

**JIH LIN TECHNOLOGY CO., LTD.
AND SUBSIDIARIES**

**Consolidated Financial Statements
with Independent Auditors' Review Report
for the Three-Months Periods Ended
March 31, 2023 and 2022**

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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.

CONSOLIDATED FINANCIAL STATEMENTS

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Independent Auditors' Review Report

To JIH LIN TECHNOLOGY CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of JIH LIN TECHNOLOGY CO., LTD. (the "Company") and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively "the consolidated financial statements"). Management is responsible for the preparation and fair preparation of those consolidated financial statement in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on those consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Standard on Review Engagements No. 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity". A view of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A view is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we will become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2023 and 2022, their consolidated financial performance and and cash flows for the three months period ended March 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Chen, Cheng-Chu

Hung, Kuo-Sen

Ernst & Young, Taiwan

May 9, 2023

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JIH LIN TECHNOLOGY CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
As of March 31, 2023, December 31, 2022 and March 31, 2022 (March 31, 2023 and 2022 are reviewed, not audited)
(Amounts in thousands of New Taiwan Dollars)

Assets		March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and stockholders' equity		March 31, 2023		December 31, 2022		March 31, 2022	
Items	Note	Amount	%	Amount	%	Amount	%	Items	Note	Amount	%	Amount	%	Amount	%
Current assets								Current liabilities							
Cash and cash equivalents	4/ 6. (1)	\$952,269	18	\$859,969	15	\$827,731	15	Short-term borrowings	6. (9)	\$226,176	4	\$292,453	5	\$172,950	3
Notes receivable, net	4/ 6. (2),(14)	2,387	0	5,440	0	23,836	—	Contract liabilities - current	6. (13)	7,303	0	8,653	0	15,646	0
Account receivable, net	4/ 6. (3),(14)	895,904	17	1,004,535	18	1,255,306	22	Account payable		251,103	5	294,875	6	448,006	8
Account receivables - related parties, net	4/ 6.(3),(14) / 7	159	0	32	0	90	0	Account payable - related parties	7	16	0	1,391	0	0	0
Other receivable		60,137	1	64,104	1	47,816	1	Other payable		485,234	9	150,670	3	552,398	10
Current tax assets		6,754	0	4,830	0	3,169	0	Other payable - related parties	7	5,589	0	8,227	0	10,074	0
Inventories	4/ 6. (4)	1,574,193	29	1,697,280	31	1,589,276	28	Current tax liabilities	4/ 6. (19)	55,513	1	72,002	1	29,321	1
Prepayments		33,994	1	34,694	1	51,534	1	Current lease liabilities, non related parties	4/ 6. (15)	3,285	0	3,273	0	3,239	0
Other current assets		60	0	42	0	570	0	Current lease liabilities, related parties	4/ 6. (15)/ 7	5,051	0	5,393	0	5,575	0
Total current assets		3,525,857	66	3,670,926	66	3,799,328	67	Current portion of long-term borrowings	6. (10)	152,700	3	160,200	3	98,373	2
								Other current liabilities		4,338	0	2,712	0	7,434	0
								Total current liabilities		1,196,308	22	999,849	18	1,343,016	24
Non-current assets								Non-current liabilities							
Property, plant, and equipment	4/ 6. (5)	1,438,334	27	1,469,823	27	1,491,876	26	Long-term borrowings	6. (10)	1,192,222	23	1,226,647	22	1,302,392	23
Right-of use assets	4/ 6. (15)/ 7	85,644	2	87,703	2	94,505	2	Deferred tax liabilities	4/ 6. (19)	69,476	1	72,704	2	74,499	1
Investment property, net	4/ 6. (6)/ 12. (8)	230,063	4	231,671	4	236,497	4	Non-current lease liabilities, non related parties	4/ 6. (15)	101,624	2	102,450	2	104,909	2
Intangible assets	4/ 6. (7)	2,175	0	2,455	0	3,170	0	Non-current lease liabilities, related parties	4/ 6. (15)/ 7	3,199	0	4,258	0	8,250	0
Deferred tax assets	4/ 6. (19)	53,218	1	56,513	1	47,455	1	Other non-current liabilities - others		10,000	0	10,000	0	10,000	0
Other non-current assets	6. (8)	7,747	0	12,715	0	9,294	0	Net defined benefit liability, non-current		—	—	—	—	798	0
Total non-current assets		1,817,181	34	1,860,880	34	1,882,797	33	Total non-current liabilities		1,376,521	26	1,416,059	26	1,500,848	26
								Total liabilities		2,572,829	48	2,415,908	44	2,843,864	50
								Equity attributable to owners of the parent							
								Capital	6. (12)						
								Common stock		1,020,409	19	1,020,409	18	1,020,409	18
								Total capital		1,020,409	19	1,020,409	18	1,020,409	18
								Capital surplus	6. (12)	668,776	13	872,858	16	872,858	15
								Retained earnings	6. (12)						
								Legal reserve		255,660	5	255,660	4	208,945	4
								Special reserve		163,079	3	163,079	3	81,046	1
								Unappropriated earnings		799,367	15	937,857	17	763,059	14
								Total retained earnings		1,218,106	23	1,356,596	24	1,053,050	19
								Other equity		(137,082)	(3)	(133,965)	(2)	(108,056)	(2)
								Total equity attributable to owner of the parent		2,770,209	52	3,115,898	56	2,838,261	50
								Total equity		2,770,209	52	3,115,898	56	2,838,261	50
Total assets		\$5,343,038	100	\$5,531,806	100	\$5,682,125	100	Total liabilities and equity		\$5,343,038	100	\$5,531,806	100	\$5,682,125	100

English Translation of Consolidated Financial Statements Originally Issued in Chinese

JIH LIN TECHNOLOGY CO., LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month periods ended March 31, 2023 and 2022 (Reviewed, Not Audited)

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

Items	Note	For the three-month periods ended March 31			
		2023		2022	
		Amount	%	Amount	%
Net revenue	4/ 6. (13)/ 7	\$1,283,250	100	\$1,602,118	100
Cost of goods sold	4/ 6. (4),(7),(16)/ 7	(1,126,768)	(88)	(1,357,694)	(85)
Gross profit		156,482	12	244,424	15
Operating expenses	4/ 6. (7),(15),(16)/ 7				
Selling expenses		(24,186)	(2)	(26,952)	(2)
Administrative expenses		(71,589)	(5)	(71,142)	(4)
Research and development expenses		(25,047)	(2)	(26,635)	(2)
Expected credit gains (losses)	4/ 6. (14)	21	0	(416)	(0)
Total operating expenses		(120,801)	(9)	(125,145)	(8)
Operating income		35,681	3	119,279	7
Non-operating income and expenses					
Interest income	6. (17)	1,977	0	382	0
Other income	6. (17)	2,306	0	3,054	0
Other gains and losses	6. (17)	2,255	(0)	23,855	2
Finance costs	6. (17)/ 7	(7,936)	(0)	(5,529)	(0)
Total non-operating income and expenses		(1,398)	(0)	21,762	2
Net income before income tax		34,283	3	141,041	9
Income tax expense	4/ 6. (19)	(19,712)	(2)	(26,577)	(2)
Net income of continuing operations		14,571	1	114,464	7
Net income		14,571	1	114,464	7
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6. (18)	(3,896)	0	68,778	4
Income tax related to items that may be reclassified subsequently to profit or loss	6. (18), (19)	779	(0)	(13,755)	(1)
Total other comprehensive income (loss), net of tax		(3,117)	(0)	55,023	3
Total comprehensive income		\$11,454	1	\$169,487	10
Net income attribute to:					
Owners of the parent		\$14,571	1	\$114,464	7
Total comprehensive income attribute to:					
Owners of the parent		\$11,454	1	\$169,487	10
Earnings per share (Expressed in NTD)					
Basic earnings per share	4/ 6. (20)	\$0.14		\$1.12	
Diluted earnings per share	4/ 6. (20)	\$0.14		\$1.12	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

JIH LIN TECHNOLOGY CO., LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three-month periods ended March 31, 2023 and 2022 (Reviewed, Not Audited)

(Amounts in thousands of New Taiwan Dollars)

Items	Equity attributable to owners of the parent						Total Equity
	Common stock	Capital surplus	Retained earnings			Other Equity	
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign operations	
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 2020 retained earnings:							
Cash dividends	—	—	—	—	(204,082)	—	(204,082)
Cash dividends distributed from capital surplus	—	(204,082)	—	—	—	—	(204,082)
Profit for the three-month periods ended March 31, 2022	—	—	—	—	114,464	—	114,464
Other comprehensive income for the three-month periods ended March 31, 2022	—	—	—	—	—	55,023	55,023
Total comprehensive income	—	—	—	—	114,464	55,023	169,487
Balance as of March 31, 2022	\$1,020,409	\$872,858	\$208,945	\$81,046	\$763,059	\$(108,056)	\$2,838,261
Balance as of January 1, 2023	\$1,020,409	\$872,858	\$255,660	\$163,079	\$937,857	\$(133,965)	\$3,115,898
Appropriation and distribution of 2021 retained earnings:							
Cash dividends	—	—	—	—	(153,061)	—	(153,061)
Cash dividends distributed from capital surplus	—	(204,082)	—	—	—	—	(204,082)
Profit for the three-month periods ended March 31, 2023	—	—	—	—	14,571	—	14,571
Other comprehensive income for the three-month periods ended March 31, 2023	—	—	—	—	—	(3,117)	(3,117)
Total comprehensive income	—	—	—	—	14,571	(3,117)	11,454
Balance as of March 31, 2023	\$1,020,409	\$668,776	\$255,660	\$163,079	\$799,367	\$(137,082)	\$2,770,209

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JIH LIN TECHNOLOGY CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three-month periods ended March 31, 2023 and 2022 (Reviewed, Not Audited)
(Amounts in thousands of New Taiwan Dollars)

Items	For the three-month periods ended March 31	
	2023	2022
	Amount	Amount
Cash flows from operating activities:		
Net income before income tax	\$34,283	\$141,041
Adjustments:		
The profit or loss items:		
Depreciation	52,388	51,666
Amortization	599	611
Expected credit (profit) loss	(21)	416
Interest expense	7,936	5,529
Interest income	(1,977)	(382)
(Gain) on disposal of property, plant and equipment	(1,318)	-
Other	(450)	(1,873)
Subtotal	<u>57,157</u>	<u>55,967</u>
Changes in operating assets and liabilities:		
Changes in operating assets		
Decrease in notes receivable	3,053	19,747
Decrease in account receivable	108,651	19,911
(Increase) in account receivable from related parties	(127)	(39)
Decrease (Increase) in other receivable	4,354	(3,985)
Decrease in other receivable from related parties	-	100
Decrease (Increase) in inventories	121,796	(136,006)
Decrease (Increase) in prepayments	700	(3,733)
(Increase) Decrease in other current assets	(18)	466
Changes in operating liabilities		
(Decrease) in contract liabilities - current	(1,350)	(2,104)
(Decrease) Increase in account payable	(43,772)	37,363
(Decrease) in account payable from related parties	(1,375)	(304)
(Decrease) in other payable	(22,555)	(21,752)
(Decrease) in other payable from related parties	(2,638)	(1,818)
Increase in other current liabilities	1,626	2,391
Total changes in operating assets and liabilities	<u>168,345</u>	<u>(89,763)</u>
Cash generated from operations activities	<u>259,785</u>	<u>107,245</u>
Interest received	1,590	377
Income tax paid	(37,279)	(48,564)
Net cash provided by operating activities	<u>224,096</u>	<u>59,058</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(14,930)	(27,846)
Proceeds from disposal of property, plant and equipment	3,484	-
Acquisition of intangible assets	(168)	(311)
Decrease (Increase) in other non-current assets	2,421	(5,397)
Net cash (used in) investing activities	<u>(9,193)</u>	<u>(33,554)</u>
Cash flows from financing activities:		
(Decrease) in short-term borrowings	(66,277)	(19,239)
Repayment of long-term borrowings	(41,925)	(65,000)
Repayment of lease liabilities	(2,613)	(2,613)
Interest paid	(7,562)	(4,885)
Net cash provided by (used in) financing activities	<u>(118,377)</u>	<u>(91,737)</u>
Effect of exchange rate changes on cash and cash equivalents	(4,226)	51,381
Net Increase (Decrease) in cash and cash equivalents	92,300	(14,852)
Cash and cash equivalents, beginning of period	859,969	842,583
Cash and cash equivalents, end of period	<u>\$952,269</u>	<u>\$827,731</u>

English Translation of Financial Statements Originally Issued in Chinese
JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month Periods Ended March 31, 2023 and 2022
(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 consolidated financial statements of the Company and its subsidiaries (“the Group”) for the three-month periods ended March 31, 2023 and 2022 were authorized for issue by the Board of Directors on May 9, 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 Group 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, 2023. The adoption of these new standards and amendments had no material impact on the Group.

- (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 Group 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

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 attribute 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 Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is currently determining the potential impact of the new standards and interpretations, it is not practicable to estimate the impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by FSC.

(2) Basis of Preparation

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

(3) Basis of Consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has :

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including :

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements, and
- C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary
- B. derecognizes the carrying amount of any non-controlling interest
- C. recognizes the fair value of the consideration received
- D. recognizes the fair value of any investment retained
- E. recognizes any surplus or deficit in profit or loss
- F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			March 31, 2023	December 31, 2022	March 31, 2022
The Company	Speedy Investment Limited	Investment holding	100.00%	100.00%	100.00%
The Company	Jih Li Technology Co., Ltd	Lead frame manufacture and sales service	100.00%	100.00%	100.00%
The Company	Jih-Linchpin Limited	Investment holding	100.00%	100.00%	100.00%
The Company	SH Precision Co., Ltd	Lead frame manufacture and sales service	100.00%	100.00%	100.00%
The Company	Malaysian SH Precision Sdn. Bhd.	Lead frame manufacture and sales service	100.00%	100.00%	100.00%
Speedy Investment Limited	Jinan Jihlong Technology Co., Ltd.	Lead frame manufacture and sales service	100.00%	100.00%	100.00%
Jih-Linchpin Limited	Suzhou SH Precision Co., Ltd.	Lead frame manufacture and sales service	100.00%	100.00%	100.00%

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling 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.

(5) Translation of Financial Statements in Foreign Currency

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange 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 considering as 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 re-attributed to the non-controlling interests in that foreign operation. 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.

(6) Current and Non-Current Distinction

An asset is classified as current when :

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Group holds the asset primarily for the purpose of trading.
- C. The Group 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 Group expects to settle the liability in its normal operating cycle.
- B. The Group 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 Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) 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.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group 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 Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group 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 Group'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 Group 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 Group 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 Group 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 Group 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 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 Group 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 Group 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 Group 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 Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivable arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group 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 59, 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 Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Group 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 Group 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.

(9) Derivative Instrument

The Group 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.

(10) 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 Group.

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 Group 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.

(11) 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.

(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 Group 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:

<u>Property, plant and equipment</u>	<u>Lives</u>
Buildings and facilities	3~50 years
Machinery and equipment	3~16 years
Tooling equipment	2~5 years
Office equipment	3~10 years
Transportation equipment	5~6 years
Leasehold improvements	3~11 years
Other equipment	3~20 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 Group'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:

<u>Investment Property</u>	<u>Lives</u>
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 Group 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 Group 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 Group 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 Group 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 Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

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

At the commencement date, the Group 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 Group 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 Group 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 Group 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 Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset applying a cost model.

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

For short-term leases or leases of low-value assets, the Group 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.

Group as a lessor

At inception of a contract, the Group 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 Group 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 Group allocates the consideration in the contract applying IFRS 15.

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

Sale of goods

The Group 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 Group 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 Group 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 Group's sale of goods is from 30 to 180 days. For most of the contracts, when the Group 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 Group 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 attribute 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 and its domestic subsidiaries 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 and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries 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. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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. Remeasurements, 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.

The retirement benefit costs for the mid-year period are determined using the actuarial determined retirement benefit cost rate as of the end of the previous year. The calculation is based on the period from the beginning of the year to the end of the current period. Adjustments are made and disclosed for significant market fluctuations and major one-time events, such as significant reductions, settlements, or other major events that occur after the end of the previous year.

(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 Group 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.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

5. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated 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 31, for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand	\$999	\$1,129	\$978
Demand deposits	770,391	791,487	725,458
Time deposits	180,879	67,353	101,295
Total	<u>\$952,269</u>	<u>\$859,969</u>	<u>\$827,731</u>

(2) Notes receivables and Notes receivables - related parties

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivables arising from operating activities	\$2,387	\$5,440	\$23,836
Subtotal (carrying amount)	2,387	5,440	23,836
Less: loss allowance	—	—	—
Subtotal	2,387	5,440	23,836
Notes receivables arising from operating activities (related parties)	—	—	—
Subtotal (carrying amount)	—	—	—
Less: loss allowance	—	—	—
Subtotal	—	—	—
Total	\$2,387	\$5,440	\$23,836

The Group's notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.(14), Page 47-48, for more details on loss allowance and Note 12.(4), Page 59, for details on credit risk.

(3) Account receivables and Account receivables - related parties

	March 31, 2023	December 31, 2022	March 31, 2022
Account receivables	\$895,971	\$1,004,623	\$1,255,875
Subtotal (carrying amount)	895,971	1,004,623	1,255,875
Less: loss allowance	(67)	(88)	(569)
Subtotal	895,904	1,004,535	1,255,306
Account receivables-related parties	159	32	90
Subtotal (carrying amount)	159	32	90
Less: loss allowance	—	—	—
Subtotal	159	32	90
Total	\$896,063	\$1,004,567	\$1,255,396

The Group's account receivables were not pledged.

The credit terms of account receivables are generally set at 30 to 180 days from the end of month. The gross carrying amounts were NT\$896,130 thousand, NT\$1,004,655 thousand and NT\$1,255,965 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively. Please refer to Note 6.(14), Page 47-48, for loss allowance for the the three month periods ended March 31, 2023 and 2022 and Note 12.(4), Page 59, for credit risk.

(4) Inventories

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Raw materials	\$660,254	\$731,746	\$669,761
Supplies	74,636	80,052	87,909
Work in progress	283,108	306,614	310,604
Finished goods	556,195	578,868	521,002
Total	<u>\$1,574,193</u>	<u>\$1,697,280</u>	<u>\$1,589,276</u>

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$1,127,218	\$1,359,567
Benefit from inventory recovery (Note)	(450)	(1,873)
Cost of goods sale	<u>\$1,126,768</u>	<u>\$1,357,694</u>

Note : Benefit from inventory recovery is affected by the international price of copper.

The aforementioned inventories were not pledged.

(5) Property, plant and equipment

	March 31, 2023	December 31, 2022	March 31, 2022
Owner occupied property, plant and equipment	<u>\$1,438,334</u>	<u>\$1,469,823</u>	<u>\$1,491,876</u>

A. Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Tooling equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost: :										
As of January 1, 2022	\$42,468	\$926,418	\$1,167,372	\$322,336	\$36,114	\$27,789	\$10,160	\$57,553	\$82,340	\$2,672,550
Additions	—	2,232	483	5,117	325	2,393	—	1,026	16,270	27,846
Disposals	—	(10,825)	(9,986)	(2,054)	(1,458)	(390)	—	(2,115)	—	(26,828)
Transfers	—	293	4,533	9,243	—	—	—	—	(3,331)	10,738
Exchange differences	(677)	9,909	24,364	5,417	785	258	—	1,419	2,044	43,519
As of March 31, 2022	<u>\$41,791</u>	<u>\$928,027</u>	<u>\$1,186,766</u>	<u>\$340,059</u>	<u>\$35,766</u>	<u>\$30,050</u>	<u>\$10,160</u>	<u>\$57,883</u>	<u>\$97,323</u>	<u>\$2,727,825</u>
As of January 1, 2023	<u>\$41,413</u>	<u>\$996,716</u>	<u>\$1,217,907</u>	<u>\$356,545</u>	<u>\$38,018</u>	<u>\$30,014</u>	<u>\$10,477</u>	<u>\$61,966</u>	<u>\$46,848</u>	<u>\$2,799,904</u>
Additions	—	1,429	1,226	4,206	253	—	—	130	7,686	14,930
Disposals	—	(5,762)	(13,796)	(15,099)	(1,976)	—	(92)	(2,893)	—	(39,618)
Transfers	—	271	10,633	7,713	833	—	—	700	(19,301)	849
Exchange differences	(469)	(639)	163	(2,363)	(62)	(24)	—	208	(320)	(3,506)
As of March 31, 2023	<u>\$40,944</u>	<u>\$992,015</u>	<u>\$1,216,133</u>	<u>\$351,002</u>	<u>\$37,066</u>	<u>\$29,990</u>	<u>\$10,385</u>	<u>\$60,111</u>	<u>\$34,913</u>	<u>\$2,772,559</u>

	Land	Buildings	Machinery and equipment	Tooling equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment :										
As of January 1, 2022	—	\$227,571	\$680,214	\$205,928	\$17,580	\$21,491	\$6,488	\$31,456	—	\$1,190,728
Depreciation	—	10,534	18,945	14,265	1,436	669	253	1,813	—	47,915
Disposals	—	(10,825)	(9,986)	(2,054)	(1,458)	(390)	—	(2,115)	—	(26,828)
Transfers	—	—	—	(152)	—	—	—	—	—	(152)
Exchange differences	—	4,834	15,455	2,662	349	169	—	817	—	24,286
As of March 31, 2022	—	\$232,114	\$704,628	\$220,649	\$17,907	\$21,939	\$6,741	\$31,971	—	\$1,235,949
As of January 1, 2023	—	\$256,651	\$745,114	\$237,820	\$22,069	\$23,749	\$7,498	\$37,180	—	\$1,330,081
Depreciation	—	11,337	20,138	12,959	1,349	602	266	1,985	—	48,636
Disposals	—	(5,762)	(13,796)	(12,945)	(1,976)	—	(92)	(2,881)	—	(37,452)
Transfers	—	—	—	(3,323)	—	—	—	—	—	(3,323)
Exchange differences	—	(1,010)	(323)	(2,484)	(21)	(8)	—	129	—	3,717
As of March 31, 2023	—	\$261,216	\$751,133	\$232,027	\$21,421	\$24,343	\$7,672	\$36,413	—	\$1,334,225
Net carrying amount as of :										
March 31, 2022	\$41,791	\$695,913	\$482,138	\$119,410	\$17,859	\$8,111	\$3,419	\$25,912	\$97,323	\$1,491,876
December 31, 2022	\$41,413	\$740,065	\$472,793	\$118,725	\$15,949	\$6,265	\$2,979	\$24,786	\$46,848	\$1,469,823
March 31, 2023	\$40,944	\$730,799	\$465,000	\$118,975	\$15,645	\$5,647	\$2,713	\$23,698	\$34,913	\$1,438,334

B. The significant part of the Group'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 three-month periods ended March 31, 2023 and 2022.

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

(6) Investment property

The Group's investment properties include both owned Technology Industrial Park buildings and investment properties held by the Group as right-of-use assets. The Group 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 Group as right-of-use assets with non-cancellable period of 10 years. Some of these contracts provide the Group options to extend the leases.

	Buildings	Right-of-use assets	Total
Cost :			
As of January 1, 2022	\$212,391	\$45,001	\$257,392
Transfer in from property, plant and equipment	—	—	—
As of March 31, 2022	\$212,391	\$45,001	\$257,392
As of January 1, 2023	\$212,391	\$45,001	\$257,392
Transfer in from property, plant and equipment	—	—	—
As of March 31, 2023	\$212,391	\$45,001	\$257,392
Depreciation and impairment :			
As of January 1, 2022	\$15,930	\$3,357	\$19,287
Depreciation	1,327	281	1,608
As of March 31, 2022	\$17,257	\$3,638	\$20,895
As of January 1, 2023	\$21,239	\$4,482	\$25,721
Depreciation	1,327	281	1,608
As of March 31, 2023	\$22,566	\$4,763	\$27,329
Net carrying amount as of :			
March 31, 2022	\$195,134	\$41,363	\$236,497
December 31, 2022	\$191,152	\$40,519	\$231,671
March 31, 2023	\$189,825	\$40,238	\$230,063
For the three-month periods ended March 31,			
	2023	2022	
Rental income from investment properties	\$7,855	\$7,855	

The Group'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. (15), Page 48-50, for relevant disclosure as required by IFRS 16.

(7) Intangible assets

A.Details was as follows:

	<u>Computer software</u>
Cost:	
As of January 1, 2022	\$17,307
Addition-acquired separately	311
Disposals	(491)
Exchange differences	(206)
As of March 31, 2022	<u>\$16,921</u>
As of January 1, 2023	\$17,488
Addition-acquired separately	168
Disposals	—
Reclassification	47
Exchange differences	(184)
As of March 31, 2023	<u>\$17,519</u>
Amortization and Impairment:	
As of January 1, 2022	\$13,957
Amortization	459
Disposals	(491)
Exchange differences	(174)
As of March 31, 2022	<u>\$13,751</u>
As of January 1, 2023	\$15,033
Amortization	483
Disposals	—
Exchange differences	(172)
As of March 31, 2023	<u>\$15,344</u>
Net carrying amount as of:	
March 31, 2022	<u>\$3,170</u>
December 31, 2022	<u>\$2,455</u>
March 31, 2023	<u>\$2,175</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 :

	For the three-month periods ended March 31,	
	2023	2022
Cost of goods sold	\$74	\$86
Operating expenses	\$409	\$373

(8) Other non-current assets

	March 31, 2023	December 31, 2022	March 31, 2022
Advance payments in equipments	\$1,935	\$4,669	\$4,226
Refundable deposits	1,935	3,751	2,096
Other non-current assets - other	3,877	4,295	2,972
Total	\$7,747	\$12,715	\$9,294

(9) Short-term borrowings

A. Details was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Secured loan	\$176,176	\$178,948	\$110,591
Raw Material Financing	—	63,505	—
Unsecured loans	50,000	50,000	62,359
Total	\$226,176	\$292,453	\$172,950

B. Interest rate ranges and due date :

	March 31, 2023	December 31, 2022	March 31, 2022
Interest rates	0.87%~1.43%	0.5285%~5.55%	0.86%~2.52586%
Due date	2023.4.27~2023.6.16	2023.1.28~2023.6.17	2022.4.28~2022.7.8
Unused short-term lines of credits amounted	\$2,508,916	\$2,433,479	\$2,202,624

(10) Long-term borrowings

A. Details of long-term borrowings as of March 31, 2023 was as follows:

Creditor	March 31, 2023	Rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from Bank Mizuho	\$50,000	1.9800%	The loan amount is 50,000 thousand. Effective March 15, 2023 to June 10, 2024. Repayment of principal with monthly interest payments.

Creditor	March 31, 2023	Rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from Bank of Taiwan	15,000	1.9545%	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 March 31, 2023, first to eighteenth principal have been repaid, and the principal for each period is 7,500 thousand.
Syndication unsecured loan from Taishin Bank -A	300,000	2.2364%	The loan amount is 300,000 thousand. Effective March 13, 2023 to September 20, 2025. Repayment of principal with monthly interest payments.
Syndication unsecured loan from Taishin Bank -A	600,000	2.2364%	The loan amount is 600,000 thousand. Effective March 7, 2023 to September 20, 2025. Repayment of principal with monthly interest payments.
Unsecured Mid-to Long - Term Loan from E. Sun Bank – Operation Revolving (Note)	83,333	1.250%	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 March 31, 2023, first to eighth 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)	32,692	1.250%	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 March 31, 2023, first to ninth 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)	43,617	1.250%	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 March 31, 2023, first to sixth 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)	53,750	1.250%	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 March 31, 2023, first to fifth principal have been repaid, and the principal for each period is 1,250 thousand.

Creditor	March 31, 2023	Rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from First Commercial Bank – Operation Revolving (Note)	44,711	1.250%	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 March 31, 2023, the first to fourth principal has been repaid, and the principal for each period is 1,016 thousand.
Unsecured Mid-to Long - Term Loan from E. Sun Bank – Machinery (Note)	55,167	1.250%	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 March 31, 2023, first to eighth 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)	31,488	1.250%	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 March 31, 2023, first to ninth 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)	2,484	1.250%	The loan amount is 2,610 thousand. Since December 15, 2022, principal is repaid at 31 thousand in 83 monthly payments with monthly interest payments. As of March 31, 2023, the first to fourth 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)	32,680	1.250%	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 March 31, 2023, first to fifth principal have been repaid, and the principal for each period is 760 thousand.
Less: Due within one year	<u>(152,700)</u>		
Total	<u>\$1,192,222</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	<u>March 31, 2023</u>	<u>March 31, 2023</u>
	Operation Revolving	Machinery
Interest rate ranges	1.250%	1.250%
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, 2022 was as follows:

<u>Creditor</u>	<u>December 31, 2022</u>	<u>Rate (%)</u>	<u>Maturity date and terms of repayment</u>
Unsecured Mid-to Long - Term Loan from Bank Mizuho	\$50,000	1.85%	The loan amount is 50,000 thousand. Effective June 15, 2022 to June 10, 2024. Repayment of principal with monthly interest payments.
Unsecured Mid-to 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	2.091%	The loan amount is 300,000 thousand. Effective December 13, 2020 to September 20, 2025. Repayment of principal.
Syndication unsecured loan from Taishin Bank -A	600,000	2.083%	The loan amount is 600,000 thousand. Effective December 7, 2020 to September 20, 2025. Repayment of principal.
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.

Creditor	December 31, 2022	Rate (%)	Maturity date and terms of repayment
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, first principal has been repaid, and the principal for each period is 1,016 thousand.
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, first principal has been repaid, and the principal for each period is 31 thousand.

Creditor	December 31, 2022	Rate (%)	Maturity date and terms of repayment
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	\$1,226,647		

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	1.1250%	1.1250%
Due date	August 21, 2024~ November 15, 2026	August 6, 2024~ October 15, 2029
Unused mid-to long-term lines of credits amounted	—	—

C. Details of long-term borrowings as of March 31, 2022 was as follows:

Creditor	March 31, 2022	Rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from Bank of Taiwan	37,500	1.5106%	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 March 31, 2022, first to fifteenth principal have been repaid, and the principal for each period is 7,500 thousand.
Syndication unsecured loan from Taishin Bank -B	300,000	1.4177%	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	1.4583%	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	0.75%	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.

Creditor	March 31, 2022	Rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from Taishin Bank—Operation Revolving (Note)	50,000	0.75%	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.
Unsecured Mid-to Long - Term Loan from Chang Hwa Bank—Operation Revolving (Note)	50,000	0.85%	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	0.75%	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	0.75%	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	0.75%	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	0.75%	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	0.85%	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	0.75%	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	(98,373)		
Total	<u><u>\$1,302,392</u></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	March 31, 2022	March 31, 2022
	Operation Revolving	Machinery
Interest rate ranges	0.75%~0.85%	0.75%~0.85%
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

- D. 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 10 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 : Medium 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 there is no default. Next check is the second quarter of 2023.

(11)Post-employment benefits plan

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2023 and 2022 were \$2,265 thousand and \$2,014 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended March 31, 2023 and 2022 were (\$2) thousand and \$1 thousand, respectively.

(12) Equities

A. Common stock

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company's authorized capital were both \$1,500,000 thousand, and share issued were both \$1,020,409 thousand with 102,041 thousand shares, each at a par value of NT\$10.

B. Additional paid-in capital

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Share premium	\$629,858	\$833,940	\$833,940
Acquiring or disposing subsidiaries	38,918	38,918	38,918
Total	<u>\$668,776</u>	<u>\$872,858</u>	<u>\$872,858</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the group. 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) Reserve for tax payments
- (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 March 31, 2023 and 2022, 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, 2012, the additional legal reserve \$82,033 thousand was set aside and \$12,953 thousand was reversed in 2022 and 2021 respectively. As of March 31, 2023 and 2022, 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	—	—
Set Special reserve(Reverse)	(\$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 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 May 9, 2023. 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 Note 6. (16), Page 51, for information on the employees and directors' compensation.

(13) Net revenue

	For the three-month periods ended March 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$885,194	\$1,064,777
Other operating revenue	398,056	537,341
Total	<u>\$1,283,250</u>	<u>\$1,602,118</u>

Analysis of revenue from contracts with customers during the three month periods ended March 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

	For the three-month periods ended March 31,	
	2023	2022
TO Leadframe	\$433,589	\$461,150
Discrete device	301,394	444,145
Module	150,210	159,482
Other	398,057	537,341
Total	<u>\$1,283,250</u>	<u>\$1,602,118</u>

Timing of revenue recognition :

At a point in time	<u>\$1,283,250</u>	<u>\$1,602,118</u>
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B. Contract balances

Contract liabilities — current

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Sale of goods	<u>\$ 7,303</u>	<u>\$ 8,653</u>	<u>\$ 15,646</u>	<u>\$ 17,750</u>

The significant changes in the Group balances of contract liabilities for the three-month periods ended March 31, 2023 and 2022 are as follows:

	For the three-month periods ended March 31,	
	2023	2022
Revenue recognized during the period that was included in the beginning balance	\$(2,715)	\$(10,689)
Deducting the amount incurred and transferred to revenue during the period	—	(1,310)
Increase in receipt in advance during the period	1,365	9,895

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.

(14) Expected credit loss (gain)

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Operating expense – Expected credit loss (gain)		
Contract asset	—	—
Notes receivables	—	—
Account receivables	\$(21)	\$416
Total	<u>\$(21)</u>	<u>\$416</u>

Please refer to Note 12.(4), Page 59, for more details on credit risk.

The Group 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 Group's loss allowance as of March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

The Group 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:

	<u>March 31, 2023</u>						Total
	Neither past	Past due					
	due(Note)	30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$856,896	\$41,621	—	—	—	—	\$898,517
Loss ratio	—	0.01%-10%	—	—	—	—	
Lifetime expected credit losses	—	(67)	—	—	—	—	(67)
Subtotal	<u>\$856,896</u>	<u>\$41,554</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$898,450</u>

	<u>December 31, 2022</u>						Total
	Neither past	Past due					
	due(Note)	30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$987,978	\$22,001	\$116	—	—	—	\$1,010,095
Loss ratio	—	0.01%-10%	1%-15%	—	—	—	
Lifetime expected credit losses	—	(87)	(1)	—	—	—	(88)
Subtotal	<u>\$987,978</u>	<u>\$21,914</u>	<u>\$115</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$1,010,007</u>

	<u>March 31, 2022</u>						<u>Total</u>
	<u>Neither past due(Note)</u>	<u>30 days</u>	<u>31-60 days</u>	<u>Past due</u>			
				<u>61-90 days</u>	<u>91-120 days</u>	<u>Over 121 days</u>	
Gross carrying amount	\$1,233,479	\$41,652	\$4,670	—	—	—	\$1,279,801
Loss ratio	—	0.01%-10%	1%-15%	—	—	—	
Lifetime expected credit losses	—	(451)	(118)	—	—	—	(569)
Subtotal	<u>\$1,233,479</u>	<u>\$41,201</u>	<u>\$4,552</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$1,279,232</u>

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

The movement in the provision for impairment of receivables for the three-month periods ended March 31, 2023 and 2022 are as follows:

	<u>Account receivables</u>
As of January 1, 2022	\$139
Charge (revisal) of current period	416
Effect of changes in exchange rate	14
As of March 31, 2022	<u>\$569</u>
As of January 31, 2023	\$88
Charge (revisal) of current period	(21)
Effect of changes in exchange rate	—
As of March 31, 2023	<u><u>\$67</u></u>

(15) Leases

(1) Group as a lessee

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

The Group'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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Land	\$75,087	\$75,711	\$78,124
Leasehold improvements	2,170	2,175	2,273
Buildings and facilities	8,387	9,817	14,108
Total	<u>\$85,644</u>	<u>\$87,703</u>	<u>\$94,505</u>

During the three month periods ended of March 31, 2023 and 2022, both the Group's additions to right-of-use assets amounted to \$0 thousand, respectively.

II. Lease liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Lease liabilities	<u>\$113,159</u>	<u>\$115,374</u>	<u>\$121,973</u>
Current	\$8,336	\$8,666	\$8,814
Non-current	<u>104,823</u>	<u>106,708</u>	<u>113,159</u>
Total	<u>\$113,159</u>	<u>\$115,374</u>	<u>\$121,973</u>

Please refer to Note 6.(17)(D), Page 52, for the interest on lease liability recognized during three month periods ended March 2023 and 2022 and Note 12.(5), Page 59-60, for the maturity analysis of lease liabilities as of March 31 ,2023 and 2022.

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

Depreciation charge for right-of-use assets

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Land	\$697	\$697
Leasehold improvements	17	16
Buildings and facilities	<u>1,430</u>	<u>1,430</u>
Total	<u>\$2,144</u>	<u>\$2,143</u>

(c) Income and costs relating to leasing activities

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
The expenses relating to short-term leases	\$3,808	\$4,221
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	26	17

(d) Cash outflow relating to leasing activities

During the three-month periods ended March 31, 2023 and 2022, the Group's total cash outflows for leases amounted to \$6,845 thousand and \$7,280 thousand, respectively.

(e) Other information relating to leasing activities

Extension and termination options

Some of the Group'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 Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the Group 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 Group. The Group 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 Group 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) Group as a lessor

Please refer to Note 6.(6), Page 34-35, for relevant disclosure of the Group'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.

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Lease income for operating leases	<u>\$7,855</u>	<u>\$7,855</u>

Please refer to Note 6.(6),Page 34-35, for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of March 31, 2023, December 31,2022 and March 31,2022 are as follow:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Not later than one year	\$31,419	\$31,419	\$31,419
Later than one year and not later than two years	31,918	31,544	31,419
Later than two year and not later than three years	32,915	32,915	31,918
Later than three year and not later than four years	32,915	32,915	32,915
Later than four year and not later than five years	33,414	33,040	32,915
Later than five years	22,941	31,544	56,354
Total	<u>\$185,522</u>	<u>\$193,377</u>	<u>\$216,940</u>

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

Function Nature	For the three-month periods ended March 31,					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$95,718	\$55,269	\$150,987	\$106,907	\$55,160	\$162,067
Labor and health insurance	\$12,088	\$4,293	\$16,381	\$11,114	\$3,008	\$14,122
Pension	\$2,939	\$944	\$3,883	\$2,557	\$907	\$3,464
Other employee benefits expense	\$2,515	\$1,659	\$4,174	\$2,658	\$2,558	\$5,216
Depreciation	\$41,552	\$10,836	\$52,388	\$40,951	\$10,715	\$51,666
Amortization	\$97	\$502	\$599	\$86	\$525	\$611

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 three-month periods ended March 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors to be 6.37% and 1.70%, respectively. As such, employees' compensation and remuneration to directors were recognized as employee benefits expense at \$1,500 thousand and \$400 thousand for the three-month periods ended March 31, 2023, respectively.

Based on profit of the three-month periods ended March 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors to be 2.59% and 1.18%, respectively. As such, employees' compensation and remuneration to directors were recognized as employee benefits expense at \$3,300 thousand and \$1,500 thousand for the three-month periods ended ended March 31, 2022, respectively.

A resolution was approved by the Board of Directors to distribute \$10,000 thousand and \$2,400 thousand in cash as employees' compensation and remuneration to directors and supervisors for the year of 2022, respectively, at March 21 2023. Another fixed payment for independent directors' remuneration is \$1,440 thousand. There were no material differences between the approved amount and the estimated amount which recognized in the year of 2022.

Actual payment are \$10,900 thousand and \$4,866 thousand 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.

(17) Non-operating income and expenses

A. Interest income

	For the three-month periods ended March 31,	
	2023	2022
Finance asset measured at amortized cost – Bank deposit	\$1,977	\$382

B. Other income

	For the three-month periods ended March 31,	
	2023	2022
Rental income	\$713	\$941
Others income – other	1,593	2,113
Total	\$2,306	\$3,054

C. Other gains and losses

	For the three-month periods ended March 31,	
	2023	2022
Foreign exchange losses, net	\$998	\$23,923
Gains on disposal of property, plant and equipment	1,318	–
Others	(61)	(68)
Total	\$2,255	\$23,855

D. Finance costs

	For the three-month periods ended March 31,	
	2023	2022
Interest on borrowings from bank	\$7,538	\$5,100
Interest on lease liabilities	398	429
Total	\$7,936	\$5,529

(18) Components of other comprehensive income

For the three-month periods ended March 31, 2023 :

	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 may be reclassified subsequently to profit or loss :					
Exchange differences on translation of foreign operations	\$ (3,896)	–	\$(3,896)	\$779	\$(3,117)

For the three-month periods ended March 31, 2022 :

	Arising during the period	Reclassificati on adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensiv e income	Other comprehensive income, net of tax
Items that may be reclassified subsequently to profit or loss :					
Exchange differences on translation of foreign operations	\$ 68,778	—	\$68,778	\$(13,755)	\$55,023

(19) Income tax

A. The major components of income tax expense (benefit) for the three-month periods ended March 31, 2023 and 2022 were as follows:

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

	<u>For the three-month periods ended March 31,</u>	
	2023	2022
Current income tax expense (benefit):		
Current income tax charge	\$17,021	\$28,723
Adjustments in respect of current income tax of prior periods	1,581	(5,190)
Deferred income tax expense (benefit):		
Deferred income tax expense (benefit) relating to origination and reversal of temporary differences	1,280	2,485
Deferred income tax related to recognition and derecognition of tax losses and unused tax credits	(287)	379
Others	117	180
Total income tax expense	<u>\$19,712</u>	<u>\$26,577</u>

(b) Income tax recognized in other comprehensive income

	<u>For the three-month periods ended March 31,</u>	
	2023	2022
Deferred tax expense (benefit):		
Exchange differences on translation of foreign operations	<u>\$(779)</u>	<u>\$13,755</u>

B. The assessment of income tax returns

As of March 31, 2023, the assessments of the income tax returns of the Company and its subsidiaries are as follows :

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2020
Subsidiary- Jih Li Technology Co., Ltd	Assessed and approved up to 2021

(20) 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 three-month periods ended March 31,	
	2023	2022
A. Basic earnings per share		
Net income	\$14,571	\$114,464
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	102,041	102,041
Basic earnings per share (NT\$)	\$0.14	\$1.12
B. Diluted earnings per share		
Net income	\$14,571	\$114,464
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	102,041	102,041
Effect of dilution :		
Employee compensation — stock (thousand shares)	17	32
Weighted average number of common stocks after dilution(thousand shares)	\$102,058	\$102,073
Diluted earnings per share (NT\$)	\$0.14	\$1.12

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 of 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 Group

Significant transactions with the related parties

(1) Sales

	For the three-month periods ended March 31,	
	2023	2022
Other related parties	\$151	\$86

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 three-month periods ended March 31,	
	2023	2022
Other related parties	\$15	\$—

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

	March 31, 2023	December 31, 2022	March 31, 2022
Other related parties	\$159	\$32	\$90

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) Account payables - related parties

	March 31, 2023	December 31, 2022	March 31, 2022
Other related parties	\$16	\$1,391	\$—

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.

(5) Other payables - related parties

	March 31, 2023	December 31, 2022	March 31, 2022
Other related parties	\$5,589	\$8,227	\$10,074

(6) Lease - related parties

Rent Expense

	For the three-month periods ended March 31,	
	2023	2022
Other related parties	\$180	\$180

Right-of-use assets (The ending balance of the right-of-use asset acquired by lease from the related party)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other related parties			
Jih Hong Electronic Co., Ltd	\$6,029	\$6,891	\$9,475
Others	1,740	2,221	3,663
Total	<u>\$7,769</u>	<u>\$9,112</u>	<u>\$13,138</u>

Lease liabilities (The ending balance of lease liability payable to the related party)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other related parties			
Jih Hong Electronic Co., Ltd	\$6,425	\$7,330	\$10,026
Others	1,825	2,321	3,799
Total	<u>\$8,250</u>	<u>\$9,651</u>	<u>\$13,825</u>

Interest expense (The interest amount of lease liability payable to the related party)

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$30</u>	<u>\$50</u>

(7) Key management personnel compensation

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$5,116	\$4,992
Post-employment benefits	131	107
Total	<u>\$5,247</u>	<u>\$5,099</u>

(8) Commissioned processing

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$5,345</u>	<u>\$9,418</u>

8. Assets Pledged as Collateral

None

9. Commitments and Off Balance Sheet Commitments

- (1) As of March 31, 2023, the Company had opened an unused letter of credit amounting to USD 735 thousand and JPY 23,642 thousand.
- (2) As of March 31, 2023, the Company had customs bond and the guarantees provided by bank to custom amounting to NT\$ 4,500 thousand.
- (3) As of March 31, 2023, please Note 13.(1), Page 64, 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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets measured at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	\$951,270	\$858,840	\$826,753
Notes receivables and Account receivables (including related parties)	898,450	1,010,007	1,279,232
Other receivables (including related parties)	60,137	64,104	47,816
Refundable deposits	1,935	3,751	2,096
Total	<u>\$1,911,792</u>	<u>\$1,936,702</u>	<u>\$2,155,897</u>

Financial liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial liabilities at amortized cost:			
Short-term borrowings	\$226,176	\$292,453	\$172,950
Notes payables, account payables and other payables (including related parties)	741,942	455,163	1,010,478
Long-term borrowings (including current portion)	1,334,922	1,386,847	1,400,765
Lease liabilities (including related parties)	113,159	115,374	121,973
Total	<u>\$2,416,199</u>	<u>\$2,249,837</u>	<u>\$2,706,166</u>

(2) Financial risk management objectives and policies

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

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

The Group 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 Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group'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 strengthens / weakens against USD by 1%, the profit for the three month periods ended March 31, 2023 and 2022 decrease/increase by \$9,019 thousand and \$7,263 thousand respectively.
- B. When NTD strengthens / weakens against JPY by 1%, the profit for the three month periods ended March 31, 2023 and 2022 decrease/increase by \$100 thousand and \$503 thousand, respectively.

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group 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 three-month periods ended March 31, 2023 and 2022 to decrease/increase by NT\$1,571 thousand and NT\$1,574 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 Group 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 Group's established policy, procedures and controls relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of March 31, 2023, December 31, 2022 and March 31, 2022, amounts receivables from top ten customers represent 39.49%, 33.88% and 40.83%, respectively, of the total accounts receivables of the Group, 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 Group's treasury in accordance with the Group's policy. The Group 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 Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group'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
March 31, 2022					
Borrowings	\$384,781	\$1,154,139	\$42,366	\$606	\$1,581,892
Accounts payables	\$740,828	—	—	—	\$740,828
Lease liabilities	\$9,853	\$12,220	\$8,735	\$109,748	\$140,556

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2022					
Borrowings	\$458,617	\$1,166,191	\$65,238	\$703	\$1,690,749
Accounts payables	\$454,024	—	—	—	\$454,024
Lease liabilities	\$10,213	\$13,381	\$8,735	\$110,840	\$143,169
March 31, 2023					
Borrowings	\$278,278	\$273,022	\$1,034,057	\$979	\$1,586,336
Accounts payables	\$1,009,974	—	—	—	\$1,009,974
Lease liabilities	\$10,453	\$17,705	\$8,735	\$114,116	\$151,009

(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 Group to measure or disclose the fair values of financial assets and financial liabilities :

- (a) The carrying amount of cash and cash equivalents, account 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 Group's financial assets and financial liabilities measured at amortized cost is listed in the table below :

	Carrying Amount		
	March 31, 2023	December 31, 2022	March 31, 2022
Financial liabilities			
Short-term borrowings	\$226,176	\$292,453	\$172,950
Long-term borrowings (including current portion)	\$1,344,922	\$1,386,847	\$1,400,765
	Fair value		
	March 31, 2023	December 31, 2022	March 31, 2022
Financial liabilities			
Short-term borrowings	\$226,176	\$292,453	\$172,950
Long-term borrowings (including current portion)	\$1,338,352	\$1,379,838	\$1,396,187

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8), Page 62, for fair value measurement hierarchy for financial instruments of the Group.

(7) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month periods ended March 31, 2023 :

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As of January 1, 2023	\$292,453	\$1,386,847	\$115,374	\$1,794,674
Cash flows	(66,277)	(41,925)	(2,613)	(110,815)(Note1)
Non-cash changes				
Interest expense	—	—	398	398
As of March 31, 2023	\$226,176	\$1,344,922	\$113,159	\$1,684,257

Note 1: The amount does not include interest paid of 7,562 thousand.

Reconciliation of liabilities for for the three-month periods ended March 31, 2022 :

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As of January 1,2022	\$192,189	\$1,465,765	\$123,099	\$1,781,053
Cash flows	(19,239)	(65,000)	(2,613)	(86,852)(Note2)
Non-cash changes				
Interest expense	—	—	1,487	1,487
As of March 31, 2022	\$172,950	\$1,400,765	\$121,973	\$1,695,688

Note 2: The amount does not include interest paid of 4,885 thousand.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets 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 assets or liabilities, either directly or indirectly.

Level 3 – Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group 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 Group's assets and liabilities

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

As of March 31, 2023 : None

As of December 31, 2022 : None

As of March 31, 2022 : None

Transfers between Level 1 and Level 2 during the period

During the three-month periods ended March 31, 2023 and 2022, 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 :

The three-month periods ended March 31, 2023 : None

The three-month periods ended March 31, 2022 : None

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 Group 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 March 31, 2023, December 31, 2022 and March 31, 2022.

(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 :

	March 31, 2023			December 31, 2022		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>						
Monetary item :						
USD	\$31,959	30.4500	\$973,139	\$27,163	30.7100	\$834,161
JPY	\$89,729	0.2288	\$20,530	\$43,965	0.2324	\$10,217
<u>Financial liability:</u>						
Monetary item :						
USD	\$2,338	30.4500	\$71,198	\$4,895	30.7100	\$150,319
JPY	\$46,092	0.2288	\$10,546	\$69,341	0.2324	\$16,115

	March 31, 2022		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item :			
USD	\$34,063	28.6250	\$975,042
JPY	\$303,132	0.2353	\$71,327
<u>Financial liability:</u>			
Monetary item :			
USD	\$8,691	28.6250	\$248,769
JPY	\$89,191	0.2353	\$20,987

Functional currencies of entities of the Group are varied. Accordingly, the Group 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 \$998 thousand and \$23,923 thousand for the three-month periods ended December 31, 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Group'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 Group 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 for the three-month periods ended March 31, 2023 :
 - A. Financing provided to others : None.
 - B. Endorsement/Guarantee provided to others : Please refer to Attachment 1.
 - C. Securities held (excluding subsidiaries, associates and joint venture) : 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 : None.
 - 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. Others: significant intercompany relationships and significant intercompany transactions : Please refer to Attachment 2.
- (2) Information on investees : Names, locations and related information of investees: Please refer to Attachment 3.
- (3) Information on investments in mainland China
 - A. Information on investments in mainland China : Please refer to Attachment 4.
 - 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 three-month periods ended March 31, 2023 :
 - (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 5.

- (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 5.
- (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 : None.
- (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.

(4) Information of major shareholders : Please refer to Attachment 6.

14. Segment Information

Industry financial information :

The principal activities of the Company and subsidiaries are to tooling manufacture 、lead frame manufacture and sales service. Because a single industry does not need to disclose its segment information.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Attachment 1

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS :

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee 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	Relationship (Note 2)									
0	Jih Lin Technology Co., Ltd	Malaysian SH Precision Sdn. Bhd	2	\$1,557,949	\$100,000	\$100,000	—	—	0.00%	\$2,492,718	Y	N
0	Jih Lin Technology Co., Ltd	SH Precision Co., Ltd	2	\$1,557,949	\$550,000	\$550,000	\$176,176	—	5.65%	\$2,492,718	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 over 50% 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.

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 \$1,557,949 thousand that 50% of the Company's net worth of \$3,115,898 thousand as of December 31, 2022; the maximum amount for guarantees/endorsement is \$2,492,718 thousand that 80% of the Company's net worth of \$3,115,898 thousand as of December 31, 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 SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Attachment 2

THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023:

No. (Note 1)	Company Name	Counter Party	Relationship with the Company (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Jih Lin Technology Co., Ltd	Jih Li Technology Co., Ltd	1	Cost of goods sold-Processing fee	\$13,217	90 days	1.03%
0	Jih Lin Technology Co., Ltd	Jih Li Technology Co., Ltd	1	Other payables	\$15,080	90 days	0.28%
0	Jih Lin Technology Co., Ltd	Malaysian SH Precision Sdn Bhd.	1	Sales	\$31,363	60 days	2.44%
0	Jih Lin Technology Co., Ltd	Malaysian SH Precision Sdn Bhd	1	Accounts receivable	\$31,402	60 days	0.59%
0	Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd.	1	Cost of goods sold	\$62,762	120 days	4.89%
0	Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd.	1	Accounts payable	\$82,188	120 days	1.54%
1	Suzhou SH Precision Co., Ltd.	SH Precision Co.,Ltd	3	Sales	\$38,196	60 days	2.98%
1	Suzhou SH Precision Co., Ltd.	SH Precision Co.,Ltd	3	Cost of goods sold	\$18,285	60 days	1.42%
1	Suzhou SH Precision Co., Ltd.	SH Precision Co.,Ltd	3	Accounts receivable	\$31,733	60 days	0.59%
1	Suzhou SH Precision Co., Ltd.	SH Precision Co.,Ltd	3	Accounts payable	\$47,409	60 days	0.89%
1	Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd.	3	Cost of goods sold	\$28,878	120 days	2.25%
1	Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd.	3	Accounts payable	\$10,507	120 days	0.20%

Note 1 : The parent company and its subsidiaries are coded as follows:

(1)The parent company is coded "0".

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

Note 2 : Transactions are categorized as follows:

(1)Transactions from parent company to a subsidiary.

(2)Transactions from subsidiary to the parent company.

(3)Transactions between subsidiaries.

Note 3 : Percentage of consolidated operating revenues or total assets is calculated as follows: for the balance sheet accounts, the ending balance of assets or liabilities divided by consolidated total assets, or for the income statement accounts, the interim accumulated amounts divided by consolidated sales.

Note 4 : All the above transactions were eliminated on consolidation.

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Attachment 3

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

Investor Company	Investee Company (Note1.2)	Location	Main business	Original Investment Amount		Balance as of March 31, 2023			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%	\$1,066,771	\$7,681	\$7,205	Subsidiary (Note3)
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%	\$72,665	\$945	\$1,066	Subsidiary (Note3)
Jih Lin Technology Co., Ltd	Jih-Linchpin Limited	Samoa	Investment holding	\$80,214	\$80,214	3,000	100.00%	\$746,150	\$(616)	\$(830)	Subsidiary (Note3)
Jih Lin Technology Co., Ltd	SH Precision Co.,Ltd	Japan	Lead frame manufacture and sales service	\$28,913	\$28,913	8	100.00%	\$331,932	\$14,912	\$15,089	Subsidiary (Note3)
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%	\$449,453	\$11,091	\$11,033	Subsidiary (Note3)

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.

Note 3 : All the above transactions were eliminated on consolidation.

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Attachment 4

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, 2023	Investment Flows		Accumulated Outflow of Investment From Taiwan as of March 31, 2023	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized (Note 2)	Carrying Amount as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023
					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)	\$6,307	100.00%	(2).B \$6,307	\$1,072,407	\$245,818 (USD7,778 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)	\$(615)	100.00%	(2).B \$(615)	\$748,806	—

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$729,696 (USD22,646 thousands)	\$787,011 (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) Investment in Mainland China through companies 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 SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Attachment 5

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	\$1,552	0.30%	120 days	NA	NA	Accounts Receivables \$3,922	1.13%	(Note)
Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd	Subsidiary	Purchases	\$5,903	1.73%	120 days	NA	NA	Accounts Payables \$692	0.66%	(Note)
Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd	Subsidiary	Purchases	\$62,762	18.40%	120 days	NA	NA	Accounts Payables \$82,188	78.28%	(Note)
Suzhou SH Precision Co., Ltd	SH Precision Co.,Ltd	Associates	Sales	\$38,196	16.81%	60 days	NA	NA	Accounts Receivables \$31,733	14.41%	(Note)
Suzhou SH Precision Co., Ltd	SH Precision Co.,Ltd	Associates	Purchases	\$18,285	11.60%	60 days	NA	NA	Accounts Payables \$47,409	36.19%	(Note)
Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd	Associates	Sales	\$2,747	1.21%	60 days	NA	NA	Accounts Receivables \$1,739	0.79%	(Note)
Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd	Associates	Purchases	\$28,878	18.32%	60 days	NA	NA	Accounts Payables \$10,507	8.02%	(Note)
Suzhou SH Precision Co., Ltd.	Malaysian SH Precision Sdn. Bhd	Associates	Sales	\$4,876	2.15%	60 days	NA	NA	Accounts Receivables \$4,810	2.18%	(Note)

Note : All the above transactions were eliminated on consolidation.

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 6

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.