

**JIH LIN TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY  
FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT ACCOUNTANTS  
FOR THE YEARS ENDED  
December 31, 2022 AND 2021**

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The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese financial statements shall prevail.

# THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

## CONTENT

ITEM	PAGE
1、Cover	1
2、Content	2
3、Independent Auditors' Report	3~6
4、Parent company only balance sheets	7
5、Parent company only statements of comprehensive income	8
6、Parent company only statements of change in equity	9
7、Parent company only statements of cash flows	10
8、Notes to parent company only financial statements	
(1) History and organization	11
(2) Date and procedures of authorization of financial statements for issue	11
(3) Newly issued or revised standards and interpretations	11~13
(4) Summary of significant accounting policies	14~32
(5) Significant accounting judgements, estimates and assumptions	32
(6) Contents of significant accounts	32~60
(7) Related party transactions	60~62
(8) Assets pledged as collateral	63
(9) Commitments and off balance sheet commitments	63
(10) Losses due to major disasters	63
(11) Significant subsequent events	63
(12) Others	63~70
(13) Additional disclosures	
1. Information at significant transactions	70
2. Information on investees	70
3. Information on investments in mainland China	70、75~77
4. Information of major shareholders	70、78
9、Statements of Significant Accounts	79~99

## **Independent Auditors' Report**

To JIH LIN TECHNOLOGY CO., LTD.

### **Opinion**

We have audited the accompanying parent company only balance sheets of JIH LIN TECHNOLOGY CO., LTD. (the "Company") as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies (collectively "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above are fairly presented, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and their parent company only financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 parent company only financial statements. 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.

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

## Revenue recognition

The net revenue recognized by the Company in 2022 amounted to NT\$2,621,367 thousand, mainly from the sale of semiconductor wire racks and molds produced and manufactured by the Company. The sale of its finished products of semiconductor lead frame involved different trading terms. It is necessary to determine the performance obligations and the time point of their satisfaction, therefore, we considered the recognition of revenue from contracts with customers as a key audit matter. Our audit procedures included, but were not limited to, assessing the appropriateness of the accounting policies for revenue recognition; evaluate and test the effectiveness of the internal control design and execution of revenue recognition, select samples to perform a detailed test of the transaction and review the significant terms and conditions in the contract to confirm the authenticity of the transaction and the correctness of the time point of recognition; review the significant return and discount of goods in the subsequent period to confirm the correctness of the recognition of sales revenue as of the balance sheet date; perform the sales cut-off point test in the period before and after the balance sheet date and to take samples and verify the relevant vouchers to determine the correctness of the transaction recognition point; use audit sampling for confirmations to verify ending balance and important sales terms for accounts receivable; conduct a journal entry testing and examine the preparation or sale of the goods as a transaction. We also assessed the adequacy of disclosures of operating revenue. Please refer to Notes 4 and 6 to the Company's parent company only financial statements.

## Valuation for inventories

As of December 31, 2022 the Company's net inventories amounted to NT\$614,306 thousand, which accounted for 12% of total assets and were significant to the Company. As the raw material of the inventories is significantly impacted by international copper price, management has to estimate the trend of copper price and assess purchase quantity based on purchase orders and the production schedule, which will impact the valuation of net realizable value of inventories. Therefore, we determined this a key audit matter. Our audit procedures included, but not limited to, assessing the appropriateness of accounting policies for allowance to reduce inventory to market; considering the internal process of the inventory unit cost and the correctness of calculation; verifying the aging interval of inventory aging schedule and recheck the provision for allowance based on inventory aging; conducting analytical procedures on gross margin; assessing the net realizable value determined by management; and reviewing the management's inventory plan and selecting the important stock location for inventory observation to confirm the quantity and the status of the inventory. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Company's parent company only financial statements.

## **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

## **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the 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 the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 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 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 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chiu, Wan-Ru

Chen, Chih-Chung

Ernst & Young, Taiwan

March 21, 2023

English Translation of Financial Statements Originally Issued in Chinese

JIH LIN TECHNOLOGY CO., LTD

PARENT COMPANY ONLY BALANCE SHEET

As of December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and stockholders' equity		December 31, 2022		December 31, 2021	
Items	Note	Amount	%	Amount	%	Items	Note	Amount	%	Amount	%
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	4/ 6. (1)	\$293,571	6	\$470,703	9	Short-term borrowings	6. (10)	\$113,505	2	\$50,000	1
Notes receivable, net	4/ 6. (2),(15)	5,440	0	9,362	0	Contract liabilities - current	6. (14)	5,938	0	8,549	0
Account receivable, net	4/ 6. (3),(15)	377,604	7	552,885	11	Account payable		18,244	0	40,048	1
Account receivable - related parties, net	4/ 6. (3),(15)/ 7	37,754	1	53,377	1	Account payable - related parties	7	89,936	2	118,442	2
Other receivable		2,089	0	2,085	0	Other payable		79,320	2	85,872	2
Other receivable - related parties	7	97	0	—	—	Other payable - related parties	7	31,663	1	41,318	1
Inventories	4,6. (4)	614,306	12	530,595	11	Current tax liabilities	4,6. (20)	38,757	1	1,237	0
Prepayments		6,317	0	8,920	0	Current lease liabilities	4,6. (16)	3,274	0	2,880	0
Other current assets		3	0	84	0	Current portion of long-term borrowings	6. (11)	160,200	3	71,449	1
<b>Total current assets</b>		<b>1,337,181</b>	<b>26</b>	<b>1,628,011</b>	<b>32</b>	Other current liabilities		476	0	456	0
						<b>Total current liabilities</b>		<b>541,313</b>	<b>11</b>	<b>420,251</b>	<b>8</b>
<b>Non-current assets</b>						<b>Non-current liabilities</b>					
Investments accounted for using the equity method	4/ 6. (5)	2,700,849	54	2,359,265	47	Long-term borrowings	6. (11)	1,226,647	24	1,394,316	28
Property, plant, and equipment	4/ 6. (6)/ 7	671,421	13	717,542	14	Deferred tax liabilities	4/ 6. (20)	53,708	1	52,228	1
Right-of use assets	4/ 6. (16)	62,186	1	63,831	1	Non-current lease liabilities	4/ 6. (16)	102,450	2	105,013	2
Investment property, net	4/ 6. (7)	231,671	5	238,105	5	Other non-current liabilities - others		10,000	0	10,000	0
Intangible assets	4/ 6. (8)	1,449	0	1,182	0	Net defined benefit liability, non-current	4/ 6. (12)	—	—	797	0
Deferred tax assets	4/ 6. (20)	43,128	1	47,189	1	<b>Total non-current liabilities</b>		<b>1,392,805</b>	<b>27</b>	<b>1,562,354</b>	<b>31</b>
Other non-current assets	6. (9)	2,131	0	4,418	0	<b>Total liabilities</b>		<b>1,934,118</b>	<b>38</b>	<b>1,982,605</b>	<b>39</b>
<b>Total non-current assets</b>		<b>3,712,835</b>	<b>74</b>	<b>3,431,532</b>	<b>68</b>						
						<b>Equity attributable to owners of the parent</b>					
						<b>Capital</b>					
						Common stock	6. (13)	1,020,409	20	1,020,409	20
						<b>Total capital</b>		<b>1,020,409</b>	<b>20</b>	<b>1,020,409</b>	<b>20</b>
						Capital surplus	6. (13)	872,858	17	1,076,940	21
						<b>Retained earnings</b>					
						Legal reserve	6. (13)	255,660	5	208,945	4
						Special reserve	6. (13)	163,079	3	81,046	2
						Unappropriated earnings		937,857	19	852,677	17
						<b>Total retained earnings</b>		<b>1,356,596</b>	<b>27</b>	<b>1,142,668</b>	<b>23</b>
						Other equity		(133,965)	(2)	(163,079)	(3)
						<b>Total equity</b>		<b>3,115,898</b>	<b>62</b>	<b>3,076,938</b>	<b>61</b>
<b>Total assets</b>		<b>\$5,050,016</b>	<b>100</b>	<b>\$5,059,543</b>	<b>100</b>	<b>Total liabilities and equity</b>		<b>\$5,050,016</b>	<b>100</b>	<b>\$5,059,543</b>	<b>100</b>

## English Translation of Financial Statements Originally Issued in Chinese

## JIH LIN TECHNOLOGY CO., LTD

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Items	Note	2022		2021	
		Amount	%	Amount	%
Net revenue	4/ 6. (14)/ 7	\$2,621,367	100	\$2,702,615	100
Cost of goods sold	4/ 6. (4),(17)/ 7	(2,332,094)	(89)	(2,426,800)	(90)
Gross profit		289,273	11	275,815	10
Unrealized gross profit on sales		(7,764)	(0)	(6,001)	(0)
Realized gross profit on sales		6,001	0	7,863	0
Gross profit, net		287,510	11	277,677	10
Operating expenses	4/ 6. (16),(17)/ 7				
Selling expenses		(39,481)	(2)	(39,041)	(1)
Administrative expenses		(114,362)	(4)	(114,151)	(4)
Research and development expenses		(10,456)	(0)	(11,702)	(1)
Expected credit (losses)	4/ 6. (15)	0	0	(1)	(0)
Total operating expenses		(164,299)	(6)	(164,895)	(6)
Operating income		123,211	5	112,782	4
Non-operating income and expenses					
Interest income	6. (18)	924	0	543	0
Other income	6. (18)	3,214	0	2,155	0
Other gains and losses	6. (18)	38,439	1	(9,775)	(0)
Finance costs	6. (18)	(26,895)	(1)	(24,417)	(1)
Share profit of subsidiaries, associates, and joint ventures accounted for using the equity method	4/ 6. (5)	314,800	12	407,149	15
Total non-operating income and expenses		330,482	12	375,655	14
Net income before income tax		453,693	17	488,437	18
Income tax (expense)	6. (20)	(36,967)	(1)	(19,782)	(1)
Net income		416,726	16	468,655	17
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plan	6.(12),(19)	1,284	0	(1,503)	(0)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6. (19)	36,393	1	(102,541)	(4)
Income tax related to items that may be reclassified subsequently to profit or loss	6. (19),(20)	(7,279)	(0)	20,508	1
Total other comprehensive income (loss), net of tax		30,398	1	(83,536)	(3)
Total comprehensive income		\$447,124	17	\$385,119	14
Earnings per share (Expressed in NTD)					
Basic earnings per share	4/ 6. (21)	\$4.08		\$4.82	
Diluted earnings per share	4/ 6. (21)	\$4.08		\$4.82	

English Translation of Financial Statements Originally Issued in Chinese  
JIH LIN TECHNOLOGY CO., LTD  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the years ended December 31, 2022 and 2021  
(Amounts in thousands of New Taiwan Dollars)

Items	Common stock	Certificate of Bond-to-stock Conversion	Capital surplus	Retained earnings			Other Equity	Total Equity
				Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign operations	
Balance as of January 1, 2021	\$940,893	—	\$721,838	\$195,995	\$93,999	\$479,611	\$(81,046)	\$2,351,290
Appropriation and distribution of 2020 retained earnings:								
Legal reserve	—	—	—	12,950	—	(12,950)	—	—
Cash dividends	—	—	—	—	—	(94,089)	—	(94,089)
Special reserve reversal	—	—	—	—	(12,953)	12,953	—	—
Cash dividends distributed from capital surplus	—	—	(141,134)	—	—	—	—	(141,134)
Profit for the year ended December 31, 2021	—	—	—	—	—	468,655	—	468,655
Other comprehensive income for the years ended December 31, 2021	—	—	—	—	—	(1,503)	(82,033)	(83,536)
Total comprehensive income	—	—	—	—	—	467,152	(82,033)	385,119
Convertible Securities Conversion	79,516	\$(79,516)	—	—	—	—	—	—
Certificates of Bond-to-stock Conversion	—	79,516	496,236	—	—	—	—	575,752
Balance as of December 31, 2021	<u>\$1,020,409</u>	<u>—</u>	<u>\$1,076,940</u>	<u>\$208,945</u>	<u>\$81,046</u>	<u>\$852,677</u>	<u>\$(163,079)</u>	<u>\$3,076,938</u>
Balance as of January 1, 2022	\$1,020,409	—	\$1,076,940	\$208,945	\$81,046	\$852,677	\$(163,079)	\$3,076,938
Appropriation and distribution of 2021 retained earnings:								
Legal reserve	—	—	—	46,715	—	(46,715)	—	—
Special reserve	—	—	—	—	82,033	(82,033)	—	—
Cash dividends	—	—	—	—	—	(204,082)	—	(204,082)
Cash dividends distributed from capital surplus	—	—	(204,082)	—	—	—	—	(204,082)
Profit for the year ended December 31, 2022	—	—	—	—	—	416,726	—	416,726
Other comprehensive income for the years ended December 31, 2022	—	—	—	—	—	1,284	29,114	30,398
Total comprehensive income	—	—	—	—	—	418,010	29,114	447,124
Balance as of December 31, 2022	<u>\$1,020,409</u>	<u>—</u>	<u>\$872,858</u>	<u>\$255,660</u>	<u>\$163,079</u>	<u>\$937,857</u>	<u>\$(133,965)</u>	<u>\$3,115,898</u>

English Translation of Financial Statements Originally Issued in Chinese  
 JIH LIN TECHNOLOGY CO., LTD  
 PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
 For the years ended December 31, 2022 and 2021  
 (Amounts in thousands of New Taiwan Dollars)

Items	2022	2021
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Net income before income tax	\$453,693	\$488,437
Adjustments:		
The profit or loss items:		
Depreciation	78,928	80,034
Amortization	1,312	836
Expected credit loss	—	1
Net loss of financial assets and liabilities at fair value through profit or loss	—	(2,007)
Interest expense	26,895	24,417
Interest income	(924)	(543)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(314,800)	(407,149)
Other	(232)	(568)
Subtotal	<u>(208,821)</u>	<u>(304,979)</u>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets		
Decrease (Increase) in notes receivable	3,922	(3,835)
Decrease (Increase) in account receivable	175,281	(84,991)
Decrease (Increase) in account receivables from related parties	15,623	(24,816)
(Increase) in other receivable	(3)	(329)
(Increase) Decrease in other receivable from related parties	(97)	1,274
(Increase) in inventories	(92,900)	(18,531)
Decrease in prepayments	3,085	6,798
Decrease (Increase) in other current assets	81	(80)
Changes in operating liabilities		
(Decrease) Increase in contract liabilities - current	(2,611)	5,288
(Decrease) Increase in account payable	(21,804)	6,997
(Decrease) Increase in account payable from related parties	(28,506)	10,156
(Decrease) Increase in other payables	(7,336)	26,259
(Decrease) Increase in other payables from related parties	(9,655)	10,239
Increase (Decrease) in other current liabilities	20	(525)
Total changes in operating assets and liabilities	<u>35,100</u>	<u>(66,096)</u>
Cash generated from operations activities	<u>279,972</u>	<u>117,362</u>
Interest received	923	676
Dividend received	7,845	10,253
Income tax paid	(1,185)	(1,700)
Net cash provided by operating activities	<u>287,555</u>	<u>126,591</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(9,869)	(35,883)
Acquisition of intangible assets	(999)	(974)
(Increase) in other non-current assets	(904)	(2,986)
Net cash (used in) investing activities	<u>(11,772)</u>	<u>(39,843)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	63,505	50,000
Increase in long-term borrowings	50,000	69,200
Repayment of long-term borrowings	(128,918)	(119,167)
Repayment of lease liabilities	(4,727)	(4,639)
Cash dividend	(408,164)	(235,223)
Interest paid	(24,611)	(17,133)
Net cash provided by (used in) financing activities	<u>(452,915)</u>	<u>(256,962)</u>
Net (Decrease) in cash and cash equivalents	(177,132)	(170,214)
Cash and cash equivalents, beginning of period	470,703	640,917
Cash and cash equivalents, end of period	<u>\$293,571</u>	<u>\$470,703</u>

English Translation of Financial Statements Originally Issued in Chinese  
 JIH LIN TECHNOLOGY CO., LTD.  
 NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and Organization

JIH LIN TECHNOLOGY CO., LTD. (the Company) was incorporated on October 18, 2000. The Company's registered address is No.58, Jhong Yang Rd., Nanzih Dist., Kaohsiung City. The principal activities of the Company are to tooling manufacture、lead frame manufacture and sales service. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on February 25, 2014.

2. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 were authorized for issue by the board of directors on March 21, 2023.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company adopted International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below :

Item	New, Revised or Aemnded Standards and Interpretaions	Effective date issued by IASB
A	Disclosure Initiative – Accounting Policies (Amendments to IAS 1)	January 1, 2023
B	Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
C	Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (Amendment to IAS 12)	January 1, 2023

A. Disclosure Initiative– Accounting Policies(Amendments to IAS 1)

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

B. Definition of Accounting Estimates(Amendments to IAS 8)

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies. Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (Amendment to IAS 12)

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The abovementioned standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC and not yet adopted by the Company as at the end of the reporting period are listed below :

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 Insurance Contracts	January 1, 2023
C	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 1, 2024
D	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 1, 2024
E	Non-current Liabilities with Covenants - Amendments to IAS 1	January 1, 2024

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributes to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on

the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

#### B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

#### C. Classification of Liabilities as Current or Non-current ( Amendments to IAS 1 )

The amendments aim at paragraphs 69 to 76 of IAS 1 “Presentation of Financial Statements” where liabilities are classified as current or non-current.

#### D. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments add seller-lessee additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

#### E. Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company evaluated that the newly issued or amended standards and interpretations had no material impact on the Company.

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of Compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

##### (2) Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributes to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributes to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “Investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

##### (3) Foreign Currency Transactions

The Company’s parent company only financial statements are presented in NT\$.

Transactions in foreign currencies are initially recorded by the Company’s functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate prevailing at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following :

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

#### (4) Translation of Financial Statements in Foreign Currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considered a disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is adjusted in “investments accounted for using the equity method”. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

#### (5) Current and Non-Current Distinction

An asset is classified as current when :

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Company holds the asset primarily for the purpose of trading.
- C. The Company expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when :

- A. The Company expects to settle the liability in its normal operating cycle.
- B. The Company holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. 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 the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

## (6) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including fixed-term deposits that have maturity within three months from the date of acquisition) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## (7) Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

### A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below :

- (a) the Company's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date :

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for :

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

### Financial asset measured at fair value through other comprehensive income

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

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and ;
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income (always is debt instrument) are described as below :

- (a) a gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) when the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for :

I. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

II. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should be recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment.

#### Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivables.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

#### B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects :

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows :

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For financing lease receivable arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12.(4), Page 65, for further details on credit risk.

### C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

## D. Financial liabilities and equity

### Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributed to the equity transaction that otherwise would have been avoided.

### Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if :

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term ;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either :

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attribute to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### (8) Derivative Instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative.

## (9) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

## (10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials –Purchase cost on weighted average cost basis.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

## (11) Investments accounted for using the equity method

The Company's investments in subsidiaries and associates are accounted for using the equity method and evaluated in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers 21, in order to uniformize profit or loss and other comprehensive income in the financial statements with profit or loss and amortization of other comprehensive income in consolidated financial statements, and to uniformize equity in the financial statements with equity attributes to owners of the parent in consolidated financial statements. The adjustment be due to investments in subsidiaries and in consolidated financial statements are treated in accordance with IFRS 10 Consolidated Financial Statements and differ in report level with applicable IFRS article, and debit or credit investments accounted for using the equity method, share of profit or loss of associates accounted for using equity method, share of comprehensive income of associates accounted for using equity method, etc.

The Company's investment in its associates is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new shares, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in capital surplus and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining carrying value by the value in use of the investment, the Company estimates the value in use base on:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, when an investment in an associate becomes an investment in a joint venture or vice versa, the Company continues to apply the equity method and does not remeasure the interest previously held.

## (12) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Property, plant and equipment	Lives
Buildings and facilities	5~50 years
Machinery and equipment	3~9 years
Tooling equipment	2~3 years
Office equipment	3~6 yrsrs
Transportation equipment	5~6 years
Other equipment	2~6 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. These changes are treated as accounting estimates.

### (13) Investment Property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Investment Property	Lives
Buildings	40 years
Right-of-use assets	20 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company decides to transfer to or from investment properties based on the actual usage of the assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

## (14) Leases

The Company assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

### Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset 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.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the comprehensive income statement.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

### Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

## (15) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

A summary of the policies applied to the Company's intangible assets is as follows:

	<u>Computer software</u>
Useful lives	Finite (3 years)
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

## (16) Impairment of Non-Financial Assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro-rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

#### (17) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### (18) Revenue Recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follows:

##### Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when goods have been shipped and customers have obtained the control (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Company is semiconductor lead frame and Tooling and revenue is recognized based on the consideration stated in the contract. Sales by volume discounts, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company uses the previous experience to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The credit period of the Company's sale of goods is from 30 to 180 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and there is no significant financing component to the contract.

#### (19) Borrowing Costs

Borrowing costs directly attributes to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### (20) Post-Employment Benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes any related restructuring costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

## (21) Income Taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 5. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6.(4), Page 34, for more details.

## 6. Contents of Significant Accounts

### (1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$677	\$670
Demand deposits	282,894	460,033
Time deposits	10,000	10,000
Total	<u>\$293,571</u>	<u>\$470,703</u>

(2) Notes receivables and Notes receivables - related parties

	December 31, 2022	December 31, 2021
Notes receivables arising from operating activities	\$5,440	\$9,362
Subtotal (carrying amount)	5,440	9,362
Less: loss allowance	—	—
Subtotal	5,440	9,362
Notes receivables arising from operating activities (related parties)	—	—
Subtotal (carrying amount)	—	—
Less: loss allowance	—	—
Subtotal	—	—
Total	\$5,440	\$9,362

The Company's notes receivables were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.(15), Page50-51, for more details on loss allowance and Note 12.(4), Page 65, for details on credit risk.

(3) Account receivables and Account receivables - related parties

	December 31, 2022	December 31, 2021
Account receivables	\$377,605	\$552,886
Subtotal (carrying amount)	377,605	552,886
Less: loss allowance	(1)	(1)
Subtotal	377,604	552,885
Account receivables-related parties	37,754	53,377
Subtotal (carrying amount)	37,754	53,377
Less: loss allowance	—	—
Subtotal	37,754	53,377
Total	\$415,358	\$606,262

The Company's account receivables were not pledged.

The credit terms of accounts receivables are generally set at 30 to 180 days from the end of month. The gross carrying amounts were NT\$415,359 thousand and NT\$606,263 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 6.(15), Page 50-51, for loss allowance for the years ended December 31, 2022 and 2021 and Note 12.(4), Page 65, for credit risk.

(4) Inventories

	December 31, 2022	December 31, 2021
Raw materials	\$302,601	\$256,876
Supplies	14,342	12,772
Work in progress	106,749	97,427
Finished goods	190,614	163,520
Total	<u>\$614,306</u>	<u>\$530,595</u>

  

	For the years ended December 31, 2022	2021
Cost of inventories sold	\$2,334,094	\$2,425,300
Loss on inventory valuation	(2,000)	1,500
Cost of goods sale	<u>\$2,332,094</u>	<u>\$2,426,800</u>

The aforementioned inventories were not pledged.

(5) Investments accounted for using the equity method

Company name	December 31, 2022		December 31, 2021	
	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
SPEEDY INVESTMENT LIMITED	\$1,121,848	100.00%	\$1,061,365	100.00%
Jih Li Technology Co., Ltd	71,599	100.00%	70,473	100.00%
Jih-Linchpin Limited	743,020	100.00%	648,995	100.00%
Malaysia SH Precision Sdn.Bhd.	442,454	100.00%	339,427	100.00%
SH Precision Co.,Ltd.	321,928	100.00%	239,005	100.00%
Total	<u>\$2,700,849</u>		<u>\$2,359,265</u>	

Investments in subsidiaries in the financial statement was shown as Investments accounted for using the equity method and after evaluated.

(6) Property, plant and equipment

	December 31, 2022	December 31, 2021
Owner occupied property, plant and equipment	<u>\$671,421</u>	<u>\$717,542</u>
A. Owner occupied property, plant and equipment		

	Land	Buildings	Machinery and equipment	Tooling equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost :									
As of January 1, 2021	\$11,148	\$573,304	\$259,549	\$66,091	\$9,033	\$12,787	\$12,460	\$84,869	\$1,029,241
Additions	—	304	19,534	2,031	1,216	1,871	2,692	8,235	35,883
Disposals	—	(656)	—	—	—	(110)	(753)	—	(1,519)
Transfers	—	—	84,371	8,431	—	—	2,488	(83,469)	11,821
As of December 31, 2021	11,148	572,952	363,454	76,553	10,249	14,548	16,887	9,635	1,075,426
Additions	—	791	2,562	244	1,193	83	1,273	3,723	9,869
Disposals	—	(195)	(400)	—	(163)	—	(240)	—	(998)
Transfers	—	9,635	3,001	10,651	—	—	—	(9,635)	13,652
As of December 31, 2022	<u>\$11,148</u>	<u>\$583,183</u>	<u>\$368,617</u>	<u>\$87,448</u>	<u>\$11,279</u>	<u>\$14,631</u>	<u>\$17,920</u>	<u>\$3,723</u>	<u>\$1,097,949</u>

	Land	Buildings	Machinery and equipment	Tooling equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment :									
As of January 1, 2021	—	\$68,062	\$154,828	\$45,605	\$3,594	\$10,243	\$6,271	—	\$288,603
Depreciation	—	16,609	34,228	14,743	2,028	964	2,326	—	70,898
Disposals	—	(656)	—	—	—	(110)	(753)	—	(1,519)
Transfers	—	—	(98)	—	—	—	—	—	(98)
As of December 31, 2021	—	84,015	188,958	60,348	5,622	11,097	7,844	—	357,884
Depreciation	—	16,909	36,675	10,280	2,117	1,131	2,679	—	69,791
Disposals	—	(195)	(400)	—	(163)	—	(240)	—	(998)
Transfers	—	—	(149)	—	—	—	—	—	(149)
As of December 31, 2022	—	\$100,729	\$225,084	\$70,628	\$7,576	\$12,228	\$10,283	—	\$426,528
Net carrying amount as of :									
December 31, 2021	\$11,148	\$488,937	\$174,496	\$16,205	\$4,627	\$3,451	\$9,043	\$9,635	\$717,542
December 31, 2022	\$11,148	\$482,454	\$143,533	\$16,820	\$3,703	\$2,403	\$7,637	\$3,723	\$671,421

B. The significant part of the Company's buildings included primary buildings, renovation and decoration works, the useful life were 25~50 years and 5~8 years, respectively.

C. The amounts of capitalization of borrowing costs were \$0 for the years ended December 31, 2022 and 2021.

D. The Company's property, plant and equipment were not pledged.

## (7) Investment property

The Company's investment properties include both owned Technology Industrial Park buildings and investment properties held by the Company as right-of-use assets. The Company has entered into commercial property leases for its owned investment properties with terms 10 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The investment properties held by the Company as right-of-use assets with non-cancellable period of 10 years. Some of these contracts provide the Company options to extend the leases.

	<u>Buildings</u>	<u>Right-of-use assets</u>	<u>Total</u>
Cost :			
As of January 1, 2021	\$212,391	\$45,001	\$257,392
Transferred from property, plant and equipment	—	—	—
As of December 31, 2021	212,391	45,001	257,392
Transferred from property, plant and equipment	—	—	—
As of December 31, 2022	<u>\$212,391</u>	<u>\$45,001</u>	<u>\$257,392</u>
Depreciation and impairment :			
As of January 1, 2021	\$10,620	\$2,233	\$12,853
Depreciation	5,310	1,124	6,434
As of December 31, 2021	15,930	3,357	19,287
Depreciation	5,309	1,125	6,434
As of December 31, 2022	<u>\$21,239</u>	<u>\$4,482</u>	<u>\$25,721</u>
	<u>Buildings</u>	<u>Right-of-use assets</u>	<u>Total</u>
Net carrying amount as of :			
December 31, 2021	<u>\$196,461</u>	<u>\$41,644</u>	<u>\$238,105</u>
December 31, 2022	<u>\$191,152</u>	<u>\$40,519</u>	<u>\$231,671</u>

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Rental income from investment properties	<u>\$31,419</u>	<u>\$24,618</u>

The Company's investment property were not pledged.

For those right-of-use assets leased as operating leases and presented in investment properties, please refer to Note 6. (16), Page 52-54, for relevant disclosure as required by IFRS 16.

(8) Intangible assets

A. Details was as follows:

	<u>Computer software</u>
Cost:	
As of January 1, 2021	\$1,227
Addition-acquired separately	974
Disposals	—
As of December 31, 2021	<u>2,201</u>
Addition-acquired separately	999
Disposals	(491)
As of December 31, 2022	<u><u>\$2,709</u></u>
Amortization and Impairment :	
As of January 1, 2021	\$577
Amortization	442
Disposals	—
As of December 31, 2021	<u>1,019</u>
Amortization	732
Disposals	(491)
As of December 31, 2022	<u><u>\$1,260</u></u>
Net carrying amount as of :	
December 31, 2021	<u><u>\$1,182</u></u>
December 31, 2022	<u><u>\$1,449</u></u>

B. The cost of computer software is ERP computer software, which is amortized evenly over 3 years.

C. Amortization expense of intangible assets under the statement of comprehensive income :

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Costs of good sold	<u>\$58</u>	<u>\$18</u>
Operating expenses	<u>\$674</u>	<u>\$424</u>

(9) Other non-current assets

	<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Advance payments in equipments	\$905	\$2,612
Refundable deposits	10	10
Other non-current assets - other	1,216	1,796
Total	<u><u>\$2,131</u></u>	<u><u>\$4,418</u></u>

(10) Short-term borrowings

A. Details was as follows:

	December 31, 2022	December 31, 2021
Raw Material Financing	\$63,505	\$—
Unsecured loans	50,000	50,000
Total	<u>\$113,505</u>	<u>\$50,000</u>

B. Interest rate ranges and due date :

	December 31, 2022	December 31, 2021
Interest rates	0.5285%~5.55%	0.69%
Due date	2023.02.09~ 2023.06.17	2022.02.21
Unused short-term lines of credits amounted	\$1,751,267	\$1,520,200

C. The Company's bank loans were not pledged.

(11) Long-term borrowings

A. Details of long-term borrowings as of December 31, 2022 was as follows:

Creditor	December 31, 2022	Rate (%)	Redemption
Unsecured Mid-to Long -Term Loan from Bank Mizuho	\$50,000	1.8500%	The loan amount is 50,000 thousand. Effective June 15, 2022 to June 10, 2024. Repayment of principal.
Unsecured Long-Term Loan from Bank of Taiwan	22,500	1.8224%	The loan amount is 150,000 thousand. Since January 12, 2019, principal is repaid at 7,500 thousand in 20 quarterly payments with monthly interest payments. As of December 31, 2022, first to seventeenth principal have been repaid, and the principal for each period is 7,500 thousand.
Syndication unsecured loan from Taishin Bank -A	300,000	2.0910%	The loan amount is 300,000 thousand. Effective December 13, 2022 to September 20, 2025. Repayment of principal.
Syndication unsecured loan from Taishin Bank -A	600,000	2.0830%	The loan amount is 600,000 thousand. Effective December 7, 2022 to September 20, 2025. Repayment of principal.

Creditor	December 31, 2022	Rate (%)	Redemption
Unsecured Mid-to Long -Term Loan from E. Sun Bank— Operation Revolving (Note)	89,583	1.125%	The loan amount is 100,000 thousand. Since August 15, 2022, principal is repaid at 2,083 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, first to fifth principal have been repaid, and the principal for each period is 2,083 thousand.
Unsecured Mid-to Long -Term Loan from Taishin Bank— Operation Revolving (Note)	38,462	1.125%	The loan amount is 50,000 thousand. Since July 15, 2022, principal is repaid at 1,923 thousand in 26 monthly payments with monthly interest payments. As of December 31, 2022, first to sixth principal have been repaid, and the principal for each period is 1,923 thousand.
Unsecured Mid-to Long -Term Loan from Chang Hwa Bank— Operation Revolving (Note)	46,808	1.125%	The loan amount is 50,000 thousand. Since October 15, 2022, principal is repaid at 1,064 thousand in 47 monthly payments with monthly interest payments. As of December 31, 2022, first to third principal have been repaid, and the principal for each period is 1,064 thousand.
Unsecured Mid-to Long -Term Loan from Bank of Taiwan— Operation Revolving (Note)	57,500	1.125%	The loan amount is 60,000 thousand. Since November 15, 2022, principal is repaid at 1,250 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, first to second principal have been repaid, and the principal for each period is 1,250 thousand.
Unsecured Mid-to Long -Term Loan from First Commercial Bank—Operation Revolving (Note)	47,759	1.125%	The loan amount is 48,775 thousand. Since December 15, 2022, principal is repaid at 1,016 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, the first principal has been repaid, and the principal for each period is 1,016 thousand.

Creditor	December 31, 2022	Rate (%)	Redemption
Unsecured Mid-to Long -Term Loan from E. Sun Bank— Machinery (Note)	59,304	1.125%	The loan amount is 66,200 thousand. Since August 15, 2022, principal is repaid at 1,379 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, first to fifth principal have been repaid, and the principal for each period is 1,379 thousand.
Unsecured Mid-to Long -Term Loan from Taishin Bank— Machinery (Note)	37,392	1.125%	The loan amount is 49,200 thousand. Since July 15, 2022, principal is repaid at 1,968 thousand in 25 monthly payments with monthly interest payments. As of December 31, 2022, first to sixth principal have been repaid, and the principal for each period is 1,968 thousand.
Unsecured Mid-to Long -Term Loan from Chang Hwa Bank— Machinery (Note)	2,579	1.125%	The loan amount is 2,610 thousand. Since November 15, 2022, principal is repaid at 31 thousand in 83 monthly payments with monthly interest payments. As of December 31, 2022, the first principal has been repaid, and the principal for each period is 31 thousand.
Unsecured Mid-to Long -Term Loan from Bank of Taiwan— Machinery (Note)	34,960	1.125%	The loan amount is 36,480 thousand. Since November 15, 2022, principal is repaid at 760 thousand in 48 quarterly payments with monthly interest payments. As of December 31, 2022, first to second principal have been repaid, and the principal for each period is 760 thousand.
Less: Due within one year	(160,200)		
Total	<u>\$1,226,647</u>		

Note: The Company apply 「 Action Plan for Overseas Taiwanese Businesses to Return to Invest in Taiwan 」 , restricted use of financing for plant facilities or purchase of machinery and equipment and operation revolving fund. Interest rate ranges and due date as follow :

Item	December 31, 2022	December 31, 2022
	Operation Revolving	Machinery
Interest rate ranges	1.125%	1.125%
Due date	August 21, 2024~ November 15, 2026	August 6, 2024~ October 15, 2029
Unused mid-to long-term lines of credits amounted	\$—	\$—

B. Details of long-term borrowings as of December 31, 2021 was as follows:

Creditor	December 31,		Redemption
	2021	Rate (%)	
Unsecured Mid-to Long -Term Loan from Bank Sinopac	\$50,000	1.03%	The loan amount is 50,000 thousand. Effective December 30, 2021 to June 21, 2023. Repayment of principal.
Unsecured Long-Term Loan from Bank of Taiwan	52,500	1.2146%	The loan amount is 150,000 thousand. Since January 12, 2019, principal is repaid at 7,500 thousand in 20 quarterly payments with monthly interest payments. As of December 31, 2021, one to thirteen principals have been repaid, and the principal for each period is 7,500 thousand.
Syndication unsecured loan from Taishin Bank -B	300,000	1.4030%	The loan amount is 300,000 thousand. Effective December 17, 2020 to September 20, 2025. Repayment of principal.
Syndication unsecured loan from Taishin Bank -B	600,000	1.4470%	The loan amount is 600,000 thousand. Effective December 13, 2020 to September 20, 2025. Repayment of principal.
Unsecured Mid-to Long -Term Loan from E. Sun Bank — Operation Revolving (Note)	100,000	0.50%	The loan amount is 100,000 thousand. Since August 15, 2022, principal is repaid at 2,083 thousand in 48 monthly payments with monthly interest payments.
Unsecured Mid-to Long -Term Loan from Taishin Bank — Operation Revolving (Note)	50,000	0.50%	The loan amount is 50,000 thousand. Since July 15, 2022, principal is repaid at 1,923 thousand in 26 monthly payments with monthly interest payments.

Creditor	December 31, 2021	Rate (%)	Redemption
Unsecured Mid-to Long -Term Loan from Chang Hwa Bank – Operation Revolving (Note)	50,000	0.60%	The loan amount is 50,000 thousand. Since October 15, 2022, principal is repaid at 1,064 thousand in 47 monthly payments with monthly interest payments.
Unsecured Mid-to Long -Term Loan from Bank of Taiwan – Operation Revolving (Note)	60,000	0.50%	The loan amount is 60,000 thousand. Since November 15, 2022, principal is repaid at 1,250 thousand in 48 monthly payments with monthly interest payments.
Unsecured Mid-to Long -Term Loan from First Commercial Bank – Operation Revolving (Note)	48,775	0.50%	The loan amount is 48,775 thousand. Since December 15, 2022, principal is repaid at 1,016 thousand in 48 monthly payments with monthly interest payments.
Unsecured Mid-to Long -Term Loan from E. Sun Bank – Machinery (Note)	66,200	0.50%	The loan amount is 66,200 thousand. Since August 15, 2022, principal is repaid at 1,379 thousand in 48 monthly payments with monthly interest payments.
Unsecured Mid-to Long -Term Loan from Taishin Bank – Machinery (Note)	49,200	0.50%	The loan amount is 49,200 thousand. Since July 15, 2022, principal is repaid at 1,968 thousand in 25 monthly payments with monthly interest payments.
Unsecured Mid-to Long -Term Loan from Chang Hwa Bank – Machinery (Note)	2,610	0.60%	The loan amount is 2,610 thousand. Since November 15, 2022, principal is repaid at 31 thousand in 84 monthly payments with monthly interest payments.
Unsecured Mid-to Long -Term Loan from Bank of Taiwan – Machinery (Note)	36,480	0.50%	The loan amount is 36,480 thousand. Since November 15, 2022, principal is repaid at 545 thousand in 48 quarterly payments with monthly interest payments.
Less: Due within one year	(71,449)		
Total	<u>\$1,394,316</u>		

Note : The Company apply 「 Action Plan for Overseas Taiwanese Businesses to Return to Invest in Taiwan 」 , restricted use of financing for plant facilities or purchase of machinery and equipment and operation revolving fund. Interest rate ranges and due date as follow :

Item	December 31, 2021	December 31, 2021
	Operation Revolving	Machinery
Interest rate ranges	0.50%~0.60%	0.50%~0.60%
Due date	August 21, 2024~ November 15, 2026	August 6, 2024~ October 15, 2029
Unused mid-to long-term lines of credits amounted	\$1,225	\$83,800

C. On August 17, 2020, the Company signed a syndicated loan agreement for 5 years with Taishin Bank, the lead bank of the syndicated loan, and nine other banks. The aggregate amount of credit line of the syndicated loans was \$2,200,000 thousand. The contract term was five years from the initial drawdown date.

The important matters in syndicated loan agreement as follows :

(a)Credit method in syndicated loan agreement as follows :

I. A : Mid-term demand loan revolving of 2,200,000 thousand.

II. B : Commercial paper guarantee revolving of 1,320,000 thousand.

The total credit lines of A and B do not exceed 2,200,000 thousand, and total used balance shall not exceed the total amount of credit.

(b)Financial ratios : sustain their financial ratios and standards during the loan period :

I. Current Ratio 【Current assets ÷ Current liabilities】 : not lower than 100%

II. Leverage ratio 【Total liabilities ÷ Tangible net value \*】 : not higher than 180%

III. Times interest earned 【(Income before tax + Interest expenses + depreciation expense + amortization expense ) / Interest expenses】 : not lower than 400%

IV. Tangible net value \* : not lower than NT\$1,600,000 thousand.

\* 「Tangible net value」 is equity minus intangible assets.

The above financial ratios and standards of each section shall according to the content of annual consolidated financial statement and the consolidated financial statement of second quarter which are verified by the accountant and be checked once every six months. The Company self-checked according to the financial statements on December 31, 2022 and 2021, and there is no default. Next check is the second quarter of 2023.

(12) Post-employment benefits plans

A. Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were \$6,511 thousand and \$6,075 thousand, respectively.

B. Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average monthly salary prior to retirement. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute \$142 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The average duration of the defined benefits plan obligation as of December 31, 2022 and 2021 are 16 years and 17 years, respectively.

The pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021 are as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current period service costs	—	—
Net interest on the net defined benefit liabilities	\$5	\$(2)
Total	<u>\$5</u>	<u>\$(2)</u>

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows :

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1,</u> <u>2021</u>
Defined benefit obligation	\$5,714	\$6,526	\$4,936
Plan assets at fair value	(6,338)	(5,729)	(5,428)
Net defined benefit liabilities recognized on the consolidated balance sheets	<u>\$(624)</u>	<u>\$797</u>	<u>\$(492)</u>

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	<u>As at</u>		
	<u>Defined benefit obligation</u>	<u>Plan assets at Fair value</u>	<u>Defined benefit liability (asset)</u>
As of January 1, 2021	\$4,936	\$(5,428)	\$(492)
Current service costs	—	—	—
Net interest expense (income)	15	(17)	(2)
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	<u>15</u>	<u>(17)</u>	<u>(2)</u>

Remeasurements of the net defined benefit liability (asset):

Actuarial gains and losses arising from changes in demographic assumptions	(101)	—	(101)
Actuarial gains and losses arising from changes in financial assumptions	1,574	—	1,574
Experience adjustments	102	—	102
Remeasurements of the defined benefit asset	—	(71)	(71)
Subtotal	<u>1,575</u>	<u>(71)</u>	<u>1,504</u>
Payment of benefit obligation	—	—	—
Contributions by employer	—	(213)	(213)
Effect of changes in foreign exchange rates	—	—	—
As of December 31, 2021	6,526	(5,729)	797
Current period service costs	—	—	—
Net interest expense (income)	46	(41)	5
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	<u>46</u>	<u>(41)</u>	<u>5</u>

	As at		
	Defined benefit obligation	Plan assets at Fair value	Defined benefit liability (asset)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	126	—	126
Actuarial gains and losses arising from changes in financial assumptions	(761)	—	(761)
Experience adjustments	(223)	—	(223)
Remeasurements of the defined benefit asset	—	(426)	(426)
Subtotal	(858)	(426)	(1,284)
Payment of benefit obligation	—	—	—
Contributions by employer	—	(142)	(142)
Effect of changes in foreign exchange rates	—	—	—
As of December 31, 2022	\$5,714	\$(6,338)	\$(624)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	December 31, 2022	December 31, 2021
Discount rate	1.49%	0.71%
Expected rate of salary increases	3.00%	3.00%

A sensitivity analysis for significant assumption as of December 31, 2022 and 2021, is as shown below:

	For the years ended December 31,			
	2022		2021	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.5%	—	\$444	—	\$542
Discount rate decrease by 0.5%	\$487	—	\$597	—
Future salary increase by 0.5%	\$477	—	\$580	—
Future salary decrease by 0.5%	—	\$440	—	\$533

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(13) Equities

A. Common stock

As of December 31, 2022 and 2021, the Company's authorized capital were both \$1,500,000 thousand, and issued \$1,020,409 thousand with 102,041 thousand shares, each at a par value of NT\$10.

B. Additional paid-in capital

	December 31, 2022	December 31, 2021
Share premium	\$833,940	\$1,038,022
Acquiring or disposing subsidiaries	38,918	38,918
Total	<u>\$872,858</u>	<u>\$1,076,940</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company as stock dividends up to a certain percentage of paid-in capital. The said capital reserve could also be distributed in the form of cash dividends to shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order :

- (a) Payment of all taxes and dues
- (b) Offset prior years' operation losses
- (c) Legal reserve, which is 10% of leftover profits
- (d) Set aside or reverse special reserve in accordance with law and regulations
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements, domestic and international competition as well as the interest of the shareholders. The Board of Directors shall propose the distribution plan and submit it to the stockholders' meeting every year. The distribution of stockholders' dividend shall be allocated as cash dividend no less than 20% dividend.

According to the Company Act, the Company needs to set aside an amount to legal reserves unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserves that exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When reserve distribution, the company has already set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity when the Company adopted IFRS in the first time. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The Company complies with Order No. Jin-Guan-Zheng-Fa-1090150022 issued by the FSC on March 31, 2021, which sets out the following provisions : On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserves. Later when the company uses, disposes of, or reclassifies the relevant assets, it may reverse to distributable earnings a proportional amount of the special reserves originally set aside.

As of December 31 ,2022 and 2021, special reserve set aside for the first-time adoption of IFRS amounts to \$34,253 thousand. The Company complies with Order No. Jin-Guan-Zheng-Fa-1010012865 issued by the FSC on April 6, 2022, the additional legal reserve \$82,033 thousand was set aside and \$12,953 thousand was reversed in 2022 and 2021 respectively. As of December 31, 2022 and 2021, special capital reserve amounted to \$163,079 thousand and \$81,046 thousand respectively.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 21, 2023 and June 21, 2022, respectively, are as follows :

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$41,801	\$46,715	—	—
Special reserve	(\$29,114)	\$82,033	—	—
Common stock -cash dividend(Note)	\$153,061	\$204,082	\$1.50	\$2.00

Note : The board of directors's meeting held on March 21, 2023 and March 18, 2022 resolve to distribute the dividends in form of cash of of 2022 and 2021 by an extraordinary resolution.

The Company's board of directors proposed to distribute \$204,082 thousand in capital reserve with NT\$2.00 per share on March 21, 2023 and March 18, 2022 respectively.

The appropriation of 2022 unappropriated retained earnings has not yet been approved by the stockholder's meeting as of the reporting date. Information relevant to the Board of Directors' meeting recommendations and stockholders' meeting approval can be obtained from the "Market Observation Post System" on the website of the TWSE.

Please refer to Note6. (17), Page 54-55, for information on the employees and directors' compensation.

(14) Net revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sale of goods	\$1,767,744	\$1,909,072
Other operating revenue	853,623	793,543
Total	\$2,621,367	\$2,702,615

Analysis of revenue from contracts with customers during the years ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue

	For the years ended December 31,	
	2022	2021
TO Leadframe	\$918,378	\$1,005,446
Discrete device	849,366	903,626
Other	853,623	793,543
Total	<u>\$2,621,367</u>	<u>\$2,702,615</u>
Timing of revenue recognition :		
At a point in time	<u>\$2,621,367</u>	<u>\$2,702,615</u>

B. Contract balances

Contract liabilities — current

	December 31, 2022	December 31, 2021	January 1, 2021
Sale of goods	<u>\$ 5,938</u>	<u>\$ 8,549</u>	<u>3,261</u>

The significant changes in the Company balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31,	
	2022	2021
Revenue recognized during the period that was included in the beginning balance	\$ (4,411)	\$ (1,549)
Deducting the amount incurred and transferred to revenue during the period	(1,869)	(1,005)
Increase in receipt in advance during the period	\$3,669	\$7,842

C. Transaction price allocated to unsatisfied performance obligations

None

D. Assets recognized from the costs to obtain or fulfil a contract with a customer

None

(15) Expected credit loss (gain)

	For the years ended December 31,	
	2022	2021
Operating expense – Expected credit losses (gains)		
Contract asset	—	—
Notes receivables	—	—
Account receivables	—	\$1
Total	<u>—</u>	<u>\$1</u>

Please refer to Note 12.(4), Page 65, for more details on credit risk.

The Company measures the loss allowance of its receivables (including note receivables and account receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2022 and 2021 are as follows:

The Company needed to consider the grouping by counterparties' credit rating, geographical region and industry sector, and its loss allowance is measure by using expected credit loss, details as follows:

December 31, 2022

	Neither past	Past due					Total
	due(Note)	30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$420,448	\$259	\$92	—	—	—	\$420,799
Loss ratio	—	0.01%-10%	1%~15%	—	—	—	
Lifetime expected credit losses	—	—	(1)	—	—	—	(1)
Subtotal	\$420,448	\$259	\$91	—	—	—	\$420,798

December 31, 2021

	Neither past	Past due					Total
	due(Note)	30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$610,744	\$4,881	—	—	—	—	\$615,625
Loss ratio	—	0.01%-10%	—	—	—	—	
Lifetime expected credit losses	—	(1)	—	—	—	—	(1)
Subtotal	\$610,744	\$4,880	—	—	—	—	\$615,624

Note: Not any of the Company's note receivables was past due.

The movement in the provision of impairment of receivables for the years ended December 31, 2022 and 2021 are as follows:

	Account receivables
As of January 1, 2021	—
Charge (revisal) of current period	\$1
As of December 31, 2021	1
Charge (revisal) of current period	—
As of December 31, 2022	\$1

(16) Leases

(1) Company as a lessee

The Company leases various properties, including real estate such as land, buildings and Leasehold improvements. The lease terms range from 3 to 50 years

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

I. Right-of-use assets

	December 31, 2022	December 31, 2021
Land	\$61,481	\$63,831
Buildings and facilities	705	—
Total	<u>\$62,186</u>	<u>\$63,831</u>

During the years ended December 31, 2022 and 2021, the Company's additions to right-of-use assets amounted to \$1,058 thousand and \$0 thousand, respectively.

II. Lease liabilities

	December 31, 2022	December 31, 2021
Lease liabilities	<u>\$105,72</u>	<u>\$107,893</u>
Current	\$3,274	\$2,880
Non-current	102,450	105,013
Total	<u>\$105,724</u>	<u>\$107,893</u>

Please refer to Note 6. (18)(D), Page 56, for the interest on lease liability recognized during 2022 and 2021 and Note 12.(5), Page 66, for the maturity analysis of lease liabilities as of December 31, 2022 and 2021.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	<u>For the years ended December 31,</u>	
	2022	2021
Land	\$2,350	\$2,349
Buildings and facilities	353	353
Total	<u>\$2,703</u>	<u>\$2,702</u>

(c) Income and costs relating to leasing activities

	December 31, 2022	December 31, 2021
The expenses relating to short-term leases	\$1,611	\$1,741
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	69	69

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounted to \$7,907 thousand and \$7,978 thousand, respectively.

(e) Other information relating to leasing activities

Extension and termination options

Some of the Company's property leases contain options to extend or terminate the leases. When determining the lease term, it shall be the non-cancellable period where the lessee has the right to use the underlying asset, together with periods covered by an option to extend the lease where the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the Company is reasonably certain not to exercise that option. The use of those options can maximize the flexibility in managing the contracts. The majority of options to extend or terminate the leases can only be exercised by the Company. The Company would reassess the lease periods when a significant event or a significant change in circumstances occurs (that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term) after the commencement date.

(2) Company as a lessor

Please refer to Note 6.(7), Page 37, for relevant disclosure of the Company's own occupied investment property and right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2022	2021
Lease income for operating leases	\$31,419	\$24,618

Please refer to Note 6. (7), Page 37, for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2022 and 2021 are as follow:

	December 31, 2022	December 31, 2021
Not later than one year	\$31,419	\$31,419
Later than one year and not later than two years	31,544	31,419
Later than two year and not later than three years	32,915	31,544
Later than three year and not later than four years	32,915	32,915
Later than four year and not later than five years	33,040	32,915
Later than five years	31,544	64,583
Total	<u>\$193,377</u>	<u>\$224,795</u>

(17) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function  Nature	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$123,624	\$69,297	\$192,921	\$118,286	\$71,367	\$189,653
Labor and health insurance	\$11,966	\$5,167	\$17,133	\$10,918	\$4,799	\$15,717
Pension	\$4,177	\$2,339	\$6,516	\$3,858	\$2,217	\$6,075
Directors' remuneration	—	\$1,440	\$1,440	—	\$1,413	\$1,413
Other employee benefits expense	\$2,433	\$1,141	\$3,574	\$2,533	\$1,273	\$3,806
Depreciation	\$56,502	\$22,426	\$78,928	\$57,953	\$22,081	\$80,034
Amortization	\$57	\$1,255	\$1,312	\$18	\$818	\$836

- A. As of December 31, 2022 and 2021, the Company had 335 and 313 employees, respectively. There were 4 Directors who were not employees for the year respectively.
- B. The following information shall be disclosed for entities with stocks traded on the TWSE :
- (a) Average employee benefits expense in this year and last year equaled 665 thousand and 697 thousand, respectively.
  - (b) Average employee salary expense in this year and last year equaled 583 thousand and 614 thousand, respectively.
  - (c) Average salary expense adjustment for the year ended December 31, 2022 increased by 5.05%.
  - (d) Compensation to the supervisor in this year and last year equaled 0 thousand and 1,433 thousand, respectively.
  - (e) The company salary and compensation policy: The Company set the policy for salary and compensation refer market level in accordance with local law and regulation, and the management make the operation rule for follow. Beside, 2%

~10% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors if there is benefit in the year, resolution was adopted by Board of Directors meeting for distribution, and remuneration to independent director was distribute in accordance with the procedure of remuneration payment to director and supervisor.

According to the Company's Articles of Incorporation, 2%~10% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors to be 2.15% and 0.51%, respectively. As such, employees' compensation and remuneration to directors were recognized as employee benefits expense at \$10,000 thousand and \$2,400 thousand for the year ended December 31, 2022, respectively. A fixed monthly remuneration for the indendent directors were recognized as employee benefits expense at \$1,440 thousand.

Based on profit of the year ended December 31, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors to be 2.16% and 0.97%, respectively. As such, employees' compensation and remuneration to directors were recognized as employee benefits expense at \$10,900 thousand and \$4,866 thousand for the year ended December 31, 2021, respectively. A fixed monthly remuneration for the indendent directors were recognized as employee benefits expense at \$1,413 thousand.

A resolution was approved to distribute \$10,900 thousand and \$4,866 thousand in cash as employees' compensation and remuneration to directors and supervisors for the year of 2021, respectively. There were no material differences between the approved amount and the estimated amount which recognized in the year of 2021.

(18) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2022	2021
Finance asset measured at amortized cost – Bank deposit	\$924	\$543

B. Other income

	For the years ended December 31,	
	2022	2021
Rental income	\$154	\$155
Others income – other	3,060	2,000
Total	\$3,214	\$2,155

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Foreign exchange losses, net	\$38,439	\$(11,782)
Gains on financial liabilities at fair value through profit or loss (Note)	—	2,007
Total	\$38,439	\$(9,775)

Note : Balances were arising from held for trading financial liabilities and financial assets mandatorily measured at fair value through profit or loss.

D. Finance costs

	For the years ended December 31,	
	2022	2021
Interest on borrowings from bank	\$25,395	\$17,092
Interest on bonds payable	—	5,796
Interest on lease liabilities	1,500	1,529
Total	\$26,895	\$24,417

(19) Components of other comprehensive income

For the year ended December 31, 2022 :

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not to be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	\$1,284	—	—	\$1,284
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	36,393	36,393	\$(7,279)	29,114
Total of other comprehensive income (loss)	\$37,677	\$37,677	\$(7,279)	\$30,398

For the year ended December 31, 2021 :

	Arising during the period	Reclassificati on adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not to be reclassified to profit or loss:					
Remeasurements of defined benefit pension plans	\$(1,503)	—	\$(1,503)	—	\$(1,503)
Items that may be reclassified subsequently to profit or loss :					
Exchange differences on translation of foreign operations	(102,541)	—	(102,541)	\$20,508	(82,033)
Total of other comprehensive income (loss)	<u>\$(104,044)</u>	<u>—</u>	<u>\$(104,044)</u>	<u>\$20,508</u>	<u>\$(83,536)</u>

(20) Income tax

A. The major components of income tax expense (benefit) for the years ended December 31, 2022 and 2021 were as follows :

(a) Income tax expense (benefit) recognized in profit or loss

	For the years ended December 31,	
	2022	2021
Current income tax expense (benefit):		
Current income tax charge	\$38,761	\$1,251
Adjustments in respect of current income tax of prior periods	(56)	(944)
Deferred income tax expense (benefit):		
Deferred income tax expense (benefit) relating to origination and reversal of temporary differences	(1,738)	3,886
Deferred income tax related to recognition and derecognition of tax losses and unused tax credits	—	15,589
Total income tax expense	<u>\$36,967</u>	<u>\$19,782</u>

(b) Income tax recognized in other comprehensive income

	For the years ended December 31,	
	2022	2021
Deferred tax expense (benefit):		
Exchange differences on translation of foreign operations	<u>\$7,279</u>	<u>\$(20,508)</u>

B. The reconciliation of income tax expense and income tax based on pre-tax net income at the statutory tax rate was as follows:

	For the years ended December 31,	
	2022	2021
Accounting profit income before tax from continuing operations	\$453,693	\$488,437
Tax at the domestic rates applicable to profits in the country concerned	\$90,739	\$97,687
Tax effect of revenues exempt from taxation	—	(401)
Tax effect of expenses not deductible for tax purposes	2	1,073
Tax effect of deferred tax assets/liabilities	(60,186)	(78,030)
Corporate income surtax on undistributed retained earnings	6,468	397
Adjustments in respect of current income tax of prior periods	(56)	(944)
Total income tax expense recognized in profit or loss	\$36,967	\$19,782

C. Balance of deferred income tax assets (liabilities) relate to the following :

For the year ended December 31, 2022 :

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized exchange (losses)	\$(904)	\$4,169	—	\$3,265
Allowance for bad debts	(1,231)	390	—	(841)
Allowance for inventory valuation	6,900	(400)	—	6,500
Share of profit (loss) of subsidiaries accounted for using the equity method	(50,093)	(2,774)	—	(52,867)
Exchange differences on translation of foreign operations	39,089	—	\$(7,279)	31,810
Downstream transaction not realized	1,200	353	—	1,553
Deferred tax income/(expense)		\$1,738	\$(7,279)	
Net deferred income tax assets / (liabilities)	\$(5,039)			\$(10,580)
Reflected in balance sheets as follows:				
Deferred income tax assets	\$47,189			\$43,128
Deferred income tax liabilities	\$(52,228)			\$(53,708)

For the year ended December 31, 2021 :

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized exchange (losses)	\$(718)	\$(186)	—	\$(904)
Allowance for bad debts	(1,004)	(227)	—	(1,231)
Allowance for inventory valuation	6,600	300	—	6,900
Share of profit (loss) of subsidiaries accounted for using the equity method	(46,693)	(3,400)	—	(50,093)
Exchange differences on translation of foreign operations	18,581	—	\$20,508	39,089
Downstream transaction not realized	1,573	(373)	—	1,200

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Unused tax losses	15,589	(15,589)	—	—
Deferred tax income/ (expense)		\$(19,475)	\$20,508	
Net deferred income tax assets / (liabilities)	\$(6,072)			\$(5,039)
Reflected in balance sheet as follows:				
Deferred income tax assets	\$42,343			\$47,189
Deferred income tax liabilities	\$(48,415)			\$(52,228)

- D. Unrecognized deferred income tax liabilities related to investment subsidiaries  
The company may generate income tax payable when repatriating undistributed surplus of some subsidiaries. The related deferred income tax liabilities were not recognized because of the company has decided not to distribute the earnings of subsidiaries in the foreseeable future. As of December 31, 2022 and 2021, the amount of taxable temporary differences not recognized as deferred income tax was \$123,356 thousand and \$116,883 thousand, respectively.
- E. The Company's income tax returns for all the fiscal years up to 2020 have been assessed and approved by the R.O.C. Tax Authority.

#### (21) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributes to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributes to ordinary equity owners of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2022	2021
(1) Basic earnings per share		
Net income	\$416,726	\$468,655
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	102,041	97,224
Basic earnings per share (NT\$)	\$4.08	\$4.82
(2) Diluted earnings per share		
Net income	\$416,726	\$468,655
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	102,041	97,224
Effect of dilution :		
Employee compensation – stock (thousand shares)	166	101
Weighted average number of common stocks after dilution (thousand shares)	102,207	97,325
Diluted earnings per share (NT\$)	\$4.08	\$4.82

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

## 7. Related Party Transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

### Name and nature relationship of related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Jih Long Industry Co., Ltd.	Other related parties
Jih Hong Electronic Co., Ltd.	Other related parties
Jih Yin Precision Co., Ltd.	Other related parties
Hongxiu International Investment Co., Ltd	Other related parties
Weishan International Investment Co., Ltd	Other related parties
MOSPEC Semiconductor Corp.	Other related parties
Tasi, Shang-Yen and other nine people	Key management personal of the Company
Speedy investment limited	Subsidiary
Jih Li Technology Co., Ltd	Subsidiary
Jih-Linchpin Limited	Subsidiary
Malaysian SH Precision Sdn.Bhd.	Subsidiary
SH Precision Co.,Ltd.	Subsidiary
Jinan Jihlong Technology Co., Ltd.	Subsidiary
Suzhou SH Precision Co., Ltd.	Subsidiary

### (1) Sales

	For the years ended	
	December 31,	
	2022	2021
Subsidiaries	\$235,820	\$150,436
Other related parties	139	—
Total	<u>\$235,959</u>	<u>\$150,436</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection periods to foreign customers were month-end 30~180 days, and non-related parties domestic and foreign customers were month-end 30~180 days. The receivables from the related parties were not guaranteed.

(2) Purchase

	For the years ended	
	December 31,	
	2022	2021
Subsidiaries	\$322,759	\$409,119
Other related parties	2,530	1,250
Total	<u>\$325,289</u>	<u>\$410,369</u>

The purchase price from the related parties was determined through mutual agreement in reference to market conditions. The payment periods to related parties were the same with other company, and were month-end three to four months.

(3) Receivables - related parties

	December 31,	December 31,
	2022	2021
Subsidiaries		
Malaysia SH Precision Sdn.Bhd.	\$32,289	\$34,054
Jinan Jihlong Technology Co., Ltd.	2,027	11,895
Others	3,406	7,428
Other related parties	32	—
Total	<u>\$37,754</u>	<u>\$53,377</u>

The credit conditions for the account receivable of the related parties are collection within 90 days after the sale which is equivalent to that of general customers.

(4) Other receivables - related parties

	December 31,	December 31,
	2022	2021
Subsidiaries	\$97	\$—

(5) Account payables - related parties

	December 31,	December 31,
	2022	2021
Subsidiaries		
Jinan Jihlong Technology Co., Ltd.	\$2,252	\$12,851
Suzhou SH Precision Co., Ltd.	85,539	104,199
Others	754	1,129
Other related parties	1,391	263
Total	<u>\$89,936</u>	<u>\$118,442</u>

The credit conditions for the account payable of the related parties are payment within 90 days after the purchase which is equivalent to that of general supplier.

(6) Other payables - related parties

	December 31, 2022	December 31, 2021
Subsidiaries		
Jih Li Technology Co., Ltd	\$28,391	\$36,961
Others	87	36
Other related parties	3,185	4,321
Total	<u>\$31,663</u>	<u>\$41,318</u>

(7) Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$16,841	\$17,440
Post-employment benefits	467	418
Total	<u>\$17,308</u>	<u>\$17,858</u>

(8) Commissioned processing

	For the years ended December 31,	
	2022	2021
Subsidiaries		
Jih Li Technology Co., Ltd	\$84,519	\$99,495
Others	340	—
Other related parties	10,051	10,304
Total	<u>\$94,910</u>	<u>\$109,799</u>

(9) Acquisition of property, plant and equipment

		For the year ended December 31, 2022	
Name of the related parties	Asset Name	Cost	Price determination method
Subsidiaries	Tooling	<u>\$244</u>	Negotiate
		For the year ended December 31, 2021	
Name of the related parties	Asset Name	Cost	Price determination method
Subsidiaries	Machinery	\$83	Negotiate
Subsidiaries	Tooling	<u>2,031</u>	Negotiate
	Total	<u>\$2,114</u>	

8. Assets Pledged as Collateral

None

9. Commitments and Off Balance Sheet Commitments

- (1) As of December 31, 2022, the Company had opened an unused letter of credit amounting to USD 1,240 thousand and JPY 28,659 thousand.
- (2) As of December 31, 2022, the Company had customs bond and the guarantees provided by bank to custom amounting to NT\$ 4,500 thousand.
- (3) As of December 31, 2022, please Note 13.(1), Page 70, for the endorsement guarantee provided by the Company.

10. Losses Due to Major Disasters

None

11. Significant Subsequent Events

None

12. Others

- (1) Categories of financial instruments

Financial assets

	December 31, 2022	December 31, 2021
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	\$292,894	\$470,033
Notes receivables and Account receivables (including related parties)	420,798	615,624
Other receivables (including related parties)	2,186	2,085
Refundable deposits	10	10
Total	<u>\$715,888</u>	<u>\$1,087,752</u>

Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities at amortized cost:		
Short-term borrowings	\$113,505	\$50,000
Notes payables, account payables and other payables (including related parties)	219,163	285,680
Long-term borrowings (including current portion)	1,386,847	1,465,765
Lease liabilities (including related parties)	105,724	107,893
Total	<u>\$1,825,239</u>	<u>\$1,909,338</u>

## (2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk preference.

The Company has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

## (3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

### Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and JPY. The information of the sensitivity analyses is as follows:

- A. When NTD increased / decreased USD by 1%, the profit for the years ended December 31, 2022 and 2021 is increased by \$3,460 thousand and \$6,657 thousand, and decreased by \$3,460 thousand and \$6,657 thousand, respectively.
- B. When NTD increased / decreased JPY by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased by NT\$99 thousand and increased by \$213 thousand, respectively, when NTD increase. And it increased by NT\$99 thousand and decreased by NT\$213 thousand, respectively, when NTD decrease.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and 2021 to increase by \$1,500 thousand and decrease by \$1,516 thousand, respectively.

#### (4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all trading parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain trading parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2022 and 2021, amounts receivables from top ten customers represent 61.5% and 67.27%, respectively, of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

## (5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

### Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2022					
Borrowings	\$279,471	\$1,166,191	\$65,238	\$703	\$1,511,603
Amounts payables	\$218,222	—	—	—	\$218,222
Lease liabilities	\$4,728	\$9,095	\$8,735	\$110,840	\$133,398
December 31, 2021					
Borrowings	\$127,570	\$341,512	\$1,057,039	\$1,076	\$1,527,197
Amounts payables	\$285,523	—	—	—	\$285,523
Lease liabilities	\$4,367	\$8,735	\$8,735	\$115,207	\$137,044

## (6) Fair values of financial instruments

### A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities :

- (a) The carrying amount of cash and cash equivalents, accounts receivables, other receivables, other current assets, accounts payable, other payables and current portion of long-term borrowings approximate their fair value.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- (c) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc).
- (d) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

## B. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, accounts receivables, accounts payable, other receivables and refundable deposits whose carrying amount approximate their fair value, the fair value of the Company's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	<u>Carrying Amount</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial liabilities		
Short-term borrowings	\$113,505	\$50,000
Long-term borrowings (including current portion)	\$1,386,847	\$1,465,765
	<u>Fair value</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial liabilities		
Short-term borrowings	\$113,505	\$50,000
Long-term borrowings (including current portion)	\$1,379,838	\$1,459,900

## C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8), Page 68-69, for fair value measurement hierarchy for financial instruments of the Company.

### (7) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022 :

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
As of January 1, 2022	\$50,000	\$1,465,765	\$107,893	\$1,623,658
Cash flows	63,505	(78,918)	(4,727)	(20,140)(Note1)
Non-cash changes				
Interest expense	—	—	2,558	2,558
As of December 31, 2022	<u>\$113,505</u>	<u>\$1,386,847</u>	<u>\$105,724</u>	<u>\$1,606,076</u>

Note 1: The amount does not include interest paid of 24,611 thousand and cash dividend of 408,164 thousand.

Reconciliation of liabilities for the year ended December 31, 2021 :

	Short-term borrowings	Long-term borrowings	Corporate bonds payable	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	—	\$1,515,732	\$573,007	\$111,003	\$2,199,742
Cash flows	\$50,000	(49,967)	—	(4,639)	(4,606)(Note 2)
Non-cash changes					
Interest expense	—	—	5,796	1,529	7,325
Discount amortization	—	—	(3,051)		(3,051)
Corporate bonds equity composition	—	—	(575,752)	—	(575,752)
As of December 31, 2021	\$50,000	\$1,465,765	\$—	\$107,893	\$1,623,658

Note 2: The amount does not include interest paid of 17,133 thousand and cash dividend of 235,223 thousand.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows :

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. following table presents the fair value measurement hierarchy of the Company's assets and liabilities on a recurring basis:

As of December 31, 2022 : None

As of December 31, 2021 : None

### Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

### The detail movement of recurring fair value measurements in Level 3

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy during the period is as follows:

As of December 31, 2022 : None

	Assets	Liabilities
	Fair value through profit or loss	Fair value through profit or loss
	Derivative financial instruments	Derivative financial instruments
As of January 1, 2021	\$838	\$—
Total gains and losses recognized	2,007	—
Gains and losses of conversion bonds	(2,845)	—
As of December 31, 2021	\$—	\$—

Total (losses) gains related to assets recognized for the period of 2021 amounted to NT\$2,007 thousand and NT\$0 thousand.

- C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

Investment properties held by the Company are not measured at fair value. The fair value measurements of the investment properties were categorized within Level 3. The fair value of investment property is equivalent to the carrying value as of December 31, 2022 and 2021.

- (9) Significant assets and liabilities denominated in foreign currencies (excluding functional currency)

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below :

	December 31, 2022			December 31, 2021		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>						
Monetary item :						
USD	\$13,178	30.71	\$404,711	\$24,148	27.68	\$668,420
JPY	\$26,515	0.2324	\$6,162	\$187,011	0.2405	\$44,976
<u>Financial liabilities</u>						
Monetary item :						
USD	\$1,911	30.71	\$58,677	\$99	27.68	\$2,738
JPY	\$68,904	0.2324	\$16,013	\$98,386	0.2405	\$23,662

Functional currencies of entities of the Company are varied. Accordingly, the Company is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange (losses) gains were \$38,439 thousand and \$(11,782) thousand for the years ended December 31, 2022 and 2021, respectively.

#### (10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

### 13. Additional Disclosures

- (1) Information at significant transactions and on investees and (2) Information on investees  
Information at significant transactions and on investees for the year ended December 31, 2022 as below :
- A. Financing provided to others : Please refer to Attachment 1.
  - B. Endorsement/Guarantee provided to others: Please refer to Attachment 2.
  - C. Securities held (excluding investments in subsidiaries, associates and joint ventures): None.
  - D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100,000 thousand or 20 percent of the capital stock : None.
  - E. Acquisition of individual real estate with amount exceeding the lower of NT\$300,000 thousand or 20 percent of the capital stock : None.
  - F. Disposal of individual real estate with amount exceeding the lower of NT\$300,000 thousand or 20 percent of the capital stock : None.
  - G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100,000 thousand or 20 percent of the capital stock : Please refer to Attachment 3.
  - H. Receivables from related parties with amounts exceeding the lower of NT\$100,000 thousand or 20 percent of capital stock : None.
  - I. Financial instruments and derivative transactions : None.
  - J. Names, locations and related information of investees : Please refer to Attachment 4.
- (2) Information on investments in mainland China
- A. Information on investments in mainland China : Please refer to Attachment 5.
  - B. Significant transactions with the investee companies in China directly or indirectly through the third area and the relevant prices, payment terms and unrealized gains and losses for the year ended December 31, 2022 :
    - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period : Please refer to Attachment 6.
    - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period : Please refer to Attachment 6.
    - (c) The amount of property transactions and the amount of the resultant gains or losses : None.
    - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes : Please refer to Attachment 2.
    - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds : None.
    - (f) Other transactions that have a material effect on the profit or loss for the period or on the financial position : None.
- (3) Information of major shareholders : Please refer to Attachment 7.

## JIH LIN TECHNOLOGY CO., LTD AND INVESTEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

### Attachment 1

#### FINANCING PROVIDED TO OTHERS

No (Note 1)	Lender	Counterparty	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 8)	Actual Amount Provided	Interest Rate Range	Nature of Financing (Note 4)	Amount of Sales to (Purchases from) Counter- party (Note 5)	Reason for Financing (Note 6)	Loss Allowance	Collateral		Limit of Financing Amount for Individual Counter- Party(Note 7)	Limit of Total Financing Amount (Note 7)
													Item	Value		
0	Jih Lin Technology Co., Ltd	Malaysian SH Precision Sdn. Bhd	Other receivables -related parties	Yes	—	\$100,000	—	—	The need for short-term financing	—	Business turnover	—	—	—	\$618,371	\$1,236,742
0	Jih Lin Technology Co., Ltd	SH Precision Co., Ltd	Other receivables -related parties	Yes	—	\$100,000	—	—	The need for short-term financing	—	Business turnover	—	—	—	\$618,371	\$1,236,742

Note 1 : Companies are coded as follows:

(1) Jih Lin Technology Co., Ltd. is coded "0"

(2) The investees are coded from "1" in the order presented in the table above.

Note 2 : Shall disclose the transaction belongs to loans as Account receivable-related company 、 Account receivable-related parties 、 owners' current account 、 Prepayment 、 temporary payments etc.

Note 3 : The maximum balance of financing provided to others that year.

Note 4 : The nature of financing shall be disclosed as the need for business or the need for short-term financing.

Note 5 : Shall disclose the amount of sales(purchase) if the nature of financing is the need for business. This amount is the transaction amount between the lender and its counterparty for latest year.

Note 6 : Shall describe the purpose of loan and the use of funds in counterparty side if the nature of financing is the need for short-term financing, e.g. repay the loan 、 purchase the equipment 、 business turnover etc.

Note 7 : Account to the Operating Procedures for Loaning Funds to Others, the total lending amount to the company which is a oversea company 100% shares held by the Company directly or indirectly, doesn't be limited to 40% of the Company's net worth.

Take 20% of \$3,091,855 thousand, the Company's net worth as of September 30, 2022, amounted to 618,371 thousand as individual limitation. And Take 40% of \$3,091,855 thousand, the Company's net worth as of September 30, 2022, amounted to \$1,236,742 thousand as total limitation.

Note 8 : If a publicly offered company lends to others and submits it to the board one by one for resolution in accordance with Article 14, Item 1 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although it has not yet allocated funds, the resolution result should be included in balance amount of the announcement to disclose the risks it bears; However, if the funds are repaid later, the balance after repayment should be disclosed to reflect the adjustment of risk. If a publicly offered company authorizes the chairperson to allocate loans or recycle them in installments within a certain amount one year base on the resolution in accordance with Item 2 of Article 14 of the regulation, the quota approved by the board shall be used as the balance amount declared in the announcement. Although the funds are repaid later, considering that the loan may still be allocated again, the quota approved by the Board shall be used as the balance amount declared in the announcement.

## JIH LIN TECHNOLOGY CO., LTD AND INVESTEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 2

### ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS :

No (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/Gu arantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement / Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries (Note 7)	Endorsement provided to subsidiaries in Mainland China (Note 7)
	Name	Name	Nature of Relationship (Note 2)									
0	Jih Lin Technology Co.Ltd	Malaysian SH Precision Sdn. Bhd	2	\$1,545,927	\$650,000	\$100,000	—	—	0.00%	\$2,473,483	Y	N
0	Jih Lin Technology Co. Ltd	SH Precision Co.,Ltd	2	\$1,545,927	\$650,000	\$550,000	\$178,948	—	5.79%	\$2,473,483	Y	N

Note 1 : Companies are coded as follows:

(1) Jih Lin Technology Co., Ltd. is coded "0"

(2) The investees are coded from "1" in the order presented in the table above.

Note 2 : The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types :

(1) A company that has a business relationship with the Company.

(2) A subsidiary in which the Company holds directly over 50% of common equity interest.

(3) An investee in which the Company and its subsidiaries jointly hold over 50% of common equity interest.

(4) A parent company that holds directly or indirectly over 50% through a subsidiary of the company's common equity interest.

(5) A company that has provided guarantees to the Company, and vice versa, due to contractual requirements.

(6) A company in which the Company jointly invests with other shareholders, and for which the Company has provided endorsement/guarantee in proportion to its shareholding percentage.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : According to regulations of endorsements/guarantees, the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares

The amount of guarantees/endorsements provided to a single entity is limited to \$1,545,927 thousand that 50% of the Company's net worth of \$3,091,854 thousand as of September 30, 2022; the maximum amount for guarantees/endorsement is \$2,473,483 thousand that 80% of the Company's net worth of \$3,091,854 thousand as of September 30, 2022

Note 4 : Maximum balance of endorsements/guarantees provided to others for current period.

Note 5 : The maximum balance for the period and ending balance represent the amounts approved by the Board Directors. However, where the authority has been delegated by the board to the chairperson in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, this would be the amounts approved by the chairperson.

Note 6 : The company which endorsements/guarantees by the Company should disclosed the amount actually drawn within ending balance.

Note 7 : Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in Mainland China area coded "Y".

## JIH LIN TECHNOLOGY CO., LTD AND INVESTEEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 3

RELATED PARTY TRANSACTIONS FOR PURCHASES AND SALES AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20 PERCENT OF THE CAPITAL STOCK :

Company Name	Related Party	Relationships	Transaction Detail				Details of Abnormal Transaction		Notes/ Accounts Receivables (Payables)		Note
			Purchases/ Sales	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Jih Lin Technology Co., Ltd	Malaysian SH Precision Sdn. Bhd.	Subsidiary	Sales	\$147,735	5.64%	90 days	NA	NA	Accounts Receivables \$32,289	7.77%	
Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd.	Subsidiary	Purchases	\$298,265	14.74%	120 days	NA	NA	Accounts Payables \$85,539	79.07%	
SH Precision Co., Ltd	Suzhou SH Precision Co., Ltd.	Associates	Sales	\$108,581	10.14%	60 days	NA	NA	Accounts Receivables \$45,529	20.62%	
SH Precision Co., Ltd	Suzhou SH Precision Co., Ltd.	Associates	Purchases	\$222,660	25.87%	60 days	NA	NA	Accounts Payables \$35,489	23.12%	

Note 1: If the related party's transaction conditions are different from the general transaction conditions, the unit price and credit period column should state the difference and the reason.

Note 2: If there is an advance receipt (prepayment), the reason, payment terms, amount, and differences from the general transaction type should be stated in the Remark column.

Note 3: Capital stock refers to the stock of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the capital stock shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

## JIH LIN TECHNOLOGY CO., LTD AND INVESTEEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

### Attachment 4

#### NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEEES IN MAINLAND CHINA) :

Investor Company	Investee Company (Note1.2)	Location	Main business	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of Investee (Note2(2).3)	Investment Income (Loss) Recognized (Note2(3).3)	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
Jih Lin Technology Co., Ltd	SPEEDY INVESTMENT LIMITED	United States	Investment holding	\$699,204	\$699,204	1	100.00%	\$1,121,848	\$39,744	\$43,282	-
Jih Lin Technology Co., Ltd	Jih Li Technology Co., Ltd	Taiwan	Lead frame manufacture and sales service	\$50,000	\$50,000	5,000	100.00%	\$71,599	\$8,489	\$8,971	-
Jih Lin Technology Co., Ltd	Jih-Linchpin Limited	Samoa	Investment holding	\$80,214	\$80,214	3,000	100.00%	\$743,020	\$82,134	\$85,069	-
Jih Lin Technology Co., Ltd	SH Precision Co.,Ltd	Japan	Lead frame manufacture and sales service	\$28,913	\$28,913	8	100.00%	\$321,928	\$89,040	\$88,809	-
Jih Lin Technology Co., Ltd	Malaysian SH Precision Sdn. Bhd	Malaysia	Lead frame manufacture and sales service	\$26,843	\$26,843	13,871	100.00%	\$442,454	\$88,900	\$88,669	-

Note 1: If the public company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

- (1) Column of “Investee company”, “Address”, “Main businesses and products”, “Initial investment” and “Investment as of December 31, 2021” should be filled in order according to the reinvestment status of the public company and each directly or indirectly controlled investment and indicate the relationship between each investee company and the public company (if it is a subsidiary or a grandson company) in the note column.
- (2) The amount of net income (loss) of investee company should be filled in “Net income (loss) of investee company” column.
- (3) In column “Investment income (loss) recognized” only the amount of profit and loss of each subsidiary recognized by the (public) company for direct reinvestment and each investee company evaluated by the equity method is required, and the rest is not required. When filling in the “recognition of the current profit and loss amount of each subsidiary for direct reinvestment”, it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss that should be recognized for its reinvestment in accordance with the regulations.

## JIH LIN TECHNOLOGY CO., LTD AND INVESTEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

### Attachment 5

#### INFORMATION ON INVESTMENT IN MAINLAND CHINA :

Mainland China Investee Company	Main Business	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment From Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2022	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Jinan Jihlong Technology Co., Ltd	Lead frame manufacture and sales service	\$649,784 (USD20,000 Thousands)	(2) SPEEDY INVESTMENT LIMITED	\$649,784 (USD20,000 Thousands)	—	—	\$649,784 (USD20,000 Thousands)	\$39,792	100.00%	(2).B \$39,792	\$1,128,469	\$180,277 (USD5,555 Thousands)
Suzhou SH Precision Co., Ltd.	Lead frame manufacture and sales service	\$807,154 (USD25,075 Thousands)	(2) Jih-Linchpin Limited	\$79,912 (USD2,646 Thousands)	—	—	\$79,912 (USD2,646 Thousands)	\$82,151	100.00%	(2).B \$82,151	\$745,529	—

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$729,696 (USD22,646 Thousands)	\$793,731 (USD25,846 Thousands)	— (Note 3)

Note 1 : The methods for investment in Mainland China are categorized into the following three types. Please specify the type.

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in the third area (Please specify the name of the company in third region).

(3) Others.

Note 2 : For the column of investment gain (loss) :

(1) If there is no investment gain (loss) during the preparation, it should be noted.

(2) If the basis for the recognition of investment gain (loss) is classified into the following three type, it should be noted as follows :

A. The financial report was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.

B. The financial statements were audited by the auditors of the parent company.

C. Other.

Note 3 : The Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

JIH LIN TECHNOLOGY CO., LTD AND INVESTEEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 6

INFORMATION ON INVESTMENTS IN MAINLAND CHINA\_ THE AMOUNT AND PERCENTAGE OF PURCHASE AND THE BALANCE AND PERCENTAGE OF THE RELATED PAYABLES AT THE END OF THE PERIOD :

Company Name	Related Party	Relationships	Transaction Detail				Details of Abnormal Transaction		Notes/ Accounts Receivables (Payables)		Note
			Purchases / Sales	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd	Subsidiary	Sales	\$18,929	0.72%	120 days	NA	NA	Accounts Receivables \$2,027	0.49%	—
Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd	Subsidiary	Purchases	\$20,604	1.02%	120 days	NA	NA	Accounts Payables \$2,252	2.08%	—
Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd.	Subsidiary	Sales	\$4,372	0.17%	120 days	NA	NA	Accounts Receivables \$—	—	—
Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd	Subsidiary	Purchases	\$298,265	14.74%	120 days	NA	NA	Accounts Payables \$85,539	79.07%	—
SH Precision Co., Ltd	Suzhou SH Precision Co., Ltd	Associates	Sales	\$108,581	10.14%	60 days	NA	NA	Accounts Receivables \$45,530	20.62%	—

(continued in next page)

JIH LIN TECHNOLOGY CO., LTD AND INVESTEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 6(continued)

(continued from previous page)

Company Name	Related Party	Relationships	Transaction Detail				Details of Abnormal Transaction		Notes/ Accounts Receivables (Payables)		Note
			Purchases / Sales	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
SH Precision Co., Ltd	Suzhou SH Precision Co., Ltd.	Associates	Purchases	\$222,660	25.87%	60 days	NA	NA	Accounts Payables \$35,489	23.12%	—
Suzhou SH Precision Co., Ltd.	Malaysian SH Precision Sdn. Bhd.	Associates	Sales	\$14,372	1.15%	60 days	NA	NA	Accounts Receivables \$1,863	0.72%	—
Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd	Associates	Sales	\$17,347	1.39%	60 days	NA	NA	Accounts Receivables \$1,893	0.73%	—
Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd	Associates	Purchases	\$69,968	7.83%	60 days	NA	NA	Accounts Payables \$5,368	4.53%	—

## JIH LIN TECHNOLOGY CO., LTD AND INVESTEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 7

### INFORMATION ON MAJOR SHAREHOLDERS

(In Shares)

Name of Major Shareholders	Share	
	Total Shares Owned	Ownership Percentage
Tasi, Shang-Yen	10,087,550	9.88%
Tsai, Shang-Ming	8,875,000	8.69%

Note 1 : Major shareholders in the Table above are shareholders owning 5% or more of the Company's common and preferred stocks (only the ones that have completed dematerialized registration and delivery, and include treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Company's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2 : Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be the ones owned by the persons plus the ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

**STATEMENTS OF MAJOR ACCOUNTING ITEMS  
CONTENT**

ITEM	PAGE
Cash and cash equivalents	80
Notes receivables, net	81
Account receivables, net	82
Account receivables - related parties, net	82
Other receivables	83
Other receivables - related parties	83
Inventories	84
Prepayments	85
Other current assets	85
Investments accounted for using the equity method	86
Property, plant, and equipment (Please refer to Note 6.(6), Page 35)	35~36
Right-of-use assets	87
Change in accumulated depreciation of right-of-use assets	87
Investment property movement (Please refer to Note 6.(7), Page 37)	37
Intangible assets (Please refer to Note 6.(8), Page 38)	38
Deferred tax assets (Please refer to Note 6.(20), Page 57)	57~59
Other non-current assets (Please refer to Note 6.(9), Page 38)	38
Short-term borrowings (Please refer to Note 6.(10), Page 39)	39
Contract liabilities-current	88
Account payables	89
Account payables - related parties	90
Other payables	91
Other payables - related parties	91
Current tax liabilities	92
Lease liabilities	93
Long-term borrowings (Please refer to Note 6.(11), Page 39)	39~44
Other current liabilities	94
Deferred tax liabilities (Please refer to Note 6.(20), Page 57)	57~59
Other non-current liabilities-others	95
Net defined benefit liability, non-current(Please refer to Note 6.(12), Page 45)	45~47
Net revenue	96
Cost of goods sold	97
Operating expenses	98
Interest income (Please refer to Note 6.(18), Page 55)	55
Other income (Please refer to Note 6.(18) , Page 55)	55
Other gains and losses (Please refer to Note 6.(18) , Page 56)	56
Share of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	99
Employee benefit,depreciation, depletion, and amortized expenses summarize (Please refer to Note 6.(17), Page 54)	54~55

JIH LIN TECHNOLOGY CO., LTD.

1.STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Amount	Note
Cash on hand	\$677	1. December 31, 2022
Bank Deposits :		Demand deposits in foreign currency :
Demand deposits - NT Dollars	213,054	USD 2,077,490.37
Demand deposits - foreign currency	69,840	JPY 25,989,506
Time deposits - NT Dollars	10,000	
Subtotal	292,894	
Total	\$293,571	
		2. Exchange rate  USD1 : 30.71  JPY1 : 0.2324

JIH LIN TECHNOLOGY CO., LTD.

2.STATEMENT OF NOTES RECEIVABLES, NET

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Customer	Description	Amount	Note
Client A	Lead frame sales	\$5,440	Estimate the allowance for bad debt base on the possibility of notes received
Total		5,440	
Less: Loss allowance		—	
Net		\$5,440	

Note : 1.The amount of individual client does not exceed 5% of the account balance.

2.Only use code name as customer name due to business private and confidential clause signed by company and customer

JIH LIN TECHNOLOGY CO., LTD.  
3.STATEMENT OF ACCOUNT RECEIVABLES, NET  
December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Customer	Description	Amount	Note
Client B	Lead frame sales	\$68,555	Measure allowance of bad debt base on the amount equal to the lifetime expected credit losses
Client C	Lead frame sales	58,406	
Client D	Lead frame sales	51,847	
Client E	Lead frame sales	30,659	
Client F	Lead frame sales	25,563	
Client G	Lead frame sales	22,280	
Others	(Note)	120,295	
Subtotal		377,605	
(Less) : Allowance for doubtful debts		(1)	
Net amount		<u>\$377,604</u>	

Note : 1.The amount of individual client in others does not exceed 5% of the account balance.  
2.Only use code name as customer name due to business private and confidential clause signed by company and customer.

JIH LIN TECHNOLOGY CO., LTD.  
4.STATEMENT OF ACCOUNT RECEIVABLES-RELATED PARTIES, NET  
December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Customer	Description	Amount	Note
Malaysian SH Precision Sdn. Bhd.	Lead frame sales	\$32,289	
Jinan Jihlong Technology Co., Ltd	Lead frame sales	2,027	
SH Precision Co., Ltd	Lead frame sales	2,597	
Jih Li Technology Co., Ltd	Lead frame sales	809	
MOSPEC Semiconductor Corp	Lead frame sales	32	
Total		<u>\$37,754</u>	

JIH LIN TECHNOLOGY CO., LTD.

5.STATEMENT OF OTHER RECEIVABLES

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Amount	Note
Other receivable — Others	\$2	
Income tax refund receivable — VAT	2,087	
Total	<u>\$2,089</u>	

JIH LIN TECHNOLOGY CO., LTD.

6.STATEMENT OF OTHER RECEIVABLES-RELATED PARTIES

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Customer	Description	Amount	Note
Malaysian SH Precision Sdn. Bhd.	Transportation charge	<u>97</u>	

JIH LIN TECHNOLOGY CO., LTD.

7.STATEMENT OF INVENTORIES

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Cost	Net Realizable Value	Note
Raw materials	\$329,907	\$302,601	Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Work in process	107,199	106,749	
Finished goods	195,358	190,614	
Supplies	14,342	14,342	
Total	\$646,806	\$614,306	
Less : Allowance for inventory valuation losses	(32,500)		
Net Amount	\$614,306		

JIH LIN TECHNOLOGY CO., LTD.  
8.STATEMENT OF PREPAYMENTS

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Amount	Note
Other prepaid expenses	\$3,801	
Office supplies	1,835	
Net defined benefit asset	624	
Input tax (VAT)	57	
Total	<u>\$6,317</u>	

JIH LIN TECHNOLOGY CO., LTD.  
9.STATEMENT OF OTHER CURRENT ASSETS

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Amount	Note
Temporary payments	<u>\$3</u>	

JIH LIN TECHNOLOGY CO., LTD.

10.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

For the year ended December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Investee Company	Beginning Balance		Acquisition		Disposal		Ending Balance			Fair Value or Net Equity Value		Valuation Basis	Collateral	Note
	Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Ownership Percentage	Amount	Unit price	Total Amount			
SPEEDY INVESTMENT LIMITED	1	\$1,061,365	—	\$64,279	—	\$(3,796)	1	100.00%	\$1,121,848	—	\$1,121,848	Equity method	None	
Jih Li Technology Co., Ltd	5,000	70,473	—	8,971	—	(7,845)	5,000	100.00%	71,599	—	71,599	Equity method	None	
Jih-Linchpin Limited	3,000	648,995	—	95,044	—	(1,019)	3,000	100.00%	743,020	—	743,020	Equity method	None	
Malaysian SH Precision Sdn. Bhd.	13,871	339,427	—	106,750	—	(3,723)	13,871	100.00%	442,454	—	442,454	Equity method	None	
SH Precision Co.,Ltd	8	239,005	—	89,040	—	(6,117)	8	100.00%	321,928	—	321,928	Equity method	None	
Total		<u>\$2,359,265</u>		<u>\$364,084</u>		<u>\$(22,500)</u>			<u>\$2,700,849</u>		<u>\$2,700,849</u>			

(Note1) : Include current share of profit or loss of subsidiaries accounted using the equity method 39,744 thousand,current realized deferred credit which not realize in prophase 5,366 thousand , current downstream not realized 742 thousand, current cumulative translation adjustment 15,631 thousand and current upstream and tributary transaction not realized 2,796 thousand.

(Note2) : Include current not realized deferred credit 3,796 thousands

(Note3) : Include current share of profit or loss of subsidiaries accounted using the equity method 8,489 thousand and current upstream and tributary transaction not realized 482 thousand.

(Note4) : Include surplus alloctaion 7,845 thousand in 2021.

(Note5) : Include current share of profit or loss of subsidiaries accounted using the equity method 82,134 thousand, current realized deferred credit which not realize in prophase 705 thousand , current cumulative translation adjustment 9,270 thousand, and current upstream and tributary transaction not realized 2,936 thousand.

(Note6) : Include current unrealized deferred credit amount 1,019 thousand.

(Note7) : Include current share of profit or loss of subsidiaries accounted using the equity method 88,900 thousand, current realized deferred credit which not realize in prophase 473 thousand. , and current cumulative translation adjustment 17,377 thousand

(Note8) : Include current current upstream and tributary transaction not realized 775 thousand and current realized deferred credit which not realize in prophase 2,948 thousand.

(Note9) : Include current share of profit or loss of subsidiaries accounted using the equity method 89,040 thousand.

(Note10) : Include current cumulative translation adjustment 5,886 thousands and current upstream and tributary transaction not realized 231 thousand.

JIH LIN TECHNOLOGY CO., LTD.

11. RIGHT-OF-USE ASSETS

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Beginning Balance	Changes			Ending Balance	Note
		Acquisition	Disposal	Reclassification		
Land	\$70,858	—	—	—	\$70,858	
Buildings and facilities	1,059	\$1,058	(\$1,059)	—	1,058	
Total	\$71,917	\$1,058	(\$1,059)	—	\$71,916	

JIH LIN TECHNOLOGY CO., LTD.

12. STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF  
RIGHT-OF-USE ASSETS

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Beginning Balance	Changes			Ending Balance	Note
		Acquisition	Disposal	Reclassification		
Land	\$7,027	\$2,350	—	—	\$9,377	
Buildings and facilities	1,059	\$353	(\$1,059)	—	353	
Total	\$8,086	\$2,703	(\$1,059)	—	\$9,730	

JIH LIN TECHNOLOGY CO., LTD.

13.STATEMENT OF CHANGES IN CONTRACT LIABILITIES-CURRENT

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Customer	Description	Amount	Note
Client H	Sales	\$4,138	
Client I	Sales	1,800	
Total		<u>\$5,938</u>	

Note: Only use code name as customer name due to business private and confidential signed by company and customer.

JIH LIN TECHNOLOGY CO., LTD.

14.STATEMENT OF ACCOUNTS PAYABLES

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Supplier	Description	Amount	Note
Vendor A	Payment for materials	\$8,716	
Vendor B	Payment for materials	3,745	
Vendor C	Payment for materials	1,042	
Vendor D	Payment for materials	978	
Vendor E	Payment for materials	966	
Others	(Note)	2,797	
Total		<u>\$18,244</u>	

Note : 1.The amount of individual vendor in others does not exceed 5% of the account balance

2.Only use code name as customer name due to business private and confidential clause signed by company and customer

JIH LIN TECHNOLOGY CO., LTD.

15.STATEMENT OF ACCOUNT PAYABLES - RELATED PARTIES

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Supplier	Description	Amount	Note
Suzhou SH Precision Co., Ltd.	Finish goods	\$85,539	
Jinan Jihlong Technology Co., Ltd.	Finish goods	2,252	
SH Precision Co., Ltd	Finish goods	179	
Jih Long Industry Co., Ltd.	Payment for materials	1,391	
Malaysian SH Precision Sdn. Bhd.	Finish goods	575	
Total		<u>\$89,936</u>	

JIH LIN TECHNOLOGY CO., LTD.  
16.STATEMENT OF OTHER PAYABLES  
December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Accrued salaries	Payroll and award responsible for December 2022	\$27,931	
Accrued bonuses	Employee bonus responsible for 2022	10,000	
Accrued payable for equipment	Purchase equipment	1,363	
Accrued service charge	CPA and actuary audit fee	3,174	
Accrued pension	Funding under Labor pension art	1,303	
Accrued insurance premium	Labor insurance premium and health insurance premium	3,841	
Accrued utilities expense	Water bill and electronic bill	2,753	
Others		28,955	
Total		<u>\$79,320</u>	

JIH LIN TECHNOLOGY CO., LTD.  
17.STATEMENT OF OTHER PAYABLES - RELATED PARTIES  
December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Supplier	Description	Amount	Note
Jih Li Technology Co., Ltd	Processing fee	\$28,391	
Jih Long Industry Co., Ltd	Processing fee	1,921	
Jih Yin Precision Co., Ltd	Processing fee	1,264	
SH Precision Co., Ltd	Service charge	87	
Total		<u>\$31,663</u>	

JIH LIN TECHNOLOGY CO., LTD.

18.STATEMENT OF CURRENT TAX LIABILITIES

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Current tax liabilities	Income tax payable	\$38,757	
Total		<u>\$38,757</u>	

JIH LIN TECHNOLOGY CO., LTD.  
 19.STATEMENT OF CURRENT LEASE LIABILITIES  
 December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Description	Lease term	Discount rates	Ending Balance	Note
Land		2019.01.01 ~ 2068.08.15	1.40%	\$63,465	
Buildings and facilities		2019.01.01 ~ 2028.12.31	1.40%	42,259	
			Subtotal	105,724	
			Less: current portion	(3,274)	
			Noncurrent portion	\$102,450	

JIH LIN TECHNOLOGY CO., LTD.

20. STATEMENT OF OTHER CURRENT LIABILITIES

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Temporary receipts	Temporary receipts and employee welfare fund	\$249	
Receipts under custody	Withhold income tax, labor insurance fee and health insurance fee, on behalf of	227	
Total		<u>\$476</u>	

JIH LIN TECHNOLOGY CO., LTD.

21.STATEMENT OF OTHER NON-CURRENT LIABILITIES - OTHERS

December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Deposits received	Deposits of factory lease	<u>\$10,000</u>	

JIH LIN TECHNOLOGY CO., LTD.

22.STATEMENT OF NET REVENUE

For the year ended December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Units	Amount
TO Lead Frame	1,766,840 KPCS	\$920,996
Discrete	12,718,484 KPCS	852,751
Others	(Note)	853,803
Subtotal		2,627,550
Less : Sales returns		(4,636)
Sales discounts and allowances		(1,547)
Net		\$2,621,367

(Note) : Part, molding, automated equipment, maintenance and plating service etc. with different measuring unit and formal specification are included in others.

JIH LIN TECHNOLOGY CO., LTD.  
23. STATEMENT OF COST OF GOOD SOLD  
For the year ended December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Amount
Manufacturing :	
Raw materials purchased	\$1,635,617
Add : Raw materials, beginning balance	286,714
Work in process transfer in	588,759
Others	3,427
Inventory gain	697
Less : Raw materials, ending balance	(329,907)
Sale of raw materials	(585,710)
Transferred to work in progress	(33,923)
Direct material	1,565,674
Materials purchased	66,456
Add : Materials, beginning balance	12,772
Others	4,436
Less : Materials, ending balance	(14,342)
Transfer to expense	(20,480)
Indirect material	48,842
Direct labor	66,330
Manufacturing Expenses	345,077
Purchases	18,001
Add : Semi-finished goods, beginning balance	29,243
Work in progress transfer in	1,127,444
Others	(179)
Less : Semi-finished goods, ending balance	(50,088)
Sale of semi-finished goods	(189,343)
Inventory loss	(398)
Semi-finished goods	934,680
Manufacturing Costs	2,960,603
Add : Work in progress, beginning balance	68,903
Finished goods transfer in	84,454
Raw materials transfer in	33,923
Less : Work in progress, ending balance	(57,111)
Transferred to direct material	(588,759)
Transferred to semi-finished goods	(1,127,444)
Cost of Finished Goods	1,374,569
Add : Finished goods, beginning balance	167,463
Less : Finished goods, ending balance	(195,358)
Add : Finished goods purchased	303,538
Others	6,523
Less : Transferred to equipment	(11,189)
Transferred to semi-finished goods	(84,454)
Cost of Goods Sold – Self-made	1,561,092
Less : Inventory valuation losses	(2,000)
Cost of Goods Sold – Self-made	1,559,092
Other Cost of Goods Sold	773,002
Total Cost of Goods Sold	\$2,332,094

JIH LIN TECHNOLOGY CO., LTD.

24.STATEMENT OF OPERATING EXPENSES

For the year ended December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Selling Expenses	Administration Expenses	Research and Development Expenses
Payroll expenses	\$7,299	\$53,354	\$12,423
Rental expense	1,589	90	—
Insurance expense	1,259	3,793	1,230
Depreciation expense	16	22,355	55
Commission expense	16,200	—	—
Import&Export charges	9,941	—	—
Others (Note)	3,177	34,770	(3,252)
Total	<u>\$39,481</u>	<u>\$114,362</u>	<u>\$10,456</u>

(Note) : The balance amount doesn't exceed 5% of each expense amount.

JIH LIN TECHNOLOGY CO., LTD.

25. SHARE OF PROFIT (LOSS) OF SUBSIDIARIES, ASSOCIATE, AND JOINT VENTURES  
ACCOUNTED FOR USING THE EQUITY METHOD

For the year ended December 31, 2022

Amounts in Thousands of New Taiwan Dollars

Item	Amount
Investments accounted for using the equity method	\$314,800