management.
	2.Hardware and computer system maintenance and drafting of network management and information system architecture.
	3.System writing, maintenance and support and integration of management information operations, etc.
	4.Information equipment management.
Educational Affairs	1.Arrangement and management of professional teachers and teacher training.
	2.Curriculum planning and management.
	3.Graphic design reproduction and management (including print and online).
	4.Arrangement and management of teaching materials, promotional activities, and advertisements.
	5.Operation and management of the Teaching Affairs Office of middle and high schools.
	6.Digital photography and event photography.
Legal Affairs	1.Responsible for handling legal affairs relating to the operation of the Company.
	2.Intellectual property rights management, litigation, and contract review, etc.

2. Directors, Supervisors, General Manager, Deputy General Manager, Departmental Manager, and Management Team

(1) Directors and Supervisors

April 18, 2023

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouses & Minor Shareholding		Shareholding by Nominee Arrangement		Experience/ Education	Current Positions at SPC or others	Other executives, directors, or supervisors within the spouse or 2 nd of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C	Shu-Ling Tseng	F 65	2022.06.09	3	2019.01.23 (Note 1)	978,728	5.12%	1,023,728	5.36%	320,000	1.68%	-	-	(Note 5)	(Note 5)	Director	Min-Chun Chen	Spouse	Note 4
Director	R.O.C	Min-Chun Chen	M 65	2022.06.09	3	2019.01.21 (Note 2)	236,000	1.24%	320,000	1.68%	1,023,728	5.36%	-	-	(Note 5)	(Note 5)	Director	Yen-Shuan Chen Yun Chen	Within 2 nd degree Within 2 nd degree	
Director	Samoa	Far Eastern Int'l Bank Be entrusted for Endow Capital Management Inc. Investment specific account		2022.06.09	3	2017.01.18	1,890,039	9.90%	1,890,039	9.90%	-	-	-	-	(Note 5)	(Note 5)	Chairman	Shu-Ling Tseng	Spouse	
		Representative: Xiang-Qi Fang	M 44	2022.06.09	3	2019.05.02	-	-	-	-	-	-	-	-	(Note 5)	(Note 5)	Director	Yen-Shuan Chen Yun Chen	Within 2 nd degree Within 2 nd degree	
		Representative: Jin-Ru Cheng	F 61	2022.06.09	3	2017.01.18 (Note 3)	140,933	0.74%	140,933	0.74%	-	-	-	-	(Note 5)	(Note 5)	Director	None	None	
Director	Samoa	Far Eastern Int'l Bank Be entrusted for Bash Consultant Inc. Investment specific account		2022.06.09	3	2019.05.02	1,890,039	9.90%	1,890,039	9.90%	-	-	-	-	(Note 5)	(Note 5)		-	-	
		Representative: Yen-Shuan Chen	F 36	2022.06.09	3	2019.05.02	44,000	0.23%	95,000	0.50%	-	-	-	-	(Note 5)	(Note 5)	Director	Min-Chun Chen	Within 2 nd degree	
		Representative: Yun Chen	F 26	2022.06.09	3	2019.05.02	58,000	0.30%	254,000	1.33%	-	-	-	-	(Note 5)	(Note 5)	Chairman	Shu-Ling Tseng Yun Chen	Within 2 nd degree Within 2 nd degree	
Independent Director	R.O.C	Bing-Quan Shi	M 47	2022.06.09	3	2019.05.02	-	-	-	-	-	-	-	-	(Note 5)	(Note 5)	Director	None	None	
Independent Director	R.O.C	Pei-Jun Hong	F 36	2022.06.09	3	2019.05.02	-	-	-	-	-	-	-	-	(Note 5)	(Note 5)	Director	None	None	
Independent Director	R.O.C	Ying-De Wu	M 44	2022.06.09	3	2020.06.18	-	-	-	-	-	-	-	-	(Note 5)	(Note 5)	Director	None	None	

Note 1: Acted as the director on 2019.01.23 while being the representative of Endow Capital Management Inc., and was elected as the natural person director at AGM on 2019.05.02.

Note 2: Acted as the director on 2019.01.21 while being the representative of Endow Capital Management Inc., and was elected as the Chairman on 2019.01.30 by the Board; and was elected as a natural person director at the AGM on 2019.05.02.

Note 3: Acted as the director on 2017.01.18 while being the representative of Endow Capital Management Inc., then resigned after reassignment by the legal person on 2018.12.24; and was acted as the director on 2020.09.30 while being the representative of Endow Capital Management Inc. again.

Note 4: The Chairman of the Board, Shu-Lin Tseng, is also the President of the Company, and to strengthen the independence of the Board of Directors, the Company has planned to add 1 more independent director in 2023 to improve the capacity of the Board and strengthen supervision. At present, the Company has implemented the following measures,

(1) The 3 independent directors are experts in finance and accounting and law and can effectively exert their functions of supervision.

(2) The directors are arranged to participate the continuing education courses designed for directors every year provided by external organizations such as SFC to improve the operational efficiency of the Board.

(3) Independent directors in the Audit Committee and Remuneration Committee can discuss freely and give suggestions to the Board of Directors for their reference so as to realize corporate governance.

(4) More than half of the directors of the Board are not the employees or managerial officers.

Note 5: Education/ work experience and other concurrent positions within the Company or elsewhere of the directors and representative of the Company,

Title	Name	Work (Academic) Experience	Currently Holding Positions of the Company and Other Companies
Chairman	Shu-Ling Tseng	National Taiwan University, EMBA National Taiwan University, Bachelor of Foreign Language Studies	Success Prime Corporation, President CHENLI Education Group Limited, Chairman CHENLI Education Group (HK) Limited, Chairman Chen Li (Xiamen) Culture Communication, Representative Taitung Qidian International Experimental Education Institution, Chairman Future School Foundation Taitung Yuren High School, Director
Director	Min-Chun Chen	National Tsinghua University, EMBA National Tsinghua University, Bachelor of Industrial Engineering Bachelor	Chenli Education Technology, Chairman King's Metal Fiber Technologies Co., Ltd, Director TRL-I Advanced Technology Inc, Director TRL-I Biotech Inc, Director TRL-I International, Chairman Edclassic Inc., Chairman
Representative	Xiang-Qi Fang	Fengjia University, Bachelor of Accounting	SULDE International Consulting Corporation, Chairman and President SULDE Strategy, Chairman Newretail Co., Ltd, Independent Director Keystone Intellectual Property Office, Director
Representative	Jin-Ru Cheng	National Taiwan University, EMBA Chinese Culture University, Bachelor of Economics	Future School Foundation Taitung Yuren High School, Director Taitung Qidian International Experimental Education Institution, Director Chen Li Education Foundation, Director
Representative	Yen-Shuan Chen	University of Washington, Bachelor of Graphic Design	En Dian Asset Management, Supervisor None
Representative	Yun Chen	McGill University, Bachelor of Finance	None
Independent Director	Bing-Quan Shi	TamKang University, Masters of Accounting	JYH HER CPAs, Partner Accountant Lian Hong Art Company Limited, Independent Director
Independent Director	Pei-Jun Hong	National Taiwan University, Masters of Law National Taipei University, Bachelor of Law USA Washington University in St. Louis, J.D. USA Washington University in St. Louis, L.L.M. USA Case Western Reserve University, L.L.M. Chinese Culture University, Bachelor of Law and Politics	Tengri International Law Firm, Attorney and Director Roo Hsing Co., Ltd, Independent Director
Independent Director	Ying-De Wu	USA Washington University in St. Louis, J.D. USA Washington University in St. Louis, L.L.M. USA Case Western Reserve University, L.L.M. Chinese Culture University, Bachelor of Law and Politics	Chinese Culture University, Dean of Law Department and Director of Law Graduate School National Taiwan University International Business Department, Assistant Professor National Taipei University, Assistant Law Professor Financial Ombudsman Institution, Evaluation Committee Member Mega Int'l Commercial Bank Co., Ltd, Director Chinese Arbitration Association Taipei, Arbitrator Chinese Arbitration Association Taipei, Financial Arbitrator

Major shareholders of the institutional shareholders

April 18, 2023

Name of Institutional Shareholders	Major Shareholders
Far Eastern Int'l Bank Be entrusted for Bash Consultant Inc. Investment specific account	CHEN, YEN-SHUEN (100%)
Far Eastern Int'l Bank Be entrusted for Endow Capital Management Inc. Investment specific account	CHEN TSENG, SHU-LING (100%)

i. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Criteria Name	Professional Qualification and Experience	Independence Criteria	Numbers of Concurrently Serving(Note)
Shu-Ling Tseng	National Taiwan University, EMBA. Have more than five years of working experience in company business. Success Prime Corporation, Director None of the provisions of Article 30 of the Company Law apply.	Employed by the Group. Appointed by the company as a director of the Group's subsidiary. She and her spouse hold about 7.04% of the Company's shares. Spouse of director Min-Chun Chen, and is within the second degree of kinship with directors Yen-Shuen Chen and Yun Chen.	-
Min-Chun Chen	National Tsinghua University, EMBA. Have more than five years of working experience in company business. Chen Li Education, Founder. None of the provisions of Article 30 of the Company Law apply.	Employed by the Group. He and his spouse hold about 7.04% of the Company's shares. Spouse of director Shu-Ling Tseng, and is within the second degree of kinship with directors Yen-Shuen Chen and Yun Chen.	-
Endow Capital Management Inc. Representative: Xiang-Qi Fang	Fengjia University, Bachelor of Accounting More than five years working experience in business, finance and accounting. None of the provisions of Article 30 of the Company Law apply.	As Corporate representative director. Do not own any shares of the company.	1
Endow Capital Management Inc. Representative: Jing-Ru Cheng	National Taiwan University, EMBA. Have more than five years of working experience in company business. Was Chen Li Education, Vice General Manager None of the provisions of Article 30 of the Company Law apply.	As Corporate representative director. Hold 0.74% of Company shares.	-
Bash Consulting Inc. Representative: Yen-Shuen Chen	University of Washington, Bachelor of Graphic Design Have more than five years of working experience in company business. Was Success Prime Corporation, Graphic Editor None of the provisions of Article 30 of the Company Law apply.	As Corporate representative director. Hold 0.5% of Company shares. Within the second degree of kinship with directors Min-Chun Chen, Shu-Ling Tseng and Yun Chen.	-
Bash Consulting Inc. Representative: Yun Chen	McGill University, Bachelor of Finance. Have more than five years of working experience in company business. Was Chen Li Education, Founder Executive Assistant. None of the provisions of Article 30 of the Company Law apply.	As Corporate representative director. Hold 1.33% of Company shares. Within the second degree of kinship with directors Min-Chun Chen, Shu-Ling Tseng and Yen-Shuen Chen.	-
Bing-Quan Shi	TamKang University, Masters of Accounting. More than five years working experience in finance and accounting. Holds R.O.C CPA License. In 2002, joined Deloitte & Touche as the Audit Executive Manager; In 2010, joined JYH HER CPAs as Partner Accountant. During practice, obtained the certification of evaluation accountant of the R.O.C. Convener of the Audit Committee. Remuneration Committee member. None of the provisions of Article 30 of the Company Law apply.	There are no matters in Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", which is in line with the independence criteria. Neither the independent directors themselves, their spouses, or relatives within the second degree of relatives hold company shares, nor do they hold company shares in the name of others. No business, legal, financial, accounting or other services provided by the company or affiliated companies in the past two years.	1

Criteria Name	Professional Qualification and Experience	Independence Criteria	Numbers of Concurrently Serving(Note)
Pei-Jun Hong	National Taiwan University, Masters of Law More than five years working experience in business and law. Holds attorney license of R.O.C. The main practice areas are general civil and criminal litigation cases, corporate and securities business incidents, administrative relief incidents, and government legal affairs. Member of Audit Committee. Convener of the Remuneration Committee. None of the provisions of Article 30 of the Company Law apply.	There are no matters in Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", which is in line with the independence criteria. Neither the independent directors themselves, their spouses, or relatives within the second degree of relatives hold company shares, nor do they hold company shares in the name of others. No business, legal, financial, accounting or other services provided by the company or affiliated companies in the past two years.	1
Ying-De Wu	USA Washington University in St. Louis, J.D. USA Washington University in St. Louis, L.L.M. USA Case Western Reserve University, L.L.M. Chinese Culture University, Bachelor of Law and Politics More than five years working experience in law. Chinese Culture University, Law Professor Central Police University, Assistant Law Professor National Taipei University, Assistant Law Professor National Taipei University of Business, Assistant Finance Professor Member of Audit and Remuneration Committee. None of the provisions of Article 30 of the Company Law apply.	There are no matters in Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", which is in line with the independence criteria. Neither the independent directors themselves, their spouses, or relatives within the second degree of relatives hold company shares, nor do they hold company shares in the name of others. No business, legal, financial, accounting or other services provided by the company or affiliated companies in the past two years.	-

Note: Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director.

ii. Diversity and Independence of the Board of Directors

(i) Diversity of the Board of Directors

The Company advocates and respects the policy of diversification of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the election of directors adopts a candidate nomination system, and the Board of Directors examines whether the candidates are in line with the Company's operations in accordance with the Company's Procedure for the Election of Directors in terms of diversified plans for operations, business model and development needs, including but not limited to, the gender, age, nationality, culture, and professional skills of the candidates. Specific management goals are as follows:

- A. Each gender of the Board of Directors shall account for more than one-third (inclusive) of the total number of directors.
- B. The number of the directors who are also the managerial officers of the Company shall not exceed one-third of the total number of the directors.
- C. At least two independent directors shall serve no more than three consecutive terms.

The Company currently has 9 directors (including 3 independent directors), and the implementation of diversification is as follows:

- A. Four male directors (including 2 independent directors), accounting for 44%; 5 female directors (including 1 independent director), accounting for 56%.
- B. One part-time managerial officer, accounting for 11%, 2 directors are also the employees of the Group (including managerial officers), accounting for 22%.
- C. Three independent directors, accounting for 33%. No independent director has served more than three consecutive terms.
- D. Diversification of the background of individual director

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Title	Name	Nationality	Gender	Term of Independent Director	Age (years)			Professional background			Core capability				
					25~40	41~55	56~70	A1	A2	A3	B1	B2	B3	B4	B5
Director	Ming-Jun Chen	ROC	M	-			✓	✓			✓	✓			✓
Director	Shu-Lin Tseng	ROC	F	-			✓	✓			✓	✓		✓	✓
Director	Xiang-Qi Fang	ROC	M	-		✓			✓		✓		✓	✓	
Director	Gin-Ru Cheng	ROC	F	-			✓	✓			✓	✓			✓
Director	Yen-Hsuan Chen	ROC	F	-	✓			✓			✓	✓			✓
Director	Yun Chen	ROC	F	-	✓			✓			✓	✓	✓		✓
Independent Director	Bing-Qan Shi	ROC	M	4~6Years		✓		✓	✓		✓	✓		✓	
Independent Director	Pei-Jun Hong	ROC	F	4~6 Years	✓			✓		✓		✓	✓		
Independent Director	Yin-De Wu	ROC	M	Less than 3years		✓		✓		✓	✓	✓	✓		

Note

Professional background			Core capability				
A1	A2	A3	B1	B2	B3	B4	B5
Industry	Finance & Accounting	Law	Business management	Industrial knowledge	Law	Finance and accounting	Marketing

(ii) Board's independence

The current Board of Directors is consisting of 9 directors and among which 3 are independent directors, accounting for 33%. More than half of the directors are not spouses or primary or secondary kins of each other and therefore meeting the provision set forth in Article 26-3, Paragraph 3 of the Securities and Exchange Act. In addition, the Company has established the Audit Committee and is therefore exempted from Article 26-3, Paragraph 4 of the Securities and Exchange Act. In summary, the Board of Directors of the Company is independent.

(2) President, Vice Presidents, Assistant Vice Presidents, and supervisors of Departments and Branches

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Title	Nation-ality	Name	Gender	Date Elected	Current Shareholding		Spouses & Minor Shareholding		Shareholding by Nominee Arrangement		Experience/Education	Current Positions at other company	Executives within the spouse or 2nd of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relati-onship	
President	ROC	Shu-Lin Tseng	F	2017.07.13	1,023,728	5.36%	320,000	1.68%	-	-	National Taiwan University Master of Management (EMBA) Department of Foreign Languages, National Taiwan University	Refer to p.10	None	None	None	Note 1
Finance & Accounting Supervisor	ROC	Hsiang-Yi Lo	F	2019.01.28 (Note 2)	10,000	0.05%	-	-	-	-	Finance & Accounting Manager of Chen-Li Education Group Co., Ltd. Manager of Deloitte & Touche Manager	None	None	None	None	-
Corporate Governance Officer	ROC	Ching-Fen Lin	F	2022.11.09	-	-	-	-	-	-	TamKang University, Bachelor of Accounting Plastron Precision Co., Ltd., Head of Finance	None	None	None	None	-

Note 1: The Chairman of the Board, Shu-Lin Tseng, is also the President of the Company, and to strengthen the independence of the Board of Directors, the Company has planned to add 1 more independent director in 2023 to improve the capacity of the Board and strengthen supervision. At present, the Company has implemented the following measures,

(1) The 3 independent directors are experts in finance and accounting and law and can effectively exert their functions of supervision.

(2) The directors are arranged to participate the continuing education courses designed for directors every year provided by external organizations such as SFC to improve the operational efficiency of the Board.

(3) Independent directors in the Audit Committee and Remuneration Committee can discuss freely and give suggestions to the Board of Directors for their reference so as to realize corporate governance.

(4) More than half of the directors of the Board are not the employees or managerial officers.

Note 2: Newly appointed on 2019.01.28 and was ratified at the board meeting by the Board of Directors on 2019.01.30.

3. Remunerations to Directors (including Independent Directors), Supervisors, President, and Vice Presidents in recent years

(1) Remuneration to Directors (including Independent Directors)

December 31, 2022 Unit: NT\$ thousands; thousand shares																				
Title	Name	Director's remuneration						Total compensation (A+B+C+D) and the ratio of total compensation (A+B+C+D) to net income (%)		Relevant Remuneration Received by Directors Who are Also Employees				Total of A, B, C, D, E, F, and G and the ratio of the total of A, B, C, D, E, F, and G on the net income		Remuneration from investor companies other than subsidiaries or the parent company				
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C) (Note)		Fees for conducting business (D)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G) (Note)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	Cash	Stock		The company	All companies in the consolidated financial statements		
Chairman	Shu-Ling Tseng	60	60	-	-	147	147	15	15	222	0.28%	2,352	2,352	42	42	263	-	2,879	2,879	None
Director	Min-Chun Chen	352	352	-	-	147	147	15	15	514	0.65%	-	863	-	44	263	-	777	1,684	None
Director	Endow Capital Management Inc. Representative: Xiang-Qi Fang	60	60	-	-	147	147	15	15	222	0.28%	-	-	-	-	-	-	222	222	None
Director	Endow Capital Management Inc. Representative: Jin-Ru Cheng	60	60	-	-	148	148	12	12	220	0.28%	-	-	-	-	-	-	220	220	None
Director	Bash Consultant Inc. Representative: Yen-Shuan Chen	60	60	-	-	148	148	15	15	223	0.28%	487	487	29	29	-	-	739	739	None
Director	Bash Consultant Inc. Representative: Yun Chen	60	60	-	-	148	148	15	15	223	0.28%	-	-	-	-	-	-	223	223	None
Independent Director	Bing-Quan Shi	120	120	-	-	148	148	15	15	283	0.36%	-	-	-	-	-	-	283	283	None
Independent Director	Pei-Jun Hong	120	120	-	-	148	148	15	15	283	0.36%	-	-	-	-	-	-	283	283	None
Independent Director	Ying-De Wu	120	120	-	-	148	148	15	15	283	0.36%	-	-	-	-	-	-	283	283	None
11. Description of the policy, system, standards and structure of the remuneration paid to the Directors and Independent Directors of the Company and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: (1) According to the Company's Articles of Association, the remunerations paid to the Company's directors, regardless of operating profit or loss, may be determined based on individual contribution with reference to domestic and foreign industry standards by the Board of Directors upon authorization. For independent directors, reasonable remunerations may be determined separately and different from the general directors. In addition, as indicated in the Articles of Association that if there is profit in the year, no more than 5% shall be appropriated as the remunerations for directors. (2) The remunerations paid to the Company's directors is determined by the Remuneration Committee based on the participation in and contribution of each director to the operation of the Company following linking the reasonableness and fairness of performance risks with the remuneration received and the evaluation results will be submitted to the Board of Directors for resolution. 2. Except as disclosed above, remuneration received by directors in the most recent year for services rendered to the all companies in the financial statements (e.g. acting as an non-employee consultant to parent company/all companies in the financial statements/investee companies): Director Yun Chen provided the translation services for the English version of the annual report of the shareholders' meeting for the SPC, and the amount was NT\$100,000.																				

1. Description of the policy, system, standards and structure of the remuneration paid to the Directors and Independent Directors of the Company and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:

(1) According to the Company's Articles of Association, the remunerations paid to the Company's directors, regardless of operating profit or loss, may be determined based on individual contribution with reference to domestic and foreign industry standards by the Board of Directors upon authorization. For independent directors, reasonable remunerations may be determined separately and different from the general directors. In addition, as indicated in the Articles of Association that if there is profit in the year, no more than 5% shall be appropriated as the remunerations for directors.

(2) The remunerations paid to the Company's directors is determined by the Remuneration Committee based on the participation in and contribution of each director to the operation of the Company following linking the reasonableness and fairness of performance risks with the remuneration received and the evaluation results will be submitted to the Board of Directors for resolution. Except as disclosed above, remuneration received by directors in the most recent year for services rendered to the all companies in the financial statements (e.g. acting as a non-employee consultant to parent company/all companies in the financial statements/investor companies):

Director Yun Chen provided the translation services for the English version of the annual report of the shareholders' meeting for the SPC, and the amount was NT\$100,000.

Note: The remunerations paid to the directors and employees in 2022 have not yet been distribute. The numbers in this table is estimated in accordance with the regulations governing remunerations for directors, managerial officers, and functional members, and the remuneration for employees is estimated based on the proportion of the actual distribution of the last year.

(2) Remunerations to Supervisors: The SPC has established the Audit Committee to replace supervisors and therefore this is not applicable.

(3) Remunerations to President and Vice Presidents

December 31, 2022 Unit: NT\$ thousands; thousand shares

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and allowances, etc. (C)		Remuneration for employees (D) (Note)				(A+B+C+D) and the ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from investee companies other than subsidiaries or the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements	The Company	All companies in the financial statements		
								Cash	Stock				Cash	
President	Shu-Lin Tseng	1,643	1,643	42	42	709	709	263	-	263	-	2,657 3.35%	2,657 3.35%	None

Note: The remunerations to the employees for 2022 have not been actually distributed. The numbers in the table is calculated based on the proportion of the actual distribution of the last year.

(4) Individual Remuneration Paid to Each of the Top Five Management Personnel

December 31, 2022 Unit: NT\$ thousands; thousand shares

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and allowances, etc. (C)		Remuneration for employees (D) (Note3)				(A+B+C+D) and the ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from investee companies other than subsidiaries or the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements		The Company	All companies in the financial statements				
							Cash	Stock			Cash	Stock		
President	Shu-Lin Tseng	1,643	1,643	42	42	709	709	263	-	263	-	2,657 3.35%	2,657 3.35%	無
Finance & Accounting Supervisor	Hsiang-Yi Lo	1,083	1,083	63	63	365	365	197	-	197	-	1,708 2.16%	1,708 2.16%	無
Corporate Governance Officer(Note 2)	Ching-Fen Lin	104	104	6	6	60	60	13	-	13	-	183 0.23%	183 0.23%	無

Note 1: In 2022, only 3 directors of the Company met the criteria of the "Top Five Managerial Officers" as specified by the competent authority.

Note 2: The corporate governance officer was appointed on 2022.11.09 by the Board of Directors, and the amount disclosed in this table does not include the remuneration received before he/she being appointed as the corporate governance officer.

Note 3: The remunerations to the employees for 2022 have not been actually distributed. The numbers in the table is calculated based on the proportion of the actual distribution of the last year.

- (5) Name of the managerial officer who distribute the remunerations to the employees and the status on distribution

December 31, 2022 ; Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Ratio of total amount to net income(%)
Executive Officers	President	Shu-Lin Tseng	-	473	473	0.60%
	Finance & Accounting Supervisor	Hsiang-Yi Lo				
	Corporate Governance Officer	Ching-Fen Lin				

Note: The remunerations to the employees for 2022 have not been actually distributed. The numbers in the table is calculated based on the proportion of the actual distribution of the last year.

- (6) Analysis and explanation of the total remunerations paid to Directors, President and Vice Presidents as a percentage of profit after tax reported in standalone or consolidated financial statements in the most recent two years, and description of the policy, standards, and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks
- i. Total remunerations to Directors, President and Vice Presidents of the Company as a percentage of profit after tax reported in standalone or individual financial statements in the most recent two years

Unit: NT\$ thousands

Remuneration Item	The Company				All companies in the consolidated financial statements			
	2021		2022		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Director	2,489	4.37%	2,473	3.12%	2,489	4.37%	2,473	3.12%
President and Vice Presidents	2,148	3.77%	2,657	3.35%	2,148	3.77%	2,657	3.35%
Total	4,637	8.15%	5,130	6.47%	4,637	8.15%	5,130	6.47%

In 2022 and 2021, the total remuneration paid to the directors, managerial officers, and Vice Presidents by the Company and all companies in the consolidated statements accounted for 6.47% and 8.15% of the net profit after tax, respectively. The increase in the total amount paid this year is mainly due to the increase in the net profit after tax, and the remuneration of directors and performance bonuses for part-time employees calculated based on profits and operating results also increased. However, because the remunerations paid to the directors, presidents and vice presidents include fixed remuneration and salaries, the proportion of total remuneration paid to net profit after tax in 2022 reduced instead compared with the previous year.

- ii. The policies, standards, and combination of paying remunerations and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks

The remuneration paid to the directors of the Company is processed in accordance with the Company's Articles of Association and the "Regulations governing Remunerations for Directors, Managerial Officers, and Functional Members"

(hereinafter referred to as the regulations governing remunerations). The remunerations will be proposed and submitted to the Remuneration Committee for evaluation before being determined at the board meeting, including the fixed remuneration paid for performing the duties assigned by the Company, regardless of operating profits or losses, the traveling expenses paid for attending the board meetings, and the distribution of no more than 5% of the profits of the current year as the remuneration of the directors. The remuneration paid to each director is calculated based on their participation in the operation of the Company (for example, attendance rate for the board meetings) and their contribution in accordance with the regulations governing remunerations. For part-time employees, the remuneration includes the fixed salaries, retirement pensions allocated according to law, and performance bonus calculated based on operating results.

The remuneration paid to the managerial officers of the Company is also processed in accordance with the regulations governing remunerations, and the remunerations will be proposed and submitted to the Remuneration Committee for evaluation before being determined at the board meeting. In addition to the fixed salaries, retirement pensions allocated according to law, and the employees' remuneration of no less than 3% of the profits of the current year, year-end bonus and performance bonus calculated based on the operating results of the year are also included.

The procedures for determining remuneration and the combination of remuneration payments of the Company are established in accordance with the Organization Rules of the Remuneration Committee and the regulations governing remunerations, which is consistent with the parts of remunerations for directors and managerial officers specified in the standards for publication of corporate annual report. Related matters are evaluated by the Remuneration Committee before being submitted to and determined by the Board of Directors. In addition, the remuneration system will be reviewed from time to time depending on the actual operational situation and relevant laws and regulations. Moreover, because the remuneration combinations include the remuneration for directors and employees distributed based on the profits of the year as well as the year-end bonus and performance bonus calculated based on the annual operating results of the Company, it is obvious that the amount of remuneration is positively associated with business performance and future risks.

4. Implementation of corporate governance

(1) Operations of the Board of Directors

The BOD met 7 times in 2022. The details of attendance are as follows:

Title	Name	Actual Attendance Number of times	Attendance by proxy Number of times	Actual Attendance rate (%)	Note
Chairman	Shu-Ling Tseng	7	-	100%	Re-appointed on 2022.06.09
Director	Min-Chun Chen	7	-	100%	Re-appointed on 2022.06.09
Director	Endow Capital Management Inc. Representative: Xiang-Qi Fang	7	-	100%	Re-appointed on 2022.06.09
Director	Endow Capital Management Inc. Representative: Jin-Ru Cheng	6	1	85.71%	Re-appointed on 2022.06.09
Director	Bash Consultant Inc. Representative: Yen-Shuan Chen	7	-	100%	Re-appointed on 2022.06.09
Director	Bash Consultant Inc. Representative: Yun Chen	7	-	100%	Re-appointed on 2022.06.09
Independent Director	Bing-Quan Shi	7	-	100%	Re-appointed on 2022.06.09
Independent Director	Pei-Jun Hong	7	-	100%	Re-appointed on 2022.06.09
Independent Director	Ying-De Wu	7	-	100%	Re-appointed on 2022.06.09

Other matters that require reporting:

1. Should any of the following take place in a board meeting, the date and the ordinal number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions shall be stated:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act

Date and the ordinal number of board meeting	Agenda item(s)	Opinion(s) of the independent director(s)	Response of the Company to the independent director's opinion(s)	Resolution of the Board of Directors
2022.03.09 12th-term 22nd	1. 2021 Evaluation of the Effectiveness of the Internal Control System and Statement of Internal Control System 2. 2021 Business Report and Financial Statements. 3. 2021 earnings distribution proposal. 4. Distribution of cash dividends from capital surplus. 5. Amendment to the "Regulations Governing Asset Acquisition or Disposal Management". 6. Amendment to the "Regulations Governing Derivatives Trading Management". 7. Appointment of CPAs	No objection or qualified opinion.	Not applicable.	The Chair passed the matter without objection from all directors and independent directors in attendance.
2022.04.26 12th-term 23rd	1. Appointment of CPAs and remuneration.			
2022.05.06 12th-term 24th	1. Consolidated financial report for Q1 2022.			
2022.06.09 13th-term Temporary 1st	1. Election of the Chairman.			
2022.08.09 13th-term 1st	1. Consolidated financial report for Q2 2022. 2. Proposal for appointing members of the 6th session Remuneration Committee.			

Date and the ordinal number of board meeting	Agenda item(s)	Opinion(s) of the independent director(s)	Response of the Company to the independent director's opinion(s)	Resolution of the Board of Directors
2022.11.09 13th-term 2nd	1.Consolidated financial report for Q3 2022. 2.Appointment of the Chief Financial Officer. 3.Appointment of the Corporate Governance Officer. 4.Amendment to circulation of the internal control system.			

(2) Aside from the above matters, other resolutions adopted by the Board of Directors to which an independent director has expressed objections or qualified opinions on record or in writing: N/A.

2. Status on recusals of directors due to conflicts of interests:

Date of board meeting	Name	Agenda item(s)	Reason for recusal due to conflicts of interests	Voting on the agenda item
2022.04.26	Shu-Lin Tseng Ming-Jun Chen Yen-Hsuan Chen Yun Chen	Distribution of the employees' remuneration for 2021.	Shu-Lin Tseng and Ming-Jun Chen received the distributed remuneration, Yen-Hsuan Chen and Yun Chen are secondary kins of Shu-Lin Tseng and Ming-Jun Chen and therefore are considered to have conflicts of interests.	Recused in accordance with the laws and did not participate in the discussion and voting.
2022.11.09	Shu-Lin Tseng Ming-Jun Chen Yen-Hsuan Chen Yun Chen	The remuneration for directors who are also the employees of the Group.	Shu-Lin Tseng and Ming-Jun Chen are both the employees of the Group, Yen-Hsuan Chen and Yun Chen are secondary kins of Shu-Lin Tseng and Ming-Jun Chen and therefore are considered to have conflicts of interests.	

3. Status on implementation of self evaluation of the Board of Directors

Cycle	Period	Scope	Method	Contents
At least once a year	Year 2022	Individual director member	Self-evaluation of the board members	Familiarity with the goals and missions of the Company: 4.94 Recognition of duties as Directors: 4.96 Degree of participation in Company operations: 4.84 Management of internal relations and communication: 4.94 Directors' professionalism and continuing education: 5.00 Internal controls: 4.96 Other: 5.00
		The overall Board of Directors	Self-evaluation of the board members	Degree of participation in Company operations: 4.98 Improving the quality of the Board of Directors' decision making: 5.00 Composition and structure of the Board of Directors: 5.00 Election and continuing education of the Directors: 5.00 Internal controls: 5.00
		Audit Committee	Self-evaluation of the committee members	Degree of participation in Company operations: 5.00 Knowledge of the duties of the functional committee: 5.00 Improvement of the quality of functional committee's decisions: 5.00 Functional committee composition and election of members: 5.00 Internal controls: 4.89
		Remuneration Committee	Self-evaluation of the committee members	Degree of participation in Company operations: 5.00 Knowledge of the duties of the functional committee: 5.00 Improvement of the quality of functional committee's decisions: 5.00 Functional committee composition and election of members: 5.00

The results of the 2022 performance evaluation were reported to the Board of Directors on March 14, 2023. After reviewing the evaluation results, the scores of each item for 2022 were all excellent. Overall, the operating performance was good, the operation was smooth and meet the requirements of corporate governance.

4. An evaluation of the goals set for strengthening the functions of the Board of Directors and implementation status during the current and immediately preceding fiscal years

- (1) Periodic discussion and revision of various regulations to comply with the existing laws and regulations and meet the needs of management practices, so as to ensure the legitimacy of various regulations.
- (2) Take initiatives to arrange various continuing education courses for directors so as to facilitate directors' access to relevant information and upkeep their core value and professional advantages as well as abilities. All directors of the Company had completed the required number of hours of continuing education for directors and supervisors of listed companies in 2022, a total of 20 courses were taken and the total number of hours was 59 hours (see p. 28 of the Annual Report for detail).
- (3) To improve information transparency, the Company has designed "Information for Investors", "Corporate Governance", and "Stakeholders" sections on the official website and provides relevant information in Chinese and English. Important information of the Board of Directors was also published on <https://mops.twse.com.tw> promptly to avoid inconsistency in information.
- (4) The Company purchases the "liability insurance for directors and managerial officers and reviews the contents of the insurance policy periodically to verify that the amount insured and coverage meet the needs.

(2) Status on the operations of the Audit Committee

The Audit Committee of the Company is consisting of 3 independent directors, and for their professional qualifications and experiences, please see p.11~p.12 of the Annual Report.

The Audit Committee's primary responsibility is to assist the board of directors in performing its duty to oversee the accounting, auditing, and financial reporting processes in the Company and the quality of financial management. Matters reviewed by the Audit Committee according to its responsibility include,

- i. Formulation or revision of the internal control system in accordance with the provisions specified in Article 14-1 of the Securities and Exchange Act.
- ii. Evaluation of the Effectiveness of the Internal Control System.
- iii. Handling procedures for conducting major financial business such as asset acquisition or disposal, engaging in derivatives trading, providing loans to others, making endorsements for others or guarantees shall be in accordance with the provision of Article 36-1 of the Securities and Exchange Act.
- iv. Matters in which the director has an interest in.
- v. Engaging in major assets or derivatives trading.
- vi. Material loans, endorsements, or making guarantees.
- vii. Raising, issuing or private placement of securities with equity nature.
- viii. Appointment, dismissal or remuneration of the certified public accountants (CPAs).
- ix. Appointment and dismissal of financial, accounting or internal audit supervisors.
- x. The annual financial report signed or sealed by the Chairman, managerial officers and accounting supervisor and the Q2 Financial Report that shall be audited and certified by an accountant.
- xi. Other major matters stipulated by the Company or the competent authority.

The Audit Committee met 6 times in 2022. The details of the attendance of independent directors are as follows,

Title	Name	Actual Attendance Number of times	Attendance by proxy Number of times	Actual attendance rate (%)	Note
Independent Director (Convener)	Bing-Qan Shi	6	0	100%	Re-appointed on 2022.06.09
Independent Director	Pei-Jun Hong	6	0	100%	Re-appointed on 2022.06.09
Independent Director	Yin-De Wu	6	0	100%	Re-appointed on 2022.06.09

Other matters that require reporting

1. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's response to the resolutions of the Audit Committee shall be recorded under the following circumstances during the operations of the Audit Committee.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act

Date and the ordinal number of board meetings held by the Audit Committee	Agenda item(s)	Contents of the objections, qualified opinions or major suggestions from independent directors	Resolutions of the Audit Committee	The Company's response to the Audit Committee's opinions
2022.03.09 4th-term 18th	1.2021 Evaluation of the Effectiveness of the Internal Control System and Statement of Internal Control System. 2.2021 Business Report and Financial Statements. 3.2021 earnings distribution proposal. 4.Distribution of cash dividends from capital surplus. 5.Amendment to the "Regulations Governing Asset Acquisition or Disposal Management". 6.Amendment to the "Regulations Governing Derivatives Trading Management". 7.Appointment of CPAs	None.	The Chair passed the matter after consulting all the members in attendance .	The result was proposed to the Board of Directors of the Company for resolution.
2022.04.26 4th-term 19th	1.Appointment of CPAs and remuneration.			
2022.05.06 4th-term 20th	1.Consolidated financial report for Q1 2022.			
2022.08.09 5th-term 1st	1.Consolidated financial report for Q2 2022.			
2022.11.09 5th-term 2nd	1.Consolidated financial report for Q3 2022. 2.Appointment of the Chief Financial Officer. 3.Appointment of the Corporate Governance Officer. 4.Amendment to circulation of the internal control system.			

(2) Aside from the above matters, other resolutions that are passed by a two-thirds majority or more of the directors but without being passed by the Audit Committee: N/A.

2. When there are recusals of independent directors due to conflicts of interests, names of the independent directors, contents of resolutions, reasons of recusal, and voting participation shall be stated: N/A.

3. Communication between Independent Directors and internal auditors and accountants

- (1) After reviewing the monthly audit report, the internal audit supervisor will submit the report to each of the independent director withing the prescribed time limit and submit the report to the Board of Directors on a quarterly basis. In 2022, the independent directors did not raise objections to the relevant reports, and the communication was good. Communications were also conducted before commencing the Audit Committee's meeting, and related internal control system or management regulations were also revised accordingly in accordance with the amendment to the laws and regulations and actual operation conditions.
- (2) The Company's CPAs communicate well with the independent directors and will attend the Audit Committee's meeting when necessary to separately discuss the matters such as the responsibility and independence of the annual report and the status on the inspection of the internal control system and key inspection items and other matters as required by laws with independent directors. During the process, the independent directors may discuss any questions or thoughts with the CPA and the CPA will provide further explanation. The independent directors and accountants have contact information, and can also communicate with each other by e-mail and telephone at any time according to their needs. The communication was good.

4. Summary of 2022 work priorities

(1) Review of the Financial Report

The Board of Directors has prepared and submitted the 2021 Business Report, financial statements, consolidated financial statements, and individual financial statements, and earnings distribution proposal, and among which the consolidated financial statements and individual financial statements have been audited by Accountant Jin-Chuan Shi and Accountant Yong-Ming Qiu of Deloitte & Touche CPA and they have submitted an audit report with no reservations. The aforementioned Business Report, financial statements, consolidated financial statements, and individual financial statements have been reviewed by the Audit Committee as correctly portraying the Company's business activities. The 2022 Q1~Q3 Financial Report have also been reviewed and passed by the Audit Committee before being submitted for discussion by the Board of Directors.

(2) Evaluation of the effectiveness of the internal control system

The Audit Committee evaluated the effectiveness of the Company's internal control system policies and procedures (including the control measures like finance, business, risk management, information security, outsourcing, and regulatory compliance), and reviewed the Company's audit department, CPAs, and periodic reports from management, including risk management and regulatory compliance. The Audit Committee believes that the Company's risk management and internal control systems are effective, and that the Company has adopted the control mechanisms necessary to monitor and correct violations.

(3) Appointment of CPAs

The Audit Committee is entrusted with the responsibility of supervising the independence of the certified public accounting firm to ensure the fairness of the financial statements. To ensure the independence of the certified accounting firm, the Audit Committee formulated an independence assessment form with reference to Article 47 of the Accountants Law and Accounting Bulletin No. 10 of the Code of Ethics for Accountants, "Integrity, Fairness, Objectivity, and Independence", and evaluated whether the accounting firm is related to the Company, has business or financial interest relation with the Company based on the independence, professionalism and eligibility of the accountant. On March 9, 2022 and April 26, 2022, the Audit Committee reviewed and approved that Accountant Jin-Chuan Shi and Accountant Yong-Ming Qiu of Deloitte & Touche CPA both met the requirements of the independence standards and were qualified to served as the CPAs to process the financial and tax certification for the Company.

(3) Corporate governance practices and deviations with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons

Assessment item	Operations (Note)		Deviations and reasons	
	Y	N		
1. Has the Company set and disclosed principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies?" from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and reasons Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/ TPEX Listed Companies" and Reasons	✓		To establish a good system of corporate governance, the Company has established the Corporate Governance Best-Practice Principles in 2017 and continued to make revisions in accordance with external laws and regulations while disclosing such information on the official website of the Company.	None
2. Shareholding structure & Shareholders' equity				
(1) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures?	✓		In addition to the stock affairs agency, the Company also has established relevant departments such as spokespersons, proxy spokespersons, and stock affairs units to handle shareholder-related matters, and these departments can handle related issues effectively.	None
(2) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders?	✓		The Company has a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders by interacting with the major shareholders and keep good communication while paying attention to important matters that may cause changes to the shares.	None
(3) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations?	✓		The management responsibilities of assets, finance and accounting between the Company and affiliated enterprises are operated independently. In addition, we have established the " Operational Guidelines for the Supervision of Subsidiaries" and all operations are comply with the provisions of the guidelines.	None
(4) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	✓		The Company have established the "Insider Trading Prevention Rules", which prohibits the internal staff from trading securities based on information yet to be public on the market.	None
3. Composition and responsibilities of the Board of Directors				
(1) Has the board of directors devised and implemented a plan for a more diverse composition of the board with concrete management goals?	✓		The Company has established the diversity policy in the Corporate Governance Best Practice Principles. The nomination and selection of members of the Board of Directors follows the provisions of the company's articles of association and adopts a candidate nomination system. In addition to evaluating the qualifications of each candidate's academic experience, relevant provisions of the Procedure for the Election of Directors and the Corporate Governance Best Practice	None

Assessment item	Operations (Note)		Deviations and reasons
	Y	N	
			Principles are also enforced to ensure the diversity and independence of the members of the Board of Directors. For the status on implementation of diversity of the Board of Directors, please refer to p.12~p.13 of the Annual Report.
(2) In addition to establishing a Remuneration Committee and an Audit Committee, which are required by law, is the company willing to also voluntarily establish other types of functional committees?		✓	The Company has established a Remuneration Committee and an Audit Committee, and we will also establish other types of functional committees as needed in the future.
(3) Has the company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	✓		The Company has established the guidelines governing performance evaluation of the Board of Directors and the evaluation is conducted at least once a year. In 2022, the Board Performance Evaluation has been completed in early 2023 and the result was reported to the Board of Directors on March 14, 2023. In the future, the Company will decide whether to utilize the evaluation result in determining the remuneration of individual director or nomination for consecutive terms depending on the overall operations. The evaluation results of the Board of Directors and functional committees for 2022 can be found on p.20 of the Annual Report.
(4) Does the Company periodically evaluate the level of independence of the CPA?	✓		The Audit Committee and the Board of Directors of the Company review the level of Independence and eligibility of CPAs every year. In addition to the requirements of submission of a declaration of independence and Audit Quality Indicators (AQI), the level of independence stipulated in Article 47 of the Accounts Law and the contents of "Integrity, Fairness, Objectivity, and Independence" stipulated in the Accounting Bulletin No. 10 of the Code of Ethics for Accountants, were referenced to formulate an assessment form for evaluating the level of independence of the CPAs. For key items relating to evaluation of CPA's independence, see p.28 of the Annual Report. The most recent evaluation was approved by the Audit Committee and BOD on March 14, 2023.
4. For TWSE/TPEx-listed companies, are there suitable persons in an appropriate number and designated supervisors for corporate governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law,	✓		The Board of Directors of the Company has approved the appointment of Jin-Feng Lin, stock affairs supervisor, as the corporate governance supervisor on November 9, 2022 to protect the shareholders' interests and strengthen the competence of the Board of Directors. Ms. Lin has more than three years of experience in stock affairs in listed

Assessment item	Operations (Note)		Deviations and reasons
	Y	N	
taking care of board of directors' meetings and shareholders' meetings as required by law, and preparing minutes of board of directors' meetings and shareholders' meetings)?			<p>companies as a supervisor. The key responsibilities of Ms. Lin are as follows:</p> <ol style="list-style-type: none"> 1.Process the Board of Directors' and shareholders' meeting-related matters in accordance with laws. 2.Prepare the minutes of the Board of Directors' and shareholders' meetings. 3.Assist in director appointment and continuing education. 4.Provide information required for the operation of the Board of Directors. 5.Assist directors to comply with laws and regulations. 6.Other matters stipulated in the Articles of Incorporation or contracts.
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including without limitation shareholders, employees, customers, suppliers, etc.), and properly respond to corporate social responsibility issues that stakeholders are concerned about?	✓		<p>The Company has set up a section specific for stakeholders on the official website to provide the contact information of spokesperson and relating business departments, so that the stakeholders' concern will be handled properly via a smooth communication channel.</p> <p>The Group also has a communication channel for employees to give feedback to communicate with the management of the Company.</p>
6. Has the Company hired a professional stock affairs agency to handle tasks and issues relating to convening shareholder's meetings?	✓		<p>The Company has appointed a professional stock affairs agency, The Transfer Agency Department of Grand Fortune Securities Co.,Ltd., to handle matters relating to shareholder's meetings.</p>
7. Information Disclosure			
(1) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?	✓		<p>The Company has established a website to disclose information regarding the Company's financial, business and corporate governance status. For the details of the website, see XI on the inside of the cover of the Annual Report.</p>
(2) Has the company established other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, or webcasting investor conferences on the company website)?	✓		<p>The Company has a spokesperson system, which represents the Company for making announcements. In general, the stock affairs unit is responsible for the disclosure of company information, and a bilingual website in Chinese and English is set up to facilitate the understanding of foreign investors.</p>
(3) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	✓		<p>The Company announces and submits the annual financial report within the time limit specified by the law, and announces and submits its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</p>

Assessment item	Operations (Note)			Deviations and reasons
	Y	N	Summary	
8. Does the Company have other information that contributes to better understanding of its corporate governance standing (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, training completed by directors and supervisors, implementation of risk management policies and risk evaluation criteria, implementation of customer policies, liability insurance policies purchased for directors and supervisors)?	✓		<p>1. The Company has established an Employee Welfare Committee and implemented a pension system to protect the rights and interests of its employees, such as arranging regular health exams, organizing employee tours from time to time, and conducting various employee trainings, and to care for employees' physical as well as mental health and learning and development.</p> <p>2. The Company's official website has set up a section of Information for Investors, which includes a communication channel for stakeholders to ensure effective communication between stakeholders and the Company.</p> <p>3. All directors are required to complete at least 6 hours of continuing education courses. For status on continuing education, see p.28.</p> <p>4. The Company has established a internal control system and a number of internal rules in accordance with laws to conduct various risk management and evaluation. In addition, the internal audit unit will conduct periodic and random inspections to inspect the status on implementation of the internal control system.</p> <p>5. The Company maintains a good relationship with the customers and strictly adheres to the contracts signed with customers and relevant provisions to safeguard customers' rights and interests and provide good service quality.</p> <p>6. The Company has purchased liability insurance for directors from MSIG Mingtai Insurance Company, Limited. in the amount of US\$5,000,000 for 2022.</p>	None

9. Please describe improvements in terms of the results of the Corporate Governance Evaluation System issued by the Taiwan Stock Exchange (TWSE) in recent years and propose areas and measures to be given priority where improvement will be needed.

No.	Topic	Improvements or prioritized items and measures
2.3	Are the Chairman of the Board of Directors and the President or other persons of equivalent rank (top managerial officers) not the same person or spouses or first-degree relatives of each other?	The number of independent directors will be increased in 2023.
2.21	Has the Company appointed a Corporate Governance Officer to handle matters relating to corporate governance and disclosed the responsibility and status on continuing education of such person on the official website and in the Annual Report?	The Company appointed a Corporate Governance Officer in 2022 and disclosed the responsibility and status on continuing education of such person on the official website and in the Annual Report.
2.22	Has the Company established risk management policies and procedures approved by the Board of Directors to disclose the scope of risk management, organizational structure and its operation and report to the Board of Directors at least once a year?	The Board of Directors has approved the risk management policies and procedures in 2021 and reported to the Board of Directors every year on the operational status, and the latest date of reporting was December 22, 2022.
4.10	Did the official website and Annual Report disclose the protection measures for staff safety and working environment and their implementation status?	Such information was disclosed on the official website and in the Annual Report.

Note 1: Status on directors' participation in continuing education in 2022

Title	Name	Date	Organizer	Course Name	Hours
Director	Shu-Lin Tseng	06/10/2022	SFI	2022 Seminar on Prevention of Insider Trading	3
		10/05/2022	SFI	Evaluation and execution of merger from the legal perspective	3
Director	Ming-Jun Chen	06/10/2022	SFI	2022 Seminar on Prevention of Insider Trading	3
		12/16/2022	SFI	2022 Insider Equity Legal Compliance Awareness Briefing	3
Legal Director Representative	Xiang-Qi Fang	05/12/2022	TWSE, TCGA, Alliance Advisors	2022 Seminar on Prevention of Insider Trading	2
		05/20/2022	SFI	Introduction and case analysis of short-term trading by insiders of the Company	3
		08/30/2022	TCGA	2022 Seminar on Prevention of Insider Trading	3
Legal Director Representative	Gin-Ru Cheng	05/20/2022	SFI	Protection of Business Secrets	3
		10/19/2022	SFI	Analysis and decision-making application of corporate financial information	3
Legal Director Representative	Yen-Hsuan Chen	06/10/2022	SFI	From CSR to ESG corporate management mentality	3
		12/16/2022	SFI	2022 Seminar on Prevention of Insider Trading	3
Legal Director Representative	Yun Chen	06/10/2022	SFI	Introduction and case analysis of short-term trading by insiders of the Company	3
		12/08/2022	SFI	Introduction to disputes over company management rights and the trial law of commercial courts	3
Independent Director	Bing-Qan Shi	10/27/2022	SFI	Discussion on issues of remuneration for employees and directors-Starting from the Amendment to Article 14 of the Securities and Exchange Act	3
		10/27/2022	SFI	2022 Seminar on Prevention of Insider Trading	3
Independent Director	Pei-Jun Hong	05/20/2022	SFI	2022 Seminar on Prevention of Insider Trading	3
		10/20/2022	SFI	Evaluation and execution of merger from the legal perspective	3
Independent Director	Yin-De Wu	02/22/2022	SFI	2022 Seminar on Prevention of Insider Trading	3
		02/23/2022	SFI	2022 Insider Equity Legal Compliance Awareness Briefing	3
		05/20/2022	SFI	2022 Seminar on Prevention of Insider Trading	3

SFI: Securities and Futures Institute

TWSE: Taiwan Stock Exchange

TCGA: Taiwan Corporate Governance Association

Note 2: Important items for evaluation of CPA independence

Possible items that affect CPA independence	Evaluation results:
I. Is there any situation in which "independence is affected by self-interest" as stipulated in Article 8 of the Accounting Bulletin No. 10 of the Code of Ethics for Accountants?	No
II. Is there any situation in which "independence is affected by self-assessment" as stipulated in Article 9 of the Accounting Bulletin No. 10 of the Code of Ethics for Accountants?	No
III. Is there any situation in which "independence is affected by defense" as stipulated in Article 10 of the Accounting Bulletin No. 10 of the Code of Ethics for Accountants?	No
IV. Is there any situation in which "independence is affected by familiarity" as stipulated in Article 11 of the Accounting Bulletin No. 10 of the Code of Ethics for Accountants?	No
V. Is there any situation in which "independence is affected by coercion" as stipulated in Article 12 of the Accounting Bulletin No. 10 of the Code of Ethics for Accountants?	No
VI. Do the accountants in practice of the accounting firm have any of the situations stipulated in Article 47, Paragraph 1, Subparagraphs 1, 2, 4, and 5?	No
VII. Does the corporate accounting firm have any of the situations stipulated in Article 47, Paragraph 1, Subparagraphs 4-6? The Deloitte & Touche CPA is not a corporate accounting firm and therefore this provision does not apply.	N/A.

(4) Composition, duties, and operation of the Remuneration Committee or Nomination Committee

i. Information on members of the Remuneration Committee

Identity	Criteria	Professional qualifications and experience	Independence status	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent Director (Convener)	Pei-Jun Hong	Please refer to p.11~p.12	Please refer to p.11~p.12	1
Independent Director	Bing-Qan Shi	Please refer to p.11~p.12	Please refer to p.11~p.12	1
Independent Director	Yin-De Wu	Please refer to p.11~p.12	Please refer to p.11~p.12	-

ii. Information on the operation of the Remuneration Committee

- (i) The current Remuneration Committee of the Company has 3 members.
(ii) Current term for Remuneration Committee members: From August 09, 2022 to June 08, 2025, of 4 meetings of the 2022 Remuneration Committee were held in the most recent year. The attendance was as follows:

Title	Name	Number of times of actual attendance	Number of times of attendance by proxy	Actual attendance rate (%)	Note
Convener (Independent Director)	Pei-Jun Hong	4	-	100%	2022.08.09 Appointed for another term
member (Independent Director)	Bing-Qan Shi	4	-	100%	2022.08.09 Appointed for another term
member (Independent Director)	Yin-De Wu	4	-	100%	2022.08.09 Appointed for another term

Other matters that require reporting:

1. If the Board of Directors did not adopt or revise the recommendations of the Remuneration Committee, the date of the Board meeting, term of the Board, agenda item, resolutions adopted by the Board, and actions taken by the Company in response to the opinion of the Remuneration Committee shall be indicated: None.
2. If a member opposes a resolution the Remuneration Committee has adopted or has reservations with a written record or a statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: None.
3. Matters for communication and resolutions of the year

Date and the ordinal number of board meetings held by the Remuneration Committee	Agenda item(s)	Resolution	The Company's handling of the opinions of the Remuneration Committee members.
2022.03.09 5th-term 9th	1. Distribution of remuneration to employees and directors for 2021.	The Chair passed the matter after consulting all the members in attendance.	The result was submitted to the Board of Directors and passed without objection by all directors in attendance.
2022.04.26 5th-term 10th	1. Distribution of the amount of remuneration to directors for 2021. 2. Distribution of the amount of remuneration to employees for 2021.		
2022.05.06 5th-term 11th	1. Revisions of the guidelines governing remunerations for directors, managerial officers, and functional committees.		
2022.11.09 6th-term 1st	1. Remuneration to the Chairman who also acts as the President of the Company. 2. Remuneration to the director who also acts as an employee of the Group. 3. Remuneration to Finance & Accounting Supervisor. 4. Remuneration to Corporate Governance Officer.		

- iii. Composition, duties, and operation of the Nomination Committee: The Company has not yet established a Nomination Committee and therefore this provision does not apply.

(5) Status on the Company's implementation of sustainable development and deviations with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Assessment item	Operations (Note1)			Deviations and reasons
	Y	N	Summary (Note2)	
1. Has the Company established a governance framework to promote sustainable development and a dedicated department (or have another department be responsible for related efforts) for fulfilling sustainable development, with the board of directors authorizing high-level managers to handle such efforts, and having relevant progress be supervised by the board of directors?		✓	The Company has not yet set up a designated unit and the management teams lead relevant units based on the scope of their duties to jointly promote sustainable development.	No material deviation
2. Does the Company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies accordingly?	✓		<p>Considering the criticality of operations and the impact on major issues, the relevant risk assessment boundary is mainly based on the Company and important subsidiaries.</p> <p>The Company follows the principle of taking preventive measures in advance to reduce the losses caused by risks and regularly identifies, evaluates, handles and monitors potential risks that may keep the Company from achieving the goals as well as conducts periodic follow-ups and incorporates daily operation of relevant units.</p> <p>Risk management policies and strategies specific for environmental, social, and corporate governance were devised accordingly as follows:</p> <p>1.Environmental issues</p> <p>In terms of environmental protection, the Company has introduced various water-saving and power-saving measures and are committed to promoting and advocating the implementation of the recycling policies and made every effort to become an environmental friendly company.</p> <p>2.Social issues:</p> <p>(1)In terms of occupational health and safety, fire prevention managers are hired and various safety protection measures are established. We also conducted emergency drills such as fires and earthquakes periodically, and in response to the continued COVID-19 pandemic, all personnel entering and exiting are required to wear masks, measure temperature and carry out disinfection.</p> <p>(2) In terms of information security, we conducted periodic education and training for employees to improve their awareness of information security to avoid the risk of data breach, and we also have a confidentiality agreement and personal data protection to protect the rights and interests of stakeholders. In addition, we have established a firewall to</p>	None

Assessment item	Operations (Note1)			Deviations and reasons
	Y	N	Summary (Note2)	
			<p>enhance network security and avoid the risk of external malicious intrusion and attack.</p> <p>3. Corporate governance:</p> <p>(1) In terms of regulatory compliance, internal education and training were provided to advocate the corporate governance and regulations of the Company and to enhance the awareness of employees to comply with the regulations. In addition, internal control system were implemented to ensure every operation of the Company complied with relevant laws and regulations, and we also paid attention to the revisions of laws and regulations and review various internal rules to reduce the risk of non-compliance.</p> <p>(2) In terms of strengthening the functions of directors, relevant topics were planned for directors and directors were provided with the latest regulations, system development and policies, and liability insurance was purchased for directors to protect them from lawsuits or claims for compensation due to performing their duties.</p> <p>(3) In terms of stakeholders, various communication channels were established and frequent communications were conducted to reduce confrontation and misunderstanding, and we also set up an investor mailbox which was handled and replied by the spokesperson.</p>	
3. Environmental issues				
(1) Has the Company established a proper environmental management system based on the characteristics of the industry?	✓		The Company manages the environment in accordance with the local relevant environmental safety and hygiene regulations.	None
(2) Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	✓		The Company promotes recycling and is committed to activities such as the implementation of garbage sorting and recycling of available resources so as to protect the earth's resources and protect environmental hygiene.	None
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?		✓	In response to the impact of climate change on operating activities, the company maintains an active focus on energy conservation, carbon reduction and greenhouse gas reduction.	No material deviation

Assessment item	Operations (Note1)			Deviations and reasons
	Y	N	Summary (Note2)	
(4) Has the company made statistics on greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulated policies for greenhouse gas reduction, water reduction or other waste management?		✓	The BOD has approved and set a schedule for greenhouse gas inventory and verification, and plans to complete the inventory of individual companies and merged companies in 2026 and 2027, respectively. Although the company has not explicitly formulated relevant management policies, it has already taken practical actions such as digitizing forms and documents, increasing the setting temperature of air conditioners to save energy, and recycling resources.	The data of the past two years have not been counted, and the plan will be implemented according to the schedule of greenhouse gas inventory.
4. Social issues				
(1) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company carries out such policies and procedures in accordance with the Labor Standards Act and Labor Insurance Act, Employees' Welfare Funds Act, and relevant laws.	None
(2) Has the company established and implemented reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		The Company manages employee salaries and leave systems in accordance with the Labor Standards Act, manages the relevant welfare measures in accordance with the Employees' Welfare Funds Act, and allocates no less than 3% of the profits of the year to employees' remuneration according to the Articles of Association based on the number of years worked and performance evaluation results. In addition, we also have mid-year and year-end bonus systems, allowances for perfect attendance on holidays, summer recruitment award, and bonuses for recruitment and stay on duty, etc. to motivate our employees to work together for the Company's goal.	None
(3) Does the Company provide a safe and healthy working environment and provide employees with regular safety and health training?	✓		In order to provide a safe and healthy working environment, we hired Type A occupational safety and health supervisors, fire prevention managers, strengthened the training and popularization of first-aid personnel, established various safety protection measures, conducted regular emergency escape and evacuation drills for fires and earthquakes, and provided on-site services of occupational medical treatment and occupational nursing twice a year and twice a month, respectively, in accordance with the provision stipulated in Article 4 of the Labor Health Protection Regulations of the Ministry of Labor.	None
(4) Does the Company have in place effective tools to help employees with career planning and development?	✓		The Company provides comprehensive education and training for new employees and conduct professional courses and training for specific positions and related agents periodically, and we also actively cultivate management talents at all levels and perform fire and disaster prevention training and periodic on-the-job trainings for the advancement of first-aid personnel and employee skills.	None

Assessment item	Operations (Note1)			Deviations and reasons
	Y	N	Summary (Note2)	
(5) Customer health and safety for specific products and services Does the Company comply with relevant laws and international standards in relation to customer privacy, marketing, and labeling of products and services and has the Company formulated relevant policies and complaint procedures to protect consumers' or customers' rights?	✓		The Company importance to customer opinions, and has provided a contact window and email on the official website and has also set up a specific section for stakeholders to ask questions, file a complaint or make a suggestion. The Company upholds the principle of good faith to properly handle and give feedback to protect the rights and interests of customers.	None
(6) Has the Company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and requested their reports on the implementation of such regulations?	✓		Prior to cooperation, the Company will evaluate the suitability of suppliers according to internal procedures and conduct regular audits and evaluations to ensure that suppliers follow relevant norms on issues such as environmental protection, safety or hygiene.	None
5. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third-party assurance or guarantees for the reports above?		✓	The Company has not yet prepared the sustainability report and will assess related schedules by taking into account the international trend and market change in the future.	Under evaluation.
6. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: The Board of Directors passed the "Corporate Responsibility Principles" of the Company in June, 2017 and the revised version of the aforementioned principles in November, 2021 to strengthen the implementation of corporate social responsibility. The Company conducts periodic review on the implementation status and make improvements based on the results, and no material deviation has been reported thus far.				
7. Other important information to facilitate a better understanding of the Company's implementation of sustainable development: None.				

(6) Status on ethical corporate management and deviations with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Assessment item	Operations (Note1)		Deviations and reasons
	Y	N	
<p>1. Establishment of the policies and approaches for ethical corporate management</p> <p>(1)) Has the Company established the ethical corporate management policies approved by the Board of Directors and stated the policies and practices in its bylaws or external correspondence to maintain business integrity? Are the Board of Directors and the managerial officers committed in fulfilling this commitment?</p> <p>(2)) Has the company established a risk assessment mechanism against unethical conduct, analyzed and assessed operating activities with higher risk of unethical conducts on a regular basis, and established prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(3) Does the Company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems? Does the Company review the policies on a regular basis?</p>		<p>✓</p> <p>✓</p> <p>✓</p>	<p>No material deviation</p> <p>None</p> <p>None</p>
<p>2. Implementation of ethical corporate management</p> <p>(1) Does the Company evaluate the integrity record of the counterparty and clearly stipulate the terms of good faith behavior in the contract signed with the counterparty involved in the transaction?</p> <p>(2) Does the Company have a unit under the Board of Directors that is charged with promoting ethical corporate management and regularly (at least once every year) reports to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?</p> <p>(3) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>None</p> <p>No material deviation</p> <p>None</p>

Assessment item	Operations (Note1)		Deviations and reasons
	Y	N	
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Has the Company designated its internal audit unit to devise relevant audit plans and audit the compliance with the prevention programs accordingly based on the results of assessment of the risk of involvement in unethical conduct or commissioned a CPA to conduct the audit?		✓	The Company has established internal audit plans and internal audit personnel conduct various audits by following these plans and report to the Board of Directors to ensure the design of the system and implementation remain effective.
		✓	The Company has not yet periodically provide internal and external training programs on ethical corporate management.
(5) Did the Company periodically provide internal and external training programs on integrity management?			Relevant internal and external education and training will be planned and arranged.
3. Implementation of the Company's whistleblowing System			
(1) Has the Company established concrete whistleblowing system and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?	✓		The Company has established the Personnel Regulations and reward and punishment rules in addition to a suggestion box. In case of a (suspected) violation, the staff can report such event to the Company directly and designated personnel will be assigned specifically for the complaine.
(2) Has the company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?		✓	The Company has established the Personnel Regulations and reward and punishment rules and the complainant's information will be kept confidential as required.
(3) Has the Company adopted measures for protecting the whistle-blower against improper treatment or retaliation?		✓	The Company has established the Personnel Regulations and reward and punishment rules and the complainant's information will be kept confidential as required to protect the complainant from inappropriate treatment due to filing the complaint.
4. Enhancing information disclosure			
Has the company disclosed the contents or its ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?		✓	The Company has not yet established the principles of ethical corporate management.
5. The Company shall establish its own Code of Business Integrity based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and clearly articulate the differences between its operations and the established code. The Company has not yet established the principles of ethical corporate management as of this moment.			
6. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management:			
(1) The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act or other laws or regulations regarding commercial activities as the underlying basic premise to facilitate ethical corporate management.			
(2) The Company signs a confidentiality agreement with its employees and all employees are prohibited to disclose the secrets of the Company known in handling of affairs and business and have the obligation to keep the Company's business secrets confidential.			
(3) The Company has established the Insider Trading Prevention Rules, which clearly stipulate that directors, managerial officers, and employees of the Company are not allowed to disclose important information of the Company to others and are prohibited to inquire or collect the Company's undisclosed Material Inside Information from those who possess such information, and Material Inside Information that is not gained in the process of performing their business must not be disclosed to others.			

- (7) If the Company has formulated a corporate governance code of conduct and related guidelines, the method of access to such code and guidelines must be disclosed :
<https://reurl.cc/pLOmqr>
- (8) Other useful information for explaining corporate governance practices: None.
- (9) Status on implementation of internal control system
- i. Statement on Internal Control: Refer to p. 37.
 - ii. If the Company engages an accountant to examine its internal control system, disclose the CPA audit report: N/A.
- (10) Disciplinary actions imposed by law on the Company or its employees, disciplinary actions imposed by the Company on its employees for violation of internal control regulations, and the possible significant impact such disciplinary actions might have on shareholder equity or securities prices, as well as the content of the disciplinary actions and deficiencies and improvements in the most recent year and up to the publication date of this Annual Report: None.
- (11) Important resolutions adopted in shareholders meetings and Board of Directors' meetings in the past year and up to the date of printing: Refer to p.38~p.39.
- (12) Dissenting or qualified opinions of directors or supervisors against an important resolution passed by the board of directors that are on record or stated in a written statement in the past year and up to the printing date of this annual report: None.
- (13) Resignation and dismissal of professional managerial officers related to the financial report including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Governance Officer, and Chief R&D Officer in the past year and up to the date of printing

Title	Name	Date of taking office	Date of dismissal	Reason for resignation or dismissal
Chairman	Ming-Jun Chen	2019.01.30	2022.06.09	Directors were re-elected at the AGM and new Chairman was appointed.

Success Prime Corporation

Statement on Internal Control System

Date: March 14, 2023

This Statement of Internal Control System is issued based on the self-evaluation results of the Company for year 2022:

- I. The Company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and managerial officers. In this regard the Company has already established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance, and security of assets), reliability, promptness, and transparency of reports, and compliance with relevant regulatory requirements in reaching compliance targets.
- II. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. However, self-supervision measures were implemented within the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in Governing Regulations for Public Company's Establishment of Internal Control System (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the abovementioned items, please refer to the Regulations.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2022, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 14, 2023, where 1 of the 9 attending Directors (including 1 proxy), no director expressed dissenting opinions and all affirmed the content of this Statement.

Success Prime Corporation
Chairman: Shu-Lin Tseng
President: Shu-Lin Tseng

Important resolutions of the shareholders' meeting and board of directors in the most recent year and up to the publication date of this Annual Report

i. Major resolutions made at the AGM and status on their implementation

Convene Date	Important resolutions	Status on implementation
June 9, 2022 AGM (Physical)	1. Approval of the Business Report and Financial Statements for 2021. 2. Approval of the earnings distribution proposal for 2021. 3. Approval of the proposal for the distribution of cash dividends from capital surplus. 4. Revision of the Company's Articles of Incorporation. 5. Amendment to the "Regulations Governing Asset Acquisition or Disposal Management". 6. Amendment to the "Regulations Governing Derivatives Trading Management". 7. Release the prohibition on 13th session directors (including independent directors) from participation in competitive business.	1. Proceed in accordance with the resolutions. 2. & 3. July 2, 2022 was set as the Ex-dividend date and cash dividends was distributed on July 19, 2022. 4. Proceed in accordance with the resolutions and change of the registration was made in accordance with laws. 5. Proceed in accordance with the resolutions. 6. Proceed in accordance with the resolutions. 7. Proceed in accordance with the resolutions.

ii. Important resolutions of the BOD

Convene Date	Important resolutions
March 9, 2022	1. 2021 Evaluation of the Effectiveness of the Internal Control System and Statement of Internal Control System 2. Distribution of remuneration to employees and directors for 2021. 3. 2021 Business Report, Financial Statements, and consolidated financial report. 4. 2021 earnings distribution proposal. 5. Distribution of cash dividends from capital surplus. 6. Revisions of certain provisions of the Company's Articles of Incorporation. 7. Amendment to the "Regulations Governing Asset Acquisition or Disposal Management" of the Company. 8. Amendment to the "Regulations Governing Derivatives Trading Management" of the Company. 9. Election of the 13th session of Board of Directors (including independent directors). 10. Setting the date, location, and reason for convening shareholders' meeting for 2022. 11. Evaluation of CPA independence. 12. Appointment of CPAs.
April 26, 2022	1. Distribution of the directors' remuneration for 2021. 2. Distribution of the employees' remuneration for 2021. 3. Nomination of director candidates (including independent directors). 4. Release the prohibition on newly appointed directors (including independent directors) from participation in competitive business. 5. Equity investment in non-listed companies. 6. Appointment of CPAs and remuneration.
May 6, 2022	1. Consolidated financial report for Q1 2022. 2. Revisions of the Regulations governing Remunerations for Directors, Managerial Officers, and Functional Members. 3. Establishment of GHG inventory and verification of schedules.
June 9, 2022	1. Election of the Chairman.

Convene Date	Important resolutions
August 9, 2022	1.Consolidated financial report for Q2 2022. 2.Renew of the line of credit to Taipei Fubon Bank. 3.Proposal for appointing members of the 6th session Remuneration Committee. 4.Revision of the Company's Level of Authority Form.
November 9, 2022	1.Consolidated financial report for Q3 2022. 2.Appointment of the Chief Financial Officer. 3.Appointment of the Corporate Governance Officer. 4.The remuneration for directors and managerial officers who concurrently act as the employees of the Group. 5.Revision of the Company's internal control system.
December 22, 2022	1.Audit plan for 2023. 2.Internal budget for 2023. 3.Revisions of the Procedures for Handling Material Inside Information.
March 14, 2023	1. 2022 Evaluation of the Effectiveness of the Internal Control System and Statement of Internal Control System 2. Distribution of remuneration to employees and directors for 2022. 3. Business Report, individual financial Statements, and consolidated financial report for 2022. 4. Distribution of earnings for 2022. 5. Distribution of earnings-cash dividends for 2022. 6. Addition of one independent directors of the Company. 7. Nomination of independent director candidates. 8. Setting the date, location, and reason for convening shareholders' meeting for 2023. 9. Evaluation of CPA independence. 10.Appointment of CPAs and remuneration.

5. Compensation for the service of the CPAs

- (1) The amount of the audit and non-audit fees paid to certifying accountants, the firm of the certifying accountants, and its affiliates, and the contents of the non-audit service

Unit: NT\$ thousands

Name of accounting firm	Name of Accountant:	Period Covered by CPA's Audit	Audit fee	Non-audit fee	Total	Note
Deloitte & Touche	Jin-Chuan Shi	2022	2,280	490	2,770	-
	Yong-Ming Qiu					

Note: The non-audit fee was NT\$220,000 for tax certification and NT\$270,000 for transfer pricing report.

- i. The Company changes accounting firm and the amount of audit fee paid in the year of change is less than that in the year before: None.
- ii. The audit fee is more than 10% less than that paid in the previous year: None.

6. Information on Changes to Accountants

(1) Regarding previous CPA

Date of change	December 15, 2021			
Reasons for change and explanation	Internal adjustment of the certifying accounting firm			
Termination initiated by client or accountant declined to accept the appointment	Counterparty		CPA	Client
	Scenario			
	Termination initiated by client		Not applicable	
	CPA declined to accept (continue) the appointment		Job rotation within the firm	
Audit opinions other than unqualified opinions issued in the past two years and reasons	N/A.			
Opinions different from those of issuer	Yes		Accounting principles or practices	
			Disclosure of financial report	
			Scope or procedures of auditing	
			Others	
	None			
	Explanation: Not applicable			
OTHER DISCLOSURES (Situations required to be disclosed as stipulated in Article 10, Subparagraph 6, Items 1, Point 4 to Point 7 of the Regulations)	N/A.			

(2) Regarding succeeding CPA

Name of firm	Deloitte & Touche
Name of Accountant:	Jin-Chuan Shi, Yong-Ming Qiu
Date of appointment	December 15, 2021
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	None
Succeeding CPAs' written opinions that are different from those of the previous CPAs	None

(3) The former CPA's reply to Article 10, Subparagraph 6, Item 1 and Item 2, Point 3 of the Regulations: N/A.

7. The Chairman, President and Financial or Accounting Managerial Officer of the Company who had worked for the Independent CPA or its affiliate in the past year: None.

8. Share transfer by directors, supervisors, managerial officers and shareholders holding more than 10% equity and changes to share pledging by them in the past year and up to the date of report

- (1) Change in share equity among directors, supervisors, managerial officers, and major shareholders

Unit: shares

Title	Name	2022		As of April 18, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & President	Shu-Lin Tseng	55,000	-	-	-
Director	Ming-Jun Chen	84,000	-	-	-
Legal Person as Director	Far Eastern Int'l Bank Be entrusted for Endow Capital Management Inc. Investment specific account	-	-	-	-
Representative of Legal Person	Representative of Endow Capital Management Inc. Xiang-Qi Fang	-	-	-	-
Representative of Legal Person	Representative of Endow Capital Management Inc. Jin-Ru Cheng	-	-	-	-
Legal Person as Director	Far Eastern Int'l Bank Be entrusted for Bash Consultant Inc. Investment specific account	-	-	-	-
Representative of Legal Person	Representative of Bash Consultant Inc. Yen-Hsuan Chen	-	-	51,000	-
Representative of Legal Person	Representative of Bash Consultant Inc. Yun Chen	194,000	-	2,000	-
Independent Director	Bing-Qan Shi	-	-	-	-
Independent Director	Pei-Jun Hong	-	-	-	-
Independent Director	Yin-De Wu	-	-	-	-
Finance & Accounting Supervisor	Hsiang-Yi Lo	-	-	-	-
Corporate Governance Officer	Ching-Fen Lin	-	-	-	-

- (2) The related parties of equity transfers: None.

- (3) Share pledge information: None.

9. Information on the relationship between any of the top ten shareholders (related party, spouse, or primary or secondary kin)

April 18, 2023; Unit: shares

Name	Current Shareholding		Spouses & Minor Shareholding		Shareholding by Nominee Arrangement		Name and relationship between the top ten shareholders, or spouses or relatives within 2 nd degrees		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Far Eastern Int'l Bank Be entrusted for Endow Capital Management Inc. Investment specific account	1,890,039	9.90%	-	-	-	-	-	-	-
Far Eastern Int'l Bank Be entrusted for Bash Consultant Inc. Investment specific account	1,890,039	9.90%	-	-	-	-	-	-	-
Witty Sino Investment Co., Ltd.	1,737,020	9.09%	-	-	-	-	-	-	-
Shu-Ling Tseng	1,023,728	5.36%	320,000	1.68%	-	-	Min-Chun Chen Shu-Cheng Tseng Wei Chen	Spouse Within 2 nd degree Within 2 nd degree	-
Shu-Cheng Tseng	976,564	5.11%	-	-	-	-	Min-Chun Chen Shu-Ling Tseng Yen-Tang Wu	Within 2 nd degree Within 2 nd degree Within 2 nd degree	-
Taipei Fubon Bank Be entrusted for Optimistic Forward Inc. Investment specific account	667,000	3.49%	-	-	-	-	-	-	-
Yen-Tang Wu	577,006	3.02%	-	-	-	-	Shu-Cheng Tseng	Within 2 nd degree	-
Wei Chen	488,651	2.56%	-	-	-	-	Min-Chun Chen Shu-Ling Tseng	Within 2 nd degree Within 2 nd degree	-
Min-Chun Chen	320,000	1.68%	1,023,728	5.36%	-	-	Shu-Ling Tseng Shu-Cheng Tseng Wei Chen	Spouse Within 2 nd degree Within 2 nd degree	-
Jian-Ye Zhang	255,607	1.34%	-	-	-	-	-	-	-

10. Number of shares held by the company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the company in the same invested enterprise, and the comprehensive shareholding percentage calculated by combining them.

December 31, 2022; Unit: Shares

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Chen Li Education Co., Ltd.	11,200,000	100%	-	-	11,200,000	100%
Here Co., Ltd.	1,000,000	100%	-	-	1,000,000	100%
Chen Li Elm Co., Ltd.	1,500,000	100%	-	-	1,500,000	100%
Li-Ren Education Co., Ltd.	300,000	60%	-	-	300,000	60%
Xuemi Co., Ltd.	410,985	47.43%	-	-	410,985	47.43%

Note: Investment of the Company made by the equity method.

IV. Capital Overview

1. Capital & Shares

(1) Sources of Capital Stock

April 18, 2023 : Unit: NT\$ thousands / thousands shares

Years	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares (Thousands)	Amount (NT\$ Thousands)	Shares (Thousands)	Amount (NT\$ Thousands)	Sources of Capital	Note	Other
1991.06	10	10,000	100,000	5,000	50,000	Cash replenishment 37,500 Replenishment of technical units 12,500	-	1990.12.29(79) Yuan Tou Zi No.15123
1992.11	10	10,000	100,000	10,000	100,000	Cash replenishment 37,500 Replenishment of technical units 12,500	-	-
1993.11	10	20,000	200,000	12,500	125,000	Cash replenishment 25,000	-	1993.11.16(82) Yuan Tou Zi No.14737
1994.09	10	20,000	200,000	17,500	175,000	Cash replenishment 50,000	-	-
1996.07	10	40,000	400,000	40,000	400,000	Cash replenishment 225,000	-	1996.05.16(85) Yuan Tou Zi No.07414
1997.09	10	120,000	1,200,000	60,000	600,000	Cash replenishment 200,000	-	1997.07.17(86) Taiwan Financial Certificates(1) No. 53384
2000.08	10	120,000	1,200,000	62,000	620,000	Cash replenishment 20,000	-	2000.07.11 (89) Taiwan Financial Certificates(1) No. 59923
2002.07	10	120,000	1,200,000	74,330	743,300	Surplus to increase capital 123,300	-	2002.07.17 (91) Taiwan Financial Certificates(1) No.0910139852
2004.08	10	120,000	1,200,000	42,801	428,010	Reduction of capital 315,290	-	2004.08.09 PSC (1)No.0930132052
2007.04	10	120,000	1,200,000	66,521	665,211	Overseas convertible Corporate debt transfer to equity 237,201.36	-	2007.05.29 (96) Yuan Shang Zi No.14395
2008.04	1.98	250,000	2,500,000	206,925	2,069,252	Overseas convertible Corporate debt transfer to equity 395,959.61	-	2008.05.26 (97) Yuan Shang Zi No.14228
2008.12	1.17	250,000	2,500,000	221,027	2,210,277	Private Cash Replenishment 1 41,025.65	-	2008.12.18 (97) Yuan Shang Zi No.36121
2009.11	1.81	250,000	2,500,000	237,602	2,376,023	Private Cash Replenishment 1 65,745.86	-	2009.11.09 (98) Yuan Shang Zi No.30801
2010.02	-	250,000	2,500,000	36,133	361,336	Reduction of capital 12,014,687.4 (In-circulation shares include 4,665,995 Shares for private equity, not yet on the market)	-	2010.02.24 (99) Yuan Shang Zi No.4674
2013.07	10	250,000	2,500,000	39,133	391,336	Private Cash Replenishment 30,000	-	2013.08.09 (102) Yuan Shang Zi No.1020024195
2015.06	6.3	250,000	2,500,000	46,133	461,336	Private Cash Replenishment 70,000	-	2015.06.29 (104) Zhu Tou Zi No.20150018177
2016.03	10	250,000	2,500,000	46,757	467,576	The exercise of shareholding voucher 6,240	-	2016.03.10 (105) Zhu Shang Zi No.1050006170
2016.08	10	250,000	2,500,000	46,917	469,176	The exercise of shareholding voucher 1,600	-	2016.08.02 (105) Zhu Shang Zi No.1050021155
2016.08	-	250,000	2,500,000	7,560	75,600	Reduction of capital 393,575.86	-	
2016.09	73.25	250,000	2,500,000	15,760	157,600	Private Cash Replenishment 82,000	-	2016.09.12 (105) Zhu Shang Zi No.1050025323
2017.08	10	200,000	2,000,000	16,548	165,480	Capital reserve transfer and replenishment 7,880	-	2017.09.06 (106) Zhu Shang Zi No.1060024094
2018.03	10	200,000	2,000,000	16,628	166,280	The exercise of shareholding voucher 800	-	2018.05.04 (107) Zhu Shang Zi No.1070013752
2018.08	10	200,000	2,000,000	17,459	174,594	Capital reserve Transfer of capital 8,314	-	2018.08.06 (107) Zhu Shang Zi No.1070023770
2020.07	10	200,000	2,000,000	19,185	191,854	Capital reserve Transfer of capital 17,260	-	2020.08.18 (109) Zhu Shang Zi No.1090023115
2021.07	10	200,000	2,000,000	19,100	191,004	Cancellation of treasury shares reduce capital by 850	-	2021.09.03 (2021) Fu Industrial Business No. 11050958140

Note: Capital Increased by Assets Other than Cash.

April 18, 2023 : Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
普通股	19,100,440	180,899,560	200,000,000	Shares of listed companies, including 178,000 Shares Treasury shares.

(2) Shareholder Structure

April 18, 2023

Shareholder structure Number	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign institutions and Foreigners	Domestic Natural Persons	Total
Shareholders	-	2	25	14	4,669	4,710
Shareholding (shares)	-	115	2,348,081	4,546,610	12,205,634	19,100,440
Ratio	-	-	12.29%	23.81%	63.90%	100.00%

(3) Shareholding Dispersion

April 18, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (shares)	Ratio(%)
1 - 999	3,198	225,617	1.18%
1,000 - 5,000	1,238	2,199,201	11.51%
5,001 - 10,000	121	884,981	4.63%
10,001 - 15,000	46	566,135	2.96%
15,001 - 20,000	18	325,042	1.70%
20,001 - 30,000	18	444,693	2.34%
30,001 - 40,000	17	624,840	3.27%
40,001 - 50,000	11	487,821	2.55%
50,001 - 100,000	20	1,378,850	7.23%
100,001 - 200,000	10	1,433,606	7.51%
200,001 - 400,000	5	1,279,607	6.70%
400,001 - 600,000	2	1,065,657	5.58%
600,001 - 800,000	1	667,000	3.49%
800,001 - 1,000,000	1	976,564	5.11%
1,000,001 or over	4	6,540,826	34.24%
Total	4,710	19,100,440	100.00%

(4) List of Major Shareholders

April 18, 2023

Name	Shares	Shareholding (shares)	Ratio(%)
Far Eastern Int'l Bank Be entrusted for Endow Capital Management Inc. Investment specific account		1,890,039	9.90%
Far Eastern Int'l Bank Be entrusted for Bash Consultant Inc. Investment specific account		1,890,039	9.90%
Witty Sino Investment Co., Ltd.		1,737,020	9.09%
Shu-Ling Tseng		1,023,728	5.36%
Shu-Cheng Tseng		976,564	5.11%
Taipei Fubon Bank Be entrusted for Optimistic Forward Inc. Investment specific account		667,000	3.49%
Yen-Tang Wu		577,006	3.02%
Wei Chen		488,651	2.56%
Min-Chun Chen		320,000	1.68%
Jian-Ye Zhang		255,607	1.34%

(5) Market value per share, net worth, surplus, dividend and related data for the last two years

Unit: NT\$

Item \ Year		2021	2022	As of April 18, 2023 (Note 8)
Market Price per Share (Note 1)	Highest	62.90	50.30	54.60
	Lowest	48.00	44.35	47.15
	Average	55.37	47.45	52.05
Net Worth per Share	Distribution	41.18	42.32	-
	After Distribution (Note 2)	38.18	39.02	-
Earnings per Share	Weighted Average Shares(Thousand shares)		18,819	18,922
	EPS	Before Diluted	3.02	4.16
		After Diluted (Note 3)	-	-
Dividends per Share	Cash Dividends		3.00	3.30
	Stock Dividends	Dividends from Retained Earnings	-	-
		Dividends from Capital Surplus	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-
Return on Investment	Price / Earnings Ratio (Note 5)		17.66	11.45
	Price / Dividend Ratio (Note 6)		17.77	14.44
	Cash Dividend Yield Rate (Note 7)		5.63%	6.93%

Note 1: List the highest and lowest market prices of common shares in each year, and calculate the average market price of each year based on the transaction value and transaction volume by each year.

Note 2: Please refer to the number of issued shares at the end of the year and fill in according to the resolution of the board of directors or the shareholders meeting of the following year.

Note 3: If retrospective adjustment is required due to free allotment, etc., the earnings per share before and after adjustment shall be listed.

Note 4: If the conditions for the issuance of equity securities stipulate that the unpaid dividends in the current year shall be accumulated to the year when there is a surplus, the accumulated and unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price / Earnings ratio = average closing price per share for the year ÷ earnings per share.

Note 6: Price / Dividend ratio = average closing price per share for the year ÷ cash dividend per share.

Note 7: Cash Dividend Yield Rate = cash dividend per share ÷ average closing price per share for the year.

Note 8: As of the printed date of the annual report, there is no net value per share and earnings per share calculated based on the 2023Q1 financial information reviewed by accountants; the remaining columns are the information for the current year as of the printed date of the annual report.

(6) Dividend policy and implementation status of the Company

i. Dividend allocation policy as stipulated in the Articles of Incorporation

If there is a profit after-tax in the company's annual final accounts, it shall first make up for losses in previous years and allocate 10% as the legal surplus reserve, except when the legal surplus reserve has reached the paid-in capital.

Depending on operational needs or legal requirements, the special surplus reserve may be set aside or reversal. If there is any remaining balance, and it is the same as the accumulated undistributed earnings of previous years, considering the company's business needs and retaining it as undistributed earnings, the board of directors will prepare a surplus distribution plan and submit it to the shareholders' meeting for resolution.

The Company is in a stable growth stage. The dividend policy will consider the industrial environment and earnings status, future capital expenditure needs and long-term financial planning. If there is any surplus to distribute dividends, the total dividends distributed to shareholders should not be less than 10% of the current year's earnings minus the adjustments. The proportion of cash dividends shall not be lower than 10% of the total dividends distributed in the current year, and the remaining part shall be distributed in the form of stock dividends.

Suppose the Company distributes dividends, earnings, or all or part of the legal reserve and capital surplus in cash distribution to shareholders. It may authorize the board of directors with more than two-thirds of the directors present and the consent of more than half. Then report the appropriations to the shareholders' meeting.

ii. The proposed dividend distribution of the AGM

The company's articles of association authorize the board of directors to make a special resolution to distribute cash dividends and report to the shareholders' meeting.

The 2022 earnings distribution plan was approved by the BOD on March 14, 2023, with a cash dividend of NT\$62,444,052 (NT\$3.3 per share), and will be report in the AGM on June 16, 2023.

(7) The Impact of issuance of bonus shares on the Company's business performance, earnings per share and shareholders' return on investment

There is no issuance of bonus shares proposed at the shareholders meeting, hence it is not applicable.

(8) Remuneration of employees, directors and supervisors

i. The extent or scope of remuneration of employees and directors contained in the Articles of Incorporation

If the Company has any profit in the year, it shall make no less than 3% Remuneration and not higher for employees 5% Remuneration for directors. However, when the Company has accumulated losses, it should pre-reserve the amount of the repair code. The person to whom the preceding employee is paid for stock or cash, including employees of subordinate companies who meet certain conditions.

ii. The estimated basis for the evaluation of the remuneration amount of employees and directors in this period, the basis for calculating the number of shares in the distribution of stock dividends and the accounting treatment if the actual distribution amount is different from the estimated number of accounts.

In 2022, the basis for evaluating the remuneration of employees and directors is to set aside 3% of the pre-tax net profit before deducting the remuneration of employees and directors in the current year as employee compensation and 1.5% as director compensation. If employee compensation is distributed in shares, the basis for calculating the number of shares is based on the closing price on the day before the resolution of the board of directors. If there is a difference between the actual distribution amount and the estimated amount, it will be treated as a change in accounting estimates and listed as profit or loss for the following year.

iii. The Board of directors and distribution of remuneration

- (i) Employee compensation distributed by cash or stock and compensation of directors and supervisors

Unit: NT\$

Distributed Items Allotment status	Employee Remuneration -Stock	Employee Remuneration -Cash	Board remuneration
Actual distributed amount approved by the Board	-	2,658,952	1,329,476
Annual estimated amount of expenses recognized	-	2,658,952	1,329,476
Differences	-	-	-
Differences and explanations	N/A	N/A	N/A

- (ii) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation

The Board of Directors does not propose to distribute employee remuneration by stocks this time, so it is not applicable.

- iv. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Unit: NT\$

Distributed Items Allotment status	Employee Remuneration -Stock	Employee Remuneration -Cash	Board remuneration
Actual distributed amount approved by the Board	-	2,020,432	1,010,216
Annual estimated amount of expenses recognized	-	2,020,432	1,010,216
Differences	-	-	-
Differences and explanations	N/A	N/A	N/A

(9) Buy-back Shares in the Company

- Completion of the implementation in the most recent year and up to the date of printing of the annual report: None.
- Continued implementation in the most recent year and up to the date of printing of the annual report: None.

2. Company Debt: None.

3. Preferred Stock processing situation: None.

4. Overseas Depository Certificate processing situation: None.

5. Procedures of Employee Stock Option Certificate: None.

6. Restricted Stock Awards for Employees: None.

7. Mergers and acquisitions or transfer of other companies' shares to issue new shares: None.

8. Implementation of the capital: N/A.

V. Operating Overview

1. Business Activities

(1) Business Scope

i. Main areas of business operations

The main business is to provide tutoring staffing and course management services, as well as tutoring services for elementary, middle and high school students in all major subjects.

ii. Revenue distribution

Unit: NT\$ thousands

Item	Revenue distribution	
	2022	
	Total Sales	%
Education and Consulting Services	697,958	99.39%
Others	4,299	0.61%
Total	702,257	100.00%

iii. Current products / services

The company's educational business includes in-person tutoring, consulting, digital learning, and preschool board game courses. We offer a comprehensive educational platform.

(i) High School Division

We provide comprehensive services including single-subject progression courses such as Chen Li Math, Peter's English, Hao Chiang English, Chang Yung Physics, Tang Yu Physics, Lee Che Chemistry, Li Yan Chinese, and Yin Chin Biology, as well as comprehensive tutorial courses for college entrance exams, Advanced Subjects Test (AST), and admission written/oral interviews. We also offer courses that cater to the specific needs of students such as pre-exam intensive learning camp, learning resume certifications, TMT, and AMC testing.

(ii) Junior High and Elementary School Division

Junior high school subject comprehensive courses: We use a large group classroom teaching method combined with one-on-one or one-to-many individual instructions, including subject comprehensive courses for seventh to ninth-grades. We follow the curriculum to teach test-taking skills to help students excel in the education system.

STEM science and mathematics, basic mathematics, core mathematics, and critical thinking mathematics course series courses for elementary school students: We offer small group parent-child learning mode to teach students logical and reasoning abilities, combining science, mechanical modules, programming languages, and math skills to help students establish the foundation for becoming future elites.

We also have courses aligned with elementary school curriculums such as mathematical ability and logical mathematics, as well as classes or licensed teaching materials in cooperation with institutions such as private elementary schools, day care centers, and children's English learning centers.

(iii) Digital services

Since our in-person education services cover all subjects and age groups from preschool to senior high school, we have started to develop cloud-based learning services to provide more comprehensive services to students with different needs in different regions. We aim to areas that are beyond the reach of the in-person mode in order to achieve the goal of real and the virtual integration.

Currently, our main courses and services include providing cross-platform, cross-device (Android/iOS; computer/mobile/tablet) video courses in high school mathematics, vocational mathematics, and university calculus concepts. We also offer online Q&A services for students.

We have also expanded our adult online off-the-job training courses, including UI/UX, graphic design, front-end engineering, web design, and audio-visual self-media courses. In line with the speed of digitization in the pandemic era, we can provide services to the general public, in addition to the needs of the millions of Chen Li students who have graduated in the past.

iv. New products/services under development

Due to the widespread availability of digital devices and bandwidth, as well as the gradual decrease in costs, coupled with the government's policy guidance and promotion, parents and students have become more accepting of digital learning. Additionally, data analysis and suggestions from digital services or tools can strengthen students' learning competency. Therefore, the company will develop new products/services based on our complete and solid in-person foundation.

- (i) The elementary school STEM science and math course already has a complete teaching and faculty system, and has performed well in local and international math-related competitions. Further planning is to develop digital courses and learning platforms, creating the only STEM science and math flagship product and service in Taiwan that combines in-person and digital learning modes, extending the concept of science and math education to elementary school level. In addition to collaborating with various local children's English education systems, we have also started to collaborate with well-known private elementary schools, providing comprehensive advance math and science education courses, cultivating core competitiveness from early childhood and elementary school.
- (ii) We adopted an active development strategy for digital education products and services, integrated internal faculty, marketing, teaching materials, and online digital learning service system app resources through cloud-based schools, and actively developed cloud-based smart digital courses for high school and junior high school, including online teaching materials and online problem-solving Q&A services.
 - A. Digital courses and printed teaching materials: High school math, college entrance exam/general review, college calculus.
 - B. Smart test evaluation and diagnosis system: Junior high school, high school, all subjects.
 - C. Online tutoring services.

- (iii) We collaborate with the Department of Computer Science, National Tsing Hua University, to develop the IA Q sticker assessment system, extending from elementary school to junior high school, from math to other subjects, and from Chinese to English, Indonesian, and other multilingual systems. It not only enhances learning efficiency but is also the best engine to accelerate the company's growth.

(2) Industry Overview

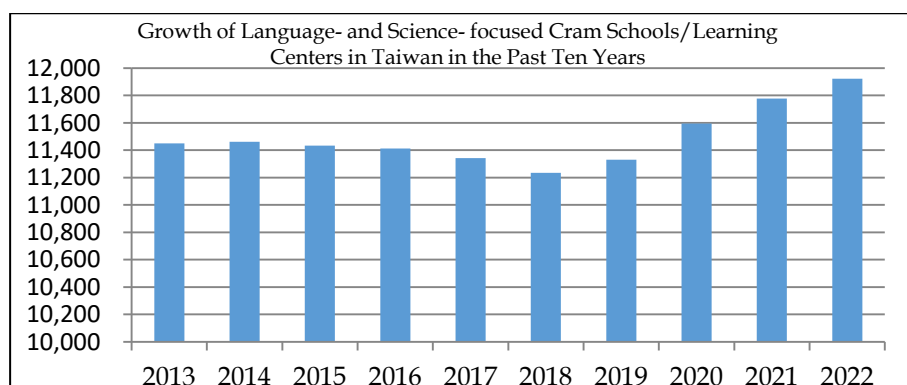
i. Current trends and outlook of the industry

The prevalence and diversity of Taiwan's advancement-oriented cram school/learning center (tutoring) culture has made it a commonplace phenomenon in the daily lives of students and parents. Under the dominance of the academic advancement-oriented and degree-focused culture, the cram school industry provides various types of educational services, which gradually developed into a systematic and chain-like enterprise structure. According to the Industry and Service Census data estimates, the output value of Taiwan's language- and science- focused cram school/learning center industry accounts for about 0.23% of GDP. It creates many employment opportunities and has a staggering output value. Although there is no public data on the total output value of the tutoring industry in Taiwan, and we can only estimate the size of the tutoring market in Taiwan to be around NT\$170 billion based on a few reports, the academic advancement-oriented language and science tutoring classes only make up a part of it.

In recent years, the Department of Statistics, Ministry of Education, pointed out that due to the deepening impact of declining birth rates, the educational culture of valuing academic achievement, combined with the knowledge-based economy, lifelong learning and return-to-education programs, it has offset the impact of the declining birth rate. Therefore, the GDP has remained relatively stable from 2009 to 2022.

In 2021, the worsening COVID-19 pandemic accelerated the growth of the online course market share, even in the K12 education field, which requires in-person guidance and tutoring. As the pandemic situation improved, parents began pushing their children back to physical classrooms when online courses showed lower effectiveness compared to in-person ones. However, regional and individual guidance for the lower age group in junior high and elementary schools has risen from 5% to over 10% in the past five years.

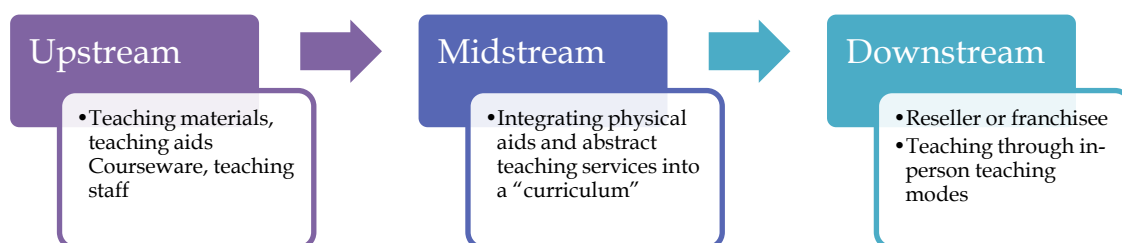
Although the overall education and training market size seems to have remained the same, the expansion and market size of academic-oriented tutoring industry is gradually becoming saturated. According to the statistics of the Ministry of Education in the past decade, the growth of language and science tutoring classes has gradually slowed down and shown a slightly saturated trend.



Source: Information management system for short-term tutoring classes in special municipalities and cities/counties of the Ministry of Education in 2023.

ii. The correlation among upstream, midstream, and downstream industries

Due to its special nature of selling “teaching services,” the tutoring industry’s products are abstract courses and services, and tangible teaching materials and aids are its supplements. Most tutoring businesses are not of large-scale or franchising nature and require external procurement of raw materials such as teaching materials and aids since they lack the ability to develop teaching materials and train teaching staff. Chen Li Educational Group, on the other hand, has the capability of self-developing teaching materials, courseware, and training teaching staff, which is not influenced by upstream industrial fluctuations. As a wholly-owned direct operation education group, it is not constrained by downstream industries. Therefore, it is an all-around education group with a complete industrial chain.



iii. Various trends in product development

In the current situation where the market demand is limited and companies need to continuously expand profits, if Taiwan’s academic advancement tutoring industry wants to create higher corporate profits, it needs to compete fiercely with its peers domestically, seek digital transformation, pursue refinement and high-cost service models, and expand corporate territory through mergers, integrations, or seek external development by seeking larger markets and profits to expand into new markets.

In order to create positive future development and leverage the resources of various education departments under the Group, a dual-track strategy of “direct operation + alliance” will be used to quickly develop blank markets and expand market share. The development strategy will be based on the physical branches of Chen Li Educational Group, a subsidiary of the Group, which includes:

- (i) Establish a digital department to explore markets in areas where Chen Li branches have not yet reached.

- (ii) In response to the implementation of the Curriculum Guidelines of 12-Year Basic Education, the high school department has gradually launched certification courses, digital courses, testing courses, and related planning such as adjusting the progress and classification of exam-related courses.
- (iii) Strengthen digital services such as online appointment-based tutoring and uninterrupted online lesson observation in response to the pandemic situation.
- (iv) Continuously expand into the fields of general subjects for junior high and elementary schools.

Chen Li Elementary, a subsidiary of the Group, focuses on STEAM education for preschool and elementary school students. It has already negotiated the introduction of formal courses for the entire school year with private schools, and has also carried out cooperation projects with other tutoring channels in the form of “teacher dispatch + textbook sales” or “teacher training + textbook sales” through alliances.

The subsidiary Li Ren Education has brought together the top brand in biology and nature, Chiang Meng Xi, to make its product curriculum more diverse and competitive.

iv. Competition

Chen Li Educational Group, a subsidiary of the Group, is the most comprehensive and competitive education and tutoring company in Taiwan that integrates the 12-Year Basic Education. It has 11 branches across the north, central, and southern regions of Taiwan, and has gradually extended from the specialized field of high school mathematics to high school general subjects, junior high general subjects, and elementary school gifted education program, making it a leading enterprise in Taiwan’s academic advancement education.

The establishment of Chen Li Elementary has expanded downward to focus on preschool and elementary school education, improving the one-stop platform and education service to enhance the competitiveness of academic advancement education and liberal education.

(3) Overview of Technology and R&D

i. R&D expenses of the latest year, up to the print date of the annual report

The Group’s main business is to provide short-term tutoring services and teacher dispatch services, and there is no dedicated R&D department. There was no R&D expenditure in the fiscal year 2022.

ii. Successfully developed technologies and products

- (i) High school general education, vocational high school mathematics, junior high school mathematics, elementary school curriculum mathematical ability, elementary school STEM digital electronic courseware.
- (ii) Elementary school, junior high school, high school general education smart diagnostic testing system.
- (iii) Online tutoring services and integrated services for problem-solving Q&A

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

i. Short-term Development

- (i) Continuously improve the market share of the “Chen Li Educational Group,” “Chen Li Elementary,” and “Here Educational Corporation” brands.

In addition to the existing high school tutoring business, we will vigorously develop the education segment for junior high and elementary schools, and continue to expand the number of branch schools under the K12 framework. We will also cooperate with major children’s English brands and top private schools to open various mathematics and STEM classes to drive overall operational growth. In 2022, we launched the mathematics ability curriculum and Olympic gold medal classes, and worked with children’s English and daycare centers to help increase revenue for Chen Li Elementary during the pandemic.

- (ii) Continuously increase the variety of course products and expand into junior high and elementary schools, while continuing to deepen the customer base in private elementary schools and children’s English, in order to accelerate revenue and profit growth.

ii. Mid-term Development

- (i) Continue to invest resources in online courses, increase investment in optimizing course systems, and strive to make adult off-the-job training and online learning related fields a major growth engine for the company.

- (ii) “The Strongest Brain” is the only board game-based smart educational tool in Asia that combines mathematical concepts with toddler behavior patterns. It is hoped that it can address the scarcity of content in early childhood education curriculum and open up the most unique sales model, allowing early childhood education institutions to have both teaching benefits and profit models, and establish the company’s strong leadership brand image in the education field.

iii. Long-term Development

Early childhood board game educational tool is just the beginning. With leadership brand and competitiveness, Success Prime will continue to deepen our roots, expand from elementary schools to infant care, extend upwards to adult off-the-job training courses, and provide online and offline synchronized services. We will also expand to Southeast Asian countries, building a global Chinese education service platform.

2. Market and Sales Overview

(1) Market analysis

i. Major product sales regions

Sales regions	2022		2021	
	Amount	%	Amount	%
Taiwan	702,257	100.00%	661,920	100.00%
Total	702,257	100.00%	661,920	100.00%

ii. Future market supply and demand and future growth

The severe pandemic situation in 2021 accelerated the growth and deployment of digitalization, but after the pandemic eased from 2022, physical classrooms still demonstrated an indispensable necessity. The impact of declining birth rate and the pandemic has led to the continuous phenomenon of the “strong getting stronger and the weak disappearing” in the education industry. Although the impact of declining birth rates has prevented explosive growth in the education industry, the unwavering demand is still a characteristic of the industry, and market demand and expansion potential still exist.

Under the banner of Success Prime, its subsidiaries, which mainly operate physical classrooms, are actively expanding their market share in junior high schools and elementary schools while maintaining their own growth momentum. Relying on strong management and marketing capabilities and experience, the company provides various cooperation models for regional cram schools at various metropolitan branch schools, such as introducing teacher marketing or profit sharing, providing course materials and brand licensing, and introducing individual tutoring and small group classes, to provide parents with multiple choices and meet their one-stop needs.

The future trend of market polarization will further help Success Prime develop high-end product courses for younger age groups. Externally, it aims for double-digit growth in junior high schools and elementary schools, and provides high-end course content to increase per capita consumption. Internally, it aims for lean management to reduce personnel and increase performance to achieve the highest efficiency and effectiveness.

iii. Competitive niches

Chen Li Educational Group, the most important subsidiary of Success Prime, has been around for more than 30 years since it started as a cram school, becoming Taiwan’s largest education service group, as well as the most comprehensive and competitive education and tutoring company in Taiwan that integrates the 12-Year Basic Education. It has 11 branches across Taiwan, and has gradually extended from the specialized field of high school mathematics to high school general subjects, junior high general subjects, and elementary school gifted education program, making it a leading enterprise in Taiwan’s academic advancement education. Whether it’s the quality and sophistication of teaching, marketing, enrollment, curriculum, products, management, and service, Chen Li Educational Group is a leader in the industry.

Therefore, the core competitiveness of Chen Li Educational Group is as follows:

(i) Superior teaching staff replication system

Most of Taiwan’s cram schools/learning centers starts with famous teachers, creating cram school myths through the halo of one well-known teacher. However, the teaching effectiveness of Chen Li Educational Group’s teacher training is evident, and it has gradually become the leader in Taiwan’s cram school industry, with its brand image established.

(ii) Directly-operated branch schools throughout Taiwan for more than 10 years

Most of Taiwan’s cram schools/learning centers expand through franchise chain stores, with limited directly-operated physical branch schools, making it difficult to accurately maintain the quality of teaching and brand image. Chen

Li Educational Group operates through a directly-operated model, and its brand can be seen everywhere. The management team of each branch school mostly consists of multi-talented personnel trained personally by Chen Li Educational Group, integrating teaching, administration, and marketing, stationed at each branch school to carry out management and deployment, as to maintain operational stability and ensure the consistency and quality of teaching services.

- (iii) A three-in-one business model that integrates teaching faculty, administrative management, and brand management

The successful formula for a supplementary education company is a three-in-one business model that balances the quality of teaching faculty, administrative efficiency, and brand management.

- (iv) An integrated model with physical classes as the core supported by virtual services: Physical courses as the main mode of operation, providing free virtual services

The subsidiary Chen Li Educational Group's has established a student market with physical branches as its main business and revenue stream, which are the primary channels for teaching and enrollment. It has also created a virtual education platform and a mobile app, providing free personalized educational services for in-class students and parents. Through the advantages of the virtual platform, such as no time or space restrictions, the platform offers features such as pre-class preparation, post-class review, testing and diagnosis, remedial recommendations, scheduling systems, and important scheduling reminders. Parents can also use the platform to check their children's attendance and learning progress. The company aims to convert virtual traffic into sales and promote its brand and educational services through virtual recommendations. The company also provides free trial services for new students, encouraging them to enter the physical market for face-to-face courses through the promotional offers available online. It offers diagnostic analysis for large-scale tests for returning students, recommending remedial courses and creating personalized learning plans.

Chen Li Educational Group, which focuses on high school students, has expanded its business to include middle and elementary schools. Its overall revenue share has grown from 12% to 21%. Chen Li Elementary, established specifically for elementary school children, uses major children's English brands as channels to quickly expand its STEMath courses. It has entered various elite private schools with courses on mathematics, science, and nature, becoming the most competitive differentiated course for elite education supply. The company's market reputation and revenue growth have grown in parallel, making it the growth engine for the Group's future.

- iv. Favorable and unfavorable factors to long-term development and response measures

- (i) Favorable factors

A. With more than 30 years of experience in the Taiwanese supplementary education industry and having gone through the transition from quantity to quality in the market, the company is skilled in detailed management of teams, and creating high-quality educational services.

- B. The high cost of cultivating renowned teachers and building teaching teams to serve as continuity and extension.
 - C. Standardized R&D, teaching, and administrative processes to establish the brand's durability and stability.
 - D. Individualized guidance and learning strategies to help each child with different learning performances to achieve comprehensive layout and learning planning, seeking the best effort strategy and gaining individual learning performance.
 - E. As Taiwan's largest comprehensive supplementary education provider, integrate real and virtual through the strength and high penetration of the physical stores.
- (ii) Unfavorable factors
- A. Due to Taiwan's declining birth rate and changes in education policies, the market for elementary, junior high, high school, and digital education is changing dramatically. The company focuses mainly on the high school market, but needs to actively expand into the elementary and preschool markets and increase digital market share to cope with changes.
 - B. Teachers must be quantified to meet the huge market demand and business model, while the high turnover rate of part-time teachers, whose administrative control and quality of teaching cause endless problems.
- (iii) Response measures
- A. Maintain stable profitability based on the continuity of business in Taiwan. We will not excessively shift our focus due to cross-border markets but maintain a steady footing to reduce investment risks.
 - B. Using physical branches as the main charging area, while virtual apps and websites provide free educational services to establish an integrated strategy of physical supported by the virtual, and controlling input costs in accordance with the acceptance level of virtual markets.
 - C. The pandemic has accelerated the acceptance and penetration of online education, adjusting the proportion of online and offline virtual integration, adapting to the second-level math of the Curriculum Guidelines of 12-Year Basic Education in Taiwan, learning resumes, and independent learning. Using the expansion of the "one school district, one Chen Li" through various channels for elementary schools, provide digital system platforms and set up formal courses such as thinking math, DIY, and science experiments, as well as summer and winter camps. Improve teacher training and high retention rates, create a high ranking list and revenue for franchise authorized schools, and work together to create a win-win situation, becoming a key driving force for growth, and driving the Group to create another peak.
 - D. Develop elementary school and preschool board game courses, invest in adult online off-the-job training, and optimize the Qsticker smart assessment system as a starting point for development of the New Southbound Policy.

(2) Major applications and manufacturing processes of core products

i. Major applications of core products

The company mainly provides short-term academic counseling and related consulting and management services for elementary, junior high, and high school subjects' tutorial courses to assist students in preparing for entrance exams.

ii. Manufacturing processes of products

The company mainly provides labor services and does not have a production process, so this question is not applicable.

(3) Supply status of primary raw materials

The company mainly provides labor services and does not have a production process, so this question is not applicable.

(4) Customers who accounted for more than 10% of the total purchase (sales) in the last two years

i. Major suppliers in the last two calendar years

Unit: NT\$ thousands

Item	2021				2022			
	Company Name	Amount	% of net supplies	Relationship with issuer	Company Name	Amount	% of net supplies	Relationship with issuer
1	036	45,020	20.34	None	036	38,489	17.34	None
2	Others	176,289	79.66	None	Others	183,429	82.66	None
	NetSupplies	221,309	100.00		NetSupplies	221,918	100.00	

Note: The company's main suppliers in the education business are teachers and textbook printers.

ii. Major clients in the last two calendar years

In the group, education (tutoring business) is the main business. Its sales mainly come from tuition fees from physical tutoring classes. Due to the nature of the industry, sales are relatively dispersed, and there were no customers accounting for more than 10% of the total sales in the past two years. The consolidated company net sales in 2021 and 2022 were NT\$ 661,920 thousands and NT\$ 702,257 thousands, respectively.

(5) Production in the Last Two Years

The company mainly provides labor services and is not in the manufacturing industry, so there is no production volume value.

(6) Shipments and Sales in the Last Two Years

Unit: NT\$ thousands

Shipments and Sales Quantity	Year		2021				2022			
			Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Education and Consulting Services	-	659,031	-	-	-	697,958	-	-	-	-
Others	-	2,889	-	-	-	4,299	-	-	-	-
Total	-	661,920	-	-	-	702,257	-	-	-	-

3. Employees

Item \ Year		2021	2022	As of April 18, 2023
Number of employees	Indirect labor	207	220	216
	Production line labor	-	-	-
	Total	207	220	216
Average age		35.14	35.18	35.36
Average years of service		5.47	5.33	5.52
Academic qualification	PhD	-	0.4%	-
	Master	5.3%	4.1%	4.2%
	University/College	82.7%	85.0%	85.6%
	High school	10.6%	9.1%	8.8%
	Below high school	1.4%	1.4%	1.4%

4. Environmental Protection Expenditure Information

List the losses suffered due to pollution of the environment in the most recent years up to the publication date of this annual report (including compensation and results of environmental protection audits that violated environmental protection laws and regulations; specify the date of the penalty, penalty number, violated articles in regulations, contents of violation, and the contents of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained: N/A.

5. Employees-Employer Relations

(1) The company's employee welfare measures, continuing education, training, retirement regulations and their actual implementation, along with employer-employee agreements, and measures for protecting employee rights.

i. Employee welfare measures, continuing education and training

- (i) In order to promote unity and teamwork and create a better future together, in addition to allocating no less than 3% of the annual profit as employee remuneration, the company provides employees with opportunities to invest in the company to enhance their sense of belonging and teamwork, and jointly participate in the company's growth.
- (ii) The company not only complies with regulations to insure each employee for labor insurance, health insurance, and pension, but also provides additional group accident insurance for employees, arranges regular health checkups, and introduces on-site medical services with occupational doctors and nurses to ensure employee health.
- (iii) The company respects the spirit of human rights and gender equality, actively promotes gender equality, and implements it in our system. We establish a substantive gender equality environment by not discriminating based on gender in employee salary, performance evaluation, or promotion opportunities. We also employ disadvantaged workers, practice workplace safety and health management, emphasize employee education and training, strengthen team consensus and organizational identity, and provide birthday leave to enhance employee motivation and efficiency. These efforts have resulted in significant achievements.
- (iv) The company is committed to providing a friendly environment and related

measures to help employees balance work and family. These include: family care leave, maternity leave, paternity leave, childbirth benefits, childcare allowance, and childcare extended unpaid leave without discrimination based on gender or job position.

- (v) The Employee Welfare Committee provides subsidies for marriage and funerals, as well as birthday, holiday, and Teacher's Day bonuses. Additionally, we occasionally organize employee travel or provide travel subsidies to alleviate work stress and promote the relations among personnel and their families, thereby improving morale.
- (vi) The company has always been dedicated to cultivating talent. New employees receive comprehensive new employee education and training, while specific job positions and relevant agents receive regular professional training. We actively cultivate management talent at all levels, provide on-the-job study incentives to encourage personnel to continue their education, and occasionally invite professional lecturers for training to strengthen our company's human capital and enhance our market competitiveness.

ii. Retirement System

The company's local employees are fully subject to the new retirement system under the Labor Pension Act. Retirement pension is allocated to the personal account of each employee at the Bureau of Labor Insurance, with 6% of each employee's monthly salary contributed. The allocated amount for 2022 was NT\$ 7,874 thousands.

The retirement application procedure and criteria for our local employees are shown in the following table:

	Employee-initiated retirement	Company-initiated retirement
Criteria	(1) Employees aged 55 or older who have worked for 15 years or more (2) Employees who have worked for 25 years or more (3) Employees aged 60 or older who have worked for 10 years or more	(1) Employees who are aged 65 or older (2) Employees who are physically or mentally unable to perform their duties.
Procedure	The application is initiated by the employee and becomes effective upon approval.	The company notifies the employee of the relevant procedures and the application becomes effective.

iii. Labor-management agreement status

The company continuously listens to employee feedback through various channels and responds and communicates promptly. At the same time, we hold regular labor-management meetings in accordance with the law, and maintain a harmonious and friendly labor-management relations through rational communication.

iv. Measures for protecting employee rights

The company adopts a positive attitude in actively protecting the rights and benefits that employees are entitled to under the law. When formulating relevant policies, we fully consider the impact on employee rights and strive to achieve the maximum balance between the interests of the company and its employees. We also emphasize two-way communication and are committed to providing open and transparent communication channels between managers and personnel at all levels, in order to ensure that all employees can communicate and share their

ideas with management without fear of discrimination, retaliation, threats, or harassment regarding work conditions, management methods, etc.

- (2) List the losses suffered due to labor disputes in the most recent two years up to the publication date of this annual report (including violations of the Labor Standards Act in the results of labor inspections; specify the date of the penalty, penalty number, violated articles in regulations, contents of violation, and the contents of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained.

Both labor and management agreements of the company are based on the Labor Standards Act and relevant laws, and comply with the personnel management regulations established for employees when they enter the company. No significant labor-management disputes have occurred in the current and previous fiscal year up to the date of printing of this annual report.

6. Cyber security management

- (1) Cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

i. Cyber security risk management framework

The information unit of the company is responsible for coordinating and executing information security policies, promoting information security messages, enhancing the awareness of employees on information security, and conducting periodic information security checks to strengthen information security management. The audit unit conducts periodic audits according to the audit plan each year to evaluate the effectiveness of the company's internal control over information operations.

ii. Cyber security policy

- (i) Strengthen employees' awareness of information security to prevent accidental errors caused by human factors.
- (ii) Prevent the leakage of sensitive data and maintain physical environment security.
- (iii) Implement daily maintenance effectively to ensure sustainable operation.

iii. Concrete management programs

- (i) Conduct periodic information security and personal information protection education and promotion operations. Newly hired personnel must sign a confidentiality agreement.
- (ii) Personnel who may have access to confidential or sensitive information through hiring/appointment should undergo appropriate security assessments. Access permissions should be adjusted immediately when personnel change their job positions or leave the company.
- (iii) Before scrapping information equipment, confirm that confidential, sensitive data, and copyright software have been removed or overwritten from the hard drive.

- (iv) Personal computers are installed with antivirus software and updated regularly with virus code updates. Unauthorized software is prohibited from use. User login accounts and passwords should be managed by designated personnel, and employees should be required to change system passwords periodically to maintain account security. External connections should have security control mechanisms such as firewalls.
 - (v) Appropriate backup, redundancy, or monitoring mechanisms have been established for important information systems or equipment, and periodic recovery and emergency prevention drills are conducted.
 - (vi) Periodically evaluate and update information security policies to ensure compliance with relevant laws and regulations. Execute security assessments regularly to ensure that if any information security incidents occur, they can be responded to and handled promptly and appropriately.
- iv. Investments in resources for cyber security management

The company places great emphasis on information security and sets an appropriate budget each year to strengthen information technology and security protection. In 2022, the company invested approximately NT\$ 380,000 in software and hardware expenses related to information security management.

- (2) Any losses suffered by the company in the most recent year and as of the date the annual report was printed due to significant cybersecurity incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

7. Important Contracts

the contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year: None.

VI. Financial Overview

1. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(1) Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item \ Year		Financial Summary for The Last 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		363,261	291,797	231,652	265,968	294,439
long term investment (Note 2)		4,420	9,360	9,360	9,820	44,605
Property, plant and equipment		304,248	309,114	294,015	287,490	292,300
Right-of-use assets		-	222,391	105,685	100,149	138,668
Intangible assets		488,551	497,860	494,788	492,223	489,350
Other assets		152,847	157,981	128,003	59,038	55,130
Total assets		1,313,327	1,488,503	1,263,503	1,214,688	1,314,492
Current liabilities	Before distribution	520,771	513,097	366,691	352,111	409,385
	After distribution (Note 3)	589,813	538,988	451,329	408,878	471,828
Non-current liabilities		5,744	183,860	85,365	72,785	94,237
Total liabilities	Before distribution	526,515	696,957	452,056	424,896	503,622
	After distribution (Note 3)	595,557	722,848	536,694	481,663	566,065
Equity attributable to the owner of the parent company		780,324	785,628	807,801	786,467	808,253
Capital stock		174,594	174,594	191,854	191,004	191,004
Capital surplus		367,081	367,081	341,190	309,100	293,962
Retained earnings	Before distribution	262,216	268,509	311,511	301,291	338,210
	After distribution (Note 3)	193,174	251,249	255,086	259,662	275,767
Other equity interest		(1,611)	(2,600)	(2,392)	(2,522)	(2,517)
Treasury stock		(21,956)	(21,956)	(34,362)	(12,406)	(12,406)
Non-controlling interest		6,488	5,918	3,646	3,325	2,617
Total equity	Before distribution	786,812	791,546	811,447	789,792	810,870
	After distribution (Note 3)	717,770	765,655	726,809	733,025	748,427

Note 1: The financial information for the year 2018 ~ 2022 has been verified by an accountant.

Note 2: Long-term investments include non-current financial assets at fair value through other comprehensive income, non-current financial assets measured at amortized cost, and investments using the equity method.

Note 3: The company's 2022 annual earnings distribution statement has not been approved by the shareholders' meeting, so the figures after distribution are based on the resolution of the board of directors.

(2) Condensed parent company only balance sheet over the last five years

Unit: NT\$ thousands

Year Item		Financial Summary for The Last 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		245,473	162,052	79,928	52,772	34,043
long term investment (Note 2)		660,420	699,866	718,458	716,453	776,381
Property, plant and equipment		6,051	4,639	-	-	-
Right-of-use assets		-	84,596	-	-	-
Intangible assets		694	500	119	44	-
Other assets		86,020	89,401	58,165	50,601	44,505
Total assets		998,658	1,041,054	856,670	819,870	854,929
Current liabilities	Before distribution	216,322	156,933	29,084	33,058	46,331
	After distribution (Note 3)	285,364	182,824	113,722	89,825	108,774
Non-current liabilities		2,012	98,493	19,785	345	345
Total liabilities	Before distribution	218,334	255,426	48,869	33,403	46,676
	After distribution (Note 3)	287,376	281,317	133,507	90,170	109,119
Equity attributable to the owner of the parent company		780,324	785,628	807,801	786,467	808,253
Capital stock		174,594	174,594	191,854	191,004	191,004
Capital surplus		367,081	367,081	341,190	309,100	293,962
Retained earnings	Before distribution	262,216	268,509	311,511	301,291	338,210
	After distribution (Note 3)	193,174	251,249	255,086	259,662	275,767
Other equity interest		(1,611)	(2,600)	(2,392)	(2,522)	(2,517)
Treasury stock		(21,956)	(21,956)	(34,362)	(12,406)	(12,406)
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	780,324	785,628	807,801	786,467	808,253
	After distribution (Note 3)	711,282	759,737	723,163	729,700	745,810

Note 1: The financial information for the year 2018 ~ 2022 has been verified by an accountant.

Note 2: Long-term investments include non-current financial assets at fair value through other comprehensive income, non-current financial assets measured at amortized cost, and investments using the equity method.

Note 3: The company's 2022 annual earnings distribution statement has not been approved by the shareholders' meeting, so the figures after distribution are based on the resolution of the board of directors.

(3) Condensed consolidated income statement over the last five years

Unit: NT\$ thousands, EPS is NT\$

Item \ Year	Financial Summary for The Last 5 Years (Note 1)				
	2018	2019	2020	2021	2022
Operating income	917,579	881,610	776,397	661,920	702,257
Operating margin	430,575	394,972	371,972	320,521	352,201
Operating profit and loss	111,810	85,548	71,543	77,493	95,043
Out-of-business income and expenditure	9,269	1,438	12,261	(3,237)	3,333
Net profit before tax (loss)	121,079	86,986	83,804	74,256	98,376
Continued business unit net profit for the current period (loss)	126,454	76,977	62,913	56,623	79,261
Loss of closed units	-	-	-	-	-
Net profit for the current period (loss)	126,454	76,977	62,913	56,623	79,261
Other consolidated gains and losses for the current period (NET after-tax amount)	(992)	(1,772)	858	(130)	5
Total consolidated gains and losses for the current period	125,462	75,205	63,771	56,493	79,266
Net profit belongs to parent Company owner	124,866	76,118	62,234	56,900	78,704
Net profit attributable to non-controlling interests	1,588	859	679	(277)	557
Total combined profit and loss attributable to parent Company owners	123,874	74,346	63,092	56,770	78,709
Total combined profit and loss attributable to non-controlling interests	1,588	859	679	(277)	557
Earnings per share (Loss) (NT\$)	7.18	4.01	3.30	3.02	4.16

Note 1: The financial information for the year 2018 ~ 2022 has been verified and verified by an accountant.

(4) Condensed parent company only income statement over the last five years

Unit: NT\$ thousands, EPS is NT\$

Item \ Year	Financial Summary for The Last 5 Years (Note 1)				
	2018	2019	2020	2021	2022
Operating income	464,440	454,271	323,451	218,012	221,762
Operating margin	182,354	127,068	67,934	51,167	52,442
Operating profit and loss	114,781	48,042	26,789	33,098	30,461
Out-of-business income and expenditure	3,343	30,517	47,291	31,219	54,182
Net profit before tax (loss)	118,124	78,559	74,080	64,317	84,643
Continued business unit net profit for the current period (loss)	124,866	76,118	62,234	56,900	78,704
Loss of closed units	-	-	-	-	-
Net profit for the current period (loss)	124,866	76,118	62,234	56,900	78,704
Other consolidated gains and losses for the current period (NET after-tax amount)	(992)	(1,772)	858	(130)	5
Total consolidated gains and losses for the current period	123,874	74,346	63,092	56,770	78,709
Net profit belongs to parent Company owner	124,866	76,118	62,234	56,900	78,704
Net profit attributable to non-controlling interests	-	-	-	-	-
Total combined profit and loss attributable to parent Company owners	123,874	74,346	63,092	56,770	78,709
Total combined profit and loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share (Loss) (NT\$)	7.18	4.01	3.30	3.02	4.16

Note 1: The financial information for the year 2018 ~ 2022 has been verified and verified by an accountant.

(5) Independent Auditors' Opinions Over Last Five Fiscal Years

Visa Year	Accounting firm	Name of CPA	Audit opinions
2018	Deloitte & Touche	Jin-Chuan Shi 、Shu-Lin Liu	An Unmodified Opinion
2019	Deloitte & Touche	Jin-Chuan Shi 、Shu-Lin Liu	An Unmodified Opinion
2020	Deloitte & Touche	Jin-Chuan Shi 、Shu-Lin Liu	An Unmodified Opinion
2021	Deloitte & Touche	Jin-Chuan Shi 、Yung-Ming Chiu	An Unmodified Opinion
2022	Deloitte & Touche	Jin-Chuan Shi 、Yung-Ming Chiu	An Unmodified Opinion

2. Financial Analysis for the Last Five Fiscal Years

(1) Consolidated Financial Analysis

Item (Note 3)		Financial Summary for The Last 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	40.09	46.82	35.77	34.97	38.31
	Ratio of long-term capital to property, plant and equipment	260.50	315.54	305.02	300.03	309.65
Solvency (%)	Current ratio	69.75	56.86	63.17	75.53	71.92
	Quick ratio	57.28	51.47	60.81	72.99	70.15
	Interest earned ratio	79.12	14.51	23.97	36.04	46.92
Operating performance	Accounts receivable turnover (times)	17.72	13.41	21.76	73.14	162.99
	Average collection period	20.59	27.21	16.77	4.99	2.23
	Inventory turnover (times)	7.16	6.54	12.06	117.48	115.51
	Accounts payable turnover (times)	19.61	17.83	17.90	16.03	15.37
	Average days in sales	50.97	55.81	30.26	3.10	3.15
	Property, plant and equipment turnover (times)	3.19	2.87	2.57	2.27	2.42
	Total assets turnover (times)	0.71	0.62	0.56	0.53	0.55
Profitability	Return on total assets (%)	9.92	5.86	4.78	4.71	6.40
	Return on stockholders' equity (%)	16.12	9.75	7.84	7.07	9.90
	Pre-tax income to paid-in capital (%)	69.35	49.82	43.68	38.87	51.50
	Profit ratio (%)	13.78	8.73	8.10	8.55	11.28
	Earnings per share (NT\$)	7.18	4.01	3.30	3.02	4.16
Cash flow	Cash flow ratio (%)	8.90	38.63	37.62	44.84	51.57
	Cash flow adequacy ratio (%)	1.31	1.49	1.65	1.56	1.39
	Cash reinvestment ratio (%)	(註 2)	40.18	32.98	23.91	49.25
Leverage	Operating leverage	1.17	2.07	2.20	2.00	1.76
	Financial leverage	1.01	1.08	1.05	1.02	1.02

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Interest earned ratio and Pre-tax income to paid-in capital: The increase in pre-tax net profit leads to the addition of related ratios.
2. Accounts receivable turnover: Due to the adjustment of the subsidiary's operating model, the average accounts receivable decreased, and the account receivable turnover increased accordingly.
3. Average collection period: As explained in the preceding item, the average cash collection days decrease as the turnover rate of receivables increases.
4. Return on total assets, Return on stockholders' equity, Profit ratio and Earnings per share: The net profit after tax increases, leading to an increase in related ratios.
5. Cash reinvestment ratio: Net profit after tax increases, leading to an increase in related ratios.

Note 1: The financial information for the year 2018 ~ 2022 has been verified and verified by an accountant.

Note 2: The net cash flow from operating activities is net cash outflow, so it is not planned to calculate the relevant ratio.

Note 3: The calculation formula of financial analysis is as follows:

1. Financial structure

- (1) Debt Ratio = Total Liabilities / Total Assets.
- (2) Ratio of long-term capital to property, plant and equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant, and Equipment.

2. Solvency

- (1) Current ratio = Current Assets / Current Liabilities.
- (2) Quick ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
- (3) Interest earned ratio = Net income before Tax and Interest / Interest Expenses.

3. Operating performance

- (1) Accounts receivable turnover (including bills receivable resulting from accounts receivable and business operations) = Net sales / Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
- (2) Average collection period = $365 / \text{Receivables Turnover Rate}$.
- (3) Inventory turnover = Cost of Sales / Average Inventory.
- (4) Accounts payable turnover (including bills payable resulting from accounts payable and business operations) = Cost of sales / Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
- (5) Average days in sales = $365 / \text{Inventory Turnover Rate}$.
- (6) Property, plant and equipment turnover = Net Sales / Average Net Property, Plant, and Equipment.
- (7) Total assets turnover = Net Sales / Average Total Assets.

4. Profitability

- (1) Return on total assets = [Net income + Interest expenses x (1 - interest rates)] / Average total asset.
- (2) Return on stockholders' equity = Net Income / Average Total Equity.
- (3) Profit ratio = Net Income / Net Sales.
- (4) Earnings per share = (Income Attributable to Owners of Parent Company - Dividends on Preferred Stock) / Weighted Average Number of Shares Issued.

5. Cash flow

- (1) Cash flow ratio = Net Cash Flow from Operating Activities / Current Liabilities.
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital).

6. Leverage

- (1) Operating leverage = (Net cash flow from operating activities cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital).
- (2) Financial leverage = Operating Income / (Operating Income - Interest Expenses).

(2) Parent Company Only Statements of Financial Analysis

Item (Note 3)		Financial Summary for The Last 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	21.86	24.53	5.70	4.07	5.45
	Ratio of long-term capital to property, plant and equipment	12,929.04	19,058.43	-	-	-
Solvency (%)	Current ratio	113.48	103.26	274.81	159.63	73.47
	Quick ratio	85.52	89.14	274.61	159.47	72.62
	Interest earned ratio	74.37	23.61	54.72	248.37	415.91
Operating performance	Accounts receivable turnover (times)	6.08	4.89	7.64	9.83	9.78
	Average collection period	60.03	74.64	47.77	37.13	37.32
	Inventory turnover (times)	4.15	4.41	7.97	-	-
	Accounts payable turnover (times)	13.95	14.13	14.06	10.02	9.92
	Average days in sales	87.95	82.76	45.79	-	-
	Property, plant and equipment turnover (times)	96.79	84.99	139.44	-	-
	Total assets turnover (times)	0.49	0.44	0.34	0.26	0.26
Profitability	Return on total assets (%)	13.19	7.73	6.67	6.81	9.41
	Return on stockholders' equity (%)	15.99	9.72	7.81	7.14	9.87
	Pre-tax income to paid-in capital (%)	67.66	44.99	38.61	33.67	44.31
	Profit ratio (%)	26.89	16.75	19.24	26.09	35.49
	Earnings per share (NT\$)	7.18	4.01	3.30	3.02	4.16
Cash flow	Cash flow ratio (%)	13.75	92.77	221.63	102.18	71.36
	Cash flow adequacy ratio (%)	0.74	1.08	1.20	0.96	0.77
	Cash reinvestment ratio (%)	-	-	-	-	-
Leverage	Operating leverage	1.02	1.30	1.21	1.00	1.00
	Financial leverage	1.01	1.07	1.05	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Debt Ratio: Due to the increase in the number of borrowings, the total amount of liabilities has increased, and the debt-asset ratio has thus increased.
2. Current ratio and Quick ratio: Current assets decrease due to cash investment to purchase equity (investment using the equity method), and at the same time, current liabilities increase due to an increase in borrowing amount, resulting in a decrease in the current ratio and quick ratio.
3. Quick ratio and Pre-tax income to paid-in capital: The increase in pre-tax net profit leads to the addition of related ratios.
4. Return on total assets, Return on stockholders' equity, Profit ratio and Earnings per share: Due to the increase in the profit and loss share of subsidiaries that adopt the equity method and affiliated companies, the net profit after tax increases, and the relevant ratios increase accordingly.
5. Cash flow ratio: Due to the addition of the borrowings, the current liabilities increase, and the cash flow ratio decreases.

Note 1: The financial information for the year 2018 ~ 2022 has been verified by the accountant.

Note 2: The calculation formula for financial analysis is shown on the previous page.

3. Audit committee's review report for the most recent year's financial statement

Success Prime Corporation Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Consolidated and Subsidiary Financial Statements, and distribution of earnings proposal. Accountants Jin-Chuan Shi and Yung-Ming Chiu of CPA firm of Deloitte & Touche was retained to audit SPC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Success Prime Corporation. According to relevant requirements of the Securities and Exchange Act (Article 14-4) and the Corporate Law (Article 219), we hereby submit this report.

TO SPC 2023 AGM

Audit Committee Convener:

Bing- Quan Shi

March 14, 2023

- 4. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: p.78 to p.144.**
- 5. A parent company only financial statement for the most recent fiscal year, certified by a CPA, but not including the statements of major accounting items: p.145 to p.197.**
- 6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.**

VII. Review and Analysis of Financial Position and Financial Performance, and a Listing of Risks

1. Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	265,968	294,439	28,471	10.70%
Long term investment	9,820	44,605	34,785	354.23%
Property, plant and equipment	287,490	292,300	4,810	1.67%
Right-of-use assets	100,149	138,668	38,519	38.46%
Intangible assets	492,223	489,350	(2,873)	(0.58%)
Other assets	59,038	55,130	(3,908)	(6.62%)
Total assets	1,214,688	1,314,492	99,804	8.22%
Current liabilities	352,111	409,385	57,274	16.27%
Other liabilities	72,785	94,237	21,452	29.47%
Total liabilities	424,896	503,622	78,726	18.53%
Ordinary shares	191,004	191,004	-	-
Capital surplus	309,100	293,962	(15,138)	(4.90%)
Legal reserve	39,992	44,613	4,621	11.55%
Legal reserve	2,392	2,522	130	5.43%
Unappropriated retained earnings	258,907	291,075	32,168	12.42%
Other equity	(2,522)	(2,517)	5	(0.20%)
Treasury shares	(12,406)	(12,406)	-	-
Total equity attributable to owners of the Company	786,467	808,253	21,786	2.77%
Total equity	789,792	810,870	21,078	2.67%
<p>Analysis of changes in the increase and decrease ratio exceeding 20%:</p> <ol style="list-style-type: none"> 1. Long-term investment: Mainly invest in affiliates, increasing long-term investment. 2. Right-of-use assets and other liabilities: Due to the renewal of the original lease upon expiration, the right-of-use assets and lease liabilities calculated by the new contract period per IFRS 16 both increased. 				

2. Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Net operating income	661,920	702,257	40,337	6.09%
Operating costs	341,399	350,056	8,657	2.54%
Gross profit	320,521	352,201	31,680	9.88%
Operating expenses	243,028	257,158	14,130	5.81%
Net Income from operations	77,493	95,043	17,550	22.65%
Non-operating income and expenditure	(3,237)	3,333	6,570	(202.97%)
Net profit before tax	74,256	98,376	24,120	32.48%
Income Tax expense	(17,633)	(19,115)	(1,482)	8.40%
Net profit (loss) for the year	56,623	79,261	22,638	39.98%
Other consolidated gains and losses	(130)	5	135	(103.85%)
Total consolidated gains and losses for the year	56,493	79,266	22,773	40.31%
Analysis of changes in the increase and decrease ratio exceeding 20%:				
1. The increase in net operating income, net profit before tax, net profit for the year, and total comprehensive income for the year is mainly due to the expansion of the revenue growth from the tuition of primary and middle schools and the effective control of costs and expenses.				
2. Increase in non-operating income and expenses: Mainly due to the provision of impairment losses in 2021.				
3. Decrease in other comprehensive gains and losses: mainly due to the recognition of the exchange differences in the financial reports of foreign operating agencies.				

3. Analysis of Cash Flow

(1) Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Item \ Year	2021	2022	Amount of change
Operating activities	157,902	211,135	53,233
Investing activities	35,467	(100,134)	(135,601)
Financing activities	(148,100)	(121,859)	26,241
Analysis of changes in cash flow:			
1. Increase in cash inflow from operating activities: Mainly due to an increase in pre-tax net profit in 2022.			
2. Variety in cash flow from investment activities: Inflow caused by life insurance termination payment in 2021. Outflow caused by the application of idle funds to time deposits for more than three months and investment in related companies in 2022.			

(2) Analysis of responses to liquidity risks and cash liquidity in the coming year

Unit: NT\$ thousands

Cash Balance beginning period (1)	Estimated net cash flow from operating activities throughout the year (2)	Estimated annual cash outflow (3)	Estimated amount of cash surplus (insufficient) (1) + (2) - (3)	Remedy for Liquidity shortfall	
				Investment Plan	Financial Plan
217,894	200,000	194,714	223,180	-	-
Remedial measures and liquidity analysis of expected cash shortfall: None.					

4. Recent Years Major Capital Expenditures and Impact on Financial and Business:
None.

5. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits / Losses Generated Thereby, the Plan for Improving Re-Investment Profitability, and Investment Plans for the Coming Year

(1) Reinvestment policy in the recent year, main reasons for its profit or loss, and improvement plan

December 31, 2022

Explanation Item	Investment amount (NT\$ thousands)	Policies	The main reason for profit or loss	Improvement Plan
XUEMI Co., Ltd.	34,000	Long-term strategic investment.	The company's operation is stable.	N/A
Accuagile Co., Ltd.	4,500	Looking for educational digital training system providers of strategic alliances to establish long-term cooperative relations.	The company's operation is still in a rudimentary stage.	N/A
Xueli Technology Co., Ltd.	400	Looking for educational digital training system providers of strategic alliances to establish long-term cooperative relations.	The company's operation is still in a rudimentary stage.	N/A

(2) Investment plan for the coming year

In the future, the Company will still consider the market demand, operating conditions, and future capital situation. The Company carefully evaluates the need for long-term investment following the operating policies.

6. Risk Management

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

i. Interest rate fluctuations

The Company's interest expenses (loan interest from bank) in 2021, and 2022 were NT\$262, thousand and NT\$49 thousand, respectively, accounting for 0.04% and 0.01% of net operating income, respectively, and accounting for net profit before tax 0.35% and 0.05% respectively, so the impact of changes in interest rates on the company's operating income and net profit before taxation is still limited.

In the future, the company will regularly evaluate bank borrowing interest rates and maintain good relations with banks in order to obtain a more favorable interest rate when there is a demand for borrowing and reduce interest expenses.

ii. Foreign exchange rate fluctuations

The company's exchange (loss) profit in 2021 and 2022 was mainly due to exchange rate changes in holding foreign currency fixed deposits. As a result, the exchange

(loss) of the company in 2021 and 2022 was (NT\$292) thousand and NT\$1,023 thousand respectively, accounting for (0.04%) and 0.15% of the net operating income respectively, accounting for the pre-tax The net profit was (0.39%) and 1.04% respectively, and the exchange rate change would not have a significant impact on the Company's profit or loss.

iii. Inflation

Due to the characteristics of the industry, the company has only a few procurement items, and inflation does not impose significant impact on the company's profit or loss.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Loans of funds to Others or Endorsement Guarantees, and Derivatives Transactions

The Company has established the Procedures for Loaning of Funds to Others, the Operating Procedures for Endorsements and Guarantees, the Procedures for Handling Derivatives Transactions, and the Procedures for Acquisition and Disposal of Assets. All processes adhere strictly to these procedures in order to keep operation and financial risks under control.

As of the beginning of 2019 to the printing date of this Annual Report, the Company has not engaged in high-risk and leveraged financial investments. Neither did the Company loan any funds or provide any endorsements/guarantees to other parties.

(3) Future R&D Projects and the Expected Expenditure

The Company's core business is the education service of contracting tutoring teachers and course management labor services, engaging in tutoring courses of various major subjects in primary schools, middle schools, and high schools as well. The Company has no investment in research and development costs.

(4) Changes in Domestic and Overseas Policies and Laws That Have an Impact on the Company's Financial and Business and the Countermeasures

In addition to the jurisdiction of the Ministry of Education of the central government, the education department of each county and city government also stipulates its individual laws and regulations. Therefore, the establishment and management of tutorial classes will vary in different counties and cities. Cheng also has differences in different counties and cities, so the company regularly inquires about the latest changes in laws and regulations of each county and city government to reduce the significant impact on the company's financial business.

(5) Impact of Changes in Technology and Industry to the Company's Finance and Business and the Countermeasures

The education industry that mainly focuses on physical courses has rapidly developed online parts. In addition to online tutoring services, the Company follows the 108 syllabus to develop multiple courses such as second-stage interviews, learning resumes, and independent learning. In response to the impact of the coronavirus pneumonia epidemic, the Company adjusted the operating strategy, adopted a teaching method of suspending classes without stopping learning, and provided cram school students with live broadcast courses, online makeup lessons, online tutoring, and other services to provide educational services continually.

In the most recent year and up to the date of publication of the annual report, the company has not had any material impact on the company's financial business due to technological changes (including information security risks) and industrial changes.

(6) Impact of Corporate Image Change on Risk Management and Response Measures: None.

(7) Expected Benefits and Potential Risks of Merger and Acquisition: None.

(8) Expected Benefits and Potential Risks of Merger and Acquisition: None.

(9) Risks Relating to the Concentration of Purchasing or Sales and the Countermeasures

Since the core of the Corporation is mainly education, its purchase are mainly teaching fees and printing costs. The Corporation generally maintain good long-term liaison with existing suppliers; many projects have more than two suppliers to avoid the risk of supply shortages.

Because it is mainly education (tutoring business), its sales are mainly tuition income from physical tutoring classes. Due to industrial characteristics, sales customers are more scattered. There have been no customers who accounted for more than 10% of net sales in the last two years Therefore, there should be no risk of concentration of sales.

(10) The Impact of Mass Transfer of Equity or Change by Directors, Supervisors, or Shareholders with over than 10% Interest on the Company, Associated Risks and Response Measures

In the most recent year and as of the date of publication of the annual report, the company 's directors or large shareholders holding more than 10% of the shares, maintained a generally stable shareholding ratio. Do not cause significant adverse effects.

(11) The Impact of Change of Operating Rights on the Company, Associated Risk and Response Measures: None.

(12) Litigation or non-litigation events shall list the major litigation of the company and its directors, supervisors, general managers, substantive principals, major shareholders holding more than 10% of the shares and subordinate companies that have been determined by judgment or are still in the department , Non-litigation or administrative litigation events, the results of which may have a significant impact on shareholders 'equity or securities prices, should disclose their disputed facts, the amount of the target, the date of the start of the lawsuit, the main parties involved in the litigation and the handling situation as of the date of publication of the annual report: None.

(13) Other Important Risks and Countermeasures: None.

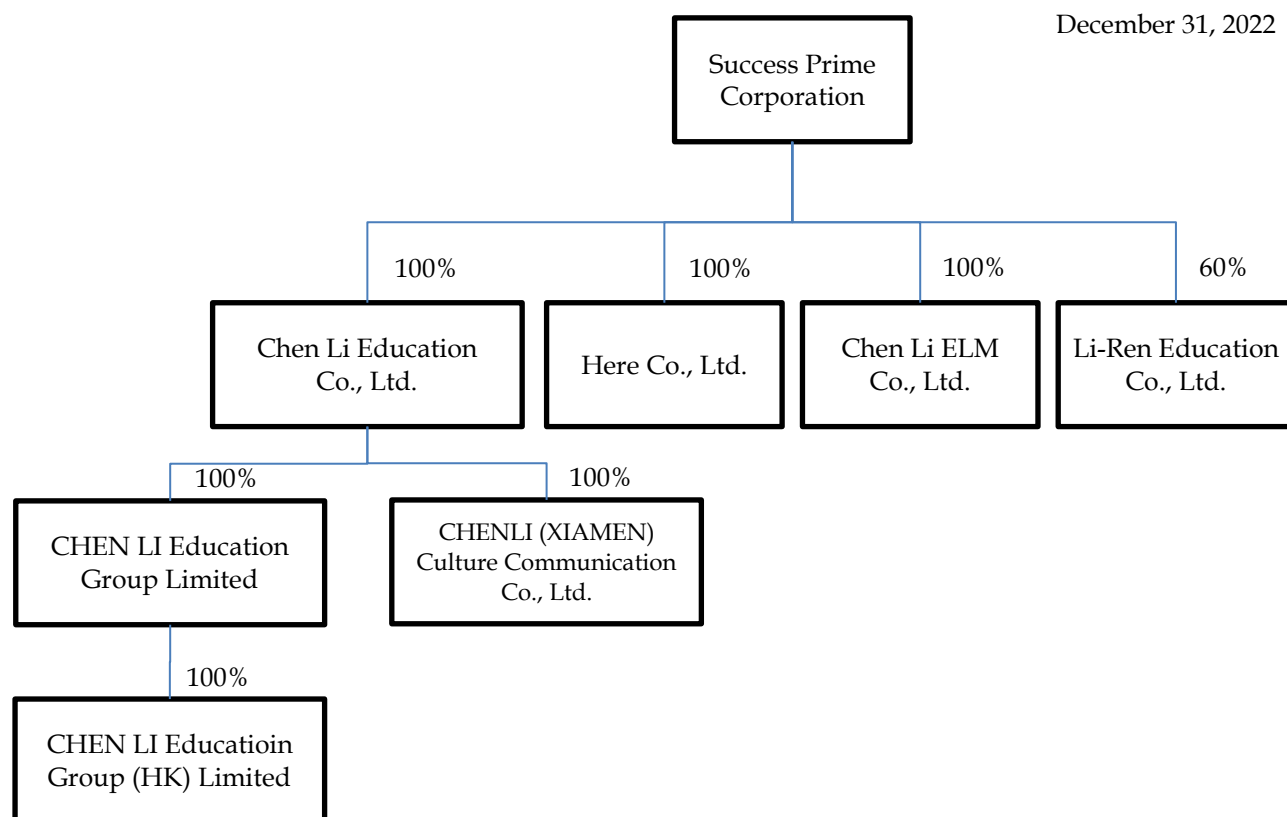
7. Other Significant Events: None.

VIII. Special Disclosure

1. Summary of Affiliated Companies

(1) Overview of related companies

i. Corporate Affiliation Chart



ii. Basic information of related subsidiaries

December 31, 2022, Unit: NT\$ thousands

Company Name	Date of establishment	Address	Amount of capital received	Main business Operations
Chen Li Education Co., Ltd.	2010/11	15F-1, No. 17, Xuchang Street, Zhongzheng District, Taipei City	11,200	Education services
CHEN LI Education Group Limited	2014/06	Marcy Building, 2 Floor, Purcell Estate, P.O. Box 2416, Road Town, Tortola, BVI	40,543	Holding Company
CHEN LI Education Group (HK) Limited	2014/07	ROOMS 2103-04, 21/F., WING ON CENTRE 111 CONNAUGHT ROAD CENTRAL HONG KONG	30,059	Holding Company
Chen-Li (Xiamen) Education Consulting Ltd.	2016/06	Unit D, Unit 03, 8th Floor, Building D, Xiamen International Shipping Center, 97 Xiangyu Road, Xiamen Area (Free Trade Zone), China (Fujian) Pilot Free Trade Zone	28,516	Education consulting services
Here Co., Ltd.	2018/01	1F, No. 163 Baotai Road, Qianzhen District, Kaohsiung City	10,000	Education consulting services
Chen Li ELM Ltd.	2018/04	15F-1, No. 17, Xuchang Street, Zhongzheng District, Taipei City	15,000	Education services
Li-Ren Education Co., Ltd.	2020/01	9F-4, No. 2, Sec. 1, Kaifeng St., Zhongzheng Dist., Taipei City	5,000	Education services

iii. Presumed to be in Effective Control of the Same Shareholder Information with the Affiliate: None

iv. Overall Business Scope of Affiliated Companies

It is mainly engaged in education services for elementary schools, junior high schools and senior high schools, short-term cram school classes and education consulting services.

v. Directors, Supervisors, and President in all Affiliated Companies

December 31, 2022, Unit: NT\$ thousands

Company Name	Title	Name or Representative	Shares Held	
			Shares	%
Success Prime Corporation	Chairman	Shu-Ling Tseng	1,023,728	5.36%
	Director	Min-Chun Chen	320,000	1.68%
	Corporate Director	Endow Capital Management Inc.	1,890,039	9.90%
		Representative: Xiang-Qi Fang	-	-
		Representative: Jing-Ru Cheng	140,933	0.74%
	Corporate Director	Bash Consultant Inc.	1,890,039	9.90%
		Representative: Yen-Shuen Chen	44,000	0.23%
		Representative: Yun Chen	252,000	1.32%
	Independent Director	Bing-Quan Shi	-	-
	Independent Director	Pei-Jun Hong	-	-
	Independent Director	Ying-De Wu	-	-
Chen Li Education Co., Ltd.	Corporate Director	Success Prime Corporation	11,200,000	100.00%
		Representative : Shu-Ling Tseng	-	-
CHEN LI Education Group Limited	Corporate Director	Chen Li Education Co., Ltd.	(Contribution) 40,543	100.00%
		Representative : Shu-Ling Tseng	-	-
CHEN LI Education Group (HK) Limited	Corporate Director	CHEN LI Education Group Limited	(Contribution) 30,059	100.00%
		Representative : Shu-Ling Tseng	-	-
CHENLI (XIAMEN) Culture Communication Co., Ltd.	Corporate Director	Chen Li Education Co., Ltd.	(Contribution) 28,516	100.00%
		Representative : Shu-Ling Tseng	-	-
Here Co., Ltd.	Corporate Director	Success Prime Corporation	1,000,000	100.00%
		Representative : Shu-Ling Tseng	-	-
Chen Li ELM Co., Ltd.	Corporate Director	Success Prime Corporation	1,500,000	100.00%
		Representative : Shu-Ling Tseng	-	-
Li-Ren Education Co., Ltd.	Chairman	Li-Ren Yin	200,000	40.00%
	Corporate Director	Success Prime Corporation	300,000	60.00%
		Representative : Shu-Ling Tseng	-	-
		Representative: Min-Chun Chen	-	-
	Supervisor	Wei Chen	-	-

vi. Operational Highlights of Affiliated Companies

December 31, 2022, Unit: NT\$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Net Profit (Loss) (after tax)
Success Prime Corporation	191,004	854,929	46,676	808,253	221,762	30,461	78,704
Chen Li Education	112,000	689,761	467,802	221,959	593,702	53,359	44,078
CHEN LI Education Group Limited	40,543	1,760	-	1,760	-	(151)	(2,933)
CHEN LI Education Group (HK) Limited	-	-	-	-	-	(42)	(2,931)
CHENLI (XIAMEN) Culture Communication Co., Ltd.	28,516	8	-	8	-	(252)	(253)
Here Co., Ltd.	10,000	32,470	25,464	7,006	63,252	1,209	855
Chen Li ELM Co., Ltd	15,000	26,993	6,592	20,401	32,318	7,815	6,590
Li-Ren Education Co., Ltd	5,000	8,450	1,907	6,543	11,417	1,778	1,430
Chen Li Zhiyi Education Co., Ltd (note)	-	-	-	-	-	(39)	(39)

Note : Completed the liquidation declaration on May 6, 2022.

(2) Consolidated financial statements of Affiliates

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Success Prime Corporation as of and for the year ended December 31, 2022, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10 “Consolidated Financial Statements”. In addition, all the relevant information required to be disclosed in the consolidated financial statements have been disclosed. Hence, we do not prepare a separate set of consolidated financial statements.

Very truly yours,

Company Name: Success Prime Corporation
Chairman: Shu-Ling Tseng
March 14, 2023

(3) Affiliation Report : None.

2. **Private Placement Securities of the Most Recent Year and Up to the Printing Date of this Annual Report:** None.
3. **Subsidiaries’ Holding or Disposing the Company’s Shares in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report:** N/A.
4. **Other Necessary Supplement:** None.
5. **The Events Resulting in Significant Impact to Shareholders' Equity or Stock Prices Under Article 36(3) (ii) of Securities and Exchange Act in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report.:** None.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Success Prime Corporation

Opinion

We have audited the accompanying consolidated financial statements of Success Prime Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022, and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters of 2022 Success Prime Corporation consolidated financial statements are described as follow:

Revenue Recognition of Education Services

Success Prime Corporation's main source of business revenue is from education service, note on its revenue recognition policy please refer to the Consolidated Financial Report Note 4(15). The revenue recognition of the Success Prime Corp. Education Service, collect student prepaid full tuition payment, then calculated and recognized as revenue according to the actual teaching timeline of the course. Due to the wide range of education service revenue from various courses offered, and the large volume of transactions, the auditors believe that the correctness of the revenue calculation from education services may possess potential risks and therefore list it as a key audit matter.

The audit procedure by the Auditors is as follows:

1. Understand and test the effectiveness of the design and implementation of the main internal control system for the calculation process of education service revenue.
2. Verify the correctness of the information related to the Education Service Revenue statement used by the Success Prime Corp., including random spot check on the collection of student tuition matches the prepaid account amount, and check on the consistency between the teaching time periods used for revenue amortization and actual class syllabus schedule.
3. Test the validity of the calculation formulas of the tuition distribution calculation and re-verify the correctness of the calculation spreadsheet.

Assessment of Goodwill and Trademark Impairment

The Goodwill and Trademark rights of the Success Prime Corp. are considered as significant assets, displaying high value amount in the consolidated balance sheet. In accordance with the IFRS Article 36 regulation on "impairment of assets", Success Prime Corp. shall conduct annual impairment testing of Goodwill and Trademark rights, as well as measure the recoverable amount of Goodwill and Trademark rights. When the Management is deciding future operating cash flows, the consideration will base on the future business outlook of the projected sales growth rate and profit margin, and calculate the weighted average capital cost rate as the discount rate. As these estimations and judgments of assumptions and management subjective views might be affected by high uncertainty of future markets or economic conditions, they are classified as key audit matters. The disclosure of relevant accounting policies and information of Goodwill and Trademark rights, please refer to the Consolidated Financial Statements Note 4(10), 5 and 15.

The main verification procedures by the accountant for Management impairment assessment of Goodwill and Trademark rights as follows:

1. Assess the professional qualifications, suitability and independence of external independent evaluation experts entrusted by Management to assist the impairment tests implementation, identifying items that imposes no effect on their objectivity and no limit on the scope of their work, and that the methods used by the evaluators use are in compliance with regulations.
2. Understand the process and basis of revenue growth rate and profit margin projected by Management to estimate future operational outlook, and whether it takes into account the recent operation results, historical trends and industry profile.
3. Evaluate the recoverable amount calculated by the management base on the value of use model, the weighted average cost rate used, including the assumptions of risk-free compensation interest rate, volatility and overpayment risk, and whether it is consistent with Company's current status and its industry conditions, then re-execute and verify the calculations.

Other Matters

Success Prime Corporation has prepared 2022 and 2021 parent company only financial statements and an Audit Report has been issued by the Auditors, for reference.

Responsibility of Management and Governance Units over the Consolidated Financial Statements

The responsibility of the Management is to formulate the Consolidated Financial Statements in accordance to the financial reports preparation guidelines by securities issuer and be approved by the Financial Supervisory Commission; to release Consolidated Financial Statements that is prepared through effective international Financial Reporting Standards, International accounting standards, and permissible interpretation notices; to maintain the necessary internal controls relating to the preparation of Consolidated Financial Statements, ensuring that the Consolidated Financial Statements do not contain significant false representations of fraud or error.

In preparing the Consolidated Financial Statements, the responsibilities of the management also include assessing the ability of the Success Prime Corp. to sustain its operations, the disclosure of related matters, and the adoption of the accounting basis for sustainable operations, unless the Management intends to liquidate Success Prime Corp. or terminate business, or other options that are not practical besides than liquidation or closure.

The governance unit of the Success Prime Corp. (the Audit Committee included) has the responsibility to supervise financial reporting procedures.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Jin-Chuan Shi and Yung-Ming Chiu.

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

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SUCCESS PRIME CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (notes 4 and 6)	\$ 217,894	17	\$ 227,721	19
Financial assets measured at amortized cost (notes 4, 8 and 33)	64,071	5	16,331	1
Notes receivables (notes 4 and 9)	203	-	91	-
Accounts receivable (notes 4 and 9)	2,219	-	3,728	-
Accounts receivable from related parties (notes 4 and note 32)	1,063	-	1,313	-
Other receivables (note 4)	300	-	630	-
Current income tax assets	525	-	6,947	1
Inventories (note 4 and 10)	2,765	-	3,296	-
Other current assets (notes 18 and 32)	5,399	-	5,911	1
Total current assets	<u>294,439</u>	<u>22</u>	<u>265,968</u>	<u>22</u>
Non-current assets				
Financial assets measured at fair value through other comprehensive income (notes 4 and 7)	4,900	-	4,900	-
Financial assets measured at amortized cost (notes 4, 8 and 33)	4,900	-	4,920	-
Investments accounted for using the equity method (notes 4 and 11)	34,805	3	-	-
Property, plant and equipment (notes 4, 13, 32 and 33)	292,300	22	287,490	24
Right-of-use assets (notes 4, 14 and 32)	138,668	11	100,149	8
Trademarks (notes 4 and 15)	404,144	31	404,144	33
Goodwill (notes 4 and 15)	81,419	6	81,419	7
Computer software (notes 4 and 16)	3,787	-	6,660	1
Deferred income tax assets (notes 4 and 26)	15,918	1	22,517	2
Cash surrender value of term life insurance (notes 4 and 17)	25,248	2	23,063	2
Other non-current assets (notes 4, 18 and 32)	13,964	1	13,458	1
Total non-current assets	<u>1,020,053</u>	<u>78</u>	<u>948,720</u>	<u>78</u>
Total assets	<u>\$ 1,314,492</u>	<u>100</u>	<u>\$ 1,214,688</u>	<u>100</u>
LIABILITIES AND EQUITY				
Current liabilities				
Short-term borrowings (notes 4, 18 and 33)	\$ -	-	\$ 10,000	1
Contract liabilities- current (note 24)	270,843	21	238,719	19
Notes payables	70	-	340	-
Accounts payable (note 20)	23,806	2	21,264	2
Accounts payable to related parties (note 32)	53	-	-	-
Other payables (notes 21 and 32)	46,958	3	35,149	3
Current income tax liabilities	12,271	1	11,253	1
Lease liabilities-current (notes 4, 14 and 32)	51,688	4	32,637	3
Other current liabilities	3,696	-	2,749	-
Total current liabilities	<u>409,385</u>	<u>31</u>	<u>352,111</u>	<u>29</u>
Non-current liabilities				
Provisions (note 4)	2,980	-	1,540	-
Deferred income tax liabilities (notes 4 and 26)	2,484	-	2,377	-
Lease liabilities- non-current (note 4s, 14 and 32)	88,773	7	68,868	6
Total non-current liabilities	<u>94,237</u>	<u>7</u>	<u>72,785</u>	<u>6</u>
Total liabilities	<u>503,622</u>	<u>38</u>	<u>424,896</u>	<u>35</u>
Equity attributable to owners of the Company (notes 23, and 28)				
Ordinary shares	191,004	15	191,004	16
Capital surplus	293,962	22	309,100	25
Retained earnings				
Legal reserve	44,613	4	39,992	3
Special reserve	2,522	-	2,392	-
Unappropriated retained earnings	291,075	22	258,907	22
Total retained earnings	338,210	26	301,291	25
Other equity (note 4)	(2,517)	-	(2,522)	-
Treasury shares	(12,406)	(1)	(12,406)	(1)
Total equity attributable to owners of the Company	<u>808,253</u>	<u>62</u>	<u>786,467</u>	<u>65</u>
Non-controlling interests (note 23)	<u>2,617</u>	<u>-</u>	<u>3,325</u>	<u>-</u>
Total equity	<u>810,870</u>	<u>62</u>	<u>789,792</u>	<u>65</u>
Total liabilities and equity	<u>\$ 1,314,492</u>	<u>100</u>	<u>\$ 1,214,688</u>	<u>100</u>

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

SUCCESS PRIME CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Operating revenue (notes 4, 24 and 32)				
Sales revenue	\$ 3,554	1	\$ 2,107	-
Service revenue	<u>698,703</u>	<u>99</u>	<u>659,813</u>	<u>100</u>
Total operating revenue	<u>702,257</u>	<u>100</u>	<u>661,920</u>	<u>100</u>
Operating costs (notes 10, 25 and 32)				
Cost of sales	1,074	-	1,285	-
Cost of services	<u>348,982</u>	<u>50</u>	<u>340,114</u>	<u>51</u>
Total operating costs	<u>350,056</u>	<u>50</u>	<u>341,399</u>	<u>51</u>
Gross profit	<u>352,201</u>	<u>50</u>	<u>320,521</u>	<u>49</u>
Operating expenses (notes 25 and 32)				
Marketing expenses	60,141	8	50,864	8
General and administrative expenses	<u>197,017</u>	<u>28</u>	<u>192,164</u>	<u>29</u>
Total operating expenses	<u>257,158</u>	<u>36</u>	<u>243,028</u>	<u>37</u>
Net Income from operations	<u>95,043</u>	<u>14</u>	<u>77,493</u>	<u>12</u>
Non-operating income and expenses (notes 4, 13, 14, 25 and 32)				
Other income	1,150	-	10,061	1
Other gains and losses	2,219	-	(11,572)	(2)
Finance costs	(2,142)	-	(2,119)	-
Share of profit or loss of subsidiaries	961	-	-	-
Interest revenue	<u>1,145</u>	<u>-</u>	<u>393</u>	<u>-</u>
Total non-operating income and expenses	<u>3,333</u>	<u>-</u>	<u>(3,237)</u>	<u>(1)</u>

(Continued)

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	2022		2021	
	Amount	%	Amount	%
Income before income tax	98,376	14	\$ 74,256	11
Income tax expense (notes 4 and 26)	(<u>19,115</u>)	(<u>3</u>)	(<u>17,633</u>)	(<u>2</u>)
Net income for the year	<u>79,261</u>	<u>11</u>	<u>56,623</u>	<u>9</u>
Other comprehensive income (loss) (note 4)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>5</u>	<u>-</u>	(<u>130</u>)	<u>-</u>
Total comprehensive income for the year	<u>\$ 79,266</u>	<u>11</u>	<u>\$ 56,493</u>	<u>9</u>
Net income (loss) attributable to:				
Shareholders of the parent	\$ 78,704	11	\$ 56,900	9
Non-controlling interests	<u>557</u>	<u>-</u>	(<u>277</u>)	<u>-</u>
	<u>\$ 79,261</u>	<u>11</u>	<u>\$ 56,623</u>	<u>9</u>
Total comprehensive income (loss) attributable to:				
Shareholders of the parent	\$ 78,709	11	\$ 56,770	9
Non-controlling interests	<u>557</u>	<u>-</u>	(<u>277</u>)	<u>-</u>
	<u>\$ 79,266</u>	<u>11</u>	<u>\$ 56,493</u>	<u>9</u>
Earnings per share (note 27)				
Basic	<u>\$ 4.16</u>		<u>\$ 3.02</u>	
Diluted	<u>\$ 4.15</u>		<u>\$ 3.02</u>	

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

SUCCESS PRIME CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Stockholders of the Parent										Non-controlling Interests	Total Equity
	Share Capital		Retained Earnings				Other Equity					
	Shares (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange differences on translating foreign operations	Treasury Shares	Total		
Balance at January 1, 2021	19,185	\$ 191,854	\$ 341,190	\$ 33,966	\$ 2,600	\$ 274,945	\$ 311,511	(\$ 2,392)	(\$ 34,362)	\$ 807,801	\$ 3,646	\$ 811,447
Appropriation of 2020 earnings	-	-	-	6,026	-	(6,026)	-	-	-	-	-	-
Legal reserve	-	-	-	-	(208)	208	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$3 per share	-	-	-	-	-	(56,425)	(56,425)	-	-	(56,425)	-	(56,425)
Cash dividends distributed from capital surplus- NT\$ 1.5 per share	-	-	(28,213)	-	-	-	-	-	-	(28,213)	-	(28,213)
Changes in non-controlling interests (note 23)	-	-	-	-	-	-	-	-	-	-	(44)	(44)
Net income (loss) for the year ended December 31, 2021	-	-	-	-	-	56,900	56,900	-	-	56,900	(277)	56,623
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(130)	-	(130)	-	(130)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	56,900	56,900	(130)	-	56,770	(277)	56,493
Share-based payment transaction—Buy-back of treasury shares	-	-	-	-	-	-	-	-	(4,727)	(4,727)	-	(4,727)
Cancellation of treasury shares	(85)	(850)	(3,877)	-	-	-	-	-	4,727	-	-	-
Share-based payment transaction—Transfer of treasury shares to employees	-	-	-	-	-	(10,695)	(10,695)	-	21,956	11,261	-	11,261
Balance at December 31, 2021	19,100	191,004	309,100	39,992	2,392	258,907	301,291	(2,522)	(12,406)	786,467	3,325	789,792
Appropriation of 2021 earnings	-	-	-	4,621	-	(4,621)	-	-	-	-	-	-
Legal reserve	-	-	-	-	130	(130)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$2.2 per share	-	-	-	-	-	(41,629)	(41,629)	-	-	(41,629)	-	(41,629)
Cash dividends distributed from capital surplus- NT\$ 0.8 per share	-	-	(15,138)	-	-	-	-	-	-	(15,138)	-	(15,138)
Changes in non-controlling interests (note 23)	-	-	-	-	-	-	-	-	-	-	(1,265)	(1,265)
Net income (loss) for the year ended December 31, 2022	-	-	-	-	-	78,704	78,704	-	-	78,704	557	79,261
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	5	-	5	-	5
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	78,704	78,704	5	-	78,709	557	79,266
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(156)	(156)	-	-	(156)	-	(156)
Balance at December 31, 2022	19,100	\$ 191,004	\$ 293,962	\$ 44,613	\$ 2,522	\$ 291,075	\$ 338,210	(\$ 2,517)	(\$ 12,406)	\$ 808,253	\$ 2,617	\$ 810,870

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

SUCCESS PRIME CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities		
Income before income tax	\$ 98,376	\$ 74,256
Adjustments for:		
Depreciation expense	70,162	74,392
Amortization expense	2,873	3,365
Finance costs	2,142	2,119
Decrease (increase) in cash surrender value of term life insurance	(2,185)	280
Interest income	(1,145)	(393)
Share-based compensation cost	-	3,325
(Gain)/loss of associates recognized using the equity method	(961)	-
Impairment loss	-	11,739
Net (gain) loss on foreign exchange	(1,297)	305
Gain on lease modification	(578)	(1,393)
Changes in operating assets and liabilities:		
Notes receivables	(112)	234
Accounts receivables	1,509	3,210
Accounts receivable from related parties	250	4,391
Other receivables	-	2,787
Inventories	531	(780)
Other current assets	512	687
Notes payable	(270)	311
Accounts payable	2,542	318
Accounts payable to related parties	53	-
Other payables	11,888	(7,556)
Provisions	(260)	(80)
Contract liabilities	32,124	(1,259)
Other current liabilities	947	550
Cash generated from operations	217,101	170,808
Interest received	1,145	508
Interest paid	(2,142)	(2,119)
Income taxes paid	(4,969)	(11,295)
Net cash generated from operating activities	<u>211,135</u>	<u>157,902</u>

(Continued)

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	2022	2021
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 13,000)	(\$ 400)
Acquisition of financial assets at amortized cost	(75,269)	(14,860)
Disposal of financial assets at amortized cost	27,820	15,700
Acquisition of associates	(21,000)	-
Acquisition of property, plant and equipment	(19,517)	(23,497)
Increase in refundable deposits	(4,172)	(757)
Decrease in refundable deposits	4,674	857
Increase in other receivables	-	(850)
Decrease in other receivables	330	220
Purchases of intangible assets	-	(800)
Disposal of termination payments of life insurance	-	59,854
Net cash generated from/(used in) investing activities	(<u>100,134</u>)	<u>35,467</u>
Cash flows from financing activities		
Increase in short-term loans	-	45,000
Decrease in short-term loans	(10,000)	(35,000)
Repayments of long-term borrowings	-	(21,870)
Repayments of lease liabilities	(53,827)	(54,757)
Issuance of cash dividends	(56,767)	(84,638)
Payments of treasury shares buy-back	-	(4,727)
Treasury shares buy-back by employees	-	7,936
Changes in non-controlling interests	(<u>1,265</u>)	(<u>44</u>)
Net cash used in financing activities	(<u>121,859</u>)	(<u>148,100</u>)
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>1,031</u>	(<u>300</u>)
Net increase (decrease) in cash and cash equivalents	(9,827)	44,969
Cash and cash equivalents at the beginning of the year	<u>227,721</u>	<u>182,752</u>
Cash and cash equivalents at the end of the year	<u>\$ 217,894</u>	<u>\$ 227,721</u>

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

SUCCESS PRIME CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Success Prime Corporation (hereinafter referred to as the Group) was established on June 15, 1991. The core business is contracting teachers and course management services. On March 2002, the Group's shares were listed on the Taiwan Stock Exchange (TWSE).

The Group's important subsidiary Chen Li Education Co., Ltd. (hereinafter referred to as Chen Li Education) is mainly engaged in the education service industry targeting primary, middle and high-school curriculums tutorial courses.

The Consolidated Financial Report is expressed in the functional New Taiwan Dollar currency (NT\$).

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

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

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

- (2) The IFRSs endorsed by the FSC for application starting from 2023

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

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In

such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - 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

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the release date of this consolidated financial report, the Group is still evaluating the impact of amendments to other standards and interpretations on its financial status and financial performance, and the relevant impact will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

(3) Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

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

See Note 11, Table 6 and Table 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

(5) Foreign currencies

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

Foreign currency items are converted at the closing exchange rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items is recognized as a profit or loss in the current period of occurrence.

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

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(6) Life Insurance termination cash value

The life insurance termination cash value is the savings life insurance that the Group insured for the employees and the Group is the beneficiary. If the premium paid is the contract termination cash value part, it is listed as the deduction of the annual insurance expenses, and the carrying amount of life insurance termination cash is added. If the period of the insurance expires or the contract is terminated, the amount received will be fully received, and the carrying amount of the life insurance termination cash value will be reduced.

(7) Inventories

Inventory is measured by the cost and the value of net realization, comparing costs with net realizable value is based on individual items except for those in same inventory category. Net realizable value means under normal circumstances the balance after the estimated cost required to complete the investment and sale is deducted. The weighted average method is adopted to calculate inventory cost.

(8) Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(9) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently valued by costs minus the amount of accumulated depreciation.

Property, plant and equipment's amortization is measured based on straight-line basis, and each significant of depreciation is separately accounted. At each year end, the Group examines the estimated durability, residual value and depreciation methods, and delays the impact of using altered accounting estimates.

In addition to the listing of property, plant and equipment, the difference between the net disposition price and the carrying amount of the asset is recognized as profit and loss.

(10) Goodwill

The goodwill obtained by the merger of enterprises is measured by the amount of goodwill recognized on the date of acquisition as a cost, later valued by the amount after the cost minus the accumulated impairment loss.

For the purpose of the impairment test, goodwill is apportioned among the cash generation units or groups of cash generation units ("cash generation units") that the merger Group expects to benefit from the combined effect.

The cash generation unit of apportioned goodwill carries out the impairment test of that unit each year (and if there are indications that the unit may have already been impaired) by comparing the carrying amount of the unit containing goodwill with its recoverable amount. If the goodwill apportioned to the cash generation unit is obtained by the current merger, the unit shall conduct an impairment test before the end of the year. If the recoverable amount of goodwill's cash generation unit is less than the carrying amount, the impairment loss reduces the carrying amount of the cash generation unit of apportioned goodwill, and thus should reduce the carrying amount of each of assets in proportion to the carrying amount of other assets within the unit. Any impairment losses are directly recognized as current losses. The impairment loss of goodwill may not be rotated during the subsequent period.

When disposing an operation of the apportioned goodwill's cash generation unit, the goodwill value related to the disposition of the operation is included in the operation's carrying amount to determine the profit and loss of the disposition.

(11) Intangible assets

1) Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line method basis. The estimated useful lives,

residual values, and amortization methods are reviewed by the Group at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition

When derecognizing the intangible assets, the difference between the net disposition price and the asset's carrying amount is recognized as the profit and loss of the current period.

(12) Impairment of property, plant and equipment, right-of-use asset and intangible assets (except goodwill)

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years (less amortization or depreciation). A reversal of an impairment loss is recognized in profit or loss.

(13) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial Assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets measured at amortized cost and investments in equity instruments at FVTOCI.

A. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents and trade receivables measured at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- a. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- b. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit-impaired when one or more of the following events have occurred:

- a. Significant financial difficulty of the issuer or the borrower;
- b. Breach of contract, such as a default;
- c. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- a. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

B. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including account receivables).

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on such a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the Group's financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

(14) Provision

The amount recognized as a provision (including the contractual obligation that the lease contract should be maintained or restored before returning it to the lessor) is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Decommissioning cost

The Group shall, within the scope of the duty, rehabilitation or similar obligations of property, plant and equipment, recognize as provision for the costs of the removal or rehabilitation of property, plant and equipment.

(15) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Goods sales revenue comes from the sale of various types of textbooks. As the above products arrive at the customer's designated location or at the time of departure, the customer has the right to set the price and use of the goods and has the primary responsibility for re-sales, and bear the risk of obsolescence of the goods, the Group should recognize revenue and accounts receivables at the time.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the education tutorial services consisting primary, middle and high school curriculum courses.

The Group provides educational services of academic courses in various subject disciplines, and the Group recognizes revenue based on the proportion of teaching services performed (based on the teaching progress).

(16) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease substantially the same as, or less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as the period in which the events or conditions that trigger the concession occur and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(17) Borrowing Costs

Borrowing costs are recognized when incurred as a profit or loss at the current period.

(18) Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

(19) Employee Benefits

1) Short term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

(20) Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined by the Group according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

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

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

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate to calculate the present value. Where the actual future cash flows are less than expected, or a change in facts and circumstances results in the downward revision of future cash flows or an upward revision of discount rate, a material impairment loss may arise.

As of December 31, 2023, and 2022, please refer to Note 15 for the book value of goodwill.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 2,826	\$ 1,602
Checking accounts and demand deposits	171,068	224,119
Cash equivalents		
Time deposits within 3 months expiration date	<u>44,000</u>	<u>2,000</u>
	<u>\$ 217,894</u>	<u>\$ 227,721</u>

The market interest rate range on the balance sheet date is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time Deposits	0.91% ~ 1.04%	0.41%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Investments in equity instruments</u>		
Domestic investments		
Unlisted shares		
Accuagile Co., Ltd.		
Ordinary shares	\$ 4,500	\$ 4,500
Xueli Technology Co., Ltd. Ordinary shares	<u>400</u>	<u>400</u>
	<u>\$ 4,900</u>	<u>\$ 4,900</u>

In order to enhance the competitive advantage in the education market, the Group seeks a strategic alliance of educational digital training system providers and establishes a long-term cooperative relationship. On October 4, 2021, the Group passed the resolution of the Board of Directors to establish a joint venture Xueli Technology Co., Ltd. The Group invested \$400 thousand and acquired 20% of its equity.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Time deposits with original maturities exceeding 3 months	<u>\$ 64,071</u>	<u>\$ 16,331</u>
Interest rate range	0.94% ~ 3.50%	0.56% ~ 1.40%
<u>Non-current</u>		
Time deposits	<u>\$ 4,900</u>	<u>\$ 4,920</u>
Interest rate range	1.32% ~ 1.33%	0.82% ~ 0.87%

- (1) The non-current time deposits are made by the subsidiary Chen Li Education Co., LTD following the regulations of the education bureau where each branch is located. After the cram school has been approved and filed for establishment on record, it will take the time deposit in the name of the cram school as a fund for setting up the academy, without education administrative authority approval, should not be put to use.
- (2) The Group assesses that the expected credit risk of the financial assets measured by amortization cost is not high, and its credit risk has not increased after the original recognition.
- (3) For information on the pledge of financial assets measured at amortization costs, please refer to Note 33.

9. NOTES RECEIVABLES AND ACCOUNTS RECEIVABLES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivables</u>		
Measured at amortized costs		
Gross carrying amount	\$ 203	\$ 91
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 203</u>	<u>\$ 91</u>
Notes receivable - operating	<u>\$ 203</u>	<u>\$ 91</u>
<u>Accounts receivables</u>		
Measured at amortized costs		
Gross carrying amount	\$ 2,219	\$ 3,728
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 2,219</u>	<u>\$ 3,728</u>

The average credit period for sales of goods and services provided was 30~60 days. To mitigate credit risk, the Group's management assigns a dedicated team responsible for the decision of the credit line, credit approval, and other monitoring procedures to ensure that the recovery of overdue receivables has taken appropriate action. In addition, the Group reviews the recoverable amounts of receivables on the reporting date to ensure that receivables that cannot be recovered include appropriate impairment losses. As a result, the Group's management believes that the credit risk has been significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs (excluding special individual payments that listed are as 100% loss). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted

direction of conditions at the reporting date. The Group estimates expected credit losses based on the number of days for which receivables are past due. As the Group's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for losses based on past due status of receivables is not further distinguished according to different segments of the Group's customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group measures the allowance loss of accounts receivables in accordance with the preparation matrix as follows:

December 31, 2022

	Not Overdue	Overdue Within 90 Days	Overdue 91-180 Days	Total
Gross carrying amount	\$ 2,184	\$ 35	\$ -	\$ 2,219
Loss allowance (lifetime ECL)	-	-	-	-
Amortized cost	<u>\$ 2,184</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 2,219</u>

December 31, 2021

	Not Overdue	Overdue Within 90 Days	Overdue 91-180 Days	Total
Gross carrying amount	\$ 3,664	\$ 64	\$ -	\$ 3,728
Loss allowance (lifetime ECL)	-	-	-	-
Amortized cost	<u>\$ 3,664</u>	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ 3,728</u>

The Group assessed the accounts receivables as of December 31, 2022 and 2021 that no provision for impairment losses was required.

As of December 31 2022 and 2021, the Group's period of notes receivables is not overdue.

10. INVENTORIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Goods	<u>\$ 2,765</u>	<u>\$ 3,296</u>

The cost of goods sold related to the sales of goods and inventory in 2022 and 2021 were \$ 1,074 thousand and \$1,285 thousand respectively.

11. SUBSIDIARIES

Listed in Consolidated Financial Statement of Subsidiaries:

The main body of this consolidated financial report is as follows:

Name of Investment Group	Name of Subsidiary	Nature of Business	% of Ownership		Note
			December 31, 2022	December 31, 2021	
Success Prime Corp.	Chen Li Education Co., Ltd. (Chen Li Education)	Education services	100%	100%	-
	Here Enterprise Co., Ltd (Here Enterprise)	Education and Advisory services	100%	100%	-
	Chen Li ELM Co., Ltd. (Chen Li ELM)	Education services	100%	100%	-
	Li-Ren Education Co., Ltd. (Li-Ren Education)	Education services	60%	60%	-
	Chen Li Zhiyi Education Co., Ltd. (Chen Li Zhiyi Education)	Education services	-	60%	Note 1
	CHEN LI Education Group Limited	Holding Group	100%	100%	Note 2
Chen Li Education Co., Ltd.	CHENLI (XIAMEN) Culture Communication Co., Ltd. (Original Chen Li (Xiamen) Education Consulting Co., Ltd. (Chen Li (Xiamen)))	Cultural dissemination	100%	-	Note 2
CHEN LI Education Group Limited	CHEN LI Education Group (HK) Limited	Holding Group	100%	100%	Note 2
CHEN LI Education Group (HK) Limited	CHENLI (XIAMEN)	Cultural dissemination	-	100%	Note 2

Note 1: Due to operating losses, Chen Li zhiyi passed the resolution of the extraordinary shareholders' meeting on December 27, 2021, for dissolution and liquidation, and completed the liquidation declaration on May 6, 2022, recovering and returning \$1,357 thousand of shares.

Note 2: Based on considering future operations and overall development planning, the group adjusted its organizational structure on July 4, 2022, through the Chen Li Education Board of Directors resolution. Chen Li Education directly invested in Chen Li (Xiamen), changed its name to Chen Li (Xiamen) Culture Communication Co., Ltd., and changed its business items to cultural dissemination-related businesses. The change mentioned above was approved by the People's Republic of China's local government on July 20, 2022, and was approved by the investment commission, MOEA of Taiwan on August 18, 2022. In addition, CHEN LI Education Group Limited and CHEN LI Education Group (HK) Limited were dissolved and liquidated by the Chen Li Education Board of Directors on August 10, 2022. The liquidation process has not been completed as of the balance sheet date.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	December 31, 2022	December 31, 2021
Material associate		
XUEMI Co., Ltd.	\$ 34,805	\$ -

Material associate

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31	
			December 31, 2022	December 31, 2021
XUEMI Co., Ltd.	Education services	Taiwan	47.43%	-

To expand the online learning and education market, the Group was approved by the Board of Directors on April 26, 2022, to purchase 156,000 common shares of Xuemi with \$13,000 thousand in cash, with a shareholding ratio of 18% recognized as financial assets at fair value through other comprehensive income. In addition, on December 1, 2022, 255 thousand shares of Xuemi's common stock were purchased with cash of \$21,000 thousand, with a shareholding ratio of 47.43%. The Group gets a significant influence on the company. The financial assets were classified as investments using the equity method based on the fair value of \$12,844 thousand on the day when the significant influence was obtained. The unrealized evaluation losses of \$156 thousand included in other comprehensive income were transferred to retained earnings.

Investments in associates using the equity method, the Group's profit and loss, and other comprehensive profit and loss are calculated based on financial reports that accountants have not audited. Still, the Group's management believes this will not have a significant impact.

13. PROPERTY, PLANT, EQUIPMENT

	Own Land	Buildings	Leasing of modified items	Office Equipment	Other Equipment	Total
<u>Cost</u>						
January 1, 2021 Balance	\$224,490	\$ 35,075	\$ 52,549	\$ 24,112	\$ 1,212	\$337,438
Additions	-	-	19,118	1,016	1,825	21,959
Disposals	-	-	(23,954)	(10,932)	(699)	(35,585)
Net Exchange Difference	-	-	(165)	(20)	-	(185)
December 31, 2021 Balance	<u>\$224,490</u>	<u>\$ 35,075</u>	<u>\$ 47,548</u>	<u>\$ 14,176</u>	<u>\$ 2,338</u>	<u>\$323,627</u>
<u>Accumulated depreciation</u>						
January 1, 2021 Balance	\$ -	\$ 4,766	\$ 22,649	\$ 15,512	\$ 496	\$ 43,423
Depreciation expenses	-	890	11,435	5,270	698	18,293
Impairment loss	-	-	9,118	758	214	10,090
Disposals	-	-	(23,954)	(10,932)	(699)	(35,585)
Net Exchange Difference	-	-	(72)	(12)	-	(84)
December 31, 2021 Balance	<u>\$ -</u>	<u>\$ 5,656</u>	<u>\$ 19,176</u>	<u>\$ 10,596</u>	<u>\$ 709</u>	<u>\$ 36,137</u>
December 31, 2021 Net amount	<u>\$224,490</u>	<u>\$ 29,419</u>	<u>\$ 28,372</u>	<u>\$ 3,580</u>	<u>\$ 1,629</u>	<u>\$287,490</u>

	Own Land	Buildings	Leasing of modified items	Office Equipment	Other Equipment	Total
<u>Cost</u>						
January 1, 2022 Balance	\$224,490	\$ 35,075	\$ 47,548	\$ 14,176	\$ 2,338	\$323,627
Additions	-	-	13,741	4,089	2,300	20,130
Disposals	-	-	(5,919)	(9,253)	-	(15,172)
December 31, 2022 Balance	<u>\$224,490</u>	<u>\$ 35,075</u>	<u>\$ 55,370</u>	<u>\$ 9,012</u>	<u>\$ 4,638</u>	<u>\$328,585</u>
<u>Accumulated depreciation</u>						
January 1, 2022 Balance	\$ -	\$ 5,656	\$ 19,176	\$ 10,596	\$ 709	\$ 36,137
Depreciation expenses	-	891	9,984	3,242	1,203	15,320
Disposals	-	-	(5,919)	(9,253)	-	(15,172)
December 31, 2022 Balance	<u>\$ -</u>	<u>\$ 6,547</u>	<u>\$ 23,241</u>	<u>\$ 4,585</u>	<u>\$ 1,912</u>	<u>\$ 36,285</u>
December 31, 2022 Net amount	<u>\$224,490</u>	<u>\$ 28,528</u>	<u>\$ 32,129</u>	<u>\$ 4,427</u>	<u>\$ 2,726</u>	<u>\$292,300</u>

Due to the operating losses of the subsidiaries of the Group, the Group expects that the future cash inflows of its related property, plant, and equipment will decrease, which the recoverable amount is less than the booking amount hence the impairment losses on property, plant, equipment and prepaid equipment are recognized in 2021 of \$10,090 thousand and \$1,649 thousand respectively. This impairment loss is recognized in the other profits and losses of the consolidated statement of comprehensive income.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	25-32 years
Leasing of Modified Items	3-5 years
Office Equipment	3-5 years
Other Equipment	3-5 years

Property, plant, and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 33.

14. LEASE ARRANGEMENTS

(1) Rights-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Buildings	<u>\$ 138,668</u>	<u>\$100,149</u>
	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 110,720</u>	<u>\$ 56,316</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 54,842</u>	<u>\$ 56,099</u>

Except for the additions and depreciation expense recognized above, the Group's evaluation did not find any sign of transfer or impairment on 2022 and 2021 right-of-use assets.

(2) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Current	\$ 51,688	\$ 32,637
Non-current	<u>88,773</u>	<u>68,868</u>
	<u>\$ 140,461</u>	<u>\$ 101,505</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Buildings	1.30% ~ 1.74%	1.30% ~ 1.74%

(3) Material lease-in activities and terms

As the market conditions severely affected by COVID-19 in 2022 and 2021, the Group negotiated with the lessor for rent concessions for land lease, the negotiated conditions are as follow:

- 1) The Group and Neihu Construction Enterprise Co., Ltd. negotiated the lease agreement for Chen Li Education Neihu Branch, and Neihu Construction Enterprise Co., Ltd. agreed to unconditionally reduce the rent from July 1, 2020 to June 30, 2021 by 4%.
- 2) The Group and Cathay Life Insurance Co., Ltd. negotiated the lease of the new Xindian branch of Chen Li Education. Cathay Life Insurance Co., Ltd. agreed to unconditionally reduce the rent amount from May 15 to July 31, 2021 by 50%.
- 3) The Group and the New Taipei City Banqiao District Farmers' Association negotiated the lease of Chen Li Education Banqiao Branch. The New Taipei City Banqiao District Farmers' Association agreed to unconditionally reduce the rent from August 1 to October 31, 2021 by 5%.
- 4) The Group and the Taipei City Shilin District Farmers' Association negotiated the lease of Chen Li Education Shilin Branch. The Taipei City Shilin District Farmers' Association agreed to unconditionally reduce the rent amount from August 1 to November 30, 2021 by 15%.
- 5) The Group and the lessor negotiated the lease for Chenli Education Xinzhuang Branch, and the lessor agreed to unconditionally reduce the rent from August 1, 2021 to January 31, 2022 by 5%.

- 6) The Group and the lessor negotiated the lease for Chenli Education Main Branch, and the lessor agreed to unconditionally reduce the rent since August 1, 2021 by 5.5% every month.

The Group recognized the impact of the aforementioned rent reduction of \$367 thousand and \$1,281 thousand in 2022 and 2021, respectively (accounted for other gains and losses).

(4) Other lease information

	For the Years Ended December 31	
	2022	2021
Total cash outflow for leases	<u>\$ 55,920</u>	<u>\$ 56,614</u>

15. GOODWILL AND TRADEMARKS

	For the Years Ended December 31	
	2022	2021
Goodwill	<u>\$ 81,419</u>	<u>\$ 81,419</u>
Trademarks	<u>\$ 404,144</u>	<u>\$ 404,144</u>

The Goodwill and Trademark value of Group's acquisition of Chen Li Education in March 2017, and mainly comes from the expected growth of future revenue from Education enterprise.

The intangible asset, trademark, has a legal life of 10 years but is renewable every 10 years at minimal cost. Management believes the Group will renew the trademark continuously and has the ability to do so. Various studies on areas including product life cycles, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supported its opinion that there is no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows. Therefore, the trademark is considered to have an indefinite useful life. The trademark will not be amortized until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. The Group conducted an impairment test on goodwill and trademark rights on December 31, 2022. After the assessment, the recoverable amount of the cash-generating unit was greater than its carrying amount, so no impairment loss was recognized.

The recoverable amount of the cash-generating unit is determined on the basis of the value-in-use, and the cash flow estimate of the financial management budget approved by the Group for the next five years is calculated, and the annual discount rates of 11.86% and 13.44% are calculated in 2022 and 2021 respectively. The cash flow estimate for the financial budget is based on historical data and estimates of future industry changes. The management believes that any reasonably possible

change in the key assumptions underlying the recoverable amount will not result in the total carrying amount of the cash-generating unit to exceed the total recoverable amount.

16. COMPUTER SOFTWARE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Computer software	\$ <u>3,787</u>	\$ <u>6,660</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer Software	3~5 years
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17. LIFE INSURANCE TERMINATION CASH VALUE

Information of changes in the cash value of life insurance termination is as follows:

	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Year-Start Balance	\$ 23,063	\$ 83,197
Increase (decrease) due to the cash value of life insurance termination current year	2,185	(280)
Decrease in the cash value of life insurance termination maturity	<u>-</u>	(<u>59,854</u>)
Year-End Balance	<u>\$ 25,248</u>	<u>\$ 23,063</u>

18. OTHER ASSETS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Prepayments and prepaid fees	\$ 4,451	\$ 5,647
Other	<u>948</u>	<u>264</u>
	<u>\$ 5,399</u>	<u>\$ 5,911</u>
<u>Non-current</u>		
Refundable Deposit	\$ 12,956	\$ 13,458
Prepaid Equipment Payment	<u>1,008</u>	<u>-</u>
	<u>\$ 13,964</u>	<u>\$ 13,458</u>

19. SHORT-TERM BORROWINGS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u>		
Bank borrowings	<u>\$ -</u>	<u>\$ 10,000</u>

The interest rates of bank revolving borrowings were 1.10% at December 31, 2021.

20. ACCOUNTS PAYABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Hourly fee payables to Teachers	\$ 20,125	\$ 19,727
Others	<u>3,681</u>	<u>1,537</u>
	<u>\$ 23,806</u>	<u>\$ 21,264</u>

21. OTHER PAYABLES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salary and bonus payables	\$ 28,097	\$ 19,580
Compensation payables to Employees	3,303	2,431
Insurance payables	2,824	2,591
Compensation payables to Directors	1,329	1,010
Others payables to related parties (Note32)	105	-
Others	<u>11,300</u>	<u>9,537</u>
	<u>\$ 46,958</u>	<u>\$ 35,149</u>

22. RETIREMENT BENEFIT PLANS

The Group, except for its subsidiaries in China, adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

23. EQUITY

(1) Capital in Ordinary shares

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and paid shares (in thousands)	<u>19,100</u>	<u>19,100</u>
Issued capital	<u>\$ 191,004</u>	<u>\$ 191,004</u>

(2) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Premium issuance of ordinary shares	\$ 287,079	\$ 302,217
<u>Only to make up for losses</u>		
Employees stock options exercised	2,591	2,591
Employees stock options expired	<u>4,292</u>	<u>4,292</u>
	<u>\$ 293,962</u>	<u>\$ 309,100</u>

The changes in the balance of various capital reserves of the Group in 2022 and 2021 are as follows:

	Stock issuance premium	Employees stock options exercised	Employees stock options expired	Total
January 1, 2021 Balance	\$ 334,307	\$ 2,591	\$ 4,292	\$ 341,190
Cash distribution	(28,213)	-	-	(28,213)
Cancellation of treasury shares	(<u>3,877</u>)	-	-	(<u>3,877</u>)
December 31, 2021 Balance	<u>\$ 302,217</u>	<u>\$ 2,591</u>	<u>\$ 4,292</u>	<u>\$ 309,100</u>
January 1, 2022 Balance	\$ 302,217	\$ 2,591	\$ 4,292	\$ 309,100
Cash distribution	(<u>15,138</u>)	-	-	(<u>15,138</u>)
December 31, 2022 Balance	<u>\$ 287,079</u>	<u>\$ 2,591</u>	<u>\$ 4,292</u>	<u>\$ 293,962</u>

The excess of the capital reserve in excess of the premium amount (including the issuance of common shares with excess in denomination) to cover the losses, when the Group has no loss can be used to issue cash dividends or stock dividends, provided that the amount of share capital is limited to a certain percentage of the collected share capital each year.

(3) Retained Earnings and Dividend Policy

The Group's Articles of Incorporation provide that, when allocating the net profits for each fiscal year, the Group shall first offset its losses in previous years and then set aside the following items accordingly: Legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve equals Group's paid-in capital; special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge; any balance left over shall be allocated according to the resolution of the shareholders' meeting. The Group's Articles of Incorporation provide the policy about the profit-sharing bonus to employees, please refer to Note 25 (6).

The company's dividend policy will consider the industry environment, surplus status, future capital expenditure needs, and long-term financial planning. If there is any surplus to distribute dividends, the total amount of shareholder dividends distribution should not be lower than 10% of the current year's

earnings after deducting the adjusted portion. The proportion of cash dividends shall not be lower than 10% of the total dividends distributed in the current year, and the other shall be distributed in the form of stock dividends.

Per Articles 240 and 241 of the Company Law, the company authorizes the board of directors to have more than two-thirds of the directors present and the resolutions of more than half of the directors present, to distribute cash dividends and bonuses, and to pay cash by the provisions of the Company Law for capital reserve or statutory surplus reserve, and report to the shareholders meeting.

The appropriation for legal capital reserve shall be made until the reserve equals the Group's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if the Group incurs no loss.

On June 9, 2022, the company's shareholders' meeting passed a resolution to amend the company's articles of association, specifying that when the net amount of other equity deductions accumulated in the previous period and the net increase in the fair value of investment real estate are listed as a special surplus reserve, if the undistributed surplus in the previous period is insufficient Withdrawal refers to the amount that is included in the undistributed surplus of the current period from the net profit after tax plus the net profit after tax for the current period. Before the revision of the Articles of Association, the company was accrued from the undistributed earnings of the previous period following the law.

The company held shareholders' meetings on June 9, 2022, and July 1, 2021, and passed the resolutions on the distribution of surplus for 2021 and 2020 as follows:

	For the Years Ended December 31	
	2021	2020
Legal reserve	\$ 4,621	\$ 6,026
Special reserve	\$ 130	(\$ 208)
Cash dividends	\$ 41,629	\$ 56,425
Cash dividends per share (NT\$)	\$ 2.20	\$ 3.00

In addition, on June 9, 2022, the company passed the resolution of the shareholders' meeting to distribute cash with a capital reserve of \$15,138 thousand at \$0.80 per share; on July 1, 2021, the resolution of the shareholders' meeting distributed the cash with a capital reserve of 28,213 thousand, \$1.50 per share.

The company held a board meeting on March 14, 2023, and proposed the 2022 surplus distribution plan as follows:

	For the Years Ended December 31, 2022
Legal reserve	\$ <u>7,855</u>
Special reserve	(\$ <u>5</u>)
Cash dividends	\$ <u>62,443</u>
Cash dividends per share (NT\$)	\$ 3.3

The appropriation of earnings for 2022 is to be discussed at the shareholders' meeting scheduled on June 16, 2023.

(4) Non-controlling interests

	For the Years Ended December 31	
	2022	2021
Balance at January 1	\$ 3,325	\$ 3,646
Decrease of non-controlling interests in liquidated subsidiaries	(905)	-
Other comprehensive income/(loss) during the year	557	(277)
Subsidiaries issue cash dividends to non-controlling equity shareholders	(<u>360</u>)	(<u>44</u>)
Balance at December 31	\$ <u>2,617</u>	\$ <u>3,325</u>

(5) Treasury shares

Purpose of Buy-back	Shares Cancelled (In Thousands of Shares)	Shares Transferred to Employees (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2021	-	377	377
Increase during the year	85	-	85
Decrease during the year	(<u>85</u>)	(<u>199</u>)	(<u>284</u>)
Number of shares at December 31, 2021	<u>-</u>	<u>178</u>	<u>178</u>
Number of shares at January 1, and December 31, 2022	<u>-</u>	<u>178</u>	<u>178</u>

The Treasury shares held by the Group shall not be pledged under the Securities Exchange law, nor shall they enjoy the rights of dividend distribution and voting right.

On July 1, 2021, the company passed the resolution of the Board of Directors to cancel the registration of the repurchased 85 thousand treasury shares, and took July 1, 2021 as the cancellation base date. Share capital and capital reserve - share issue premiums amounted to \$850 thousand and \$3,877 thousand.

In July 2021, the company transferred 199 thousand treasury shares at \$40 per share to employees of the company and its subsidiaries who met certain conditions for subscription. The total transfer price was \$7,936 thousand, accounting for 1.037% of the company's issued shares. The cost of shares is \$21,956 thousand. According to the regulations, the Group estimated it according to the option model on the grant date, and recognized the cost of remuneration (salary expenses on the account) of \$3,325 thousand, and recognized the deduction of undistributed earnings of \$10,695 thousand at the time of transfer.

24. REVENUE

	For the Years Ended December 31	
	2022	2021
Client contracts revenue		
Educational service and consultancy	\$ 697,958	\$ 659,031
Others	<u>4,299</u>	<u>2,889</u>
	<u>\$ 702,257</u>	<u>\$ 661,920</u>

(1) Explanation on client contracts revenue, please refer to Note 4 (15).

(2) Remaining contracts balance

1) Notes receivable and accounts receivable balance, please refer to Note 9.

2) Contract liabilities – current

	December 31, 2022	December 31, 2021
Contract liabilities – current	<u>\$ 270,843</u>	<u>\$ 238,719</u>

Receivables received from customers (tuition income), and the monthly income is transferred when the service is provided. The change in contract liabilities is mainly due to the difference between when the performance obligation is fulfilled and when the customer pays.

25. NET PROFIT OF THE YEAR

(1) Other revenue

	For the Years Ended December 31	
	2022	20201
Subsidy revenue	\$ -	\$ 8,558
Other	<u>1,150</u>	<u>1,503</u>
	<u>\$ 1,150</u>	<u>\$ 10,061</u>

The subsidy income is mainly the funds subsidized by the Group to implement the A+ enterprise innovation research and development plan of the R.O.C Ministry of Economic Affairs, and the relief subsidy income applied for in

accordance with the "Ministry of Education's Relief and Revitalization Measures for Industries and Businesses Affected by the COVID-19 Pandemic".

(2) Other gains and losses

	For the Years Ended December 31	
	2022	2021
Life insurance evaluation benefit (loss)	\$ 2,185	(\$ 280)
Gain (loss) on net foreign currency exchange (Note)	1,023	(292)
Gains on lease modification	578	1,393
Impairment loss (Note 13)	-	(11,739)
Other	(<u>1,567</u>)	(<u>654</u>)
	<u>\$ 2,219</u>	<u>(\$ 11,572)</u>

Note: The Group's 2022 and 2021 foreign exchange gains and losses are as follows:

	For the Years Ended December 31	
	2022	2021
Total foreign currency exchange gains	\$ 1,023	\$ 4
Total foreign currency exchange losses	-	(296)
Net loss	<u>\$ 1,023</u>	<u>(\$ 292)</u>

(3) Finance costs

	For the Years Ended December 31	
	2022	2021
Interest on lease liabilities	\$ 2,093	\$ 1,857
Interest on bank loans	49	262
	<u>\$ 2,142</u>	<u>\$ 2,119</u>

(4) Depreciation and Amortization

	For the Years Ended December 31	
	2022	2021
Depreciation- Right-of-use assets	\$ 54,842	\$ 56,099
Depreciation- property, plant and equipment	15,320	18,293
Amortization- computer software	<u>2,873</u>	<u>3,365</u>
Total	<u>\$ 73,035</u>	<u>\$ 77,757</u>
An analysis of depreciation by function		
Operating costs	\$ 68,876	\$ 68,161
Operating expenses	<u>1,286</u>	<u>6,231</u>
	<u>\$ 70,162</u>	<u>\$ 74,392</u>
An analysis of amortization by function		
Operating costs	\$ 2,134	\$ 2,578
Operating expenses	<u>739</u>	<u>787</u>
	<u>\$ 2,873</u>	<u>\$ 3,365</u>

(5) Employee Benefit Expenses

	For the Years Ended December 31	
	2021	2020
Short term employee benefits	\$ 201,480	\$ 178,490
Post-employment benefits		
Defined contribution plans	7,874	7,931
Share-based payment		
Equity settled transaction	-	3,325
Resignation benefits	386	-
Other employee benefits	<u>8,028</u>	<u>7,410</u>
Total employee benefits expense	<u>\$ 217,768</u>	<u>\$ 197,156</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 217,768</u>	<u>\$ 197,156</u>

(6) Compensation of employees and remuneration of directors

In accordance with the provisions of the Articles of Incorporation, the employees' compensations are provided at not less than 3% and remuneration of directors are not more than 5% before deducting the pre-tax benefits of the employees and directors. The estimated 2022 and 2021 employees' compensation and remuneration of directors were decided by the Board on March 14, 2023 and March 9, 2022 respectively as follows:

	For the Years Ended December 31	
	2022	2021
Compensation of employees		
-Estimated ratio	3%	3%
-Amount	<u>\$ 2,659</u>	<u>\$ 2,020</u>
Remuneration of directors		
-Estimated ratio	1.5%	1.5%
-Amount	<u>\$ 1,329</u>	<u>\$ 1,010</u>

If there is any change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the next following year.

There is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Group's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAXES

(1) Major components of income tax expense recognized in profit or loss:

	For the Years Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 12,287	\$ 11,104
Adjustments for prior year	<u>122</u>	(<u>1,657</u>)
	<u>12,409</u>	<u>9,447</u>
Deferred tax		
In respect of the current year	6,706	5,726
Adjustments in respect to past year	<u>-</u>	<u>2,460</u>
	<u>6,706</u>	<u>8,186</u>
Income tax expense recognized in profit or loss	<u>\$ 19,115</u>	<u>\$ 17,633</u>

A reconciliation of accounting income and income tax expenses is as follows:

	For the Years Ended December 31	
	2022	2021
Income before tax	<u>\$ 98,376</u>	<u>\$ 74,256</u>
Income tax expense calculated at the statutory rate	\$ 30,084	\$ 16,617
Non-deductible expenses on tax	32	651
Tax-exempt income	-	(1,056)
Deferred tax effect of earnings of subsidiaries	(10,661)	(5,626)
Impact of unrecognized deferred income tax assets	(133)	6,244
Adjustments for prior years' tax	122	803
Realized investment loss	(<u>329</u>)	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 19,115</u>	<u>\$ 17,633</u>

(2) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the Years Ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Use equity law to identify foreign investment losses	\$ 1,643	\$ -	\$ 1,643
Others	<u>1,196</u>	(<u>442</u>)	<u>754</u>
	<u>2,839</u>	(<u>442</u>)	<u>2,397</u>
Loss carryforwards	<u>19,678</u>	(<u>6,157</u>)	<u>13,521</u>
	<u>\$22,517</u>	(<u>\$ 6,599</u>)	<u>\$15,918</u>
<u>Deferred income tax liabilities</u>			
Temporary differences			
Land revaluation	\$ 2,232	\$ -	\$ 2,232
Bargain purchase gains	145	-	145
Gains and loss from life insurance evaluation	<u>-</u>	<u>107</u>	<u>107</u>
	<u>\$ 2,377</u>	<u>\$ 107</u>	<u>\$ 2,484</u>

For the Years Ended December 31, 2021

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred tax assets</u>			
Temporary differences			
Use equity law to identify foreign investment losses	\$ 4,043	(\$ 2,400)	\$ 1,643
Others	<u>852</u>	<u>344</u>	<u>1,196</u>
	<u>4,895</u>	<u>(2,056)</u>	<u>2,839</u>
Loss carryforwards	<u>25,828</u>	<u>(6,150)</u>	<u>19,678</u>
	<u>\$30,723</u>	<u>(\$ 8,206)</u>	<u>\$22,517</u>
<u>Deferred income tax liabilities</u>			
Temporary differences			
Land revaluation	\$ 2,232	\$ -	\$ 2,232
Bargain purchase gains	145	-	145
Gains and loss from life insurance evaluation	<u>20</u>	<u>(20)</u>	<u>-</u>
	<u>\$ 2,397</u>	<u>(\$ 20)</u>	<u>\$ 2,377</u>

(3) Losses deduction of deferred income tax assets not recognized in the balance sheet

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expire in 2022	\$ -	\$ 4,743
Expire in 2024	2,395	2,360
Expire in 2025	3,071	3,027
Expire in 2026	15,530	-
Expire in 2030	-	2,156
Expire in 2031	<u>-</u>	<u>1,692</u>
	<u>\$ 20,996</u>	<u>\$ 13,978</u>

(4) Related information of unused loss carry-forwards

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expire in 2022	\$ -	\$ 4,743
Expire in 2023	-	13,679
Expire in 2024	40,033	56,038
Expire in 2025	27,855	27,810
Expire in 2026	15,530	-
Expire in 2030	-	2,156
Expire in 2031	<u>5,183</u>	<u>7,944</u>
	<u>\$ 88,601</u>	<u>\$ 112,370</u>

(5) Income Tax Assessments

The Group and its subsidiaries operating in the territory of the Republic of China for profit income tax declaration have been approved by the R.O.C tax collection agency as follows:

Group Name	Approved Year
Success Prime Corporation	2020
Chen Li Education	2020
Here Enterprise	2020
Chen Li ELM	2020
Chen Li Zhiyi Education (Liquidated on May 6, 2022)	Not yet verified
Li-Ren Education	Not yet verified

The authorities of the Republic of China will not proactively issue approval notices to enterprises. Only in the event of a tax dispute, the payment notice of the year will be issued to each Group and the right to impose additional taxation will be retained.

27. EARNINGS PER SHARE

	Unit: NT\$ per share	
	For the Years Ended December 31	
	2022	2021
Basic earnings per share	\$ 4.16	\$ 3.02
Diluted earnings per share	\$ 4.15	\$ 3.02

The income and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Years Ended December 31	
	2022	2021
Earnings used in the computation of basic and diluted earnings per share from continuing operations	\$ 78,704	\$ 56,900

Shares

	Unit: in thousands of shares	
	For the Years Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	18,922	18,819
Effect of potentially dilutive ordinary shares:		
Compensation of employees	64	50
Weighted average number of ordinary shares used in the computation of diluted earnings per share	18,986	18,869

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. SHARE-BASED PAYMENT AGREEMENTS

Transfer of Treasury Shares to Employees

In July 2021, the company transferred 199 thousand treasury shares to employees, and the recipients included employees of the company and its subsidiaries who met certain conditions. The fair value of each treasury stock option granted to them in the current period was \$16.71. For details, please refer to Note 23 (5) Treasury Shares.

29. CASH FLOW INFORMATION

	For the Years Ended December 31	
	2022	2021
Purchase property, plant and equipment		
Increase in property, plant and equipment	\$ 20,130	\$ 21,959
Net increase in provision	(1,700)	-
Increase prepaid equipment payments	1,008	1,124
Decrease equipment payables	<u>79</u>	<u>414</u>
Net cash paid	<u>\$ 19,517</u>	<u>\$ 23,497</u>

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to operate under the premises of going concerns and growth while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group is composed of the Group's net debt (such as borrowings less cash) and equity (such as share capital, capital reserve and retained earnings).

The Group does not need to comply with other external capital requirements.

31. FINANCIAL INSTRUMENTS

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

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

(2) Fair value of financial instruments not measured at fair value

1) Fair value hierarchy

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
-Unlisted shares in ROC	\$ -	\$ -	\$ 4,900	\$ 4,900

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
-Unlisted shares in ROC	\$ -	\$ -	\$ 4,900	\$ 4,900

2) Valuation technic and input value used in Level 3 fair value measurement

<u>Category of financial instruments</u>	<u>Evaluation of technology and input values</u>
Unlisted equity investments	Market Method: Assess the fair value of the investment by reference to the recent operating activity of the subject or the market transaction price and market conditions of the investment subject or other similar subjects.

3) Fair value assessment for Level 3 can reasonably replace assumptions of sensitivity analysis

The Group's fair value measurement of financial instruments is reasonable, and no self-built evaluation model is used for level 3 fair value measurement, so there is no need to perform a sensitivity analysis that may replace hypotheses.

(3) Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Measured at amortized costs (Note 1)	\$ 303,606	\$ 268,192
Measured at FVTOCI- equity investment instrument	4,900	4,900
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	70,887	66,753

Note 1: The balance consists of cash and cash equivalents, notes and accounts receivables, other receivables and refundable deposits (other current assets), which are measured at amortized cost.

Note 2: The balance includes short-term borrowings, notes payable, accounts payable and other payables (including long-term borrowings due within one year) and other financial liabilities measured at amortized cost.

(4) Financial risk management objectives and policies

The main financial instruments of the Group include cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, equity instruments, notes payable, accounts payable, other payables borrowings and lease liabilities. The financial management department of the Group provides services for each business unit, coordinates the operation of entering the domestic and international financial markets, and monitors and manages the financial risks related to the operation of the Group by analyzing the risk internal risk report according to the degree of risk and breadth. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market Risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), and in interest rates (see (b) below).

a) Foreign currency risk

For the carrying amount of monetary assets and liabilities denominated in the non-functional currency at the balance sheet date, refer to Note 35.

Sensitivity analysis

The Group is mainly affected by fluctuations in the US dollar (USD) and Chinese Yuan (CNY) exchange rates.

The sensitivity analysis only includes foreign currency monetary items that are in circulation and the conversion at the end of the period is adjusted by 1% of the exchange rate change. When the New Taiwan dollar appreciates by 1% against each relevant currency, it increased the net profit before tax of the Group in 2022 and 2021 by \$192 thousand and \$171 thousand respectively. When the New Taiwan dollar depreciates by 1% against each foreign currency, its impact on net profit before tax will be a positive amount of the same amount.

b) Interest Rate Risk

The Group is exposed to fluctuating interest rate risk from outstanding bank loans. Changes in interest rates would affect the future cash flows but not the fair value.

The financial assets and liabilities balance for which the Group is subject to interest rate risk on the balance sheet date is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
-Financial assets	\$ 17,071	\$ -
Cash flow interest rate risk		
-Financial assets	266,968	247,370
-Financial liabilities	-	10,000

Assume that the floating borrowing rate at the end of the reporting period is held during the entire reporting period. When the interest rate increases/decreases by 0.1%, the net profit before tax for the Group's 2022 and 2021 will increase/decreases by \$267 thousand and \$237 thousand respectively, while all other variables remain fixed.

2) Credit Risk

Credit risk refers to the risk that the counterparty defaults on the contractual obligations resulting in financial losses to the Group. As the major trading counterparty is all creditworthy financial institutions and corporate organizations, no significant credit risk is expected.

3) Liquidity Risk

The Group manages and maintains sufficient cash to support operations and mitigate the impact of cash flow fluctuations. On December 31, 2022, the current liabilities amounts of the Group were over the amounts of the current assets. However, the current liabilities mainly consisted of pre-collected tuition (account contract liabilities - current), which were not financial liabilities and would not cause future cash outflows of the Group. Therefore, the Group assesses that the liquidity risk is not significant.

Bank borrowings are an important source of liquidity for the Group. The management of the Group supervises the use of bank financing and ensures compliance with the terms of the loan contract. As of December 31, 2022, and 2021, the unused financing lines of the merged company were \$300,000 thousand and \$290,000 thousand respectively.

Liquidity and interest rate risk statement for non-derivative financial liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the undiscounted cash flows of financial liabilities (including principal and estimated interest) based on the date which the Group is required to repay. Therefore, regardless whether the bank immediately executes its rights, the Group may be required to immediately repay the bank loan by the earliest period in the following table; other non-derivative financial liability maturity analysis is prepared according to the agreed repayment date.

Interest cash flow paid at floating interest rate, its outstanding interest amount is derived from the balance sheet daily interest rate curve.

December 31, 2022

	<u>1~6 Months</u>	<u>6 months ~ 1 year</u>	<u>1 year above</u>
<u>Non-derivative financial liabilities</u>			
Non-interest-bearing liabilities	\$ <u>65,099</u>	\$ <u>5,788</u>	\$ <u>-</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less than 1 year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>Total</u>
Lease liabilities	\$ <u>53,205</u>	\$ <u>86,016</u>	\$ <u>4,400</u>	\$ <u>143,621</u>

December 31, 2021

	<u>1~6 Months</u>	<u>6 months ~ 1 year</u>	<u>1 year above</u>
<u>Non-derivative financial liabilities</u>			
Non-interest-bearing liabilities	\$ 53,624	\$ 3,129	\$ -
Fluctuating interest rates instruments	<u>10,000</u>	<u>-</u>	<u>-</u>
	\$ <u>63,624</u>	\$ <u>3,129</u>	\$ <u>-</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less than 1 year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>Total</u>
Lease liabilities	\$ <u>33,842</u>	\$ <u>70,367</u>	\$ <u>-</u>	\$ <u>104,209</u>

32. TRANSACTION WITH RELATED PARTIES

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

(1) Related parties and their relationships associated with the Group:

<u>Related parties</u>	<u>Relationship with the Group</u>
Shu-Ling Tseng	The chairman of the company concurrently serves as the president
Min-Chun Chen	The director of the company (the chairman of the company January 1, 2021- June 9, 2022)
Wei-Ru Chen	Related party
Kaohsiung City Private Jianjia Art and Science Short-term Tuition Class (Jianjia)	Related party

Related parties	Relationship with the Group
Kaohsiung City Private Yihe Arts and Science Short-term Tutoring Class (Here Enterprise)	Related party
Kaohsiung City Private Yihe Arts and Science Short-term Tuition Class Zhongzheng Division (Here Enterprise Zhongzheng)	Related party
SLUDE Strategy Co., Ltd.	Its chairman is the same person as the director of the company
Yu-Ren Senior High School Taitung K12 Future School (Taitung Yu-Ren School)	Its chairman is the same person as the director of the company
Chen Li Education Foundation	Its chairman is the same person as the chairman of the company
Singularity International Academy(Singularity)	Its chairman is the same person as the chairman of the company
XUEMI Co., Ltd.	Associate

(2) Service revenue

Related Party Category/Name	For the Years Ended December 31	
	2022	2021
Related parties		
Jianjia	\$ 14,500	\$ 11,525
Singularity	51	-
Chen Li Education Foundation	2	-
Here Enterprise	-	3,139
Here Enterprise Zhongzheng	-	1,457
Taitung Yu-Ren School	-	408
	<u>\$ 14,553</u>	<u>\$ 16,529</u>

The Group provides services income from related parties, and its transaction prices and payment conditions are not significantly different from those of non-related parties.

(3) Sales revenue

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Related parties		
Jianjia	\$ 49	\$ -
Singularity	9	-
Chen Li Education Foundation	8	-
	<u>\$ 66</u>	<u>\$ -</u>

The Group provides related party sales revenue, and its transaction price and payment conditions are not significantly different from those of non-related parties.

(4) Purchases of goods

<u>Related party Category / Name</u>	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Main Management		
Min-Chun Chen	<u>\$ 260</u>	<u>\$ -</u>

The Group pays teachers hourly fees to the related parties, and its transaction conditions are not significantly different from the other manufacturers.

(5) Refundable Deposit (other non-current assets included in the account)

<u>Related party Category / Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Main Management		
Shu-Ling Tseng	\$ 1,360	\$ 1,960
Min-Chun Chen	<u>1,160</u>	<u>880</u>
	<u>\$ 2,520</u>	<u>\$ 2,840</u>

As mentioned in (10) below, the Group pays the refundable deposit of the lease to the related party according to the market conditions.

(6) Receivables from related parties

<u>Line Item</u>	<u>Related party Category / Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivables	Related party		
	Jianjia	\$ 1,050	\$ 1,313
	Singularity	<u>13</u>	<u>-</u>
		<u>\$ 1,063</u>	<u>\$ 1,313</u>

There is no guarantee for receipt of receivables from related parties in circulation. Amounts due from related parties as of December 31, 2022 and 2021 are not listed as allowance for losses.

(7) Payable from related parties

<u>Line Item</u>	<u>Related party Category / Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payables	Main Management		
	Min-Chun Chen	<u>\$ 53</u>	<u>\$ -</u>
Other payables	Associate	<u>\$ 105</u>	<u>\$ -</u>

The outstanding accounts payables from related parties are unsecured.

(8) Prepaid service fees

<u>Related party Category / Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Related parties	<u>\$ 100</u>	<u>\$ -</u>

In 2022, the Group recognized related service fees as \$200 thousand.

(9) Acquisition of Property, Plant and Equipment

<u>Related party Category / Name</u>	<u>Acquired Price</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Related party		
Wei-Ru Chen	<u>\$ -</u>	<u>\$ 850</u>

(10) Leasing Agreement

<u>Related party Category / Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Acquired right-of-use assets</u>		
Main Management		
Shu-Ling Tseng	\$ 21,196	\$ 5,812
Min-Chun Chen	<u>20,489</u>	<u>-</u>
	<u>\$ 41,685</u>	<u>\$ 5,812</u>

<u>Line Item</u>	<u>Related party Category / Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease liabilities	Main Management		
	Shu-Ling Tseng	\$ 17,755	\$ 4,680
	Min-Chun Chen	<u>13,748</u>	<u>-</u>
		<u>\$ 31,503</u>	<u>\$ 4,680</u>

<u>Related party Category / Name</u>	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Interest expense</u>		
Main Management		
Shu-Ling Tseng	\$ 279	\$ 125
Min-Chun Chen	<u>219</u>	<u>57</u>
	<u>\$ 498</u>	<u>\$ 182</u>

The Group leases offices and teaching venues from related parties, and the lease conditions are equivalent to those of general non-related parties.

(11) Operating expenses

<u>Related party Category / Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates	<u>\$ 160</u>	<u>\$ -</u>

(12) Remuneration of Key Management Levels

	For the Years Ended December 31	
	2022	2021
Short term Employee Benefits	\$ 5,688	\$ 5,751
Post-employment benefits	86	288
Share-based payment	-	635
	<u>\$ 5,774</u>	<u>\$ 6,674</u>

The remuneration of directors and other key management levels are determined by the Compensation Committee based on individual performance and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for short-term, credit card swiping machines, and installation funds for cram school:

	December 31, 2022	December 31, 2021
Freehold land and buildings	\$ 220,598	\$ 221,298
Pledged certificates of deposits (classified as financial assets at amortized cost- current)	9,565	-
Pledged certificates of deposits (classified as financial assets at amortized cost- non-current)	<u>4,900</u>	<u>4,920</u>
	<u>\$ 235,063</u>	<u>\$ 226,218</u>

34. OTHER ITEMS

As of December 31, 2022, the Group has assessed the recent impact of pandemic in Taiwan has not yet posed a significant impact on the operations, assets, and profitability of the Group.

In response to the impact of the COVID-19 pandemic, the Group takes the following actions:

Adjust operating strategies

Provide students in cram schools with live stream courses, cloud-based supplementary courses, online tests and other services to continue to provide educational services.

The Group has incorporated the economic impact of the pandemic into significant accounting estimates based on the information available on the balance sheet date, please refer to the explanation in Note 5.

35. INFORMATION ON FOREIGN CURRENCY ASSETS AND LIABILITIES WITH SIGNIFICANT IMPACT

The following information is aggregated in foreign currencies other than the individual functional currency of the Group. The exchange rate disclosed is the exchange rate of the foreign currency into the functional currency. The foreign currency assets and liabilities that have a significant impact are as follows:

December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>Balance</u>
<u>Foreign currency assets</u>			
<u>Monetary accounts</u>			
US Dollars	\$ 302	30.710	\$ 9,274
RMB	2,243	4.408	9,887

December 31, 2021

	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>Balance</u>
<u>Foreign currency assets</u>			
<u>Monetary accounts</u>			
US Dollars	\$ 290	27.680	\$ 8,027
RMB	2,216	4.344	9,626

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	<u>For the Year Ended December 31</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Exchange Rate (Foreign Currency: Functional Currency)</u>	<u>Net Foreign Exchange Gains (Losses)</u>	<u>Exchange Rate (Foreign Currency: Functional Currency)</u>	<u>Net Foreign Exchange Gains (Losses)</u>
Foreign Currency				
USD	20.805	\$ 882	28.009	(\$ 202)
CNY	4.422	141	4.341	(70)
		<u>\$ 1,023</u>		<u>(\$ 292)</u>

36. NOTES DISCLOSURE ITEMS

- (1) Main transaction items and
- (2) Information related to the transfer of investment business:
 - 1) Loans to others: Table 1.
 - 2) Endorsement for others: Table 2.
 - 3) Holding securities at the end of the period (excluding investment in subsidiaries): Table 3.

- 4) Accumulatively buy or sell the same marketable securities amounting to NT\$300 million or paid-up capital of more than 20%: None.
- 5) The amount of property acquired is NT\$300 million or over 20% of paid-up capital: None.
- 6) The disposition of property amounts to NT\$300 million or over 20% of paid-up capital: None.
- 7) The amount of import and sales with related parties amounts to NT\$100 million or over 20% of paid-up capital: Table 4.
- 8) The receivables from the related party amounted to NT\$100 million or more than 20% of the paid-up capital: None.
- 9) Engage in derivatives transactions: None.
- 10) Others: Business relationship, significant transactions and amounts between parent and subsidiaries and between the subsidiary companies themselves: Table 5.
- 11) Information on the investee Group: Table 6.

(3) China Investment Information:

- 1) The name of the China's Group as investee, the main business operation, the amount of capital received, the mode of investment, the export of funds, the proportion of shareholding, the profit and loss of investment, the carrying amount of the final investment, the profit and loss of the remitted investment and the investment limit to the mainland region: Table 7.
- 2) Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None
 - a) The amount and percentage of the purchase and the closing balance and percentage of the relevant payables.
 - b) The amount and percentage of goods sold and the closing balance and percentage of related receivables.
 - c) The amount of the property transaction and the amount of profit and loss it generates.
 - d) The closing balance of the bill endorsement or the provision of the collateral and its purpose.
 - e) The maximum balance, closing balance, interest rate range and total interest in the current period of the facility.
 - f) Other transactions that have a significant impact on the profits and losses or financial position of the current period, such as the provision or receipt of services.
- (4) Key shareholders information: The shareholder name, shareholding amount and proportion of shareholders with a shareholding ratio of 5% or more. (Table 8)

37. DEPARTMENTAL INFORMATION

The reportable operating department of the Group is only a single department of education; this department is mainly engaged in the business of elementary school, junior high school, and high school-related education courses. In addition, the Group's departmental profit and loss, departmental assets, and departmental liabilities are consistent with the consolidated financial statements. Please refer to the consolidated balance sheet and consolidated comprehensive income statement.

(1) Revenue from major products and services

The revenue analysis of the Group's main products and services is as follows:

	For the Years Ended December 31	
	2022	2021
Education services and information	<u>\$ 702,257</u>	<u>\$ 661,920</u>

(2) Regional Information

The Group's continuing business revenue from external customers is divided according to the operation location and non-current assets information of by asset location is as follows:

	Revenue from external customers		Non-current assets	
	2021	2020	December 31, 2021	December 31, 2020
Taiwan	<u>\$ 702,257</u>	<u>\$ 661,920</u>	<u>\$ 934,282</u>	<u>\$ 893,320</u>

Non-current assets do not include financial assets classified as financial assets measured at fair value through other comprehensive income, financial assets measured at amortized cost, life insurance termination cash value and deferred income tax assets.

(3) Main Customer Information

The main customer group of the Group is general public student groups. Therefore, there is not one single customer who accounts for more than 10% of the operating income on the income statement in 2022 and 2021.

TABLE 1

SUCCESS PRIME CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Chen Li Education	The Company	Other receivables – related party	Yes	\$ 20,000	\$ 20,000	\$ 20,000	2.13%	(2)	\$ -	Business turnover	-	-	-	88,783 (Note 4)	88,783 (Note 4)	-

Note 1 : The numbering column is described as follows :

- (1) Issuer fill in 0 .
- (2) Companies as investee are numbered sequentially starting from 1.

Note 2 : The subject receiving the loans, shall be limited to the following circumstances:

- (1) Subject companies with business relations with the SPC.
- (2) Necessary party with short-term financing capital.

Note 3 : The total amount of capital loans of the company and the limits of individual objects are as follows:

- (1) The total amount of funds loaned by the company to others shall not exceed 40% of the net value of the company's most recent financial statements.
- (2) The total limit of the company's short-term financial loans and others shall not exceed 30% of the company's most recent net value of financial statements.
- (3) The loan amount of individual target funds shall not exceed 10% of the net value of the company's most recent financial statements.

Note 4 : The total amount of Chen Li Education's fund loan and the limits of individual objects are as follows:

- (1) The total amount of Chen Li Education's funds loaned to others shall not exceed 40% of the net value of Chen Li Education's latest financial statements.
- (2) The loan amount of individual target funds shall not exceed 10% of the net value of Chen Li Education's latest financial statements.
- (3) For companies that directly and indirectly hold 50% of the voting rights of Chen Li Education, the number of funds loaned to individual objects shall not exceed 40% of the net value of Chen Li Education's latest financial statement.
- (4) The net value is mainly based on the latest financial statement (2022) of Chen Li Education audited by an accountant.

TABLE 2

SUCCESS PRIME CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)								es	Parent	China	
1	Chen Li Education	The Company	(3)	\$ 332,938	\$ 300,000	\$ 300,000	\$ -	\$ -	135.16%	\$ 332,938	N	Y	N	—

Note 1 : The numbering column is described as follows:

- (1) Issuer fill in 0.
- (2) Companies as investee are numbered sequentially starting from 1.

Note 2 : The relationship between the endorser and guarantor has the following 7 types, just indicate the type:

- (1) A company with business dealings.
- (2) A company that directly and indirectly holds more than 50% of the voting shares.
- (3) Companies that directly and indirectly hold more than 50% of the voting shares of the company.
- (4) Inter-company companies where the company directly and indirectly holds more than 90% of the voting shares.
- (5) A company that is mutually insured according to the contract between inter-industry or co-founders based on the needs of the contracted project.
- (6) A company whose endorsement is guaranteed by all capital shareholders according to their shareholding ratio due to a joint investment relationship.
- (7) The inter-industry is engaged in the performance guarantee and joint guarantee of the pre-sale house sales contract regulated by the Consumer Protection Law.

Note 3 : The limit amount of the foreign endorsement guarantees of Chen Li Education Co., Ltd. are as follows:

- (1) For companies that directly and indirectly hold more than 50% of the voting rights of Chen Li Education, the total amount of endorsement guarantees and endorsement guarantees provided by Chen Li Education to a single object is based on the latest financial statements of Chen Li Education that have been audited or reviewed by accountants 150% of net worth is limited.
- (2) The net value is based on the most recent financial statements (2022) reviewed by Chen Li Education by accountants.

SUCCESS PRIME CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Taiwan unlisted shares Accuagile Co., Ltd	None	Financial assets at FVTOCI	1,500,000	\$ 4,500	15%	\$ 4,500
Chen Li Education	Xueli Technology Co., Ltd.	None	Financial assets at FVTOCI	40,000	\$ 400	20%	\$ 400

TABLE 4

SUCCESS PRIME CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company Chen Li Education	Chen Li Education The Company	Subsidiary Parent Company	Service revenue	(\$ 214,496)	(97%)	Month end 30 days	Note 1	-	\$ 22,573	97%	Note 2
			Service costs	214,496	61%	Month end 30 days	Note 1	-	(22,573)	(87%)	Note 2

Note 1 : There are no other transactions of the same type available for comparison, and the terms of collection are agreed by both parties.

Note 2 : It was written off when preparing the consolidated financial report.

TABLE 5

SUCCESS PRIME CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2022 (Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Accounts	Amount	Payment Terms	
0	The Company	Chen Li Education	1	Service revenue and costs	\$ 214,496	There are no other transactions of the same type available for comparison, and the terms of payment are agreed by both parties.	30.5%
"	"	"	1	Accounts receivables and payables-related parties	22,573	There are no other transactions of the same type available for comparison, and the terms of payment are agreed by both parties	1.7%
1	Chen Li Education	The Company	2	Other receivables and payables-related parties	20,000	Short-term financing, repayment within one year, adjusted according to the interest rate announced by the bank.	1.5%

Note 1 : The business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the numbers is as follows:
(1) The parent company fills in 0.

(2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2 : There are three types of relationship with the trader. The type of mark can be used. (If it is the same transaction between the parent company or each subsidiary, there is no need to repeat the disclosure. For example, the parent company's transaction to the subsidiary, if the parent company It has been revealed that there is no need to repeat the disclosure of the subsidiary part; if the subsidiary's transaction to the subsidiary is disclosed, if another subsidiary has been disclosed, the other subsidiary does not need to disclose it repeatedly):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiaries to subsidiaries.

Note 3 : The transaction amount accounts for the calculation of the combined total revenue or total assets ratio. In the case of assets and liabilities, the ending balance is calculated as the total assets. If it is a profit or loss item, the accumulated amount in the period accounts for the combined total. The method of receipt is calculated.

Note 4 : The relevant account amount of the above transaction has been written off when preparing the consolidated financial statements.

TABLE 6

SUCCESS PRIME CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares (in thousands)	%			
The Company	Chen Li Education Here Enterprise	Taiwan	Education services	\$ 711,370	\$ 711,370	11,200	100%	\$ 44,078	\$ 44,064	Note 2
		Taiwan	Education and Consulting Services	13,900	13,900	1,000	100%	855	855	Note 2
	Chen Li ELM	Taiwan	Education services	9,900	9,900	1,500	100%	6,590	6,590	Note 2
	Li-Ren Education	Taiwan	Education services	3,000	3,000	300	60%	1,430	858	Note 2
	Chen Li Zhiyi	Taiwan	Education services	-	3,000	-	-	(39)	(23)	Note 2 and Note 3
Chen Li Education	XUEMI Co., Ltd.	Taiwan	Education services	34,000	-	411	47.43%	34,805	961	Note 4
	CHEN LI Education Group Limited	British Virgin Islands	Holding Company	40,543 (USD 1,292 thousand)	40,543 (USD 1,292 thousand)	-	100%	(1,760)	Note 1	Note 2
CHEN LI Education Group Limited	CHEN LI Education Group (HK) Limited	Hong Kong	Holding Company	30,059 (USD 952 thousand)	30,059 (USD 952 thousand)	-	100%	(2,931)	Note 1	Note 2

Note 1 : The profit and loss of the invested company is included in its investment company. To avoid confusion, it will not be expressed here.

Note 2 : In the preparation of the consolidated financial statements, it has been fully written off.

Note 3 : Chen Li zhiyi completed the liquidation declaration on May 6, 2022.

Note 4 : It is an associate acquired this year.

TABLE 7

SUCCESS PRIME CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment by the Group	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Chen Li (Xiamen)	Cultural dissemination	RMB 6,000 thousand	Invest through Chen Li Education	\$ 28,516	\$ -	\$ -	\$ 28,516	(\$ 253)	100%	(\$ 253)	\$ 8	\$ -	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$28,516 (RMB 6,000 thousand)	\$28,516 (RMB 6,000 thousand)	\$133,175 (Note 2)

Note 1 : Investment gains and losses are recognized based on the financial statements verified by the parent company certified accountant in Taiwan.

Note 2 : It is calculated based on 60% of the net value of Chen Li Education's most recent financial statements.

TABLE 8**SUCCESS PRIME CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Far East International Commercial Bank entrusted custody of Bash Consulting Co., Ltd. Investment Special Account	1,890,039	9.89%
Far East International Commercial Bank entrusted custody of Endow Capital Management Co., Ltd. Investment Special Account	1,890,039	9.89%
Witty Sino Holdings Co., Ltd.	1,737,020	9.09%
Shu-Ling Tseng	1,023,728	5.35%

Note 1 : The main shareholder information in this table is based on the last business day of the quarter at the end of the quarter, and the shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to different or different calculation bases.

Note 2 : In the case of the above information, if a shareholder delivers shares to the trust, it is disclosed in individual accounts by the trustor who opened the trust account by the trustee. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their holdings include their own shareholding plus the shares delivered to the trust and have the right to use the trust property. For information on insider's equity declarations, please refer to the Market Observation Post System.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Success Prime Corporation

Opinion

We have audited the accompanying financial statements of Success Prime Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

Investments impairment assessment using the equity method

On each balance sheet date, the management should assess whether there are any signs of impairment of the investments using the equity method. The assessment of whether the book amount has been reduced involves subjective judgments and discounts made by the management of SPC on its future cash flow forecasts. The current rate and other assumptions are estimated, so the auditors list it as a key audit matter. For the disclosure of relevant accounting policies and relevant information, please refer to Notes 4, 5 and 10 of the Parent Company Only Financial Statements.

Our key audit procedures performed by the Auditors are as follows:

1. We obtained the asset impairment self-evaluation reports by management.
2. We evaluated the reasonableness of the identification of the assets which were considered impaired and the assumptions and sensitivity analysis used in the asset impairment assessments of SPC.

Responsibility of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jin-Chuan Shi and Yung-Ming Chiu.

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

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail..

SUCCESS PRIME CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Current assets				
Cash (notes 4 and 6)	\$ 10,284	1	\$ 25,861	3
Financial assets measured at amortized cost (notes 4 and 8)	-	-	4,900	-
Accounts receivables (notes 4 and 9)	790	-	66	-
Accounts receivables- related parties (notes 4 and note 24)	22,573	3	21,891	3
Other current assets (note 24)	396	-	54	-
Total current assets	<u>34,043</u>	<u>4</u>	<u>52,772</u>	<u>6</u>
Non-current assets				
Financial assets measured at fair value through other comprehensive income (notes 4 and 7)	4,500	1	4,500	1
Investments accounted for using equity method (notes 4, 5 and 10)	771,881	90	711,953	87
Net investment property (notes 4 and 11)	32,003	4	32,160	4
Computer software (note 4)	-	-	44	-
Deferred income tax assets (notes 4 and 19)	12,502	1	18,441	2
Total non-current assets	<u>820,886</u>	<u>96</u>	<u>767,098</u>	<u>94</u>
Total assets	<u>\$ 854,929</u>	<u>100</u>	<u>\$ 819,870</u>	<u>100</u>
LIABILITIES AND EQUITY				
Current liabilities				
Short-term borrowings (notes 4 and 12)	\$ -	-	\$ 10,000	1
Accounts payables (note 13)	17,317	2	16,575	2
Accounts payables - related parties (note 24)	99	-	124	-
Other payables (note 14)	8,591	1	6,078	1
Other payables- related parties (note 24)	20,000	2	-	-
Other current liabilities	324	-	281	-
Total current liabilities	<u>46,331</u>	<u>5</u>	<u>33,058</u>	<u>4</u>
Non-current liabilities				
Deferred income tax liabilities (notes 4 and 19)	145	-	145	-
Guarantee deposits received (note 24)	200	-	200	-
Total non-current liabilities	<u>345</u>	<u>-</u>	<u>345</u>	<u>-</u>
Total liabilities	<u>46,676</u>	<u>5</u>	<u>33,403</u>	<u>4</u>
Equity (note 16)				
Ordinary shares	191,004	22	191,004	23
Capital surplus	293,962	34	309,100	38
Retained earnings				
Legal reserve	44,613	5	39,992	5
Special reserve	2,522	1	2,392	-
Unappropriated retained earnings	291,075	34	258,907	32
Total retained earnings	<u>338,210</u>	<u>40</u>	<u>301,291</u>	<u>37</u>
Other equity (note 4)	(2,517)	-	(2,522)	-
Treasury shares	(12,406)	(1)	(12,406)	(2)
Total equity	<u>808,253</u>	<u>95</u>	<u>786,467</u>	<u>96</u>
Total liabilities and equity	<u>\$ 854,929</u>	<u>100</u>	<u>\$ 819,870</u>	<u>100</u>

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

SUCCESS PRIME CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
Operating revenue (notes 4, 17 and 24)	\$ 221,762	100	\$ 218,012	100
Operating costs (notes 18, and 24)	<u>169,320</u>	76	<u>166,845</u>	77
Gross profit	<u>52,442</u>	<u>24</u>	<u>51,167</u>	<u>23</u>
Operating expenses (notes 18 and 24)				
Marketing expenses	1,143	1	-	-
General and administrative expenses	<u>20,838</u>	<u>9</u>	<u>18,069</u>	<u>8</u>
Total operating expenses	<u>21,981</u>	<u>10</u>	<u>18,069</u>	<u>8</u>
Net Income from operations	<u>30,461</u>	<u>14</u>	<u>33,098</u>	<u>15</u>
Non-operating income and expenses (notes 4, 18 and 24)				
Other income	986	-	3,295	1
Finance costs	(204)	-	(260)	-
Share of profit or loss of subsidiaries	53,305	24	28,132	13
Interest revenue	<u>95</u>	<u>-</u>	<u>52</u>	<u>-</u>
Total non-operating income and expenses	<u>54,182</u>	<u>24</u>	<u>31,219</u>	<u>14</u>

(Continued)

(Continued)

	2022		2021	
	Amount	%	Amount	%
Income before income tax	\$ 84,643	38	\$ 64,317	29
Income tax expense (notes 4 and 19)	(<u>5,939</u>)	(<u>3</u>)	(<u>7,417</u>)	(<u>3</u>)
Net income for the year	<u>78,704</u>	<u>35</u>	<u>56,900</u>	<u>26</u>
Other comprehensive income (loss) (note 4)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>5</u>	<u>-</u>	(<u>130</u>)	<u>-</u>
Total comprehensive income for the year	<u>\$ 78,709</u>	<u>35</u>	<u>\$ 56,770</u>	<u>26</u>
Earnings per share (note 20)				
Basic	<u>\$ 4.16</u>		<u>\$ 3.02</u>	
Diluted	<u>\$ 4.15</u>		<u>\$ 3.02</u>	

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

SUCCESS PRIME CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings				Other Equity		
	Shares (Thousands)	Amount \$	Capital Surplus \$	Legal Reserve \$	Special Reserve \$	Unappropriated Earnings \$	Total \$	Exchange differences on translating foreign operations (\$	Treasury Shares (\$	Total Equity \$
Balance at January 1, 2021	19,185	191,854	341,190	33,966	2,600	274,945	311,511	2,392	34,362	807,801
Appropriation of 2020 earnings										
Legal reserve	-	-	-	6,026	-	(6,026)	-	-	-	-
Special reserve	-	-	-	-	(208)	208	-	-	-	-
Cash dividends distributed by the Company - NT\$3 per share	-	-	-	-	-	(56,425)	(56,425)	-	-	(56,425)
Stock dividends distributed from capital surplus	1,726	17,260	(17,260)	-	-	-	-	-	-	-
Cash dividends distributed from capital surplus- NT\$ 1.5 per share	-	-	(28,213)	-	-	-	-	-	-	(28,213)
Net income (loss) for the year ended December 31, 2021	-	-	-	-	-	56,900	56,900	-	-	56,900
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(130)	-	(130)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	56,900	56,900	(130)	-	56,770
Share-based payment transaction – Buy-back of treasury shares	-	-	-	-	-	-	-	-	(4,727)	(4,727)
Cancellation of treasury shares	(85)	(850)	(3,877)	-	-	-	-	-	4,727	-
Share-based payment transaction – Transfer of treasury shares to employees	-	-	-	-	-	(10,695)	(10,695)	-	21,956	11,261
Balance at December 31, 2021	19,100	191,004	309,100	39,992	2,392	258,907	301,291	(2,522)	(12,406)	786,467
Appropriation of 2021 earnings										
Legal reserve	-	-	-	4,621	-	(4,621)	-	-	-	-
Special reserve	-	-	-	-	130	(130)	-	-	-	-
Cash dividends distributed by the Company - NT\$2.2 per share	-	-	-	-	-	(41,629)	(41,629)	-	-	(41,629)
Cash dividends distributed from capital surplus- NT\$ 0.8 per share	-	-	(15,138)	-	-	-	-	-	-	(15,138)
Net income (loss) for the year ended December 31, 2021	-	-	-	-	-	78,704	78,704	-	-	78,704
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	5	-	5
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	78,704	78,704	(130)	-	78,704
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(156)	(156)	-	-	(156)
Balance at December 31, 2022	19,100	191,004	293,962	44,613	2,522	291,075	338,210	(2,517)	(12,406)	808,253

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

SUCCESS PRIME CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities		
Income before income tax	\$ 84,643	\$ 64,317
Adjustments to reconcile profit (loss)		
Depreciation expense	157	157
Amortization expense	44	75
Finance costs	204	260
Interest income	(95)	(52)
Share-based compensation cost	-	551
Share of (profit) loss of subsidiaries accounted for using equity method	(53,305)	(28,132)
Changes in operating assets and liabilities:		
Accounts receivables	724	(66)
Accounts receivables- related parties	(682)	470
Other current assets	(342)	5
Accounts payable	742	24
Accounts payable- related parties	(25)	80
Other payables	2,513	(1,168)
Other current liabilities	43	(63)
Cash generated from operations	33,173	36,458
Interest received	95	52
Interest paid	(204)	(260)
Income taxes paid	-	(2,469)
Net cash generated from operating activities	<u>33,064</u>	<u>33,781</u>
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(13,000)	-
Acquisition of financial assets at amortized cost	(4,900)	(4,900)
Disposal of financial assets at amortized cost	9,800	9,800
Acquisition of associates	(21,000)	-
Net cash inflow on disposal of subsidiary	1,357	-
Dividends received from subsidiaries	<u>25,869</u>	<u>32,781</u>
Net cash generated from/(used in) investing activities	<u>(1,874)</u>	<u>37,681</u>

(Continued)

(Continued)

	2022	2021
Cash flows from financing activities		
Increase in short-term loans	\$ -	15,000
Decrease in short-term loans	(10,000)	(5,000)
Payments of long-term debt	-	(21,870)
Other payables- related parties	20,000	-
Issuance of cash dividends	(56,767)	(84,638)
Payments of treasury shares buy-back	-	(4,727)
Treasury shares buy-back by employees	<u>-</u>	<u>7,936</u>
Net cash used in financing activities	(<u>46,767</u>)	(<u>93,299</u>)
 Net decrease in cash	 (21,837)	 (21,837)
 Cash at beginning of the year	 <u>25,861</u>	 <u>47,698</u>
 Cash at end of the year	 <u>\$ 10,284</u>	 <u>\$ 25,861</u>

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

SUCCESS PRIME CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Success Prime Corporation (hereinafter referred to as the Company) was established on June 15, 1991. The core business is contracting teachers and course management services. On March 2002, the Company's shares were listed on the Taiwan Stock Exchange (TWSE).

The Company's important subsidiary Chen Li Education Co., Ltd. (hereinafter referred to as Chen Li Education) is mainly engaged in the education service industry targeting primary, middle and high-school curriculums tutorial courses.

The Financial Report is expressed in the functional New Taiwan Dollar currency (NT\$).

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The Financial Statements were approved and authorized for issue by the Board of Directors on March 14, 2023.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

- (2) The IFRSs endorsed by the FSC for application starting from 2023

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

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be

estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Company shall recognize the cumulative effect of initial application in retained earnings at that date. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. The Company shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - 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

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the release date of this parent company only financial report, the Company is still evaluating the impact of amendments to other standards and interpretations on its financial status and financial performance, and the relevant impact will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

(3) Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Foreign currency items are converted at the closing exchange rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items is recognized as a profit or loss in the current period of occurrence.

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

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(5) Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company

Under the equity method, the investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss. When acquiring a subsidiary that does not execute business operations, the acquisition cost is appropriately allocated to the acquired identifiable assets (including intangible assets) and the assumed share of liabilities, without generating goodwill or current benefits.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent's company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent's company financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

(6) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in

other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent of interests in the associate that are not related to the Company.

(7) Investment property

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(8) Intangible assets

1) Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line method basis. The estimated useful lives, residual values, and amortization methods are reviewed by the Company at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition

When derecognizing the intangible assets, the difference between the net disposition price and the asset's carrying amount is recognized as the profit and loss of the current period.

(9) Impairment of property, plant and equipment, right-of-use asset and intangible assets (except goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such

indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years (less amortization or depreciation). A reversal of an impairment loss is recognized in profit or loss.

(10) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

1) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement Category

Financial assets are classified into the following categories: Financial assets measured at amortized cost and investments in equity instruments at FVTOCI.

A. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents and trade receivables measured at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- a. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- b. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit-impaired when one or more of the following events have occurred:

- a. Significant financial difficulty of the issuer or the borrower;
- b. Breach of contract, such as a default;
- c. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- d. The disappearance of an active market for that financial asset because of financial difficulties.

B. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated

in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including accounts receivables).

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on such a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the Company's financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

(11) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the rendering of services

Service revenue comes from management of teacher and academic curriculum education services, The service income is recognized as income in proportion to the performance of service.

(12) Borrowing Costs

Borrowing costs are recognized when incurred as a profit or loss at the current period.

(13) Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

(14) Employee Benefits

1) Short term Employee Benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

(15) Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined by the Company according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Impairment of Investment Subsidiary

When there are signs of impairment indicating that the investment in the subsidiary may have been impaired and the carrying amount may not be recovered, the Company immediately evaluated the asset impairment associated with the subsidiary from the perspective of the financial statements as a whole. The Company's management is based on the future cash flow projections of the cash-generating units of the relevant assets, including assumptions such as the estimated sales growth rate and profit margin of the management, and determines the appropriate discount rate used to calculate the present value to assess the impairment.

6. CASH

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Checking demand deposits	<u>\$ 10,284</u>	<u>\$ 25,861</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME- NON-CURRENT

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Investments in equity instruments</u>		
Domestic investments		
Unlisted shares		
Accuagile Co., Ltd ordinary shares	<u>\$ 4,500</u>	<u>\$ 4,500</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Time deposits with original maturities exceeding 3 months	<u>\$ -</u>	<u>\$ 4,900</u>
Interest rate range	-	0.56%

The Company assesses that the expected credit risk of the financial assets measured by amortization cost is not high, and its credit risk has not increased after the original recognition.

9. ACCOUNTS RECEIVABLES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Measured at amortized costs		
Total carrying amount	\$ 790	\$ 66
Less: Allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 790</u>	<u>\$ 66</u>

The average credit period for services provided was 30 days. To mitigate credit risk, the Company's management assigns a dedicated team responsible for the decision of the credit line, credit approval and other monitoring procedures to ensure that the recovery of overdue receivables has taken appropriate action. In addition, the Company reviews the recoverable amounts of receivables on the reporting date to ensure that receivables that cannot be recovered include appropriate impairment losses. As a result, the Company's management believes that the credit risk has been significantly reduced.

The Company measures the loss allowance for account receivables at an amount equal to lifetime ECLs (excluding special individual payments that listed are as 100% loss). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of conditions at the reporting date. The Company estimates expected credit losses based on the number of days for which receivables are past due. As the Company's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for losses based on past due status of receivables is not further distinguished according to different segments of the Company's customer base.

The Company writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Company measures the allowance loss of account receivables in accordance with the preparation matrix as follows:

December 31, 2022

	Not Overdue	Overdue Within 90 Days	Overdue 91-180 Days	Total
Gross carrying amount	\$ 790	\$ -	\$ -	\$ 790
Loss allowance (lifetime ECL)	-	-	-	-
Amortized cost	<u>\$ 790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 790</u>

December 31, 2021

	Not Overdue	Overdue Within 90 Days	Overdue 91-180 Days	Total
Gross carrying amount	\$ 66	\$ -	\$ -	\$ 66
Loss allowance (lifetime ECL)	-	-	-	-
Amortized cost	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66</u>

The Company assessed that there was no need to recognize impairment losses for accounts receivable for the year ended December 31, 2022, and 2021.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2022	December 31, 2021
Investments in subsidiaries	\$ 737,076	\$ 711,953
Investments in associates	<u>34,805</u>	<u>-</u>
	<u>\$ 771,881</u>	<u>\$ 711,953</u>

(1) Investment in subsidiaries

	December 31, 2022	December 31, 2021
Unlisted Company		
Chen Li Education Company Co., Ltd. (Chen Li Education)	\$ 705,743	\$ 687,003
Chen Li ELM Co., Ltd. (Chen Li ELM)	20,401	13,811
Here Co., Ltd. (Here Enterprise)	7,006	6,151
Li-Ren Education Co., Ltd. (Li-Ren Education)	3,926	3,608
Chen Li Zhiyi Education Co., Ltd. (Chen Li Zhiyi Education)	<u>-</u>	<u>1,380</u>
	<u>\$ 737,076</u>	<u>\$ 711,953</u>

Name of Subsidiary	Percentage of equity rights and voting rights	
	December 31, 2022	December 31, 2021
Chen Li Education	100%	100%
Chen Li ELM	100%	100%
Here Enterprise	100%	100%
Li-Ren Education	60%	60%
Chen Li Zhiyi Education	-	60%

Note: Due to operating losses, Chen Li zhiyi passed the resolution of the extraordinary shareholders' meeting on December 27, 2021, for dissolution and liquidation, and completed the liquidation declaration on May 6, 2022, recovering and returning \$1,357 thousand of shares.

(2) Investments in associates

	December 31, 2022	December 31, 2021
Material associate		
XUEMI Co., Ltd.	<u>\$ 34,805</u>	<u>\$ -</u>

Material associate

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31, 2022	December 31, 2021
XUEMI Co., Ltd.	Education services	Taiwan	47.43%	-

To expand the online learning and education market, the Group was approved by the Board of Directors on April 26, 2022, to purchase 156,000 common shares of Xuemi with \$13,000 thousand in cash, with a shareholding ratio of 18% recognized as financial assets at fair value through other comprehensive income. In addition, on December 1, 2022, 255 thousand shares of Xuemi's common stock were purchased with cash of \$21,000 thousand, with a shareholding ratio of 47.43%. The Group gets a significant influence on the company. The financial assets were classified as investments using the equity method based on the fair value of \$12,844 thousand on the day when the significant influence was obtained. The unrealized evaluation losses of \$156 thousand included in other comprehensive income were transferred to retained earnings.

The profit and loss and other comprehensive profit and loss share of the Company's subsidiaries and associates that adopted the equity method in 2022 and 2021. Except that Chen Li Education is recognized according to the financial report verified by the accountant, the rest have not been verified by the accountant. However, the management of the Company believes that if the unverified financial reports of the subsidiaries are verified by the accountant, there will be no major adjustments.

For details of the investment subsidiaries held by the Company, please refer to Table 5.

11. INVESTMENT PROPERTY

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
January 1 and December 31, 2021			
Balance	\$ 27,394	\$ 5,316	\$ 32,710
<u>Accumulated depreciation</u>			
January 1, 2021 Balance	\$ -	\$ 393	\$ 393
Depreciation Fee	-	157	157
December 31, 2021 Balance	\$ -	\$ 550	\$ 550
December 31, 2021 Net amount	\$ 27,394	\$ 4,766	\$ 32,160
<u>Cost</u>			
January 1 and December 31, 2022			
Balance	\$ 27,394	\$ 5,316	\$ 32,710
<u>Accumulated depreciation</u>			
January 1, 2022 Balance	\$ -	\$ 550	\$ 550
Depreciation Fee	-	157	157
December 31, 2022 Balance	\$ -	\$ 707	\$ 707
December 31, 2022 Net amount	\$ 27,394	\$ 4,609	\$ 32,003

Investment property is the properties held by the Company to earn rental income. It is leased to the subsidiary Chen Li Education as a tutorial school.

The depreciation fee is based on the straight-line basis for the following number of years of durability:

Buildings	32years
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The fair value of investment property has not been evaluated by independent evaluators and is only measured by the Company's management level using the evaluation model commonly used by market participants in the third level input value. The evaluation is based on market evidence similar to the transaction price of the property, and the fair value obtained is evaluated.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair Value	<u>\$ 38,540</u>	<u>\$ 36,190</u>

The lease period of investment real estate is 5years, which is a fixed lease payment.

In 2022 and 2021, leased investment real estate under operating leases will receive the total lease payments in the future as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year 1	\$ 1,143	\$ 1,143
Year 2	1,143	1,143
Year 3	1,143	1,143
Year 4	571	1,143
Year 5	<u>-</u>	<u>571</u>
	<u>\$ 4,000</u>	<u>\$ 5,143</u>

12. SHORT-TERM BORROWINGS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u>		
Bank borrowings	<u>\$ -</u>	<u>\$ 10,000</u>

The interest rates of bank borrowings were 1.10% at December 31, 2021.

13. ACCOUNTS PAYABLES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Hourly fee payable to Teachers	\$ 17,256	\$ 16,549
Other	<u>61</u>	<u>26</u>
	<u>\$ 17,317</u>	<u>\$ 16,575</u>

14. OTHER PAYABLES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salary and bonus payable	\$ 2,277	\$ 1,174
Compensation payable to Employees	2,659	2,020
Compensation payable to Directors	1,329	1,010
Operational tax payable	1,026	975
Service payable	600	320
Others	<u>700</u>	<u>579</u>
	<u>\$ 8,591</u>	<u>\$ 6,078</u>

15. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

16. EQUITY

(1) Ordinary shares

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and paid shares (in thousands)	<u>19,100</u>	<u>19,100</u>
Issued capital	<u>\$ 191,004</u>	<u>\$ 191,004</u>

(2) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Premium issuance of ordinary shares	\$ 287,079	\$ 302,217
<u>Only to make up for losses</u>		
Employees stock options exercised	2,591	2,591
Employees stock options expired	<u>4,292</u>	<u>4,292</u>
	<u>\$ 293,962</u>	<u>\$ 309,100</u>

The change in the balance of various capital reserves of the Group in 2022 and 2021 is as follows:

	Stock issuance premium	Employees stock options exercised	Employees stock options expired	Total
January 1, 2021				
Balance	\$ 334,307	\$ 2,591	\$ 4,292	\$ 341,190
Cash distribution	(28,213)	-	-	(28,213)
Cancellation of treasury shares	(<u>3,877</u>)	<u>-</u>	<u>-</u>	(<u>3,877</u>)
December 31, 2021				
Balance	<u>\$ 302,217</u>	<u>\$ 2,591</u>	<u>\$ 4,292</u>	<u>\$ 309,100</u>
January 1, 2022				
Balance	\$ 302,217	\$ 2,591	\$ 4,292	\$ 309,100
Cash distribution	(<u>15,138</u>)	<u>-</u>	<u>-</u>	(<u>15,138</u>)
December 31, 2022				
Balance	<u>\$ 287,079</u>	<u>\$ 2,591</u>	<u>\$ 4,292</u>	<u>\$ 293,962</u>

The excess of the capital reserve in excess of the premium amount (including the issuance of common shares with excess in denomination) to cover the losses, when the Group has no loss can be used to issue cash dividends or stock dividends, provided that the amount of share capital is limited to a certain percentage of the collected share capital each year.

(3) Retained Earnings and Dividend Policy

The Company's Articles of Incorporation provide that, when allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years and then set aside the following items accordingly: Legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve equals Company's paid-in capital; special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge; any balance left over shall be allocated according to the resolution of the shareholders' meeting. The Company's Articles of Incorporation provide the policy about the profit-sharing bonus to employees; please refer to Note 18 (5).

The company's dividend policy will consider the industry environment, surplus status, future capital expenditure needs, and long-term financial planning. If there is any surplus to distribute dividends, the total amount of shareholder dividends distribution should not be lower than 10% of the current year's earnings after deducting the adjusted portion. The proportion of cash dividends shall not be lower than 10% of the total dividends distributed in the current year, and the other shall be distributed in the form of stock dividends.

Per Articles 240 and 241 of the Company Law, the company authorizes the board of directors to have more than two-thirds of the directors present and the resolutions of more than half of the directors present, to distribute cash dividends and bonuses, and to pay cash by the provisions of the Company Law for capital reserve or statutory surplus reserve, and report to the shareholders meeting.

The appropriation for legal capital reserve shall be made until the reserve equals the Group's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if the Group incurs no loss.

On June 9, 2022, the company's shareholders' meeting passed a resolution to amend the company's articles of association, specifying that when the net amount of other equity deductions accumulated in the previous period and the net increase in the fair value of investment real estate are listed as a special surplus reserve, if the undistributed surplus in the previous period is insufficient Withdrawal refers to the amount that is included in the undistributed surplus of the current period from the net profit after tax plus the net profit after tax for the current period. Before the revision of the Articles of Association, the company was accrued from the undistributed earnings of the previous period following the law.

The company held shareholders' meetings on June 9, 2022, and July 1, 2021, and passed the resolutions on the distribution of surplus for 2021 and 2020 as follows:

	For the Years Ended December 31	
	2021	2020
Legal reserve	<u>\$ 4,621</u>	<u>\$ 6,026</u>
Special reserve	<u>\$ 130</u>	<u>(\$ 208)</u>
Cash dividends	<u>\$ 41,629</u>	<u>\$ 56,425</u>
Cash dividends per share (NT\$)	\$ 2.20	\$ 3.00

In addition, on June 9, 2022, the company passed the resolution of the shareholders' meeting to distribute cash with a capital reserve of \$15,138 thousand at \$0.80 per share; on July 1, 2021, the resolution of the shareholders' meeting distributed the cash with a capital reserve of 28,213 thousand, \$1.50 per share.

The company held a board meeting on March 14, 2023, and proposed the 2022 surplus distribution plan as follows:

	For the Years Ended December 31, 2022
Legal reserve	<u>\$ 7,855</u>
Special reserve	<u>(\$ 5)</u>
Cash dividends	<u>\$ 62,443</u>
Cash dividends per share (NT\$)	\$ 3.3

The appropriation of earnings for 2022 is to be discussed at the shareholders' meeting scheduled on June 16, 2023.

(4) Treasury shares

<u>Purpose of Buy-back</u>	<u>Shares Cancelled (In Thousands of Shares)</u>	<u>Shares Transferred to Employees (In Thousands of Shares)</u>	<u>Total (In Thousands of Shares)</u>
Number of shares at			
January 1, 2021	-	377	377
Increase during the year	85	-	85
Decrease during the year	(85)	(199)	(284)
Number of shares at			
December 31, 2021	<u>-</u>	<u>178</u>	<u>178</u>
Number of shares at			
January 1, and			
December 31, 2022	<u>-</u>	<u>178</u>	<u>178</u>

The Treasury shares held by the Group shall not be pledged under the Securities Exchange law, nor shall they enjoy the rights of dividend distribution and voting right.

On July 1, 2021, the company passed the resolution of the Board of Directors to cancel the registration of the repurchased 85 thousand treasury shares, and took July 1, 2021 as the cancellation base date. Share capital and capital reserve - share issue premiums amounted to \$850 thousand and \$3,877 thousand.

In July 2021, the company transferred 199 thousand treasury shares at \$40 per share to employees of the company and its subsidiaries who met certain conditions for subscription. The total transfer price was \$7,936 thousand, accounting for 1.037% of the company's issued shares. The cost of shares is \$21,956 thousand. According to the regulations, the Group estimated it according to the option model on the grant date, and recognized the cost of remuneration (salary expenses on the account) of \$3,325 thousand, and recognized the deduction of undistributed earnings of \$10,695 thousand at the time of transfer.

17. REVENUE

	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Client contracts revenue		
Educational service and consultancy	\$ 220,590	\$ 216,841
Others	<u>1,172</u>	<u>1,171</u>
	<u>\$ 221,762</u>	<u>\$ 218,012</u>

(1) Explanation on client contracts revenue, please refer to Note 4 (11).

(2) Remaining contracts balance

Accounts receivable balance, please refer to Note 9.

18. NET PROFIT OF THE YEAR

(1) Other Revenue

	For the Years Ended December 31	
	2022	2021
Management service revenue (Note 24)	\$ 960	\$ -
Government Subsidy revenue	-	3,278
Other	<u>26</u>	<u>17</u>
	<u>\$ 986</u>	<u>\$ 3,295</u>

The subsidy income is mainly the funds subsidized by the Company to implement the A+ enterprise innovation research and development plan of the R.O.C Ministry of Economic Affairs.

(2) Financial Costs

	For the Years Ended December 31	
	2022	2021
Interest on related party loans	\$ 153	\$ -
Interest on bank loans	49	258
Others	<u>2</u>	<u>2</u>
Total	<u>\$ 204</u>	<u>\$ 260</u>

(3) Depreciation and Amortization

	For the Years Ended December 31	
	2022	2021
Depreciation- investment property	\$ 157	\$ 157
Amortization- computer software	<u>44</u>	<u>75</u>
Total	<u>\$ 201</u>	<u>\$ 232</u>
An analysis of depreciation by function		
Operating costs	<u>\$ 157</u>	<u>\$ 157</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 44</u>	<u>\$ 75</u>

(4) Employee Benefit Expenses

	For the Years Ended December 31	
	2022	2021
Short term employee benefits	\$ 16,716	\$ 13,925
Post-employment benefits		
Defined contribution plans	453	435
Share-based payment	-	551
Other employee benefits	<u>552</u>	<u>508</u>
Total employee benefits expense	<u>\$ 17,721</u>	<u>\$ 15,419</u>
Operating expenses	<u>\$ 17,721</u>	<u>\$ 15,419</u>

(5) Compensation of employees and remuneration of directors

In accordance with the provisions of the Articles of Incorporation, the employees' compensations are provided at not less than 3% and remuneration of directors are not more than 5% before deducting the pre-tax benefits of the employees and directors. The estimated 2022 and 2021 employees' compensation and remuneration of directors were decided by the Board on March 14, 2023 and March 9, 2022 respectively as follows:

	For the Years Ended December 31	
	2022	2021
Employees' compensation		
-Estimated ratio	3%	3%
-Amount	<u>\$ 2,659</u>	<u>\$ 2,020</u>
Remuneration of directors		
-Estimated ratio	1.5%	1.5%
-Amount	<u>\$ 1,329</u>	<u>\$ 1,010</u>

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

There is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in the parent company only financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Group's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

19. INCOME TAXES

(1) Major components of income tax expense recognized in profit or loss:

	For the Years Ended December 31	
	2022	2021
Current tax		
Adjustments for prior year	\$ -	\$ 10
Deferred tax		
In respect of the current year	5,939	7,347
Adjustments for prior year	-	60
	<u>5,939</u>	<u>7,407</u>
Income tax expense recognized in profit or loss	<u>\$ 5,939</u>	<u>\$ 7,417</u>

A reconciliation of accounting loss (profit) and income tax expenses were as follows:

	For the Years Ended December 31	
	2022	2021
Income before tax	<u>\$ 84,643</u>	<u>\$ 64,317</u>
Income tax expense calculated at the statutory rate	\$ 16,929	\$ 12,863
Non-deductible expenses	-	110
Deferred tax effect of earnings of subsidiaries	(10,661)	(5,626)
Realized investment loss	(329)	-
Adjustments for prior years' tax	-	70
Income tax expense recognized in profit or loss	<u>\$ 5,939</u>	<u>\$ 7,417</u>

(2) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the Years Ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Payables for annual leave	\$ 13	\$ 5	\$ 18
Loss carryforwards	<u>18,428</u>	(<u>5,944</u>)	<u>12,484</u>
	<u>\$ 18,441</u>	(<u>\$ 5,939</u>)	<u>\$ 12,502</u>

<u>Deferred income tax liabilities</u>			
Temporary differences			
Bargain purchase gains	\$ <u>145</u>	\$ <u>-</u>	\$ <u>145</u>

For the Years Ended December 31, 2021

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred tax assets</u>			
Temporary differences			
Payables for annual leave	\$ 20	(\$ 7)	\$ 13
Loss carryforwards	<u>25,828</u>	<u>(7,400)</u>	<u>18,428</u>
	<u>\$ 25,848</u>	<u>(\$ 7,407)</u>	<u>\$ 18,441</u>

<u>Deferred income tax liabilities</u>			
Temporary differences			
Bargain purchase gains	\$ <u>145</u>	\$ <u>-</u>	\$ <u>145</u>

(3) Related information of unused loss carry-forwards

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expire in 2023	-	13,679
Expire in 2024	37,638	53,678
Expire in 2025	<u>24,784</u>	<u>24,783</u>
	<u>\$ 62,422</u>	<u>\$ 92,140</u>

(4) Income Tax Assessments

The Company's tax returns through 2020 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

	Unit: NT\$ per share	
	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Basic earnings per share	<u>\$ 4.16</u>	<u>\$ 3.02</u>
Diluted earnings per share	<u>\$ 4.15</u>	<u>\$ 3.02</u>

The income and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Years Ended December 31	
	2022	2021
Income for the year attributable to owners of the Company	\$ 78,704	\$ 56,900

Shares

	Unit: in thousands of shares	
	For the Years Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	18,922	18,819
Effect of potentially dilutive ordinary shares:		
Compensation of employees	64	50
Weighted average number of ordinary shares used in the computation of diluted earnings per share	18,986	18,869

The Company may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. SHARE-BASED PAYMENT AGREEMENT

Transfer of Treasury Shares to Employees

In July 2021, the company transferred 199 thousand treasury shares to employees, and the recipients included employees of the company and its subsidiaries who met certain conditions. The fair value of each treasury stock option granted to them in the current period was \$16.71. For details, please refer to Note 16 (4) Treasury Shares.

22. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to operate under the premises of going concerns and growth while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company is composed of the Company's net debt (such as borrowings less cash) and equity (such as share capital, capital reserve and retained earnings).

The Company does not need to comply with other external capital requirements.

23. FINANCIAL INSTRUMENTS

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

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
-Unlisted shares in ROC	\$ -	\$ -	\$ 4,500	\$ 4,500

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
-Unlisted shares in ROC	\$ -	\$ -	\$ 4,500	\$ 4,500

2) Valuation technic and input value used in Level 3 fair value measurement

<u>Category of financial instruments</u>	<u>Evaluation of technology and input values</u>
Unlisted equity investments	Market Method: Assess the fair value of the investment by reference to the recent operating activity of the subject or the market transaction price and market conditions of the investment subject or other similar subjects.

3) Fair value assessment for Level 3 can reasonably replace assumptions of sensitivity analysis

The Company's fair value measurement of financial instruments is reasonable, and no self-built evaluation model is used for level 3 fair value measurement, so there is no need to perform a sensitivity analysis that may replace hypotheses.

(3) Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Measured at amortized costs (Note 1)	\$ 33,647	\$ 52,718
Measured at FVTOCI		
- equity investment instrument	4,500	4,500
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	46,207	32,977

Note 1: The balance consists of cash and accounts receivables, which are measured at amortized cost.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise, short-term borrowings, trade payables, other payables, and refundable deposits.

(4) Financial risk management objectives and policies

The main financial instruments of the Company include cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, equity investment instruments, accounts payable, others payable and borrowings. The financial management department of the Company provides services for each business unit, coordinates the operation of entering the domestic and international financial markets, and monitors and manages the financial risks related to the operation of the Company by analyzing the risk internal risk report according to the degree of risk and breadth. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

1) Market Risk

The Company's activities exposed it primarily to the financial risks of changes in interest rates (see (a) below).

a) Interest Rate Risk

The Company is exposed to fluctuating interest rate risk from outstanding bank loans. Changes in interest rates would affect the future cash flows but not the fair value.

The financial assets and liabilities balance for which the Company is subject to interest rate risk on the balance sheet date is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash flow interest rate risk		
-Financial assets	\$ 10,284	\$ 30,761
-Financial liabilities	-	10,000

Assume that the floating borrowing rate at the end of the reporting period is held during the entire reporting period. When the interest rate increases/decreases by 0.1%, the net profit before tax for the Company's 2022 and 2021 will increase/decrease by \$10 thousand and \$21 thousand respectively, while all other variables remain fixed.

2) Credit Risk

Credit risk refers to the risk that the counterparty defaults on the contractual obligations resulting in financial losses to the Company. As the major trading counterparty is all creditworthy financial institutions and corporate organizations, no significant credit risk is expected.

3) Liquidity Risk

The Company manages and maintains sufficient cash to support operations and mitigate the impact of cash flow fluctuations. On December 31, 2022, the company's current liabilities were over the amounts of the current assets. However, the current liabilities included the financing of the subsidiary Chen Li Education (other accounts payables - related parties) of \$20,000 thousand. Chen Li Education will consider the company's liquidity of working capital determines the time limit for repayment, so there is no liquidity risk of being unable to perform debts due to difficulties in raising funds in the short term.

Bank borrowing is an important source of liquidity for the Company. As of December 31, of 2022 and 2021, the unused financing capital (Note) was \$300,000 thousand and \$290,000 thousand respectively.

Note: As of December 31, 2022, and 2021, the amount used jointly by the Company and its subsidiary Chen Li Education was \$300,000 thousand.

Liquidity and interest rate risk statement for non-derivative financial liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the undiscounted cash flows of financial liabilities (including principal and estimated interest) based on the date which the Company is required to repay. Therefore, regardless whether the bank immediately executes its rights, the Company may be required to immediately repay the bank loan by the earliest period in the following table; other non-derivative financial liability maturity analysis is prepared according to the agreed repayment date.

Interest cash flow paid at floating interest rate, its outstanding interest amount is derived from the balance sheet daily interest rate curve.

December 31, 2022

	<u>1~6 Months</u>	<u>6 months ~ 1 year</u>
<u>Non-derivative financial liabilities</u>		
Non-interest-bearing liabilities	\$ 45,663	\$ 344
Fluctuating interest rates instruments	<u>-</u>	<u>-</u>
	<u>\$ 45,663</u>	<u>\$ 344</u>

December 31, 2021

	<u>1~6 Months</u>	<u>6 months ~ 1 year</u>
<u>Non-derivative financial liabilities</u>		
Non-interest-bearing liabilities	\$ 22,600	\$ 177
Fluctuating interest rates instruments	<u>10,000</u>	<u>-</u>
	<u>\$ 32,600</u>	<u>\$ 177</u>

24. TRANSACTION WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Company and related parties are disclosed below.

(1) Related parties and their relationships associated with the Company:

<u>Name of Related Parties</u>	<u>Relationship with the Company</u>
Min-Chun Chen	The director of the company (the chairman of the company January 1, 2021- June 9, 2022)
Chen Li Education	Subsidiary of the Company
Li-Ren Education	Subsidiary of the Company
Chen Li ELM	Subsidiary of the Company
SLUDE Strategy Co., Ltd.	Its chairman is the same person as the director of the company

(2) Service revenue

<u>Line Items</u>	<u>Related party category / name</u>	<u>For the Years Ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Service revenue	Subsidiary		
	Chen Li Education	<u>\$ 214,496</u>	<u>\$ 213,895</u>
Lease revenue	Subsidiary		
	Chen Li Education	<u>\$ 1,144</u>	<u>\$ 1,144</u>

The Company provides services income from related parties, and there is no significant difference between the transaction prices and payment conditions of the company and non-related parties.

As stated in Note 11, the Company's investment property is leased to its subsidiary, Chen Li Education. The rent is based on the market value, and a deposit of \$200 thousand is charged.

(3) Service cost

<u>Related party category / name</u>	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary		
Li-Ren Education	<u>\$ 1,160</u>	<u>\$ 696</u>

The Company provides services cost from related parties, and its transaction prices and payment conditions are not significantly different from those of non-related parties.

(4) Purchases of goods

<u>Related party category / name</u>	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Main Management		
Min-Chun Chen	<u>\$ 260</u>	<u>\$ -</u>

The Company pays teachers hourly fees to the related parties, and its transaction conditions are not significantly different from the other manufacturers.

(5) Receivables from related parties

<u>Related party category / name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
Chen Li Education	<u>\$ 22,573</u>	<u>\$ 21,891</u>

There is no guarantee for receipt of receivables from related parties in circulation. The Company estimates the amounts due from related parties as of December 31, 2022 and 2021 are not listed as allowance for doubtful accounts.

(6) Accounts Payable to related parties

<u>Line Item</u>	<u>Related party category / name</u>	<u>For the Years Ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Account payables	Subsidiary		
	Li-Ren Education	\$ 46	\$ 124
	Main Management		
	Min-Chun Chen	<u>53</u>	<u>-</u>
		<u>\$ 99</u>	<u>\$ 124</u>

The balance of payments due to related parties outstanding is not guaranteed.

(7) Prepaid service fees

<u>Related party Category / Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Related parties	<u>\$ 100</u>	<u>\$ -</u>

In 2022, the Company recognized related service fees as \$200 thousand.

(8) Borrowing from a related party

<u>Related party category / name</u>	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Other payable from related party		
Chen Li Education	<u>\$ 20,000</u>	<u>\$ -</u>
Interest expense		
Chen Li Education	<u>\$ 153</u>	<u>\$ -</u>

The interest rate of the company's borrowing from related party is equivalent to the market interest rate.

(9) Obtain the endorsement guarantee

<u>Related party category / name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
Chen Li Education		
Guaranteed Amount	<u>\$ 300,000</u>	<u>\$ 300,000</u>

(10) Other Revenue

<u>Related party category / name</u>	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary		
Chen Li ELM	<u>\$ 960</u>	<u>\$ -</u>

It refers to the revenue from the management services provided by the Company to the related party.

(11) Remuneration of Key Management Levels

	<u>For the Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Short term Employee Benefits	\$ 4,825	\$ 4,025
Post-employment benefits	42	87
Share-based payment	<u>-</u>	<u>351</u>
	<u>\$ 4,867</u>	<u>\$ 4,463</u>

The remuneration of directors and other key management levels are determined by the Compensation Committee based on individual performance and market trends.

25. OTHER ITEMS

As of December 31, 2022, the Company's management assessed that the recent impact of the novel coronavirus pneumonia epidemic in my country has not yet had a significant impact on the Company's ability to continue operations, asset impairment, and financing capabilities.

Based on the information available as of the balance sheet date, the Company considered the economic implications of the epidemic when making its critical accounting estimates; refer to Note 5.

26. NOTES DISCLOSURE ITEMS

(1) Main transaction items and

(2) Information related to the transfer of investment business:

1) Loans to others: Table 1.

2) Endorsement for others: Table 2.

3) Holding securities at the end of the period (excluding investment in subsidiaries): Table 3.

4) Accumulatively buy or sell the same marketable securities amounting to NT\$300 million or paid-up capital of more than 20%: None.

5) The amount of property acquired is NT\$300 million or over 20% of paid-up capital: None.

6) The disposition of property amounts to NT\$300 million or over 20% of paid-up capital: None.

7) The amount of import and sales with related parties amounts to NT\$100 million or over 20% of paid-up capital: Table 4.

8) The receivables from the related party amounted to NT\$100 million or more than 20% of the paid-up capital: None.

9) Engage in derivatives transactions: None.

10) Information on the investee Company: Table 5.

(3) China Investment Information:

1) The name of the China's Company as investee, the main business operation, the amount of capital received, the mode of investment, the export of funds, the proportion of shareholding, the profit and loss of current portion investment, the carrying amount of the final investment, the profit and loss of the remitted investment and the investment limit to the mainland region: Table 6.

2) Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None

- a) The amount and percentage of the purchase and the closing balance and percentage of the relevant payables.
- b) The amount and percentage of goods sold and the closing balance and percentage of related receivables.
- c) The amount of the property transaction and the amount of profit and loss it generates.
- d) The closing balance of the bill endorsement or the provision of the collateral and its purpose.
- e) The maximum balance, closing balance, interest rate range and total interest in the current period of the facility.
- f) Other transactions that have a significant impact on the profits and losses or financial position of the current period, such as the provision or receipt of services.

(4) Key shareholders information: The shareholder's name, shareholding amount and proportion of shareholders with a shareholding ratio of 5% or more (Table 7).

27. DEPARTMENTAL INFORMATION

The company has disclosed relevant operating department information in the consolidated financial statements in accordance with regulations.

TABLE 1

SUCCESS PRIME CORPORATION

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Chen Li Education	The Company	Other receivables – related party	Yes	\$ 20,000	\$ 20,000	\$ 20,000	2.13%	(2)	\$ -	Business turnover	-	-	-	88,783 (Note 4)	88,783 (Note 4)	-

Note 1 : The numbering column is described as follows :

- (1) Issuer fill in 0.
 - (2) Companies as investee are numbered sequentially starting from 1.
- Note 2 : The subject receiving the loans, shall be limited to the following circumstances:
- (1) Subject companies with business relations with the SPC.
 - (2) Necessary party with short-term financing capital.

Note 3 : The total amount of capital loans of the company and the limits of individual objects are as follows:

- (1) The total amount of funds loaned by the company to others shall not exceed 40% of the net value of the company's most recent financial statements.
- (2) The total limit of the company's short-term financial loans and others shall not exceed 30% of the company's most recent net value of financial statements.
- (3) The loan amount of individual target funds shall not exceed 10% of the net value of the company's most recent financial statements.

Note 4 : The total amount of Chen Li Education's fund loan and the limits of individual objects are as follows:

- (1) The total amount of Chen Li Education's funds loaned to others shall not exceed 40% of the net value of Chen Li Education's latest financial statements.
- (2) The loan amount of individual target funds shall not exceed 10% of the net value of Chen Li Education's latest financial statements.
- (3) For companies that directly and indirectly hold 50% of the voting rights of Chen Li Education, the number of funds loaned to individual objects shall not exceed 40% of the net value of Chen Li Education's latest financial statement.
- (4) The net value is mainly based on the latest financial statement (2022) of Chen Li Education audited by an accountant.

TABLE 2

SUCCESS PRIME CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
1	Chen Li Education	The Company	(3)	\$ 332,938	\$ 300,000	\$ 300,000	\$ -	\$ -	135.16%	\$ 332,938	N	Y	N	—

Note 1 : The numbering column is described as follows:

(1) Issuer fill in 0.

(2) Companies as investee are numbered sequentially starting from 1.

Note 2 : The relationship between the endorser and guarantor has the following 7 types, just indicate the type:

(1) A company with business dealings.

(2) A company that directly and indirectly holds more than 50% of the voting shares.

(3) Companies that directly and indirectly hold more than 50% of the voting shares of the company.

(4) Inter-company companies where the company directly and indirectly holds more than 90% of the voting shares.

(5) A company that is mutually insured according to the contract between inter-industry or co-founders based on the needs of the contracted project.

(6) A company whose endorsement is guaranteed by all capital shareholders according to their shareholding ratio due to a joint investment relationship.

(7) The inter-industry is engaged in the performance guarantee and joint guarantee of the pre-sale house sales contract regulated by the Consumer Protection Law.

Note 3 : The limit amount of the foreign endorsement guarantees of Chen Li Education Co., Ltd. are as follows:

(1) For companies that directly and indirectly hold more than 50% of the voting rights of Chen Li Education, the total amount of endorsement guarantees and endorsement guarantees provided by Chen Li Education to a single object is based on the latest financial statements of Chen Li Education that have been audited or reviewed by accountants 150% of net worth is limited.

(2) The net value is based on the most recent financial statements (2022) reviewed by Chen Li Education by accountants.

SUCCESS PRIME CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Taiwan unlisted shares Accuagile Co., Ltd	None	Financial assets at FVTOCI	1,500,000	\$ 4,500	15%	\$ 4,500	-

TABLE 4

SUCCESS PRIME CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Chen Li Education	Subsidiary	Service revenue	(\$ 214,496)	(97%)	Month end 30 days	Note	-	\$ 22,573	97%	-
Chen Li Education	The Company	Parent Company	Service costs	214,496	61%	Month end 30 days	Note	-	(22,573)	(87%)	-

Note : There are no other transactions of the same type available for comparison, and the terms of collection are agreed by both parties.

TABLE 5

SUCCESS PRIME CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares (in thousands)	%			
The Company	Chen Li Education Here Enterprise	Taiwan	Education services	\$ 711,370	\$ 711,369	11,200	100%	\$ 44,078	\$ 44,064	Subsidiary
		Taiwan	Education and Consulting Services	13,900	13,900	1,000	100%	855	855	Subsidiary
	Chen Li ELM	Taiwan	Education services	9,900	9,900	1,500	100%	6,590	6,590	Subsidiary
	Li-Ren Education	Taiwan	Education services	3,000	3,000	300	60%	1,430	858	Subsidiary
	Chen Li Zhiyi	Taiwan	Education services	-	3,000	-	-	(39)	(23)	Subsidiary (Note 2)
Chen Li Education Group Limited	XUEMI Co., Ltd.	Taiwan	Education services	34,000	-	411	47.43%	2,026	961	Associate (Note 3)
	CHEN LI Education Group Limited	British Virgin Islands	Holding Company	40,543 (USD 1,292 thousand)	40,543 (USD 1,292 thousand)	-	100%	(2,933)	Note 1	Sub-subsiary
	CHEN LI Education Group (HK) Limited	Hong Kong	Holding Company	30,059 (USD 952 thousand)	30,059 (USD 952 thousand)	-	100%	(2,931)	Note 1	Sub-subsiary

Note 1 : The profit and loss of the invested company is included in its investment company. To avoid confusion, it will not be expressed here.

Note 2 : Chen Li zhiyi completed the liquidation declaration on May 6, 2022.

Note 3 : It is an associate acquired this year.

TABLE 6

SUCCESS PRIME CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment by the Group	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Chen Li (Xiamen)	Cultural dissemination	RMB 6,000 thousand	Invest through Chen Li Education	\$ 28,516	\$ -	\$ -	\$ 28,516	(\$ 253)	100%	(\$ 253)	\$ 8	\$ -	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$28,516 (RMB 6,000 thousand)	\$28,516 (RMB 6,000 thousand)	\$133,175 (Note 2)

Note 1 : Investment gains and losses are recognized based on the financial statements verified by the parent company certified accountant in Taiwan.

Note 2: Calculated based on 60% of the net worth of Chen Li Education Co., Ltd. in the latest financial statement.

TABLE 7**SUCCESS PRIME CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Far East International Commercial Bank entrusted custody of Bash Consulting Co., Ltd. Investment Special Account	1,890,039	9.89%
Far East International Commercial Bank entrusted custody of Endow Capital Management Co., Ltd. Investment Special Account	1,890,039	9.89%
Witty Sino Holdings Co., Ltd.	1,737,020	9.09%
Shu-Ling Tseng	1,023,728	5.35%

Note 1 : The main shareholder information in this table is based on the last business day of the quarter at the end of the quarter, and the shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The share capital recorded in the Company's parent company only financial report and the actual number of shares delivered without physical registration may be different due to different or different calculation bases.

Note 2 : In the case of the above information, if a shareholder delivers shares to the trust, it is disclosed in individual accounts by the trustor who opened the trust account by the trustee. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their holdings include their own shareholding plus the shares delivered to the trust and have the right to use the trust property. For information on insider's equity declarations, please refer to the Market Observation Post System.

Success Prime Corporation

**Chairman
Shu-Ling Tseng**