Stock Code:2383

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

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: **No.18, Datong 1st Rd., Guanyin Dist., Taoyuan City 328, Taiwan (R.O.C.)**
Telephone: **(03)483-7937**

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

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Representation Letter

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

Company name: Elite Material Co., Ltd.
Chairman: Ding-Yu Dong
Date: February 23, 2023

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Independent Auditors' Report

To the Board of Directors of Elite Material Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Elite Material Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

   Please refer to Note (4)(o) "Revenue" and Note (6)(r) "Revenue" of the consolidated financial statements.

   Description of key audit matter:

   The recognition of revenue is based on the fact that the Group has transferred all its ownership and the significant risk of its products to the customers. The judgment on the arrival date of the products involves uncertainty under the FOB destination which is stated in the sales contracts between the Group and the customers. The Group still needs to take the risk of the products before they are delivered to customers.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Therefore, the recognition of revenue was considered to be one of the key audit matters in the audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included: assessing the accounting policies on the recognition timing of sales revenue and the appropriateness of related internal controls; testing the effectiveness of implementation of internal control ; performing cut-off test for recognition of revenue on the period before and after the reporting date to assess the rationality to the recognition timing of sales revenue.

Other Matter

Elite Material Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Chen and Hsiao-Ling Chiang.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2022

Notes to Readers

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

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

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

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022.12.31		2021.12.31	
	ASSETS	**Amount**	**%**	**Amount**	**%**
	Current Assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 10,443,618	24	6,642,069	18
1150	Notes receivable, net (Note (6)(b))	212,623	1	146,612	-
1170	Accounts receivable, net (Note (6)(b) and (7))	11,470,512	26	13,127,064	36
1200	Other receivables, net (Note (6)(c) and (7))	49,423	-	97,758	-
1310	Inventories (Note (6)(d))	4,235,908	10	5,465,411	15
1479	Other current assets, others	160,478	-	364,830	1
1220	Current tax assets	7,395	-	-	-
		26,579,957	61	25,843,744	70
	Non-Current Assets:				
1600	Property, plant and equipment (Note (6)(f))	14,679,878	34	8,468,582	23
1755	Right-of-use assets (Note (6)(g))	609,176	1	600,189	2
1780	Intangible assets	744,784	2	669,410	2
1840	Deferred tax assets (Note (6)(o))	192,172	1	281,368	1
1900	Other non-current assets	464,196	1	625,368	2
1920	Guarantee deposits paid (Note (8))	69,482	-	61,781	-
1975	Net defined benefit asset, non-current (Note (6)(n))	42,842	-	14,619	-
		16,802,530	39	10,721,317	30
	Total assets	**$ 43,382,487**	**100**	**36,565,061**	**100**

		2022.12.31		2021.12.31	
	LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2100	Short-term borrowings (Note (6)(h))	$ 5,209,815	12	2,588,894	7
2110	Short-term notes payable (Note (6)(i))	-	-	199,820	1
2170	Accounts payable	6,513,281	15	8,127,533	22
2200	Other payables (Note (7))	3,288,347	8	2,841,515	8
2230	Current tax liabilities	542,458	1	424,343	1
2280	Current lease liabilities (Note (6)(l))	12,834	-	11,604	-
2322	Long-term borrowings, current portion (Note (6)(j))	89,657	-	128,571	-
2399	Other current liabilities, others	103,632	-	162,952	-
		15,760,024	36	14,485,232	39
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Note (6)(k))	23,564	-	-	-
2530	Bonds payable (Note (6)(k))	3,302,140	8	-	-
2540	Long-term borrowings (Note (6)(j))	916,132	2	721,429	2
2570	Deferred tax liabilities (Note (6)(o))	519,997	1	859,997	2
2580	Non-current lease liabilities (Note (6)(l))	310,732	1	291,641	1
2600	Other non-current liabilities (Note (6)(m))	475,334	1	432,875	1
		5,547,899	13	2,305,942	6
	Total liabilities	21,307,923	49	16,791,174	45
	Equity attributable to owners of parent (Note (6)(p)):				
3100	Capital stock	3,329,183	7	3,329,183	9
3200	Capital surplus	2,076,279	5	1,868,661	5
	Retained earnings:				
3310	Legal reserve	2,953,134	7	2,403,968	7
3320	Special reserve	903,909	2	756,891	2
3350	Unappropriated retained earnings	13,361,349	31	12,298,052	34
3400	Other equity interest	(549,290)	(1)	(903,909)	(2)
	Total equity attributable to owners of parent:	22,074,564	51	19,752,846	55
36XX	Non-controlling interests	-	-	21,041	-
	Total equity	22,074,564	51	19,773,887	55
	Total liabilities and equity	**$ 43,382,487**	**100**	**36,565,061**	**100**

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

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

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue (Note (6)(r) and (7))**	$ 38,672,549	100	38,500,026	100
5000	**Operating costs (Note (6)(d) and (7))**	(28,962,487)	(75)	(28,431,472)	(74)
	Gross profit from operations	9,710,062	25	10,068,554	26
	Operating expenses:				
6100	Total selling expenses	(1,227,895)	(3)	(1,114,301)	(3)
6200	Total administrative expenses	(1,303,681)	(3)	(1,264,567)	(3)
6300	Total research and development expenses	(953,132)	(3)	(770,530)	(2)
6450	Impairment (loss) gain (Note (6)(b))	(107)	-	3,464	-
	Total operating expenses	(3,484,815)	(9)	(3,145,934)	(8)
	Net operating income	6,225,247	16	6,922,620	18
	Non-operating income and expenses (Note (6)(t)):				
7100	Total interest income	62,410	-	52,252	-
7020	Other gains and losses, net	192,521	-	23,291	-
7050	Finance costs, net	(184,123)	-	(76,323)	-
7770	Share of loss of associates and joint ventures accounted for using equity method	-	-	(9,944)	-
	Total non-operating income and expenses	70,808	-	(10,724)	-
7900	**Profit from continuing operations before tax**	6,296,055	16	6,911,896	18
7950	**Less: Income tax expenses (Note (6)(o))**	(1,219,815)	(3)	(1,411,739)	(4)
8200	**Profit**	5,076,240	13	5,500,157	14
	Other comprehensive income:				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	19,737	-	(1,945)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(22,173)	-	(15,335)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(3,947)	-	389	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(6,383)	-	(16,891)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	471,646	1	(164,772)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(94,198)	-	32,921	-
	Components of other comprehensive income that will be reclassified to profit or loss	377,448	1	(131,851)	-
	Other comprehensive income	371,065	1	(148,742)	-
	Total comprehensive income	**$ 5,447,305**	**14**	**5,351,415**	**14**
	Loss attributable to:				
	Owners of the parent company	$ 5,072,874	13	5,493,218	14
	Non-controlling interests	3,366	-	6,939	-
		$ 5,076,240	**13**	**5,500,157**	**14**
	Comprehensive income attributable to:				
	Owners of the parent company	$ 5,443,283	14	5,344,644	14
	Non-controlling interests	4,022	-	6,771	-
		$ 5,447,305	**14**	**5,351,415**	**14**
	Earnings per share (Note (6)(q))				
	Basic earnings per share (dollars)	**$**	**15.24**		**16.50**
	Diluted earnings per share (dollars)	**$**	**14.86**		**16.46**

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

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REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share capital		Retained earnings			Total other equity interest				
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Unrealized gains (losses) on available for sale financial assets	Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total equity
Balance at January 1, 2021	$ 3,329,183	1,868,661	2,035,014	832,393	9,430,270	(756,453)	(438)	16,738,630	16,879	16,755,509
Profit for the year ended December 31, 2021	-	-	-	-	5,493,218	-	-	5,493,218	6,939	5,500,157
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(1,556)	(131,683)	(15,335)	(148,574)	(168)	(148,742)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	5,491,662	(131,683)	(15,335)	5,344,644	6,771	5,351,415
Earnings distribution:										
Legal reserve	-	-	368,954	-	(368,954)	-	-	-	-	-
Special reserve reversal	-	-	-	(75,502)	75,502	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(2,330,428)	-	-	(2,330,428)	-	(2,330,428)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2,609)	(2,609)
Balance at December 31, 2021	3,329,183	1,868,661	2,403,968	756,891	12,298,052	(888,136)	(15,773)	19,752,846	21,041	19,773,887
Profit for the year ended December 31, 2022	-	-	-	-	5,072,874	-	-	5,072,874	3,366	5,076,240
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	15,790	376,792	(22,173)	370,409	656	371,065
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	5,088,664	376,792	(22,173)	5,443,283	4,022	5,447,305
Earnings distribution:										
Legal reserve	-	-	549,166	-	(549,166)	-	-	-	-	-
Special reserve	-	-	-	147,018	(147,018)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(3,329,183)	-	-	(3,329,183)	-	(3,329,183)
Due to recognition of equity component of convertible bonds (preference share) issued	-	207,618	-	-	-	-	-	207,618	-	207,618
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(25,063)	(25,063)
Balance at December 31, 2022	**$ 3,329,183**	**2,076,279**	**2,953,134**	**903,909**	**13,361,349**	**(511,344)**	**(37,946)**	**22,074,564**	**-**	**22,074,564**

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

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

ELITE MATERIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	$ 6,296,055	6,911,896
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	730,251	690,156
Amortization expense	44,232	29,238
Expected credit loss(gain)	107	(3,464)
Net loss on financial assets or liabilities at fair value through profit or loss	13,861	-
Interest expense	159,629	76,323
Interest income	(62,410)	(52,252)
Share of loss of associates and joint ventures accounted for using equity method	-	9,944
Loss on disposal of property, plant and equipment	699	540
Amortized discounted corporate bonds payable-interest expense	24,494	-
Dividend income	-	(24,243)
Total adjustments to reconcile profit (loss)	910,863	726,242
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(65,691)	144,696
Accounts receivable	1,842,422	(3,523,108)
Other receivable	70,498	(92,635)
Inventories	1,304,734	(1,783,772)
Other current assets	221,208	(230,475)
Other operating assets	168,524	(56,045)
Total changes in operating assets	3,541,695	(5,541,339)
Changes in operating liabilities:		
Accounts payable	(1,728,200)	2,318,681
Other payable	63,042	539,398
Other current liabilities	(72,177)	8,735
Other non-current liabilities	26,516	402,345
Total changes in operating liabilities	(1,710,819)	3,269,159
Total changes in operating assets and liabilities	1,830,876	(2,272,180)
Total adjustments	2,741,739	(1,545,938)
Cash inflow generated from operations	9,037,794	5,365,958
Interest received	69,824	60,664
Dividends received	-	24,243
Interest paid	(148,044)	(74,417)
Income taxes paid	(1,461,366)	(1,354,926)
Net cash flows from operating activities	7,498,208	4,021,522
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(20,670)	-
Net cash flow from acquisition of subsidiaries	(24,741)	-
Acquisition of property, plant and equipment	(6,492,914)	(2,470,150)
Proceeds from disposal of property, plant and equipment	-	7,942
Acquisition of intangible assets	(50,858)	(44,622)
Acquisition of right-of-use assets	-	(74,843)
Increase in refundable deposits	(6,412)	(36,681)
Other investing activities	-	227
Net cash flows used in investing activities	(6,595,595)	(2,618,127)
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,574,933	1,983,991
(Decrease) increase in short-term notes and bills payable	(200,000)	200,000
Proceeds from issuing bonds	3,499,953	-
Proceeds from long-term debt	1,114,834	750,000
Repayments of long-term debt	(957,956)	(1,014,529)
Increase in guarantee deposits received	1,313	5,179
Payment of lease liabilities	(12,459)	(11,362)
Cash dividends paid	(3,333,150)	(2,333,037)
Net cash flows from (used in) financing activities	2,687,468	(419,758)
Effect of exchange rate changes on cash and cash equivalents	211,468	(73,430)
Net increase in cash and cash equivalents	3,801,549	910,207
Cash and cash equivalents at beginning of period	6,642,069	5,731,862
Cash and cash equivalents at end of period	**$ 10,443,618**	**6,642,069**

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

(1) Organization and Business

ELITE MATERIAL CO., LTD. (the "Company") was incorporated on March 24, 1992 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The main operating activities are the manufacturing and selling of copper clad laminates, electronic-industrial specialty chemical and raw materials, work-in-process, and finished goods of electronic components. The manufacturing and selling of printed circuit board is the main source of sales revenue.

The Company's common shares were traded on the Taipei Exchange (TPEx) on December 26, 1996, and its shares were publicly listed and traded on the Taiwan Stock Exchange (TSE) on November 27, 1998. The Company's registered office is on No.18, Datong 1st Rd., Guanyin Dist., Taoyuan City 328, Taiwan (R.O.C.).

(2) Approval Date and Procedures of the Consolidated Financial Statements

The Board of Directors approved and issued the consolidated financial statements on February 23, 2023.

(3) New Standards and Interpretations Adopted:

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

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

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

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Significant Accounting Policies

The significant accounting policies adopted in the consolidated financial statements are as follows. Except for those specially indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

1) Financial assets and liabilities at fair value through profit or loss in fair value measurement;

2) Available-for-sale financial assets in fair value measurement;

3) The net defined benefit liabilities (or assets) is recognized as the fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit assets as disclosed in Note 4(q).

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group' s share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

2. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			2022.12.31	2021.12.31	
The Company	EMC OVERSEAS HOLDING INCORPORATED	Investment business	100.00 %	100.00 %	Established in British Virgin Islands in July 1996. As of December 31, 2022, the authorized issued capital of the Company was USD 36,257 thousand.
The Company	Grand Wuhan Incorporated	Investment business	100.00 %	100.00 %	Established in Cayman Islands in January 2018. As of December 31, 2022, the authorized issued capital of the Company was USD 20,020 thousand.
The Company	EMC INTERNATIONAL HOLDING INCORPORATED	Investment business	100.00 %	100.00 %	Established in Cayman Islands in July 2020. As of December 31, 2022, the paid-in capital of the Company was USD 27,042 thousand.

Name of investor	Name of subsidiary	Principal activity	Shareholding 2022.12.31	Shareholding 2021.12.31	Note
EMC OVERSEAS HOLDING INCORPORATED	Grand Zhuhai Incorporated	Investment business	100.00 %	100.00 %	Established in Cayman Islands in April 2004. As of December 31, 2022, the authorized issued capital of the Company was USD 34,618 thousand.
Grand Zhuhai Incorporated	Grand Shanghai Incorporated	Investment business	100.00 %	99.79 %	Established in British virgin Islands in May 1997. As of December 31, 2022, the authorized issued capital of the Company was USD 18,200 thousand.
Grand Zhuhai Incorporated	Grand Zhongshan Incorporated	Investment business	100.00 %	100.00 %	Established in British virgin Islands in 2004. As of December 31, 2022, the authorized issued capital of the Company was USD 16,437 thousand.
Grand Shanghai Incorporated	Elite Electronic Material (Kunshan) Co., Ltd.	Copper clad laminate and prepreg business	100.00 %	100.00 %	Established in Kunshan Economic and Technological Development Zone, Jiangsu, Mainland China in September 1997. As of December 31, 2022, the authorized issued capital of the Company was USD 63,200 thousand.
Grand Zhongshan Incorporated	Elite Electronic Material (Zhongshan) Co., Ltd.	Copper clad laminate and prepreg business	100.00 %	100.00 %	Established in Zhongshan Torch Development Zone, Guangdong province, Mainland China in July 2004. As of December 31, 2022, the authorized issued capital of the Company was USD 20,200 thousand.
Grand Wuhan Incorporated	Elite Electronic Material (Huangshi) Co., Ltd.	Copper clad laminate and prepreg business	100.00 %	100.00 %	Established in Huangshi Economic and Technological Development Zone, Hubei, Mainland China in March 2018. As of December 31, 2022, the authorized issued capital of the Company was USD 20,000 thousand.

Name of investor	Name of subsidiary	Principal activity	Shareholding 2022.12.31	Shareholding 2021.12.31	Note
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Investment business	100.00 %	100.00 %	Established in Cayman Islands in August 2020. As of December 31, 2022, where the investment of equity capital taken place in December 2022, the paid-in capital of the Company was USD 26,255 thousand.
EMC INTERNATIONAL HOLDING INCORPORATED	EMC USA HOLDING INCORPORATED	Investment business	100.00 %	100.00 %	100% invested by EMC INTERNATIONAL HOLDING INCORPORATED in December 2021.As of December 31 2022, the paid-in capital of the Company was USD 732 thousand.
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS, LLC	Copper clad laminate and prepreg business	100.00 %	100.00 %	100% invested by EMC SPECIAL APPLICATION INCORPORATED in December 2020.

3. List of subsidiaries which are not included in the consolidated interim financial statements: None.

(d) Foreign Currency

1. Foreign currency transaction

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

Exchange differences are generally recognized in profit or loss.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of a joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, Exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Assets and liabilities classified as current and non-current

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

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

1. Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, leases receivable, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

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

·debt securities that are determined to have low credit risk at the reporting date; and

·other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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

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

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being more than 90 days past due;

· the lender of the borrow, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

·it is probable that the borrower will enter bankruptcy or other financial reorganization;or

·the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

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

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

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

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities

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

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

3) Derecognizing of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in the statement of comprehensive income.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs incurred in bringing the inventories to a salable and useable location and condition. Inventory cost is calculated using the weighted-average-cost formula.

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

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group’ s share of the profit or loss and other comprehensive income of those associates after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

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

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

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation

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

Land is not depreciated.

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

1) Buildings	2 years~41 years
2) Machineries	2 years~14 years
3) Miscellaneous equipment	1 years~14 years

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

(k) Lease

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

(i) As a leasee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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

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

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(l) Intangible assets

1. Recognition and measurement

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

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

2. Subsequent expenditure

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

3. Amortization

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

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

1) Softwares	1 years~ 10 years
2) Loyalties	9 years
3) Customer relationships	13 years
4) Trademarks	15 years

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

(m) Impairment – non financial assets

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

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

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

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

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

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

(n) Provisions

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

The provision of sales discounts from defective products is recognized when selling. The provision is estimated and measured on related probabilities of historical experience data and all possible results.

(o) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods-electronic components

The Group manufactures and sells electronic components to computer manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's obligation to provide a refund for faulty products is recognized at the time of sale. Accumulated experience is used to estimate such returns. The amount estimated is recognized as a provision for warranty at reporting date.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(p) Government grants

The Group recognizes an unconditional government grant related to factory relocation of Elite Electronic Material (Kunshan) Co., Ltd. in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant; they are then recognized in deduction of depreciation on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Employee benefits

1. Defined contribution plans

Obligations for contributions to the defined contribution pension plans are recognized as employee benefit expense in profit or loss in the periods during which services are rendered by the employees.

2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group' s net obligation with respect to the defined benefit pension plans is calculated separately for each plan by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Any fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group' s obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are amended, the relating expenses, resulting from the portion of the increased benefit relating to past services provided by the employees, are recognized immediately in profit or loss to the extent that the benefits are vested immediately.

Remeasurement of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

Net interest expense and other expenses related to the defined benefit plans are recognized in retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Income taxes

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

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

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

The 10% surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. the entity has the legal right to settle tax assets and liabilities on a net basis; and
2. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
   1) levied by the same taxing authority; or
   2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(s) Business combination

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

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

(t) Earnings per share

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

(u) Operating segments

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

(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note (6)(d) for further description of the valuation of inventories.

(6) Summary of Major Accounts

(a) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	$ 522	520
Savings accounts	8,643,269	5,034,224
Time deposits	254,714	877,965
Cash equivalents	1,545,113	729,360
Cash and cash equivalents shown in the consolidated statement of cash flows	**$ 10,443,618**	**6,642,069**

Please refer to Note (6)(u) for the interest analysis of financial assets and liabilities.

(b) Notes and accounts receivable

	2022.12.31	2021.12.31
Note receivables from operating activities	$ 213,032	146,961
Trade receivables-measured as amortized cost	11,475,143	13,131,350
Less: Loss allowance	(5,040)	(4,635)
	$ 11,683,135	**13,273,676**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision in Taiwan were determined as follows:

	2022.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	$ 11,572,071	0.04%	4,301
1 to 30 days past due	97,689	0.01%	6
31 to 120 days past due	18,415	3.98%	733
More than 121 days past due	-	-	-
	$ 11,688,175		**5,040**

	2021.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	$ 13,061,161	0.03%	4,441
1 to 30 days past due	209,480	0.06%	119
31 to 120 days past due	7,670	0.98%	75
More than 121 days past due	-	-	-
	$ 13,278,311		**4,635**

The movement in the allowance for notes and trade receivable was as follows:

	For the years ended December 31,	
	2022	2021
Balance at January 1	$ 4,635	8,209
Impairment losses (gain) reversed	107	(3,464)
Foreign exchange gains/(losses)	298	(110)
Balance at December 31	**$ 5,040**	**4,635**

(c) Other receivables

	2022.12.31	2021.12.31
Other receivables	$ 49,423	94,391
Other receivables due related parties, net	-	3,367
Less: Loss allowance	-	-
	$ 49,423	**97,758**

Based on historical experience, the Group expects no credit losses by event of default from the aforementioned other receivables, therefore, the expected credit losses rate is 0.

(d) Inventories

	2022.12.31	2021.12.31
Materials	$ 2,831,081	3,525,433
Work-in-process	238,474	272,089
Finished goods	1,166,353	1,667,889
	$ 4,235,908	**5,465,411**

As of December 31, 2022 and 2021, the details of operating cost were as follows:

	2022	2021
Cost of goods sold	$ 29,110,863	28,661,243
Loss on physical inventory	680	-
Loss on disposal of scrap	1,525	6,366
Losses on inventory valuation and obsolescence	68,560	16,709
Revenue from sales of scraps	(219,141)	(252,846)
Total	**$ 28,962,487**	**28,431,472**

As of December 31, 2022 and 2021, the Group's inventories were not pledged as collateral.

Losses on inventory valuation and obsolescence are due to obsolescence or out of use, which results in that the net realizable value is lower than the cost. Therefore, it's classified as operating cost.

(e) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	2022.12.31	2021.12.31
Associates-TECHNICA USA		
(with cost of an investment of $18,426 thousand)	**$ -**	**-**

	2022	2021
Attributable to the Group:		
Loss from continuing operations	$ -	(9,944)
Other comprehensive income	-	-
Total comprehensive income	**$ -**	**(9,944)**

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

	Land	Buildings	Machineries	Other equipment	Equipment under installation and construction in progress	Total
Cost:						
Balance at January 1, 2022	$ 470,621	2,786,073	7,948,500	2,179,534	2,622,734	16,007,462
Additions(including capitalized interest expense)	2,066,622	-	-	-	4,741,837	6,808,459
Disposals	-	(483)	(59,046)	(7,580)	-	(67,109)
Reclassification	-	1,295,529	1,825,849	762,632	(3,884,010)	-
Effect of changes in foreign exchange rates	-	26,786	76,400	26,837	39,769	169,792
Balance at December 31, 2022	**$ 2,537,243**	**4,107,905**	**9,791,703**	**2,961,423**	**3,520,330**	**22,918,604**

	Land	Buildings	Machineries	Other equipment	Equipment under installation and construction in progress	Total
Balance at January 1, 2021	$ 470,621	2,792,434	7,416,342	1,934,789	919,498	13,533,684
Additions	-	-	-	-	2,645,562	2,645,562
Disposals	-	(2,662)	(62,007)	(42,306)	-	(106,975)
Reclassification	-	10,819	629,465	297,198	(937,482)	-
Effect of changes in foreign exchange rates	-	(14,518)	(35,300)	(10,147)	(4,844)	(64,809)
Balance at December 31, 2021	**$ 470,621**	**2,786,073**	**7,948,500**	**2,179,534**	**2,622,734**	**16,007,462**
Depreciation and impairment loss:						
Balance at January 1, 2022	$ -	1,098,834	5,173,292	1,266,754	-	7,538,880
Depreciation for the year	-	136,454	372,683	193,805	-	702,942
Disposals	-	(483)	(58,655)	(7,272)	-	(66,410)
Effect of changes in foreign exchange rates	-	9,488	39,709	14,117	-	63,314
Balance at December 31, 2022	**$ -**	**1,244,293**	**5,527,029**	**1,467,404**	**-**	**8,238,726**
Balance at January 1, 2021	$ -	975,102	4,905,298	1,122,276	-	7,002,676
Depreciation for the year	-	130,549	342,798	191,062	-	664,409
Disposals	-	(2,662)	(54,502)	(41,329)	-	(98,493)
Effect of movements in exchange rates	-	(4,155)	(20,302)	(5,255)	-	(29,712)
Balance at December 31, 2021	**$ -**	**1,098,834**	**5,173,292**	**1,266,754**	**-**	**7,538,880**
Carrying amounts:						
At December 31, 2022	**$ 2,537,243**	**2,863,612**	**4,264,674**	**1,494,019**	**3,520,330**	**14,679,878**
At January 1, 2021	**$ 470,621**	**1,817,332**	**2,511,044**	**812,513**	**919,498**	**6,531,008**
At December 31, 2021	**$ 470,621**	**1,687,239**	**2,775,208**	**912,780**	**2,622,734**	**8,468,582**

As of December 31, 2022 and 2021, the property, plant and equipment were not pledged as collateral for long-term debt and financing.

Due to operational needs, the Consolidated Company purchased a parcel of industrial land at a total contract price of $ 2,160,000 in 2021. As of December 31, 2022, the price had been paid in full, and the transfer was completed on May 20, 2022.

For the purpose of expanding production capacity and cooperating with the local government's relocation plan, the Group purchased relevant equipment and constructions in progress. Please refer to Note (9)(a).

Please refer to Note 6 (t) for capitalized interest expense.

(g) Right-of-use assets

Information about leases for which the Group as a lessee is presented below:

		Land	Buildings	Total
Cost:				
Balance as of January 1, 2022	$	357,364	314,479	671,843
Effect of changes in foreign exchange rates		5,265	34,424	39,689
Balance as of December 31, 2022	**$**	**362,629**	**348,903**	**711,532**
Balance as of January 1, 2021	$	284,615	-	284,615
Additions		74,843	318,084	392,927
Effect of changes in foreign exchange rates		(2,094)	(3,605)	(5,699)
Balance as of December 31, 2021	**$**	**357,364**	**314,479**	**671,843**
Accumulated depreciation and impairment losses:				
Balance as of January 1, 2022	$	53,684	17,970	71,654
Depreciation for the year		8,016	19,293	27,309
Effect of changes in foreign exchange rates		782	2,611	3,393
Balance as of December 31, 2022	**$**	**62,482**	**39,874**	**102,356**
Balance as of January 1, 2021	$	46,458	-	46,458
Depreciation for the year		7,571	18,176	25,747
Effect of changes in foreign exchange rates		(345)	(206)	(551)
Balance as of December 31, 2021	**$**	**53,684**	**17,970**	**71,654**
Carrying amount:				
Balance as of December 31, 2022	**$**	**300,147**	**309,029**	**609,176**
Balance as of January 1, 2021	**$**	**238,157**	**-**	**238,157**
Balance as of December 31, 2021	**$**	**303,680**	**296,509**	**600,189**

As of December 31, 2022 and 2021, the right-of-use assets were not pledged as collateral for long term debt and financing.

(h) Short-term borrowings

	2022.12.31	2021.12.31
Unsecured bank loans	$ 5,209,815	2,588,894
Unused short-term credit lines	$ 13,206,472	11,763,907
Range of interest rates	3.00%~5.81%	0.49%~3.85%

For the exposure information of the Group's rate foreign currency and current risk, please refer to Note (6)(u).

(i) Short-term notes payable

	2022.12.31	2021.12.31
Commercial paper payable	$ -	200,000
Less: discount unamortized	-	(180)
Net amount	$ -	199,820
Interest rate	-	0.58%~0.65%

For the exposure information of the Group's rate foreign currency and current risk, please refer to Note (6)(u).

(j) Long-term borrowings

	2022.12.31	2021.12.31
Unsecured bank loans	$ 1,005,789	850,000
Less: current portion	(89,657)	(128,571)
Total	$ 916,132	721,429
Unused short-term credit lines	$ 6,021,262	4,650,000
Range of interest rates	3.60%~4.35%	0.80%~1.05%
Due year	2023~2025	2022~2024

For the exposure information of the Group's rate foreign currency and current risk, please refer to Note (6)(u).

The Group signed a loan contract with the financial institution. According to the provisions of the contract, the Group's financial statements must maintain specific current ratios, debt ratios, net tangible assets, and interest coverage ratios on the balance sheet date during the loan period.

If such financial ratios breached specific conditions of the loan contract, they shall be improved by means of cash capital increase or other means in accordance with the agreement. As of December 31, 2022 and 2021, the Group did not violate any of the financial ratio restrictions.

(k) Unsecured convertible bonds

	2022.12.31	2021.12.31
Total convertible corporate bonds issued	$ 3,465,300	-
Unamortized discounted corporate bonds payable	(163,160)	-
Corporate bonds issued balance at year-end	**$ 3,302,140**	**-**
Embedded derivative － call and put options, included in financial assets at fair value through profit or loss	**$ 23,564**	**-**
Equity component – conversion options (included in capital surplus – stock options)	**$ 207,618**	**-**

	For the years ended December 31,	
	2022	2021
Embedded derivative instruments-call and put rights, included in financial assets (liabilities) at fair value through profit or loss	**$ (13,861)**	**-**
Interest expense	**$ 24,494**	**-**

The Company issued 5th 5-year unsecured convertible bonds with a coupon rate of 0% on April 25, 2022, with a total amount of NTD 3,465,300 thousand, issued at 101% of the face value. The actual debt amount was NTD 3,499,953 thousand. The maturity date is April 25, 2027, and the bond discount rate is 1.3057%. Thirty days before the 3-year issuance date, the creditor may request the Company to redeem the convertible bonds held by the Company in cash at the denomination of the bond. The conversion price of convertible bonds shall be handled in accordance with the Company's issuance agreement.

1. Repayment date and method:

   Except for those that are converted into common shares of the Company in advance, or called-back by the Company or repurchased by bond holders in advance, the principal will be repaid in cash in one lump sum upon maturity.

2. Conversion prices and the adjustments:

   The conversion price at the time of issuance is set at NTD 263 per share. In the events of a change in the total number of common shares of the Company, allotment of cash dividends on common shares, a conversion price lower than the current price per share, or reissue of common shares conversion rights, adjustment shall be made. As the Company takes September 2, 2022 as the base date for dividend distribution, according to the provisions of Article 11 of the Company's 5th domestic unsecured convertible corporate bond issuance and conversion methods, the adjustment conversion price is adjusted from NTD 263 to NTD 246.8. This bond does not have reset feature.

3. The call-back right of the Company for the convertible corporate bonds:

1) From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date:

A. If the closing price of the Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days;

B. If the outstanding balance of the convertible corporate bonds converted by the Company per the requests of the bond holders is less than 10% of total initial issue amount;

The Company may delivery a "Notice to call back bonds" due in 30 days through registered mails (the aforesaid period starts from the date when the Company sends the notice, and the expiry date of the period is the base date for bond call back), and send a letter to TPEX for announcement and call back the current convertible corporate bonds in cash at face value within five business days after the bond call back base date which shall not fall within the period in which the conversion of the convertible corporate bonds is suspended.

2) The Yield to Call are as follows:

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, call back by cash at par value.

3) If the bond holders fails to provide a written response to the Company's agency before the bond call-back date stated in the "Notice to call back bonds" (which takes effect when it is served, and the postmark date for registered mail shall be used as the basis for call-back date), the Company will call-back the bonds in cash within five business days after the bond call back date.

4. The bond holders' right of repurchase:

30 days before the 3-year issuance date, the bond holder may request the Company to call-back the convertible bonds held by the Company in cash at par value. The conversion price of convertible bonds shall be handled in accordance with the Company's issuance agreement. The Company accepts the repurchase request and shall call-back the convertible bonds in cash within five business days after the repurchase date.

Please refer to Note 6(u) for information on exposure to interest rate, foreign currency and liquidity risks of the Company.

(l) Lease liabilities

The Group lease liabilities were as follows:

	2022.12.31	2021.12.31
Current	$ 12,834	11,604
Non-current	$ 310,732	291,641

For the maturities analysis, please refer to Note (6)(u).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2022	2021
Interest on lease liabilities	**$ 10,335**	**10,111**
Expenses relating to short-term leases	**$ 40,186**	**36,913**

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

	For the years ended December 31,	
	2022	2021
Total cash outflow for leases	**$ 62,980**	**58,386**

1. Real estate leases

As of January 1 2021, the Group leases land and buildings for its factory and office space. The leases typically run for a period of 17.5 years. The Group has no option to purchase the assets at the end of the contract term.

2. Other leases

The Group leases machinery and equipment, and transportation equipment with lease terms of one years.These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Other non-current liabilities

The details of other non-current liabilities for the Group were as follows:

	2022.12.31	2021.12.31
Advance receipts	$ 456,527	415,442
Guarantee deposits	18,807	17,433
Total	**$ 475,334**	**432,875**

Due to the relocation of the Kunshan Youbi Factory, the consolidated company received an advance payment of $ 347,978 as of December 31, 2022. Please refer to Note (9)(b) for details.

(n) Employee benefits

1. Defined benefit plans

The Group determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	2022.12.31	2021.12.31
Present value of defined benefit obligation	$ 88,670	99,666
Fair value of plan assets	(131,512)	(114,285)
Net defined benefit assets	**$ (42,842)**	**(14,619)**

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

1) Composition of plan assets

The Group sets aside pension funds in accordance with the regulations of the Council of Labor Affairs, and the pension funds are managed by the Pension Supervisory Committee. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the Management and Utilization of Labor Pension Funds regulations.

The Group's Bank of Taiwan pension reserve account balance amounted to $131,512 at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Council of Labor Affairs and the Labor Pension Supervisory Committee.

2) Movements in present value of the defined benefit obligations

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

		2022	2021
Defined benefit obligation at January 1	$	99,666	104,435
Current service costs and interest		922	1,209
Remeasurement on the net defined benefit liabilities			
―Actuarial (gains) losses arising from experience adjustments		(411)	599
―Actuarial (gains) losses arising from changes in financial assumptions		(10,556)	2,657
Benefit pay under the plan		(951)	(9,234)
Defined benefit obligation at December 31	**$**	**88,670**	**99,666**

3) Movements of defined benefit plan assets

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

		2022	2021
Fair value of plan assets at January 1	$	114,285	108,189
Interest income		749	707
Remeasurement on the net defined benefit liabilities			
―Return on plan assets (excluding current interest)		8,770	1,311
Contribution paid by the employer		8,659	13,312
Benefit paid		(951)	(9,234)
Fair value of plan assets at December 31	**$**	**131,512**	**114,285**

4) Expenses recognized in profit or loss

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

		2022	2021
Current service costs	$	306	563
Net interest of net defined benefit liabilities		(133)	(61)
	$	**173**	**502**
Operating costs	$	116	357
Selling expenses		7	21
Administrative expenses		31	80
Research and development expenses		19	44
	$	**173**	**502**

5) Remeasurement on the net defined benefit liabilities recognized in other comprehensive income

The Group's remeasurement on the net defined benefit liabilities recognized in other comprehensive income as follows:

		2022	2021
Cumulative amount at January 1	$	21,758	19,813
Recognized during the period		(19,737)	1,945
Cumulative amount at December 31	**$**	**2,021**	**21,758**

6) Actuarial assumptions

The following are the Group's principal actuarial assumptions of Present Value of defined benefit obligations:

	2022.12.31	2021.12.31
Discount rate	1.75 %	0.63 %
Future salary increases	2.00 %	2.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $0.

The weighted average duration of the defined benefit obligation is 13.09 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	(2,118)	2,197
Future salary increasing rate	2,146	(2,080)
December 31, 2021		
Discount rate	(2,760)	2,871
Future salary increasing rate	2,777	(2,685)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021, respectively.

2. Defined contribution plans

The Group set aside 6% of the employees' monthly wages to the Labor Pension personal accounts at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act.

The Group set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

For the years ended December 31, 2022 and 2021, the Group set aside $39,316 and $37,798, respectively, under the pension plan to the Bureau of the Labor Insurance. For the years ended December 31, 2022 and 2021, Elite Electronic Material (Zhongshan) Co., Ltd., Elite Electronic Material (Kunshan) Co., Ltd. and Elite Electronic Material (Huangshi) Co., Ltd. set aside $70,375, $59,311, $25,084 and $61,933, $45,742, $16,505, respectively, under the pension plan to local Regulation.

(o) Income taxes (profits)

1. Income tax expense recognized in profits or losses

The amount of income tax was as follows:

		2022	2021
Current income tax expense:			
Current period	$	1,683,419	1,545,755
Adjustment for prior periods		(115,266)	(59,886)
		1,568,153	1,485,869
Deferred tax expense:			
Origination and reversal of temporary differences		(348,338)	(74,130)
Income tax expense	**$**	**1,219,815**	**1,411,739**

Income tax expense recognized in other comprehensive income:

		2022	2021
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses and gains on defined benefit plans	**$**	**(3,947)**	**389**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	**$**	**(94,198)**	**32,921**

The reconciliation of income tax and profit before tax was as follows:

		2022	2021
Profit excluding income tax	**$**	**6,296,055**	**6,911,896**
Income tax using the Company's domestic tax rate	$	1,259,211	1,382,379
Effect of tax rates in foreign jurisdiction		677,958	777,438
Non-deductible expenses		19,359	12,683
Tax incentives		(82,853)	(59,169)
Deductible temporary differences		(611,909)	(694,989)
Prior (overestimate) underestimate		(115,266)	(59,886)
Undistributed earnings additional tax		73,315	53,283
Total	**$**	**1,219,815**	**1,411,739**

2. Deferred tax assets and liabilities

1) Unrecognized Deferred Tax Liabilities

As of December 31, 2022 and 2021, deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The relevant amounts are as follow:

	2022.12.31	2021.12.31
Consolidated amount of taxable temporary differences associated with investments in subsidiaries	$ 15,056,281	11,996,735
Amounts are not recognized as deferred tax liabilities	$ 3,011,256	2,399,347

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 are as follows:

	Unrealized gain on investment income	Defined Benefit Plans	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2022	$ (858,615)	(1,382)	-	(859,997)
Debited (Credited) in Income statement	345,645	(1,698)	-	343,947
Debited (Credited) in equity	-	(3,947)	-	(3,947)
Balance at December 31, 2022	$ (512,970)	(7,027)		(519,997)
Balance at January 1, 2021	$ (910,910)	-	(41)	(910,951)
Debited (Credited) in Income statement	52,295	(1,382)	41	50,954
Balance at December 31, 2021	$ (858,615)	(1,382)	-	(859,997)

	Defined Benefit Plans	Current provisions	Unrealized losses on inventories	Cumulative translation adjustment	Others	Total
Deferred Tax Assets:						
Balance at January 1, 2022	$ -	22,762	16,312	218,337	23,957	281,368
Debited (Credited) in Income statement	-	(12,329)	8,371	-	8,349	4,391
Debited (Credited) in equity	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	244	70	(94,198)	297	(93,587)
Balance at December 31, 2022	$ -	10,677	24,753	124,139	32,603	192,172

	Defined Benefit Plans	Current provisions	Unrealized losses on inventories	Cumulative translation adjustment	Others	Total
Balance at January 1, 2021	$ 791	22,975	13,552	185,416	2,318	225,052
Debited (Credited) in Income statement	(1,180)	(69)	2,784	-	21,641	23,176
Debited (Credited) in equity	389	-	-	-	-	389
Exchange differences on translation of foreign operations	-	(144)	(24)	32,921	(2)	32,751
Balance at December 31, 2021	**$ -**	**22,762**	**16,312**	**218,337**	**23,957**	**281,368**

3. The Group's tax returns for the years through 2020 were examined and approved by the Taipei National Tax Administration.

(p) Capital and other equity

1. Issuance of ordinary shares

As of December 31, 2022 and 2021, the total value of nominal ordinary shares amounted to $6,000,000. The par value of each share is $10. In total, there were 332,918 in thousands of ordinary shares, issued. All issued shares were paid up upon issuance.

2. Capital surplus

The balance of additional paid-in capital was as follows:

	2022.12.31	2021.12.31
Share capital	$ 95,627	95,627
Premium from convertible bonds	1,773,034	1,773,034
Convertible option	207,618	-
	$ 2,076,279	**1,868,661**

Capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

3. Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes.Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

To consider the characteristics of industrial growth and improve the Consolidated Company' s financial structure, the annual earnings distribution may not be made if the year in which the loss occurs, and the dividend policy will give priority to the Consolidated Company' s future development, financial status, and shareholders' remuneration where stock dividends will be distributed in consideration of the Consolidated Company' s future capital expenditure budget to retain the required cash. The rest will be distributed to shareholders in the form of cash dividends, provided that the distribution of cash dividends shall not be less than 20% of the total distributed dividends.

The earning distribution shall be appropriated with adding 10%-70% of the distributable earning after accumulating the undistributed earnings in the past after setting aside various reserves.

Dividends and bonuses distributed by the Consolidated Company in whole or in part of the legal reserve and capital surplus are distributed in cash shall be authorized by the Board of Directors meeting attended by more than 2/3 of the Directors with a simple majority of the Directors in session and reported to the General Meeting of Shareholders.

The rest is the same as the undistributed earnings in previous years, and the Board of Directors will formulate a distribution proposal and submit it to the shareholders'meeting for resolution.

1) Legal reserve

   10 percent of net income should be set aside as statutory earnings reserve until it is equal to share capital. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve, either by new shares or by cash, of up to 25 percent of the actual share capital.

2) Special reserve

   A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the difference of the current-period total net reduction of other shareholders' equity and the balance of the special reserve that mentioned in the previous paragraph. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2022,the special reserve of $147,018 was reversed and as of December 31, 2021, $75,502 was reclassified as special reserve.

3) Earnings distribution

   The earnings distribution for 2021 and 2020 was decided by the general meeting of shareholders held on May 26, 2022, and July 1, 2021.

The relevant dividend distribution to shareholders is as follows:

	2021		2020	
	Dividend per Share (TWD$)	Amount	Dividend per Share (TWD$)	Amount
Dividends distributed to common shareholders				
Cash	$ 10.00	**3,329,183**	7.00	**2,330,428**

4. Other equity

	Foreign currency translation differences for foreign operations	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Total
Balance at January 1, 2022	$ (888,136)	(15,773)	(903,909)
Exchange difference on translation of foreign financial statements	376,792	-	376,792
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(22,173)	(22,173)
Balance at December 31, 2022	**$ (511,344)**	**(37,946)**	**(549,290)**
Balance at January 1,2021	$ (756,453)	(438)	(756,891)
Exchange difference on translation of foreign financial statements	(131,683)	-	(131,683)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(15,335)	(15,335)
Balance at December 31, 2021	**$ (888,136)**	**(15,773)**	**(903,909)**

(q) Earnings per share

The Group calculated the basic and diluted EPS as follows:

1. Basic earnings per share

The calculation of basic earnings per share at December 31, 2022 and 2021, were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

1) Profit attributable to ordinary shareholders

	2022	2021
Profit attributable to ordinary shareholders of the Company	**$ 5,072,874**	**5,493,218**

2) Weighted-average number of ordinary shares

	2022	2021
Weighted-average number of ordinary shares	**332,918**	**332,918**

2. Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2022 and 2021, were based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows.

1) Profit attributable to ordinary shareholders of the Company (diluted)

	2022	2021
Profit attributable to ordinary shareholders of the Company (basic)	$ 5,072,874	5,493,218
Convertible preference shares dividends	30,684	-
Profit attributable to ordinary shareholders of the Company (diluted)	**$ 5,103,558**	**5,493,218**

2) Weighted-average number of ordinary shares (diluted)

	2022	2021
Weighted-average number of ordinary shares (basic)	332,918	332,918
Effect of conversion of convertible bonds	9,361	-
Effect of convertible bond	1,111	801
Weighted-average number of ordinary shares (diluted) at December 31	**343,390**	**333,719**

For calculation of the dilutive effect of the stock option, the average market value is assessed based on the quoted market price where the Company's option is outstanding.

3. Earnings per share were as follow:

	2022	2021
Basic earnings per share	**$ 15.24**	**16.50**
Diluted earnings per share	**$ 14.86**	**16.46**

(r) Revenue from contracts with customers

1. Disaggregation of revenue

	2022			
	Domestic	Foreign	Adjustment and Elimination	Total
Primary geographical markets:				
Taiwan	$ 5,810,944	149,393	(63,791)	5,896,546
China	1,113,792	34,637,238	(6,152,835)	29,598,195
Others countries	2,277,959	976,754	(76,905)	3,177,808
	$ 9,202,695	**35,763,385**	**(6,293,531)**	**38,672,549**
Major products:				
Prepreg	$ 3,892,850	14,668,235	(2,113,840)	16,447,245
Capper clad laminate	3,770,362	20,791,180	(2,996,174)	21,565,368
Mass lam foundry	574,143	-	-	574,143
Others	965,340	303,970	(1,183,517)	85,793
	$ 9,202,695	**35,763,385**	**(6,293,531)**	**38,672,549**

	2021			
	Domestic	Foreign	Adjustment and Elimination	Total
Primary geographical markets:				
Taiwan	$ 5,856,611	100,751	(49,985)	5,907,377
China	1,312,375	34,561,251	(6,285,496)	29,588,130
Others	2,020,953	983,566	-	3,004,519
	$ 9,189,939	**35,645,568**	**(6,335,481)**	**38,500,026**
Major products:				
Prepreg	$ 3,605,301	14,641,492	(2,269,999)	15,976,794
Capper clad laminate	3,553,454	20,762,983	(3,109,078)	21,207,359
Mass lam foundry	1,058,056	-	-	1,058,056
Others	973,128	241,093	(956,404)	257,817
	$ 9,189,939	**35,645,568**	**(6,335,481)**	**38,500,026**

(s) Rewards of employees, directors and supervisors

In accordance with the Company's article, which was approved by the shareholders, the Company shall assign 3% as rewards to employees, and less than 1.2% as rewards to directors and supervisors, if there are earnings during the year. However, the Company has to retain the amount while there are accumulated loss.

The employees mentioned before include the employees in the subsidiaries who meet the specific conditions.

For the years ended December 31, 2022 and 2021, rewards of employees of $172,916 and $189,120, and directors of $37,465 and $63,040, respectively, were estimated and recognized as current expense. These amounts were calculated using the Company's profit before tax before rewards of employees and directors for the years ended December 31, 2022 and 2021, and using the earnings allocation method which was stated under the Company's article. These rewards were charged to profit or loss under operating costs or operating expenses for the years ended December 31, 2022 and 2021.

Related information of distributions of remuneration to employees and directors can be accessed from the Market Observation Post System on the website.

There is no difference between the rewards of employees and directors that was decided by the Board of Directors and the financial report's estimated amounts in 2022 and 2021.

(t) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	2022	2021
Interest income	**$ 62,410**	**52,252**

2. Other gains and losses, net

The details of other gains and losses were as follows:

	2022	2021
Foreign currency exchange gain (loss), net	$ 57,610	(42,837)
Disposal loss on property, plant and equipment	(699)	(540)
Financial assets at fair value through profit or loss	(13,861)	-
Dividend income	-	24,243
Other profits	149,471	42,425
Other profits and losses	**$ 192,521**	**23,291**

3. Finance costs

The details of finance cost were as follows:

	2022	2021
Interest expense	$ 195,696	76,323
Less:Capitalized interest expense	(11,573)	-
	$ 184,123	**76,323**

(u) Financial instruments

1. Credit risk

1) Credit risks exposure

The carrying amount of financial assets represents the maximum exposure to credit risk.

2. Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	More than 2 years
Balance at December 31, 2022						
Non-derivative financial liabilities						
Unsecured bank loans	$ 6,215,604	6,359,104	3,109,303	2,307,343	460,988	481,470
Accounts payable	6,513,281	6,513,281	6,513,281	-	-	-
Other payables	3,288,347	3,288,347	3,288,347	-	-	-
Bonds payable	3,302,140	3,465,300	-	-	-	3,465,300
Lease liabilities	323,566	417,615	11,777	11,316	22,915	371,607
	$ 19,642,938	**20,043,647**	**12,922,708**	**2,318,659**	**483,903**	**4,318,377**
Balance at December 31, 2021						
Non-derivative financial liabilities						
Unsecured bank loans	$ 3,438,894	3,481,867	2,179,078	572,914	427,672	302,203
Short-term notes payable	199,820	200,000	200,000	-	-	-
Accounts payable	8,127,533	8,127,533	8,127,533	-	-	-
Other payable	2,841,515	2,841,515	2,841,515	-	-	-
Lease liabilities	303,245	397,642	10,615	10,615	20,815	355,597
	$ 14,911,007	**15,048,557**	**13,358,741**	**583,529**	**448,487**	**657,800**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

3. Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risk was as follows:

	2022.12.31			
	Foreign currency (In thousand)	Exchange rate		Functional currency
Financial assets				
Monetary items				
USD	$ 83,297	USD：TWD	30.7100	2,558,051
	71,930	USD：CNY	6.9669	2,208,977
Financial Liabilities				
Monetary items				
USD	41,085	USD：TWD	30.7100	1,261,732
	88,327	USD：CNY	6.9669	2,712,532

	2021.12.31			
	Foreign currency (In thousand)	Exchange rate		Functional currency
Financial assets				
Monetary items				
USD	$ 86,974	USD：TWD	27.6800	2,407,432
	81,428	USD：CNY	6.3720	2,253,931
Financial Liabilities				
Monetary items				
USD	59,290	USD：TWD	27.6800	1,641,136
	87,083	USD：CNY	6.3720	2,410,458

2) Sensitivity analysis

The Group' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, bank loans, accounts payable and other payable that are denominated in foreign currency.

A 1% appreciation or depreciation of the TWD against the USD as at December 31, 2022 and 2021, would have increased or decreased net income by $6,384 and $5,414, respectively. This analysis assumes that all other variables remain constant.

Due to the variety of functional currency, the group disclosed the foreign currency gain or loss on monetary items aggregately. The foreign currency gain (loss) (include realized and unrealized) were $57,610 and $42,837 in 2022 and 2021, respectively.

4. Interest analysis

The interest rate exposure of the Group's financial assets and liabilities is described on liquidity risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the financial assets and liabilities on the reporting date.

For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's internal management reported the increases or decreases in the interest rates and the exposure to changes in interest rates of 0.5% is considered by management to be a reasonable change of interest rate.

If the interest rate increases or decreases by 0.5%, the Group's net income will decrease /increase by $18,863 and $12,314 for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Group' s variable rate borrowing and the financial assets evaluation of risk-free interest rate changes on corporate bonds.

5. Fair value

1) The kinds of financial instruments and fair value

Financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and available for sale financial assets is measured on a recurring basis. The fair value of financial assets and liabilities were as follows (including information on fair value hierarchy, but excluding measurements that have similarities to fair value but are not fair value and those fair value cannot be reliably measured or inputs are unobservable in active markets):

	2022.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 10,443,618	-	-	-	-
Notes and accounts receivable	11,683,135	-	-	-	-
Other receivables	49,423	-	-	-	-
Refundable deposits	69,482	-	-	-	-
Sub-total	22,245,658	-	-	-	-
Total	**$ 22,245,658**	**-**	**-**	**-**	**-**

	2022.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Redemption and repurchase option of bonds	$ 23,564	-	-	23,564	23,564
Financial liabilities measured at amortized cost					
Short-term borrowings	6,215,604	-	-	-	-
Accounts payable	6,513,281	-	-	-	-
Other payable	3,288,347	-	-	-	-
Guarantee deposit received	18,807	-	-	-	-
Bonds payable	3,302,140	-	-	-	-
Lease liabilities	323,566	-	-	-	-
Sub-total	19,661,745	-	-	-	-
Total	**$ 19,685,309**	**-**	**-**	**23,564**	**23,564**

	2021.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 6,642,069	-	-	-	-
Notes and accounts receivable	13,273,676	-	-	-	-
Other receivables	97,758	-	-	-	-
Refundable deposits	61,781	-	-	-	-
Total	**$ 20,075,284**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 3,438,894	-	-	-	-
Short-term notes payable	199,820	-	-	-	-
Accounts payable	8,127,533	-	-	-	-
Other payable	2,841,515	-	-	-	-
Guarantee deposits received	17,433	-	-	-	-
Lease liabilities	303,245	-	-	-	-
Total	**$ 14,928,440**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

B.Derivative financial instruments

The valuations are based on valuation models widely accepted by market users, such as discounted cash flow and option pricing models.

3) Transfers between Level 1 and Level 2

There was no transfer from Level 1 Level 2 in 2022 and 2021.

4) Reconciliation of Level 3 fair values

The change in level 3 at fair value in the years ended December 31, 2022 and 2021, were as follow:

	Financial assets at fair value through other comprehensive income
Balance on January 1, 2022	$ -
Total losses recognized in other comprehensive income	20,670
Additions	(22,173)
Effect in exchange rates	1,503
Balance on December 31, 2022	**$ -**
Balance on January 1, 2021	$ 15,681
Total losses recognized in other comprehensive income	(15,335)
Effect in exchange rates	(346)
Balance on December 31, 2021	**$ -**

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial asses measured at fair value through profit or loss-debt investment" and "fair value through other comprehensive income-equity investments".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow	· Weighted Average Cost of Capital · Sustainable growth	· The higher the weighted average cost of capital, the lower the fair value · The higher the sustainable growth rate, the higher the fair value
Financial liabilities at fair value through profit or loss Embedded derivative financial instruments - Repurchase right	Binomial tree convertible bond pricing model	· Volatility (42.55%)	· The higher the volatility, the higher the fair value

(v) Financial risk management

1. Overview

The nature and the extent of the Group's risks arising from financial instruments, which include credit risk, liquidity risk and market risk, are discussed below. Also, the Group's objectives, policies and procedures of measuring and managing risks are discussed below.

For more quantitative information about the financial instruments, please refer to the other related notes of the notes to the financial statements.

2. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal auditors assist the Board of Directors as the supervisors. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

3. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment terms are offered. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represent the maximum open amount without requiring approval from the General Manager's office; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the General Manager's office. If customers default, the Group will stop transactions with those customers or trade on a cash basis.

The Group established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss incurred but not yet identified. The collective loss allowance is determined based on historical data on payment statistics for similar financial assets.

2) Bank deposit and transaction contract of foreign derivative instruments

The credit risk exposure in the bank deposits and transaction contract of foreign derivation instruments is measured and monitored by the General Manager's office. The Group only deals with financial institutions; therefore, there are no significant doubts regarding default on the above financial instruments, and as a result, there is no significant credit risk.

4. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities over the succeeding 90 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2022 and 2021, the Group's unused credit line were amounted to $19,227,734 and $16,413,907, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group' s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group' s entities, primarily the New Taiwan Dollar (TWD), US Dollar (USD), and China Yuan (CNY). Besides, the Group uses natural hedging principle to hedge by controlling the net amount of each currency of the Group in accordance with the condition of the exchange rate market. The Group hedges the currency risk with forward foreign currency whose mature date is in a year from report date and currency swap contract.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily the TWD, USD, and CNY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest risk

The Group's borrowings were on the basis of floating interest rate. The Group is not involved in the situation of changing floating interest rate into fixed rate with interest rate swap agreement. The Group periodically assessed the borrowing rates of the banks and every currency to make provisions for interest-changed rate risk. In addition, the Group creates favorable relationship with banks to get lower financial costs from borrowings in order for it to strengthen its working capital to lower its dependency on bank borrowings, as well as situation of changing floating interest rate and scatter interest-changed rate risk.

3) Other market price risk

The Group does not enter into any commodity contracts other than to meet the Group's expected usage and sales requirements; such contracts are not settled on a net basis.

(w) Capital management

The Group maintains and manages its capital to meet the minimum paid-in capital required by the competent authority, and to optimize the balance of liabilities and equity in order to maximize shareholders' return. By periodically reviewing and measuring relative cost, risk, and rate of return to ensure profit and to maintain adequate financial ratios, the Group may adopt various financing approaches to balance its capital structure in order to meet the demands for capital expenditures, working capital, settlements of liabilities, and dividend payments in normal course of business for the future. The Group's debt to equity ratios at the balance sheet date were as follows:

(x) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows:

1. For right-of-use assets under leases, please refer to note (6)(g).

2. Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2022	Cash flow	Acquisition	Foreign exchange movement	Fair value changes	December 31, 2022
Short-term borrowings	$ 2,588,894	2,574,933	-	45,988	-	5,209,815
Long -term borrowings	850,000	156,878	-	(1,089)	-	1,005,789
Lease liabilities	303,245	(12,459)	-	32,780	-	323,566
Short-term notes payables	199,820	(200,000)	-	-	180	-
Bonds payable	-	3,499,953	-	-	(197,813)	3,302,140
Total liabilities from financing activities	**$ 3,941,959**	**6,019,305**	**-**	**77,679**	**(197,633)**	**9,841,310**

	January 1, 2021	Cash flow	Non-cash changes: Acquisition	Non-cash changes: Foreign exchange movement	Non-cash changes: Fair value changes	December 31, 2021
Short-term borrowings	$ 608,724	1,983,991	-	(3,821)	-	2,588,894
Long -term borrowings	1,117,137	(264,529)	-	(2,608)	-	850,000
Lease liabilities	323,568	(11,362)	-	(8,961)	-	303,245
Short-term notes payables	-	200,000	-	-	(180)	199,820
Total liabilities from financing activities	**$ 2,049,429**	**1,908,100**	**-**	**(15,390)**	**(180)**	**3,941,959**

(7) Related-Party Transactions

(a) Parent company and ultimate controlling company

The Company is both the parent company and ultimate controlling party of the Group.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
TECHNICA USA	The Group's associates

(c) Significant transactions with related parties

1. Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31, 2022	2021
Associates	**$ 46,974**	**97,953**

The selling price for related parties and general customers are negotiated by both parties. The credit terms 90 and 120 days, which approximated those for routine sales transactions.The royalty is negotiated by both parties

2. Purchases

The amounts of significant purchase transactions and outstanding balances between the consolidated entity and related parties were as follows:

	For the years ended December 31, 2022	2021
Associates	**$ 37,085**	**-**

The term and pricing of purchase transactions with the related parties were not significantly different from those offered by other vendors. The payment terms is 90 days, which were not significantly different from the payment terms given by other vendors.

3. Receivables from related parties

Item	Related party categories	2022.12.31	2021.12.31
Accounts receivable	Associates	$ 6,417	51,119
Other receivable	Associates	-	45
		$ 6,417	**51,164**

Receivables between related parties have not received collateral, and after assessment, no bad debt charges are required.

4. Payables to related parties

Item	Related party categories	2022.12.31	2021.12.31
Accounts payable	Associates	$ 6,528	-
Other payables	Associates	2,267	2,928
		$ 8,795	**2,928**

5. Loans to related parties

The loans to related parties were as follow:

	2022.12.31	2021.12.31
Associates	**$ -**	**3,322**

The interest charged by the Group to related parties is based on the average interest rate charged by financial institutions on the Group's borrowings. The loans to related parties are unsecured.

6. Guarantee

As of December 31, 2022, the Group had provided a guarantee for loans taken out by its subsidiaries, please refer to Note 13(a) for further explanations.

7. Other transactions to related parties

		For the years ended December 31,	
Account	Relationship	2022	2021
Other profit	Associates	$ 1,679	-
Other expenses	Associates	3,206	-
Selling expenses	Associates	4,175	3,891
		$ 9,060	**3,891**

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$ 148,144	197,734
Termination benefits	1,094	2,774
	$ 149,238	**200,508**

(8) Pledged Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2022.12.31	2021.12.31
Guarantee deposit	Deposits for lease and natural gas, etc.	**$ 69,482**	**61,781**

(9) Significant Contingencies and Commitments

(a) Major Commitments and contingencies were as follows:

1. Unused standby letters of credit

	2022.12.31	2021.12.31
Unused standby letters of credit		
TWD	$ 43,440	69,047
USD	20,351	29,542

2. The significant contracts for engineering construction and purchase of properties in order to extend factories and machineries by the Group, were as follows:

	2022.12.31	2021.12.31
Total contract price		
JPY	$ 642,000	642,000
USD	56,278	90,749
TWD	1,047,957	753,542
Unpaid contract price		
JPY	$ 57,780	417,300
USD	19,650	84,254
TWD	500,444	299,326

3. The royalties of eco-material technic treatment with supplier, the paid royalties were as follows:

2022	2021
$ 76,767	**118,325**

4. As of December 31, 2022 and 2021, the amounts of Performance Letter of Guarantee issued by Mega International Commercial Bank-Zhongli Branch for the purpose of Customs for guaranty of domestic tariff and for guaranty of hiring foreigners to be employed were $7,000 and $5,000.

5. As of December 31, 2022, the Group planned to get a government grant and obtained the performance guarantee letter issued by the bank. The amount of the guarantee letter was $5,286.

(b) Commitments

The subsidiary, Elite electronic Material (Kunshan) Co., Ltd., formally signed a relocation compensation agreement with the Kunshan local government. According to the local government's land planning, the Group was required to relocate the plant and equipment on Youbi Road, Zhoushi Town, Kunshan City, and return the use rights of land to the government. The government allocates compensation to the Group according to the progress of the contract. The total amount of compensation is CNY 195,000.

As of December 31, 2022, the disposal of the land use rights, plant and equipment has not been completed. The Group have received CNY 78,942 (TWD 347,978) in advance based on the contract, and the remaining compensation will be collected when the new plant is constructed, and the land is handed over. The Group expects to complete the plant construction by the end of March 31 2023. and relocates in 2024. In addition, the Group expects that the relocation will be completed, and the old factory will be demolished by the end of 2024.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events

The Consolidated Company suffered a major fire accident on January 15, 2023, which caused damage to some of the Consolidated Company's buildings, equipment and inventory. Since the losses are still being evaluated by the insurance company, the Consolidated Company is unable to verify the total cost of the damage. Hence, the subsequent insurance claim has yet to be recognized. After the Consolidated Company's preliminary assessment of the relevant losses and subsequent claims settlement, there is no significant impact on the overall operation.

(12) Others

(a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

Categorized as	For the year ended December 31, 2022			For the year ended December 31, 2021		
Nature	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	1,941,688	989,066	2,930,754	1,777,681	1,002,708	2,780,389
Labor and health insurance	109,471	42,147	151,618	96,770	33,720	130,490
Pension	153,888	40,371	194,259	128,843	33,637	162,480
Others employee benefits	139,558	60,102	199,660	133,394	50,562	183,956
Depreciation	643,368	86,883	730,251	614,733	75,423	690,156
Amortization	750	43,482	44,232	412	28,826	29,238

(13) Additional Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2022:

1. Fund financing to other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Elite Material Co., Ltd.	TECHNICA USA	Other receivables-related parties	Yes	12,881	-	-	2.00%	1	46,974	-	-	-	-	23,487 (Note 3)	6,622,369 (Note 3)
1	Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Other receivables-related parties	Yes	3,068,478	3,023,888	1,586,880	2.00%~3.00%	2	-	Operating Capital	-	-	-	4,488,230 (Note 4)	4,488,230 (Note 4)
2	Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Other receivables-related parties	Yes	1,982,640	1,939,520	886,008	2.00%~3.00%	2	-	Operating demand	-	-	-	921,965 (Note 5)	921,965 (Note 5)

Note 1: The number is filled as follows:

1. 0 is the Company.
2. Subsidiaries are numbered as 1 sequentially

Note 2: 1. Having dealings with the Company.

2. Those who have the needs in short-term financing.

Note 3: The company with business contact, the amount of each fund financing cannot exceed 50% of total amount of purchase (sales) transactions in the recent year, and cannot exceed 3% of the Company's net asset value; the total amount of fund financing cannot exceed 30% of the Company's net asset value.

Note 4: The total amount of fund financing could not exceed 30% of the lender's net asset value and the Company's net asset value, while the maximum financing amount for a single company could not exceed 30% of the lender's net asset value .

Note 5: The total maximum financing amount cannot exceed 30% of the lender's net asset value, while the maximum financing amount for a single company cannot exceed 30% of the lender's net value.

Note 6: The total amount cannot exceed 100% of the Company's net worth in its lates financial statements.

Note 7: The transactions with the Group were eliminated in the consolidated financial statements.

2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent Company endorsement/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS,LLC	2	11,037,282	483,225	460,650	337,810	-	2.09 %	22,074,564	Y		
0	〃	TECHNICA USA	6	11,037,282	19,329	18,426	18,426	-	0.08 %	22,074,564			
1	Elite Electronic Material (Kunshan) Co., Ltd. (Note 4)	Elite Electronic Material (Huangshi) Co., Ltd.	4	7,480,384	811,080	793,440	700,465	-	5.30 %	14,960,767			Y

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent Company endorsement/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
2	Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	4	1,536,608	2,706,463	2,207,071	1,718,923	-	71.82 %	3,073,215			Y

Note 1: 0 is the Company.

Note 2:1. Entities with business relationship with the Company.

2. A subsidiary in which the Company directly holds more than 50% of its voting shares.

3. A investee in which the Company and subsidiary holds more than 50% of its voting shares.

4. A parent company in which the Company directly or Subsidiaries indirectly holds more than 90% of its voting shares.

5. Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.

6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

7. Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 3: The total maximum endorsement / guarantee cannot exceed 100% of the Company's net worth in its latest financial statements, while the maximum endorsement / guarantee amount for a single company cannot exceed 50% of the Company's net worth in its latest financial statements.

Note 4: The transactions with the Group were eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Note
				Number	Book value	Percentage	Market value	
EMC OVERSEAS HOLDING INCORPORARTED	PROUD STAR INTERNATIIONAL LIMITED	-	Non-current at fair value through other comprehensive income financial assets	500,000	-	3.26 %	-	
EMC USA HOLDING INCORPORATED	TECHNICA USA (preference stock)	Associates	"	722,000	-	87.76 %	-	

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

5. Acquisition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital :

(In Thousands of New Taiwan Dollars)

Name of Company	Name of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship with the Company	If the country is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Elite Material Co., Ltd.	Land and plant	2021.12.31	2,160,000	Paid	Tehchang Leather Products Co., Ltd.	None	-	-	-	-	Professional valuation report	Required for company operations	None

6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

7. Buying/selling products with the dollar amount reaches $100 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase /Sale	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	Investee company on equity method by the Company	Sale	(464,954)	(5)%	Depends on subsidiarie's financial condition	-		93,723	4 %	
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Material Co., Ltd.	〃	Purchase	464,954	4 %	〃	-		(93,723)	(3)%	
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	Sale	(264,767)	(3)%	〃	-		85,100	3 %	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Material Co., Ltd.	〃	Purchase	264,767	3 %	〃	-		(85,100)	(4)%	
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Material Co., Ltd.	Investee company on equity method by the Company	Sale	(123,610)	(1)%	Depends on the company's financial condition	-		68,803	1 %	
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	〃	Purchase	123,610	2 %	〃	-		(68,803)	(4)%	
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	Actual related party	Sale	(177,705)	(1)%	〃	-		32,856	1 %	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	〃	Purchase	177,705	2 %	〃	-		(32,856)	(2)%	
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	〃	Sale	(2,503,481)	(44)%	〃	-		478,690	28 %	
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	〃	Purchase	2,503,481	24 %	〃	-		(478,690)	(18)%	
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	Sale	(2,210,121)	(39)%	〃	-		681,549	40 %	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	〃	Purchase	2,210,121	29 %	〃	-		(681,549)	(35)%	

Note 1: The transactions with the Group were eliminated in the consolidated financial statements.

8. Accounts receivable from related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover days	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	Investee company on equity method by the Company	93,723	4.45	-		36,099	-
Elite Material Co., Ltd. (note 1)	〃	〃	89,300	Not applicable	-		89,300	-
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	85,100	1.89	-		40,299	-
Elite Material Co., Ltd. (note 1)	〃	〃	42,749	Not applicable	-		42,749	-
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Material Co., Ltd.	Investcc company on equity method by the Company	68,803	2.02	-		8,237	-
Elite Electronic Material (Kunshan) Co., Ltd. (Note 1)	〃	〃	350,663	Not applicable	-		177,470	-
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Actual related party	14,556	1.90	-		9,574	-
Elite Electronic Material (Kunshan) Co., Ltd. (Note 1)	〃	〃	1,610,173	Not applicable	-		-	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Note 1)	Elite Material Co., Ltd.	Investee company on equity method by the Company	10,414	2.03	-		2,505	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Note 1)	〃	〃	292,586	Not applicable	-		156,591	-
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Actual related party	5,856	5.71	-		5,222	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Note 1)	〃	〃	899,610	Not applicable	-		-	-
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	〃	478,690	3.48	-		287,268	-
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	681,549	3.62	-		403,284	-

Note 1: Financial statement account: Other receivables.
Note 2: The transactions with the Group were eliminated in the consolidated financial statements.

9. Derivative transactions: None.

10. Business relationships and significant inter-company transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	1	Sales	464,954	Note 3	1.20 %
1	Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	3	Other Accounts Receivable	1,610,173	Note 4	3.71 %
2	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	3	Other Accounts Receivable	899,610	〃	2.07 %
3	Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	3	Sales	2,503,481	Note 3	6.47 %
3	〃	〃	3	Accounts Receivable	478,690	〃	1.10 %
3	〃	Elite Electronic Material (Zhongshan) Co., Ltd.	3	Sales	2,210,121	〃	5.71 %
3	〃	〃	3	Accounts Receivable	681,549	〃	1.57 %

Note 1: Numbers denote the following:

1. 0 represents the Company.
2. Subsidiaries are listed by names and numbered starting with 1.

Note 2: Relationship with the listed companies:

1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note 3: Sales price is negotiated by vendor and purchaser. Payment Term ranges from 90-day to 120-day or depending on the financial condition of the subsidiaries.

Note 4: No other trading partners are available for comparison.

Note 5: Transaction amounts exceeding 1% of the total assets on the balance sheet accounts or 1% of the total operating revenue on the income statement accounts of the Group will not be disclosed.

Note 6: The transactions with the Group were eliminated in the consolidated financial statements.

(b) Information on investees:

For the year ended December 31, 2022, the following was the information on investees (excluding investees in Mainland China) :

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses) (Note 7)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value (Note 7)				
Elite Material Co., Ltd.	EMC OVERSEAS HOLDING INCORPORATED	British Virgin Islands	Investment business	1,179,111	1,179,111	36,256,950	100.00 %	18,092,576	100.00 %	4,642,989	4,642,989	Subsidiaries
〃	Grand Wuhan Incorporated	Cayman Islands	Investment business	602,440	602,440	20,020,000	100.00 %	790,546	100.00 %	64,005	64,005	Subsidiaries
〃	EMC INTERNATIONAL HOLDING INCORPORATED	〃	Investment business	781,850	761,482	27,042,000	100.00 %	753,963	100.00 %	(80,431)	(80,431)	Subsidiaries

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses) (Note 7)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value (Note 7)				
Elite Material Co., Ltd.	Li Cheng Tech Co., Ltd.	Taiwan	Electronics, Telecommunications equipment, Wholesale, Retails, Batteries, Power generation and Distribution machinery manufacturing business	173,694	173,694	16,412,918	33.50 %	-	33.50 %	-	-	Note 6
EMC OVERSEAS HOLDING INCORPORATED	Grand Zhuhai Incorporated	Cayman Islands	Investment business	1,063,121	1,037,962	34,618,060	100.00 %	18,056,831	100.00 %	4,642,437	4,642,437	Sub-subsidiaries
〃	Li Cheng Tech Co., Ltd.	Taiwan	Electronics, Telecommunications equipment, Wholesale, Retails, Batteries, Power generation and Distribution machinery manufacturing business	7,311	7,311	250,000	1.53 %	-	1.53 %	-	-	Note 6
Grand Zhuhai Incorporated	Grand Shanghai Incorporated	British Virgin Islands	Investment business	1,039,558	1,014,399	18,200,000	100.00 %	11,065,300	100.00 %	2,688,119	2,684,753	Third-tier subsidiary
〃	Grand Zhongshan Incorporated	〃	Investment business	504,780	504,780	16,437,000	100.00 %	6,990,064	100.00 %	1,961,292	1,961,292	〃
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Cayman Islands	Investment business	806,291	806,291	26,255,000	100.00 %	752,819	100.00 %	(79,888)	(79,888)	Sub-subsidiaries
〃	EMC USA HOLDING INCORPORATED	〃	Investment business	22,480	-	732,000	100.00 %	22	100.00 %	(276)	(276)	〃
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS,LLC	USA	Copper clad laminate and prepreg business	804,514	804,514	-	100.00 %	751,662	100.00 %	(64,879)	(64,879)	Third-tier subsidiary
EMC USA HOLDING INCORPORATED	TECHNICA USA	〃	Import/export business	18,426	18,426	600,000	30.00 %	-	30.00 %	(4,949)	-	Note 4, 5

Note 1:The amounts of book value recognized using the equity method include investment income (losses) and the exchange differences on translation of foreign statements.
Note 2: The amount above is evaluated based on the independent audit report of the investee under equity method.
Note 3: The transactions with the Group were eliminated in the consolidated financial statements.
Note 4: Because other shareholders hold more than 70% of the shares and the Company only accounts for 30%, the Company has no control.
Note 5: On October 27, 2021, the Company's Board of Directors resolved to adjust the investment structure. The initial investment of $16,608 that was invested in Technica USA through EMC Overseas Holding Incorporated was adjusted to be invested in Technica USA through EMC USA Holding Incorporated.
Note 6:The investment value had been impaired, the Company recognized all losses and the book value was offset to zero.
Note 7:The difference between the ending balance and the net equity value is mainly due to the realization gross profit and the amortization of equipment purchases on behalf of other.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan (R.O.C.)	Investment Flows		Accumulated Outflow of Investment from Taiwan	Net income (loss) of the investee	Percentage of Ownership	Peak Holding Percentage	Investment Income (Loss) Recognized (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow							
Elite Electronic Material (Kunshan) Co., Ltd.	Copper clad laminate and prepreg business	1,940,872	(2)	650,816	-	-	650,816	2,683,726	100.00 %	100.00 %	2,680,469	14,960,767	9,786,464
Elite Electronic Material (Zhongshan) Co.Ltd.	〃	620,342	(2)	440,613	-	-	440,613	1,958,775	100.00 %	100.00 %	1,958,775	3,073,215	5,410,555
Elite Electronic Material (Huangshi) Co., Ltd.	〃	614,200	(2)	601,858	-	-	601,858	64,000	100.00 %	100.00 %	64,000	774,123	-

2. Limitation on investment in Mainland China:

Company	Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Approved investment (amount) by Ministry of Economic Affairs Investment Commission(Note 3)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 4)
Elite Material Co., Ltd.	1,710,734	4,398,463	13,244,738

Note 1: There are three investment approach of categories:
(1) Direct Investment in Mainland China.
(2) Investment in Mainland China by a third party.
(3) Other approach.

Note 2: The financial statements were audited by the Certified Public Accountants of the Company.

Note 3: The difference between the paid-in capital of Elite Electronic Material (Kunshan) Co. Ltd. and the investment amount remitted from Taiwan amounted to ,USD 6,012, which was invested overseas by the subsidiary, also USD 10,000, and USD 35,000, which were recognized as capital increase out of earnings, respectively.

Note 4: The difference between the paid-in capital of Elite Electronic Material (Zhongshan) Co. Ltd. and the investment amount remitted from Taiwan amounted to USD 6,255, which was recognized as capital increase out of earnings.

Note 5: The difference between the paid-in capital and investment amount remitted from Taiwan amounted to USD 110, which was invested overseas by the subsidiary.

Note 6: The items in the balance sheet and those in the income statements were translated at the exchange rate of 30.7100 and 29.7181, respectively, for the year ended December 31, 2022.

Note 7: The transactions with the Group were eliminated in the consolidated financial statements.

3. Significant transactions：

Please refer to the related disclosures above captioned as "Related information on material transaction items" for direct or indirect significant transactions between the Group and its investees in Mainland China for the year ended December 31, 2022. (The transactions were eliminated in the consolidated financial statements.)

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Yu Chang Investment Co., Ltd.	25,471,477	7.65 %
Cathay Life Insurance Co., Ltd.	18,610,000	5.58 %

Note: (1)The main shareholder information of this table is calculated by the insurance company on the last business day at the end of each quarter. The above information. As for the share capital recorded in the company's financial report and the number of shares actually delivered by the company without physical registration, the calculation basis may be different or different.

(2)If the information on the Shanghai Stock Exchange is a shareholder's shareholding delivery to the trust, it will be disclosed by the trustee who opened the trust account separately. As for shareholders who handle the declaration of insider equity holding more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, etc. For information on insider equity declaration, please refer to Open Information Observatory.

(2) Segment Information

(a) General information

The Group has three reportable segments: Segment domestic, foreign, and other segments. domestic produces and sales different types of printed circuit board products, electronic-industrial specialty chemical, and electronic components. Segment foreign produces and sales prepreg for printed circuit board and copper clad laminate. Other segments engage in investment and product exchange business.

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technological and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group.

(b) Information about reportable segments' profit and loss, assets, and liabilities and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note (4) "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliations were as follows:

2022		Domestic	Foreign	Other Segments	Adjustment and Elimination	Total
Revenue:						
Revenue from external customers	$	8,013,078	30,659,471	-	-	38,672,549
Intersegment revenues		1,189,617	5,103,914	-	(6,293,531)	-
Total Revenue	**$**	**9,202,695**	**35,763,385**	**-**	**(6,293,531)**	**38,672,549**
Reportable Segment net operating income (loss)	**$**	**5,553,477**	**5,380,834**	**13,838,246**	**(18,476,502)**	**6,296,055**
Assets:						
Investments accounted for using equity method	$	19,626,861	-	52,517,027	(72,143,888)	-
Capital expenditure of non-current assets		4,396,390	11,457,909	-	643,735	16,498,034
Reportable segment assets	**$**	**29,955,622**	**41,230,310**	**56,502,521**	**(84,305,966)**	**43,382,487**
Reportable segment liabilities	**$**	**7,881,058**	**22,316,109**	**777,459**	**(9,666,703)**	**21,307,923**
2021						
Revenue:						
Revenue from external customers	$	7,897,916	30,602,110	-	-	38,500,026
Intersegment revenues		1,292,023	5,043,458	-	(6,335,481)	-
Total Revenue	**$**	**9,189,939**	**35,645,568**	**-**	**(6,335,481)**	**38,500,026**
Reportable Segment net operating income (loss)	**$**	**6,051,838**	**6,202,481**	**15,852,912**	**(21,195,335)**	**6,911,896**
Assets:						
Investments accounted for using equity method	$	17,822,990	-	51,149,945	(68,972,935)	-
Capital expenditure of non-current assets		2,134,702	7,637,520	-	591,327	10,363,549
Reportable segment assets	**$**	**26,285,677**	**31,453,681**	**49,728,940**	**(70,903,237)**	**36,565,061**
Reportable segment liabilities	**$**	**6,532,831**	**14,433,626**	**540,075**	**(4,715,358)**	**16,791,174**

(c) Product and service information

Revenue from external customers of the Group was as follows:

Product and Services		2022	2021
Prepreg	$	16,447,245	15,976,794
Capper clad laminate		21,565,368	21,207,359
Mass lam foundry		574,143	1,058,056
Other		85,793	257,817
Total	**$**	**38,672,549**	**38,500,026**

(d) Geographic information

In presenting information on the basis of geography, the revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets.

Geographic information		2022	2021
Revenue from external revenue:			
Taiwan	$	5,896,546	5,907,377
Mainland China		29,598,195	29,588,130
Other countries		3,177,808	3,004,519
Total	**$**	**38,672,549**	**38,500,026**

Geographic information		2022.12.31	2021.12.31
Non-current assets:			
Taiwan	$	4,396,390	2,134,702
Mainland China		10,951,603	7,196,751
Other countries		1,150,041	1,032,096
Total	**$**	**16,498,034**	**10,363,549**

Non-current assets include property, plant and equipment, intangible assets, and other assets, not including financial instruments, deferred tax assets, and guarantee deposits.

(e) Major customers

2022				2021		
Customer	Sales		Ratio	Customer	Sales	Ratio
A	$	4,083,290	11 %	A	4,523,496	12 %
B		3,546,718	9 %	B	2,953,361	8 %