Stock Code:6271

TONG HSING ELECTRONIC INDUSTRIES, LTD.
同欣電子工業股份有限公司

2022

Annual Report

<u>*Notice to readers*</u>

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Printed on May 16, 2023

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

Spokesperson

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Headquarters, Branches and Plant

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Auditors

CPA Firm: KPMG
Name of CPA: Szu-Chuan Chien, Yi-Wen Wang
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Overseas Securities Exchange: None.

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Contents of Annual Report

Chapter 1 Letter to Shareholders

Dear Shareholders,

After the continuous expansion of the COVID-19 pandemic in 2022, the outbreak of the Russian-Ukraine war, and the extension of the US-China trade dispute to the chip control have led to inflation, decrease in customer demand, increases in inventory level, rising material price, and fluctuation of the NTD exchange rate. Under the said unfavorable conditions above, Tong Hsing Electronic (hereunder referred to as "the Company") was able to achieve satisfactory results in terms of increasing capacity utilization rate, meeting the needs of automotive electronics customers with rapid production growth. The Company was able to grow both in revenue and profit comparing to 2021 and deliver results that met expectation.

The following is a brief report on the business performance of the past year.

I. 2022 Business overview

(I) Consolidated Net Revenue

In 2022, the consolidated net revenue amounted to NT$14,071,591 thousand, which increased by NT$211,477thousand (2%) compared with the consolidated net revenue in 2021 which amounted to NT$13,860,114 thousand.

(II) Profit

The consolidated net after-tax profit in 2022 amounted to NT$3,140,942 thousand, which increased by NT$376,250 thousand (14%) compared with that in 2021 amounting to NT$2,764,692 thousand. The after-tax earnings per share was NT$17.98.

(III) Budget Implementation:

In 2022, the Company did not disclose its financial forecasts, so it needn't disclose its budget implementation.

(IV) Research and Development:

With the efforts of our R&D team, our company has achieved good results in the development of packaging technology for Automotive Image Sensors, RF Modules, Hybrid Modules & Specialty Packaging, and required Ceramic Metalized Substrates in the past year. We hope to contribute to the revenue and profit growth of our company.

II. 2023 Business Plan

(I) Operating Guidelines

1. The Company shall continue to enhance product and service quality and increase customer satisfaction.
2. Improve manufacturing processes, yield rate and phase in automation to lower production costs.
3. Strengthen the division of labor between the plants in Taiwan and the Philippines to improve production flexibility and cost competitiveness.
4. Strengthen cooperation with suppliers to establish long-term partnerships.

5. Continue to invest in innovation and research and develop new materials, new equipment and new production technologies to differentiate product and services from competitors.
6. Integrate process technologies of substrates fabrication, packaging and testing to provide customers with a complete service for one purchase.

(II) Expected Sales Volume and Significant Production and Sales Basis

The Company is engaged in the manufacture and sale of high frequency wireless communications, hybrid integrated circuit module assembly, image sensor packaging and testing services, and ceramic circuit boards.

The main growth factors in 2023 shall come from:

1. The trend of demand for self-driving functions in automobiles will continue for years and boost the high growth demand for automotive image sensors.
2. Demand for high-power LEDs and high-power semiconductors, driven by trends in clean energy and electric vehicles, will also continue to boost the breakthrough growth of ceramic circuit boards and module assembly services.
3. Based on 5G technology, new network applications will be developed, and the concept of innovative business models will be extended. Also, the development of the wireless communication industry and image sensor applications will be accelerated as well.
4. As rocket launch and satellite transmission technologies become more mature, the low-orbit satellite communication industry will continue to grow.

III. The Impact of External Competitive Environment, Legal Regulations, and Overall Business Environment

Looking forward to 2023, as more stringent control of critical equipment and chips is being adopted across the globe, Russia's war in Ukraine is still ongoing, and competent authorities and customers continue to emphasize and call for ESG practices, the awareness to reduce the risks of concentrated production has been growing, the global energy demand and raw material costs have been climbing due to inflation, and the competition for talent and labor costs also continue to rise, all of which create significant business pressure. With medium-to-long-term strategies, the Company will focus on growth industries, improve production efficiency, integrate corporate resources to respond to changes in the external environment, and be cautiously optimistic about the Company's future performance and business outlook.

IV. Future Business Strategy

1. Establishment of Medium-to-Long-Term Business Strategies:
   We focus on the growth industries of communications, automotive, energy, and biomedical to develop high value-added products.
2. Strengthen the division of labor between the plants in Taiwan and the Philippines:
   Committed to keep the base in Taiwan, in addition to gradually opening the Bade Plant and optimizing the capacity allocation of the plants in New Taipei City, Taoyuan City, and Chupei City to improve production scale and efficiency, we will continue to

increase the number of products produced in the Philippines and strengthen the division of labor to improve the flexibility and efficiency of serving customers.

3. Developing Long-Term Partnerships:
   We are committed to developing strategic customers across the globe and building long-term partnerships with suppliers to explore new growth opportunities through collaboration.
4. Organizational Management and Intergroup Cooperation:
   We strengthen the cooperation between production and sales of each business unit, share resources and integrate information systems among the group, in order to continuously improve quality and production processes, enhance cost competitiveness, improve operational efficiency and build a responsible corporate culture.

I wish to thank all our shareholders for your attendance, long-term support, and encouragement. I wish you all health, peace, and happiness.

Tie-Min Chen Chairman of the Board

Chapter 2 Corporate Profile

Chapter 1 Company Profile

(I) Date of establishment: August 11, 1974

(II) Milestones

Year	Month	Milestones
1974	Aug.	Tong Hsing Electronic Industries Limited (Tong Hsing or the Company) was established with a paid-in capital of NT$30 million.
1976	Aug.	Started production of ceramic substrates.
1977	Sep.	Started production of thick-film substrates.
1979	Sep.	Started production of hybrid modules.
1982	May	Started production of thick film printed substrates for capacitors.
1986	Jan.	Shipped 500K Modules of Electronic Fuse.
1989	Aug.	Received IECQ certification.
1991	Dec.	Entered a technical cooperation project with Smart Relay Technology, Inc. (SRT) in the United States and commenced the production and sales of electro-optical conversion and processing of integrated circuits, metal-oxide-semiconductor field-effect transistors, and optically isolated solid-state relays.
1993	May	Started large scale production of thick film copper process.
	Jul.	Received ISO-9002 certification.
1994	Jun.	Established Tong Hsing Electronics Phils. Inc..
1996	Feb.	Established CIM System to track the WIP through LAN.
1997	Jan.	Provided RF modules packaging service for Conexant.
	Jul.	Received CSP patent approval.
	Sep.	Started volume production of CDMA power amplifier modules.
	Oct.	Started volume production of substrates by applying exposure and etching technologies.
1998	Dec.	Received QS-9000 and ISO-9001 certification.
1999	Jul.	Increased cash capital of NT$160.35 million and applied for OTC listing.
	Dec.	Started volume production of GSM power amplifier modules.
2002	Mar.	Received ISO-14001 certification.
	Dec.	OTC listing was approved.
2003	May	Acquired 23.38% of equity shares from Impac Technology Ltd. Corp..
2005	Jun.	Received patented production for high-frequency and power modules.
	Jul.	The Philippines Plant received QS-9000 and ISO-9001 certification.
	Sep.	Started production of thin film DPC substrate fabrication.
	Nov.	Started volume production of AlN substrates.
2006	Jan.	Started DPC volume production for high-brightness LED substrates.
	Feb.	Received certification from world-leading automotive electronic component makers.
	May	Developed digital mirror devices (DMD) packaging and started volume production.
	Aug.	Received TS16949 certification.
	Nov.	Received OHSAS18001 certification.
2007	Jan.	The Philippines Plant received TS16949 certification.
	May	Ranked as one of the Top-1000 manufacturers by CommonWealth Magazine.
	Aug.	Issued employee warrants of 4,000 units with 5-year duration.
	Nov.	Increased cash capital of NT$120 million and IPO.
	Dec.	The Philippines Plant constructed the PII.
2008	Oct.	Awarded as "Excellent Innovation" by Ministry of Economic Affairs.
	Oct.	Increased cash capital of NT$100 million.
	Nov.	The Philippines Plant received OHSAS18001 certification.
2009	Feb.	Stock buyback of NT$7.91 million.
	Dec.	Increased cash capital of NT$30 million to fully acquire and merged with Impac Technology Ltd. Corp.
	Dec.	The Philippines Plant completed the construction of the PII.

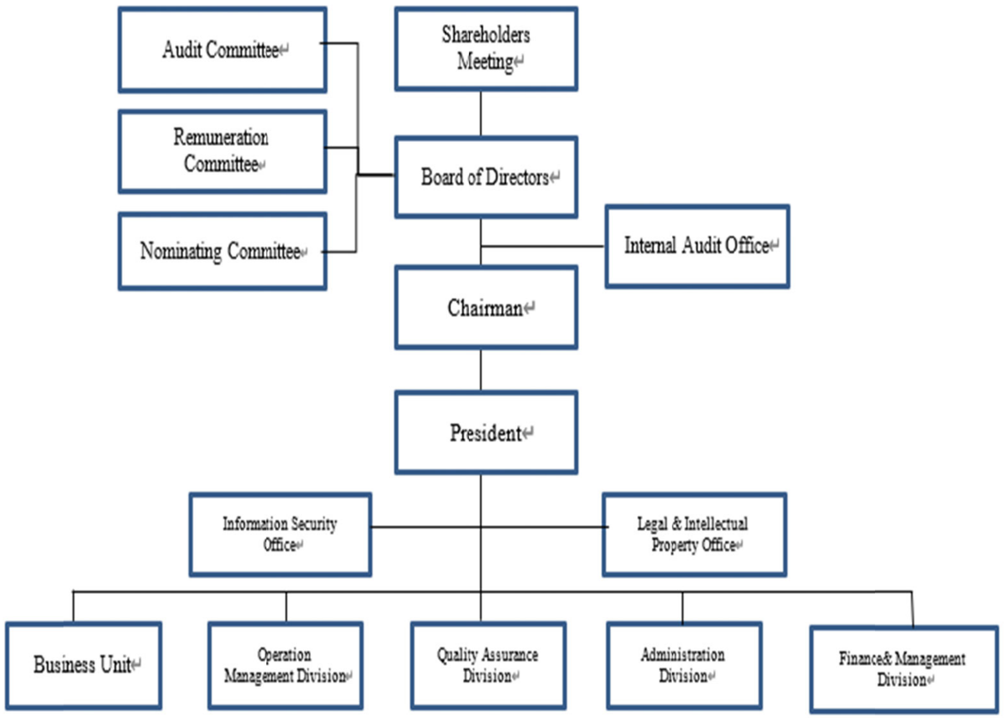
2010	Feb.	Received AS9100 certification.
	Jul.	Increased cash capital of NT$160 million.
2011	May	Ranked as Top 500 manufacturers by CommonWealth Magazine.
	Aug.	Increased cash capital of NT$200 million.
	Sep.	Received Sony Green Partners certification.
2012	Jun.	Awarded as excellent photoelectric products by Photonics Industry and Technology Development Association (PIDA).
	Aug.	Acquires DBC production assets, process, know-how, and IP from HCS.
	Dec.	Received ISO13485 certification.
2013	Jul.	Joined Electronic Industry Citizenship Coalition (EICC) to implement corporate social responsibility.
	Oct.	Received China RoHs certification.
2014	Apr.	Issued domestic convertible bonds of NT$2,000 million.
	Nov.	Participated in campaign run by the Economic Department in New Taipei City to promote energy saving.
	Dec.	Started production of RW products in Longtan work site.
2015	Apr.	Established a new subsidiary of Longtan Plant for the manufacturing of CP and wafer reconstruction.
2016	Jan.	Started production of RW products in Longtan work site.
	Jul.	Awarded as Top-500 Excellent Exporters / Importers.
2018	Aug.	Awarded as Excellent Management of National Quality Award by Ministry of Economic Affairs.
	Oct.	Received IATF16949 certification.
2019	Jun.	Expanded the production capacity of imaging products and construct the Company's headquarters, the Company acquired land in Zhonghua Section, Bade District, Taoyuan City and commenced the construction of the Bade Plant.
	Jun.	The Company held elections for all Directors and established the Audit Committee to strengthen corporate governance.
	Dec.	Expanded operation scale and increase competitiveness, the Board of Directors of the Company resolved to issue new shares for share conversion with Kingpak Technology Inc.
2020	June	The Company completed share conversion with Kingpak Technology Inc., and Kingpak Technology Inc. became a 100% subsidiary of the Company.
	Aug.	The Company signed the contract for construction of Bade Factory to build the headquarters.
	Aug.	The Company signed memorandums of understandings with HonghaI. Yageo, Chilisin and Kaimei in order to establish positive cooperation in such fields of digital healthcare, electric vehicle, and new generation communication technologies.
2021	Jan.	In 2020, the accumulated net consolidated revenue of the company exceeded NT$ 10 billion, creating a new record.
	Nov.	The Company receive the 6th Taiwan Mittlestand Award issued by the Ministry of Economic Affairs.
2022	Mar.	The board of directors of the company resolved to approve of the simple merger of KINGPAK Technology Inc.
	Mar.	Purchased Hsinchu North Plant of Chilisin Electronic Corporation (Mag.Layears) for the expansion plan of imaging products of automobile field.
	Sep.	The Company established sustainable development committee, published sustainability report, and took corporate social responsibility.
2023	Mar.	The production plant in Bade has been completed consecutively, and the packaging and testing production have started to operate.

Chapter 3 Corporate Governance Report

Chapter 1 Corporate Organization

1. Corporate Organizational Structure
2. Organizational Functions:

Organizational Structure of Tong Hsing Electronic Industrial, Ltd



Department		Functions	
(1)	Business Unit	a.	Responsible for strategic product positioning, sales, and business development of four major products.
		b.	Responsible for introducing four major products, or developing advanced technology for the industry, and formulating short-term, middle-term and long-term technology and R&D strategies.
		c.	Responsible for customer service and management, collection of accounts, and handling customer’s complaints.
(2)	Operation Management Division	a.	Responsible for production scheduling, delivery, and management of raw materials, inventories and assets.
		b.	Responsible for personnel planning and general administration affairs.
		c.	Handling import and export and bonded business.
(3)	Quality Assurance Division	a.	Formulating product quality inspection specification.
		b.	Preventing and correcting deficiencies related to product quality and quality system.
		c.	Managing quality records and improving ISO quality system.
(4)	Administration Division	a.	Managing general affairs, environmental safety and other related matters in all factories.
(5)	Finance& Management Division	a.	Manage cash flow, financial analysis and reporting, taxations, accounting and shareholder service.
		b.	Cost accounting and production cost analysis.
		c.	Responsible for computer software and hardware related matters.
		d.	Acquisition of raw materials, machine and equipment.
(6)	Internal Audit Office	a.	Auditing on availability of operations
		b.	Supervision on compliance with internal control, execution of audit plan
		c.	Regular report to the Board of Directors
(7)	Legal & Intellectual Property Office	a.	Preparing and reviewing all legal documents, contracts and other related materials to ensure the benefit and risk control of the company.
		b.	Providing legal consultation for the company's operation and decisions, resolving various disputes and properly dealing with litigation cases to reduce risks against the company
		c.	Establishing the company's intelligent asset portfolio and protective measures so as to safeguard the company's interests
(8)	Information Security Office	a.	Plan and implement the information security matters of the company's confidential information and review and resolve related information security management matters.

II. Information Regarding Directors, Supervisors, General Manager, Vice General Manager, Assistants, and Heads of Departments and Branches

(I) Board Members

1. Information regarding directors and supervisors (I)

April 8, 2023.

Title	Nationality/Place of Incorporation	Name	Gender /Age	On-board Date	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Education and Selected Past Positions	Selected Current Positions at Other Companies	Other Directors & Supervisors Being Spouse or Immediate Relation with Directors & Supervisors			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C	Tie-Min Chen	Male 66-70 years old	2022.06.08	3 years	2019.06.21	8,170,134	4.57%	7,353,121	4.57%	-	-	-	-	Bachelor's degree in engineering, National Cheng Kung University Doctor's degree in Department of Business Management, NSYSU Chairman, Yageo Corp. Chairman, Chilisin Electronics Corp.	Chairman, Yageo Corp. Chairman, Tong Hsing Electronic Ind., Ltd.	-	-	-	-
Vice Chairman	R.O.C	Multifield Investment Inc	-						55,876	0.03%	-	-	-	-	Not Applicable	Not Applicable	-	-	-	-
	R.O.C	Representative: Hsi-Hu Lai	Male 61-65 years old	2022.06.08	3 years	2019.06.21	62,084	0.03%	-	-	-	-	-	-	Bachelor's Degree in Department of Economics, Soochow University Finance Department, Far East Group Vice President, Tong Hsing Electronic Ind., Ltd. Chief of Staff, Tong Hsing Electronic Ind., Ltd. Chairman, Tong Hsing Electronic Ind., Ltd. Chairman, Kingpak Technology	CEO, Tong Hsing Enterprise Corp. Vice Chairman, Tong Hsing Electronic Ind., Ltd.	-	-	-	-
Corporate Director	R.O.C	Huan Tai Co., Ltd..	-						24,799	0.02%	-	-	-	-	Not Applicable	Not Applicable	-	-	-	-
	R.O.C	Representative: Jia-Shuai Chang	Male 51-55 years old	2022.06.08	3 years	2022.06.08	27,555	0.02%	45,557	0.03%	19	0.00%	-	-	Doctor degree in Physics, National Tsing Hua University. Vice President, Impac Technology Co., Ltd. Manager of R&D Department, Walsin Thz Technology Corp. Manager of Electronic and Optoelectronic System Research Laboratories, ITRI. Vice President of Marketing Department, Tong Hsing Electronic Ind., Ltd. COO, Tong Hsing Electronic Ind., Ltd. CEO, Kingpak Technology	CEO, XSemi Corporation CEO, Tong Hsing Electronic Ind., Ltd.	-	-	-	-

Title	Nationality/Place of Incorporation	Name	Gender /Age	On-board Date	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Education and Selected Past Positions	Selected Current Positions at Other Companies	Other Directors & Supervisors Being Spouse or Immediate Relation with Directors & Supervisors			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Corporate Director	R.O.C	Huan Tai Co., Ltd.	-	2022.06.08	3 years	2022.06.08	27,555	0.02%	24,799	0.02%	-	-	-	-	Not Applicable	Not Applicable	-	-	-	-
	R.O.C	Representative: Pen-Chi Chen	Female 51-55 years old						-	-	-	-	-	-	Accounting, Fu-Jen Catholic University PricewaterhouseCoopers Audit Manager	Vice President, Kaimei Electronic Corporation Director Representative, Kaijet Technology International Corporation Director Representative, Tong Hsing Electronic Ind., Ltd. Director Representative, Ralec Electronic Corporation Director Representative, Ralec Technology (H.K.) Ltd. Supervisor, Ralec Trading (KUNSHAN) Limited Supervisor, Ralec Technology (KUNSHAN) Limited Director Representative, ASJ Holdings Pte Limited. Director Representative,, ASJ Pte. Limited.	-	-	-	-
Corporate Director	R.O.C	Shi Hen Enterprise Limited	-	2022.06.08	3 years	2019.06.21	7,555	0.00%	6,799	0.00%	-	-	-	-	Not Applicable	Not Applicable	-	-	-	-
	R.O.C	Representative: Shu-Chen Tsai	Female 61-65 years old						-	-	-	-	-	-	Catholic Sheng Kung Girls' High School Chairman and President, Hsin Bung Co., Ltd.	Chairman and President, Hsin Bung Co., Ltd.	-	-	-	-
Corporate Director	R.O.C	Kaimei Electronic Corporation	-	2022.06.08	3 years	2019.06.21	8,337,414	4.67%	7,503,673	4.67%	-	-	3,399,821	2.11%	Not Applicable	Not Applicable	-	-	-	-
	R.O.C	Representative: Shu-Hwei Chen (Note1)	Female 45-50 years old						-	-	-	-	-	-	Bachelor's Degree in Accounting, Aletheia University PricewaterhouseCoopers Audit Manager	Finance Director, Kaimei Electronic Corporation Director Representative, Jingmeikang Electronic (Shenzhen) Limited Director Representative, Jingmeikang Electronic (Hong Kong) Limited Director Representative,, Kaimei Electronics (Hong Kong) Co., Ltd.	-	-	-	-

Title	Nationality/Place of Incorporation	Name	Gender /Age	On-board Date	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Education and Selected Past Positions	Selected Current Positions at Other Companies	Other Directors & Supervisors Being Spouse or Immediate Relation with Directors & Supervisors			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
																Director Representative, Kaijet Technology International Corporation Director Representative, Kenny International Corporation Director Representative, DONGGUAN JAMICON ELECTRONIC CO., LTD. Director Representative, Tong Hsing Electronic Ind., Ltd.				
Independent Director	R.O.C	Ta-Sheng Chiu	Male 56-60 years old	2022.06.08	3 years	2022.06.08	-	-	-	-	-	-	-	-	Master of Economics, National Chengchi University B.S. in Engineering Science, National Cheng Kung University B.S. in Statistics, National Cheng Kung University Senior Vice President Vice President, Financial Markets Division, Taishin International Commercial Bank Vice President, Financial Transactions Division, Standard Chartered Bank, UK Associate, Foreign Exchange Trading Division, American Express Bank	President, Moldavit International Co., Ltd.	-	-	-	-
Independent Director	Dominica	Yueh-Hsiang Tsai	Male 45-50 years old	2022.06.08	3 years	2022.06.08	-	-	-	-	-	-	-	-	B.S. Rensselaer Polytechnic Institute TROY, NY Director, NEUCHIPS INC. Director, TIA CAPITAL ADVISORS INC.	Director, NEUCHIPS INC. Director, TIA CAPITAL ADVISORS INC.	-	-	-	-
Independent Director	R.O.C	Chin-Tsai Chen	Male 76-80 years old	2022.06.08	3 years	2007.05.15	-	-	-	-	-	-	-	-	Department of Accounting and Statistics, Tamkang University Master of Public Administration, University of San Francisco Graduate School of	Vice Chairman, HIWIN Technologies Corporation Chairman, Win Semiconductors Corporation Independent Director/ Committee Member of	-	-	-	-

Title	Nationality/Place of Incorporation	Name	Gender /Age	On-board Date	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Education and Selected Past Positions	Selected Current Positions at Other Companies	Other Directors & Supervisors Being Spouse or Immediate Relation with Directors & Supervisors			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
															Accounting, Tamkang University Accountant, KPMG Taiwan Vice President and President, Namchow Chemical Industrial Co., Ltd. Adjunct Assistant Professor, Department of Accounting, Tamkang University President, Namchow Chemical Industrial Co., Ltd.	Compensation Committee/ Committee Member of Audit Committee, Kinsus Interconnect Technology Corporation Corporate Supervisor Representative, Infotel Inc. Independent Director/ Committee Member of Compensation Committee/ Committee Member of Audit Committee, Tong Hsing Electronic Ind., Ltd. Chairman, Win Semi USA Chairman, Win Cayman Chairman, ITEQ Corporation Corporate Director Representative, Mercuries Life Insurance Co., Ltd. Independent Director/ Committee Member of Compensation Committee/ Committee Member of Audit Committee, Inventec Besta Co., Ltd.				

Major Shareholders of the Institutional Shareholders

April 8, 2023.

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	Ownership (%)
Multifield Investment Inc.	Yin-zhong Huang	34.62%
	Yen-Hsu Lai	15.38%
	Yic-Chang Yang	15.38%
	Hsiu-Chieh Yang	15.38%
	Yi-Tzu Lai	6.15%
	Tsai-Hui Lin	4.62%
	Yin-Fang Huang	3.85%
	Hsi-Hu Lai	1.54%
	Wei-Lin Peng	1.54%
	Shao-Wei Peng	1.54%
Huan Tai Co., Ltd.	Shao-Wei Chen	33.33%
	Shao-Chiao Chen	33.33%
	Shao-Man Chen	33.33%
Shi Hen Enterprise Limited	Hsu Tai Investment Ltd.	99.99%
Kaimei Electronic Corporation	Yageo Corporation	5.98%
	Huan Tai Co., Ltd.	1.38%
	Kuo Shin Investment Co, Ltd.	1.36%
	Van Garde Emerging Market Fund account under the custody of the Chase Bank	1.23%
	Advanced Star Advanced Sum International Stock Index under the custody of the Chase Bank	1.17%
	Kao Hsing Chang Iron & Steel Corp.	1.10%
	Kuo-Tai Chuang	1.09%
	Hui-Lin Lee	1.08%
	The UPAMC All Weather Securities Investment Trust Fund Account with the Trust Department of First Commercial Bank as the appointed custodian institution	0.77%
	Qian-Xin Zhuang	0.75%

Major shareholders of the Company's major institutional shareholders

April 8, 2023.

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	Ownership (%)
Hsu Tai Investment Ltd.	Hwei-Jan Lee	26.08%
	Hsu Tai Investment Ltd.	24.63%
	Hsu Tai Investment Ltd.	24.63%
	Shi Hen Enterprise Limited	24.63%
	Shao-Wei Chen	0.01%
	Shao-Chiao Chen	0.01%
	Shao-Man Chen	0.01%
Yageo Corporation	Tie-Min Chen	7.00%
	PRC Holding Limited.	6.60%
	CTBC Bank Co., Ltd. In Custody for Dominant Investment Holdings Ltd.	6.59%
	Nan Shan Life Insurance Co., Ltd.	2.45%
	Taishin International Bank IN CUSTODY FOR Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	2.44%
	MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. LTD. ACTING AS CUSTODAIN FOR THE INVESTMENT ACCOUNT OF WHOLLY GROUP JAPAN III	2.38%
	Fidelity Funds	1.38%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.29%
	Cathay Life Insurance Co., Ltd.	1.26%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock	1.22%
Kuo Shin Investment Co, Ltd.	Yageo Corporation	100.00%
Kao Hsing Chang Iron & Steel Corp.	Please refer to the Public Information Observatory for information on the top ten shareholders in the company's annual report (company code: 2008)	

2.Information regarding directors and supervisors (II)

(I)Disclosure of professional qualifications of Directors and Supervisors and the independence of independent directors:

Conditions / Names	Professional qualifications and experience	Independence	Number of concurrent independent directors of other public offering companies	Number of concurrent members of the Remuneration Committee of other public offering companies
Tie-Min Chen	Chairman Tie-Min Chen, graduated from the Department of Engineering, National Cheng Kung University, and in 2021 received an honorary PhD in management from the National Sun Yat-sen University. Chairman Tie-Min Chen was previously the chairman of Chilisin Electronics Corp. and is currently serving as the chairman of both Yageo Corporation and Tong Hsing Electronic Ind., Ltd. He has many years of management experience. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.	Not Applicable	0	0
Multifield Investment Inc. Representative: Hsi-Hu Lai	Representative of Changxin Investment Co., Ltd.: Hsi-Hu Lai graduated from the Department of Economics of Soochow University. Hsi-Hu Lai was previously the vice President and chairman of the Finance Department of Tong Hsing Electronics and the chairman of Kingpak Technology Corp. He currently serves as the vice Chairman of both Tong Hsing Electronic Ind., Ltd. and has many years of management experience. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.		0	0
Huan Tai Co., Ltd. Representative: Jia-Shuai Chang	Representative of Huan Tai Co., Ltd.: Jia-Shuai Chang has a PhD from the Institute of Physics, National Tsinghua University. He served as the deputy general manager of the business department of Impac Technology Co., Ltd., manager of Optical Components Department, Optical System Group, Institute of Optoelectronics (ITRI), the COO of Tong Hsing Electronics, and the general manager of Kingpak Technology Corp. He is currently serving as the general manager of both Xsemi Corporation and Tong Hsing Electronics and has many years of experience in business management and optoelectronic-related industries. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.		0	0

Conditions / Names	Professional qualifications and experience	Independence	Number of concurrent independent directors of other public offering companies	Number of concurrent members of the Remuneration Committee of other public offering companies
Huan Tai Co., Ltd. Representative: Pen-Chi Chen	Representative of Huan Tai Co., Ltd.: Pen-Chi Chen graduated from the Accounting Department of Fu Jen Catholic University and was formerly the audit manager of PwC Taiwan and the financial director of Kaimei Electronic Corp. He is currently the vice President of Kaimei Electronic and the director and supervisor of affiliated companies. He has many years of practical experience in business management and finance. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.		0	0
Shi Hen Enterprise Limited Representative: Shu-Chen Tsai	Representative of Shi Hen Enterprise Ltd.: Shu-Chen Tsai is currently the chairman and general manager of Hsin Bung International Co., Ltd. and has many years of practical experience in business management and finance. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.		0	0
Kaimei Electronic Corporation Representative: Shu-Hwei Chen	Representative of Kaimei Electronic Corp.: Shu-Hui Chen graduated from the Accounting Department of Aletheia University and was previously the audit manager of PwC Taiwan. She is currently the accounting supervisor of Kaimei Electronic Corp. and director and supervisor of affiliated companies. She has many years of practical experience in business management and finance. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.		0	0

<table>
<tr><th>Conditions
Names</th><th>Professional qualifications and experience</th><th>Independence</th><th>Number of concurrent independent directors of other public offering companies</th><th>Number of concurrent members of the Remuneration Committee of other public offering companies</th></tr>
<tr><td>Ta-Sheng Chiu</td><td>Ta-Sheng Chiu, independent director, has a Master's Degree from the Economics Research Institute of National Chengchi University. He served as the deputy general manager of Taishin Securities, the deputy general manager of the Financial Market Department of Taishin International Commercial Bank, and vice president of the Financial Transaction Department of British Standard Chartered Bank. He is currently the general manager of Modafite International Co., Ltd. He has many years of practical experience in finance and investment management. ◦
None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.</td><td rowspan="3">All independent directors are qualified as follows:
(1) They are not employees of the Company or its affiliates.
(2) Not a director or supervisor of the Company's affiliated companies.
(3) Not a natural person shareholder who holds more than 1% of the total issued shares or the top ten shares in the name of himself/herself, his/her spouse, minor children or other persons.
(4) A person who is not a manager listed in (1) or a spouse, a relative within the second degree of consanguinity or a relative within the third degree of consanguinity of a person listed in (2) or (3).
(5) A director, supervisor, or employee of a corporate shareholder who does not directly hold more than 5% of the total number of issued shares of the Company, hold the top five shares, or appoint a representative as a director or supervisor of the Company in accordance with Article 27(1) or (2) of the Company Act.
(6) A director, supervisor or employee of the Company who is not controlled by the same person as more than half of the Company's directors or voting shares
(7) A director (director), supervisor (supervisor), or employee of another company or organization who is not the same person or spouse of the chairman, president, or equivalent officer of the company.
(8) A director (director), supervisor (supervisor), manager, or shareholder holding more than 5% of the</td><td>0</td><td>0</td></tr>
<tr><td>Yueh-Hsiang Tsai</td><td>Jui-Hsiang Tsai, an independent director, graduated from the Rensselaer Polytechnic Institute and is currently the director of NEUCHIPS Inc. and TIA CAPITAL ADVISORS INC. He has many years of practical experience in finance and investment management.
None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.</td><td>0</td><td>0</td></tr>
<tr><td>Chin-Tsai Chen</td><td>Chin-Tsai Chen, an independent director, holds a master's degree from the Graduate School of Tamkang University and a master's degree in public administration from the University of San Francisco in the United States. He received an honorary PhD in 2021 from Tamkang University.
Chairman Chen was previously the director and general manager of Namchow Holdings Co., Ltd., and the director and supervisor of many companies. He is currently the president of WIN Semiconductors Corp., chairman of ITEQ Corporation, vice chairman of HIWIN Technologies Corp., and a board member for many publicly listed companies. He has many years of experience in various industrial operations and management.
None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.</td><td>2</td><td>2</td></tr>
</table>

Conditions / Names	Professional qualifications and experience	Independence	Number of concurrent independent directors of other public offering companies	Number of concurrent members of the Remuneration Committee of other public offering companies
		shares of a particular company or organization with which the Company has financial or business dealings. (9) Not a professional individual or owner, partner, director (member of the governing board), supervisor (member of the supervising board), managerial officer and his/her spouse of a professional, sole proprietorship, partnership, company or institution that provides audit services to the Company or an affiliated enterprise or has received remuneration in the 2 most recent years not exceeding NT$500,000 for business, legal, financial, accounting and related services. (10) Not related to other directors as spouses or relatives within the second degree of consanguinity. (11) Not elected by or on behalf of the government or a corporation as provided in Article 27 of the Company Act.		

(Note) Educational experience, gender and work experience of each director of the company, please refer to pages 7-10.

(II)The diversification policy of directors includes but is not limited to the two standards below:

(1) Diversity in board of directors: The diversity policies of the company's board of directors include two aspects: basic conditions and values, professional knowledge, and skills. Detailed explanation is as follows.

Standards	Policies	Implementation
I. Basic conditions and values	(1) Gender: at least 2 seats for female directors	Achievement
II. Professional knowledge and skills	(1) Professional background: including accounting, industry, finance, marketing or technology, etc. (2) Industrial experience: including semiconductor, finance, accounting or technology industry, etc.	Achievement

Implementation of Diversity Policy：

Title	Name	Nationality/ Place of Incorporation	Gender	Ages	Industry experience / Professional competence											
					Operations Judgment	Management	Crisis Management	Leadership Decision-making	Industry knowledge	International Outlook	Accounting	Finance	Financial	Technology	Marketing	Employee status
Chairman	Tie-Min Chen	R.O.C	Male	66-70 years old	√	√	√	√	√	√	√	√	√	√	√	
Vice Chairman	Hsi-Hu Lai	R.O.C	Male	61-65 years old	√	√	√	√	√	√	√	√	√			
Corporate Director	Jia-Shuai Chang	R.O.C	Male	51-55 years old	√	√	√	√	√	√				√	√	√
Corporate Director	Pen-Chi Chen	R.O.C	Female	51-55 years old	√	√	√	√	√	√	√	√				
Corporate Director	Shu-Chen Tsai	R.O.C	Female	61-65 years old	√	√	√	√	√	√		√			√	
Corporate Director	Shu-Hwei Chen	R.O.C	Female	45-50 years old	√	√	√	√	√	√	√	√				
Independent Director	Ta-Sheng Chiu	R.O.C	Male	56-60 years old	√	√	√	√	√	√		√	√			
Independent Director	Yueh-Hsiang Tsai	R.O.C	Male	45-50 years old	√	√	√	√	√	√		√	√	√		
Independent Director	Chin-Tsai Chen	R.O.C	Male	76-80 years old	√	√	√	√	√	√	√	√	√	√	√	

(2) Board independence

The board of directors of the company consists of 9 members, including 3 independent directors, accounting for 33.33% of the total. The independence of board members is disclosed on Page 13~16, "Disclosure of professional qualifications of Directors and Supervisors and the independence of independent directors". There are neither circumstances specified in Paragraphs 3 and 4 of Section 26 (3) of the Securities and Exchange Act nor any spouse or lineal relative within the second degree of kinship of any of the directors.

(II)Management Team Information Regarding Management Team

April 8, 2023.

Title	Nationality	Name	Gender	On-board Date	Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Education and Selected Past Positions	Other Positions	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO	R.O.C	Jia-Shuai Chang	Male	2022.06.08	45,557	0.03%	19	0.00%	-	-	Doctor degree in Physics, National Tsing Hua University. Vice President, Impac Technology Co., Ltd. Manager of R&D Department, Walsin Thz Technology Corp. Manager of Electronic and Optoelectronic System Research Laboratories, ITRI. Vice President of Marketing Department, Tong Hsing Electronic Ind., Ltd. COO, Tong Hsing Electronic Ind., Ltd. CEO, Kingpak Technology CEO, Tong Hsing Electronic Ind., Ltd.	CEO, XSemi Corporation	-	-	-	-
CFO	R.O.C	Jia-Li Huang	Female	2017.03.10	27	0.00%	-	-	-	-	Bachelor degree in Public Finance, National Chung Hsing University. Junior Manager, Advance Engineering (B.V.I.) Co., Ltd. Department of Finance, TUNTEX INCORPORATION. CFO, Tong Hsing Electronic Ind., Ltd. Vice President of Finance & Management, Tong Hsing Electronic Ind., Ltd. CFO, Kingpak Technology	None	-	-	-	-
Vice President	R.O.C	Chien-Chen Lee	Male	2022.07.01	-	-	-	-	-	-	Ph. D., Power Mechanical Engineering, National Tsing Hua University VP & BU Head, Tong Hsing Electronic Industries CTO & BU Head, Kingpak Technology Director, Packaging and Assembly Engineering, mCube Director, R&D Center, StatsChipPAC	None	-	-	-	-
Senior manager	R.O.C	Zzu-Chi Chiu	Male	2022.07.04	-	-	-	-	-	-	Graduate Degree, Power mechanical engineering, NTHU. Director of TongHsing Business Unit	None	-	-	-	-
Senior manager	R.O.C	Ming-Yen Pan	Male	2022.10.01	-	-	-	-	-	-	National Taiwan University, Business Administration Director of TongHsing Business Unit	None	-	-	-	-
Senior manager	R.O.C	Po-Hsiu Cheng	Male	2022.10.01	-	-	-	-	-	-	National Chiao Tung University, Ph. D Director of TongHsing Business Unit	None	-	-	-	-

III. Remunerations paid to Directors, Supervisors, General Manager and Vice General Managers in Recent Years

(I). Compensation of Directors

December 31, 2022; Unit: NT$ thousands; %

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Remuneration Paid to Directors</th><th colspan="2" rowspan="2">Total A, B, C, D as % of EAIT</th><th colspan="8">Employment-related Remuneration</th><th colspan="2" rowspan="2">Total A, B, C, D, E, F, Gas % of EAIT</th><th rowspan="4">Remuneration from Invested Companies Other than Subsidiaries or the Parent Company</th></tr>
<tr><th colspan="2">Base Compensation (A) (Note 1)</th><th colspan="2">Retirement pension (B)</th><th colspan="2">Directors (C) (Note 2)</th><th colspan="2">Business implementation expenses (D) (Note 3)</th><th colspan="2">Salary, bonuses and special expenses (E) (Note 4)</th><th colspan="2">Retirement pension (F)</th><th colspan="4">Employee compensation (G) (Note 5)</th></tr>
<tr><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th><th colspan="2">From TH</th><th colspan="2">From All Consolidated Entities</th><th rowspan="2">From TH</th><th rowspan="2">From All Consolidated Entities</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td rowspan="8">Directors</td><td>Tie-Min Chen</td><td rowspan="13">44,736</td><td rowspan="13">44,736</td><td rowspan="13">108</td><td rowspan="13">108</td><td rowspan="13">123,000</td><td rowspan="13">123,000</td><td rowspan="13">2,268</td><td rowspan="13">2,268</td><td rowspan="13">5.42%</td><td rowspan="13">5.42%</td><td rowspan="13">17,070</td><td rowspan="13">17,070</td><td rowspan="13">108</td><td rowspan="13">108</td><td rowspan="13">5,149</td><td rowspan="13">-</td><td rowspan="13">5,149</td><td rowspan="13">-</td><td rowspan="13">6.13%</td><td rowspan="13">6.13%</td><td rowspan="13">None</td></tr>
<tr><td>TONG HSING FOOD IND. CORP. Representative: Hsi-Hu Lai (Note 7)</td></tr>
<tr><td>Multifield Investment Inc. Former Representative: Shao-Pin Ru Representative: Hsi-Hu Lai (Note 6)</td></tr>
<tr><td>Kaimei Electronic Corporation Representative: Shu-Hwei Chen</td></tr>
<tr><td>Mu Yeh Wen Investment Corp. Representative: Pen-Chi Chen (Note 7)</td></tr>
<tr><td>Huan Tai Co., Ltd. Representative: Pen-Chi Chen (Note 8)</td></tr>
<tr><td>Huan Tai Co., Ltd.Representative: Jia-Shuai Chang (Note 8)</td></tr>
<tr><td>Shi Hen Enterprise Limited Representative: Shu-Chen Tsai</td></tr>
<tr><td rowspan="5">Independent Director</td><td>Tun-Son Lin (Note 7)</td></tr>
<tr><td>Shih-Chien Yang (Note 7)</td></tr>
<tr><td>Ta-Sheng Chiu (Note 8)</td></tr>
<tr><td>Yueh-Hsiang Tsai (Note 8)</td></tr>
<tr><td>Chin-Tsai Chen</td></tr>
</table>

Levels of Amounts of Compensation

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From TH	From All Consolidated Entities	From TH	From All Consolidated Entities
Under NT$ 1,000,000 元	Shao-Pin Ru; Mu Yeh Wen Investment Corp.; Tun-Son Li; Shih-Chien Yang; Ta-Sheng Chiu; Yueh-Hsiang Tsai	Shao-Pin Ru; Mu Yeh Wen Investment Corp.; Tun-Son Li; Shih-Chien Yang; Ta-Sheng Chiu; Yueh-Hsiang Tsai	Mu Yeh Wen Investment Corp.; Tun-Son Li; Shih-Chien Yang; Ta-Sheng Chiu; Yueh-Hsiang Tsai	Mu Yeh Wen Investment Corp.; Tun-Son Li; Shih-Chien Yang; Ta-Sheng Chiu; Yueh-Hsiang Tsai
NT$1,000,000 (inclusive) ~NT$2,000,000	Chin-Tsai Chen	Chin-Tsai Chen	Chin-Tsai Chen	Chin-Tsai Chen
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	-	-	Shao-Pin Ru	Shao-Pin Ru
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	TONG HSING FOOD IND. CORP.	TONG HSING FOOD IND. CORP.	TONG HSING FOOD IND. CORP.	TONG HSING FOOD IND. CORP.
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	Shi Hen Enterprise Limited; Multifield Investment Inc.; His-Hu Lai; Huan Tai Co., Ltd.; Kaimei Electronic Corporation	Shi Hen Enterprise Limited; Multifield Investment Inc.; His-Hu Lai; Huan Tai Co., Ltd.; Kaimei Electronic Corporation	Shi Hen Enterprise Limited; Multifield Investment Inc.; His-Hu Lai; Jia-Shuai Chang; Huan Tai Co., Ltd.; Kaimei Electronic Corporation	Shi Hen Enterprise Limited; Multifield Investment Inc.; His-Hu Lai; Jia-Shuai Chang; Huan Tai Co., Ltd.; Kaimei Electronic Corporation
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	Tai-Ming, Chen	Tai-Ming, Chen	Tai-Ming, Chen	Tai-Ming, Chen
Over 100,000,000	-	-	-	-
Total	14	14	15	15

1. Remunerations to the directors in the current year include director's salary, directors' allowances, severance pay, various bonuses, incentive payments, etc.
2. These are 2022 director remunerations proportionally divided among the directors and supervisors. The compensation of NT$123,000 thousand has been resolved by the Board Meeting and is pending for approval by the shareholders' meeting.
3. Professional service fees paid to the director (including traveling expense, special allowances, subsidies, dormitory, company cars, in kind payments, etc.).
4. The figures show payments that include salaries, supervisors' allowances, severance pay, bonuses, incentive payment, traveling expense, special allowances, subsidies, dormitory, company cars, in kind payments, etc. paid to the directors who were also the Company's employees (including the president, vice presidents, other managers and employees).
5. This is the total 2022 employee compensation paid to the directors who are also the Company's employees (including the president, vice presidents, other managers and employees), NT$ 240,000 thousand. It is pending for approval by the shareholders' meeting, and the figures shown here are calculated based on the actual distribution percentage from last year. An appendix table "Manager Compensation by Name and Distribution" is attached here for the details.
6. The corporate director Multifield Investment Inc. has replaced its representative Shao-Pin Ru with representative Hsi-Hu Lai on June 8, 2022.
7. The tenure expired on June 8th, 2022.
8. New Directors were elected at the Shareholders' Meeting on June 8th, 2022.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

(II)Manager's and Vice General Manager's Compensation

December 31, 2022; Unit: NT$ thousand dollars; %

Title	Name	Salary (A) (Note 1)		Retirement pension (B)		Bonus and special expenses (C) (Note 2)		Employee compensation (D) (Note 3)				Total A,B,C,D as % of EAIT		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
								From TH		From All Consolidated Entities				
		From TH	From All Consolidated Entities	From TH	From All Consolidated Entities	From TH	From All Consolidated Entities	Cash	Stock	Cash	Stock	From TH	From All Consolidated Entities	
Former President	Shao-Pin Ru (Note 4)	32,644	32,644	648	648	15,781	15,781	20,301	-	20,301	-	2.21%	2.21%	None
CEO&COO	Jia-Shuai Chang													
CFO	Jia-Li Huang													
Former Vice President	Jin-Xing Lin (Note 4)													
Senior Manager	Ming-Yen Pan													
Senior Manager	Zzu-Chi Chiu													
Senior Manager	Po-Hsiu Cheng													
Vice President	Chien-Chen Lee													

Levels of Amounts of Compensation

Range of Remuneration Name of Supervisors	Total Remuneration (A+B+C)	
	From TH	From All Consolidated Entities
Under NT$ 1,000,000	-	-
NT$1,000,000(inclusive)~NT$2,000,000	Chin-Hsing Lin	Chin-Hsing Lin
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	Shao-Pin Ru	Shao-Pin Ru
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Zzu-Chi Chiu; Ming-Yen Pan; Po-Hsiu Cheng; Chien-Chen Lee	Zzu-Chi Chiu; Ming-Yen Pan; Po-Hsiu Cheng; Chien-Chen Lee
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	Jia-Li Huang	Jia-Li Huang
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	Jia-Shuai Chang	Jia-Shuai Chang
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-
Over 100,000,000	-	-
Total	8	8

Note 1: Remunerations to the managers in the current year include manager's salary, managers' allowances, and severance pay.

Note 2: The figures show payments that include bonuses, incentive payment, traveling expense, special allowances, subsidies, dormitory, company cars, in kind payments, etc..

Note 3: This is the employee compensation in 2022, NT$ 240,000 thousand. The item is pending for the approval by the shareholders' meeting, and the figures shown here are calculated based on the actual distribution percentage from last year. An appendix listed "Manager Compensation Distribution" is attached here for the details.

Note 4: Shao-Pin Ru had retired on June 8, 2022.; Jin-Xing Lin had retired on March 31, 2022.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

(III)Name of Managers Allocating Remuneration to Employees and Distribution

Unit: NT$ thousands/ %

December 31, 2022

	Title	Name	Stock	Cash(Note 2)	Total	Ratio of Total Amount to Net Income (%)
Manager	Former President (Note 1)	Shao-Pin Ru	-	20,301	20,301	0.65%
	CEO &COO	Jia-Shuai Chang				
	CFO	Jia-Li Huang				
	Former Vice president (Note 1)	Jin-Xing Lin				
	Senior manager	Ming-Yen Pan				
	Senior manager	Zzu-Chi Chiu				
	Senior manager	Po-Hsiu Cheng				
	vice president	Chien-Chen Lee				

Note 1: Shao-Pin Ru had retired on June 8, 2022.; Jin-Xing Lin had retired on March 31, 2022.

Note 2: This is the employee compensation in 2022, NT$ 240,000 thousand. The item is pending for the approval by the shareholders' meeting, and the figures shown here are calculated based on the actual distribution percentage from last year.

(IV) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the General Managers, and Vice General Managers, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Link

1. The Analysis of total remuneration, as a percentage of net income stated in the parent company only financial statements, paid to the directors, supervisors, general managers and vice general managers during the past 2 fiscal years.

Title	2021		2022 (Note 1)	
	From TH	From All Consolidated Entities	From TH	From All Consolidated Entities
Directors	6.20%	6.29%	7.62%	7.62%
General Manager and Vice General Manager				

Note 1: The remuneration of general manager and vice general manager in 2022 is the estimated income.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

(1)The remuneration of directors of this company shall be determined in accordance with the Company's Articles of Incorporation. Director's compensation shall fully reflect individual performance and the company's long-term operating performance. The Board of Directors is authorized to determine the remuneration of individual directors based on their respective duties, responsibilities, and performance evaluations. When the company generates profits, no more than 3% shall be allocated as director's remuneration.

(2)Remunerations to the managers, including salary, bonus and employee compensation;
Salary: Based on factors such as individual job responsibilities, professional capabilities, and job contributions, taking into account the industry standards.
Bonus and Employee Compensation: Linked to performance goals for various business units, departments, and individuals, and determined based on the importance of the managerial position, job responsibilities, and future risks.

(3)The company's directors and managers are evaluated based on the "Board Performance Evaluation Procedure" and "Employee Performance Evaluation

Method" respectively, which are used as the basis for performance evaluation. The company conducts annual board performance evaluations and quarterly employee performance evaluations.

IV. Implementation of Corporate Governance

(I)Board of Director

1. A total of 5 meetings of the Board of Directors were held in 2022 (A). The attendance status of Directors and Supervisors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Remark
The 18th Board of Directors held 3 meetings in 2022：					
Chairman	Tie-Min Chen	2	1	67%	Re-election on June 8, 2022
Vice Chairman	Multifield Investment Inc. (Representative: Hsi-Hu Lai)	3	0	100%	Re-election on June 8, 2022
Directors	Huan Tai Co., Ltd. (Representative: Jia-Shuai Chang)	3	0	100%	Newly appointed on June 8, 2022
Directors	Huan Tai Co., Ltd. (Representative: Pen-Chi Chen)	3	0	100%	Newly appointed on June 8, 2022
Directors	Shi Hen Enterprise Limited (Representative: Shu-Chen Tsai)	2	1	67%	Re-election on June 8, 2022
Directors	Kaimei Electronic Corporation (Representative: Shu-Hui Chen)	3	0	100%	Re-election on June 8, 2022
Independent Director	Ta-Sheng Chiu	3	0	100%	Newly appointed on June 8, 2022
Independent Director	Yueh-Hsiang Tsai	3	0	100%	Newly appointed on June 8, 2022
Independent Director	Chin-Tsai Chen	3	0	100%	Re-election on June 8, 2022
The 17th Board of Directors held 2 meetings in 2022：					
Chairman	Tie-Min Chen	2	0	100%	Re-election on June 8, 2022
Vice Chairman	TONG HSING FOOD IND. CORP. (Representative: Hsi-Hu Lai)	2	0	100%	Re-election on June 8, 2022
Directors	Multifield Investment Inc. (Representative: Shao-Pin Ru)	2	0	100%	Re-election on June 8, 2022
Directors	Kaimei Electronic Corporation (Representative: Shu-Hui Chen)(Note1)	2	0	100%	Re-election on June 8, 2022
Directors	Mu Yeh Wen	2	0	100%	Step down on

	Investment Corp. (Representative: Pen-Chi Chen)				June 8, 2022
Directors	Shi Hen Enterprise Limited (Representative: Shu-Chen Tsai)	2	0	100%	Re-election on June 8, 2022
Independent Director	Shih-Chien Yang	2	0	100%	Step down on June 8, 2022
Independent Director	Tun-Son Lin	2	0	100%	Step down on June 8, 2022
Independent Director	Chin-Tsai Chen	1	1	50%	Re-election on June 8, 2022

Note 1: The corporate director Kaimei Electronic Corp. has been replaced its representative Mr. Chi-Sheng Weng with Ms. Shu-Hui Chen on March 10, 2021.

Other matters:

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

(1) For matters listed in Article 14-3 of the Securities and Exchange Act, please refer to the important resolutions of the Board of Directors:

Date/Term	Major Resolutions	Independent Directors' Opinions	The Company's Response	Independent Directors' Objection or Reserved Opinions on Record or Stated in Writing
March 17, 2022 16th meeting of the 17th Board	* Approved the submission of the Company’s 2021 "Statement of Internal Control System". * Approved the amendment of the Company's "Internal Control System" and "Internal Audit Rules". * Approved the proposal for the Company's year-end bonus distribution and remuneration distribution plan for employees, Directors and Supervisors for 021. * Approved evaluation on the independence and competency of the Company's CPA. * Approved the Company's 2021 Business Report and Financial Statements. * Approved the adoption of the proposal for distribution of 2021 earnings. * Approved the short-form merger with Kingpak Technology Inc. * Approved the Company’s capital restructure. * Approved the amendment of the Company's "Articles of Incorporation". * Approved the amendment of the "Procedures for Acquisition or Disposal of Assets". * Approved the amendment of the Company's ""Rules of Procedures for Shareholders' Meetings"". * Approved cancellation of the Company’s new employee restricted shares that failed to meet the vesting conditions. * Approved the election of all Directors of the	None	None	None

Date/Term	Major Resolutions	Independent Directors' Opinions	The Company's Response	Independent Directors' Objection or Reserved Opinions on Record or Stated in Writing
	Company. * Approved the nomination of director candidates. * Approved the proposal for the waiver of non-competition clauses for newly elected Directors and their representatives. * Approved the date, location, and reasons for convening the Company's 2022 annual shareholders' meeting. * Approved the period and venue for the acceptance of shareholders' proposals and nomination of candidates for Directors for the Company's 2022 annual shareholders' meeting.. * Approved the purchase of land and building of Chilisin's Chupei factory."			
April 26,2022 17th meeting of the 17th Board	* Approved the amendment of "Corporate Governance Best Practice Principles" and "Procedures for Handling Material Inside Information and Insider Trading". * Approved the Company's 2022 Q1 consolidated financial statements.	None	None	None
June 8, 2022 1st meeting of the 18th Board	* Approved the election of the 18th Chairman and Vice Chairman of the Board. * Approved the nomination of president by the Chairman. * Approved the appointment of members of the Audit Committee. * Approved the election of members of the Remuneration Committee. * Approved the election of members of the Nomination Committee.	None	None	None
August 11, 2022 2nd meeting of the 18th Board	* Approved the amendment of the Company's "Internal Control System" and "Internal Audit Rules". * Approved the Company's "Sustainable Development Best Practice Principles". * Approved the Company's 2022 Q2 consolidated financial statements. * Approved cancellation of the Company's new employee restricted shares that failed to meet the vesting conditions.	None	None	None
November 10,2022 3rd meeting of the 18th Board	* Approved the Company's 2022 Q3 consolidated financial statements. * Approved 2023 Annual Audit Plan. * Approved the change of CPA due to internal adjustment of the CPA firm. * Approved the Company to donate to "Yageo Sports Competition Development Association". * Approved the general principle of pre-approving non-assurance service of the Company.	None	None	None

(2) Other resolutions of the Board, which the Independent Director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: No such occurrences.

II.Directors abstaining in certain proposals for being a stakeholder, (the name of the Director(s), the content of the proposal, reasons for abstentions and the results of voting counts should be stated): No such occurrences.

III. The company listed on TWSE/TPEx shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the self (peer) evaluation of the Board of Directors and fill out the "Board of Directors Evaluation Status":

Frequency	Period	Scope	Method	Content
Once a year	January 1, 2022- December 31, 2022	Including Board of Directors as a whole, the individual board members, and functional committees.	Internal &External evaluation	As below

In accordance with the Company's Regulations for Evaluating the Performance of the Board of Directors, the Board of Directors shall perform internal board performance evaluations in accordance with evaluation indicators and evaluation procedures every year. The performance evaluation of the Board of Directors shall be conducted by an external professional institution or a team of external experts and scholars at least once every three years.

Performance evaluation execution status:

(1)Internal evaluation: The results of the 2022 performance evaluation of the Company's Board of Directors are as follows:

The overall average score of the self-evaluation of the Board of Directors' performance was 4.884 points (out of 5 points).

The overall average score of the self-evaluation of individual Directors' performance was 4.995 points (out of 5 points).

The overall average score of the self-evaluation of the Audit Committee performance was 5 points (out of 5 points).

The overall average score of the self-evaluation of the Remuneration Committee performance was 5 points (out of 5 points).

(2)External evaluation: The company adopted the Board Performance Evaluation Method by resolution of the board of directors on August 11, 2020. The Company engaged Taiwan Corporate Governance Association to do external evaluation on 2022 Board of Directors performance. The Association and execution experts are independent from the Company and have no business relationship with the Company.

The assessment covers eight major aspects, namely Board composition, guidance, delegation of authority, supervision, communication, internal control and risk management, self-discipline and support systems. The documentary review of self-assessment was conducted by the Company first, followed by on-site visit. An evaluation report was then issued to the Board of Directors.

The results of the performance evaluation of the Board of Directors were reported to the Nomination Committee on March 14, 2023 and to the Board of Directors on March 14, 2023, and then disclosed on the Company's website.

The abstract of 2022 Board of Directors' performance evaluation report:

(1) Evaluation result：

Item	Evaluation Comments	Evaluation result
1	Focus on the development and operation of the core business, actively invest in the research and development and innovation of technology and services, continuously improve the competitiveness of the Company, create interests for shareholders and safeguard the interests of stakeholders.	excellent
2	The current members possess professional background and experience appropriate for the current management and development requirements of the Company. Experts with industry expertise were selected as independent directors, who have sound interactions with the management.	excellent
3	The composition of the Board has given due consideration to the principle of diversity. Three out of the nine members of the Board are women, accounting for 33.33% of total number of members. This is the concrete representation of sound corporate governance practice and convergence to international trends which is worth encouraging.	excellent

(2) Suggested items：

Item	Suggested items	Situation of improvement
1	It is recommended that the Company can upgrade the committee to a functional committee under the Board level. The Board oversees corporate social responsibility, sustainable development directions and specific implementation plans. The suggestion has been followed and executed.	The suggestion has been followed and executed.
2	There has been lack of concrete evaluation mechanism for competency of the CPA. It is suggested that the Company can set up a periodic evaluation mechanism on the competency of CPA. The suggestion has been followed and executed.	The suggestion has been followed and executed.
3	It is recommended that, in addition to the existing mechanism, the Company can set up a reporting mailbox which is also received by the independent directors at the same time to further strengthen the functions of the whistle-blower mechanism.	The suggestion has been followed and executed.

IV. Measures taken to strengthen the functionality of the Board in the current and the latest year (e.g., establishing the Audit Committee, enhancing information transparency), and implementation status:

Implementation of strengthening the functional objectives of the board	Implementation situation
1. All members of the Audit Committee attended and implemented risk control.	In 2022, the attendance rate of all members was 92%. The company's financial statements, the selection (or dismission) of certified accountants and their independence and performance, the effective implementation of the company's internal control, and confirmation of the compliance to relevant laws and regulations were reviewed.
2. The Remuneration Committee regularly evaluates and reviews the policies, systems, standards and structures of performance appraisal and remuneration of directors and managers.	In 2022, the attendance rate of all members was 100%. The remuneration of directors and managers was evaluated.
3. Improving information transparency	In 2022, the company will complete the update of the official website, and the bilingual (Chinese and English) disclosure of information in corporate business, finance, investor relations and ESG.
4. Periodically reports to the Board of Directors regarding corporate governance	The corporate governance implementation status has been reported to the Board of Directors on November 10, 2022.
5. Efforts were made to continue promoting corporate governance and improving the ranking of corporate governance assessment.	The Company attaches great importance to corporate governance and continues to strengthen it with remarkable results. In 2022, the Company has completed the Annual Report and disclosure items at the Company’s website in accordance with corporate governance evaluation indicators.

(II) Audit Committee or Attendance of Supervisors at Board Meetings

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

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Remark
The 2nd Audit Committee held 2 meetings in 2022：					
Independent Director	Ta-Sheng Chiu	2	0	100%	Newly appointed on June 8, 2022
Independent Director	Yueh-Hsiang Tsai	2	0	100%	Newly appointed on June 8, 2022
Independent Director	Chin-Tsai Chen	2	0	100%	Re-election on June 8, 2022
The 1st Audit Committee held 2 meetings in 2022：					
Independent Director	Tun-Son Lin	2	0	100%	Step down on June 8, 2022
Independent Director	Shih-Chien Yang	2	0	100%	Step down on June 8, 2022
Independent Director	Chin-Tsai Chen	1	1	50%	Re-election on June 8, 2022

Other matters:

I. The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

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

Date/Term	Resolution and Follow-up Actions	Matters listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
March 17, 2022 1st term 15th meeting	1. Implementation of the audit plan. 2. Approved the submission of the "Statement of Internal Control System" of 2021. 3. Approved the amendment of the Company's "Internal Control System" and "Internal Audit Rules". 4. Approved the proposal to evaluate the independence and competency of the Company's CPA. 5. Approved the Company's Business Report and Financial Statement in 2021. 6. Approved the adoption of the proposal for distribution of 2021 earnings. 7. Approved the short-form merger with Kingpak Technology Inc. 8. Approved the Company's capital restructure. 9.Approved the amendment of the Company's "Articles of Incorporation". 10.Approved the amendment of the "Procedures for Acquisition or Disposal of Assets". 11.Approved cancellation of the Company's new employee restricted shares that failed to meet the vesting conditions. 12.Approved the purchase of land and building of Chilisin's Chupei factory.	V	No such circumstances
	Audit Committee resolution: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members.		
	The Company's actions in response to the opinions of the Audit Committee: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members. All attending directors unanimously agreed, no other special proposals were proposed. All items were executed.		
April 26, 2022 1st term 16th session	1. Implementation of the 2022Q1 audit plan. 2. Approved the amendment of "Corporate Governance Best Practice Principles" and "Procedures for Handling Material Inside Information and Insider Trading". 3. Approved the Company's 2022Q1 consolidated financial statements.	V	No such circumstances
	Audit Committee resolution: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members.		
	The Company's actions in response to the opinions of the Audit Committee: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members. All attending directors unanimously agreed, no other special proposals were proposed. All items were executed.		

Date/Term	Resolution and Follow-up Actions	Matters listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
August 11, 2022 1st term 2nd session	1. Implementation of the 2022Q2 audit plan.	V	No such circumstances
	2. Approved the amendment of the Company's "Internal Control System" and "Internal Audit Rules".		
	3. Approved the Company's "Sustainable Development Best Practice Principles".		
	4. Approved the Company's 2022Q2 consolidated financial statements.		
	5. Approved cancellation of the Company’s new employee restricted shares that failed to meet the vesting conditions.		
	Audit Committee resolution: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members.		
	The Company's actions in response to the opinions of the Audit Committee: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members. All attending directors unanimously agreed, no other special proposals were proposed. All items were executed.		
November 10, 2022 2nd term 2nd session	1. Implementation of the 2022Q3 audit plan.	V	No such circumstances
	2.Approved the Company's Consolidated Financial Statements in 2022 Q3.		
	3. Approved 2023 Annual Audit Plan.		
	4.Approved the change of CPA due to internal adjustment of the CPA firm.		
	Audit Committee resolution: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members.		
	The Company's actions in response to the opinions of the Audit Committee: The chair consulted all Committee Members in attendance and the proposals were passed unanimously by the Committee Members. All attending directors unanimously agreed, no other special proposals were proposed. All items were executed.		

(2) In addition to the items in the preceding items, other resolutions passed by two-thirds of all the Directors but yet to be approved by the Audit Committee: No such occurrences.

II. Independent Directors abstaining in certain proposals for being a stakeholder, (the name of the Independent Director(s), the content of the proposal, reasons for abstentions and the results of voting counts should be stated): No such occurrences.

III. Independent Directors' communication with internal auditors and CPAs (including communication over the Company's financial and business status and the methods and results, etc.):

(1) Frequency and method of communication:

1. The Company quarterly convenes the meetings of the Audit Committee and the Board of Directors. The auditor supervisor will attend every meeting of the Audit Committee and the Board of Directors and report the quarterly internal audit business as appropriate.
2. When the Company convenes an Audit Committee meeting and the Board meeting quarterly for approving the financial statements, the CPAs, in addition to attending the meetings, communicate audit findings, audit quality indicators (AQI) and major regulatory updates with the independent directors on a quarterly basis.
3. The audit head issues monthly audit reports and submits them to the Audit Committee for review. Apart from communicating the audit findings with the independent directors on a monthly basis, the audit head irregularly catches up with the financial and business conditions of the Company.
4. Independent directors hold communication meetings with CPAs whenever necessary.

(2) Contents and conclusions of communication:

1. The independent directors of the Company engaged in smooth communication on the execution and effectiveness of the audit business.

Date	Key Points in Discussion	Suggestions	Implementation Status
Audit Committee (March 17, 2022)	1.Implementation of the audit plan 2.Approved the submission of the “Statement of Internal Control System”. 3.Approved the amendment of the Company's "Internal Control System" and "Internal Audit Rules".	None	Approved by Committee and submit to BOD meeting
Audit Committee (April 26, 2022)	1.Implementation of the audit plan..	None	Approved by Committee and submit to BOD meeting
Audit Committee (August 11, 2022)	1.Implementation of the audit plan. 2.Approved the amendment of the Company's "Internal Control System" and "Internal Audit Rules". ◦	None	Approved by Committee and submit to BOD meeting
Audit Committee (November 10, 2022)	1.Implementation of the audit plan. 2.Approved 2023 Annual Audit Plan.	None	Approved by Committee and submit to BOD meeting

2. The independent directors of the Company engaged in smooth communication with CPAs.

Date	Key Points in Discussion	Suggestions	Implementation Status
Audit Committee (March 17, 2022)	1.CPA explained and communicated the parent company only and consolidated financial reports of 2021 in brief. 2. Important Statute Update.	None	Approved by Committee and submit to BOD meeting
Audit Committee (April 26, 2022)	1.CPA explained and communicated the consolidated financial reports of the first quarter in 2022 in brief. 2. Important Statute Update.	None	Approved by Committee and submit to BOD meeting
Audit Committee (August 11, 2022)	1.CPA explained and communicated the consolidated financial reports of the second quarter in 2022 in brief. 2. Important Statute Update.	None	Approved by Committee and submit to BOD meeting
Audit Committee (November 10, 2022)	1.CPA explained and communicated the consolidated financial reports of the third quarter in 2022 in brief. 2. Important Statute Update.	None	Approved by Committee and submit to BOD meeting

IV. The main annual tasks and key points of the audit committee of the company are summarized: reviewing annual and quarterly financial reports, reviewing additions and revisions to the internal control system, and evaluating the effectiveness of the internal control system, etc.

(III)Implementation of corporate governance and the deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", and the reasons thereof:

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons" thereof
	Yes	No	Description	
I. Does the Company establish and disclose its "Corporate Governance Best Practice Principles" based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has established and published at its website the "Corporate Governance Best Practice Principles" for the purpose of implementing corporate governance and protecting shareholders' interests.	None
II. Shareholding Structure & Shareholders' Rights				
(I) Does the Company establish internal operating procedures or policies to handle shareholder suggestions, doubts disputes and lawsuits and implemented such procedures or policies?	✓		(I) The Company has appointed a spokesperson and acts as a spokesperson in accordance with the "Corporate Governance Best Practice Principles" to effectively handle shareholders' suggestions, questions, disputes and litigations. In addition, the Company has appointed KGI Securities to process related stock affairs.	None
(II) Does the Company possess a list of major shareholders and list of ultimate owners of these major shareholders?	✓		(II) The Company obtains the list of shareholders and possesses the top ten of shareholders on its website.	None
(III) Has the company established and enforced risk control and firewall systems with its affiliate companies?	✓		(III) Business and financial dealings between the Company and an affiliate are treated as dealings with an independent third party, which are handled by the principles of fairness and reasonableness with documented rules established, and pricing and payment terms are clearly defined to prevent non-arm's-length transactions.	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons" thereof
	Yes	No	Description	
(IV) Has the Company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	✓		(IV) The company has adopted the "Material Information and Measures for Preventing Insider Trading", which also includes prohibiting directors from trading in their shares 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report, in addition to expressly prohibiting company insiders from trading in securities by using unpublished information in the market. Additionally, in 2022, the company carried out training for all employees to prevent insider trading and disclosed on the company's official website that the directors, managers, employees and substantial controllers of the company are prohibited from obtaining improper benefits for themselves or any other person by virtue of their positions or influence in the company. Education and training situation description (Please refer to Page 49 of this annual report).	None
III. Composition and Responsibilities of the Board of Directors (I) Is the composition of the Board of Directors determined by taking appropriate policy based on diversity and ensure the actual implementation?	✓		(I) The diversity policies of the company's board of directors include two aspects: basic conditions and values, professional knowledge and skills. The detailed content is: (1) at lease 2 female members in the board of directors and (2) at least having professional background in accounting, industry, finance, marketing or technology and industrial experience in semiconductor, finance, accounting or technology. The implementation of diversity of the board (Please refer to Page18 of this annual report).	None
(II) In addition to the Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?	✓		(II) Aside from committees that have been set up according to law, the Company has established nomination committee and corporate sustainable development committee in order to implement the spirit of corporate governance.	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons" thereof
	Yes	No	Description	
(III) Does the Company formulate rules and procedures for the Board of Directors' performance evaluation, conduct performance evaluation on the Board of Directors on a regular basis every year, report the results of performance evaluation to the Board of Directors, and apply the results to the individual Directors' remuneration and nomination for reappointment?	✓		(III) The Performance Evaluation Methods of the Board of Directors (Methods) of the company were approved by the board of directors on August 11, 2020. According to the Methods, external evaluation should be appointed to implement the evaluation in three years after the approval. As a result, The Company engaged the external independent institution, Taiwan Corporate Governance Association, to conduct evaluation on the performance of Board of Directors in 2022. In 2022, the performance evaluation results of the board of directors were all excellent, and the evaluation results were submitted to the board of directors on March 14, 2023. For detailed information of the performance evaluation of the board of directors, please refer to Other Items to be Recorded III in the Information on the Operation of the Board of Directors. (Please refer to Pages26~27 of this annual report).	None
(IV) Does the Company regularly assess on the independence of CPAs?	✓		(IV) The Company obtains a form on assessment for independence and competency of the CPA each year, and the results of the form on assessment for independence and competency of the CPA in 2022 are consistent. The results have been passed by resolution of the Board of Directors on March 14, 2023. The independence assessment items for CPAs are as in Note 1 (please refer to Page40 of this annual report).	None
IV. Has the Company set up a full-time (part-time) unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, processing company registration and change of registration and preparing minutes of the board meetings and shareholders' meetings)?	✓		(I) The Company has designated a Corporate Governance Office by the resolution of the Board of Directors on August 11, 2020.Vice General Manager & CFO of the Finance Department Chai Li Huang has been appointed as the Company's Corporate Governance Officer to take charge of the corporate governance matters so as to protect the interests of the shareholders and process matters related to the Board and shareholders' meetings.	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons" thereof
	Yes	No	Description	
			(II) The corporate governance unit reported the business performance to the board of directors on November 10, 2021；The business execution status and training hours of the corporate governance unit are as in Note 2 (Please refer to Page41 of this annual report).	None
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	✓		(I) The Company has set up a stakeholders' section on the Company's website and specified the contact methods of the spokesperson and businesses on the Company's website. (II) The Company has also disclosed the stakeholder, concerns, communication methods and channels, frequency and response methods, in order to adequately respond to the relevant issues raised by the stakeholders. (III) The company reported the communication of interested parties to the board of directors on November 10, 2022.	None None None
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed KGI Securities to process affairs related to shareholders meetings.	None
VII.Information Disclosure (I) Has the Company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status? (II) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)?	✓ ✓		(I) Information on the Company's financial operations and corporate governance has been disclosed on the Company's website. The Company's website is www.theil.com. (II) The Company has set up an investor section on its website to disclose financial information and related information on investor conferences and corporate governance. A stakeholders' section has been set up to adequately respond to relevant questions.	None None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons" thereof
	Yes	No	Description	
(III)Has the Company announced and reported the annual financial report within two months after the end of the fiscal year, and announced and declared the financial reports of the first, second and third quarter and the operating conditions of each month before the prescribed period?	✓		(III) Except for the declaration application of the company's 2022 annual financial report on March 20, 2023, the quarterly financial reports and the operation reports in 2022 were announced before the 10th of every month. The reporting situation of the financial report for each quarter of 2022 is as follows: 2022Q1(April 26), 2022Q2(August 11) and 2022Q3 (November 10). All information has been announced and declared before the deadline.	None
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?	✓		The important information to facilitate a better understanding of the Company’s corporate governance practices is set out below.	None

Important information to facilitate a better understanding of the Company’s corporate governance practices:

(I) Employee rights and benefits: The Company focuses on employee rights, shows loving care for the employees, and provides the employees with a good environment that prioritize work-life balance, and reasonable benefits, including:

(1)Welfare systems: distribution/allotment, bonus/gifts for festivals and holidays, various insurances and subsidies, and leave system according to the labor laws.

(2)Leisure activities: domestic tours, department banquets , club activities and contracted stores, etc.

(3)Working environment: all-round education and training sessions, smooth promotion channels, staff canteen, and nursing rooms, etc.

(4)Job safety: motor vehicles parking spaces, dormitory, shuttle bus (Longtan Plant), health examination, and business phone.

(II) Staff Care: Canteens and a good working environment is provided~~,~~ to guarantee the employee’s welfare benefits. Furthermore, the Company also offers dinner banquets, education and training programs, and club activities to help employees to achieve a balance between work and life.

(III) Investor Relationship: In addition to the spokesperson system, the Company also allows the investors to access to the website of MOPS and the Company for relevant information; moreover, the Company also invites the investors to attend the Company’s investor conferences every year, and learn about the quarterly operation status~~,~~ and future directions.

(IV) Supplier Relationship: The company and suppliers are long-term partners. With focus on the requirements of competitive quality, delivery time and cost, the company will pay more attention to supply chain management, environmental and social aspects in the future, so as to jointly promote sustainable development.

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons" thereof
	Yes	No	Description	

(V) Stakeholders: The Company maintains smooth communication channels and good relationship with the stakeholders. Concerns, communication channels and response methods of the stakeholders are shown in the following table:

Stakeholder	Meaning for CSC	Communication Channels or Methods	Response Methods
loyee	*Labor Relationship *Salary and Welfare Benefits *Training and Development *Occupational Safety and Health *Company Policy and Strategies *Relationship with Employees	*Labor management meeting *Employee Welfare Committee *Intranets and training courses *Non-scheduled communication meetings/ advocating meetings *Employee suggestion box/ monthly meetings *Health center/ staff canteens / lounges	*Quarterly labor management meetings *Gifts for holidays and festivals, staff travel, employee’s internal and external training courses, and employee’s physical examination *On-site medical care services *On-site bank services
Shareholders Investors	* Company Policy and Strategies *Corporate governance *Risk Management *Corporate Economic/Financial Performance *Dividend policy	*Annual shareholders’ meeting *Website/ important information * Inquiries by phone, and collection of feedback *Road shows/ Investors visit *Company’s website/ annual report	*Convention of annual shareholders’ meeting *Non-scheduled updates of the Company’s website *Road conference *Inquiries from investors by phone
Customers	*Process Technology *Product Quality and Reliability *Customer Service *Product Delivery and Capacity *Non-conflict Mineral Reporting survey *Protection of Confidential Information	*Visiting of customers/ communication seminars *Customer audits *Questionnaires/ statements	*Customer’s annual audits *Regular visits to customers
Supplier	*Supply Chain Management *Delivery of Raw Materials and ts Availability *Environmental Protection, Safety and Health Management *Compliance with Laws and Regulations	*Annual visiting to or from suppliers *On-site audit to outsourcing manufacturers *On-site audit to manufacturers	*Regular visitsof suppliers *On-site audits to outsourcing manufacturers. *Evaluation of waste disposal service provider

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons" thereof
	Yes	No	Description	

Government	*Compliance with Laws and Regulations *Policy Advocacy and Risk Management	*Reduction of greenhouse gas emission *Water resource management *Office documents in relation to conservation of water and electricity *Factory on-site audit *Publicity of labor relationship *Publicity of fire protection *Publicity of dormitory fire safety *Publicity of safety and health management	*Regular reporting according to laws *Participation in-public meetings held by the government agencies *Publicity of domestic laws and regulations from time to time
Media	*Economic/Financial Performance/ Future Prospects	*Questioning by phone or letter, collection of feedbacks on a regular basis *Interview	*Clarification of important information on media *Media inquiry by phone or letters
Society/Public	*Compliance with Environmental Laws and Regulations *Environmental Safety *Public Benefit Activities	*Regular audits *Suggestion box/complaint channels *Public service advertising/blood donation	*Participation in public benefit activities and put in public service advertising *Blood donation-blood donation car.

（VI） Director’s continuing education: The Directors of the Board have been re-elected on June 8, 2022. All 18th term Board members have completed 6 hours training in 2022. The disclosure of training hours on MOPS and the company website has been completed. Refer to Note 3, Page 42~43 for details of directors’ continuing education hours.

（VII） Risk management policy and execution : The company manages the risks related to the operation of related companies through monthly production and sales meetings and reports the business plan to the board of directors once a year to ensure the normal operation of the risk control function. In addition, in 111 years, it has carried out risk identification, Measurement, communication channels and response methods; the latest date of reporting to the board of directors is November 10, 2022. For the company's risk policy and assessment, please refer to page 50 of this annual report.

（VIII） Execution of the customer service policy: The Company has appointed professional customer service personnel to provide channels for services and solutions for customers' questions, and to maintain smooth communication channels with the customers.

（IX） The Company’s purpose of liability insurances for the directors: The liability insurances purchased by the Company for all directors and important employees as below.

The Insured	Insurance Company	Insurance Amount (Unit: USD$)	Period of Insurance (commencement and termination)
All directors	Anda	10,000,000	From February 1, 2023, to February 1, 2024

IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.

(1) Improved aspects:

Appointing a director of corporate governance, strengthening disclosure of corporate governance information on the company's official website and annual reports so as to protect shareholders' rights and enhance information transparency, reporting the results of enterprise social responsibility implementation, risk management, information security policies and measures, intellectual property rights plan and stakeholder communication to the board of directors on November 10, 2022.

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons" thereof
	Yes	No	Description	
(2) Formulating risk management policies and assessing and report risk status to the board of directors annually on financial risks, environmental and climate change risks, supply chain and raw material risks, legal risks and stakeholder communication and so on, so as to ensure the normal operation of the management structure and risk control function. (3) The Corporate Sustainability Committee has been established in 2022 which promote issues about corporate sustainable development, set goals on environmental, social and corporate governance issues and regularly review the related implementation.				

Note 1: CPAs' independence evaluation items.

1. Information of CPA in 2022

Name of CPA	Name of CPA Firm	Education and Positions
Szu-Chuan Chien	KPMG	1.Department of Accounting, National Taiwan University 2.CPA of R.O.C
Yi-Wen Wang	KPMG	1.Department of Accounting, Soochow University 2.CPA of R.O.C

2. The evaluation of the independence and competence of the CPAs

Item	Evaluation results	Independence of the CPAs
1. As of the most recent audit performed, no CPA has been changed for seven (7) consecutive years.	Yes	Yes
2. The CPA is not involved in any significant financial interests with the Company.	Yes	Yes
3. The CPA avoids any improper relationships with the Company.	Yes	Yes
4. The CPA should ensure ethical conduct and independence of his/her assistants.	Yes	Yes
5. The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before CPA practice.	Yes	Yes
6. The CPA may not permit others to practice under his/her name.	Yes	Yes
7. The CPA does not own any shares of the Company or its affiliated companies.	Yes	Yes
8. The CPA does not engage in lending or borrowing of money with the Company and its affiliated companies.	Yes	Yes
9. The CPA and the Company or its affiliated companies are not engaged in any joint investments or profit sharing.	Yes	Yes
10. The CPA does not engage in regular work for the Company or its affiliated companies concurrently and does not receive a fixed salary from them.	Yes	Yes
11. The CPA is not involved in the strategy-making and management of the Company and its affiliated companies.	Yes	Yes
12. The CPA does not concurrently engage in other businesses that may lead to the loss of his/her independence.	Yes	Yes

13. The CPA does not have spouse, lineal relatives by blood or by marriage, or collateral relatives by blood within the second degree of kinship with the management level of the Company.	Yes	Yes
14. The CPA does not receive any commission related to his/her service.	Yes	Yes
15. As of now, the CPA has not engaged in any matters that may result in disciplinary actions taken against him/her or may compromise his/her independence.	Yes	Yes

The results of the evaluation of the independence and competence of the CPAs (as shown in the table above) and the detached independence statement were obtained: all meet the Company's independence and competence assessment standards. The Company also refers to the audit quality index (AQI) and prepares the accountant evaluation and performance evaluation form. The evaluation results meet the independence and suitability evaluation.

Note 2: Business execution status and continuing education hours of corporate governance units.

I. The corporate governance responsibilities include: (1) handling matters related to the Board and the shareholders' meeting, (2) preparing meeting minutes of Board and shareholders' meetings, (3) assisting the directors to take office and continuing education, (4) providing materials and information necessary for the directors to perform the duties; (5) assisting the directors to comply with the laws and regulations; and (6) other matters stipulated in the Article of Incorporation or contracts.

II. Key business points in 2022 include: (1) sending the data of the meetings of the Board of Directors and the Audit Committee to the directors; (2) publishing major information and announcements regarding major resolutions on the date of closure of the Board and shareholders' meetings; (3) conducting the relevant affairs of the shareholders' meeting according to laws; (4) conduct change registration for the Company's operations; and (5) providing the directors with the relevant information of continuing education, and completing the relevant declarations.

III. Continuing education hours of Corporate Governance Officer in 2022:

Title	Name	Continuing education date	Organizer	Class	Training Hours
Vice president	Jia-Li Huang	November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Matters needing attention in securities transactions of company insiders	3.0 hours
		November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Corporate Governance& Securities and Exchange Act.	3.0 hours
		November 21, 2022	Accounting Research and Development Foundation of the Republic of China	Continuing Education and Training for Accounting Managers	12.0 hours

Note 3: Director's continuing education hours in 2022:

Title	Name	Continuing Education Date	Organizer	Class	Training Hours
Director	Tie-Min Chen	November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Matters needing attention in securities transactions of company insiders	3.0 hours
		November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Corporate Governance& Securities and Exchange Act.	3.0 hours
Director Representative of Corporate Shareholder	Hsi-Hu Lai	November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Matters needing attention in securities transactions of company insiders	3.0 hours
		November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Corporate Governance& Securities and Exchange Act.	3.0 hours
Director Representative of Corporate Shareholder	Jia-Shuai Chang	November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Matters needing attention in securities transactions of company insiders	3.0 hours
		November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Corporate Governance& Securities and Exchange Act.	3.0 hours
Director Representative of Corporate Shareholder	Pen-Chi Chen	November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Matters needing attention in securities transactions of company insiders	3.0 hours
		November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Corporate Governance& Securities and Exchange Act.	3.0 hours
		November 13, 2022	Taiwan Stock Exchange	2022 Cathay Sustainable Finance and Climate Change Summit	6.0 hours
Director Representative of Corporate Shareholder	Shu-Chen Tsai	November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Matters needing attention in securities transactions of company insiders	3.0 hours
		November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Corporate Governance& Securities and Exchange Act.	3.0 hours
Director Representative of Corporate Shareholder	Shu-Hwei Chen	November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Matters needing attention in securities transactions of company insiders	3.0 hours
		November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Corporate Governance& Securities and Exchange Act.	3.0 hours
Independent Director	Ta-Sheng Chiu	November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Matters needing attention in securities transactions of company insiders	3.0 hours
		November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Corporate Governance& Securities and Exchange Act.	3.0 hours
Independent Director	Yueh-Hsiang Tsai	November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Matters needing attention in securities transactions of company insiders	3.0 hours
		November 10, 2022	Accounting Research and Development Foundation of the Republic of China	Corporate Governance& Securities and Exchange Act.	3.0 hours

Title	Name	Continuing Education Date	Organizer	Class	Training Hours
Independent Director	Chin-Tsai Chen	March 18, 2022	Taiwan Corporate Governance Association	ESG reporting trends and business implications	3.0 hours
		May 12, 2022	Taiwan Corporate Governance Association	Information security governance path under the challenge of legal compliance	1.5 hours
		June 28, 2022	Taiwan Institute of Directors	2022 Taiwan Institute of Directors: Exploring the core competitiveness of the next generation in the age of drastic changes	3.0 hours
		September 23, 2022	Securities and Futures Institute	Talking about Emerging Financial Technology Crimes and Money Laundering Prevention from a Company Perspective	3.0 hours
		October 27, 2022	Taiwan Insurance Institute	Issue 13 of 2022- IFRS17 Competitive Blueprint and Sustainable Development	3.0 hours

(IV) Composition, Responsibilities and Operations of the Remuneration Committee or Nomination committee:

1. Professional Qualifications and Independence Analysis of the Remuneration Committee Members

I. There are three members in the Remuneration Committee of the Company. The Remuneration Committee of the company consists of 3 independent directors. Please refer to Page 13-16of the annual report for the professional qualifications, experience and independence of each member.

II. Tenure of the members:

The tenure of 5th Remuneration Committee is from June 8, 2022, to June 7, 2025. The meetings of the Remuneration Committee have not yet been held in recently year.

Title	Name	Attendance in person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Remarks
Convener	Chin-Tsai Chen	0	0	N/A	111/06/08 (re-election)
Committee Member	Ta-Sheng Chiu	0	0	N/A	111/06/08 (Newly appointed)
Committee Member	Yueh-Hsiang Tsai	0	0	N/A	111/06/08 (Newly appointed)

The tenure of 4th Nominating Committee is from June 8, 2019, to June 20, 2022. A total of 2 meetings of the Remuneration Committee were held in the 2022 (A). The attendance status of the Remuneration Committee members was as follows:

Title	Name	Attendance in person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Remarks
Convener	Tun-Son Lin	2	0	100%	111/06/08 (Resignation at the end of the term)
Committee Member	Chin-Tsai Chen	2	0	100%	111/06/08 (re-election at the end of the term)
Committee Member	Shih-Chien Yang	2	0	100%	111/06/08 (Resignation at the end of the term)

Other Matters:

I. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Nominating Committee, the date of the Board Meeting, sessions, the contents discussed, results of meeting resolutions, and the company's disposition of opinions provided by the Nominating Committee shall be described in detail: No such occurrences.

II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of proposal, and opinions of all members and the Company's handling of said opinions:

Date/Term	Resolution	Resolution of the Meeting of the Remuneration Committee	The Company's Response to the Remuneration Committee's Opinions
January 21, 2022 4th Committee The 7th meeting	1.The distribution of 2021 year-end bonus for managerial officers.	Proposal passed without objections from all present committee members.	Approved by all directors present unanimously.
March 17, 2022 4th Committee The 8th meeting	1.Approved the proposal for the Company's year-end bonus distribution and remuneration distribution plan for employees, Directors and Supervisors for 2021.	Proposal passed without objections from all present committee members.	Approved by all directors present unanimously.

2. Professional qualifications, experience and operation of members of the Nominating Committee：

I. There are three members in the Nominating Committee of the Company. The Nominating Committee of the company consists of 3 independent directors. Please refer to Page 13-16 of the annual report for the professional qualifications, experience and independence of each member.

II. Tenure of the members:

The tenure of 2nd Nomination Committee is from June 8, 2022, to June 7, 2025. The meetings of the Nomination Committee have not yet been held in recently year. The attendance status of the Remuneration Committee members was as follows:

Title	Name	Attendance in person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Remarks
Convener	Chin-Tsai Chen	0	0	NA	111/06/08 (re-election)
Committee Member	Ta-Sheng Chiu	0	0	NA	111/06/08 (Newly appointed)
Committee Member	Yueh-Hsiang Tsai	0	0	NA	111/06/08 (Newly appointed)

The tenure of 1st Nomination committee is from November 11, 2021, to June 20, 2022. A total of 1 meetings of the Remuneration Committee were held in the 2022 (A). The attendance status of the Remuneration Committee members was as follows:

Title	Name	Attendance in person (B)	Attendance by Proxy	Attendance Rate (%) (B)/(A)	Remarks
Convener	Tun-Son Lin	1	0	100%	111/06/08 (Resignation at the end of the term)
Committee Member	Chin-Tsai Chen	1	0	100%	111/06/08 (re-election)
Committee Member	Shih-Chien Yang	1	0	100%	111/06/08 (Resignation at the end of the term)

Other Matters:

I. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Nominating Committee, the date of the Board Meeting, sessions, the contents discussed, results of meeting resolutions, and the company's disposition of opinions provided by the Nominating Committee shall be described in detail: No such occurrences.

II. For resolution(s) made by the Nominating Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of proposal, and opinions of all members and the Company's handling of said opinions:

Date/Term	Resolution	Resolution of the Meeting of the Nominating Committee	The Company's Response to the Nominating Committee 's Opinions
March 17, 2022 1st Committee The 1st meeting	1. The results of the board performance evaluation in 2021. 2. Nominating candidates for directors.	Proposal passed without objections from all present committee members.	Approved by all directors present unanimously.

(V)Performance of Sustainable Development responsibility and differences between the performance and " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and reasons thereof.

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		The Company set up a sustainability office in August 2022, and the general manager was authorized by the Board of Directors to be the chairman of the sustainable development committee. The sustainability office is a full-time unit, and together with the members of various functional task groups, it is in charge of the promotion of corporate governance and risk, product innovation, environmental energy conservation, and sustainable supply chain. The corporate governance unit reports to the Board of Directors at least once a year the results of corporate governance implementation, including the promotion of sustainable development, such as communication with related parties, information security management, management of intellectual property rights, greenhouse gas inventory and verification schedule, etc. The latest reporting date is November 10, 2022. If the Board of Directors has suggestions for the content of the report, it will propose measures and continue to improve.	None
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		Please refer to page 50 for the Company's risk management policies related to company operations. Major issues are identified by conducting risk assessment on the Company's senior executives and stakeholders through surveys, and possible targeted long-term responses are formulated for these issues. Continuous reviews are carried out to promote sustainable development.	None
III. Environmental issues (I) Has the Company set an environmental management system designed to industry characteristics?	✓		(I) The Company has established the Environmental Safety and Health Management Regulations which are in compliance with relevant regulations and has also obtained ISO-14001 Environmental Management System certification (Taipei factory certificate is valid until April 1, 2026; Longtan factory certificate is valid until December 12, 2025; Zhubei factory certificate is valid until December 21, 2024).	None

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		(II) The Company has set up dedicated units to take charge of air and water pollution prevention and waste management, and has appointed qualified waste disposal companies to clear, dispose of, and recycle waste. In addition to compliance with relevant regulations, we also continue to promote wastewater recycling and reuse and reduce the use of resources to reduce environmental pollution. The Company also publishes information regarding its greenhouse gas emission, water consumption and total weight of waste in the past two years on the annual report and the Company's website. Please refer to "Business Overview and Environmental Protection Expenditures" of Page 81~83 this annual report.	None
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		(III) The company has conducted a risk assessment of the impact of climate change on the company and formulate measures to mitigate the impact. Please refer to "Business Overview and Environmental Expenditure" on Page 81~83 of this annual report	None
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		(IV) The Company compiles monthly statistics on water consumption, electricity consumption, and total weight of waste, and sets improvement goals and schedules to achieve energy conservation, carbon emissions reduction, and cost reduction. The Company reviews the execution effect at the end of every year, and sets the goals of the next year. Please refer to "Business Overview and Environmental Protection Expenditures" of Page 81~83 this annual report.	None
IV. Social issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(I) The company supports and follows the United Nations "Universal Declaration of Human Rights", the United Nations "World Covenant", the "ILO Conventions of the International Labor Organization" and other human right conventions recognized by the international community, the "Responsible Business Alliance (RBA) Code of Conduct" and related rules. It establishes working rules	None

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			and the related management measures to implement the laws and regulations, safeguard the rights and interests of employees, ensure humanitarian treatment and anti-discrimination protection. For detailed management procedures, please refer to "Business Overview and Labor-Capital Relationship" on Page 83~87 of this annual report.	
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		(II) The company adjusts the "Measures on Salary Standards for New Employees" with reference to the industry level. The "Measures for Payment of Performance Bonus" will be applied to the adjustment according to the correlation between the company's business performance and employees' salary every year. For details of employee welfare measures, please refer to "Business Overview and Labor-Capital Relationship" on Page 83~87 of this annual report.	None
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		(III) The Company establishes an environmentally friendly, safe and healthy workplace, and obtains ISO-45001 Occupational Safety and Health Management System Certification (Taipei factory certificate is valid until March 19, 2026; Longtan factory certificate is valid until November 15, 2025)in accordance with the requirements of the environmental protection, occupational safety, fire protection and other related laws and regulations, and the safety risk evaluation results. In addition, the Company organizes regular health examination for employees and fire drills from time to time to familiarize employees with emergency response plans and procedures and minimize the impact of such emergencies on them. For the protection of the work environment and personal safety of employees, please refer to “V. Labor Relations”. Please refer to "Business Overview and Labor-Capital Relationship" on Page 83~87 of this annual report.	None

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
(IV) Has the Company established effective career development training programs for employees?	✓		(IV) The Company formulates the annual education and training programs and professional training courses in accordance with the annual business strategies, new policies, laws and regulations, and job function requirements, such as external training courses for professional skills, online education training, presentation skills and English language continuing education, so as our employee cultivate their future development in their job with sound education and training system. For details of employee education and training measures, please refer to "Business Overview and Labor-Capital Relationship" on Page 83~87 of this annual report.	None
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		(V) The Company provides process and services by following the customer requirements, relevant laws and regulations, and international standards, and has passed verification of the following standards to protect the right and interest of the consumers and customers; (1) ISO 9001 Quality Management System Certification (2) ISO/TS 16949 Automobile Quality Management System Certification (3) ISO 14001 EMS Certification (4) OHSAS18001 Safety and Health Management System Certification	None
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		(VI) The company established supplier management procedures, and requires suppliers to sign "Notice of Social Responsibility Policy", abide by and cooperate with this policy. In 2022, 100% of the new suppliers have signed the notice. In the future, the company will pay more attention to supply chain management, environment and society and other aspects in order to cultivate partners with sustainable development.	None

Assessment Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		✓	In 2022, the company plans to prepare a sustainability report in accordance with the international general standards. And it is expected to obtain the opinions of the third-party verification units in 2023 to ensure that the report meets the company's sustainable development goals.	It has been included in the 2023 Annual Plan for Improvement
VI. If the Company has established the "Corporate Social Responsibility Best Practice Principles" based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and the implementation: The company passed the "Code of Practice for Sustainable Development" on August 11, 2022, in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies".				
VII、Other important information to facilitate better understanding of the Company's CSR practices: Please refer to "Business Overview and Environmental Expenditure" on Page 81~83 and "Business Overview and Labor-Capital Relationship" on Page 83~87 of this annual report.				

Note1：Company Risk Assessment Policy and Reporting Method

Risk policy	Authority	Risk Assessment Reporting Method
The company aims at the following related risks that will affect the company's operations, including market risks, political risks, environmental risks, legal risks, financial risks, operational risks, and other risks. Report and implement response/prevention plans to reduce the possible impact of risk hazards.	Head of Corporate Governance and Risk Assessment Team	1. Through monthly production and marketing meetings, carry out existing risk identification, measurement and risk response to manage the risks related to the operation of related companies, and report the business plan to the board of directors once a year to ensure the normal operation of the risk control function. 2. Risk identification, measurement, communication channels and response methods have been carried out for major issues of concern to stakeholders in 2022. 3. The date of the latest report to the board of directors is November 10, 2022.

(VI) Implementation of Ethical Corporate Management and Difference between the "Ethical Corporate Management Best Practice Principles and the implementation for TWSE & TPEx Listed Companies" and Reasons.

Assessment Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
I. Establishment of Ethical Corporate Management Policies and Programs (I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	✓		(I) The Company has established the "Code of Ethical Corporate Management" and disclosed it at the Company's website. The Company's ethical corporate management policies, commitment from the Board and the management and their implementation, such as the number of training hours, etc., are explained in the annual report.	None
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, 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"?	✓		(II) The Company irregularly collects cases of unethical conduct behavior and evaluates the degree of effect of the risk to the Company and set up the countermeasures. According to the "Code of Ethical Conduct", the following precautionary measures are taken: (1) To implement the policy, the "Measures for the Administration of the whistle-blowing System" was formulated to provide internal and external whistle-blowing channels against breach of integrity and disclosed on the company website. (2) To implement the Code of Ethical Conduct, the Legal Affairs is responsible for the management and evaluation of business secrets, patents and other intellectual property rights. (3) The Company's corporate governance unit provides education and training to all employees annually to promote the ethical corporate management policy, whistle blower reporting channels, reward and punishment system, material information and prevention of insider trading.	None

Assessment Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
(III) Has the Company provided any solutions to prevent the unethical conducts, stipulate the definite procedures, conduct guidelines, punishment for violation as well as appeals system and put into practice, and review and revise on a regular basis the aforesaid solutions?	✓		(III) The company formulated "Measures for the Administration of the whistle-blowing System" and "Service Discipline and Measures for Reward and Punishment" to implement the prevention of dishonesty and review the need for adjustment on an annual basis.	None
II. Fulfillment of Integrity Policy (I) Has the company evaluated business partners' ethical records and include ethics-related clauses in business contracts?	✓		(I) The Company operates business based on ethic and has assessed whether there is any unethical record with its transaction counterparties and requires suppliers to issue commitments to comply with corporate social responsibility, which include commitments to protect human rights and labor rights, environmental health and safety, ethics and corporate governance, etc. 100% of suppliers have submitted commitments to comply with ethics and corporate governance.	None
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?		✓	(II) The corporate governance office is designated by the company to promote corporate integrity. The integrity management policy and prevention of dishonest conduct and related implementation were reported to the board of directors on November 10, 2022	None
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(IV) The Company has established the company formulated "Measures for the Administration of the whistle-blowing System" to prevent conflicts of interest and set up a suggestion mailbox and a complaint mailbox to provide channels for reports and communication. Individuals may report any conflict of interest or unethical conduct to the Company for immediate response. Whistle-blowing mailbox：thdiscipline@theil.com	None
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the	✓		(IV) The Company has set up the internal audit office and formulated an annual audit plan based on the results of risk assessment covering all operations of the Company and its subsidiaries; In addition to executing according to the audit plan, the whistle-blower mailbox is	None

Assessment Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
prevention programs accordingly or entrusted a CPA to conduct the audit?			reviewed regularly and reported to the Audit Committee immediately if an unethical conduct involving managers or directors is identified.	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(V) In 2022, the company carried out 1,786 hours of education and training for directors, managers and employees on integrity management and prevention of insider trading.	None
III. Operations of Integrity Channel (I) Has the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		(I) The Company has established the company formulated Measures for the Administration of the whistle-blowing System and set up a suggestion mailbox to process employee complaints and disciplinary matters. The Company has also set up a stakeholders' section on its website as a reporting channel. Whistle-blowing mailbox：thdiscipline@theil.com	None
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		(II) According to " Measures for the Administration of the whistle-blowing System", the company promises to protect the whistleblower from any improper treatment and keep his or her identity confidential.	None
(III) Has the company provided proper whistleblower protection?	✓		(III) The Company has established " Measures for the Administration of the whistle-blowing System" and specified relevant confidentiality procedures to protect reporters from retaliation or improper treatment.	None
IV. Enhancement of Information Disclosure (I) Has the company disclosed its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		(I) The company will disclose the content and implementation of the Code of Ethical Conduct in the special column of interested party. The Company's website is www.theil.com.	None
V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. The company has formulated the Code of Ethical Conduct to require all staff, managers and board members of the company to abide by it and relevant regulations, and conducted regular education and training. Therefore, the company is in compliance with the Code of Ethical Conduct of listed companies.				
VI. Other information relating to the "Ethical Corporate Management Best Practice Principles"(such as the amendment of the "Ethical Corporate Management Best Practice Principles")：None.				

(VII) How the Information of the Company's Corporate Governance Policy Can be Obtained in Public: The Company has set up “Corporate Governance Best-Practice Principles” and disclosed information about stakeholders and corporate governance on the company's website and MOPS. The corporate website is www.theil.com.tw

(VIII) Other Information That Provides a Better Understanding of the Company's Corporate Governance Status:

1. Tracking and Assessment of Laws and Regulations: In order to ensure compliance with relevant laws and regulations, the Company has always paid close attention to any domestic and international policies and laws that may have a material impact on the Company's business and finances, while regularly reviewing the Company's compliance with laws and regulations every month.
2. Diverse Education and Training: Various online courses are offered to help employees to learn at any time, and various online courses are successively offered, including anti-harassment, insider trading, confidential information protection, and personal data protection, and updated in line with amended laws and regulations and the Company's internal management regulations to ensure the immediacy and correctness of the course content.

Internal education and training were conducted for directors, managers, employees and substantial controllers in 2022 to let them fully understand the company's determination, policies, prevention plans and consequences of dishonest conduct. In 2022, the company carried out 1,786 hours of education and training for directors, managers and employees on integrity management and prevention of insider trading and the detailed are as follows

Personnel	Required person-time for the education and training	Actual person-time for the education and training
Directors	In 2022, Internal education for directors (including ethical management, insider trading prevention, etc.) are expected to be attended by 9 person-times	Completed by 9 person-times
Managers and supervisors above department level	In 2022, the company carried out internal education and training through the internal website and education and training platform, and it is expected to have 329 person-times.	There are 92% have been completed, of which managers and supervisors above department level have completed 100%.
Indirect and direct personnel	In 2022, the company carried out internal education and training through the internal website and education and training platform for 1,575 person-times.	There are 94% were completed in 2022, and the company will continue the training in 2023

3. The Supply Chain of Non-Conflict Raw Materials: The Company supports the Conflict Minerals Reporting Statement and requires the whole supply chain to investigate the sources of the raw materials used and will continue to strive hard to establish a supply chain free of conflict minerals. There are 478 suppliers have submitted conflict-free-sourcing commitments in 2022.
4. The company continues to invest resources to strengthen its corporate governance operations. The Audit Committee, Remuneration Committee and Nomination Committee are composed of all independent directors. In 2021, the company also updated its website, and set up a special zone for investors to strengthen the disclosure of corporate governance and related regulations for all employees and interested parties to download and check.
5. The Company prepared 2022 sustainability report and disclosed it at MOPS and company website on September 30, 2022, which has enhanced transparency in corporate governance.
6. The Company attaches great importance to and continues to strengthen its corporate governance with remarkable results. The result of the 9th Corporate Governance Evaluation in 2022 is the 4th grade.

(IX)Internal Control System Execution Status

1. Statement of Internal Control System

<u>TONG HSING ELECTRONIC INDUSTRIES, LTD.</u>

<u>Statement of Internal Control System</u>

Date: March 14, 2023

Based on the self-assessment findings, the Company states the following with regard to its internal control system during the year 2022

I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control system is a process designed to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals.
Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms, and TH takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2022 it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Statement is an integral part of the Company's annual report for the year 2022 and prospectus, and will be made public. Any falsehood, concealment, or other illegalities in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

VII. This Statement was passed by the Board of Directors in their meeting held on March 14, 2023 with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Tie-Min Chen, Chairman of the Board

Jia-Shuai Chang, General Manager

2. CPA Audit Report for Internal Control System of the Company: None

(X) In the Most Recent Fiscal Year up to The Publication Date of This Annual Report, There Has Been Punishment of the Company or Its Internal Personnel, or Punishment of the Company to Its Internal Personnel for Violating Internal Control System Regulation, and Its Punishment Results Might Have Significant Influence on Shareholders' Equity or Securities' Price, the Punishment, Main Deficiencies and Improvements Shall Be Listed: No such occurrences.

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

1. Major Resolutions of Shareholders' Meeting and Implementation Status:

(1)The Company's general shareholders' meeting in 2022 was held at No.200, Sec.1, Daxing W.Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C) (Hibiscus Hall, 3/F, Fullon Hotel) on June 8, 2022, and the key resolutions and implementation status were as follows:

Major Resolutions	Implementation Status
* Ratified the Company's Business Report and Financial Statement in 2021.	Based on the results of the vote, the number of votes in favor of the proposal exceeded the statutory requirement and the proposal was passed.
* Ratified the Company's 2021 earnings distribution plan in 2021.	Based on the results of the vote, the number of votes in favor of the proposal exceeded the statutory requirement and the proposal was passed. Implementation status: Designated July 10, 2022 as the ex-right (dividend) baseline date, and July 22, 2022 as the payment date of cash dividends. (NT$9.00037872 shall be distributed for each share)
＊Capital Reconstruction of the Company	Based on the results of the vote, the number of votes in favor of the proposal exceeded the statutory requirement and the proposal was passed. Implementation status: The cash capital reduction and refund of shares will be issued on December 16, 2022。(The cash refund of NT$1 per share)
* Ratified the amendment to the Procedures for Directors Nomination	Based on the results of the vote, the number of votes in favor of the proposal exceeded the statutory requirement and the proposal was passed. Implementation status: Amended and implemented based on the amendment.
*Ratified the amendment to the Procedures for Acquisition and Disposal of Assets	Based on the results of the vote, the number of votes in favor of the proposal exceeded the statutory requirement and the proposal was passed. Implementation status: Amended and implemented based on the amendment.
＊Amendments to the “Rules of Procedure for Shareholders’ Meetings”	Based on the results of the vote, the number of votes in favor of the proposal exceeded the statutory requirement and the proposal was passed. Implementation status: Amended and implemented based on the amendment.

＊Re-election of directors	Based on the results of the vote, the number of votes in favor of the proposal exceeded the statutory requirement and the proposal was passed. Implementation status: List of Candidates for Directors and Independent Directors as follow Director ： Tie-Min Chen; Multifield Investment Inc. (Representative: Hsi-Hu Lai); Huan Tai Co., Ltd. (Representative: Jia-Shuai Chang); Huan Tai Co., Ltd. (Representative: Pen-Chi Chen); Shi Hen Enterprise Limited (Representative: Shu-Chen Tsai); Kaimei Electronic Corporation (Representative: Shu-Hwei Chen). Independent Director：Ta-Sheng Chiu、Yueh-Hsiang Tsai、Chin-Tsai Chen.
＊Lifting the competition restrictions on new directors and their representatives	Based on the results of the vote, the number of votes in favor of the proposal exceeded the statutory requirement and the proposal was passed. Implementation status: Amended and implemented based on the amendment.

2.Major Resolutions of Board Meetings

Date	Item	Major Resolutions
March 17, 2022 16th meeting of the 17th Board	Board of Directors	*Approved the submission of the Company’s 2021 “Statement of Internal Control System”. *Approved the amendment of the Company's "Internal Control System" and "Internal Audit Rules". *Approved the proposal for the Company's year-end bonus distribution and remuneration distribution plan for employees, Directors and Supervisors for 2021. *Approved evaluation on the independence and competency of the Company's CPA. *Approved the Company's 2021 Business Report and Financial Statements. *Approved the adoption of the proposal for distribution of 2021 earnings. *Approved the short-form merger with Kingpak Technology Inc. *Approved the Company’s capital restructure. *Approved the amendment of the Company's "Articles of Incorporation". *Approved the amendment of the "Procedures for Acquisition or Disposal of Assets". *Approved the amendment of the Company's "Rules of Procedures for Shareholders' Meetings". *Approved cancellation of the Company’s new employee restricted shares that failed to meet the vesting conditions. *Approved the election of all Directors of the Company.

Date	Item	Major Resolutions
		*Approved the nomination of director candidates. *Approved the proposal for the waiver of non-competition clauses for newly elected Directors and their representatives. *Approved the date, location, and reasons for convening the Company's 2022 annual shareholders' meeting. *Approved the period and venue for the acceptance of shareholders' proposals and nomination of candidates for Directors for the Company's 2022 annual shareholders' meeting.. *Approved the purchase of land and building of Chilisin's Chupei factory.
April 26, 2022 17th meeting of the 17th Board	Board of Directors	*Approved the amendment of "Corporate Governance Best Practice Principles" and "Procedures for Handling Material Inside Information and Insider Trading". *Approved the Company's 2022 Q1 consolidated financial statements.
June 8, 2022 1st meeting of the 18th Board	Board of Directors	*Approved the election of the 18th Chairman and Vice Chairman of the Board. *Approved the nomination of president by the Chairman. *Approved the appointment of members of the Audit Committee. *Approved the election of members of the Remuneration Committee. *Approved the election of members of the Nomination Committee.
August 11, 2022 2nd meeting of the 18th Board	Board of Directors	*Approved the amendment of the Company's "Internal Control System" and "Internal Audit Rules". *Approved the Company's "Sustainable Development Best Practice Principles". *Approved the Company's 2022 Q2 consolidated financial statements. *Approved cancellation of the Company’s new employee restricted shares that failed to meet the vesting conditions.
November 10, 2022 3rd meeting of the 18th Board	Board of Directors	*Approved the Company's 2022 Q3 consolidated financial statements. *Approved 2023 Annual Audit Plan. *Approved the change of CPA due to internal adjustment of the CPA firm. *Approved the Company to donate to "Yageo Sports Competition Development Association". *Approved the general principle of pre-approving non-assurance service of the Company.
March 14, 2023 4th meeting of the 18th Board	Board of Directors	*Approved the submission of the Company’s 2022 “Statement of Internal Control System”. *Approved the amendment of the Company's "Internal Control System". *Approved the proposal for the Company's year-end bonus distribution and remuneration distribution plan for employees, Directors and Supervisors for 2022.

Date	Item	Major Resolutions
		*Approved evaluation on the independence and competency of the Company's CPA. *Approved the Company's 2022 Business Report and Financial Statements. *Approved the adoption of the proposal for distribution of 2021 earnings. *Approval of the company's 2022 surplus transfer and capital increase to issue new shares. *Approved the amendment of the Company's "Articles of Incorporation". *Approval of the 2023 business plan. *Approved the date, location, and reasons for convening the Company's 2023 annual shareholders' meeting. *Approved the period and venue for the acceptance of shareholders' proposals and nomination of candidates for Directors for the Company's 2023 annual shareholders' meeting.
April 20, 2023 5th meeting of the 18th Board	Board of Directors	*Approved the amendment of the Company's "Internal Control System". *Approved the Company's 2023 Q1 consolidated financial statements. *Approved the company's donation to the " YAGEO Foundation". *Approved the reasons for convening the Company's 2023 annual shareholders' meeting.

(XII) Directors' or Supervisors' Objections on the Major Resolutions of Board Meetings: None.

(XIII) In The Most Recent Fiscal Year up to the Publication Date of the Annual Report, Summary on Resignation of the Company’s Chairman, General Manager, Heads of Accounting, Finance, Internal Audit and R&D and Corporate Governance Officer:

Job title	Name	Arrival date	Resignation date	Reason for resignation
CEO	Shao-Pin Ru	June 19, 2013	June 8, 2022	Retirement

V. Information on CPA Professional Fees

Unit: NTD thousand dollars

Name of CPA Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Szu-Chuan Chien	Janurary 1, 2022-December 31, 2022	5,584	2,304	7,888	Note
	Yi-Wen Wang					

(Note) Non-audit fees include: (1)R&D tax consulting service fees NT$240 thousand dollars; (2) Transfer pricing tax service fee NT$81 thousand dollars; Master file service fee NT$160 thousand dollars (4) Cash capital reduction declarations service fee NT$109 thousand dollars; (5) Professional Consulting service fee NT$1,714 thousand dollars.

VI. Replacement of CPA:

1.About the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="3">November 10, 2022</td></tr>
<tr><td>Replacement reasons and instructions</td><td colspan="3">According to the internal position adjustment of KPMG, the CPA will be replaced from 2022Q4.</td></tr>
<tr><td rowspan="3">Indicates that the appointing person or CPA has terminated or refused to accept the appointment</td><td>Litigant / Situation</td><td>CPA</td><td>Appointor</td></tr>
<tr><td>Voluntary termination of appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Not accepting (continuing) appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Opinions and reasons for audit reports other than unqualified opinions issued within the latest two years</td><td colspan="3">N/A</td></tr>
<tr><td rowspan="6">Disagreement with the issuer</td><td rowspan="4">Yes</td><td>-</td><td>Accounting Principles or Practices</td></tr>
<tr><td>-</td><td>Disclosure of financial reports</td></tr>
<tr><td>-</td><td>Check scope or steps</td></tr>
<tr><td>-</td><td>Other</td></tr>
<tr><td>No</td><td colspan="2">✓</td></tr>
<tr><td colspan="3">Description: None</td></tr>
<tr><td>Other disclosures (Article 10, Subparagraph 6, Subparagraph 1, Item 4 to Item 1, Item 7 of this Code shall be disclosed)</td><td colspan="3">N/A</td></tr>
</table>

2.About Successor CPA

Name of accounting firm	KPMG
Name of CPA	Szu-Chuan Chien &Yi-Wen Wang
Date of appointment	November 10, 2022
Accounting treatment methods or accounting principles for specific transactions prior to appointment and Issues and Results of Opinion Consultation on Possible Issuance of Financial Reports	N/A
Written opinion of the successor CPA on matters with different opinions from the predecessor CPA	N/A

3.Reply letter from the former accountant to items 1 and 3 of item 6 of Article 10 of this standard: None.

VII. The Company's Chairman, General Manager, or Financial or Accounting Officers holding Any Positions in the Company's CPA Firm or Its Affiliates in the Recent Year: None.

VIII. Transfer of Equity and Changes to Equity Pledge of Directors, Supervisors, Managers and Shareholders Representing more than 10% of Shares in the Recent Years and up to the Date of Publication of the Annual Report

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

Title	Name	2022		The Information as of April 8, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Tie-Min Chen	(817,013)	-	-	-
Corporate Director& Vice Chairman	Multifield Investment Inc. (Note1) Representative: Shao-Pin Ru Representative: Hsi-Hu Lai	(6,208)	-	-	-
Corporate Director	Huan Tai Co., Ltd. (Note 2) Representative: Jia-Shuai Chang	(2,756)	-	-	-
Corporate Director	Huan Tai Co., Ltd. (Note 2) Representative: Pen-Chi Chen	(2,756)	-	-	-
Corporate Director	Kaimei Electronic Corporation Representative: Shu-Hwei Chen	(833,741)	(1,460,345)		-
Corporate Director	Shi Hen Enterprise Limited Representative: Shu-Chen Tsai	(756)	-	-	-
Corporate Director & CEO	Jia-Shuai Chang	(5,062)	-		
Independent Director	Ta-Sheng Chiu (Note 2)	-	-	-	-
Independent Director	Yueh-Hsiang Tsai (Note 2)	-	-	-	-
Independent Director	Chin-Tsai Chen	-	-	-	-
CFO	Jia-Li Huang	(3)	-	-	-
Vice president	Chien-Chen Lee (Note 3)	-	-	-	-
Senior manager	Zzu-Chi Chiu (Note 4)	-	-		
Senior manager	Ming-Yen Pan (Note 5)	-	-		
Senior manager	Po-Hsiu Cheng (Note 6)	-	-		

Note 1：Representative of shareholders meeting changed from Shao-Pin Ru to Hsi-Hu Lai on June 8, 2022.

Note 2：General meeting of shareholders re-election on June 8, 2022.

Note 3：Chien-Chen Lee has assumed the position of the top supervisor in July 2022.

Note 4：Zzu-Chi Chiu has assumed the position of the top supervisor in July 2022.

Note 5：Ming-Yen Pan has assumed the position of the top supervisor in October 2022.

Note 6：Po-Hsiu Cheng has assumed the position of the top supervisor in October 2022.

2. Transferees of the Equity from the Directors, Supervisors, Managers and Shareholders Holding More Than 10% of Shares in The Company are Related Parties: None.

3. Pledgees of the Equity from the Directors, Supervisors, Managers and Shareholders Holding More Than 10% of Shares in The Company are Related Parties: None.

IX. Information Disclosing the Relationship between Any of the Company's Top Ten Shareholders as Related Party or Their Spouses or Relatives within the Second Degree of Kinship

Name	Current Shareholdings		Spouse & Minor Shareholding		TH Shareholdings by Nominee Arrangement		Name and Relationship of Top Ten Shareholders if They Are Related Parties or Spouse, or Relatives Within the Second Degree of Kinship to The Other Party.		Remarks
	Shares	%	Shares	%	Shares	%	Company Name	Relationship	
Fubon Life Insurance Co., Ltd	9,223,300	5.74%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	-
Yuanta Taiwan Dividend Plus ETF	7,524,433	4.68%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	-
Kaimei Electronic Corporation	7,503,673	4.67%	Not Applicable	Not Applicable	3,399,821	2.11%	Mu Yeh Wen Investment Corp.	Same Representative	-
Cathay Life Insurance Co., Ltd.	7,360,162	4.58%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	-
Tie-Min Chen	7,353,121	4.57%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	-
Labor Pension Fund	4,924,400	3.06%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	-
Chunghwa Post Co., Ltd.	4,021,437	2.50%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	-
Mu Yeh Wen Investment Corp.	3,399,821	2.11%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Kaimei Electronic Corporation	Same Representative	-
Public Service Pension Fund Management Board	2,703,000	1.68%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	-
Goldman Sachs Asset Management Global Services Limited. Global Emerging Market Corporate Bond	2,070,170	1.29%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	-

X. Number of Shares and Total Equity Stake Held in Any Reinvested Undertakings by the Company, its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company, and Total Shareholding Ratio

December 31, 2022; Unit: Thousand shares; %

Investee business	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	Ownership (%)	Shares	Ownership (%)	Shares	Ownership (%)
Tong Hsing Electronics Phils. Inc. (Tong Hsing- Philippines)	28,793	100%	-	-	28,793	100%

Chapter 4 Capital and Shares

I. Capital and Shares

(I) Source of Capital

1.Historical Information of Capitalization

The information as of April 8, 2023

Unit: NT$; Share

Month/Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Other
1975.08	10	3,000,000	30,000,000	3,000,000	30,000,000	Initial establishment.	None	None
1978.10	10	6,000,000	60,000,000	6,000,000	60,000,000	Capital increase by cash NTD 30,000,000.	None	None
1986.08	10	8,000,000	80,000,000	8,000,000	80,000,000	Capital increase by cash NTD 6,000,000. Capital increase by retained earnings NTD 14,000,000.	None	None
1988.09	10	10,000,000	100,000,000	10,000,000	100,000,000	Capital increase by cash NTD 2,000,000. Capital increase by retained earnings NTD 18,000,000.None	None	None
1989.12	10	12,000,000	120,000,000	12,000,000	120,000,000	Capital increase by retained earnings NTD 20,000,000.	None	None
1990.12	10	13,500,000	135,000,000	13,500,000	135,000,000	Capital increase by retained earnings NTD 15,000,000.	None	None
1991.12	10	16,065,000	160,650,000	16,065,000	160,650,000	Capital increase by retained earnings NTD 10,800,000. Capital increase by capital surplus NTD 14,850,000.	None	None
1997.11	10	19,965,000	199,650,000	19,965,000	199,650,000	Capital increase by cash NTD 39,000,000.	None	None
1999.07 (Note 1)	10	80,000,000	800,000,000	36,000,000	360,000,000	Capital increase by cash NTD 160,350,000.	None	None
2000.07 (Note 2)	10	80,000,000	800,000,000	54,800,000	548,000,000	Capital increase by retained earnings NTD 180,000,000. Capital increase by employee bonus NTD 8,000,000.	None	None
2001.07 (Note 3)	10	80,000,000	800,000,000	67,110,000	671,100,000	Capital increase by retained earnings NTD 109,600,000. Capital increase by employee bonus NTD 13,500,000.	None	None
2002.07 (Note 4)	10	93,000,000	930,000,000	73,821,000	738,210,000	Capital increase by retained earnings NTD 67,110,000.	None	None
2003.07 (Note 5)	10	93,000,000	930,000,000	77,912,050	779,120,500	Capital increase by retained earnings NTD 36,910,500. Capital increase by employee bonus NTD 4,000,000.None	None	None
2006.09 (Note 6)	10	93,000,000	930,000,000	81,807,652	818,076,520	Capital increase by retained earnings NTD 38,956,020.	None	None
2007.08 (Note 7)	10	150,000,000	1,500,000,000	86,698,034	866,980,340	Capital increase by retained earnings NTD 40,903,820. Capital increase by employee bonus NTD 8,000,000.	None	None
2007.11 (Note 8)	10	150,000,000	1,500,000,000	98,698,034	986,980,340	Capital increase by cash NTD 120,000,000.	None	None
2008.09 (Note 9)	10	150,000,000	1,500,000,000	105,132,935	1,051,329,350	Capital increase by retained earnings NTD 49,349,010. Capital increase by employee bonus NTD 15,000,000.	None	None
2008.10 (Note 10)	10	150,000,000	1,500,000,000	115,132,935	1,151,329,350	Capital increase by cash NTD 100,000,000.	None	None
2009.02 (Note 11)	10	150,000,000	1,500,000,000	114,341,935	1,143,419,350	Capital reduction by treasury stock NTD 7,910,000.	None	None
2009.08 (Note 12)	10	150,000,000	1,500,000,000	120,059,031	1,200,590,310	Capital increase by retained earnings NTD 57,170,960.	None	None
2009.11 (Note 13)	10	150,000,000	1,500,000,000	122,017,531	1,220,175,310	Executive employee warrants in the third quarter of 2009 NT$ 19,585,000 in total	None	None
2009.12 (Note 14)	10	150,000,000	1,500,000,000	125,017,531	1,250,175,310	Issuance of common stock through merger, NTD 30,000,000.	None	None
2009.12 (Note 15)	10	150,000,000	1,500,000,000	125,086,531	1,250,865,310	Executive employee warrants in the fourth quarter of 2009 NT$ 690,000 in total	None	None

Month/Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Other
2010.07 (Note 16)	10	200,000,000	2,000,000,000	141,086,531	1,410,865,310	Capital increase by cash NTD 160,000,000.	None	None
2010.11 (Note 17)	10	200,000,000	2,000,000,000	141,790,531	1,417,905,310	Executive employee warrants in the third quarter of 2010 NT$ 7,040,000 in total	None	None
2011.04 (Note 18)	10	200,000,000	2,000,000,000	141,810,531	1,418,105,310	Executive employee warrants in the third quarter of 2010 NT$ 200,000 in total	None	None
2011.08 (Note 19)	10	200,000,000	2,000,000,000	161,810,531	1,618,105,310	Capital increase by cash NTD 200,000,000.	None	None
2011.11 (Note 20)	10	200,000,000	2,000,000,000	162,535,031	1,625,350,310	Executive employee warrants in the third quarter of 2011, NTD 7,245,000.	None	None
2012.03 (Note 21)	10	200,000,000	2,000,000,000	162,708,031	1,627,080,310	Executive employee warrants in the fourth quarter of 2011, NTD 1,730,000.	None	None
2012.05 (Note 22)	10	200,000,000	2,000,000,000	162,878,031	1,628,780,310	Executive employee warrants in the first quarter of 2012, NTD 1,700,000.	None	None
2012.09 (Note 23)	10	200,000,000	2,000,000,000	162,886,031	1,628,860,310	Executive employee warrants in the second quarter of 2012, NTD 80,000.	None	None
2012.11 (Note 24)	10	200,000,000	2,000,000,000	162,907,031	1,629,070,310	Executive employee warrants in the third quarter of 2012, NTD 210,000.	None	None
2017.03 (Note 25)	10	200,000,000	2,000,000,000	165,357,520	1,653,575,200	Convertible bond transferred to common stock, 2,450,489 shares.	None	None
2020.03 (Note 26)	10	400,000,000	4,000,000,000	165,357,520	1,653,575,200	Approved raising Authorized Capital by Ministry of Economic Affairs, R.O.C.	None	None
2020.08 (Note 27)	10	400,000,000	4,000,000,000	236,647,569	2,366,475,690	Transfer of shares with Kingpak Technology Inc. and issuance of 71,290,049 new shares	None	None
2020.10 (Note 28)	10	400,000,000	4,000,000,000	178,848,321	1,788,483,210	Executive employee warrants in June 2020, NT$ 758,840 in total Return of NT$ 578,751,320 for capital reduction in cash	None	None
2021.01 (Note 29)	10	400,000,000	4,000,000,000	178,730,839	1,787,308,390	Cancellation of new restricted employee shares, with capital reduction of NT$ 1,174,820 in total	None	None
2021.01 (Note 30)	10	400,000,000	4,000,000,000	178,708,282	1,787,082,820	Cancellation of new restricted employee shares, with capital reduction of NT$ 225,570 in total	None	None
2022.05 (Note 31)	10	400,000,000	4,000,000,000	178,708,282	1,787,082,820	Cancellation of new restricted employee shares, with capital reduction of NT$ 178,570 in total	None	None
111.09 (註 32)	10	400,000,000	4,000,000,000	178,682,906	1,786,829,060	Cancellation of New Shares Restricting Employee Rights, NT$ 75,190 in total	無	無
111.11 (註 33)	10	400,000,000	4,000,000,000	160,813,864	1,608,138,640	Cash capital reduction and return of NT$178,690,420 in total	無	無

Note 1: Approved No. (88)Tai Cai Zheng (1)63696, Securities and Futures Commission, Ministry of Finance on July 16, 1999.
Note 2: Approved No. (89)Tai Cai Zheng (1)58483, Securities and Futures Commission, Ministry of Finance on July 6, 2000.
Note 3: Approved No. (90)Tai Cai Zheng (1)148167, Securities and Futures Commission, Ministry of Finance on July 25, 2001.
Note 4: Approved No. Tai Cai Zheng Zi (1)0910137224, Securities and Futures Commission, Ministry of Finance on uly 9, 2002.
Note 5: Approved No. Tai Cai Zheng Zi (1)0920129941, Securities and Futures Commission, Ministry of Finance on July 9, 2003.
Note 6: Approved No. Jin Guan Zheng Zi (1)0960028615, Financial Supervisory Commission, Executive Yuan on July 11, 2006.
Note 7: Approved No. Jin Guan Zheng Zi (1)0960028615, Financial Supervisory Commission, Executive Yuan on June 5, 2007.
Note 8: Approved No. Jin Guan Zheng Zi (1)0960057360, Financial Supervisory Commission, Executive Yuan on October 17, 2007.
Note 9: Approved No. Jin Guan Zheng Zi (1)0970032788, Financial Supervisory Commission, Executive Yuan on July 1, 2008.
Note 10: Approved No. Jin Guan Zheng Zi (1)0970032789, Financial Supervisory Commission, Executive Yuan on July 8, 2008.
Note 11: Approved No. Jin Guan Zheng Zi (3)0980003332, Financial Supervisory Commission, Executive Yuan on January 23, 2009.
Note 12: Approved No. Jin Guan Zheng Fa Zi 0980034440, Financial Supervisory Commission, Executive Yuan on July 10, 2009.
Note 13: Approved No. Tai Zheng Shang Zi 09800300531, Taiwan Stock Exchange on November 25, 2009.
Note 14: Approved No. Jin Guan Zheng Fa Zi 0980063108, Financial Supervisory Commission, Executive Yuan on December 2, 2009.
Note 15: Approved No. Tai Zheng Shang Zi 09900090711, Taiwan Stock Exchange on April 9, 2010.
Note 16: Approved No. Jin Guan Zheng Fa Zi 0990022159, Financial Supervisory Commission, Executive Yuan on May 18, 2010.
Note 17: Approved No. Tai Zheng Shang Zi 09900359141, Taiwan Stock Exchange on November 26, 2010.
Note 18: Approved No. Tai Zheng Shang Zi (1)10000118511 on April 20, 2011.
Note 19: Approved No. Jin Guan Zheng Fa Zi 1000022470 on June 7, 2011.

Note 20: Approved No. Tai Zheng Shang Zi (1)10000366751 on November 18, 2011.
Note 21: Approved No. Tai Zheng Shang Zi (1)10100061041 on March 23, 2012.
Note 22: Approved No. Tai Zheng Shang Zi (1)10100113671 on May 24, 2012.
Note 23: Approved No. Tai Zheng Shang Zi (1)10100217031, 09/25/2012.
Note 24: Approved No. Tai Zheng Shang Zi (1)10100264601, 11/22/2012.
Note 25: Approved No. Jing Shou Shang Zi 10601080420, 06/20/2017.
Note 26: Approved No. Jing Shou Shang Zi 10901031460, 03/20/2020, Ministry of Economic Affairs.
Note 27: Approved No. Jing Shou Shang Zi 10901125850, 08/04/2020, Ministry of Economic Affairs.
Note 28: Approved No. Jin Guan Zheng Fa Zi 1090143160, 08/26/2020, Financial Supervisory Commission, Executive Yuan.
Note 29: Approved No. Jing Shou Shang Zi 10901238970, 01/15/2021, Ministry of Economic Affairs.
Note 30: Approved No. Jing Shou Shang Zi 11001005960, 01/21/2021, Ministry of Economic Affairs.
Note 31: Approved No. Jing Shou Shang Zi 11101062800, 05/04/2022, Ministry of Economic Affairs.
Note 32: Approved No. Jing Shou Shang Zi 11101179120, 09/19/2022, Ministry of Economic Affairs.
Note 33: Approved No. Tai Zheng Shang Zi (1) 1111805027, 10/14/2022.

2.Type of Stock

The information as of April 8, 2023
Unit: Shares

Share Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stocks	160,813,864	239,186,136	400,000,000	Listed on TWSE.

3.Information for Shelf Registration: None.

(II) Status of Shareholders

The information as of April 8, 2023
Unit: Shares

Structure / Item	Government Agencies	Financial Institutions	Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	52	113	19,629	221	20,015
Shareholding	0	35,850,461	29,551,458	48,452,105	46,959,840	160,813,864
Ownership (%)	0%	22.29%	18.38%	30.13%	29.20%	100.00%

(III) Distribution of Shares

1. Common Shares

The information as of April 8, 2023

Range of Shares	Number of Shareholders	Shareholding	Ownership (%)
1~ 999	10,007	3,922,964	2.44%
1,000~ 5,000	8,170	16,090,867	10.01%
5,001~ 10,000	941	7,051,121	4.38%
10,001~ 15,000	260	3,266,461	2.03%
15,001~ 20,000	156	2,821,723	1.75%
20,001~ 30,000	151	3,777,459	2.35%
30,001~ 40,000	85	3,028,551	1.88%
40,001~ 50,000	41	1,859,997	1.16%
50,001~ 100,000	78	5,477,667	3.41%
100,001~ 200,000	37	4,952,061	3.08%
200,001~ 400,000	33	9,627,750	5.99%
400,001~ 600,000	13	6,202,841	3.86%
600,001~ 800,000	6	4,205,950	2.62%
800,001~1,000,000	11	10,034,025	6.24%
Over 1,000,001	26	78,494,427	48.80%
Total	20,015	160,813,864	100.00%

2. Preferred Share: None.

(IV) Major Shareholders

More than 5% shareholding ratio of the shareholders or name, total shareholding and proportion of the top 10 shareholders

The information as of April 8, 2023

Name of Major Shareholders \ Shareholding	Shareholding	Ownership (%)
Fubon Life Insurance Co., Ltd	9,223,300	5.74%
Yuanta Taiwan Dividend Plus ETF	7,524,433	4.68%
Kaimei Electronic Corporation	7,503,673	4.67%
Cathay Life Insurance Company, Ltd.	7,360,162	4.58%
Tie-Min Chen	7,353,121	4.57%
Labor Pension Fund	4,924,400	3.06%
Chunghwa Post Co., Ltd.	4,021,437	2.50%
Mu Yeh Wen Investment Corp.	3,399,821	2.11%
Public Service Pension Fund Management Board	2,703,000	1.68%
Goldman Sachs Asset Management Global Services Limited. Global Emerging Market Corporate Bond	2,070,170	1.29%

(V) Market Price, Net Worth, Earnings and Dividends per Share

Unit: NT$; Share

Item \ Year			2021	2022	2023 (The Information as of March 31) (Note 4)
Market Price Per Share	Highest		323.50	302.50	244.50
	Lowest		145.00	152.00	190.00
	Average		230.01	223.93	216.06
Net Worth per Share	Before Distribution		128.61	152.50	154.90
	After Distribution (Note 1)		-	-	-
Earnings per Share (Note 3)	Weighted Average Shares		178,490,278 shares	174,721,427 shares	160,813,864 shares
	Earnings per share		15.49	17.98	2.31
Dividends per Share (Note 2)	Cash dividends		9.00037872	7.77007957 (Note 5)	-
	Stock Dividends	Stock Dividend from Retained Earnings	-	3.00(Note 5)	-
		Stock Dividend from Additional Paid in Capital	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Returns on Investment (Note 3)	Price/Earnings Ratio		14.85	12.45	-
	Price/Dividend Ratio		25.56	20.79 (Note 5)	-
	Cash Dividends Yield		3.91	3.47	-

Note 1: The appropriation of earnings shall be determined by the next Annual General Shareholders' Meeting.

Note 2: Dividends per share of each year will be distributed in the next year. Distribution of dividends per share for 2022 has not been approved by the shareholders' meeting yet.

Note 3: It shall be determined by the Annual General Shareholders' Meeting.

Note 4: Net worth per share and earnings per share are calculated based on the financial information reviewed by independent auditors in the most recent quarter of the printing date.

Note 5: It has been approved by the resolution of the Board of Directors dated March 14, 2023. As of the date of publication of the annual report, it has not been approved by the shareholders' meeting yet.

(VI) Dividends policy and Implementation Status:

1. Dividends Policy in the Company's Articles of Incorporation

The company's dividend policy is based on the current and future development plans, considering the investment environment, capital needs, and domestic and foreign competition conditions, and taking into account shareholders' interests and other factors. The amount of shareholder dividends should not be lower than the current year's distributable earnings 60% of the total dividends and the cash dividends distributed should account for more than 30% of the total dividends for the year. Depending on the actual profit and capital status, the board of directors shall draft a proposal and be approved by the shareholders meeting. 2.Proposed Distribution of Dividends

2. The dividend distribution proposed by the shareholders meeting is as follows

The Company’s proposal for distribution of earnings for 2022 has been approved by the resolution of the Board of Directors dated March 14, 2023. In 2022, a total of NT$1,731,978,120 will be appropriated, and cash dividends will be distributed at NT$1,249,536,520 respectively, with a distribution of NT$7.77007957 per share. And the appropriation of NT$482,441,600 for capital increase, and a stock dividend of NT$3 per share.

The profit distribution is calculated based on the company's current outstanding shares of 160,813,864 shares.

(VII) Impact of Stock Dividends on the Operating Results and EPS: Not applicable (the Company did not disclose the financial forecast for 2023).

(VIII) Compensation of Employees, Directors and Supervisors:

1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation

The Company shall appropriate no less than 3% and no more than 3% of the earnings, respectively, as employee’s compensation and directors’ remunerations when the operation is profitable for the year (meaning the pre-tax net income is positive before making distribution to employees and directors. However, if the Company suffers from accumulative losses, a sum shall be set aside out of the earnings for recovery of the losses, and then, distribution as employee’s compensation and directors’ remunerations shall be calculated pro rata as stipulated in the preceding paragraph.

The distribution can be made in the form of cash or stocks for employees, but only in the form of cash for the directors and supervisors.

Proposals of distributions to employees, directors and supervisors shall be taken to the shareholders' meeting for approval after the resolution is reached by a majority of the Board with two thirds in attendance.

2. Accounting Treatments when Differences Occur between Estimated and Actual Distributed Amount of Employee, Director, and Supervisor Compensation.

(1) Estimation Basis for Compensations of the Employees and Directors for the Current Period:

The basis for the remuneration for employees and directors shall be determined by the board of directors in accordance with the "Directors and Managers Remuneration Policy", the "Articles of Incorporation" and the industry standards.

(2) Estimation Basis for Employee Stock Compensation for the Current Period: the Company’s undistributed dividends for 2022.

(3) Accounting Treatment of Discrepancy between the Estimation and Actual Distribution for the Current Period: Discrepancy between the estimated amounts of employee's and directors' compensations and the actual distribution amount for the current period will be presented as the profit or losses for next year.

3. Employee Compensation Distribution Proposals Adopted in Board of Directors Meeting:

(1) If the amount of employee compensation distributed in cash or stocks and compensation for directors and supervisors differs from the recognized expenses, the discrepancy, its cause and the status of treatment shall be disclosed:

The Company's proposal on distribution to the employee's and directors' compensations for 2022 was approved by the resolution of the Board of Directors on March 14, 2023.The proposed employee's compensation and the directors' compensation were respectively NT$ 240,000 thousand and NT$123,000 thousand, which was in line with the estimates.

(2) 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 net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

4. The actual distribution of compensation to the employees, directors and supervisors for the previous fiscal year (including the number of shares, monetary amount, and stock price and if there is any discrepancy between the actual distribution and the recognized employees, directors, or supervisors compensation, state the discrepancy, reasons and how it is treated:

Actual employee and director remuneration paid in 2021 included NT$ 170,600 thousand for the employees and NT$ 68,200 thousand for the directors, which was in line with the actual distribution.

(IX) Buyback of Treasury Stock: None.

II. Corporate Bonds: None

III. Preferred Shares: None.

IV. Global Depository Receipts (GDRs): None.

V. Employee Stock Options: None.

VI. New Employee Restricted Stock: None.

VII. Issuance of New Shares for Merger or Acquisition: None.

VIII. Capital Utilization Plan: None.

IX. Capital Utilization Plan Implementation Status: None.

Chapter 5 Business Overview

I. Business Activities

(I)Major Business

1. Major Products and Weights

Unit: NT$ thousands/ %

Major Products	Net operating revenue for 2022	
	Amount	%
RF Module	732,630	5.21
Hybrid Modules & Specialty Packaging	2,654,694	18.87
Ceramic Metalized Substrates	2,829,872	20.11
Image Products	7,642,610	54.31
Other	211,785	1.50
Total	14,071,591	100.00

2. Current Products and Services:

Tong Hsing Electronic is committed to becoming a world-class enterprise for Ceramic Metalized Substrates, imaging products, semiconductor biomedical chips, power and high frequency module packaging. Its business scope includes the manufacture and sales of ceramic circuit boards, high frequency and high-power modules, image sensor packaging process and testing services, which is also closely related to Internet communications, energy saving applications, clean energy and autonomous vehicle industry.

(1)RF Module, Hybrid Modules & Specialty Packaging: mainly used for base station and satellite communication, automotive electronics, aerospace and semiconductor biomedical electronics, power semiconductors and micro display module packaging and testing.

(2)Ceramic Metalized Substrates: mainly used for applications related to high brightness LED ceramic heat dissipation substrate, including general lighting, streetlights, mobile phone flashes, special lighting, plant lights, UVC sterilization lights and automotive lighting, etc.

(3)Image products: mainly used for image sensor packaging and testing, wafer reconstruction, and wafer testing services, which are applied in intelligent automobile, automatic driving, gesture control and optical access technology and other related fields.

3. Products Development:

In addition to the basic research and development of new production processes and materials, our application of new products will be focused on areas covering communication, high-frequency package, high-power package, various detectors, image sensors, automotive, and bio-med field. The company invested about NT$ 367 million in research and development in 2022 and new development processes as follows:

a、 3D sensing module assembly

b、 Optoelectronic semiconductor module assembly
c、 Semiconductor Biomedical chip packaging including structure and process development
d、 High-frequency RF module packaging process development
e、 High-density ceramic substrates with multi- layears circuits
f、 Development of anti-corrosive automotive ceramic substrates
g、 High-precision vehicle-mounted image sensing module packaging
h、 Automotive anti-flare tiny iBGA package solutions
i、 Automotive tiny iBGA package solutions for stack CMOS wafer
j、 Automotive AEC Q-100 Grade 1 Package solution
k、 Active Metal Brazing (AMB) ceramic circuit boards
l、 Application in high frequency module packaging for 5G, low orbit satellite communication and data center transmission.
m、 Application in ceramic circuit boards with high power laser.

(II)Industry Overview:

1. Current situation, development trend and competition in the industry:

The business scope of Tong Hsing covers consumer electronics, automotive electronics, network communications, low orbit satellites, energy saving applications, newly energy and autonomous vehicle and other related industries.

The current competition and development trend are described as follows:

(1) RF Module:

RF Module mainly belongs to Radio Frequency (RF) part of the Power Amplifier (PA), LNA, Switch and other filter circuits that form a front-end module. It even includes a SiP and AiP system composed of Transceiver and Baseband.

5G communication applications: as 5G applications stimulate the rise of new types of Internet communication applications and business models for consumer markets, enterprise internal networks providing data centers for big data and intelligent manufacturing, medical and intelligent transportation (V2X) communication services, they also accelerate the new development of the wireless communication industry.

Low orbit satellite communications: non-terrestrial networks (NTN) provide connectivity to areas that 5G cannot cover. With the advantages of wide coverage and low delay transmission, and with the decrease of rocket launch cost and the maturity of low orbit satellite transmission technology, low orbit satellite communication industry is expected to continue to grow rapidly, which is also the development trend of wireless communication industry.

Tong Hsing will focus on the process of wireless communication modules, mainly including the combination of surface adhesion, flip chip package, chip on board, RDL, so as to provide smaller-sized, higher frequency RF packaging structure.

(2) Hybrid Modules & Specialty Packaging:

Hybrid Modules & Specialty Packaging are main product packaging process, which are widely used in automotive, communications, consumption, industrial control, instruments, aerospace and computer peripheral markets.

Automotive power semiconductors: with the maturity of the technology of wide band gap semiconductors, as well as the development trend of electric vehicles, the demand for power semiconductors in automotive applications such as Traction Inverter and on-board Charger will have a breakthrough growth.

Biomedical applications: With the serialization development of various MEMS and sensors, biomedical detection technology intended to have more characteristics in terms of serialization, chips, and high speed. It will greatly increase detection speed and cost, and through network connectivity and artificial intelligence, it will also greatly expand the application scope of this technology.

Tong Hsing is specialized in hybrid integrated circuit module process, which mainly provides package structure with high reliability for wide band gap semiconductors by combining ceramic base plate with high thermal conductivity and power semiconductor packaging technology.

(3) Ceramic Metalized Substrates:

The company has been deeply involved in traditional thick film printing process technology and thin film electroplating ceramic circuit board process technology (DPC) for many years. The company has also invested in the development of DBC and AMB, the technology of direct bonding or metal brazing of copper to ceramic materials at high temperature, and making circuit patterns through exposure, development and etching processes.

High brightness lighting: DPC Ceramic Metalized Substrates technology is maturing and has become the main substrate option for high brightness LED lighting. The growing demand for displayears and large screens, increasing awareness of energy saving and ease of installation on any circuit are also leading to the growth of the high brightness LED industry. Since 2020, plant lighting and UVC purification lighting will also continue to grow with the impact of COVID-19.

Clean energy: with the expansion of the clean energy market and the energy storage market emerging because of the instability of clean energy itself, various power modules required for AC/DC conversion, power factor correction and output power management are growing rapidly.

Automotive LED: the demand for automotive LED rises year by year with the gradual conversion of automobile headlights from halogen lights to LED ones. With the overall sales gradually warming up in the second half of 2020, as well as the promotion of new energy vehicles and LED penetration rate, major automobile enterprises and new energy vehicles in Europe, America and Japan regarded it as the first choice, which promoted the revenue growth of global automotive LED lighting year by year.

In terms of Ceramic Metalized Substrates manufacturing process, Tong Hsing mainly focuses on copper plating, gold plating and silver plating technology that are applied to alumina and aluminum nitride Ceramic Metalized Substrates. It also manufactures high density circuit and high thermal conductivity Ceramic Metalized Substrates products with the use of photosensitive, etching technology, so as to improve its high frequency characteristics.

(4) Image products:

In the CMOS image sensor market, Tong Hsing provides customers with self wafer sorting, wafer reconstruction, multi-type assembly, finished product testing and module manufacturing services, which are mainly used in consumer handheld devices, tablets, AR/VR, notebook computers, security surveillance cameras, industry and automotive field, etc.

Consumer handheld devices: the rapid development of smart phones and tablet computers has driven the development of image sensors towards higher graphics and higher image quality in recent years, and thus it leads the new technology applying Backside Illumination (BSI) and Stack Sensor.

In the area of automotive, with rapid growth in electic car, the sales was more than 8M cars in 2022. It will be more than 14M electic cars sales in 2023, and 25M electric cars sales in 2025 with more than 30% permeability rate. Meanwhile, with the development of intelligent and automatic vehicles, the average number of image sensors installed in each vehicle will increase from 2.2 pcs in 2021 to 4.2 pcs in 2025, which is a multiple growth. In addition to the front and rear scenes, surrounding scenes, safety ranging, lane centering, active parking, collision prevention and lane deviation warning, a large number of image sensors will also be used in driving monitoring system, gesture control, and pedestrian collision warning, when vehicles enter the field of above-Level-3 self-driving, the application of various sensing kits and sensing technologies will drive the rapid growth of image sensors.

In the area of 3D ranging and capture, in addition to traditional image sensors that provide 2D images, in recent years, the image sensors with 3D ranging and capture functions are also booming. Currently, they are mainly used for fast automatic focus function, face recognition, gesture functions on mobile phone cameras. In the long term, they will be applied in the use of 3D modeling to produce customized products and sales services.

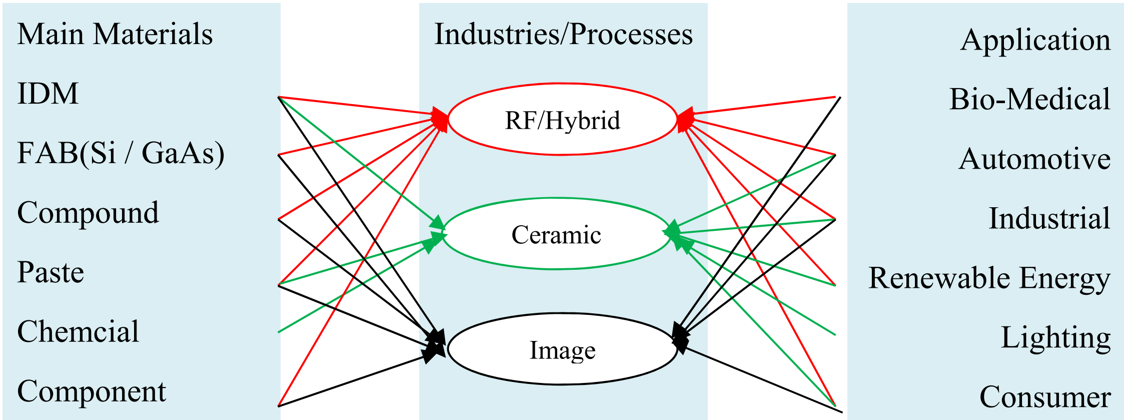
In the area of Security monitoring, in automotive, robot and UAV applications, 3D imaging is used to establish real-time three-dimensional structure of the external environment for automatic navigation and obstacle avoidance.

Apart from the wafer reconstruction process, Tong Hsing not only provides camera module factories with millions of pixels or even over 100 million pixels of thin camera modules required for the manufacture of fast-growing smart phones and tablet PCs, but also offers to clients image sensors for security monitors and handheld ultrasonic scanner module packaging.

Tong Hsing has developed dam-on-Wire Tiny iBGA packaging structure that meets the demand of BSI stacked wafer with the application of chip on board, glass bonding and liquid packaging technology in vehicle image sensor packaging. It successfully reduces the size of packaging products. Tong Hsing image sensor packaging products have not only obtained the AECQ-100 Grade 2 certification, but also have been the main image sensor supplier certified by major automakers. It continues to improve the level of its manufacturing capacity, strengthening mass production of CMOS Image Sensor with pixel 0.6um and combining anti-flare technology of Black Mask glass.

2. The Relationship Between Up-, Mid-, and Down-stream Supply Chain Services

The relationship between the Company's products and the overall industry can be summarized as follows:



(III)Research and Development Achievements and Plans

1. Research and Development (R&D) Expenses In The Most Recent Fiscal Year up to the Publication Date of the Annual Report

Unit: NT$ thousand dollars

Year	2022	2023Q1
R&D Expense	367,443	90,275
As % of net revenue	2.61%	3.11%

2. Successfully Developed Technologies or Products in the Most Recent Fiscal Year up to the Publication Date of the Annual Report

Year	Process Technologies	Product Applications
2022	Development of antenna AiP packaging technology	Application of high frequency communication
	Development of double-sided heat dissipation packaging structure for power semiconductors	Application of high-power component
	High reliability image sensing module packaging technology for vehicle assist systems	Application of image sensing modules
	Development of thin-film laser mounted base for optical communication	Application of optical communication
	Development of sector encapsulation RDL structure	Application of high frequency communication
	Automotive anti-flare package solution	Application of image sensing modules
	Automotive tiny iBGA package solutions for stack CMOS wafer	Application of image sensing modules
	Low bleeding automotive encapsulation package solution	Application of image sensing modules

(IV)Long-Term and Short-Term Business Development Plan:

1. Short-Term Business Plan

a、 Actively develop next-generation products in line with market trends and customer product plans.

b、 Provide the services required by customers with good prices and technologies and increase market share.

c、 Acquire new business relationships by leveraging the current sales network and expand relationships with current business.

d、 Establish the development direction of each product line and effectively use internal resources to serve customers quickly.

e、 The Company continue to provide our customers with the necessary services in automotive sensing, new energy vehicles and power semiconductors related, biomedical and wireless communications.

2. Long-Term Business Plan

a、 Look for strategic partners, especially from components, materials and intellectual property aspects to ensure a leading position in the production technology.

b、 Expand investment in next-generation products and necessary technologies.

c、 Optimize teamwork between production sites in Taiwan and Philippine to maximize scale of economy.

d、 Continue to provide services to customers in connection with vehicles, biomedicine and 5G.

II. Market, Production, and Sales

(I)Market Analysis

1. Sales and Service Regions of Main Products and Services

2022 Sales Regions and Weights

Unit: NT$ thousand dollars

Regions	Net Revenue	%
Americas	4,814,155	34.21%
Europe	4,373,464	31.08%
Other	4,883,972	34.71%
Total	14,071,591	100.00%

2. Market Share

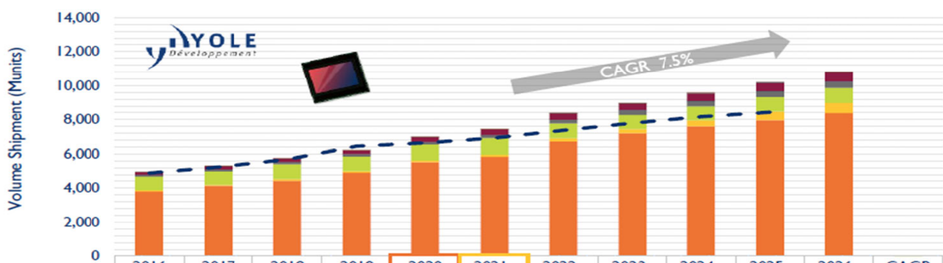
Tong Hsing is dedicated to becoming a world-class enterprise for Ceramic Metalized Substrates, imaging products, semiconductor bio-medical chips, power and high frequency module packaging. As its Ceramic Metalized Substrates and imaging product with wafer reconstruction serve major international companies, Tong Hsing has already enjoyed an influential market share.

In addition, according to the research report of Yole, the global market demand for CMOS Image sensors in the area of automotive in 2022 was about 0.251 billion pcs and base on the shipment of image sensors of automotive of our company, Tong Hsing was about 50%.

The global market demand for CMOS Image sensors in handheld devices in 2021 was about 7.281 billion pcs and based on the shipment of image sensors of our company, the market share of Tong Hsing will be about 15%.

Although affected by the epidemic, it is also expected that the demand for CMOS image sensors will grow steadily in 2023 by research report. The automotive image sensor market is still optimistic and is expected to continue to grow.

2016 - 2026 CIS volume shipment forecast
by market (in Munits)



	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e	2025e	2026e	CAGR
Defense & Aerospace	0.09	0.11	0.13	0.13	0.15	0.16	0.18	0.20	0.22	0.24	0.26	10.4%
Industrial	14.6	15.9	17.7	20.3	19.6	25.2	26.3	28.9	32.1	36.1	40.1	12.7%
Security	156	177	178	196	286	321	355	389	433	482	511	10.2%
Medical	1.7	2.1	3.3	4.6	5.7	6.9	8.5	10.7	13.4	17.1	20.6	23.9%
Automotive	96	121	124	144	145	172	220	265	303	334	364	16.5%
Computing	804	770	871	849	921	961	867	822	833	860	882	-0.7%
Consumer	68	73	108	94	98	128	176	247	344	500	591	34.9%
Mobile	3,816	4,144	4,437	4,911	5,532	5,839	6,735	7,210	7,607	7,971	8,393	7.2%
Previous CIS 2020	4,888	5,242	5,685	6,450	6,643	6,923	7,374	7,802	8,166	8,440		4.6%
TOTAL	4,900	5,255	5,685	6,450	7,008	7,453	8,389	8,974	9,565	10,200	10,803	7.5%
YoY Growth	5%	7%	8%	13%	9%	6%	13%	7%	7%	7%	6%	

3. Supply and demand, growth and competitive niches in the future market

   The market, industry competition and diversified development trend have been outlined in Page 71~75 in this annual report. The industrial profile, competitive niches and internal and external challenges are briefly stated as follows:

   (1) Internal advantages and external opportunities:

   a、 Tong Hsing has ranked the first in the industry in terms of the production scale of ceramic circuit boards and image products and has obtained the quality certification of major international companies. It also expands capacity with the growth of market demand.

   b、 The company has been engaged in the module packaging services for more than two decades. It has in-depth knowledge of industry characteristics, and fully cooperates with customer to meet their requirements with flexible allocation. Apart from the advanced technology development, the company constantly improve itself in material, process, and manufacturing quality, continuously advance product yield and cost reduction, so as to form stronger competitive edges and entry threshold.

   c、 Continue to deploy automotive image sensor packaging patents to strengthen competitiveness and entry barriers.

   d、 The company's active investments in Internet communications, low orbit satellites, clean energy and autonomous vehicle, which are still in the stage of continuous growth.

   e、 The company has long-term partnership with global strategic customers and suppliers. It keeps meeting customers' needs and seizing market opportunities.

   (2) Internal weaknesses and external challenges

   a、 With the gradual maturity of LED technology, the market competition is gradually developing towards price competition and rapid changes, and major international enterprises have also outsourced non-vehicle general lighting LEDs to mainland manufacturers to reduce production costs. In the aspect of image sensors, Sony and Samsung have actively invested in this market in recent years, squeezing out the original main advanced suppliers. As a result, all suppliers are adjusting themselves and actively exploring orders in the market, so that they can let their operation realize scale effect and save manpower to reduce the production cost.

b、 Affected by US-China trade conflict, Chinese customers strategically establish local suppliers to avoid trade conflicts, which leads to failure to obtain important components. The company will increase production capacity to drive the expansion of procurement scale, strengthen procurement bargaining power, reduce the cost of raw material and develop another competitive niche.

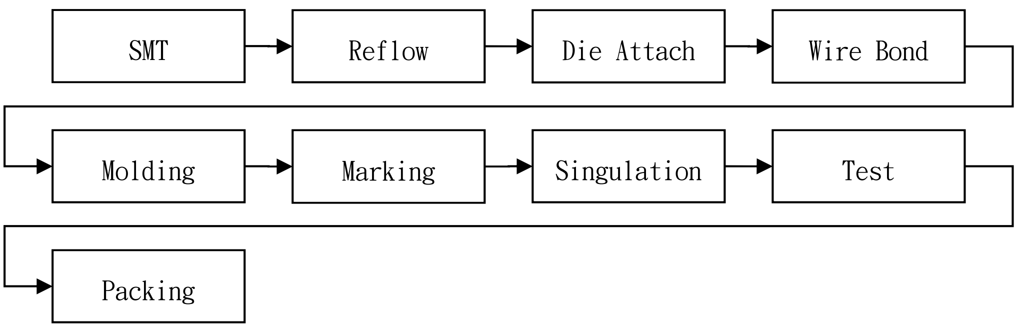
c、 Diversified customer needs and new product development lead to a long production cycle. The company will continue to develop new products and technologies to build and strengthen the entry threshold by leading the industry's technical capabilities.

d、 In recent years, major companies in the mainland of China have conducted large-scale recruitment, which resulted in the shortage of human resources in Taiwan. The recruitment of foreign labor for production needs and the hiring of the foreign labor is subject to the limit of labor laws. Therefore, factories are forced to move abroad for survival and expansion. The company will increase investment in machinery and equipment, strengthening the automation of production, and at the same time move labor-intensive products overseas to seek for international division of labor.

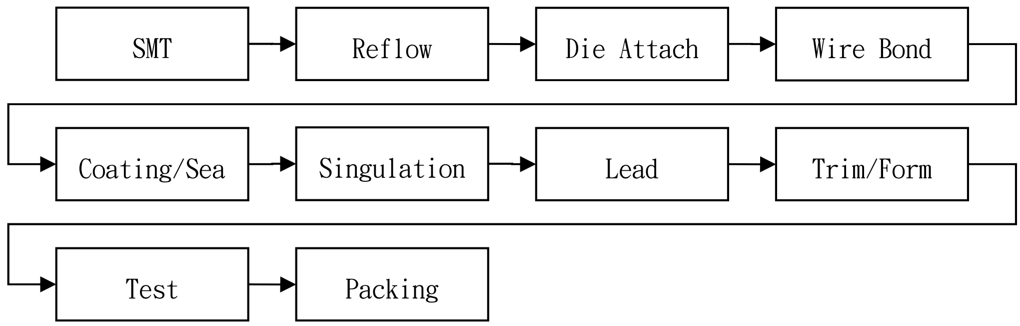
(3) In addition to the opportunities, challenges and solutions mentioned above, the company will continue to invest in Taiwan, expand the production items of the Philippine factory and strengthen the division of labor in different regions, adjust its customer and product portfolio, establish long-term partnerships and organizational management and inter-group cooperation as its development strategy.

(II) Applications and Manufacture Processing of Main Products

1. RF Module: RF Power Amplifier and front-end modules of mobile phones, and broadband digital communication modules.

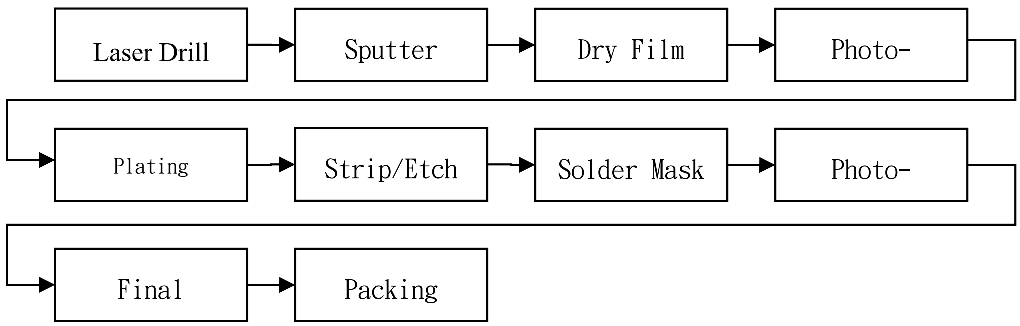


2.Thick Film Hybrid Integrated Circuits: Automotive, navigation/communication equipment, medical sensors, etc.



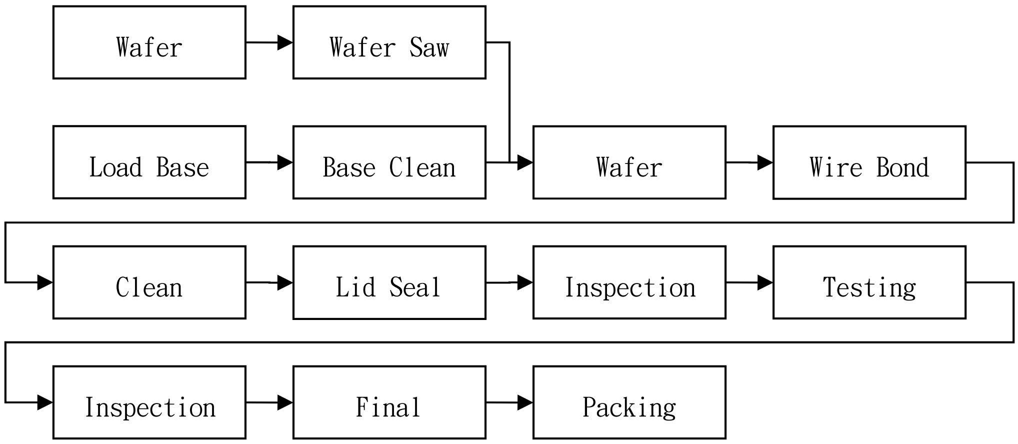
3.Ceramic Metalized Substrates: High brightness LED, general lighting, vehicle lighting, laser, industrial automatic control, RF switches, semiconductor devices, etc.

A. Plated Ceramic Substrates

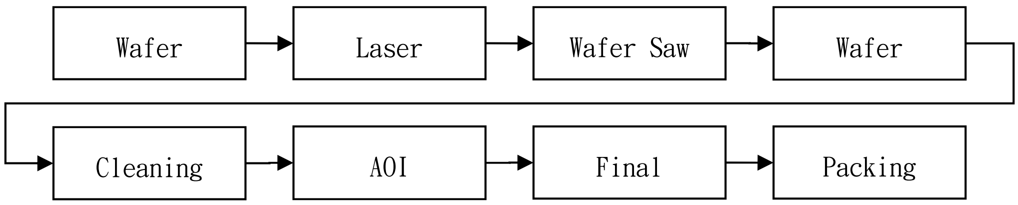


4.Image sensors: Automotive: reverse cameras, lane divider tracking, blind spot monitoring during turns, front and rear wheel monitoring, remote obstacle monitoring, and dash cams., driver monitoring system, pedestrian collision warning. Consumer electronics: Digital cameras, digital video recorders, and mobile phones. IT electronics: laptop computers and monitors: Industrial control and safety monitors: Products with image and video recording functions.

a. Image sensor packaging



b. Image Sensor Reconstructed Wafer



(III) Supply Situation for the Major Raw Materials

Major Raw Materials	Source of Supply	Supply Situation
PCB	China, Japan, Switzerland, Taiwan	Abundant
Substrate	United States, Japan, Malaysia, China, Taiwan	Abundant
Epoxy	United States, Japan, China, Taiwan	Abundant
Glass Lid	Japan, China, Taiwan	Abundant
Wire	Japan, Malaysia	Abundant
IC	United States, China	Abundant
Tape	Japan, Korea, Malaysia, China, Taiwan	Abundant
PKPGC	Taiwan	Abundant

(IV) Major Vendors and Customers Accounted for at Least 10% of the Annual Consolidated Net Revenue

1. Major Vendors

Unit: NT$ thousand dollars

Item	2021				2022				2023 (The information as of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage to Net Purchase in the Year up to the First Quarter (%)	Relation with Issuer
1	Company G	705,792	15.41	None	Company G	623,910	15.66	None	Company J	126,043	14.37	None
2	Company I	481,207	10.51	None	-	-	-	-	Company G	124,926	14.24	None
3	Other	3,392,696	74.08	-	Other	3,359,510	84.34	-	Other	626,412	71.39	-
	Net Total Purchases	4,579,695	100.00	-	Net Total Purchases	3,983,420	100.00	-	Net Total Purchases	877,381	100.00	-

Note: The amount of purchase from the supplier did not reach 10% of the net purchase amount of the period.

Reason for the Change:

Due to the ~~changes~~ in market supply and demand, product mix, and the Company’s stock strategy, the total purchase amount decreased by 13% compared with that in the last year.

2. Major Customers

Unit: NT$ thousand dollars

Item	2021				2022				2023 (The information as of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage to Net Sale in the Year up to the First Quarter (%)	Relation with Issuer
1	Company F	2,681,831	19.35	None	Company I	2,752,762	19.56	None	Company I	803,296	27.70	None
2	Company I	2,105,644	15.19	None	Company F	2,261,909	16.07	None	Company H	468,202	16.14	None
3	Company H	1,532,691	11.06	None	Company H	1,607,063	11.42	None	Company J	443,074	15.28	None
4	Company J	1,050,108	7.58	None	Company J	1,461,565	10.39	None	-	-	-	-
5	Other	6,489,840	46.82		Other	5,988,292	42.56	-	Other	1,185,876	40.88	-
	Net Total Sales	13,860,114	100.00	-	Net Total Sales	14,071,591	100.00	-	Net Total Sales	2,900,448	100.00	-

Reason for the Change:

Due to changes in market supply and demand, and the customer’s adjustment of the order amount, the sales amount increased by about 2% compared with that in the last year.

(V)Production Capacity

Unit: NT$ thousand dollars

Year/ Output/ Major Products/	2021			2022		
	Capacity (Note 1)	Quantity	Amount	Capacity (Note 1)	Quantity	Amount
RF Module Hybrid Modules & Specialty Packaging Ceramic Metalized Substrates Image Products	7,769,948	4,986,030	9,515,036	5,893,074	3,364,316	9,532,594

Note 1: The production capacity should be combined, since the production for each product ~~segments~~ is substitutable.

(VI) Sales-Revenue

Unit: NT$ thousand dollars

Year/ Shipments & Sales/ Major Products/	2021				2022			
	Domestic		Export		Domestic		Export	
	QTY	Amounts	QTY	Amounts	QTY	Amounts	QTY	Amounts
RF Module Hybrid Modules & Specialty Packaging Ceramic Metalized Substrates Image Products	388,695	450,557	4,488,115	13,409,557	336,506	490,348	3,244,067	13,581,243

Note: Information on other products is not comparable and not provided.

III. Information on Employees in the Last Two Years and as of the Published Date of the Annual Report

Unit: person; age; year

Item/ Year		2021	2022	2023 (The information as of March 31)
Number of Employees	Direct labor	2,519	2,127	2,024
	Indirect labor	1,074	1,083	1,094
	Management	196	488	518
	Total	3,789	3,698	3,636
Average Age		35.05	35.54	35.38
Average Years of Service (Years)		6.72	8.15	7.755
Academic distribution ratio	Ph.D.	11	11	10
	Masters	278	317	315
	Bachelor's Degree	1,515	1,807	1,822
	Senior High School	1,887	1,476	1,409
	Below Senior High	98	87	80

(Note)The number of employees include the employees of Tong Hsing Philippines.

IV. Information on Environmental Protection Expenditure

(I) Total amount of losses (including the compensation and violations of environmental protection regulations the results of environmental protection audits; the date of the penalty, penalty document number, articles in regulations violated, contents of violation, and contents of penalties) and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of this annual report:

There were no penalties for violation of environmental protection laws and regulations in the most recent fiscal year up to the publication date of the Annual Report.

(II) Explanation of the measures to be taken and possible disbursements to be made in the future: None.

(III) Promoting Sustainable Development - Environmental Issues

1. The company has set up sewage treatment equipment and has special personnel to comprehensively handle related environmental protection matters and has obtained a waste (sewage) water discharge permit and has passed the international ISO-14001 environmental management system certification. Certification information is as follows,

Location	ISO14001 Certificate validity period	ISO45001 Certificate validity period
Taipei Plant	2023/04/02~2026/04/01	2023/03/22~2026/03/19
Longtan Plant	2022/12/13~2025/12/12	2022/11/16~2025/11/15
Zhubei Plant	2021/12/22~2024/12/21	Expected to be achieved in 2024

2. The Company shall continue to provide a safe and healthy work environment to employees, preventing occupational injury and health risks to sustain a culture where EHS is given the same priority as business performance.
3. The company counts water consumption, electricity consumption and total weight of waste on a monthly basis, sets improvement targets and reduction targets for water saving, energy saving and pollution prevention, reviews the annual implementation results at the end of each year, and formulates targets for the next year.

   Greenhouse gas emissions, water consumption and total waste weight for the last two years are as follows,

Item	Medium-term Goal	2021	2022
Greenhouse gas emissions (CO2e)	1.30% carbon reduction by 2030 2.The annual target power saving is greater than 1%	50,411	62,389
Water Consumption (T)	The annual target water saving is greater than 1%	970,669	1,288,590
Total Weight of Waste (T)	Target waste intensity reduction >5% per year	1,847	1,626

For the above medium-term goals, the company takes the following measures,

(1)Replacing old equipment, promoting energy-saving awareness, purchasing new high-efficiency equipment, constructing a circular economy model, optimizing process wastewater recycling technology, and promoting waste reduction and reuse, etc.

(2)To reduce pollution in the environment, save energy, and reduce carbon emissions, the Company will continue to evaluate the recycling and reuse of wastewater created by general use or production. We shall also adopt variable frequency drives to the related sewage system based on evaluation results to reduce electricity consumption and comply with the regulations of the central competent authority on energy conservation.

(3)The company has started to conduct greenhouse gas inventory of each factory in 2022, and report to the board of directors on a quarterly basis and will accept external verification by a third-party international verification agency in 2023.

(4)At present, the company's products have fully met the European Union ROHS regulations (environmental protection). The company also implements the waste removal plan to carry out legal waste removal and resource waste recycling.

4. The company has established a sustainable development committee in 2022, and will assess the current and future potential risks and opportunities of climate change on the

company, using four aspects: "Governance", "Strategy", "Risk Management" and "Indicators and Goals", formulate strategies and actions in response to climate change, jointly identify and implement the impact of climate-related risks and opportunities on the company, and identify potential risks and new business models that may be caused by climate.

V. Labor Relations

The company supports and follows the rights and interests revealed in the "United Nations Universal Declaration of Human Rights", "United Nations Global Covenant", "Conventions of International Labor Organizations", "Responsible Business Alliance RBA Code of Conduct" and various international human rights conventions to create a work that fully protects human rights Environment, formulate relevant management measures to protect employees' right to work, humane treatment and prohibition of child labor, gender and racial discrimination. In 2022, the total man-hour of the Human Rights training courses was 14,473 hours.

Course training of Human Rights in 2022 (Unit: hour)

Course	General training	Workplace Violence Prevention	Safety of Workplace	Gender equality protection	Total
Hour	1,125	1,584	11,077	687	14,473

(I) Employee benefit plans, continuing education, training programs, retirement systems, and implementation, and the status of labor-management agreements and measures for preserving employees' rights and interest:

1. The employee’s benefits related to measures are as follows to provide physical and mental relaxation, and enhance mutual communication:

a. Employee Benefit Plan: To ensure that our employees are devoted to work when working and relieve their family from financial burdens, apart from the relevant laws and regulations, we also provide extra insurance to employees to protect them in case of casualties or hospitalization. Employees also receive special subsidies for weddings and funerals, according to the Company's regulations for the matter.

b. Professional physicians are appointed to offer medical care services, and conduct various health promotion knowledge advocacy and other activities.

c. The Company provides the employees with a variety of meals (canteen, vegetarian, staff meals or light meals for Filipino employees) and dormitory.

d. Employee benefits plan also includes cash gifts for birthday and National holidays.

e. The Company also establishes independent medical and nursing room which opens 24 hours day.

f. The Company has appropriated more than NT$27,813 thousand in 2022 to fund the employee welfare committee:

- A variety of club activities with subsidy mechanism are set up, such as jogging club and other clubs.
- Periodically holds employee communication meetings.
- Employee travel.
- Birth subsidy, scholarship, hospitalization subsidy, catastrophic illness subsidy.
- Holiday bonus and birthday gift money

2. Retirement System and Implementation Status

In order to provide employees with safety and security at work, the Company has formulated specific measures below per the laws and regulations:

a. The Company appropriates the retirement reserves every year pursuant to the "Labor Act". Adequate appropriation of the retirement reserves is made through a professional actuary. The pension is calculated based on the service length of the employees and the average salary of the employee over the 6 months before retirement. By the end of 2022, the fair value of the planned assets was NT$ 235,849 thousand. The amounts to be appropriated in the future were presented as the accrued pension liabilities. By the end of 2022, the balance was NT$ 340,308 thousand.

b. In addition, pursuant to the Regulation on Labor Pension, 6% of the monthly salary of the employee (the new retirement system) will be appropriated to the pension and is deposited in the special individual pension account with the Labor Insurance Bureau. The annual salary of the employees before July 1, 2005, was retained in this account. The pension appropriated in 2022 (including old and new systems) was NT$ 89,012 thousand.

c. In addition to complying with the aforementioned relevant retirement laws and regulations, in order to express gratitude towards employees for their contributions, the Company has prepared commemorative medals for retirement as a token of its appreciation towards the retirees for their contribution.

3. Continuing education and training

a. On-the-Job Learning: To implement the concept that "Employee growth drives company progress", the Company provides domestic and international courses for related training from time to time to enhance professional knowledge of our employees and cultivate talents. The Company's internal training courses include ordinary training, professional and skills training, managerial function training, quality and occupational safety training, etc.

In 2022, the total man-hour of the training courses was 59,083 hours.

Course training category in 2022 (Unit: hour)

Course	General training	Professional skills training	Management function training	Quality and occupational safety training	Total
Hour	11,026	23,584	1,655	22,818	59,083

b. Education Subsidies: We highly value our employees' and their children's education and provide scholarships when qualifications are met.

c. Company Celebration and Sports Events: To relieve the daily work pressure of employees, the Company holds various recreational events and gatherings from time to time.

4. Employee Communication or Disputes:

Since our establishment, we've been committed to establishing a trustworthy, cooperative working atmosphere and environment to form a harmonious relationship with the employees and to discuss and resolve problems as they arise.

All provisions concerning employee benefits are implemented in accordance with the relevant laws and regulations. Any new or revised provisions will be finalized after a thorough discussion by both parties.

The following measures are taken to prevent future labor disputes:

a. Implement an employee benefits plan that is superior to the "Labor Act" requirements.
b. Hold labor meetings on a regular basis
c. Provide extra channels to facilitate communication between management and employee.
d. Reinforce Labor-Management Ethics
e. Establish employee's complaint channels.
f. Appoint interpreters to assist the foreign peers for smooth communication and offer them with feedback channels.
g. Formulate the "Code of Conduct" for all employees.

5. Workplace diversity and equality

In 2022, the gender ratio of employees was 68% for male employees and 32% for female employees. In 2022, the ratio of management employees (direct/indirect) was 54% for male employees and 46% for female employees.

The Company adheres to the principle of equal pay for equal work for new-hires, annual salary increase, performance appraisal and promotion, which will not be affected by gender.Filipino employees are also entitled to same benefits as Taiwanese employees. There is no difference in salary calculation in attendance between Filipino employees and Taiwanese employees.In addition, to cater for employees' special needs for families or individuals, employees regardless of nationality are offered the option of taking leave without pay for their flexible use.

6. Operating performance reflected in employee compensation

(1) Article 19 of Articles of Incorporation

The Company shall appropriate no less than 3% and no more than 3% of the earnings, respectively, as employee compensation and directors' and supervisors' remunerations when the operation is profitable for the year (meaning the pre-tax net income before employee compensation and director renumeration).

(2) Overall comensation policy

The Company attends market compensation survey and conducts below policy to ensure the Company's competitivity in compensation.

1. To distribute quarterly bonus and annual bonus based on the business unit profit with reference to individual performance appraisal.
2. Annual bonus is paid based on company's operation status with 2 months guarantee.
3. Based on the Company's outlook and profitability, the operating performance of each business division, as well as the external market salary levels, individual job responsibilities, previous year's performance appraisal and position salary caps, the annual salary increase rate was over 3% in the past three years.

7. Protective Measures for Work Environment and Employees' Personal Safety:
The Company follows the Labor Safety and Health Act and its implementation rules, and the relevant regulations.;
The key routine environmental safety and health management achievements in 2020 were as follows:

Target	Description	Results
Testing for Drinking Water Quality	Testing of the concentration of coliform bacteria contained in the driving water machines is performed through samples every three months pursuant to the "Management Measures Regarding Use and Maintenance of Continuous Water Supply Fixed Equipment for Drinking Water" in order to protect drinking water hygiene and quality, and employee's health.	Quantity of tested drinking water machines:111sets Percentage of pass: 100%
Detection of working environment	Detection of carbon dioxide, noise, and chemical substances in the workplaces is performed pursuant to the "Implementation Rules for Monitoring of Workplace" to analyze the concentration of the chemical substances in the environment through the samples from machines, equipment, operation or environment that uses or stores chemicals so as to protect the employees from and against physical and chemical hazards.	Tested 503 items in total Percentage of pass: 100%
Health Examination	General and special physical examination will be performed for the employees working in specific workplaces every two years.	General physical examination: 1,570 Employees Physical examination for special type of work:256 Employees
Environmental Protection and Labor Safety Training Subject to the "Rules for Occupational Safety and Health Education and Training".	The following education and training are organized to protect the employee's safety and health: 1. Occupational safety and health training for new employees: to establish employee's awareness of safety and health. 2. Occupational safety and health training for supervisors: to establish the supervisor's awareness of safety and health. 3. General hazard training for new employees: to establish employee's awareness of chemical hazards and teach them how to use protective supplies. 4. In-service labor security, firefighting, fire extinguishing, and refuge refresher training. 5. Emergency response drills every quarter in every plant. 6. Environmental safety and health education.	1. Occupational safety and health training for new employees：614 Employees 2. Occupational safety and health training for exist employees：2,242 Employees 3. General hazard training： 1,742 Employees 4. Emergency response drills：733 Employees
Patrol Inspection, Safety Check-up and Internal Audit	1. Daily environmental safety and health patrol inspection and audit 2. Execution of "Safety Checking of High-Risk Machines and Equipment". 3. Periodical environment, safety and health committee. 4. Internal audit of environmental safety and health management system.	1. Periodical checking of tread depth of motor vehicles：3,557 motor vehicles 2. Periodical environment, safety and health committee 2. Executing Internal audit yearly

Greenhouse Gas Control	The Company assesses the economic and technological feasibility and reduces greenhouse gas emission.	Check the gas concentration, and declare the importance of environmental protection according to laws as basis of gas emission reduction
Four Protection Plans	1. Promote human hazard prevention programs. 2. Driving Abnormal Workloads to Trigger Disease Prevention Programs. 3. Promoting the prevention plan for illegal infringement in the execution of duties. 4. Promote maternal health protection plan.	Promote human hazard prevention ： 51Employees Abnormal Workloads to Trigger Disease ： 41Employees Unlawful Infringement in the Performance of Duties：1Employees maternal health protection： 37Employees

(II) Loss sustained as a result of labor disputes in the most recent fiscal year and up to the date of publication of the annual report (including labor inspection results in violation of the Labor Act; please state the date of punishment actions, punishment document number, violated provisions, contents in violation of the laws and regulations, and contents of punishments), and disclosure of the present and future possible estimated amounts and corresponding mitigation measures, or otherwise description of the facts that no reasonable estimate is available, if any: None.

VI. Information Security Management

(I) Explaining information and communication security risk management structure, information and communication security policy, specific management plan and resources invested in information and communication security management.

(1)Information and communication security risk management structure:

The company has an information security office (Including one person in charge of information security and one person in charge of information security) to plan and implement information security matters concerning confidential information of the company and to review and decide relevant information security management matters.

(2)Information and communication security policy:

To ensure the integrity of the company's information security policy, the company's information security policy covers all of its employees, suppliers, contractors and third parties who may have access to the company's information. The company's information security policies are reviewed annually in response to regulatory changes, information security technology updates and the company's business development.

(3)Goal of information and communication security and specific management plan:

To ensure that the company's confidential information is properly protected from unauthorized access, alteration, destruction, improper disclosure or cyber-attack by appropriate hierarchical control of confidential information, education and training for all staff and advanced information security control equipment.

The company implements specific information security management plans as follows:

a、 Through firewall and information block division, internal, external, office area, production line area is divided into different security zones that have firewalls for information security defense.

b、 Regular vulnerability scans are conducted to prevent potential risks.

c、 Advanced information security solutions are continuously introduced to effectively protect and manage behaviors in systems, host computers and networks.

d、 ERP, MES and other company database system should have complete daily backup and should be verified its restoration function according to the company's needs. This is considered as the last line of defense against infection encryption ransomware attacks, so as to ensure that the database and data can safely restore operation.

e、 Phishing mails and virus mail intrusion are prevented by spam control mechanism.

f、 Regular staff education and training are conducted to promote information security knowledge and enhance staff's information security awareness.

(4) Resources invested in information and communication security management: The company has a dedicated information security staff in the information security room, and regularly conduct the information security education and training courses for new employees and current employees. The total number of hours of the information security education and training courses in 2022 is 286 hours.

(II) Loss sustained as a result of Cyber security in the most recent fiscal year and up to the date of publication of the annual report and disclosure of the present and future possible estimated amounts and corresponding mitigation measures, or otherwise description of the facts that no reasonable estimate is available, if any: None.

VII. Important Contracts

Agreement	Parties	Period	Major Contents	Restrictions
Medium-term loan contract	Yuanta Commercial Bank Co., Ltd. Bank	2020.04~2024.04	Medium-term revolving credit	None
Medium-term loan contract	KGI Bank	2022.07~2025.07	Medium-term revolving credit	None
Medium-term loan contract	Mega International Commercial Bank	2023.01~2025.01	Medium-term revolving credit	None
Medium-term loan contract	Bank SinoPac	2023.01~2024.08	Medium-term revolving credit	None
Medium-term loan contract	Mega International Commercial Bank	2021.04~2028.04	Action for Accelerating Investments of Enterprises in Taiwan	None
Long-term loan contract	Chang Hwa Commercial Bank	2021.04~2031.04	Action for Accelerating Investments of Enterprises in Taiwan	None
Medium-term loan contract	Hua Nan Commercial Bank	2021.04~2026.04	Action for Accelerating Investments of Enterprises in Taiwan	None

Chapter 6 Overview of the Financial Status (Financial Status Overview)

I. Condensed Balance Sheet and Consolidated Income Statements for the Last Five Years

(I)Abbreviated Balance Sheets and Income Statements-IFRS

1. Abbreviated Consolidated Balance Sheet-IFRS

Unit: NT$ thousand dollars

Item \ Year		Most Recent 5-Year Financial Information					As of March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Current Assets		8,052,786	6,491,899	7,962,533	8,883,815	11,970,627	10,874,667
Property, Plant and Equipment		4,197,116	5,584,092	7,825,277	8,740,923	10,713,593	11,673,106
Intangible Assets		65,240	68,940	8,614,290	8,502,072	8,445,717	8,414,528
Other Assets		148,199	277,860	1,035,073	1,411,046	3,132,800	4,280,211
Total assets		12,463,341	12,422,791	25,437,173	27,537,856	34,262,737	35,242,512
Current Liabilities	Before Distribution	1,718,682	1,762,168	3,801,650	4,086,887	4,011,187	4,604,068
	After Distribution	2,710,827	2,340,919	4,784,546	5,695,101	Note 2	Note 2
Non-current Liabilities		295,974	483,897	425,990	468,028	5,727,552	5,727,676
Total liabilities	Before Distribution	2,014,656	2,246,065	4,227,640	4,554,915	9,738,739	10,331,744
	After Distribution	3,006,801	2,824,816	5,210,536	6,163,129	Note 2	Note 2
Equity Attributable to Shareholders of the Parent		10,448,685	10,176,726	21,209,533	22,982,941	24,523,998	24,910,768
Share capital		1,653,575	1,653,575	1,787,083	1,786,979	1,608,139	1,608,139
Capital Surplus	Before Distribution	5,063,801	4,997,188	15,120,168	15,118,420	15,115,876	24,910,768
	After Distribution	4,997,188	15,120,168	15,118,420	15,115,876	Note 2	Note 2
Retained earnings	Before Distribution	3,772,201	3,589,674	4,432,991	6,220,027	7,819,179	8,191,272
	After Distribution	2,846,669	3,010,923	3,450,095	4,611,813	Note 2	Note 2
Others Equity		(40,892)	(63,711)	(130,709)	(142,485)	(19,196)	(4,519)
Treasury stock		-	-	-	-	-	-
Minority equity		-	-	-	-	-	-
Total Equity	Before Distribution	10,448,685	10,176,726	21,209,533	22,982,941	24,523,998	24,910,768
	After Distribution	9,456,540	9,597,975	20,226,637	21,374,727	Note 2	Note 2

Note 1: The financial information of Q1, 2022 has been reviewed by independent auditors.

Note 2: The proposal on distribution of earnings for 2022 has been adopted by the resolution of the Board of Directors on March 14, 2023, but has not been approved by the shareholders' meeting yet.

2.Abbreviated Parent-Company-Only Balance Sheet-IFRS

Unit: NT$ thousand dollars

Item \ Year		Financial Information for the Past 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Current Assets		7,201,928	5,732,095	5,258,584	5,398,548	10,629,404
Property, Plant and Equipment		3,469,211	4,990,787	5,840,724	6,587,689	10,085,494
Intangible Assets		65,240	68,940	65,354	57,898	8,445,717
Other Assets		1,506,265	1,529,820	12,894,304	14,150,076	5,064,947
Total assets		12,242,644	12,321,642	24,058,966	26,194,211	34,225,562
Current Liabilities	Before Distribution	1,538,357	1,743,427	2,544,838	2,800,614	4,006,589
	After Distribution	2,530,502	2,322,178	3,527,734	4,408,828	Note 2
Non-current Liabilities		255,602	401,489	304,595	410,656	5,694,975
Total liabilities	Before Distribution	1,793,959	2,144,916	2,849,433	3,211,270	9,701,564
	After Distribution	2,786,104	2,723,667	3,832,329	4,819,484	Note 2
Equity Attributable to Shareholders of the Parent		-	-	-	-	-
Share capital		1,653,575	1,653,575	1,787,083	1,786,979	1,608,139
Capital Surplus	Before Distribution	5,063,801	4,997,188	15,120,168	15,118,420	15,115,876
	After Distribution	4,997,188	15,120,168	15,118,420	15,115,876	Note 2
Retained earnings	Before Distribution	3,772,201	3,589,674	4,432,991	6,220,027	7,819,179
	After Distribution	2,846,669	3,010,923	3,450,095	4,611,813	Note 2
Others Equity		(40,892)	(63,711)	(130,709)	(142,485)	(19,196)
Treasury stock		-	-	-	-	-
Minority equity		-	-	-	-	-
Total Equity	Before Distribution	10,448,685	10,176,726	21,209,533	22,982,941	24,523,998
	After Distribution	9,456,540	9,597,975	20,226,637	21,374,727	Note 2

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.

Note 2: The proposal on distribution of earnings for 2022 has been adopted by the resolution of the Board of Directors on March 14, 2023, but has not been approved by the shareholders' meeting yet.

(II)Income Statement

1. Abbreviated Consolidated Income Statement -IFRS

Unit: NTD thousand dollars (EPS: NTD)

Year / Item	Most Recent 5-Year Financial Information					As of March 31, 2023 Financial information (Note 1)
	2018	2019	2020	2021	2022	
Operating revenue	7,413,512	7,430,654	10,178,002	13,860,114	14,071,591	2,900,448
Gross profit	1,901,684	1,599,744	2,895,796	4,614,796	5,005,335	813,102
Operating Income	1,138,561	911,877	2,005,447	3,396,366	3,665,631	470,829
Non-operating Income and Expenses	106,722	30,369	(156,642)	(14,441)	223,613	(3,816)
Income before Income Tax	1,245,283	942,246	1,848,805	3,381,925	3,889,244	467,013
Income from Continuing Operations	1,013,603	741,956	1,450,675	2,764,692	3,140,942	372,093
Loss from Discontinuing Operations	-	-	-	-	-	-
Net Income	1,013,603	741,956	1,450,675	2,764,692	3,140,942	372,093
Other Comprehensive Income (Loss), After Tax	3,496	(21,770)	(72,410)	(23,027)	182,936	14,677
Comprehensive Income	1,017,099	720,186	1,378,265	2,741,665	3,323,878	386,770
Net Income Attributable to Shareholders of the Parent	1,013,603	741,956	1,450,675	2,764,692	3,140,942	372,093
Net Income Attributable to Minority Equity	-	-	-	-	-	-
Comprehensive Income Attributable to Shareholders of the Parent	1,017,099	720,186	1,378,265	2,741,665	3,323,878	386,770
Comprehensive Income Attributable to Minority Equity	-	-	-	-	-	-
Earnings per share	6.13	4.49	7.88	15.49	17.98	2.31

Note 1: The financial information of Q1, 2023 has been reviewed by independent auditors.

2.Abbreviated Parent-Company-Only Income Statement-IFRS

Unit: NTD thousand dollars (EPS: NTD)

Item \ Year	Financial Information for the Past 5 Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	7,358,728	7,369,789	8,761,895	10,388,651	12,030,899
Gross profit	1,642,659	1,411,069	2,383,249	2,937,944	3,923,855
Operating Income	1,086,108	922,850	1,764,660	2,154,394	2,829,572
Non-operating Income and Expenses	141,811	3,787	32,315	1,018,157	924,121
Income before Income Tax	1,227,919	926,637	1,796,975	3,172,551	3,753,693
Income from Continuing Operations	1,013,603	741,956	1,450,675	2,764,692	3,140,942
Loss from Discontinuing Operations	-	-	-	-	-
Net Income	1,013,603	741,956	1,450,675	2,764,692	3,140,942
Other Comprehensive Income (Loss), After Tax	3,496	(21,770)	(72,410)	(23,027)	182,936
Comprehensive Income	1,017,099	720,186	1,378,265	2,741,665	3,323,878
Net Income Attributable to Shareholders of the Parent	1,013,603	741,956	1,450,675	2,764,692	3,140,942
Net Income Attributable to Minority Equity	-	-	-	-	-
Comprehensive Income Attributable to Shareholders of the Parent	1,017,099	720,186	1,378,265	2,741,665	3,323,878
Comprehensive Income Attributable to Minority Equity	-	-	-	-	-
Earnings per share	6.13	4.49	7.88	15.49	17.98

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.

(III)Names of the Auditors and their Opinions

Year	Name of CPA Firm	CPA	Auditors' Opinion
2018	KPMG	Szu-Chuan Chien, Hsin-Fu Yen	Unqualified opinion
2019	KPMG	Szu-Chuan Chien and Jui-Lan Lo	Unqualified opinion
2020	KPMG	Szu-Chuan Chien and Jui-Lan Lo	Unqualified opinion
2021	KPMG	Szu-Chuan Chien and Jui-Lan Lo	Unqualified opinion
2022	KPMG	Szu-Chuan Chien and Yi-Wen Wang	Unqualified opinion

II. Financial Analysis of the Last Five Years

(I)Consolidated Financial Analysis -IFRS

Analysis items (Note 3) \ Year		Most Recent 5-Year Financial Analysis					The information as of March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Capital Structure (%)	Debt Ratio	16.16	18.08	16.62	16.54	28.42	29.32
	Long-term Funds to Property, Plant and Equipment (%)	256.00	186.68	272.70	265.15	279.36	260.05
Liquidity%	Current Ratio	468.54	368.40	209.45	217.37	298.43	236.20
	Quick Ratio	388.83	298.13	168.47	171.37	250.99	197.98
	Times Interest Earned (Times)	148.55	126.17	337.70	902.37	181.68	20.08
Operating Performance	Average Collection Turnover (Times)	5.71	5.70	6.45	6.85	6.42	5.66
	Average Collection Days	64	64	57	53	57	64
	Average Inventory Turnover (Times)	4.81	4.57	5.34	5.52	5.00	4.83
	Average Payable Turnover (Times)	11.62	11.88	10.17	9.42	9.99	10.21
	Inventory Turnover Days	76	80	68	66	73	76
	Property, Plant and Equipment Turnover (Times)	1.72	1.50	1.49	1.65	1.43	1.03
	Total Assets Turnover (Times)	0.59	0.60	0.54	0.52	0.46	0.33
Profitability	Return on Total Assets (%)	8.03	6.01	7.69	10.45	10.22	4.51
	Return on Equity (%)	9.72	7.19	9.24	12.51	13.22	6.02
	Income before Income Tax to Issued Capital (%)	75.31	56.98	103.45	189.25	241.85	116.16
	Net Income to Sales (%)	13.67	9.99	14.25	19.95	22.32	12.83
	Earnings Per Share (NT$)	6.13	4.49	7.88	15.49	17.98	2.31
Cash Flow	Cash Flow Ratio (%)	89.13	106.77	66.49	112.73	113.80	97.23
	Cash Flow Adequacy Ratio (%)	101.11	92.28	95.05	97.43	82.44	92.40
	Cash Flow Re-investment Ratio (%)	3.74	6.34	7.51	12.83	8.29	8.91
Leverage	Operating Leverage	1.77	1.82	1.52	1.47	1.40	1.70
	Financial Leverage	1.01	1.01	1.00	1.00	1.01	1.05

Explanations for Significant Changes (over 20%)

1. Increase in the ratio of liabilities to assets: mainly due to the increase in long-term debt payable this year.
2. Increase in current ratio and quick ratio: mainly due to the increase in profit this year and the increase in the use of long-term debt payable resulting in an increase in cash.
3. Decrease in times interest earned: mainly due to increase in pre-tax net profit and interest expense this year.
4. Increase in the ratio of pre-tax net profit to paid-in capital: mainly due to the increase in profit this year and the decrease in share capital due to cash reduction.
5. Increase in the cash flow adequacy ratio: mainly due to the increase in capital expenditures this year.
6. Decrease in cash reinvestment ratio: mainly due to the increase in cash dividends, current assets and total fixed assets this year.

Note 1: The financial information of Q1, 2023 has been reviewed by independent auditors.

Note 2: Formula for Financial Analysis:

1.Capital Structure

(1)Debt ratio = Total liabilities/Total assets

(2) Long-term funds to property, plant and equipment = (Stockholders' equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2.Liquidity

(1)Current ratio = Current assets/Current liability

(2) Quick ratio = (Current Asset-Inventories-Pre-paid Expense -Current Deferred Income Tax) /Current Liability

(3)Times interest earned = Earnings before interest and Taxes/Interest Expense

3.Operating Performance

(1) Average collection turnover (times) (including accounts receivable and notes receivable from operating) = Net Sales / Average Trade Receivable (including accounts receivable and notes receivable from operating)

(2)Average collection days = 365 / Average Collection Turnover (Times)

(3)Average inventory turnover (times) = Cost of Goods Sold / Average Inventory

(4)Average payable turnover (times) (including accounts payable and notes payable from operating) = Cost of Goods Sold /Average Trade Payables (including accounts payable and notes payable from operating)

(5)Inventory turnover days = 365 / Average Inventory Turnover (times)

(6) Property, plant and equipment turnover (times) = Net Sales / Average Property, Plant and Equipment

(7)Total assets turnover (times) = Net sales / Average Total Assets

4.Profitability

(1)Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.

(2)Return on Equity = Net Income after Tax / Average Stockholders' Equity.

(3)Net income to sales = Net Income after Tax / Net Sales.

(4) EPS = (Net Income after Tax-Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5.Cash Flow

(1)Cash flow ratio = Net operating cash flow/Current liability.

(2) Cash flow adequacy ratio = Net operating cash flow over the last 5 years/over the last 5 years (capital expense + inventory+ cash dividend)

(3) Cash flow re-investment ratio = (Net operating cash flow-cash dividends) / (Gross property, plant and equipment + long-term investment + other assets + working capital)

6.Leverage:

(1)Operating leverage = (Net Sales-Variable Cost and expense) / Income from Operations

(2)Financial leverage = Income from Operations/ (Income from Operations-Interest Expenses)

(II)Parent Company Financial Analysis -IFRS

Analysis items (Note 3) / Year		Financial Analysis for the Past 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Capital Structure (%)	Debt Ratio	14.65	17.41	11.84	12.26	28.35
	Long-term Funds to Property, Plant and Equipment (%)	301.18	206.71	362.33	350.12	296.24
Liquidity%	Current Ratio	468.16	328.78	206.64	192.76	265.30
	Quick Ratio	403.67	274.20	164.51	149.49	225.31
	Times Interest Earned (Times)	395.58	393.64	658.75	1,404.16	175.72
Operating Performance	Average Collection Turnover (Times)	5.73	5.73	6.42	6.60	6.17
	Average Collection Days	64	64	57	55	59
	Average Inventory Turnover (Times)	6.66	6.28	6.47	6.73	6.06
	Average Payable Turnover (Times)	11.38	12.04	10.75	10.72	10.89
	Inventory Turnover Days	55	58	56	54	60
	Property, Plant and Equipment Turnover (Times)	2.08	1.72	1.59	1.65	1.43
	Total Assets Turnover (Times)	0.60	0.60	0.48	0.41	0.40
Profitability	Return on Total Assets (%)	8.13	6.06	7.99	11.01	10.45
	Return on Equity (%)	9.72	7.19	9.24	12.51	13.22
	Income before Income Tax to Issued Capital (%)	74.26	56.04	100.55	177.54	233.42
	Net Income to Sales (%)	13.77	10.07	16.56	26.61	26.11
	Earnings Per Share (NT$)	6.13	4.49	7.88	15.49	17.98
Cash Flow	Cash Flow Ratio (%)	96.33	92.17	85.85	113.36	89.14
	Cash Flow Adequacy Ratio (%)	102.06	89.59	91.03	87.23	73.42
	Cash Flow Re-investment Ratio (%)	3.92	5.07	6.87	8.47	5.83
Leverage	Operating Leverage	1.65	1.66	1.43	1.54	1.40
	Financial Leverage	1.00	1.00	1.00	1.00	1.01

Explanations for Significant Changes (over 20%)

1. Increase in the ratio of liabilities to assets: mainly due to the increase in long-term debt payable this year.
2. Increase in current ratio and quick ratio: mainly due to the increase in profit this year and the increase in the use of long-term debt payable resulting in an increase in cash.
3. Decrease in times interest earned: mainly due to increase in pre-tax net profit and interest expense this year.
4. Increase in the ratio of pre-tax net profit to paid-in capital: mainly due to the increase in profit this year and the decrease in share capital due to cash reduction.
5. Decrease in cash flow ratio: mainly due to the increase in net cash flow and current liabilities from operating activities this year.
6. Decrease in cash reinvestment ratio: mainly due to the increase in cash dividends, current assets and total fixed assets this year.

Note1: The financial information has been audited by independent auditors.

Note 2: Formula for Financial Analysis:

1.Capital Structure

(1)Debt ratio = Total liabilities/Total assets

(2)Long-term funds to property, plant and equipment = (Stockholders' equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2.Liquidity

(1)Current ratio = Current assets/Current liability

(2)Quick ratio = (Current Asset-Inventories-Pre-paid Expense -Current Deferred Income Tax) /Current Liability

(3)Times interest earned = Earnings before interest and Taxes/Interest Expense

3.Operating Performance

(1)Average collection turnover (times) (including accounts receivable and notes receivable from operating) = Net Sales / Average Trade Receivable (including accounts receivable and notes receivable from operating)

(2)Average collection days = 365 / Average Collection Turnover (Times)

(3)Average inventory turnover (times) = Cost of Goods Sold / Average Inventory

(4)Average payable turnover (times) (including accounts payable and notes payable from operating) = Cost of Goods Sold /Average Trade Payables (including accounts payable and notes payable from operating)

(5)Inventory turnover days = 365 / Average Inventory Turnover (times)

(6)Property, plant and equipment turnover (times) = Net Sales / Average Property, Plant and Equipment

(7)Total assets turnover (times) = Net sales / Average Total Assets

4.Profitability

(1)Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.

(2)Return on Equity = Net Income after Tax / Average Stockholders' Equity.

(3)Net income to sales = Net Income after Tax / Net Sales.

(4)EPS = (Net Income after Tax-Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5.Cash Flow

(1)Cash flow ratio = Net operating cash flow/Current liability.

(2)Cash flow adequacy ratio = Net operating cash flow over the last 5 years/over the last 5 years (capital expense + inventory+ cash dividend)

(3)Cash flow re-investment ratio = (Net operating cash flow-cash dividends) / (Gross property, plant and equipment + long-term investment + other assets + working capital)

6.Leverage:

(1)Operating leverage = (Net Sales-Variable Cost and expense) / Income from Operations

(2)Financial leverage = Income from Operations/ (Income from Operations-Interest Expenses)

III. Audit Committee’s Review Report on the Financial Reports of the Most Recent Year

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Audit Committee's Review Report

Hereby

The Board of Directors has prepared and submitted the 2022 financial statements (including individual and consolidated statements) of the Company, which have been audited and certified as complete by CPAs Szu-Chuan Chien and Yi-Wen Wang from KPMG Taiwan. We have audited the aforesaid financial statements, business report and earnings distribution and found that there are no discrepancies. We hereby respectfully prepare and present this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

2023 Annual Shareholders’ Meeting

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Convener of the Audit Committee: Chin-Tsai Chen

Date: March 14, 2023

IV. Financial Reports of the Recent Years

Representation Letter

The entities that are required to be included in the combined financial statements of Tong Hsing Electronic Industries, Ltd. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Tong Hsing Electronic Industries, Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Company name: Tong Hsing Electronic Industries, Ltd.
Chairman: Tie-Min, Chen
Date: March 14, 2023

Independent Auditors’ Report

To the Board of Directors of Tong Hsing Electronic Industries, Ltd.:

Opinion

We have audited the consolidated financial statements of Tong Hsing Electronic Industries, Ltd. and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tong Hsing Electronic Industries, Ltd. and its subsidiaries as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Other Matter

Tong Hsing Electronic Industries, Ltd. has prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

1. Valuation of inventories

Please refer to Note (4)(h) and Note (5)(a) of the consolidated financial statements for inventories accounting policy, and accounting assumptions and estimation uncertainty of inventory valuation, respectively. Information regarding inventory and related expenses are shown in Note (6)(f) of the consolidated financial statements.

Explanation to key audit matter:

Due to the impact of product life cycle and industrial competition in electronics industry, the price variability for the inventory of Tong Hsing Electronic Industries, Ltd. and its subsidiaries is expected. Therefore, the inventory valuation is one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing control of inventory usage and storage management; inspecting the inventory aging statement, and analyzing the change of aging for different periods; performing sampling procedures and inspecting the rationality in order to verify the correctness of inventories aging statement; performing a retrospective review of historical accuracy of inventory valuation, considering the impact of COVID-19 pandemic, and reviewing the adequacy of the accounting policies.

2. Impairment evalution of intainble assets:

Please refer to Note (4)(k) and Note (4)(l) “intainble assets“ and “Impairment of non-financial assets” of the consolidated financial statements for the accounting policy related to the impairment of intainble; Note (5)(b) for the uncertainty of accounting estimations and assumptions for goodwill impairment; Note (6)(i) “intainble assets” for details related to impairment of intainble assets.

Explanation to key audit matter:

Tong Hsing Electronic Industries, Ltd. fully acquired KINGPAK Technology Inc. by stock exchange on June 19,2020 (the effective date). The reference date of the merger is June 30, 2022. Management periodically assesses if there is any indication of impairment. The amounts of investments are significant, and assessing intangible assets such as goodwill involves complex calculations. Thus, the impairment evalution of intainble assets is one of the most important evaluations in performing our audit procedures of Tong Hsing Electronic Industries, Ltd.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Understand and assess the cash-generating unit that the management has identified to impair and any indication of impairment, the reasonableness of the management's method of measuring the recoverable amount, and the accuracy of management's past forecasts.
- Evaluate the professional competence, objectivity, experience, and valuation of external experts.
- Reviewing the appropriateness and correctness of the variables from the external professional’s appraisal pertaining to the testing of the impairment of the cash-generating unit.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the management is responsible for assessing Tong Hsing Electronic Industries, Ltd. and its subsidiaries' ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Unless the management either intends to liquidate Tong Hsing Electronic Industries, Ltd. and its subsidiaries or to cease its operations, or there is no realistic alternative but to do so.

Those charged with governance (including the audit committe) are responsible for overseeing Tong Hsing Electronic Industries, Ltd. and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tong Hsing Electronic Industries, Ltd. and its subsidiaries'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 Tong Hsing Electronic Industries, Ltd. and its subsidiaries’ 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 Tong Hsing Electronic Industries, Ltd. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors’ report are Szu-Chuan Chien and I-Wen Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors’ audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 7,496,769	22	4,383,697	16
1110	Current financial assets at fair value through profit or loss (note (6)(b))	232,584	1	239,277	1
1170	Accounts receivable, net (note (6)(e))	2,157,262	7	2,226,478	8
1200	Other receivables	70,545	-	49,178	-
1310	Inventories (note (6)(f))	1,794,234	5	1,830,269	7
1410	Prepayments	108,912	-	49,979	-
1470	Other current assets (note (6)(t))	78,409	-	70,913	-
1476	Other financial assets－current (note (8))	31,912	-	34,024	-
		11,970,627	35	8,883,815	32
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	1,010,391	3	455,389	2
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	321,398	1	350,563	1
1535	Non-current financial assets at amortized cost (note (6)(d))	1,409,013	4	221,440	1
1600	Property, plant and equipment (notes (6)(g), (7) and (8))	10,713,593	31	8,740,923	32
1755	Right-of-use assets (note (6)(h))	115,221	-	103,487	-
1780	Intangible assets (note (6)(i))	8,445,717	25	8,502,072	31
1840	Deferred tax assets	244,941	1	251,510	1
1900	Other non-current assets (note (7))	26,431	-	23,252	-
1980	Other financial assets－non-current (note (8))	5,405	-	5,405	-
		22,292,110	65	18,654,041	68
	Total assets	**$ 34,262,737**	**100**	**27,537,856**	**100**

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	1,390	-	4,609	-
2130	Contract liabilities－current (note (6)(t))	58,361	-	365,436	1
2170	Notes and accounts payable	802,055	2	1,013,128	4
2200	Other payables (notes (6)(l) and (12))	2,282,338	7	1,784,976	6
2230	Current tax liabilities	572,975	2	693,088	3
2250	Current provisions (note (6)(m))	223,869	1	127,873	1
2280	Lease liabilities－current (note (6)(n))	19,947	-	19,431	-
2300	Other current liabilities	50,252	-	78,346	-
		4,011,187	12	4,086,887	15
	Non-Current liabilities:				
2540	Long-term borrowings (note (6)(k))	5,204,769	16	62,500	-
2570	Deferred tax liabilities	160,718	-	114,939	1
2580	Lease liabilities－non-current (note (6)(n))	96,523	-	85,416	-
2600	Other non-current liabilities (note (6)(k))	161,083	-	5,546	-
2640	Net defined benefit liability－non-current (note (6)(o))	104,459	-	199,627	1
		5,727,552	16	468,028	2
	Total liabilities	9,738,739	28	4,554,915	17
	Equity:				
	Equity attributable to owners of parent: (note (6)(q))				
3100	Ordinary shares	1,608,139	5	1,786,979	6
3200	Capital surplus	15,115,876	44	15,118,420	55
3310	Legal reserve	1,829,345	6	1,552,352	6
3320	Special reserve	169,408	-	141,141	1
3350	Unappropriated retained earnings	5,820,426	17	4,526,534	16
3400	Other equity interest	(19,196)	-	(142,485)	(1)
	Total equity	24,523,998	72	22,982,941	83
	Total liabilities and equity	**$ 34,262,737**	**100**	**27,537,856**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Sales revenue**	$ 14,218,937	101	13,986,645	101
4170	Less: sales returns and allowances	147,346	1	126,531	1
4100	**Net sales revenue (notes (6)(t) and (14))**	14,071,591	100	13,860,114	100
5110	**Cost of sales (notes (6)(f) and (12))**	9,066,256	64	9,245,318	67
5900	**Gross profit**	5,005,335	36	4,614,796	33
6000	**Operating expenses: (note (12))**				
6100	Selling expenses	299,047	2	244,602	2
6200	Administrative expenses	762,582	6	648,840	4
6300	Research and development expenses	367,443	3	283,762	2
6450	Expected credit losses (gains)	(89,368)	(1)	41,226	-
		1,339,704	10	1,218,430	8
6900	**Net operating income**	3,665,631	26	3,396,366	25
	Non-operating income and expenses:				
7100	Interest income	65,150	-	21,272	-
7190	Other income	50,002	-	32,372	-
7230	Foreign exchange gains (losses), net (note (6)(w))	437,183	3	(92,000)	(1)
7235	Gains (losses) on current financial assets (liabilities) at fair value through profit or loss (note (6)(b))	38,995	-	45,799	-
7510	Finance cost－interest expense	(21,526)	-	(3,752)	-
7590	Miscellaneous disbursements (notes (6)(u) and (10))	(346,191)	(2)	(18,132)	-
		223,613	1	(14,441)	(1)
7900	**Profit before tax**	3,889,244	27	3,381,925	24
7950	**Less: tax expenses (note (6)(p))**	748,302	5	617,233	4
	Profit	3,140,942	22	2,764,692	20
	Other comprehensive income: (note (6)(p))				
	Items that may not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	83,030	-	6,174	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(29,165)	-	583	-
8349	Income tax on items that may not be reclassified to profit or loss	(16,606)	-	(934)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	37,259	-	5,823	-
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	176,572	1	(36,599)	-
8399	Income tax on items that may be reclassified to profit or loss	(30,895)	-	7,749	-
	Components of other comprehensive income that will be reclassified to profit or loss	145,677	1	(28,850)	-
	Other comprehensive income	182,936	1	(23,027)	-
8500	**Comprehensive income**	$ 3,323,878	23	2,741,665	20
	Earnings per share (note (6)(s))				
9750	Basic earnings per share	$	17.98		15.49
9850	Diluted earnings per share	$	17.72		15.40

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total other equity interest	Total equity
Balance on January 1, 2021	$ 1,787,083	15,120,168	1,410,144	97,411	2,925,436	4,432,991	(107,441)	-	(23,268)	(130,709)	21,209,533
Consolidated net income for the year ended December 31, 2021	-	-	-	-	2,764,692	2,764,692	-	-	-	-	2,764,692
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	5,240	5,240	(28,850)	583	-	(28,267)	(23,027)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	2,769,932	2,769,932	(28,850)	583	-	(28,267)	2,741,665
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	142,208	-	(142,208)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	43,730	(43,730)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(982,896)	(982,896)	-	-	-	-	(982,896)
Share-based payments	(104)	(1,748)	-	-	-	-	-	-	16,491	16,491	14,639
Balance on December 31, 2021	1,786,979	15,118,420	1,552,352	141,141	4,526,534	6,220,027	(136,291)	583	(6,777)	(142,485)	22,982,941
Consolidated net income for the year ended December 31, 2022	-	-	-	-	3,140,942	3,140,942	-	-	-	-	3,140,942
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	66,424	66,424	145,677	(29,165)	-	116,512	182,936
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	3,207,366	3,207,366	145,677	(29,165)	-	116,512	3,323,878
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	276,993	-	(276,993)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	28,267	(28,267)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,608,214)	(1,608,214)	-	-	-	-	(1,608,214)
Capital reduction	(178,690)	-	-	-	-	-	-	-	-	-	(178,690)
Share-based payments	(150)	(2,544)	-	-	-	-	-	-	6,777	6,777	4,083
Balance on December 31, 2022	**$ 1,608,139**	**15,115,876**	**1,829,345**	**169,408**	**5,820,426**	**7,819,179**	**9,386**	**(28,582)**	**-**	**(19,196)**	**24,523,998**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from (used in) operating activities:			
Profit before tax	$	3,889,244	3,381,925
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		1,324,313	1,473,946
Amortization expense		126,542	116,299
Expected credit losses (gains)		(89,368)	41,226
Net gain on financial assets or liabilities at fair value through profit or loss		(38,995)	(45,799)
Interest expense		21,526	3,752
Interest income		(65,150)	(21,272)
Dividend income		(13,528)	(3,867)
Share-based payments		4,083	14,639
Loss (gain) on disposal of property, plant and equipment		14,497	(3,762)
Impairment loss of property, plant and equipment recognized in profit or loss		125,602	-
Gain on disposal of intangible assets		-	(730)
Losses due to major disasters		204,090	-
Other		(80,852)	26,181
Total adjustments to reconcile profit (loss)		1,532,760	1,600,613
Changes in operating assets and liabilities:			
Decrease in current financial assets and liabilities at fair value through profit or loss		33,675	393,754
(Increase) decrease in contract assets		(8,115)	12,723
(Increase) decrease in accounts receivable		158,219	(447,331)
(Increase) decrease in other receivables		(12,610)	11,227
Increase in inventories		(1,544)	(311,088)
Increase in prepayments		(58,933)	(11,087)
(Increase) decrease in other current assets		619	(744)
Increase in net deferred benefit assets		-	(950)
Increase (decrease) in notes and accounts payable		(211,073)	64,313
Increase in other payables		1,633	301,139
Increase in provisions and other current liabilities		67,902	8,651
Increase (decrease) in other current liabilities		(6,825)	25,863
Decrease in net deferred benefit liabilities		(2,272)	(11,611)
		(39,324)	34,859
Cash inflow generated from operations		5,382,680	5,017,397
Interest received		46,787	18,091
Dividends received		13,528	3,867
Interest paid		(14,836)	(3,814)
Income taxes paid		(863,358)	(428,481)
Net cash flows from operating activities		4,564,801	4,607,060
Cash flows from (used in) investing activities:			
Acquisition of non-current financial assets at fair value through profit or loss		(902,982)	(24,925)
Proceeds from disposal of non-current financial assets at fair value through profit or loss		374,578	39,081
Acquisition of non-current financial assets at fair value through other comprehensive income		-	(349,980)
Acquisition of non-current financial assets at amortized cost		(1,117,047)	-
Acquisition of property, plant and equipment		(3,346,244)	(2,395,437)
Proceeds from disposal of property, plant and equipment		13,119	1,617
Increase in refundable deposits		(14,581)	(1,136)
Acquisition of intangible assets		(68,650)	(5,798)
Proceeds from disposal of intangible assets		-	837
Decrease in other financial assets		2,112	2,833
Net cash used in investing activities		(5,059,695)	(2,732,908)
Cash flows from (used in) financing activities:			
Decrease in short-term borrowings		-	(269,000)
Decrease in short-term notes and bills payable		-	(50,000)
Proceeds from long-term borrowings		5,297,000	63,000
Increase (decrease) in guarantee deposits received		(1,598)	881
Payments of lease liabilities		(22,502)	(18,321)
Cash dividends paid		(1,608,214)	(982,896)
Capital reduction by cash		(178,690)	-
Net cash from (used in) financing activities		3,485,996	(1,256,336)
Effect of exchange rate changes on cash and cash equivalents		121,970	(25,293)
Net increase in cash and cash equivalents		3,113,072	592,523
Cash and cash equivalents at beginning of period		4,383,697	3,791,174
Cash and cash equivalents at end of period	$	7,496,769	4,383,697

See accompanying notes to consolidated financial statements.

(1) Company history

Tong Hsing Electronic Industries, Ltd. ("the Company") was incorporated as a company limited by shares in August 11, 1974 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is at 6F, No.83, Yanping S. Rd., Zhongzheng Dist., Taipei City. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged with its subsidiary, KINGPAK TECHNOLOGY INC.("KINGPAK"), pursuant to the resolutions of the Board of Directors on March 17, 2022 with the Company as the surviving company, and KINGPAK as the dissolved company. The reference date of the merger is June 30, 2022. The consolidated financial statements of the Company as at and for the year ended December 31, 2022 comprised the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the manufacture and sale of RF module, ceramic metalized substrate, hybrid modules & specialty packaging and image products.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- IFRS 16 "Requirements for Sale and Leaseback Transactions"

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(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC (hereinafter referred to as "IFRS endorsed by the FSC").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (or assets) are recognized as the fair value of plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling mentioned in note (4)(q).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling

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interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Nature of operation**	**December 31, 2022**	**December 31, 2021**	**Note**
The Company	Tong Hsing Electronics Phils. Inc. (THEPI)	Sales and manufacturing of RF module, ceramic metalized substrate, hybrid modules & specialty packaging and image products	100%	100%	-
〃	KINGPAK Technology Inc. (KINGPAK)	Automobile related packing field and safety monitoring related CMOS image sensor	-	100%	Note

Note: The Company conducted the short-form merger with the 100%-owned subsidiary – KINGPAK on June 30, 2022. The Company was the surviving company, and KINGPAK was the dissolved company.

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the

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presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, exchange differences arising form such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be

(Continued)

recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at : amortized cost ; fair value through other comprehensive income-equity investment or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

• it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

• iits contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may

(Continued)

irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group' s right to receive payment is established, which in the case of quoted securities is normally the exdividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, and accounts receivable, other receivables, refundable deposits and other financial assets), equity instruments investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This

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includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Evidence that financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the

(Continued)

gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are

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discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits

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associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 3 ~ 50 years

2) Machinery and equipment: 2 ~10 years

3) Office equipment: 3 ~10 years

4) Leasehold improvements: 3 ~ 25 years

5) Building and equipment constitutes mainly building, air conditioning equipment and elevator engineering equipment and its related facilities. Each part depreciates based on its useful life.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents the right-of-use asset that do not meet the definition of investment and the lease liability as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of vehicles that have a lease term of 12 months or less and leases of low-value assets, including copying machines. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	3~5 years
2)	Patents	5~20 years
3)	Customer relationships	7~13.5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of

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money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost interest expense.

(n) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group manufactures and sells electronic components to electronic manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. For certain image sensors product contracts, the customer controls all of the work in progress as the products are being manufactured. In such case, revenue will be recognized as the products are being manufactured.

The Group often offers trade discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that is highly probable that a significant reversal will not occur. A contract liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the sales of electronic components are made with

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a credit term of 30 to 90 days, which is consistent with the market practice.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Government grants

A government grant is recognized in profit or loss only when there is reasonable assurance that the Group will comply with the conditions associated with the grant and that the grant will be received.

A government grant related to assets is initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; it is then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

A government grant is recognized in profit or loss in the period in which it becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Group without future related costs.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is

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not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

The surtax on undistributed earnings is recorded as current income tax expense after the resolution to appropriate retained earnings is approved in a stockholders’ meeting.

(s) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of

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the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and have been updated to reflect the impact of COVID-19 pandemic is as follows:

(a) Valuation of inventories

Inventories are stated at the lower of cost or net realizable value. Due to the impact of product life cycle and industrial competition in electronic industry, which tends to devalue the inventories, the Group evaluates the costs of inventories using the net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific period,

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therefore, the value of inventories may be variable due to the nature of fast-paced industry. Please refer to note (6)(f) of the consolidated financial statement for inventory valuation.

(b) Assessment of goodwill impairment from investment in subsidiaries

The assessment of impairment of goodwill requires the Group' s to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Please refer to note (6)(i) for the assessment of goodwill impairment.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash and foreign currency on hand	$ 190	391
Checking accounts and demand deposits	3,860,920	3,657,158
Time deposits	3,635,659	726,148
	$ 7,496,769	4,383,697

Refer to note (6)(w) for the exchange rate risk, interest risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	$ -	3,556
Foreign exchange swaps contracts	-	4,429
Non-derivative financial assets		
Open-end mutual funds	232,584	231,292
Structured investment	538,189	-
Stock listed in domestic markets	231,375	276,168
Foreign private funds	240,827	179,221
	$ 1,242,975	694,666
Current	$ 232,584	239,277
Non-current	1,010,391	455,389
	$ 1,242,975	694,666

	December 31, 2022	December 31, 2021

(Continued)

Hold-for-trading financial liabilities:			
Derivative instruments not used for hedging			
Forward exchange contracts	$	57	4,609
Foreign exchange swaps contracts		1,333	-
	$	1,390	4,609

The Group holds derivative financial instruments to hedge certain foreign exchange and interest risk the Group is exposed to, arising from its operating activities. As of December 31, 2022 and 2021, the following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2022			
	Amount (in thousands)		Currency	Maturity dates
Derivative financial liabilities				
Forward exchange contracts				
Foreign exchange sold	EUR	1,000	EUR to USD	2023.01.13
Foreign exchange swaps contracts				
Foreign exchange swaps	USD	9,000	USD to NTD	2023.01.09

	December 31, 2021			
	Amount (in thousands)		Currency	Maturity dates
Derivative financial assets				
Forward exchange contracts				
Foreign exchange purchased	USD	29,000	USD to NTD	2022.02.25~2022.04.27
Foreign exchange sold	EUR	1,000	EUR to USD	2022.01.06
Foreign exchange swaps contracts				
Foreign exchange swaps	USD	40,500	USD to NTD	2022.01.28~2022.03.21
Derivative financial liabilities				
Forward exchange contracts				
Foreign exchange purchased	USD	24,000	USD to NTD	2022.01.20~2022.06.30
Foreign exchange sold	USD	4,000	USD to JPY	2022.01.05

Refer to note (6)(w) for information relating to the credit risk management of financial instruments.

As of December 31, 2022 and 2021, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

	December 31, 2022	December 31, 2021

(Continued)

Equity investments at fair value through other comprehensive income:		
Stock listed on domestic market - preferred stock	$ 321,398	350,563

(i) The Group's investment equity instruments are long-term strategic investments not held-for-trading purpose. The Group designated as equity investment at fair value through other comprehensive income.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2022 and 2021.

(iii) For credit risk and market risk, please refer to note (6)(w).

(iv) As of December 31, 2022 and 2021, the Group did not provide any aforementioned financial assets as collaterals for its loans.

(d) Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Foreign corporate bonds	$ 1,409,013	221,440

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) The Group purchased the bond with a face value of USD 37,561 thousand for the year ended December 31, 2022, with a coupon rate of 0.75%~3.522%. There was no significant purchase and disposal on financial assets at amortized cost for the year ended December 31, 2021.

(ii) Please refer to note (6)(w) for credit risk.

(iii) As of December 31, 2022 and 2021, the Group did not provide any aforementioned financial assets as collaterals for its loans.

(e) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable – measured at amortized cost	$ 2,160,476	2,318,695
Less: allowance for impairment	(3,214)	(92,217)
	$ 2,157,262	2,226,478

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics of the customer's ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including overall economic environment and related industrial information.

According to the management's assessment, to reflect the actual operation, the Group modified the basis for evaluating the expected credit losses of accounts receivable in March 2022. According to

(Continued)

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," changing in accounting estimate resulted to increase in the expected credit reversal gains amounted to $85,733 for the year ended December 31, 2022.

(i) As of December 31, 2022, the loss allowance provision was determined as follows:

	December 31, 2022			
Aging interval		**Carrying amount of accounts receivable**	**Weighted-average expected loss rate**	**Loss allowance provision**
Current	$	1,809,940	-	-
Overdue 1 to 30 days		320,008	-	-
Overdue 31 to 60 days		29,020	10.00%	2,902
Overdue 61 to 90 days		1,491	20.00%	298
Overdue 121 to 180 days		17	80.00%	14
	$	2,160,476		3,214

(ii) As of December 31, 2021, the loss allowance provision was determined as follows:

1) Credit rate A

	December 31, 2021			
Aging interval		**Carrying amount of accounts receivable**	**Weighted-average expected loss rate**	**Loss allowance provision**
1 to 30 days	$	102,579	-	-
31 to 60 days		59,285	0.50%	296
61 to 90 days		10,276	1.44%	148
91 to 120 days		10,624	5.00%	531
121 to 180 days		3,697	10.00%	370
181 to 365 days		1	50.00%	-
	$	186,462		1,345

2) Credit rate B

	December 31, 2021			
Aging interval		**Carrying amount of accounts receivable**	**Weighted-average expected loss rate**	**Loss allowance provision**
1 to 30 days	$	857,800	1.12%	9,572
31 to 60 days		875,731	3.77%	33,038
61 to 90 days		283,029	8.72%	24,677
91 to 120 days		114,411	20.00%	22,882
121 to 180 days		1,117	50.00%	558
181 to 365 days		8	100.00%	8
More than one year		137	100.00%	137

(Continued)

	$ 2,132,233	90,872

The movements in the allowance for accounts receivable were as follows:

	2022	2021
The beginning of period	$ 92,217	51,130
Impairment losses recognized (reversed)	(89,015)	41,426
Amounts written off	-	(319)
Effect of movements in exchange rates	12	(20)
The end of period	$ 3,214	92,217

As of the reporting date, the Group did not provide any accounts receivable as collaterals for its loans.

(f) Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 379,999	224,628
Semi-finished goods	137,463	276,355
Work in progress	286,433	265,094
Raw materials	814,154	795,583
Indirect materials	176,185	268,609
	$ 1,794,234	1,830,269

(i) The details of the cost of sales for the years ended December 31, 2022 and 2021 of the Group were as follows:

	2022	2021
Cost of sales and expense	$ 9,011,118	9,212,180
Cost for write-downs on inventory valuation and obsolescence	55,138	33,138
	$ 9,066,256	9,245,318

(ii) For the year ended December 31, 2022, the derecognition of inventory by the Company due to fire incidents amounting to $37,579 was recognized under miscellaneous disbursements; please refer to note (10) for details.

(iii) As of December 31, 2022 and 2021, the Group did not provide any inventories as collaterals for its loans.

(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

(Continued)

	Land	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
Cost or deemed cost:							
Balance on January 1, 2022	$ 2,394,630	3,030,884	5,769,421	366,920	1,841	1,953,887	13,517,583
Additions	90,000	108,757	532,336	44,175	25,179	2,738,690	3,539,137
Transferred in (out)	-	59,452	55,005	9,958	-	(124,865)	(450)
Disposals	-	(141,608)	(1,027,335)	(33,485)	-	-	(1,202,428)
Effects of movements in exchange rates	-	46,347	170,197	24,813	202	1,329	242,888
Balance on December 31, 2022	$ 2,484,630	3,103,832	5,499,624	412,381	27,222	4,569,041	16,096,730
Balance on January 1, 2021	$ 2,394,630	2,962,779	6,099,011	320,949	1,894	350,239	12,129,502
Additions	-	72,910	404,770	68,641	-	1,851,129	2,397,450
Transferred in (out)	-	81,247	129,683	18,468	-	(246,737)	(17,339)
Disposals	-	(73,821)	(823,827)	(35,008)	-	-	(932,656)
Effects of movements in exchange rates	-	(12,231)	(40,216)	(6,130)	(53)	(744)	(59,374)
Balance on December 31, 2021	$ 2,394,630	3,030,884	5,769,421	366,920	1,841	1,953,887	13,517,583
Depreciation and impairment loss:							
Balance on January 1, 2022	$ -	851,861	3,664,642	259,273	884	-	4,776,660
Depreciation for the year	-	186,807	1,051,949	58,220	3,743	-	1,300,719
Impairment loss	-	99,425	26,059	118	-	-	125,602
Disposals	-	(72,418)	(904,555)	(31,328)	-	-	(1,008,301)
Effects of movements in exchange rates	-	20,837	145,841	21,680	99	-	188,457
Balance on December 31, 2022	$ -	1,086,512	3,983,936	307,963	4,726	-	5,383,137
Balance on January 1, 2021	$ -	752,181	3,304,846	246,364	834	-	4,304,225
Depreciation for the year	-	178,545	1,222,889	53,355	74	-	1,454,863
Disposals	-	(73,821)	(825,972)	(35,008)	-	-	(934,801)
Effects of movements in exchange rates	-	(5,044)	(37,121)	(5,438)	(24)	-	(47,627)
Balance on December 31, 2021	$ -	851,861	3,664,642	259,273	884	-	4,776,660
Book value:							
Balance on December 31, 2022	$ 2,484,630	2,017,320	1,515,688	104,418	22,496	4,569,041	10,713,593
Balance on January 1, 2021	$ 2,394,630	2,210,598	2,794,165	74,585	1,060	350,239	7,825,277
Balance on December 31, 2021	$ 2,394,630	2,179,023	2,104,779	107,647	957	1,953,887	8,740,923

The Group contracted with Chung-Lin General Contractors, Ltd. for the construction of the plant in Bade District, Taoyuan City in August, 2020. The total amount of contract is $3,200,000. As of December 31, 2022 and 2021, the amount of $2,688,000 and $1,616,000 had been paid, respectively.

For the year ended December 31, 2022, the carrying amount of certain buildings and structures, machinery and equipment, as well as office equipment, derecognized by the Company amounting to $166,511, due to the fire incidents, and was recognized under miscellaneous disbursements. Please refer to note (10) for details.

For the year ended December 31, 2022, the Group considered certain buildings and structures,

(Continued)

machinery and equipment, as well as office equipment, as impaired, resulting in the recoverable amount to be lower than the carrying value by $125,602. The loss is recognized as impairment loss under miscellaneous disbursements.

As of December 31, 2022 and 2021, the Group had provided property, plant and equipment as collateral for its loans. Please refer to note (8) for details.

(h) Right-of -use assets

The Group leases many assets including land, staff dormitories and office equipment. Information about leases for which the Group as a lessee is presented below:

		Land	Buildings and structures	Office equipment	Total
Cost:					
Balance on January 1, 2022	$	84,620	22,901	20,669	128,190
Additions		79,996	25,254	700	105,950
Deductions		(74,694)	(1,145)	(2,924)	(78,763)
Balance on December 31, 2022	$	89,922	47,010	18,445	155,377
Balance on January 1, 2021	$	84,620	15,984	19,216	119,820
Additions		-	17,263	3,022	20,285
Deductions		-	(10,346)	(1,569)	(11,915)
Balance on December 31, 2021	$	84,620	22,901	20,669	128,190
Depreciation and impairment loss:					
Balance on January 1, 2022	$	8,173	9,104	7,426	24,703
Depreciation for the year		5,658	13,759	4,177	23,594
Deductions		(4,478)	(1,145)	(2,518)	(8,141)
Balance on December 31, 2022	$	9,353	21,718	9,085	40,156
Balance on January 1, 2021	$	2,715	4,937	3,520	11,172
Depreciation for the year		5,458	9,220	4,405	19,083
Deductions		-	(5,053)	(499)	(5,552)
Balance on December 31, 2021	$	8,173	9,104	7,426	24,703
Book value:					
Balance on December 31, 2022	$	80,569	25,292	9,360	115,221
Balance on January 1, 2021	$	81,905	11,047	15,696	108,648
Balance on December 31, 2021	$	76,447	13,797	13,243	103,487

(i) Intangible assets

(i) The Group obtained control over Impac Technology Co., Ltd. and KINGPAK in previous year. The cost of investment exceeds the fair value of identifiable net assets is recognized as goodwill. The goodwill recognized for the aforesaid transaction were $51,936 and $7,396,676, respectively.

(ii) The cost and amortization of intangible assets of the Group were as follows:

Goodwill	Patents and others	Cost of computer software	Customer relationship	Total

(Continued)

	Goodwill	Patents and others	Cost of computer software	Customer relationship	Total
Cost:					
Balance on January 1, 2022	$ 7,448,612	957,464	34,998	405,476	8,846,550
Additions	-	-	70,187	-	70,187
Disposals	-	(30,020)	(14,626)	(41,776)	(86,422)
Balance on December 31, 2022	$ 7,448,612	927,444	90,559	363,700	8,830,315
Balance on January 1, 2021	$ 7,448,612	958,013	43,949	405,476	8,856,050
Additions	-	-	4,261	-	4,261
Transferred in (out)	-	(290)	-	-	(290)
Disposals	-	(259)	(13,212)	-	(13,471)
Balance on December 31, 2021	$ 7,448,612	957,464	34,998	405,476	8,846,550
Amortization and impairment loss:					
Balance on January 1, 2022	$ -	240,428	20,965	83,085	344,478
Amortization for the year	-	77,091	22,510	26,941	126,542
Disposals	-	(30,020)	(14,626)	(41,776)	(86,422)
Balance on December 31, 2022	$ -	287,499	28,849	68,250	384,598
Balance on January 1, 2021	$ -	163,299	22,317	56,144	241,760
Amortization for the year	-	77,498	11,860	26,941	116,299
Transferred in (out)	-	(217)	-	-	(217)
Disposals	-	(152)	(13,212)	-	(13,364)
Balance on December 31, 2021	$ -	240,428	20,965	83,085	344,478
Book value:					
Balance on December 31, 2022	$ 7,448,612	639,945	61,710	295,450	8,445,717
Balance on January 1, 2021	$ 7,448,612	794,714	21,632	349,332	8,614,290
Balance on December 31, 2021	$ 7,448,612	717,036	14,033	322,391	8,502,072

(iii) Amortization recognized

For the years ended December 31, 2022 and 2021, the amortization expenses of intangible assets in the statement of comprehensive income were as follows:

	2022	2021
Operating costs	$ 7,117	5,024
Operating expenses	$ 119,425	111,275

(iv) Test of goodwill impairment

For the purpose of impairment test, goodwill was mainly allocated to the cash-generating units －BU2 and BU3.

The recoverable amount of the cash-generating unit－BU2 and BU3 is determined based on the value in use, which was calculated based on the cash flow forecast from the financial budgets covering the future one-year period, and the Group used the annual discount rates of 10.46% to 14.55% and of 9.30% to 11.16%, respectively, in its impairment test for the years ended December 31, 2022 and 2021. The estimation of discount rate was based on the weighted-average capital cost.

(Continued)

Based on the result of impairment test, the recoverable amounts determined by the value in use were both higher than the carrying amounts of goodwill as of December 31, 2022 and 2021. Therefore, the Group did not recognize any impairment loss on goodwill.

(v) Collateral

As of December 31, 2022 and 2021, the Group did not provide intangible assets as collaterals for its loans.

(j) Short-term borrowings

Details of short-term borrowings were as follows:

	December 31, 2022	December 31, 2021
Comprehensive secured bank loans	$ -	-
Unused short-term credit lines	$ 5,563,150	4,564,700

Please refer to note (8) for the information about the Group providing assets as collateral for part of its borrowings and credit lines.

(k) Long-term borrowings

Details of long-term borrowings were as follows:

	December 31, 2022	December 31, 2021
Secured bank loans	$ 5,360,000	63,000
Less: Discounts on government grants	(155,231)	(500)
	$ 5,204,769	62,500
Unused long-term credit lines	$ 3,200,000	8,257,000
Range of interest rates	1.225%~1.425%	0.6%~0.8%
Expiration	2026 to 2031	2031

(i) For the years ended December 31, 2022 and 2021, the Group received a preferential interest rate loan of $5,297,000 and $63,000 from the government's "Action Plan for Accelerating Investment of Rooted Taiwanese Enterprises". The amount was used in capital expenditure and operating turnover. The loan was expected to be repaid until April 2031. Using the prevailing market interest rate at an equivalent loan rate of 1.35% to 1.85% and 0.75%, the fair value of the loan was estimated at $5,138,164 and $62,465 on initial recognition. The difference of $158,836 and $535 between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan, respectively, and had been recognized as deferred revenue recorded under other non-current liabilities, which is being amortized over the period of loans, and recognized the grant profit $1,700 and $0 under other income, respectively.

(ii) Please refer to note (8) for the information about the Group providing assets as collateral for part of its long-term borrowings.

(Continued)

(l) Other payables

Details of other payables were as follows:

	December 31, 2022	December 31, 2021
Salaries, employees' compensation and directors' remuneration	$ 1,366,289	1,002,752
Payable on machinery and equipment	306,991	114,098
Accrued employee benefit liabilities	55,745	51,461
Others	553,313	616,665
	$ 2,282,338	1,784,976

Others included professional service fees, commission, repairments and maintenance expense, utilities expense, labor insurance and health insurance, etc.

(m) Provision

	December 31, 2022	December 31, 2021
Compensation	$ 223,869	127,873

The provision for compensation losses was due to product defects. The Group has determined the most likely outcome of the compensation in accordance with the best estimation expenditure required for the obligation to recognize the compensation liabilities.

(n) Lease liabilities

Details of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 19,947	19,431
Non-current	$ 96,523	85,416

For the maturity analysis, please refer to note (6)(w).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 1,891	1,928
Variable lease payments not included in the measurement of lease liabilities	$ 47,430	77,872
Expenses relating to short-term leases	$ 11,986	8,798
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 399	337

The amounts recognized in the statement of cash flows for the Group were as follows:

	2022	2021

(Continued)

Total cash outflow for leases	$	84,208	107,256

(i) Real estate leases

The Group leases land, buildings and structures for its factory, staffs' dormitories, parking lots and office. The leases typically run for a period of one to twenty years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases office equipment with lease terms of three years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some lease payments are based on actual usage in the period.

The Group also leases copying machines and office equipment with lease terms of three to five years. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Employee benefits

(i) Defined benefit plans

1) Reconciliation of the defined benefit obligation at present value and plan assets at fair value of the Company were as follows:

		December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$	(285,368)	(374,059)
Fair value of plan assets		213,486	225,832
Net defined benefit liabilities	$	(71,882)	(148,227)

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for its employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

2) Reconciliation of defined benefit obligations at present value and plan assets at fair value of THEPI were as follows:

		December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$	(54,940)	(69,659)
Fair value of plan assets		22,363	18,259
Net defined benefit liabilities	$	(32,577)	(51,400)

(Continued)

THEPI makes defined benefit plan contributions to the pension fund account at local bank in Philippines. The plans entitle a retired employee to receive retirement benefits based on years of service and average salary prior to retirement.

3) Reconciliation of defined benefit obligations at present value and plan assets at fair value of KINGPAK were as follows:

		December 31, 2021
Present value of defined benefit obligations	$	(30,994)
Fair value of plan assets		40,860
Net defined benefit assets	$	9,866

KINGPAK makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for its employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement. However, the Company merged with KINGPAK in 2022, wherein the Company became the sole surviving entity thereafter, resulting in the combination of both parties' pension fund accounts.

4) Composition of plan assets

The Company and KINGPAK allocate their pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension and appointed manager retirement fund reserve account balance amounted to $213,486 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor. Funds, Ministry of labor.

The plan assets of THEPI is composed of cash, and is managed by local bank in Philippines. The plan assets balance amounted to $21,681 at the end of the reporting period.

5) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group were as follows:

		2022	2021
Defined benefit obligation on January 1	$	(474,712)	(486,779)
Current service costs and interest		(15,334)	(22,248)
Benefits paid by the plan		83,297	21,010

(Continued)

Re-measurements of the net defined benefit liabilit			
-Return on plan assets (excluding current interest income)		37,162	(620)
-Actuarial gains (losses) arose from changes in financial assumptions		30,876	14,226
-Actuarial gains (losses) arose from changes in demographic assumptions		-	(8,989)
Exchange difference on foreign plan		(1,597)	8,688
Defined benefit obligation on December 31	**$**	**(340,308)**	**(474,712)**

6) Movements of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2022	**2021**
Fair value of plan assets on January 1	$	284,951	278,283
Interest income		2,839	2,340
Benefits paid by the plan		(83,297)	(21,010)
Re-measurements of the net defined benefit asset			
-Return on plan assets (excluding current interest income)		14,992	1,557
Contributions paid by the employer		16,023	24,991
Exchange difference on foreign plan		341	(1,210)
Fair value of plan assets on December 31	**$**	**235,849**	**284,951**

7) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

		2022	**2021**
Current service cost	$	8,807	14,889
Net interest on the net defined benefit liabilities		3,688	5,019
	$	**12,495**	**19,908**
Cost of sales	$	10,409	17,041
Selling expense		130	232
Administrative expense		1,688	2,354
Research and development expense		268	281
	$	**12,495**	**19,908**

8) Re-measurement of the net defined benefit liabilities recognized in other comprehensive

(Continued)

income

The Group' s re-measurement of the net defined benefit liabilities recognized in other comprehensive income for the years ended December 31, 2022 and 2021, were as follows:

		2022	2021
Accumulated amount on January 1	$	144,569	150,743
Recognized during the period		(83,030)	(6,174)
Accumulated amount on December 31	$	61,539	144,569

9) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022		December 31, 2021		
	The Company	THEPI	The Company	THEPI	KINGPAK
Discount rate	1.250%	7.400%	0.750%	5.200%	0.550%
Future salary increasing rate	3.500%	6.000%	3.500%	6.000%	3.750%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $17,333.

The weighted-average lifetime of the defined benefit plan is 10 to 15 years.

10) Sensitivity analysis

As of December 31, 2022 and 2021, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

A. The Company

		Influences of defined benefit obligations	
Actuarial assumption		**Increased**	**Decreased**
December 31, 2022			
Discount rate (Increased or Decreased 0.25%)	$	(4,645)	4,808
Future salary increasing rate (Increased or Decreased 1.00%)		19,612	(17,474)
December 31, 2021			
Discount rate (Increased or Decreased 0.25%)		(12,823)	13,426
Future salary increasing rate (Increased or Decreased 0.25%)		12,855	(12,356)

B. THEPI

	Influences of defined benefit obligations	
Actuarial assumption	**Increased 1.00%**	**Decreased 1.00%**

(Continued)

December 31, 2022			
Discount rate	$	(6,908)	8,324
Future salary increasing rate		7,993	(6,768)
December 31, 2021			
Discount rate		(9,999)	12,297
Future salary increasing rate		11,600	(9,667)

C. KINGPAK

Actuarial assumption		Influences of defined benefit obligations Increased	Decreased
December 31, 2021			
Discount rate (Increased or Decreased 0.25%)	$	(801)	830
Future salary increasing rate (Increased or Decreased 1.00%)		3,384	(2,992)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plan

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method amounted to $76,517 and $73,083 for the years ended December 31, 2022 and 2021, respectively.

(p) Income Taxes

(i) Income tax expenses

1) The components of income tax expense in the years 2022 and 2021 were as follows:

		2022	2021
Current tax expense			
Current period	$	816,441	735,613
Adjustment for prior periods		(72,986)	(101,459)
		743,455	634,154

(Continued)

Deferred tax expense		
Origination and reversal of temporary differences	4,847	(16,921)
Income tax expense	$ 748,302	617,233

2) The amount of income tax expense (benefit) recognized in other comprehensive income for 2022 and 2021 were as follows:

	2022	2021
Items that may not be reclassified to profit or loss:		
Re-measurement of the defined benefit plans	$ 16,606	934
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	30,895	(7,749)
	$ 47,501	(6,815)

3) Reconciliation of income tax and profit before tax for 2022 and 2021 were as follows:

	2022	2021
Profit before income tax	$ 3,889,244	3,381,925
Income tax using the Company's domestic tax rate	777,849	676,385
Effect of tax rates in foreign jurisdiction	(18,296)	(39,929)
Tax-exempt income	8,913	(962)
Over provision in prior periods	(72,986)	(101,459)
Others	52,822	83,198
	$ 748,302	617,233

(ii) Deferred tax assets and liabilities

The Group has no unrecognized deferred tax assets and liabilities. Changes in the amount of recognized deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Provision for the land value increment tax	Investments income recognized under the equity method	Others	Total
Deferred tax liabilities:				
Balance on January 1, 2022	$ 80,950	7,818	26,171	114,939
Recognized in profit or loss	-	45,253	526	45,779
Balance on December 31, 2022	$ 80,950	53,071	26,697	160,718
Balance on January 1, 2021	$ 80,950	-	25,448	106,398
Recognized in profit or loss	-	7,818	723	8,541

(Continued)

Balance on December 31, 2021	$	80,950	7,818	26,171	114,939

	Foreign currency translation adjustment	Defined benefit plans	Investments loss recognized under the equity method	Adjustment of depreciation of fixed assets for tax purposes	Others	Total
Deferred tax assets:						
Balance on January 1, 2022	$ 32,952	35,602	-	90,469	92,487	251,510
Recognized in profit or loss	-	(1,424)	-	58,155	(15,799)	40,932
Recognized in other comprehensive income	(30,895)	(16,606)	-	-	-	(47,501)
Balance on December 31, 2022	$ 2,057	17,572	-	148,624	76,688	244,941
Balance on January 1, 2021	$ 25,203	37,646	54,049	19,066	83,269	219,233
Recognized in profit or loss	-	(1,110)	(54,049)	71,403	9,218	25,462
Recognized in other comprehensive income	7,749	(934)	-	-	-	6,815
Balance on December 31, 2021	$ 32,952	35,602	-	90,469	92,487	251,510

(iii) The Group entities' income tax returns are calculated and filed separately according to the local tax law and combined filing is not acceptable.

(iv) Examination and approval

The ROC tax authorities have assessed the income tax returns of the Company and KINGPAK through 2020.

(q) Capital and other equity

(i) Ordinary shares

As of December 31, 2022 and 2021, the number of authorized ordinary shares was $4,000,000, with par value of $10 per share. The total value of authorized ordinary shares amounted to 400,000 thousand shares, of which $200,000 were reserved for the issuance of employee stock options. As of the date, 160,814 thousand and 178,698 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

For the years ended December 31, 2022 and 2021, the restricted stocks were cancelled due to certain employees who failed to meet the vesting conditions of $150 and $104, respectively. All related registration procedures had been completed as of the reporting date. The annaul stockholders' meeting resolved to conduct a capital reduction by cash amounting to $178,690 on June 8, 2022, whereby 17,869 thousand ordinary shares were cancelled, resulting in the capital to decrease by 10%. The above capital reduction was approved by the regulatory authorities on September 19, 2022, with the base date set on October 14, 2022. The registration procedures was completed on November 7, 2022.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Capital surplus－additional paid-in capital	$ 15,002,891	15,002,891

(Continued)

Employment restricted shares	56,766	59,310
Other	56,219	56,219
	$ 15,115,876	15,118,420

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation amended on June 8, 2022, the Company's net earnings shall first defray tax due, and offset the prior years' deficit. Of the remaining balance, 10% is to be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital, and an amount equal to a net debit balance of stockholders' equity is appropriated as a special reserve. The remaining balance and the accumulated unappropriated earnings of prior years, if any, may be appropriated according to the proposal presented in the annual stockholders' meeting by the Broad of Directors, and be distributed as dividends to stockholders after the approval of the annual stockholders' meeting. Based on the policy on stock dividends and in accordance with such factors as the development plan, investment environment, capital requirements, competitive environment, and benefits to stockholders, the dividends to be distributed to shareholders shall appropriate 60% or more of the appropriated earnings, and the cash dividends shall not be less than 30% of the total amount of dividends. After considering the actual profit and capital situation, the amount of dividends is determined by the board of directors and approved by the stockholders at their annual meeting.

If the Company has no deficit, it shall distribute the legal reserve and the aggregate or a portion of the capital surplus to shareholders in cash in proportion to shareholdings pursuant to Article 241(i) of the Company Act, and such distribution shall be approved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders.

The Company's earnings distribution or loss off-setting proposal may be proposed at the close of each half-year.

When the Company allocates its earnings for the first half of the financial year in accordance with the preceding paragraph, it shall first estimate and retain the amounts of taxable contributions, make up its deficits, employee remuneration, and provision for surplus reserve. However, the appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital.

In accordance with the Company's Articles of Incorporation before revised on June 8, 2022, the Company's net earnings shall first defray tax due, and offset the prior years' deficit. Of the remaining balance, 10% is to be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital, and an amount equal to a net debit balance of stockholders' equity is appropriated as a

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special reserve. The remaining balance and the accumulated unappropriated earnings of prior years, if any, may be appropriated according to the proposal presented in the annual stockholders' meeting by the Board of Directors, and be distributed as dividends to stockholders after the approval of the annual stockholders' meeting. Based on the policy on stock dividends and in accordance with such factors as the development plan, investment environment, capital requirements, competitive environment, and benefits to stockholders, the dividends to be distributed to shareholders shall appropriate 60% or more of the appropriated earnings, and the cash dividends shall not be less than 30% of the total amount of dividends. After considering the actual profit and capital situation, the amount of dividends is determined by the board of directors and approved by the stockholders at their annual meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First-time Adoption of International Financial Reporting Standards", the Company shall reclassify its unrealized revaluation gains amounting to $161,156 as retained earnings. According to the Rule No. 1010012865 issued by FSC on April 6, 2012, the company is able to reclassify its net increasing retained earnings as special earnings reserve which resulted from the first-time adoption of the IFRS after the adoption date. When the relevant asset were used, disposed of, reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve both amounted to $33,700 on December 31, 2022 and 2021.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

3) Earnings distribution

Earnings distribution for 2021 and 2020 was approved via the annual meeting of shareholders held on June 8, 2022, and July 7, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 9.00037872	1,608,214	5.50	982,896

Earnings distribution for 2022 was approved by the board of directors of the Company held on March 14, 2023. The relevant dividend distributions was as follow:

	2022	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders from unappropriated earnings		
Cash	$ 7.77007957	1,249,536

Earnings distribution for 2022 was proposed by the board of directors of the Company held on March 14, 2023. The relevant dividend distributions was as follow:

	2022	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders from unappropriated earnings		
Shares	$ 3	482,442

The related information about earnings distribution approved by the shareholders' meeting can be accessed from the Market Observation Post System Website.

(r) Shares-based payment

(i) Employee restricted shares

At the meeting held on May 30, 2019, the KINGPAK's shareholders adopted a resolution to issue 500 thousand employee restricted shares, with a par value of $10 per share, amounting to $5,000. The terms of issuance and vested requirements of the shares are the same as of the stock exchange effective date, except for the shares which were changed into the Company's ordinary shares according to the exchange ratio. The terms of the employee restricted shares were as follows:

1) Employees who work for KINGPAK from the issuance dates (the effective date of the share issuance) to the following vested periods, having met KINGPAK's financial and

(Continued)

personal performance, without violating the KINGPAK's working policy, will receive the vested shares as below:

a) 1-year service: 30% of the restricted shares will be vested

b) 2-year service: 30% of the restricted shares will be vested

c) 3-year service: 40% of the restricted shares will be vested

2) The restricted rights before the vesting period are as follows:

a) The restricted shares are kept by a trust which is appointed by KINGPAK. Also, employees should comply with all procedures and sign the related documents accordingly.

b) Except for inheritance, employees may not sell, pledge, transfer, gift, or dispose, by any other means, to third parties.

c) The rights of restricted share plan for employees, including dividends, bonuses, the distribution rights of legal reserve and capital surplus, the voting rights at the shareholders' meeting, etc., are the same as those of KINGPAK's issued ordinary shares except for the new shares which could be subscribed in proportion to their original shareholding. The right of attendance, proposal, speech, voting, etc. of the shareholders are exercised according to the agreement which was entered into by the trust.

d) Employees may not demand KINGPAK or the trust appointed by KINGPAK to return the restricted shares in any ways.

3) The shares of the employees who fail to meet the vesting conditions will be retrieved and cancelled. The related guidelines on restricted stocks should be complied accordingly if the employees retire, succumb to any unfortunate events, voluntarily resign, have been dismissed or transferred to another post, or abandon their restricted shares.

Information on restricted stock to employee was as follows:

	2022	2021
	Units (thousand)	**Units (thousand)**
Outstanding units at beginning period	128	234
Vested during the year	(113)	(96)
Current units forfeited	(15)	(10)
Outstanding units at ended period	-	128

As of December 31, 2022 and 2021, the unearned employee compensation was $0 and $6,777, respectively.

For the years ended December 31, 2022 and 2021, the expenses arising from KINGPAK issued employee restrict shares were $4,083 and $14,639, respectively.

(Continued)

(s) Earnings per share

Details of basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

The calculation of basic earnings per share for 2022 and 2021 were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ 3,140,942	2,764,692

2) Weighted-average number of ordinary shares (thousands)

	2022	2021
Weighted-average number of ordinary shares	174,721	178,490

3) Basic earnings per share (NTD)

	2022	2021
Basic earnings per share	$ 17.98	15.49

(ii) Diluted earnings per share

The calculation of diluted earnings per share for 2022 and 2021 were based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	2022	2021
Profit attributable to ordinary shareholders of the Company (diluted)	$ 3,140,942	2,764,692

2) Weighted-average number of ordinary shares (diluted) (thousands)

	2022	2021
Weighted-average number of ordinary shares (basic) (thousands)	174,721	178,490
Effect of employee remuneration (thousands)	2,453	927
Effect of employee restricted shares (thousands)	99	100
Weighted-average number of ordinary shares (diluted) on December 31	177,273	179,517

(Continued)

3) Diluted earnings per share (NTD)

		2022	2021
Diluted earnings per share	$	17.72	15.40

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

		2022	2021
Primary geographical markets:			
Singapore	$	3,230,382	3,479,256
United States		1,858,753	1,610,028
Malaysia		2,037,167	2,020,148
Hong Kong		580,741	1,179,197
China		953,478	1,138,285
Switzerland		2,748,205	2,079,865
Japan		1,571,138	1,201,954
Others		1,091,727	1,151,381
	$	14,071,591	13,860,114
Major products/services lines:			
Ceramic metalized substrate	$	2,829,872	3,559,241
Image products		7,642,610	7,003,295
RF module		732,630	649,312
Hybrid modules & specialty packaging		2,654,694	2,494,885
Others		211,785	153,381
	$	14,071,591	13,860,114

(ii) Contract balances

		December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	$	2,160,476	2,318,695	1,871,703
Contract assets – image products (recorded under other current assets)		77,736	69,621	82,344
Less: allowance for impairment		(3,214)	(92,217)	(51,130)
Total	$	2,234,998	2,296,099	1,902,917
Contract liabilities – advance sales receipts	$	58,361	365,436	339,573

For details on accounts receivable and allowance for impairment, please refer to note (6)(e).

The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that were

(Continued)

included in the contract liabilities balance at the beginning of the period were $25,860 and $25,288, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(u) Miscellaneous disbursements

		2022	2021
Losses due to fire incident	$	204,090	-
Net losses on disposals of property, plant and equipment		14,497	-
Impairment losses on assets		125,602	-
Other expenses		2,002	18,132
	$	346,191	18,132

(v) Employee compensation and directors' remuneration

Based on the Company's Articles of Incorporation amended on June 8, 2022, once the Company has an annual profit, it should appropriate 3% or more of the profit to its employees and 3% or less as directors' remuneration. The Company should offset the prior years' accumulated deficit before any appropriation of profit then appropriate employee compensation and remuneration of directors at the above rate. Employee compensation shall be paid in cash or stock, and the remuneration of directors shall be paid in cash.

Based on the Company's Articles of Incorporation before revised on June 8, 2022, once the Company has an annual profit, it should appropriate 5% or more of the profit to its employees and 2% or less as directors' remuneration. The Company should offset the prior years' accumulated deficit before any appropriation of profit then appropriate employee compensation and remuneration of directors at the above rate. Employee compensation shall be paid in cash or stock, and the remuneration of directors shall be paid in cash.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $240,000 and $170,600, and directors' remuneration amounting to $123,000 and $68,200, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as determined by the management. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. The differences between the amounts approved in the Board of Directors' meeting and those recognized in the financial statement, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the following year. The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of the board of directors.

The amounts, as stated in the parent company only financial statements, are identical to those of the estimated distributions in 2022 and 2021. Related information would be available on the Market Observation Post System Website.

(Continued)

(w) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) The concentration of credit risk

The Group caters to a wide variety of customers and has a diverse market distribution, therefore, the Group does not have a significant credit risk concentration. In order to reduce the credit risk, the Group monitors the financial conditions of customers regularly. However, the Group usually does not require customers to provide any collateral.

3) Receivables credit risk

For credit risk exposure of trade receivables, please refer to note (6)(e). Other financial assets at amortized cost, including other receivables and investment in bonds, are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g).

The allowance for impairment of other receivables for the years ended December 31, 2022 and 2021 were as follows:

		Other receivables
Balance on January 1, 2022	$	423
Impairment loss reversed		(353)
Effects of movements in exchange rates		25
Balance on December 31, 2022	$	95
Balance on January 1, 2021	$	639
Impairment loss reversed		(200)
Effects of movements in exchange rates		(16)
Balance on December 31, 2021	$	423

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

		Carrying Amount	Contractual cash flows	Within a year	Over a year
December 31, 2022					
Non-derivative financial liabilities:					
Notes and accounts payable	$	802,055	(802,055)	(802,055)	-
Other payables		2,282,338	(2,282,338)	(2,282,338)	-

(Continued)

		Carrying Amount	Contractual cash flows	Within a year	Over a year
Lease liabilities (including current and non-current portion)		116,470	(142,226)	(21,758)	(120,468)
Guarantee deposits received		3,413	(3,413)	-	(3,413)
Long-term borrowings		5,204,769	(5,360,000)	-	(5,360,000)
Derivative financial liabilities:					
Forward exchange contracts:		57			
Inflow			32,682	32,682	-
Outflow			(32,720)	(32,720)	-
Foreign exchange swaps contracts:		1,333			
Inflow			274,898	274,898	-
Outflow			(276,390)	(276,390)	-
	$	8,410,435	(8,591,562)	(3,107,681)	(5,483,881)
December 31, 2021					
Non-derivative financial liabilities:					
Notes and accounts payable	$	1,013,128	(1,013,128)	(1,013,128)	-
Other payables		1,784,976	(1,784,976)	(1,784,976)	-
Lease liabilities (including current and non-current portion)		104,847	(129,199)	(21,095)	(108,104)
Guarantee deposits received		5,011	(5,011)	-	(5,011)
Long-term borrowings		62,500	(63,000)	-	(63,000)
Derivative financial liabilities:					
Forward exchange contracts:		4,609			
Inflow			773,558	773,558	-
Outflow			(776,149)	(776,149)	-
	$	2,975,071	(2,997,905)	(2,821,790)	(176,115)

The Group does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group’s significant exposures to foreign currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

		December 31, 2022			December 31, 2021		
		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets							
Monetary items							
USD	$	202,923	USD/NTD =30.710	6,231,765	189,065	USD/NTD =27.680	5,233,319
Financial liabilities							

(Continued)

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Monetary items						
USD	30,941	USD/NTD =30.710	950,198	19,565	USD/NTD =27.680	541,559
JPY	380,194	JPY/NTD =0.2324	88,357	832,842	JPY/NTD =0.2405	200,299

2) Sensitivity analysis

The Group’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, notes and accounts payable and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the NTD against USD and JPY for the years ended December 31, 2022 and 2021 would have increased or decreased the net profit before tax as follows:

		2022	2021
USD (against the NTD)			
Strengthening 5%	$	264,078	234,588
Weakening 5%		(264,078)	(234,588)
JPY (against the NTD)			
Strengthening 5%		(4,418)	(10,015)
Weakening 5%		4,418	10,015

3) Foreign exchange gains or losses on monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2022 and 2021 the foreign exchange (losses) gains, including realized and unrealized portion, amounted to $437,183 and $(92,000), respectively.

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

		Carrying amount	
		December 31, 2022	December 31, 2021
Fixed-rate instruments:			
Financial assets	$	5,081,988	987,017
Variable-rate instruments:			
Financial assets	$	3,856,356	3,651,098
Financial liabilities		(5,204,769)	(62,500)
	$	(1,348,413)	3,588,598

The exposure to interest rate risk for financial assets and liabilities refers to the

(Continued)

management of liquidity risk in this note.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group's management assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by $3,371 for the year ended December 31, 2022, the net profit before tax would have increased or decreased by $8,971 for the year ended December 31, 2021, which would have mainly resulted from the bank savings with variable interest rates."

(v) Fair value

1) The categories and the fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Open-end mutual funds	$ 232,584	232,584	-	-	232,584
Structured investment	538,189	-	-	538,189	538,189
Stock listed in domestic markets	231,375	231,375	-	-	231,375
Foreign private funds	240,827	-	-	240,827	240,827
Subtotal	1,242,975				
Financial assets measured at fair value through other comprehensive income					
Stock listed in domestic markets – preferred stocks	321,398	321,398	-	-	321,398
Financial assets measured at amortized cost					

(Continued)

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Cash and cash equivalents	7,496,769	-	-	-	-
Accounts receivable, net	2,157,262	-	-	-	-
Other receivables	15,750	-	-	-	-
Other financial assets –current	31,912	-	-	-	-
Foreign corporate bonds	1,409,013	-	-	-	-
Refundable deposits (recorded under other non-current assets)	26,431	-	-	-	-
Other financial assets –non-current	5,405	-	-	-	-
Subtotal	11,142,542				
Total	$ 12,706,915				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 1,390	-	1,390	-	1,390
Financial liabilities measured at amortized cost					
Notes and accounts payable	802,055	-	-	-	-
Other payables	2,282,338	-	-	-	-
Lease liabilities (including current and non-current portion)	116,470	-	-	-	-
Guarantee deposits received	3,413	-	-	-	-
Long-term borrowings	5,204,769	-	-	-	-
Subtotal	8,409,045				
Total	$ 8,410,435				

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Derivative financial assets	$ 7,985	-	7,985	-	7,985
Open-end mutual funds	231,292	231,292	-	-	231,292

(Continued)

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Stock listed in domestic markets	276,168	276,168	-	-	276,168
Foreign private funds	179,221	-	-	179,221	179,221
Subtotal	694,666				
Financial assets measured at fair value through other comprehensive income					
Stock listed in domestic market – preferred stocks	350,563	350,563	-	-	350,563
Financial assets measured at amortized cost					
Cash and cash equivalents	4,383,697	-	-	-	-
Accounts receivable, net	2,226,478	-	-	-	-
Other receivables	8,635	-	-	-	-
Other financial assets –current	34,024	-	-	-	-
Foreign corporate bonds	221,440	-	-	-	-
Refundable deposits (recorded under other non-current assets)	11,850	-	-	-	-
Other financial assets –non-current	5,405	-	-	-	-
Subtotal	6,891,529				
Total	**$ 7,936,758**				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 4,609	-	4,609	-	4,609
Financial liabilities measured at amortized cost					
Notes and accounts payable	1,013,128	-	-	-	-
Other payables	1,784,976	-	-	-	-
Lease liabilities (including current and non-current portion)	104,847	-	-	-	-
Guarantee deposits received	5,011	-	-	-	-
Long-term borrowings	62,500	-	-	-	-

(Continued)

	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Subtotal	2,970,462				
Total	$ 2,975,071				

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices. The market prices from the main exchanges and government bond exchanges are the basis of the fair value of the listed company's equity instruments and debt instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s-length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The fair values of the Group’s financial instruments in an active market for each category and attribute were as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions traded in active liquid markets are determined with reference to the quoted market prices, including open-end mutual funds and stocks of listed company.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

b) Derivative financial instruments

There is based on valuation models commonly accepted by market participants such as the discounted cash flow method or option pricing models. The value of a forward exchange contract is usually determined by the forward exchange rate. Structured investments were calculated using the offer price.

3) Transfer between level

There were no transfers between fair value level for the years ended December 31, 2022

(Continued)

and 2021.

4) Changes between Level 3

	Non derivative financial assets mandatorily measured at fair value through profit or loss
Balance on January 1, 2022	$ 179,221
Total gains and losses	
Recognized in profit or loss	71,391
Purchased	902,982
Disposal	(374,578)
Balance on December 31, 2022	**$ 779,016**
Balance on January 1, 2021	$ 179,497
Total gains and losses	
Recognized in profit or loss	13,880
Purchased	24,925
Disposal	(39,081)
Balance on December 31, 2021	**$ 179,221**

For the years ended December 31, 2022 and 2021, total gains and losses were included in gains (losses) on current assets (liabilities) at fair value through profit or loss.

5) The quantified information of significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – investment in private funds” used the Net Asset Value Method.

(Continued)

The quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss－investment in private funds	Net Asset Value Method	• Net Asset Value	Not applicable

The structured investments and funds of the fair value hierarchy are based on unadjusted quote price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.

(x) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group minimizes the risk exposure by purchasing derivative financial instruments. The Board of Directors regulated the transaction of derivative and non-derivative financial instruments in accordance with the Group's procedures for acquisition and disposal of assets. The internal auditors of the Group continually review the amount of the risk exposure in accordance with the Group's policy and the risk management policies and procedures. The Group has no transactions in the financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Trade and other receivables

(Continued)

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group offers standard payment term and shipment term. New customers may transact with the Group only on a prepayment basis.

In order to mitigate account receivable credit risk, the Group constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Group regularly accesses the collectability of accounts receivable and recognizes allowance for accounts receivable. The impairment losses are always within management's expectation.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including listed company and unlisted company. In order to avoid the excess of credit limitation of the customer, the Group constantly monitors the status of the customers. The Group will stop trading with the customer who has no credit limits, unless, the payment has been paid or approved. Furthermore, credit limits of the customers will be assessed quarterly.

The Group sets the allowance for bad debt account to reflect the estimated losses for trade, other receivables, and investment.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction counterparties and contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore no significant credit risk.

3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries. As of December 31, 2022 and 2021, the Group did not provide any guarantees.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans and borrowings from the bank form an important source of liquidity for the Group. Please refer to notes (6)(j) and (6)(k) for unused short-term and long-term bank facilities as of December 31, 2022 and 2021.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily NTD and USD. The currencies used in these transactions are denominated in NTD, EUR, JPY, USD, and PHP.

2) Interest rate risk

Entities in the Group borrow funds with floating interest rates which results to risks of cash flows.

3) Other market price risk

The Group is exposed to equity price risk due to stocks listed in domestic markets and the quoted open-end fund at fair value.

(y) Capital management

The Group maintains the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there is financial resource and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment and so on. The management decides the optimized capital by using appropriate debt-to-equity ratio. To maintain a strong capital base, the Group enhances the return on equity by optimizing debt-to-equity ratio. The Group's debt-to-equity ratio at the end of the reporting date was as follows:

		December 31, 2022	**December 31, 2021**
Total liabilities	$	9,738,739	4,554,915
Total equity		24,523,998	22,982,941
Debt-to-equity ratio		40%	20%

The increase in the debt-to-equity ratio for the year ended December 31, 2022 was mainly due to the increase in long-term borrowings.

(z) Investing and financing activities not affecting current cash flow

(i) The Group's investing and financing activities, which did not affect the current cash flow for the years ended December 31, 2022 and 2021, were the acquisition of its right-of-use assets by lease, please refer to note (6)(h).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

				Non-cash changes		
		January 1, 2022	**Cash flows**	**Increase**	**Other**	**December 31, 2022**
Lease liabilities (including current and non-current portion)	$	104,847	(22,502)	105,950	(71,825)	116,470
Guarantee deposits received		5,011	(1,598)	-	-	3,413
Long-term borrowings		62,500	5,297,000	-	(154,731)	5,204,769

(Continued)

Total liabilities from financing activities	$ 172,358	5,272,900	105,950	(226,556)	5,324,652

			Non-cash changes		
	January 1, 2021	Cash flows	Increase	Other	December 31, 2021
Short-term borrowings	$ 269,000	(269,000)	-	-	-
Short-term notes and bill payable	50,000	(50,000)	-	-	-
Lease liabilities (including current and non-current portion)	109,364	(18,321)	20,285	(6,481)	104,847
Guarantee deposits received	4,130	881	-	-	5,011
Long-term borrowings	-	63,000	-	(500)	62,500
Total liabilities from financing activities	$ 432,494	(273,440)	20,285	(6,981)	172,358

(7) Related-party transactions

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group.

(b) Name and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Multi-field	Substantial related party
MAG. LAYERS Scientific Technics Co., Ltd. (MAG. LAYERS)	Substantial related party

(c) Other transaction with related party

(i) For operational needs, THEPI acquired land for $57,713 (91,110 thousand Philippine pesos) from Multi-field beginning in 2004, which was recorded as property, plant and equipment. Because the Philippine regulations prohibit foreigners from owning land, therefore, the Group paid for the land, under the title deed of Multi-field to assure the right to the land. THEPI also entered into an agreement with Multi-field to reserve its right to sell or dispose the property.

(ii) For future expansion, pursuant to the resolution of the Board of Directors held on March 17, 2022, the Group signed the real estate transaction contract with MAG. LAYERS on March 24, 2022. The total price amounted to $130,000. The transfer procedure was completed on June 27, 2022. As of December 31, 2022, the aforementioned amount was fully paid.

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 214,484	178,124
Post-employment benefits	864	666
	$ 215,348	178,790

(Continued)

(8) Assets pledged as security

Pledged assets	Subject	December 31, 2022	December 31, 2021
Other financial assets – current – time deposits	Credit lines for letters of credit and short-term borrowings	$ 30,403	27,403
〃	Customs duty guarantee	-	5,300
Other financial assets – non- current – time deposits	Rental guarantee for the plant in the Hsinchu Science Park, Longtan Dist.	5,000	5,000
〃	Guarantee for cooperative education program	405	405
Property, plant and equipment－land, buildings, machinery and equipment	Long-term and short-term borrowings and credit lines	506,077	636,881
		$ 541,885	674,989

(9) Commitments and contingencies

(a) The Group’s unrecognized contractual commitments were as follows:

	December 31, 2022	December 31, 2021
Future payments for the purchase of property, equipment and construction in progress	$ 2,095,468	1,446,255

(b) The Group contracted with Chung-Lin General Contractors, Ltd. for the construction of the plant in Bade District, Taoyuan City in August 2020. As of December 31, 2022, the payment amounting to $512,000 has not been paid.

(c) The Group’s unused and outstanding letters of credit and the deposit for the Group’s customs duties were as follows:

	December 31, 2022	December 31, 2021
Unused and outstanding letters of credit and the deposit for customs duties	$ 28,800	27,300

(10) Losses due to major disasters:

The fire incident occurred on September 26, 2022 resulted in the destruction of certain parts of the building, equipment, and inventory in the Company’s Taipei factory, causing the Company to incur repairments and maintenance expenses. In addition, part of the personnel affected by the fire incidents have been temporarily transferred to other business premises of the Company to continue their daily operations. The remaining production lines and other factory areas of the Taipei factory remain in normal operation. The damaged buildings and equipment derecognized by the Company amounted to $166,511 and the inventory amounted to $37,579. The total estimated losses from the incidents above amounted to $204,090.

The Company was insured for relevant property insurance and is currently negotiating with the insurance

(Continued)

company for the settlement of claims. However, the insurance claim involves the disaster appraisals. As of the issuance date of the parent company only financial statements, the insurance claim is not recognized by the Company until the amount of the subsequent insurance claim can be reasonably estimated.

(11) Subsequent Events: None.

(12) Other

(a) A summary of employee benefits, depreciation and amortization, categorized by function, is as follows:

By function / By item	2022 Cost of sales	2022 Operating expenses	2022 Total	2021 Cost of sales	2021 Operating expenses	2021 Total
Employee benefits						
Salaries	2,060,292	907,154	2,967,446	2,018,010	574,648	2,592,658
Labor and health insurance	163,060	37,327	200,387	166,387	28,504	194,891
Pension	71,059	17,953	89,012	77,652	15,339	92,991
Other employee benefits	127,128	21,708	148,836	118,446	14,985	133,431
Depreciation	1,266,906	57,407	1,324,313	1,415,081	58,865	1,473,946
Amortization	7,117	119,425	126,542	5,024	111,275	116,299

(b) In August 2014, Mr. Zhang, who was the former director of KINGPAK, filed a lawsuit to the Taipei District Court against KINGPAK, demanding KINGPAK to pay him the outstanding payment of $25,058. However, the Taipei District Court denied his request on October 1, 2015. Therefore, Mr. Zhang appealed to the Taiwan High Court, who ruled in his favor on August 31, 2016. KINGPAK disagreed with the decision made by the Taiwan High Court; hence, filed an appeal to the Supreme Court, on November 8, 2018, and the Supreme Court handed the case back to the Taiwan High Court for reconsideration. On October 16, 2019, the Taiwan High Court ordered KINGPAK to pay Mr. Zhang the amount of $5,428, plus, an annual interest rate of 5% from the day following the service of the complaint to the repayment day. In November 2019, KINGPAK filed an appeal to the Supreme Court, which handed the case back to the Taiwan High Court for reconsideration in December 2020. In the continuation of the trial in the Taiwan High Court, the parties agreed to settle for $16,330, and the Groups has paid the aforementioned amount during 2021.

(c) On March 14, 2014, Boschman Technologies BV (Boschman) filed a lawsuit to the Hsinchu District Court against KINGPAK for breach of contract. On September 22, 2014, Hsinchu District Court ruled in favor of Boschman, requesting KINGPAK to pay Boschman the amount of USD $249, plus, a monthly interest rate of 0.75% from March 17, 2013. In October 2014, KINGPAK was dissatisfied with the decision made by Hsinchu District Court; thus, filed an appeal to the Taiwan High Court, who ruled in its favor on June 30, 2020. On August 3, 2020, Boschman filed an appeal to the Supreme Court, which handed the case back to the Taiwan High Court for reconsideration in June 2021. In May 2022, Taiwan High Court ruled in favor of the subsidiary, KINGPAK, and Boschman filed an appeal again. In November 2022, the Supreme Court rejected Boschman’ s appeal for third instance, resulting in both parties to share the litigation costs, which has yet to be verified. The Group had assessed the damages amounting to $14,215 and recorded them under other payables.

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2022:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand units/ thousand shares

Name of holder	Category and name of security	Relationship with Company	Account tittle	Ending balance				Highest Percentage of ownership during the year	Note
				Shares /Units	Carrying amount	Percentage of ownership (%)	Fair value		
	Open-end mutual funds:								
The Company	Jin Sun Money Market Fund	None	Financial assets at fair value through profit or loss-current	15,433	232,584	-	232,584	-	
	Fund:								
〃	SMART Growth Fund, L.P. (Note 1)	〃	Financial assets at fair value through profit or loss - non -current	Note 2	240,827	1.6%	240,827	1.60%	Note 3
	Stock:								
〃	Shin Kong Financial Holding Co. ,Ltd.	〃	〃	6,445	231,375	-	231,375	-	
〃	Fubon Financial Holding Co., Ltd. Preferred Shares C	〃	Financial assets at fair value through other comprehensive income - non - current	5,833	321,398	-	321,398	-	
〃	eGtran Corporation	〃	〃	22	-	-	-	-	
	Bond:								
〃	Chailease International Bond	〃	Financial assets at amortized cost - non - current	-	245,680	-	240,490	-	Note 3
〃	Formosa Group Cayman LTD International Bond	〃	〃	-	303,865	-	291,146	-	Note 3
〃	Nissan Motor Co. Ltd. International Bond	〃	〃	-	296,393	-	286,678	-	Note 3
〃	TSMC Arizona Corp. International Bond	〃	〃	-	141,658	-	139,930	-	Note 3
〃	TSMC Global Corp. International Bond(AC27)	〃	〃	-	196,901	-	191,210	-	Note 3
〃	TSMC Global Corp. International Bond(AF57)	〃	〃	-	224,516	-	218,372	-	Note 3
	Structured investments								
〃	ENNOCONN CORPORATION 3rd Unsecured Convertible Bond	〃	Financial assets at fair value through profit or loss - non -current	-	85,108	-	85,108	-	
〃	SERCOMM CORP. 6th Unsecured Convertible Bond	〃	〃	-	200,853	-	200,853	-	
〃	GIANT MANUFACTURING CO., LTD. 1st Unsecured Convertible Bond	〃	〃	-	252,228	-	252,228	-	

(Continued)

Note 1: Wise Road Industry Investment Fund I, L.P. was renamed SMART Growth Fund, L.P. on March 4, 2022.
Note 2: The amount of investment is USD 6,215 thousand.
Note 3: Include foreign exchange losses or gains, net.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party with the Company	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Other
The Company	Plant	August 31, 2020	3,200,000	Paid 2,688,000	Chung-Lin General Contractors, Ltd.	None	N/A	N/A	N/A	-	Open bid	Extension of the plant	None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of Company	Related party	Nature of relationship	Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/ accounts receivable (payable)	Note
The Company	THEPI	100% owned subsidiary by the Company	Purchase	1,596,627	39 %	Monthly closing and paid by cash	-	-	Accounts payable (87,089)	(11) %	Note 2
〃	〃	〃	Manufacturing fee	525,540	13 %	〃	-	-	Note 1	- %	〃
THEPI	The Company	Parent Company	Sale	(1,596,627)	(76) %	Monthly closing and received by cash	-	-	Accounts receivable 87,089	92 %	〃
〃	〃	〃	Manufacturing revenue	(525,540)	(25) %	〃	-	-	Accounts receivable 17,742	19 %	〃

Note 1 : The other payables amounted to $17,742 thousand as of December 31, 2022.
Note 2 : The transactions have been eliminated in the consolidated financial statements.

(viii) Information regarding receivables from related-parties exceeding NT$100 million or 20% of the Company’s paid-in capital: None.

(ix) Information regarding trading in derivative financial instruments: Please refer to note (6)(b).

(Continued)

(x) Significant transactions and business relationship between the parent company and its subsidiaries for the year ended December 31, 2022:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions: Accounts name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	THEPI	The Company	2	Sale	1,596,627	The sales prices of inter company sales are not significantly different from those of the third parties. The payment term is monthly closing, and the payment is received by cash.	11.35%
1	〃	〃	2	Manufacturing Revenue	525,540	〃	3.73%
1	〃	〃	2	Accounts Receivable	87,089	〃	0.25%
1	〃	〃	2	Accounts Receivable	17,742	〃	0.05%

Note 1: The numbers filled in as follows:
1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:
1 represents the transactions from the parent company to its subsidiaries.
2 represents the transactions between the subsidiaries and the parent company.
3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

Unit: thousand dollars/ thousand units

Name of investor	Name of Investee	Location	Main Businesses and Products	Original Investment Amount: December 31, 2022	Original Investment Amount: December 31, 2021	Ending Balance: Shares (thousands)	Ending Balance: Percentage of Ownership	Ending Balance: Carrying amount	Highest percentage during the year of Ownership	Net income (losses) of the investee	Share of profit (losses) of investee	Note
The Company	THEPI	Philippines	Sales and manufacturing of RF module, hybrid modules & specialt packaging, ceramic metalized substrate and image products	2,016,853	2,016,853	28,793	100%	1,937,233	100%	194,989	204,169	Note 4
〃	KINGPAK	Taiwan	Sales and manufacturing of automobile related packing field and safety monitoring related CMOS image sensor.	- (Note 2)	10,800,443 (Note 1)	-	-	-	100%	690,757 (Note 3)	641,491	〃

Note 1：The invested amount was based on the 71,290,049 ordinary shares, which were issued for the stock exchange, and the listed price of the Company on June 19, 2020 (date of stock exchange).

Note 2 : The Company merged with its subsidiary, The reference date of the merger is June 30, 2022 with the Company as the surviving company, and KINGPAK as the dissolved company.

Note 3 : It was profit and loss before merger with the company for the six months ended June 30, 2022.

Note 4：The transactions have been eliminated in the consolidated financial statements.

(Continued)

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:None.

(ii) Limitation on investment in Mainland China:None.

(iii) Significant transactions:None.

(d) Major shareholders: None.

(14) Segment information

(a) General Information

The Group has adjusted its internal organizational structure into a single business unit in 2022, wherein the operation segment focuses on providing the best solutions for process technology. The operational decision maker reviews the operation result regularly to allocate the necessary resources and measures performances. Thus, the Group provides the operational decision maker with segment information for review, which is measured on the same basis as the consolidated financial statements.For the years ended December 31, 2022 and 2021, the revenue and operation results to be reported can be referred to the consolidated statement of comprehensive income, wherein the total revenue of reportable segment, after deducting the intersegment revenues, amounted to $2,122,167 and $2,121,792 , respectively.

(b) Product information

Revenue from the external customers of the Group was as follows:

Products		2022	2021
Ceramic metalized substrate	$	2,829,872	3,559,241
Image products		7,642,610	7,003,295
RF module		732,630	649,312
Hybrid modules & specialty packaging		2,654,694	2,494,885
Others		211,785	153,381
Total	$	14,071,591	13,860,114

(Continued)

(c) Geographic information

Information on the geographical location of customers and segment assets are based on the geographical location of the assets.

(i) Revenue from external customers:

Country	2022	2021
Singapore	$ 3,230,382	3,479,256
United States	1,858,753	1,610,028
Malaysia	2,037,167	2,020,148
Hong Kong	580,741	1,179,197
China	953,478	1,138,285
Switzerland	2,748,205	2,079,865
Japan	1,571,138	1,201,954
Others	1,091,727	1,151,381
Total	$ 14,071,591	13,860,114

(ii) Non-current Assets:

	December 31, 2022	December 31, 2021
Taiwan	$ 18,664,296	16,880,493
Philippines	636,666	479,376
Total	$ 19,300,962	17,359,869

Non-current assets include property, plant and equipment, right of use assets, intangible assets, refundable deposits and other non-current assets (excluding deferred tax assets, financial instruments and pension fund assets).

(d) Major customers

Sales to individual customers constituting over 10% of the total revenue in the consolidated statements of comprehensive income are summarized as follows:

	2022	2021
C2650	$ 2,261,909	2,681,831
C2164	2,752,762	2,105,644
C1167	1,607,063	1,532,691
C2829	1,461,565	1,050,108
	$ 8,083,299	7,370,274

V. Parent-Company-Only Financial Reports Audited by the CPA of the Most Recent Years

Independent Auditors' Report

To the Board of Directors of Tong Hsing Electronic Industries, Ltd.:

Opinion

We have audited the parent company only financial statements of Tong Hsing Electronic Industries, Ltd. which comprise the parent company only balance sheets as of December 31, 2022 and 2021, the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended, and notes to the parent company only 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 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 Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

1. Valuation of inventories

Please refer to Note (4)(g) and Note (5)(a) of the parent company only financial statements for inventories accounting policy, and accounting assumptions and estimation uncertainty of inventory valuation, respectively. Information regarding inventory and related expenses are shown in Note (6)(f) of the parent company only financial statements.

Explanation to key audit matter:

Due to the impact of product life cycle and industrial competition in electronics industry, the price variability for the inventory of Tong Hsing Electronic Industries, Ltd. is expected. Therefore, the inventory valuation is one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing control of inventory usage and storage management; inspecting the inventory aging statement, and analyzing the change of aging for different periods; performing sampling procedures and inspecting the rationality in order to verify the correctness of inventories aging statement; performing a retrospective review of historical accuracy of inventory valuation, considering the impact of COVID-19 pandemic, and reviewing the adequacy of the accounting policies.

2. Impairment evaluation of intangible assets

Please refer to Note (4)(k) and Note (4)(l) "intangible assets" and "Impairment of non-financial assets" of the parent company only financial statements for the accounting policy related to the impairment of intangible; Note (5)(b) for the uncertainty of accounting estimations and assumptions for goodwill impairment; Note (6)(j) "intangible assets " for details related to impairment of intangible assets.

Explanation to key audit matter:

Tong Hsing Electronic Industries, Ltd. fully acquired KINGPAK Technology Inc. by stock exchange on June 19, 2020 (the effective date). The reference date of the merger is June 30, 2022. Management periodically assesses if there is any indication of impairment. The amounts of investments are significant, and assessing intangible assets such as goodwill involves complex calculations. Thus, the impairment evaluation of intangible assets is one of the most important evaluations in performing our audit procedures of Tong Hsing Electronic Industries, Ltd.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Understand and assess the cash-generating unit that the management has identified to impair and any indication of impairment, the reasonableness of the management's method of measuring the recoverable amount, and the accuracy of management's past forecasts.
- Evaluate the professional competence, objectivity, experience, and valuation of external experts.
- Reviewing the appropriateness and correctness of the variables from the external professional's appraisal pertaining to the testing of the impairment of the cash-generating unit.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing Tong Hsing Electronic Industries, Ltd.' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Unless the management either intends to liquidate Tong Hsing Electronic Industries, Ltd. or to cease its operations, or there is no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing Tong Hsing Electronic Industries, Ltd.' 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 auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tong Hsing Electronic Industries, Ltd.' s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tong Hsing Electronic Industries, Ltd.' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Tong Hsing Electronic Industries, Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on this 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and I-Wen Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese.)

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 6,444,671	19	2,114,858	9
1110	Current financial assets at fair value through profit or loss (note (6)(b))	232,584	1	238,230	1
1170	Accounts receivable, net (note (6)(e))	2,157,262	6	1,739,024	7
1180	Accounts receivable due from related parties, net (notes (6)(e) and (7))	-	-	1,244	-
1200	Other receivables (note (7))	114,405	-	55,183	-
1310	Inventories (note (6)(f))	1,503,015	5	1,170,722	4
1410	Prepayments	99,058	-	41,214	-
1470	Other current assets (note (6)(u))	78,409	-	38,073	-
		10,629,404	31	5,398,548	21
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	1,010,391	3	455,389	2
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	321,398	1	203,318	1
1535	Non-current financial assets at amortized cost (note (6)(d))	1,409,013	4	221,440	1
1550	Investments accounted for using equity method (note (6)(g))	1,937,233	6	12,967,653	50
1600	Property, plant and equipment (notes (6)(h), (7) and (8))	10,085,494	29	6,587,689	24
1755	Right-of-use assets (note (6)(i))	115,221	-	93,910	-
1780	Intangible assets (note (6)(j))	8,445,717	25	57,898	-
1840	Deferred tax assets (note (6)(q))	244,941	1	198,676	1
1920	Refundable deposits	21,345	-	4,285	-
1980	Other financial assets－non-current (note (8))	5,405	-	5,405	-
		23,596,158	69	20,795,663	79
	Total assets	$ 34,225,562	100	26,194,211	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	$ 1,390	-	2,447	-
2130	Contract liabilities－current (note (6)(u))	58,361	-	329,820	1
2170	Notes and accounts payable	727,506	2	599,235	2
2180	Accounts payable to related parties (note (7))	87,089	-	74,826	-
2200	Other payables (notes (6)(m) and (7))	2,267,802	7	1,272,534	5
2230	Current tax liabilities	570,373	2	432,255	2
2250	Current provisions (note (6)(n))	223,869	1	48,184	-
2280	Lease liabilities－current (note (6)(o))	19,947	-	14,175	-
2300	Other current liabilities	50,252	-	27,138	-
		4,006,589	12	2,800,614	10
	Non-Current liabilities:				
2540	Long-term borrowings (note (6)(l))	5,204,769	16	62,500	-
2570	Deferred tax liabilities (note (6)(q))	160,718	-	114,939	-
2580	Lease liabilities－non-current (note (6)(o))	96,523	-	81,042	-
2600	Other non-current liabilities (note (6)(l))	161,083	-	3,948	-
2640	Net defined benefit liability－non-current (note (6)(p))	71,882	-	148,227	2
		5,694,975	16	410,656	2
	Total liabilities	9,701,564	28	3,211,270	12
	Equity (note (6)(r)):				
3100	Ordinary shares	1,608,139	5	1,786,979	7
3200	Capital surplus	15,115,876	44	15,118,420	58
3310	Legal reserve	1,829,345	5	1,552,352	6
3320	Special reserve	169,408	-	141,141	1
3350	Unappropriated retained earnings	5,820,426	18	4,526,534	17
3400	Other equity interest	(19,196)	-	(142,485)	(1)
	Total equity	24,523,998	72	22,982,941	88
	Total liabilities and equity	$ 34,225,562	100	26,194,211	100

See accompanying notes to parent company only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese.)

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Sales revenue**	$ 12,149,026	101	10,455,050	101
4170	Less: sales returns and allowances	118,127	1	66,399	1
4100	**Net sales revenue** (note (6)(u))	12,030,899	100	10,388,651	100
5110	**Cost of sales** (notes (6)(f), (6)(j), (6)(p), (7) and (12))	8,107,044	67	7,450,707	72
5900	**Gross profit**	3,923,855	33	2,937,944	28
6000	**Operating expenses:** (notes (6)(j), (6)(p) and (12))				
6100	Selling expenses	259,050	2	176,232	2
6200	Administrative expenses	650,642	6	425,044	4
6300	Research and development expenses	273,324	2	139,938	1
6450	Expected credit losses (gains)	(88,733)	(1)	42,336	-
		1,094,283	9	783,550	7
6900	**Net operating income**	2,829,572	24	2,154,394	21
	Non-operating income and expenses:				
7100	Interest income	55,944	-	18,349	-
7190	Other income	33,502	-	48,455	-
7230	Foreign exchange (losses) gains, net (note (6)(x))	327,807	3	(80,761)	(1)
7235	Gains (losses) on current financial assets (liabilities) at fair value through profit or loss (note (6)(b))	28,067	-	41,637	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	845,660	7	992,937	10
7510	Finance cost－interest expense	(21,484)	-	(2,261)	-
7590	Miscellaneous disbursements (note (6)(v))	(345,375)	(3)	(199)	-
		924,121	7	1,018,157	9
7900	**Profit before tax**	3,753,693	31	3,172,551	30
7950	**Less: tax expenses** (note (6)(q))	612,751	5	407,859	4
	Profit	3,140,942	26	2,764,692	26
	Other comprehensive income: (notes (6)(p) and (6)(q))				
	Items that may not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	59,358	-	(44,565)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(29,165)	-	338	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	18,938	-	41,137	-
8349	Income tax that may not be reclassified to profit or loss	(11,872)	-	8,913	-
		37,259	-	5,823	-
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	176,572	2	(36,599)	-
8399	Income tax that may be reclassified to profit or loss	(30,895)	-	7,749	-
		145,677	2	(28,850)	-
	Other comprehensive income	182,936	2	(23,027)	-
8500	**Comprehensive income**	**$ 3,323,878**	**28**	**2,741,665**	**26**
	Earnings per share (note (6)(t))				
9750	Basic earnings per share	**$ 17.98**		**15.49**	
9850	Diluted earnings per share	**$ 17.72**		**15.40**	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total other equity interest	Total equity
Balance on January 1, 2021	$ 1,787,083	15,120,168	1,410,144	97,411	2,925,436	4,432,991	(107,441)	-	(23,268)	(130,709)	21,209,533
Net income for the year ended December 31, 2021	-	-	-	-	2,764,692	2,764,692	-	-	-	-	2,764,692
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	5,240	5,240	(28,850)	583	-	(28,267)	(23,027)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	2,769,932	2,769,932	(28,850)	583	-	(28,267)	2,741,665
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	142,208	-	(142,208)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	43,730	(43,730)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(982,896)	(982,896)	-	-	-	-	(982,896)
Share-based payments	(104)	(1,748)	-	-	-	-	-	-	16,491	16,491	14,639
Balance on December 31, 2021	1,786,979	15,118,420	1,552,352	141,141	4,526,534	6,220,027	(136,291)	583	(6,777)	(142,485)	22,982,941
Net income for the year ended December 31, 2022	-	-	-	-	3,140,942	3,140,942	-	-	-	-	3,140,942
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	66,424	66,424	145,677	(29,165)	-	116,512	182,936
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	3,207,366	3,207,366	145,677	(29,165)	-	116,512	3,323,878
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	276,993	-	(276,993)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	28,267	(28,267)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,608,214)	(1,608,214)	-	-	-	-	(1,608,214)
Capital reduction	(178,690)	-	-	-	-	-	-	-	-	-	(178,690)
Share-based payments	(150)	(2,544)	-	-	-	-	-	-	6,777	6,777	4,083
Balance on December 31, 2022	**$ 1,608,139**	**15,115,876**	**1,829,345**	**169,408**	**5,820,426**	**7,819,179**	**9,386**	**(28,582)**	**-**	**(19,196)**	**24,523,998**

See accompanying notes to parent company only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese.)

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	$ 3,753,693	3,172,551
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,049,881	1,163,141
Amortization expense	72,152	8,756
Expected credit losses (gains)	(88,733)	42,336
Net gain financial assets or liabilities at fair value through profit or loss	(28,067)	(41,637)
Interest expense	21,484	2,261
Interest income	(55,944)	(18,349)
Dividend income	(13,528)	(3,867)
Share-based payments	2,583	-
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(845,660)	(992,937)
Loss on disposal of property, plant and equipment	15,250	199
Impairment loss of property, plant and equipment recognized in profit or loss	125,602	-
Loss due to major disasters	204,090	-
Other	(79,628)	10,888
Total adjustments to reconcile profit (loss)	379,482	170,791
Changes in operating assets and liabilities:		
Decrease in current financial assets and liabilities at fair value through profit or loss	23,861	401,588
Decrease in contract assets	7,885	44,341
(Increase) decrease in accounts receivable	305,164	(375,190)
(Increase) decrease in other receivables	(45,926)	6,276
(Increase) decrease in inventories	119,084	(126,319)
Increase in prepayments	(53,487)	(13,626)
Decrease in other current assets	2,713	264
Increase (decrease) in contract liabilities – current	(9,728)	28,333
Decrease in notes and accounts payable	(210,186)	(41,510)
Increase (decrease) in other payables	(99,420)	240,408
Increase in provisions and other current liabilities	62,283	22,701
Decrease in net deferred benefit liabilities	(7,121)	(5,550)
	95,122	181,716
Cash inflow generated from operations	4,228,297	3,525,058
Interest received	39,591	15,053
Dividends received	13,528	3,867
Interest paid	(14,787)	(2,209)
Income taxes paid	(695,340)	(367,114)
Net cash flows from operating activities	3,571,289	3,174,655
Cash flows from (used in) investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(902,982)	(24,925)
Proceeds from disposal of non-current financial assets at fair value through profit or loss	374,578	39,081
Acquistion of non-current financial assets at fair value through other comprehensive income	-	(202,980)
Acquisition of non-current financial assets at amortized cost	(698,424)	-
Acquisition of property, plant and equipment	(3,043,692)	(1,991,082)
Proceeds from disposal of property, plant and equipment	196,132	28,979
Increase in refundable deposits	(11,288)	(182)
Acquisition of intangible assets	(66,874)	(1,300)
Decrease in other financial assets	5,300	-
Net cash inflows from business combination	1,417,156	-
Net cash flows used in investing activities	(2,730,094)	(2,152,409)
Cash flows from (used in) financing activities:		
Proceeds from long-term debt	5,297,000	63,000
Increase (decrease) in guarantee deposits received	(1,598)	3,413
Payment of lease liabilities	(19,880)	(13,303)
Cash dividends paid	(1,608,214)	(982,896)
Capital reduction by cash	(178,690)	-
Net cash flows from (used in) financing activities	3,488,618	(929,786)
Net increase in cash and cash equivalents	4,329,813	92,460
Cash and cash equivalents at beginning of period	2,114,858	2,022,398
Cash and cash equivalents at end of period	$ 6,444,671	2,114,858

See accompanying notes to parent company only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese.)

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Tong Hsing Electronic Industries, Ltd. ("the Company") was incorporated as a company limited by shares in August 11, 1974 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 6F, No.83, Yanping S. Rd., Zhongzheng Dist., Taipei City. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged with its subsidiary, KINGPAK TECHNOLOGY INC.("KINGPAK"), pursuant to the resolutions of the Board of Directors on March 17, 2022 with the Company as the surviving company, and KINGPAK as the dissolved company. The reference date of the merger is June 30, 2022. The Company is primarily involved in the manufacture and sale of RF module, ceramic metalized substrate, hybrid modules & specialty packaging and image products.

(2) Approval date and procedures of the financial statements

The parent company only financial statements were authorized for issue by the Board of Directors on March 14, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

(Continued)

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- IFRS 16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (or assets) are recognized as the fair value of plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling mentioned in note (4)(o).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(Continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, exchange differences arising form such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income-equity investment or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the exdividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, accounts receivable, other receivables, refundable deposits and other financial assets), equity instruments investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial assets.

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At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Evidence that financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the

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definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

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(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent company only financial statement are equal to those in the consolidated financial statements.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 3 ~ 50 years
2) Machinery and equipment: 2 ~10 years
3) Office equipment: 3 ~10 years
4) Leasehold improvements: 3 years
5) Building and equipment constitute mainly building, air conditioning equipment, and elevator engineering equipment and its related facilities. Each part depreciates based on its useful life.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

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- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and the lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of vehicles that have a lease term of 12 months or less and leases of low-value assets, including copying machines. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated

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amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	3~5 years
2)	Patents	5~20 years
3)	Customer relationship	7~13.5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company manufactures and sells electronic components to electronic manufacturers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. For certain image sensors product contracts, the customer controls all of the work in progress as the products are being manufactured. In such case, revenue will be recognized as the products are being manufactured.

The Company often offers trade discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that is highly probable that a significant reversal will not occur. A contract liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the sales of electronic components are made with a credit term of 30 to 90 days, which is consistent with the market practice.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(n) Government grants

A government grant is recognized in profit or loss only when there is reasonable assurance that the Company will comply with the conditions associated with the grant and that the grant will be received.

A government grant related to assets is initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; it is then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

A government grant is recognized in profit or loss in the period in which it becomes receivable as

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compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Company without future related costs.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Shares-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related

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service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

The surtax on undistributed earnings is recorded as current income tax expense after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

(r) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares

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outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(t) Operating segments

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose the operating segments information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and have been updated to reflect the impact of COVID-19 pandemic is as follows:

(a) Valuation of inventories

Inventories are stated at the lower of cost or net realizable value. Due to the impact of product life cycle and industrial competition in electronic industry, which tends to devalue the inventories, the Company evaluates the costs of inventories using the net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific period, therefore, the value of inventories may be variable due to the nature of fast-paced industry. Please refer to note (6)(f) of the parent company only financial statement for inventory valuation.

(b) Assessment of goodwill impairment

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Please refer to note (6)(g) for the assessment of goodwill impairment.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2022	December 31, 2021
Petty cash and foreign currency on hand	$	50	50
Checking accounts and demand deposits		3,367,010	1,838,008
Time deposits		3,077,611	276,800
	$	6,444,671	2,114,858

Refer to note (6)(x) for the interest risk and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets and liabilities at fair value through profit or loss

		December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward exchange contracts	$	-	3,411
Foreign exchange swaps contracts		-	3,527
Non-derivative financial assets			
Open-end mutual funds		232,584	231,292
Structured investment		538,189	-
Stock listed in domestic markets		231,375	276,168
Foreign private funds		240,827	179,221
	$	1,242,975	693,619
Current	$	232,584	238,230
Non-current		1,010,391	455,389
	$	1,242,975	693,619

		December 31, 2022	December 31, 2021
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging			
Forward exchange contracts	$	57	2,447
Foreign exchange swaps contracts		1,333	-
	$	1,390	2,447

The Company holds derivative financial instruments to hedge certain foreign exchange and interest

(Continued)

risk the Company is exposed to, arising from its operating activities. As of December 31, 2022 and 2021, the following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2022		
	Amount (in thousands)	**Currency**	**Maturity dates**
Derivative financial liabilities			
Forward exchange contracts			
Foreign exchange sold	EUR1,000	EUR to USD	2023.01.13
Foreign exchange swaps contracts			
Foreign exchange swaps	USD9,000	USD to NTD	2023.01.09

	December 31, 2021		
	Amount (in thousands)	**Currency**	**Maturity dates**
Derivative financial assets			
Forward exchange contracts			
Foreign exchange purchased	USD26,000	USD to NTD	2022.02.25~2022.04.27
Foreign exchange sold	EUR1,000	EUR to USD	2022.01.06
Foreign exchange swaps contracts			
Foreign exchange swaps	USD32,500	USD to NTD	2022.01.28~2022.03.21
Derivative financial liabilities			
Forward exchange contracts			
Foreign exchange purchased	USD10,000	USD to NTD	2022.01.20~2022.05.31
Foreign exchange sold	USD4,000	USD to JPY	2022.01.05

Refer to note (6)(x) for information relating to the credit risk management of financial instruments. As of December 31, 2022 and 2021, the Company did not provide any aforementioned financial assets as collaterals for its loans.

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

	December 31, 2022	**December 31, 2021**
Equity investments at fair value through other comprehensive income:		
Stock listed on domestic market - preferred stock	$ 321,398	203,318

(i) The Company's investment equity instruments are long-term strategic investments not held-for-trading purpose. The Company designated as equity investment at fair value through other comprehensive income.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2022 and 2021.

(iii) For credit risk and market risk, please refer to note (6)(x).

(iv) As of December 31, 2022 and 2021, the Company did not provide any aforementioned financial assets as collaterals for its loans.

(d) Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Foreign corporate bonds	$ 1,409,013	221,440

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) The Company purchased the bond with a face value of USD 37,561 thousand for the year ended December 31, 2022, with a coupon rate of 0.75%~3.522%; There was no significant purchase and disposal on financial assets at amortized cost for the year ended December 31, 2021.

(ii) Please refer to note (6)(x) for credit risk.

(iii) As of December 31, 2022 and 2021, the Company did not provide any aforementioned financial assets as collaterals for its loans.

(e) Accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Accounts receivable－measured at amortized cost	$ 2,160,476	1,832,215
Less: allowance for impairment	(3,214)	(91,947)
	$ 2,157,262	1,740,268
Accounts receivable, net	$ 2,157,262	1,739,024
Accounts receivable due from related parties, net	$ -	1,244

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics of the customer’s ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including overall economic environment and related industrial information.

According to the management’s assessment, to reflect the actual operation, the Company modified the basis for evaluating the expected credit losses of accounts receivable in March 2022. According to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors,” changing in accounting estimate resulted to increase in the expected credit reversal gains amounted to $85,733 for the year ended December 31, 2022.

(Continued)

(i) As of December 31, 2022, the loss allowance provision was determined as follows:

	December 31, 2022		
Aging interval	Carrying amount of accounts receivable	Weighted-average expected loss rate	Loss allowance provision
Current	$ 1,809,940	-	-
Over due 1 to 30 days	320,008	-	-
Over due 31 to 60 days	29,020	10.00%	2,902
Over due 61 to 90 days	1,491	20.00%	298
Over due 121 to 180 days	17	80.00%	14
	$ 2,160,476		3,214

(ii) As of December 31, 2021, the loss allowance provision was determined as follows:

1) Credit A

	December 31, 2021		
Aging interval	Carrying amount of accounts receivable	Weighted-average expected loss rate	Loss allowance provision
1 to 30 days	$ 97,848	-	-
31 to 60 days	59,285	0.50%	296
61 to 90 days	9,840	1.50%	148
91 to 120 days	10,624	5.00%	531
121 to 180 days	3,697	10.00%	370
181 to 365 days	1	50.00%	-
	$ 181,295		1,345

2) Credit B

	December 31, 2021		
Aging interval	Carrying amount of accounts receivable	Weighted-average expected loss rate	Loss allowance provision
Related parties	$ 1,244	-	-
1 to 30 days	628,098	1.50%	9,572
31 to 60 days	659,761	5.00%	32,988
61 to 90 days	246,462	10.00%	24,646
91 to 120 days	114,271	20.00%	22,854
121 to 180 days	1,084	50.00%	542
	$ 1,650,920		90,602

(Continued)

The movements in the allowance for accounts receivable were as follows:

	2022	2021
The beginning of period	$ 91,947	49,930
Amounts written off	-	(319)
Impairment loss recognized (reversed)	(88,733)	42,336
The end of period	$ 3,214	91,947

As of the reporting date, the Company did not provide any accounts receivable as collaterals for its loans.

(f) Inventories

	December 3 2022	December 3 2021
Finished goods	$ 380,043	219,396
Semi-finished goods	128,148	249,040
Work in progress	259,762	185,392
Raw materials	624,761	358,405
Indirect materials	110,301	158,489
	$ 1,503,015	1,170,722

(i) The details of the costs of sales for the years ended December 31, 2022 and 2021 of the Company were as follows:

	2022	2021
Cost of sales and expense	$ 8,054,975	7,416,309
Cost for write-downs on inventory valuation and obsolescence	52,069	34,398
	$ 8,107,044	7,450,707

(ii) For the year ended December 31, 2022, the derecognition of inventory by the Company due to fire incidents amounting to $37,579 was recognized under miscellaneous disbursements; please refer to note (10) for details.

(iii) As of December 31, 2022 and 2021, the Company did not provide any inventories as collateral for its loans.

(g) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Subsidiaries	$ 1,937,233	12,967,653

(i) Please refer to the consolidated financial statement for the year ended December 31, 2022.

(ii) As of December 31, 2022 and 2021, the Company did not provide any investments accounted

(Continued)

for using equity method as collaterals for its loans.

(iii) Merger with subsidiaries

1) The Company fully acquired KINGPAK by stock exchange on June 19, 2020. The board of directors of the Company approved to conduct the short-form merger with KINGPAK on March 17, 2022. The Company is the surviving company, and KINGPAK is the dissolved company. The reference date of the merger is set on June 30, 2022.

2) On the reference date of the merger, the carrying amounts of assets and liabilities of KINGPAK were as follows :

Cash and cash equivalents	$ 1,417,156
Accounts receivable, net	633,425
Other receivables	6,330
Other financial assets－current	5,300
Inventories	488,956
Contract assets－current	47,618
Other current assets	7,673
Non-current financial assets at fair value through other comprehensive income	145,285
Non-current financial assets at amortized cost	420,651
Property, plant and equipment (note (6)(h))	1,844,036
Right-of-use assets (note (6)(i))	6,954
Intangible assets (note (6)(j))	8,392,043
Deferred tax assets－non-current (note (6)(q))	36,774
Net defined benefit assets	9,866
Refundable deposits	5,772
Other non-current assets	1,054
Notes and accounts payable	(350,720)
Contract liabilities－current (note (6)(u))	(38,519)
Current tax liabilities	(209,492)
Accrued expenses and other current liabilities (note (6)(m))	(652,341)
Lease liabilities (current and non-current)	(7,009)
Current provisions	(133,349)
Other non-current liabilities	(1,598)
Total identifiable net assets acquired	$ 12,075,865

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021, were as follows:

		Land	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
Cost or deemed cost:								
Balance on January 1, 2022	$	1,793,148	2,260,315	3,093,700	127,498	-	1,764,854	9,039,515
Acquisition through merger		543,768	396,866	1,156,755	14,853	-	249,037	2,361,279
Additions		90,000	98,350	411,353	36,206	25,179	2,525,276	3,186,364
Transferred in (out)		-	1,050	32,667	10,086	-	(43,992)	(189)
Disposals		-	(122,897)	(945,940)	(33,315)	-	-	(1,102,152)
Balance on December 31, 2022	$	2,426,916	2,633,684	3,748,535	155,328	25,179	4,495,175	13,484,817
Balance on January 1, 2021	$	1,793,148	2,266,214	3,410,903	104,975	-	135,571	7,710,811
Additions		-	46,376	152,865	54,793	-	1,686,384	1,940,418
Transferred in (out)		-	13,723	26,113	2,100	-	(57,101)	(15,165)
Disposals		-	(65,998)	(496,181)	(34,370)	-	-	(596,549)
Balance on December 31, 2021	$	1,793,148	2,260,315	3,093,700	127,498	-	1,764,854	9,039,515
Depreciation and impairment loss:								
Balance on January 1, 2022	$	-	567,868	1,823,516	60,442	-	-	2,451,826
Acquisition through merger		-	95,178	416,201	5,864	-	-	517,243
Depreciation for the year		-	152,292	828,212	44,743	3,664	-	1,028,911
Impairment loss		-	99,425	26,059	118	-	-	125,602
Disposals		-	(53,706)	(639,395)	(31,158)	-	-	(724,259)
Balance on December 31, 2022	$	-	861,057	2,454,593	80,009	3,664	-	3,399,323
Balance on January 1, 2021	$	-	496,773	1,317,770	55,544	-	-	1,870,087
Depreciation for the year		-	137,093	972,749	39,268	-	-	1,149,110
Disposals		-	(65,998)	(467,003)	(34,370)	-	-	(567,371)
Balance on December 31, 2021	$	-	567,868	1,823,516	60,442	-	-	2,451,826
Book value:								
Balance on December 31, 2022	$	2,426,916	1,772,627	1,293,942	75,319	21,515	4,495,175	10,085,494
Balance on January 1, 2021	$	1,793,148	1,769,441	2,093,133	49,431	-	135,571	5,840,724
Balance on December 31, 2021	$	1,793,148	1,692,447	1,270,184	67,056	-	1,764,854	6,587,689

The Company contracted with Chung-Lin General Contractors, LTD. for the construction of the plant in Bade District, Taoyuan City in August 2020. The total amount of contract is $3,200,000. As of December 31, 2022 and 2021, the amount of $2,688,000 and $1,616,000 had been paid, respectively.

For the year ended December 31, 2022, the carrying amount of certain buildings and structures, machinery and equipment, as well as office equipment, derecognized by the Company, amounting to $166,511, due to the fire incidents, and was recognized under miscellaneous disbursements. Please refer to note (10) for details.

For the year ended December 31, 2022, the Company considered certain buildings and structures, machinery and equipment, as well as office equipment, as impaired, resulting in the recoverable

(Continued)

amount to be lower than the carrying value by $125,602. The loss is recognized as impairment loss under miscellaneous disbursements.

As of December 31, 2022 and 2021, the Company had provided property, plant and equipment as collateral for its loans. Please refer to note (8) for details.

(i) Right-of-use assets

The Company leases many assets including land, staff dormitories and office equipment. Information about leases for which the Company as a lessee is presented below:

	Land	Buildings and structures	Office equipment	Total
Cost:				
Balance on January 1, 2022	$ 74,694	22,901	14,855	112,450
Acquisition through merger	9,926	-	5,814	15,740
Additions	79,996	25,254	700	105,950
Deductions	(74,694)	(1,145)	(2,924)	(78,763)
Balance on December 31, 2022	$ 89,922	47,010	18,445	155,377
Balance on January 1, 2021	$ 74,694	15,445	16,424	106,563
Additions	-	17,263	-	17,263
Deductions	-	(9,807)	(1,569)	(11,376)
Balance on December 31, 2021	$ 74,694	22,901	14,855	112,450
Depreciation and impairment loss:				
Balance on January 1, 2022	$ 3,761	9,104	5,675	18,540
Acquisition through merger	6,066	-	2,720	8,786
Depreciation for the year	4,004	13,758	3,208	20,970
Deductions	(4,478)	(1,144)	(2,518)	(8,140)
Balance on December 31, 2022	$ 9,353	21,718	9,085	40,156
Balance on January 1, 2021	$ 1,612	4,622	3,288	9,522
Depreciation for the year	2,149	8,996	2,886	14,031
Deductions	-	(4,514)	(499)	(5,013)
Balance on December 31, 2021	$ 3,761	9,104	5,675	18,540
Book value:				
Balance on December 31, 2022	$ 80,569	25,292	9,360	115,221
Balance on January 1, 2021	$ 73,082	10,823	13,136	97,041
Balance on December 31, 2021	$ 70,933	13,797	9,180	93,910

(j) Intangible Assets

The Company obtained control over Impac Technology Co., Ltd. and KINGPAK in previous year. The cost of investment exceeds the fair value of identifiable net assets is recognized as goodwill. The goodwill recognized for the aforesaid transaction were $51,936 and $7,396,676, respectively.

(i) The cost and amortization of intangible assets of the Company were as follows:

Goodwill	Patents and others	Cost of computer software	Customer relationship	Total

(Continued)

		Goodwill	Patents and others	Cost of computer software	Customer relationship	Total
Cost:						
Balance on January 1, 2022	$	51,936	25,462	20,336	41,776	139,510
Acquisition through merger		7,396,676	932,002	16,921	363,700	8,709,299
Additions		-	-	67,928	-	67,928
Disposals		-	(30,020)	(14,626)	(41,776)	(86,422)
Balance on December 31, 2022	$	7,448,612	927,444	90,559	363,700	8,830,315
Balance on January 1, 2021	$	51,936	25,462	32,248	41,776	151,422
Additions		-	-	1,300	-	1,300
Disposals		-	-	(13,212)	-	(13,212)
Balance on December 31, 2021	$	51,936	25,462	20,336	41,776	139,510
Amortization:						
Balance on January 1, 2022	$	-	25,462	14,374	41,776	81,612
Acquisition through merger		-	253,666	8,810	54,780	317,256
Amortization for the year		-	38,391	20,291	13,470	72,152
Disposals		-	(30,020)	(14,626)	(41,776)	(86,422)
Balance on December 31, 2022	$	-	287,499	28,849	68,250	384,598
Balance on January 1, 2021	$	-	25,462	18,830	41,776	86,068
Amortization for the year		-	-	8,756	-	8,756
Disposals		-	-	(13,212)	-	(13,212)
Balance on December 31, 2021	$	-	25,462	14,374	41,776	81,612
Book value:						
Balance on December 31, 2022	$	7,448,612	639,945	61,710	295,450	8,445,717
Balance on January 1, 2021	$	51,936	-	13,418	-	65,354
Balance on December 31, 2022	$	51,936	-	5,962	-	57,898

(ii) Amortization recognized

For the years ended December 31, 2022 and 2021, the amortization expenses of intangible assets in the statement of comprehensive income were as follows:

		2022	2021
Operating costs	$	6,904	4,598
Operating expenses	$	65,248	4,158

(iii) Test of goodwill impairment

For the purpose of impairment test, goodwill was mainly allocated to the cash-generating units －BU2 and BU3.

The recoverable amount of cash-generating unit－BU2 and BU3 is determined based on the value in use, which was calculated based on the cash flow forecast from the financial budgets covering the future one-year period, and the Company used the annual discount rates of 10.46%~14.55%, in its impairment test for the year ended December 31, 2022. The estimation

(Continued)

of discount rate was based on the weighted-average capital cost.

The recoverable amount of cash-generating unit－BU3 is determined based on the value in use, which was calculated based on the cash flow forecast from the financial budgets covering the future one-year period, and the Company used the annual discount rates of 9.30% , in its impairment test for the year ended December 31, 2021. The estimation of discount rate was based on the weighted-average capital cost.

Based on the result of impairment test, the recoverable amounts determined by the value in use were both higher than the carrying amounts of goodwill as of December 31, 2022 and 2021. Therefore, the Company did not recognize any impairment loss on goodwill.

(iv) Collateral

As of December 31, 2022 and 2021, the Company did not provide intangible assets as collaterals for its loans.

(k) Short-term borrowings

Details of short-term borrowings were as follows:

	December 31, 2022	December 31, 2021
Comprehensvie secured bank loans	$ -	-
Unused short-term credit lines	$ 5,563,150	3,165,740

Please refer to note (8) for the information about the Company providing assets as collateral for part of its borrowings and credit lines.

(l) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured loans	$ 5,360,000	63,000
Less: Discounts on government grants	(155,231)	(500)
	$ 5,204,769	62,500
Unused long-term credit lines	$ 3,200,000	7,857,000
Range of interest rates	1.225%~1.425%	0.6%~0.8%
Expiration	2026 to 2031	2031

(i) For the years ended December 31, 2022 and 2021, the Company received a preferential interest rate loan of $5,297,000 and $63,000 from the government’s “Action Plan for Accelerating Investment of Rooted Taiwanese Enterprises”. The amount was used in capital expenditure and operating turnover. The loan was expected to be repaid until April 2031. Using the prevailing market interest rate at an equivalent loan rate of 1.35% to1.85% and 0.75%, the fair value of the loan was estimated at $5,138,164 and $62,465 on initial recognition. The difference of $158,836 and $535 between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan, respectively, and had been recognized as deferred

(Continued)

revenue recorded under other non-current liabilities, which is being amortized over the period of loans and recognized the grant profit $1,700 and $0 under other income, respectively.

(ii) Please refer to note (8) for the information about the Company providing assets as collateral for part of its long-term borrowings.

(m) Other payables

Details of other payables were as follows:

	December 31, 2022	December 31, 2021
Salaries, employees' compensation and directors' remuneration	$ 1,354,703	771,277
Payable on manufacturing	17,742	35,155
Payable on consumables	71,393	109,006
Payable on machinery and equipment	305,820	44,921
Accrued employee benefit liabilities	55,745	51,461
Accrued expenses	462,399	260,714
	$ 2,267,802	1,272,534

The accrued expenses included professional service fees, commission, repairments and maintenance expense, utilities expense, labor insurance and health insurance, etc.

(n) Provision

	December 31, 2022	December 31, 2021
Compensation	$ 223,869	48,184

The provision for compensation losses was due to product defects. The Company has determined the most likely outcome of the compensation in accordance with the best estimation expenditure required for the obligation to recognize the compensation liabilities.

(o) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 19,947	14,175
Non-current	$ 96,523	81,042

For the maturity analysis, please refer to note (6)(x).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 1,850	1,818

(Continued)

Variable lease payments not included in the measurement of lease liabilities	$	47,430	77,872
Expenses relating to short-term leases	$	5,768	2,780
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$	226	46

The amounts recognized in the statement of cash flows for the Company were as follows:

		2022	2021
Total cash outflow for leases	$	75,154	95,819

(i) Real estate leases

The Company leases land, buildings and structures for its factory, staffs' dormitories. parking lots and office. The leases typically run for a period of one to twenty years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases office equipment, with lease terms of three years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases payments are based on actual usage in the period.

The Company also leases copying machines and office equipment with lease terms of three to five years. These leases are short-term and leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of the defined benefit obligation at present value and plan assets at fair value of the Company were as follows:

		December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$	(285,368)	(374,059)
Fair value of plan assets		213,486	225,832
Net defined benefit liabilities	$	(71,882)	(148,227)

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for its employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

(Continued)

The Company allocates its pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’s Bank of Taiwan labor pension and appointed manager retirement fund reserve account balance amounted to $213,486 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company were as follows:

		2022	2021
Defined benefit obligation on January 1	$	(374,059)	(335,236)
Acquisition through merger		(30,994)	-
Current service costs and interest		(5,906)	(6,526)
Benefits paid by the plan		82,200	13,807
Re-measurement of the net defined benefit liabilit			
-Return on plan assets (excluding current interest income)		33,605	(4,636)
-Actuarial gains (losses) arose from change in financial assumptions		9,786	(32,479)
-Actuarial gains (losses) arising from demographic assumptions		-	(8,989)
Defined benefit obligation on December 31	**$**	**(285,368)**	**(374,059)**

3) Movements of the defined benefit plan assests

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2022	2021
Fair value of plan assets on January 1	$	225,832	226,024
Acquisition through merger		40,860	-
Interest income		1,886	1,664
Benefits paid by the plan		(82,200)	(13,807)

(Continued)

Re-measurements of the net defined benefit asset			
-Return on plan assets (excluding current interest income)		15,967	1,539
Contributions paid by the employer		11,141	10,412
Fair value of plan assets on December 31	**$**	**213,486**	**225,832**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2022	2021
Current service cost	$	3,014	4,083
Net interest on the net defined benefit liabilities		1,006	779
	$	**4,020**	**4,862**
Cost of sales	$	2,507	3,046
Selling expense		91	162
Administrative expense		1,154	1,373
Research and development expense		268	281
	$	**4,020**	**4,862**

5) Re-measurement of the net defined benefit liabilities recognized in other comprehensive income

The Company's re-measurement of the net defined benefit liabilities recognized in other comprehensive income for the years ended December 31, 2022 and 2021, were as follows:

		2022	2021
Accumulated amount on January 1	$	162,005	117,440
Recognized during the period		(59,358)	44,565
Accumulated amount on December 31	**$**	**102,647**	**162,005**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.250%	0.750%
Future salary increasing rate	3.500%	3.500%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $11,141.

(Continued)

The weighted-average lifetime of the defined benefit plan is 10 years.

7) Sensitivity analysis

As of December 31, 2022 and 2021, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased	**Decreased**
December 31, 2022		
Discount rate (Increased or Decreased 0.25%)	$ (4,645)	4,808
Future salary increasing rate (Increased or Decreased 0.25%)	19,612	(17,474)

	Influences of defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2021		
Discount rate	(12,823)	13,426
Future salary increasing rate	12,855	(12,356)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plan

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution method amounted to $64,144 and $51,314 for the years ended December 31, 2022 and 2021, respectively.

(q) Income Taxes

(i) Income tax expenses

1) The components of income tax expense in the years 2022 and 2021 were as follows:

	2022	**2021**
Current tax expense		

(Continued)

Current period	$	647,585	518,401
Adjustment for prior periods		(23,621)	(89,001)
		623,964	429,400
Deferred tax expense			
Origination and reversal of temporary differences		(11,213)	(21,541)
Income tax expense	**$**	**612,751**	**407,859**

2) The amounts of income tax expense (benefit) recognized in other comprehensive income for 2022 and 2021 were as follows:

		2022	**2021**
Items that may not be reclassified to profit or loss:			
Re-measurement of the defined benefit plans	$	11,872	(8,913)
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income		4,734	10,222
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements		30,895	(7,749)
	$	**47,501**	**(6,440)**

3) Reconciliation of income tax and profit before tax for 2022 and 2021 were as follows:

		2022	**2021**
Profit before income tax	$	3,753,693	3,172,551
Income tax using the Company's domestic tax rate		750,739	634,510
Tax-exempt income		(115,174)	(138,112)
Over provision in prior periods		(23,621)	(89,001)
Others		807	462
	$	**612,751**	**407,859**

(ii) Deferred tax assets and liabilities

The Company has no unrecognized deferred tax assets and liabilities. Changes in the amount of recognized deferred tax assets and liabilities for 2022 and 2021 were as follows:

(Continued)

		Provision for the land value increment tax	Investments income recognized under the equity method	Others	Total
Deferred tax liabilities:					
Balance on January 1, 2022	$	80,950	7,818	26,171	114,939
Recognized in profit or loss		-	45,253	526	45,779
Balance on December 31, 2022	$	80,950	53,071	26,697	160,718
Balance on January 1, 2021	$	80,950	-	25,448	106,398
Recognized in profit or loss		-	7,818	723	8,541
Balance on December 31, 2021	$	80,950	7,818	26,171	114,939

		Foreign currency translation adjustment	Defined benefit plans	Investments loss recognized under the equity method	Adjustment of depreciation of fixed assets for tax purposes	Others	Total
Deferred tax assets:							
Balance on January 1, 2022	$	32,952	40,928	-	90,469	34,327	198,676
Acquisition through merger		-	-	-	-	36,774	36,774
Recognized in profit or loss		-	(1,424)	-	58,155	261	56,992
Recognized in other comprehensive income		(30,895)	(11,872)	-	-	(4,734)	(47,501)
Balance on December 31, 2022	$	2,057	27,632	-	148,624	66,628	244,941
Balance on January 1, 2021	$	25,203	33,125	54,049	19,066	30,711	162,154
Recognized in profit or loss		-	(1,110)	(54,049)	71,403	13,838	30,082
Recognized in other comprehensive income		7,749	8,913	-	-	(10,222)	6,440
Balance on December 31, 2021	$	32,952	40,928	-	90,469	34,327	198,676

(iii) Examination and approval

The ROC tax authorities have examined the Company’s income tax returns through 2020.

(r) Capital and other equity

(i) Ordinary shares

As of December 31, 2022 and 2021, the number of authorized ordinary shares was $4,000,000

(Continued)

, with par value of $10 per share. The total value of authorized ordinary shares amounted to 400,000 thousand shares, of which $200,000 were reserved for the issuance of employee stock options. As of the date, 160,814 thousand and 178,698 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

For the years ended December 31, 2022 and 2021, the restricted stocks were cancelled due to certain employees who failed to meet the vesting conditions of $150 and $104, respectively. All related registration procedures had been completed as of the reporting date. The annaul stockholders' meeting resolved to conduct a capital reduction by cash amounting to $178,690 on June 8, 2022, whereby 17,869 thousand ordinary shares were cancelled, resulting in the capital to decrease by 10%. The above capital reduction was approved by the regulatory authorities on September 19, 2022, with the base date set on October 14, 2022. The registration procedures was completed on November 7, 2022.

(ii) Capital surplus

The balances of capital surplus were as follows:

		December 31, 2022	December 31, 2021
Capital surplus－additional paid-in capital	$	15,002,891	15,002,891
Employee restricted shares		56,766	59,310
Other		56,219	56,219
	$	15,115,876	15,118,420

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation amended on June 8, 2022, the Company's net earnings shall first defray tax due, and offset the prior years' deficit. Of the remaining balance, 10% is to be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital, and an amount equal to a net debit balance of stockholders' equity is appropriated as a special reserve. The remaining balance and the accumulated unappropriated earnings of prior years, if any, may be appropriated according to the proposal presented in the annual stockholders' meeting by the Broad of Directors, and be distributed as dividends to stockholders after the approval of the annual stockholders' meeting. Based on the policy on stock dividends and in accordance with such factors as the development plan, investment environment, capital requirements, competitive environment, and benefits to stockholders, the dividends to be distributed to shareholders shall appropriate 60% or more of the appropriated earnings, and the cash dividends shall not be less than 30% of the total amount of dividends. After considering the actual profit and capital situation, the amount of dividends is determined

(Continued)

by the board of directors and approved by the stockholders at their annual meeting.

If the Company has no deficit, it shall distribute the legal reserve and the aggregate or a portion of the capital surplus to shareholders in cash in proportion to shareholdings pursuant to Article 241(i) of the Company Act,and such distribution shall be approved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders

The Company's earnings distribution or loss off-setting proposal may be proposed at the close of each half-year.

When the Company allocates its earnings for the first half of the financial year in accordance with the preceding paragraph, it shall first estimate and retain the amounts of taxable contributions, make up its deficits, employee remuneration, and provision for surplus reserve. However, the appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital.

In accordance with the Company's Articles of incorporation before revised on June 8, 2022, the Company's net earnings shall first defray tax due, and offset the prior years' deficit. Of the remaining balance, 10% is to be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital, and an amount equal to a net debit balance of stockholders' equity is appropriated as a special reserve. The remaining balance and the accumulated unappropriated earnings of prior years, if any, may be appropriated according to the proposal presented in the annual stockholders' meeting by the board of directors, and be distributed as dividends to stockholders after the approval of the annual stockholders' meeting. Based on the policy on stock dividends and in accordance with such factors as the development plan, investment environment, capital requirements, competitive environment, and benefits to stockholders, the dividends to be distributed to shareholders shall appropriate 60% or more of the appropriated earnings, and the cash dividends shall not be less than 30% of the total amount of dividends. After considering the actual profit and capital situation, the amount of dividends is determined by the board of directors and approved by the stockholders at their annual meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First-time Adoption of International Financial Report Standards", the Company shall reclassify its unrealized revaluation gains amounting to $161,156 as retained earnings. According to the Rule No. 1010012865 issued by FSC on April 6, 2012, the company is able to reclassify its net increasing retained earnings as special earnings reserve which resulted from the first-time adoption of the IFRS after the adoption date. When the relevant asset were used, disposed of, reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve both amounted to $33,700 on December 31, 2022 and 2021.

(Continued)

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2021 and 2020 were approved via the annual meeting of shareholders held on June 8, 2022 and July 7, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 9.00037872	1,608,214	5.50	982,896

Earnings distribution for 2022 was approved by the board of directors of the Company held on March 14, 2023. The relevant dividend distributions was as follow:

	2022	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders from unappropriated earnings		
Cash	$ 7.77007957	1,249,536

Earnings distribution for 2022 was proposed by the board of directors of the Company held on March 14, 2023. The relevant dividend distributions was as follow:

	2022	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders from unappropriated earnings		
Shares	$ 3	482,442

The related information about earnings distribution approved by the shareholders'

(Continued)

meeting can be accessed from the Market Observation Post System Website.

(s) Shares-based payment

(i) Employee restricted shares

At the meeting held on May 30, 2019, the KINGPAK's shareholders adopted a resolution to issue 500 thousand employee restricted shares, with a par value of $10 per share, amounting to $5,000. The terms of issuance and vested requirements of the shares are the same as of the stock exchange effective date, except for the shares which were changed into the Company's ordinary shares according to the exchange ratio. The terms of the employee restricted shares were as follows:

1) Employees who work for KINGPAK from the issuance dates (the effective date of the share issuance) to the following vested periods, having met KINGPAK's financial and personal performance, without violating the KINGPAK's working policy, will receive the vested shares as below:

   a) 1 year service: 30% of the restricted shares will be vested

   b) 2 year service: 30% of the restricted shares will be vested

   c) 3 year service: 40% of the restricted shares will be vested

2) The restricted rights before the vesting period are as follows:

   a) The restricted shares are kept by a trust which is appointed by KINGPAK. Also, employees should comply with all procedures and sign the related documents accordingly.

   b) Except for inheritance, employees may not sell, pledge, transfer, gift, or dispose, by any other means, to third parties.

   c) The rights of restricted share plan for employees, including dividends, bonuses, the distribution rights of legal reserve and capital surplus, the voting rights at the shareholders' meeting, etc., are the same as those of KINGPAK's issued ordinary shares except for the new shares which could be subscribed in proportion to their original shareholding. The right of attendance, proposal, speech, voting, etc. of the shareholders are exercised according to the agreement which was entered into by the trust.

   d) Employees may not demand KINGPAK or the trust appointed by KINGPAK to return the restricted shares in any ways.

3) The shares of the employees who fail to meet the vesting conditions will be retrieved and cancelled. The related guidelines on restricted stocks should be complied accordingly if the employees retire, succumb to any unfortunate events, voluntarily resign, have been dismissed or transferred to another post, or abandon their restricted shares.

Information on restricted stock to employee was as follows:

	2022	2021

(Continued)

	Units (thousand)	Units (thousand)
Outstanding units at beginning period	128	234
Vested during the year	(113)	(96)
Current units forfeited	(15)	(10)
Outstanding units at ended period	-	128

As of December 31, 2022 and 2021, the unearned employee compensation was $0 and $6,777, respectively.

For the year ended December 31, 2022 and 2021, the expenses arising from KINGPAK issued employee restrict shares were $4,083 and $14,639, respectively. For the six months ended June 30, 2022 and the year ended December 31, 2021, recognized as a share of profit (loss) of subsidiaries, associates, and joint ventures accounted for using equity method. For the six months ended December 31, 2022, recognized as operating expense.

(t) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share for 2022 and 2021 were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ 3,140,942	2,764,692

2) Weighted-average number of ordinary shares (thousands)

	2022	2021
Weighted-average number of ordinary shares	174,721	178,490

3) Basic earnings per share (NTD)

	2022	2021
Basic earnings per share	$ 17.98	15.49

(ii) Diluted earnings per share

The calculation of diluted earnings per share for 2022 and 2021 were based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

(Continued)

		2022	2021
Profit attributable to ordinary shareholders of the Company (diluted)	$	3,140,942	2,764,692

2) Weighted-average number of ordinary shares (diluted) (thousands)

	2022	2021
Weighted-average number of ordinary shares (basic) (thousands)	174,721	178,490
Effect of employee remuneration (thousands)	2,453	927
Effect of employee restricted shares (thousands)	99	100
Weighted-average number of ordinary shares (diluted) on December 31	177,273	179,517

3) Diluted earnings per share (NTD)

		2022	2021
Diluted earnings per share	$	17.72	15.40

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

		2022	2021
Primary geographical markets:			
Singapore	$	3,075,623	3,249,772
Malaysia		2,037,167	2,020,148
United States		1,850,668	1,585,915
China		953,307	1,129,248
Hong Kong		575,634	1,171,809
Others		3,538,500	1,231,759
	$	12,030,899	10,388,651
Major products/services lines:			
Image products	$	5,599,881	3,579,476
Ceramic metalized substrate		2,829,873	3,559,241
Hybrid modules & specialty packaging		2,654,693	2,494,885
RF module		732,630	649,312
Others		213,822	105,737
	$	12,030,899	10,388,651

(ii) Contract balances

(Continued)

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (including related parties)	$ 2,160,476	1,832,215	1,457,344
Contract assets－image products (recorded under other current assets)	77,736	38,003	82,344
Less: allowance for impairment	(3,214)	(91,947)	(49,930)
Total	$ 2,234,998	1,778,271	1,489,758
Contract liabilities - advance sales receipts	$ 58,361	329,820	301,487

For details on accounts receivable and allowance for impairment, please refer to note (6)(e).

The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liabilities balance at the beginning of the period were $6,749 and $72, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(v) Miscellaneous disbursements

	2022	2021
Losses due to fire incident	$ 204,090	-
Net losses on disposals of property, plant and equipment	15,250	-
Impairment losses on assets	125,602	-
Other expenses	433	199
	$ 345,375	199

(w) Employee compensation and directors' remuneration

Based on the Company's Articles of Incorporation amended on June 8, 2022, once the Company has an annual profit, it should appropriate 3% or more of the profit to its employees and 3% or less as directors' remuneration. The Company should offset the prior years' accumulated deficit before any appropriation of profit then appropriate employee compensation and remuneration of directors at the above rate. Employee compensation shall be paid in cash or stock, and the remuneration of directors shall be paid in cash.

Based on the Company's Articles of Incorporation before revised on June 8, 2022, once the Company has an annual profit, it should appropriate 5% or more of the profit to its employees and 2% or less as directors' remuneration. The Company should offset the prior years' accumulated deficit before any appropriation of profit then appropriate employee compensation and remuneration of directors at the above rate. Employee compensation shall be paid in cash or stock, and the remuneration of directors shall be paid in cash.

For the years ended December 31, 2022 and 2021, the Company estimated its employee

(Continued)

remuneration amounting to $240,000 and $170,600, and directors' remuneration amounting to $123,000 and $68,200, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as determined by the management. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. The differences between the amounts approved in the Board of Directors' meeting and those recognized in the financial statement, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the following year. The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of the board of directors.

The amounts, as stated in the parent company only financial statements, are identical to those of the estimated distributions in 2022 and 2021. Related information would be available on the Market Observation Post System Website.

(x) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) The concentration of credit risk

The Company caters to a wide variety of customers and has a diverse market distribution, therefore, the Company does not have a significant credit risk concentration. In order to reduce the credit risk, the Company monitors the financial conditions of customers regularly. However, the Company usually does not require customers to provide any collateral.

3) Receivables credit risk

For credit risk exposure of trade receivables, please refer to note (6)(e). Other financial assets at amortized cost, including other receivables and investment in bonds, are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(f).

There were no changes on the allowance for impairment of other receivables for the years ended December 31, 2022 and 2021.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount	Contractual cash flows	Within a year	Over a year
December 31, 2022				

(Continued)

		Carrying Amount	Contractual cash flows	Within a year	Over a year
Non-derivative financial liabilities:					
Notes and accounts payable	$	727,500	(727,500)	(727,500)	-
Accounts payable to related parties		87,095	(87,085)	(87,085)	-
Other payables		2,267,802	(2,267,802)	(2,267,802)	-
Lease liabilities (including current and non-current portion)		116,470	(142,226)	(21,758)	(120,468)
Guarantee deposits received		3,413	(3,413)	-	(3,413)
Long-term borrowings		5,204,769	(5,360,000)	-	(5,360,000)
Derivative financial liabilities:					
Forward exchange contracts:		57			
Inflow			32,682	32,682	-
Outflow			(32,720)	(32,720)	-
Foreign exchange swaps contracts:		1,333			
Inflow			274,898	274,898	-
Outflow			(276,390)	(276,390)	-
	$	8,408,439	(8,589,556)	(3,105,675)	(5,483,881)
December 31, 2021					
Non-derivative financial liabilities:					
Notes and accounts payable	$	599,235	(599,235)	(599,235)	-
Accounts payable to related parties		74,826	(74,826)	(74,826)	-
Other payables		1,272,534	(1,272,534)	(1,272,534)	-
Lease liabilities (including current and non-current portion)		95,217	(119,477)	(15,769)	(103,708)
Guarantee deposits received		3,413	(3,413)	-	(3,413)
Long-term borrowings		62,500	(63,000)	-	(63,000)
Derivative financial liabilities:					
Forward exchange contracts:		2,447			
Inflow			387,209	387,209	-
Outflow			(388,629)	(388,629)	-
	$	2,110,172	(2,133,905)	(1,963,784)	(170,121)

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Company’ s significant exposures to foreign currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						

(Continued)

Monetary items							
USD	$	167,235	USD/NTD =30.710	5,135,787	107,074	USD/NTD =27.680	2,963,808
Financial liabilities							
Monetary items							
USD		24,591	USD/NTD =30.710	755,190	10,028	USD/NTD =27.680	277,575
JPY		380,194	JPY/NTD =0.2324	88,357	728,538	JPY/NTD =0.2405	175,213

2) Sensitivity analysis

The Company’ s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, notes and accounts payable and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the NTD against USD and JPY for the years ended December 31, 2022 and 2021 would have increased or decreased the net profit before tax as follows:

		2022	2021
USD (against the NTD)			
Strengthening 5%	$	219,030	134,312
Weakening 5%		(219,030)	(134,312)
JPY (against the NTD)			
Strengthening 5%		(4,418)	(8,761)
Weakening 5%		4,418	8,761

(iv) Foreign exchange gains or losses on monetary items

As the Company deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2022 and 2021, the foreign exchange (losses) gains, including realized and unrealized portion, amounted to $327,807 and $(80,761), respectively.

(v) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

		Carrying amount	
		December 31, 2022	December 31, 2021
Fixed-rate instruments:			
Financial assets	$	4,492,029	503,645
Variable-rate instruments:			
Financial assets	$	3,362,446	1,832,325
Financial liabilities		(5,204,769)	(62,500)

(Continued)

	Carrying amount	
	December 31, 2022	**December 31, 2021**
	$ (1,842,323)	1,769,825

The exposure to interest rate risk for financial assets and liabilities refers to the management of liquidity risk in this note.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Company's management assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by $4,606 for the year ended December 31, 2022, the net profit before tax would have increased or decreased by $4,425 for the year ended December 31, 2021, which would have mainly resulted from the bank savings with variable interest rates.

(vi) Fair value

1) The categories and the fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

	December 31, 2022				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Open-end mutual funds	$ 232,584	232,584	-	-	232,584
Structured investment	538,189	-	-	538,189	538,189
Stock listed in domestic markets	231,375	231,375	-	-	231,375
Foreign privated funds	240,827	-	-	240,827	240,827
Subtotal	1,242,975				

(Continued)

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income					
Stock listed in domestic market preferred stocks	321,398	321,398	-	-	321,398
Financial assets measured at amortized cost					
Cash and cash equivalents	6,444,671	-	-	-	-
Accounts receivable, net	2,157,262	-	-	-	-
Other receivables	59,610	-	-	-	-
Foreign corporate bonds	1,409,013	-	-	-	-
Refundable deposits	21,345	-	-	-	-
Other financial assets－non-current	5,400	-	-	-	-
Subtotal	10,097,301				
Total	$ 11,661,674				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 1,390		1,390		1,390
Financial liabilities measured at amortized cost					
Notes and accounts payable	727,506	-	-	-	-
Accounts payables to related parties	87,089	-	-	-	-
Other payables	2,267,802	-	-	-	-
Lease liabilities (including current and non-current portion)	116,470	-	-	-	-
Guarantee deposits received	3,413	-	-	-	-
Long-term borrowings	5,204,769	-	-	-	-
Total	$ 8,408,439				

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total

(Continued)

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Derivative financial assets	$ 6,938	-	6,938	-	6,938
Open-end mutual funds	231,292	231,292	-	-	231,292
Stock listed in domestic markets	276,168	276,168	-	-	276,168
Foreign private funds	179,221	-	-	179,221	179,221
Subtotal	693,619				
Financial assets measured at fair value through other comprehensive income					
Stock listed in domestic market preferred stocks	203,318	203,318	-	-	203,318
Financial assets measured at amortized cost					
Cash and cash equivalents	2,114,858	-	-	-	-
Accounts receivable, net	1,739,024	-	-	-	-
Accounts receivable due from related parties, net	1,244	-	-	-	-
Other receivables	17,374	-	-	-	-
Foreign corporate bonds	221,400	-	-	-	-
Refundable deposits	4,285	-	-	-	-
Other financial assets－non-current	5,405	-	-	-	-
Subtotal	4,103,590				
Total	$ 5,000,527				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	$ 2,447	-	2,447	-	2,447
Financial liabilities measured at amortized cost					
Notes and accounts payable	599,235	-	-	-	-
Accounts payable to related parties	74,826	-	-	-	-
Other payables	1,272,534	-	-	-	-

(Continued)

		December 31, 2021			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Lease liabilities (including current and non-current portion)	95,217	-	-	-	-
Guarantee deposits received	3,413	-	-	-	-
Long-term borrowings	62,500	-	-	-	-
Subtotal	2,107,725				
Total	$ 2,110,172				

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices. The market prices from the main exchanges and government bond exchanges are the basis of the fair value of the listed company’s equity instruments and debt instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s-length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The fair values of the Company’s financial instruments in an active market for each category and attribute were as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions traded in active liquid markets are determined with reference to the quoted market prices, including open-end mutual funds and stocks of listed company.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

b) Derivative financial instruments

(Continued)

There is based on valuation models commonly accepted by market participants such as the discounted cash flow method or option pricing models. The value of a forward exchange contract is usually determined by the forward exchange rate. Structured investments were calculated using the offer price.

3) Transfer between level

There were no transfers between fair value level for the years ended December 31, 2022 and 2021.

4) Changes between Level 3

	Non derivative financial assets mandatorily measured at fair value through profit or loss
Balance on January 1, 2022	$ 179,221
Total gains and losses	
Recognized in profit or loss	71,391
Purchased	902,982
Disposal	(374,578)
Balance on December 31, 2022	**$ 779,016**
Balance on January 1, 2021	$ 179,497
Total gains and losses	
Recognized in profit or loss	13,880
Purchased	24,925
Dispoal	(39,081)
Balance on December 31, 2021	**$ 179,221**

For the years ended December 31, 2022 and 2021, total gains and losses were included in gains (losses) on current assets (liabilities) at fair value through profit or loss.

5) The quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – investment in private funds” and structured investment used the Net Asset Value Method.

The quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement

(Continued)

Financial assets at fair value through profit or loss－investment in private funds	Net Asset Value Method	‧Net Asset Value	Not applicable

The structured investments and funds of the fair value hierarchy are based on unadjusted quote price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.

(y) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

The following, likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying parent company only financial statements.

(ii) Structure of risk management

The Company minimizes the risk exposure by purchasing derivative financial instruments. The Board of Directors regulated the transaction of derivative and non-derivative financial instruments in accordance with the Company's procedures for acquisition and disposal of assets. The internal auditors of the Company continually review the amount of the risk exposure in accordance with the Company's policy and the risk management policies and procedures. The Company has no transactions in the financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Trade and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company offers standard payment term and shipment term. New customers may transact with the Company only on a prepayment basis.

In order to mitigate account receivable credit risk, the Company constantly assesses the financial status of the customers, and requests the customers to provide guarantee or

(Continued)

security if necessary. The Company regularly accesses the collectability of accounts receivable and recognizes allowance for accounts receivable. The impairment losses are always within management's expectation.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including listed company and unlisted company. In order to avoid the excess of credit limitation of the customer, the Company constantly monitors the status of the customers. The Company will stop trading with the customer who has no credit limits, unless, the payment has been paid or approved. Furthermore, credit limits of the customers will be assessed quarterly.

The Company sets the allowance for bad debt account to reflect the estimated losses for trade, other receivables, and investment.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transaction counterparties and contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore no significant credit risk.

3) Guarantees

Pursuant to the Company's policies, it is only permissible to provide financial guarantees to subsidiaries. As of December 31, 2022 and 2021, the Company did not provide any guarantees.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans and borrowings from the bank form an important source of liquidity for the Company. Please refer to notes (6)(k) and (6)(l) for unused short-term and long-term bank facilities as of December 31, 2022 and 2021.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities is NTD. The currencies used in these transactions are denominated in NTD, EUR, USD, and JPY.

(Continued)

2) Interest rate risk

Entities in the Company borrow funds with floating interest rates which results to risks of cash flows.

3) Other market price risk

The Company is exposed to equity price risk due to stocks listed in domestic markets and the quoted open-end fund at fair value.

(z) Capital management

The Company maintains the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there is financial resource and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment and so on. The management decides the optimized capital by using appropriate debt-to-equity ratio. To maintain a strong capital base, the Company enhances the return on equity by optimizing debt-to-equity ratio. The Company's debt-to-equity ratio at the end of the reporting date was as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 9,701,564	3,211,270
Total equity	24,523,998	22,982,941
Debt-to-equity ratio	40%	14%

The increase in the debt-to-equity ratio for the year ended December 31, 2022 was mainly due to the increase in long-term borrowings.

(aa) Investing and financing activities not affecting current cash flow

(i) The Company's investing and financing activities, which did not affect the current cash flow for the years ended December 31, 2022 and 2021, were the acquisition of its right-of-use assets by lease. For related information, please refer to note (6)(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2022	**Cash flows**	**Acquisition through merger**	**Increase**	**Other**	**December 31, 2022**
Lease liabilities (including current and non-current portion)	$ 95,217	(19,880)	7,009	105,950	(71,826)	116,470
Guarantee deposits	3,413	-	-	-	-	3,413
Long-term borrowings	62,500	5,297,000	-	-	(154,731)	5,204,769
Total liabilities from financing activities	$ 161,130	5,277,120	7,009	105,950	(226,557)	5,324,652

			Non-cash changes		
	January 1, 2021	**Cash flows**	**Increase**	**Other**	**December 31, 2021**

(Continued)

Lease liabilities (including current and non-current portion)	$ 97,738	(13,303)	17,263	(6,481)	95,217
Guarantee deposits	-	3,413	-	-	3,413
Long-term borrowings	-	63,000	-	(500)	62,500
Total liabilities from financing activities	$ 97,738	53,110	17,263	(6,981)	161,130

(7) Related-party transactions

(a) Name and relationship with related parties

The followings are related parties that have had transactions with the Company during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Tong Hsing Electronics Phils. Inc. (THEPI)	Subsidiary
KINGPAK Technology Inc. (KINGPAK) (Note)	Subsidiary
MAG. LAYERS Scientific Technics Co., Ltd. (MAG. LAYERS)	Substantial related party

Note: After the acquisition through merger pursuant to the resolutions of the Board of Directors on March 17, 2022, the Company merged with KINGPAK as the dissolved company in June , 2022.

(b) Other transaction with related party

(i) Sales

The amounts of significant sales by the Company to related parties were as follow:

	2022	2021
Subsidiary	$ 1,932	3,479

Sales prices for related parties were not significantly different from those of other customers.

(ii) Manufacturing fee

After the Company sold raw materials to THEPI for manufacturing, THEPI will directly transport the products to the customers of the Company. During 2022 and 2021, the manufacturing fee amounted to $525,540 and $580,648, respectively. The term is a monthly payment by cash.

(iii) Purchase of goods from related parties

The amounts of significant purchase transactions between the Company and related parties were as follows:

	2022	2021
THEPI	$ 1,596,627	1,540,941
KINGPAK	75	203
Subsidiaries	$ 1,596,702	1,541,144

(Continued)

The purchase prices from related parties were not significantly different from those offered by other vendors. The payment terms were monthly closing, which were not significantly different from the payment terms given by other vendors.

(iv) Receivables from related parties

The receivables from related parties were as follows:

Account	Related party categories	December 31, 2022	December 31, 2021
Accounts Receivable	Subsidiaries	$ -	1,244

(v) Payable to related parties

The payables to related parties were as follows:

Account	Related party categories	December 31, 2022	December 31, 2021
Accounts payable	Subsidiaries	$ 87,089	74,826
Other payables	〃	$ -	194
Payable on manufacturing (under other payables)	〃	$ 17,742	35,155

(vi) Lease

The Company has sub-leased offices to subsidiary from December 2020 to June 2022. For the years ended December 31, 2022 and 2021, the rental income amounting to $143 and $286, respectively, which were recognized under other income, and the aforementioned amount was fully received.

(vii) Property transactions

The disposals of property, plant and equipment to related parties were as follows:

	2022		2021	
Related party categories	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Subsidiaries	$ 184,891	-	28,996	-

The purchases price of property, plant and equipment from related parties were as follows:

	2022	2021
Related party categories	Acquisition price	Acquisition price
Substantial related party	$ 130,000	-

For future expansion, pursuant to the resolution of the Board of Directors held on March 17, 2022, the Company signed the real estate transaction contract with MAG. LAYERS on March

(Continued)

24, 2022. The total price amounted to $130,000. The transfer procedure was completed on June 27, 2022. As of December 31, 2022, the aforementioned amount was fully paid.

(viii) Other receivables

The receivables due from related parties were as follows:

Account	Related party categories	December 31, 2022	December 31, 2021
Other receivable	Subsidiaries	$ 46,240	14,019

(c) Transactions with key management personnel

	2022	2021
Short-term employee benefits	$ 214,484	175,627
Post-employment benefits	864	666
	$ 215,348	176,293

(8) Assets pledged as security

The carrying amounts of pledged assets were as follows:

Pledged assets	Subject	December 31, 2022	December 31, 2021
Other financial assets – non-current – time deposits	Rental guarantee for the plant in the Hsinchu Science Park, Longtan Dist.	$ 5,000	5,000
〃	Guarantee for cooperative education program	405	405
Property, plant and equipment – land and buildings	Long-term and short-term borrowings and credit lines	506,077	320,720
		$ 511,482	326,125

(9) Commitments and contingencies

(a) The Company's unrecognized contractual commitments were as follows:

	December 31, 2022	December 31, 2021
Future payments for the purchase of equipment and construction in progress	$ 2,095,468	1,234,388

(b) The Company contracted with Chung-Lin General Contractors, Ltd. for the construction of the plant in Bade District, Taoyuan City in August, 2020. As of December 31, 2022, the payment amounting to $512,000 has not been paid.

(c) The Company's unused and outstanding letters of credit and the deposit for the Company's customs duties were as follows:

	December 31, 2022	December 31, 2021
Unused and outstanding letters of credit and the deposit for customs duties	$ 28,800	27,300

(10) Losses due to major disasters:.

The fire incident occurred on September 26, 2022 resulted in the destruction of certain parts of the building, equipment, and inventory in the Company's Taipei factory, causing the Company to incur repairments and maintenance expenses. In addition, part of the personnel affected by the fire incidents have been temporarily transferred to other business premises of the Company to continue their daily operations. The remaining production lines and other factory areas of the Taipei factory remain in normal operation. The damaged buildings and equipment derecognized by the Company amounted to $166,511 and the inventory amounted to $37,579. The total estimated losses from the incidents above amounted to $204,090. The Company was insured for relevant property insurance and is currently negotiating with the insurance company for the settlement of claims. However, the insurance claim involves the disaster appraisals. As of the issuance date of the parent company only financial statements, the insurance claim is not recognized by the Company until the amount of the subsequent insurance claim can be reasonably

(Continued)

estimated.

(11) Subsequent Events:None.

(12) Other

(a) A summary of employee benefits, depreciation and amortization categorized by function, is as follows:

By function / By item	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	1,585,549	702,750	2,288,299	1,303,591	426,410	1,730,001
Labor and health insurance	138,720	33,394	172,114	120,662	21,400	142,062
Pension	52,237	15,927	68,164	43,463	12,713	56,176
Remuneration of directors	-	123,000	123,000	-	68,200	68,200
Other employee benefits	75,217	15,715	90,932	53,261	8,286	61,547
Depreciation	1,012,822	37,059	1,049,881	1,135,190	27,951	1,163,141
Amortization	6,904	65,248	72,152	4,598	4,158	8,756

For the years ended December 31, 2022 and 2021, the information on the number of employees and employee benefit expense of the Company were as follows:

	2022	2021
Number of employees	2,792	1,956
Number of directors (non-employees)	8	8
Average employee benefit expense	$ 941	1,021
Average employee salary expense	$ 822	888
Percentage of change in average employee salary expense	(7.43)%	6.35%
Supervisor’s remuneration	$ -	-

The Company’s compensation policy (including directors, managers, and employees) was as follows:

(i) Compensation of Directors: The Directors’ compensation is stipulated according to the Directors’ and Managers’ Remuneration Policy and the Company’s Articles of Incorporation. Compensation of Directors includes professional service fees and remuneration which is determined in accordance with the year ended earning distribution.

(ii) Remuneration of Managers: The managers’ remuneration is determined in accordance with the Directors and Managers’ Remuneration Policy and the Company’s Articles of Incorporation. Remuneration to Managers includes salary and employee remuneration, which are determined by Company’s operating performance and personal performance.

(Continued)

(iii) Salary of employees: The employees' salaries are stipulated according to the New Employees' Salary Standard, Management Measures for Employee Salary and Measures for Issuance of Performance Bonus. The salary of employee includes salary, bonus, and employee remuneration which are determined by Company's operating performance and personal performance.

(iv) Remuneration of employees: According to the Company's Articles, the Company made an earnings distribution which should be approved by salary and compensation committee and Board of Director. Remunerations were paid within authorized limits after approved by the chairman.

(b) In August 2014, Mr. Zhang, who was the former director of KINGPAK, filed a lawsuit to the Taipei District Court against KINGPAK, demanding KINGPAK to pay him the outstanding payment of $25,058. However, the Taipei District Court denied his request on October 1, 2015. Therefore, Mr. Zhang appealed to the Taiwan High Court, who ruled in his favor on August 31, 2016. KINGPAK disagreed with the decision made by the Taiwan High Court; hence, filed an appeal to the Supreme Court, on November 8, 2018, and the Supreme Court handed the case back to the Taiwan High Court for reconsideration. On October 16, 2019, the Taiwan High Court ordered KINGPAK to pay Mr. Zhang the amount of $5,428, plus, an annual interest rate of 5% from the day following the service of the complaint to the repayment day. In November 2019, KINGPAK filed an appeal to the Supreme Court, which handed the case back to the Taiwan High Court for reconsideration in December 2020. In the continuation of the trial in the Taiwan High Court, the parties agreed to settle for $16,330, and the Company's has paid the aforementioned amount during 2021.

(c) On March 14, 2014, Boschman Technologies BV (Boschman) filed a lawsuit to the Hsinchu District Court against KINGPAK for breach of contract. On September 22, 2014, Hsinchu District Court ruled in favor of Boschman, requesting KINGPAK to pay Boschman the amount of USD $249, plus, a monthly interest rate of 0.75% from March 17, 2013. In October 2014, KINGPAK was dissatisfied with the decision made by Hsinchu District Court; thus, filed an appeal to the Taiwan High Court, who ruled in its favor on June 30, 2020. On August 3, 2020, Boschman filed an appeal to the Supreme Court, which handed the case back to the Taiwan High Court for reconsideration in June 2021. In May 2022, Taiwan High Court ruled in favor of the subsidiary, KINGPAK, and Boschman filed an appeal again. In November 2022, the Supreme Court rejected Boschman's appeal for third instance, resulting in both parties to share the litigation costs, which has yet to be verified. The Company had assessed the damages amounting to $14,101 and recorded them under other payables.

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2022:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(Continued)

Unit: thousand units/ thousand shares

Name of holder	Category and name of security	Relationship with Company	Account tittle	Ending balance				Note
				Shares /Units	Carrying amount	Percentage of ownership (%)	Fair value	
	Open-end mutual funds:							
The Company	Jin Sun Money Market Fund	None	Financial assets at fair value through profit or loss-current	15,433	232,584	-	232,584	
	Fund:							
〃	SMART Growth Fund, L.P. (Note 1)	〃	Financial assets at fair value through profit or loss - non -current	Note 2	240,827	1.6%	240,827	Note 3
	Stock:							
〃	Shin Kong Financial Holding Co. ,Ltd.	〃	〃	6,445	231,375	-	231,375	
〃	Fubon Financial Holding Co., Ltd. Preferred Shares C	〃	Financial assets at fair value through other comprehensive income - non - current	5,833	321,398	-	321,398	
〃	eGtran Corporation	〃	〃	22	-	-	-	
	Bond:							
〃	Chailease International Bond	〃	Financial assets at amortized cost - non - current	-	245,680	-	240,490	Note 3
〃	Formosa Group Cayman LTD International Bond	〃	〃	-	303,865	-	291,146	Note 3
〃	Nissan Motor Co. Ltd. International Bond	〃	〃	-	296,393	-	286,678	Note 3
〃	TSMC Arizona Corp. International Bond	〃	〃	-	141,658	-	139,930	Note 3
〃	TSMC Global Corp. International Bond(AC27)	〃	〃	-	196,901	-	191,210	Note 3
〃	TSMC Global Corp. International Bond(AF57)	〃	〃	-	224,516	-	218,372	Note 3
	Structured investments							
〃	ENNOCONN CORPORATION 3rd Unsecured Convertible Bond	〃	Financial assets at fair value through profit or loss - non -current	-	85,108	-	85,108	
〃	SERCOMM CORP. 6th Unsecured Convertible Bond	〃	〃	-	200,853	-	200,853	
〃	GIANT MANUFACTURING CO., LTD. 1st Unsecured Convertible Bond	〃	〃	-	252,228	-	252,228	

Note 1: Wise Road Industry Investment Fund I, L.P. was renamed SMART Growth Fund, L.P. on March 4, 2022.
Note 2: The amount of investment is USD 6,215 thousand.
Note 3: Include foreign exchange losses or gain, net.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party with the Company	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Plant	August 31, 2020	3,200,000	Paid 2,688,000	Chung-Lin General Contractors, Ltd.	None	N/A	N/A	N/A	-	Open bid	Extension of the plant	None

(Continued)

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of Company	Related party	Nature of relationship	Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/ accounts receivable (payable)	Note
The Company	THEPI	100% owned subsidiary by the Company	Purchase	1,596,627	39 %	Monthly closing and paid by cash	-	-	Accounts payable (87,089)	(11) %	
〃	〃	〃	Manufacturing fee	525,540	13 %	〃	-	-	Note 1	- %	
THEPI	The Company	Parent Company	Sale	(1,596,627)	(76) %	Monthly closing and received by cash	-	-	Accounts receivable 87,089	92 %	
〃	〃	〃	Manufacturing revenue	(525,540)	(25) %	〃	-	-	Accounts receivable 17,742	19 %	

Note 1 : The other payables amounted to $17,742 thousand as of December 31, 2022.

(viii) Information regarding receivables from related-parties exceeding NT$100 million or 20% of the Company’s paid-in capital: None.

(ix) Information regarding trading in derivative financial instruments: Please refer to note (6)(b).

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

Unit: thousand dollars/ thousand units

			Main Businesses	Original Investment Amount		Ending Balance					
Name of investor	Name of Investee	Location	and Products	December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of Ownership	Carrying amount	Net income (losses) of the investee	Share of profit (losses) of investee	Note
The Company	THEPI	Philippines	Sales and manufacturing of RF module, hybrid modules & specialt packaging, ceramic metalized substrate and image products	2,016,853	2,016,853	28,793	100%	1,937,233	194,989	204,169	
〃	KINGPAK	Taiwan	Sales and manufacturing of automobile related packing field and safety monitoring related CMOS image sensor.	- (Note 2)	10,800,443 (Note 1)	-	-	-	690,757 (Note 3)	641,491	

Note 1：The invested amount was based on the 71,290,049 ordinary shares, which were issued for the stock exchange, and the listed price of the Company on June 19, 2020 (date of stock exchange).

Note 2 : The Company merged with its subsidiary, The reference date of the merger is June 30, 2022 with the Company as the surviving company, and KINGPAK as the dissolved company.

Note 3 : It was profit and loss before merger with the company for the six months ended June 30, 2022.

(Continued)

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: None.

(ii) Limitation on investment in Mainland China: None.

(iii) Significant transactions: None.

(d) Major shareholders: None.

(14) Segment information

Please refer to the consolidated financial report of 2022.

VI. Impact of Financial Difficulties of the Company and Its Affiliates on the Company's Financial Position During the Most Recent Years and up to the Date of Publication of the Annual Report: None.

Chapter 7 Financial Status and Operating Results

I. Financial Status

Comparative Analysis of Financial Status

Unit: NT$ thousand dollars

	2022	2021	Difference	
			Amount	%
Current Assets	11,970,627	8,883,815	3,086,812	34.75
Property, Plant and Equipment	10,713,593	8,740,923	1,972,670	22.57
Intangible Assets	8,445,717	8,502,072	(56,355)	(0.66)
Other Assets	3,132,800	1,411,046	1,721,754	122.02
Total assets	34,262,737	27,537,856	6,724,881	24.42
Current Liabilities	4,011,187	4,086,887	(75,700)	(1.85)
Non-current Liabilities	5,727,552	468,028	5,259,524	1123.76
Total liabilities	9,738,739	4,554,915	5,183,824	113.81
Equity Attributable to Shareholders of the Parent	24,523,998	22,982,941	1,541,057	6.71
Share capital	1,608,139	1,786,979	(178,840)	(10.01)
Capital Surplus	15,115,876	15,118,420	(2,544)	(0.02)
Retained earnings	7,819,179	6,220,027	1,599,152	25.71
Others Equity	(19,196)	(142,485)	123,289	86.53
Treasury stock	-	-	-	-
Total Equity	24,523,998	22,982,941	1,541,057	6.71

Description and explanation of significant changes (over 20% before and after change, with change amount of up to NT$ 10 million or more):

1. Increase in current assets: Mainly due to the increase in profit this year and the increase in the use of long-term borrowings resulting in an increase in cash.
2. Increase in real estate, plant and equipment: due to the increase in capital expenditures this year.
3. Increase in other assets: mainly due to the increase in non-derivative financial assets undertaken this year.
4. The increase in total assets: mainly due to the increase in current assets, real estate plant and equipment and other assets.
5. Increase in non-current liabilities: mainly due to the increase in the use of long-term borrowings this year.
6. Increase in total liabilities: mainly due to the increase in the use of long-term borrowings this year.
7. Increase in retained earnings: mainly due to the increase in profit this year.
8. Increase in other interests: mainly due to the increase in the exchange difference in the translation of financial statements of foreign operating institutions.

II. Financial Performance

(I)Financial Performance

Unit: NT$ thousand dollars

Item \ Year	2022	2021	Increase (Decrease) Amount	% of Change
Operating revenue	14,071,591	13,860,114	211,477	1.53
Gross profit	5,005,335	4,614,796	390,539	8.46
Net Operating Income	3,665,631	3,396,366	269,265	7.93
Non-operating Income and Expenses	223,613	(14,441)	238,054	1648.46
Income before Income Tax	3,889,244	3,381,925	507,319	15.00
Income from Continuing Operations	3,140,942	2,764,692	376,250	13.61
Loss from Discontinuing Operations	-	-	-	-
Net Income	3,140,942	2,764,692	376,250	13.61
Other Comprehensive Income (Loss), After Tax	182,936	(23,027)	205,963	894.44
Comprehensive Income	3,323,878	2,741,665	582,213	21.24
Net Income Attributable to Shareholders of the Parent	3,140,942	2,764,692	376,250	13.61
Net Income Attributable to Minority Equity	-	-	-	-
Comprehensive Income Attributable to Shareholders of the Parent	3,323,878	2,741,665	582,213	21.24
Comprehensive Income Attributable to Minority Equity	-	-	-	-

Explanations for Significant Changes (over 20%):

1. Increase in non-operating income and expenses: mainly due to the increase in foreign currency exchange benefits due to changes in exchange rates。
2. Increase in other comprehensive gains and losses (net): mainly due to the increase in the exchange difference between the defined benefit plan and the translation of financial statements of foreign operating institutions this year.
3. Increase in the total comprehensive profit and loss: mainly due to the increase in the profit of the year, the defined benefit plan and the exchange difference in the translation of the financial statements of foreign operating institutions.

III. Cash Flow

(I)Analysis Cash Flow Changes during the Most Recent Fiscal Year

Unit: NT$ thousand dollars

Cash at Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing and Financing Activities	Effect of Change to Exchange Rate	Cash balance (Deficit)	Remedial Measures for Cash Inadequacy	
					Investment Plan	Financing Plan
4,383,697	4,564,801	(1,573,699)	121,970	7,496,769	-	-

1. Net cash flows increased by NT$ 2,520,549 thousand compared with that of the previous period mainly because:

Item	2022	2021	Increase (decrease) in Net Cash Inflow (Outflow)
Operating Activities	4,564,801	4,607,060	(42,259)
Investing Activities	(5,059,695)	(2,732,908)	(2,326,787)
Financing Activities	3,485,996	(1,256,336)	4,742,332
Foreign Currency Exchange Rate	121,970	(25,293)	147,263
Net Cash Flow	3,113,072	592,523	2,520,549

(1) Decrease in net cash inflow from operating activities: mainly due to the decrease in bills payable and accounts payable and the increase in income tax payments this year.
(2) Increase in net cash outflow from investment activities: mainly due to the increase in real estate, plant and equipment and financial assets acquired this year.
(3) Increase in net cash inflows (outflows) from financing activities: mainly due to the increase in the use of long-term borrowings this year.
(4) The impact of exchange rate changes on cash and cash equivalents: mainly due to the impact of exchange rate changes on the translation of financial reports of foreign operating institutions.

2.Action Plans to Improve the Cash Flow: Not Applicable.

(II)Cash Liquidity Analysis for the Upcoming Year

The Company's estimated cash outflows in the next year mainly relate to future operating plan and investment demands. In addition to cash inflow expenditures of the operating activities, we plan to take bank loans to finance the capital demands if the cash balance is not sufficient.

IV. Significant Capital Expenditure and Its Impact on the Company's Financial Operations in the Most Recent Fiscal Year

(I) Application of Major Capital Expenditures and Capital Source Unit: NT$ thousands

Plan	Actual or Planned Source of Capital	Application of Actual Capital for 2022
Property, plant and equipment	Own funds and bank loans	3,539,137

(II) Expected Benefits

1. Expand the production capacity of ceramic metalized substrates and increase product quality to satisfy customer requirements.
2. Expand the production capacity of image sensors and enhance process technologies to satisfy customer requirements.
3. These measures will help us reduce costs and increase operating profits.

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

(I) Profits or losses from reinvestments as of December 31, 2022

Unit: NT$ thousand dollars

Investee Business	Number of Shares Invested (Thousand shares)	Investment Shares Percentage	Net Equity	Accounting Method	2022 Losses on Investments
Tong Hsing Electronics Phils, Inc.	28,793	100.00%	1,937,233	Equity Method	204,169
Kingpak Technology Inc. (Note)	-	-	-	Equity Method	641,491

Note：The company merged with Kingpak on June 30, 2022, with the company surviving the merger and Kingpak being dissolved.

(II)Investee business analysis table

Unit: NT$ thousand dollars

Investee Business	Investment Amount	Policies	Main Reasons for Profit or Loss	Improvement Plan	Other Future Investment Plans
Tong Hsing Electronics Phils, Inc.	0	100% owned - a low-cost production hub	Adjustment of Product Portfolio and optimization of Production line and well controlled cost.	None	None

VI. Risk Analysis and Assessment

(I) Impact on Corporate Profitability from Fluctuating Interest Rates, Exchange Rates, and Inflation

The Company prioritizes security management for the allocation of capital and regularly evaluates reasonable return on investments. We established specific foreign exchange operating strategies and rigorous monitoring procedures to monitor changes in foreign exchange rates. In addition, we also closely monitor changes in market prices and maintain good interactions with suppliers and customers. By collecting information of the inflation and government pricing policy, we have not suffered material impact as a result of inflation and will continue to uphold the risk management strategy to reduce the impact of interest rate, exchange rate variation, and inflation on the Company's income.

(II) Profit or Loss from Activities in High Risk and Highly Leveraged Investments, Loans Provided to Others, Endorsements and Guarantees, and Derivatives:

The Company does not engage in high-risk and high-leverage investments. All investments and derivatives trading are carefully evaluated before implementation. There will be no capital loans to others and endorsement guarantees in 2022 and execute according to" Procedure for Lending Funds to Other Parties and or Guarantee" &" Procedure for Derivatives Trading."

(III) Future R&D Plans and Expected R&D Spending

Apart from the basic research and development on new production processes and materials, we will continue to focus on the technology developments in the application areas of communication, high frequency, high power, detector, image sensors, automobiles, and biomedicine, etc. Total capital put in for R&D is estimated at NT$400 million.

(IV) Impact on the Company's Financial Operations and Contingency Action Regarding Recent Changes in Domestic and International Policies and Regulations:

The Company's operation follows the relevant laws and regulations as the top guidelines. Thus, our operation team pays attention to any changes of the appropriate laws and regulations at any time, so as to cope with various situations arising from changes to the laws and regulations. So far, the Company's significant strategies have not been altered with changes to laws and regulation.

(V) Impact on the Company's Financial Operations and Contingency Action Regarding Recent Changes in Technology

Our business is closely linked to mobile communication, new energy and automotive industries.

"Data transmission infrastructure has become increasingly important as 5G and non-terrestrial communication technologies and applications become more popular and the demand for network in the post-epidemic era increases. Based on the packaging technology related to RF over the years, the Company actively explored the corresponding production processes and technical services.

In the new energy sector, leveraging on its long-term experience in packaging for automotive and industrial uses and its own advantages in producing ceramic substrates, the Company offers a full range of turnkey solution for IDM and fabless customers.

For energy saving applications, amid the heating-up competition in LED market, we will continue to improve the cost structure to stay competitive; in the meantime, we will expand towards new applications, such as substrates used for TEC and semiconductor laser module packaging.

In the clean energy field, several sectors, including high-power AC/DC converting IC and the associated module and packaging service, are rising, as they are needed in solar and wind power generation, as well as in electronic vehicles. One of the important components is the power module, which has high requirements for heat dissipation and insulation. The next-generation products will be SiC power components with higher working temperature. DBC & AMB substrates will offer strengths such as a high working temperature, high heat conductivity, high insulation resistance, and low thermal expansion coefficient and currently the ideal choice for power module substrate.

In the automobile market, LED lights have also gradually replaced halogen lamps and HID lamps. The Company actively develops various high-reliability ceramic substrates to meet customer demands and expand market share. In terms of smart automotive and automated driving, the Company also actively cooperates with customers in developing packaging solutions for high reliability and anti-glare requirements for automated driving.

In addition, in response to the development trend of stacked wafer, the Company also actively cooperates with customers to develop packaging structures and related material technologies to meet the market development needs.

Moreover, we will strive to meet the customers' needs in terms of capacity and future applications.

In the aspect of information and communication security, the company is actively planning the layout of information security system in response to the spate of information security threats in recent years. With information asset protection as the core objective, accurate information assets inventory is carried out in order to make clear with different levels of information assets value. Each information assets should be assessed in terms of risks and appropriate disposal measures. Relevant implementation should be conducted to ensure a safe and reliable information and communication environment for the company.

(VI) Impact on the Company's Risk Management and Contingency Action Regarding Recent Changes in Corporate Image: None.

(VII) Anticipated Benefits, Possible Risks and Contingency Action of Mergers and Acquisition: None.

(VIII) Risk of Excess Capacity from Fluctuating Economics Conditions

The Company purchased the land in Bade District of Taoyuan City after obtaining the approval of the Board of Directors on June 13, 2019. The land shall be used for the construction of a plant to expand production capacity to respond to growing demands in the industry. It is estimated that the use permit will be obtained on February 1, 2022. Although the expansion of plant buildings requires heavy capital investments, it extends the range of the Company's product line and expands production capacity to attain economies of scale, which will in turn increase revenue and profits, and expand our market share. In conclusion, the Company's current phase of plant expansion was carefully evaluated and planned with the aim of satisfying customer demand, while making optimal use of capital. Therefore, the benefits of future plant expansion will be gradually visible and the risks of plant building expansion are limited.

The company Purchased Hsinchu North Plant of Chilisin Electronic Corporation

(Mag.Layears) (NT$130 million) after obtaining the approval of Board of Directors on March 17, 2022 for the expansion plan of imaging products of automobile field. According to the demand for image sensors will grow steadily in 2022, it is expected that the benefits of expanding the factory will gradually emerge, and the risk of expanding the factory should be limited.

(IX)Risk of Profit/Loss if Sales/Material Is Concentrated on a Single or Few Customers/ Suppliers, and a Major Customers / Supplier Reduces Its Orders / Supplies

The Company shall continue to actively develop new products and new customers to reduce the risks of over reliance on one single customer.

The Company has not had any individual suppliers that account for more than 20% of overall net purchases or individual customers that account for more than 20% of overall net sales. Therefore, there are currently no risks of over-reliance on one single supplier.

In addition to maintaining positive relations with existing customers, the Company also develops new customers and new businesses to expand the scale of revenues and reduce dependency on individual customers.

(X)Risk of Change of Control and Stock Price Fluctuation from Large Scale Transfer of Shares: None.

(XI)Impact and risk associated with changes in Management Rights, and Countermeasures: None.

(XII) In terms of litigation or non-litigation matters, the Company and the Company's directors, supervisors, general manager, actual responsible person, and shareholders holding more than 10% of the company shares, who are involved in a major lawsuit of a subsidiary company that has either been decided or is still pending whereby the results of the case may have a significant impact to shareholder interests or securities prices, must be specified. The status of the disputed facts, bid amount, litigation commencement date, and the primary parties involved in such litigations up to the publication date of this annual report shall be disclosed:

Except for the following litigation case, there are no concluded or pending litigious, non-litigious, or administrative litigation events involving a Director, Supervisor, General Manager, de facto responsible person, major shareholders holding more than 10% interest, or subsidiary of the Company that may have a significant impact on shareholders' equity or securities prices:

(1) On March 14, 2014, Boschman Technologies BV (Boschman) filed a lawsuit to the Hsinchu District Court against KINGPAK for breach of contract. On September 22, 2014, Hsinchu District Court ruled in favor of Boschman, requesting KINGPAK to pay Boschman the amount of USD $249, plus, a monthly interest rate of 0.75% from March 17, 2013. In October 2014, KINGPAK was dissatisfied with the decision made by Hsinchu District Court; thus, filed an appeal to the Taiwan High Court, who ruled in its favor on June 30, 2020. On August 3, 2020, Boschman filed an appeal to the Supreme Court, which handed the case back to the Taiwan High Court for reconsideration in June 2021. In May 2022, Taiwan High Court ruled in favor of the subsidiary, KINGPAK, and Boschman filed an appeal again. In November 2022, the Supreme Court rejected Boschman's appeal for third instance, resulting in both parties to share the litigation costs, which has yet to be verified. The Group had assessed the damages amounting to $14,215 and recorded them under other payables.

(XIII) Other Significant Risks:

The fire incident occurred on September 26, 2022, resulted in the destruction of certain parts of the building, equipment, and inventory in the Company's Taipei factory, causing the Company to incur repairments and maintenance expenses. In addition, part of the personnel affected by the fire incidents have been temporarily transferred to other business premises of the Company to continue their daily operations. The remaining production lines and other factory areas of the Taipei factory remain in normal operation. The damaged buildings and equipment derecognized by the Company amounted to $166,511 and the inventory amounted to $37,579. The total estimated losses from the incidents above amounted to $204,090.

The Company was insured for relevant property insurance and is currently negotiating with the insurance company for the settlement of claims. However, the insurance claim involves the disaster appraisals. As of the issuance date of the parent company only financial statements, the insurance claim is not recognized by the Company until the amount of the subsequent insurance claim can be reasonably estimated.

VII. Other Important Matters: None.

Chapter 8 Special Disclosure

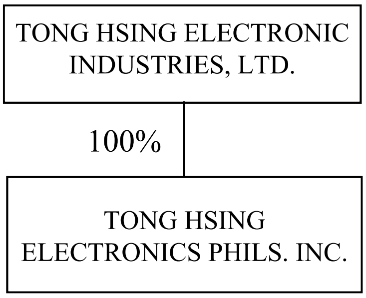
I. Information on Affiliates

(I) Consolidated Operating Report

1. Organizational Chart

(1)Organization structure of affiliates

December 31, 2022



(2)Basic Information of the Company's Affiliated Enterprises:

December 31, 2022; Unit: NT$ thousand dolllars

Name of Corporation	Date of incorporation	Region	Capital	Major Business
TONG HSING ELECTRONICS PHILS. INC.	Sep. 1994	Philippines	1,633,651	Sale and Production for RF modules, hybrid, ceramic substrates and image sensor products.

(3)Information for Common Shareholders of Treated-as Controlled Companies and Affiliates: None.

(4)Industry of the overall business of the affiliates: The industry of the Company includes production and sale of RF communication modules, ceramic circuit boards, hybrid integrated circuit modules, image products and other electronic products.
Business of affiliates and their relationship: Production and sale of RF communication modules, ceramic circuit boards, hybrid integrated circuit modules, image products and other electronic products.

(5)Directors, Supervisors and General Manager of Affiliated Enterprises

Unit: thousand shares; %

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares	Ownership (%)
TONG HSING ELECTRONICS PHILS. INC.	Chairman	Chia Shuai Chang	28,793	100%
	Director/ General Manager	Lu, Yung-Hung		
	Directors	Chia Li Huang		
	Directors	Jocelyn C. Francia		
	Directors	Roberto Jose Castillo		

(II)Summarized Operation Results of Affiliated Enterprises

December 31, 2022; Unit: NT$ thousand dollars

Name of Corporation	Capital	Total Assets	Total liabilities	Net Worth	Operating revenue	Operating Income (Loss)	Net Income (Loss)	Earnings Per Share ($)
Tong Hsing Electronics Phils, Inc.	1,633,651	2,180,514	227,584	1,952,930	2,098,492	197,095	194,989	6.77

Note: Exchange rate as of December 31, 2022: US$ / NT$ =30.71
Average exchange rate in 2022: US$ / NT$ = 29.804

(III)Consolidated Financial Statements Covering Affiliated Enterprises

Statement of Declaration

The entities that are required to be included in the consolidated financial statements of Tong Hsing Electronic Industries, Ltd. for 2022 (ended December 31, 2022)under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements of the affiliates is included in the parent-subsidiary consolidated financial statements. Consequently, Tong Hsing Electronic Industries, Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Sincerely,

Company name: Tong Hsing Electronic Industries, Ltd.

Chairman: Tai Ming Chen

Date: March 14, 2023

(IV)Report on Affiliations: None.

II. Where the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the following information shall be disclosed: the date on which the placement was approved by the Board of Directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the company, participation in the operations of the company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan: None.

III. Holding or Disposal of Shares in the Company by Subsidiaries During the Most Recent Years and up to the Date of Publication of Annual Report: None.

IV. Supplementary Disclosures: None.

Chapter 9 Occurrence of Any Events that have Significant Impact on the Shareholders’ Rights or Securities Prices as Stated in Item 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act During the Most Recent Years and up to the Date of Publication of the Annual Report: None.

TONG HSING ELECTRONIC INDUSTRIES, LTD.

Chairman: Tie-Min Chen