台光電子材料股份有限公司
Elite Material Co., Ltd.

TWSE Stock Code：2383

Elite Material Co., Ltd.

2022

ANNUAL REPORT

Printed Date：10th May 2023

This annual report can also be viewed and downloaded at the following website:

http://mops.twse.com.tw

https://www.emctw.com

1. The Company Spokesperson:

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Job title	: Senior Manager
Telephone	: +886-3-483-7937
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Deputy Spokesperson:

Name	: Vicky Chiang
Job title	: Deputy Manager, Finance Department
Telephone	: +886-3-483-7937
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2. Elite Material Co., Ltd.

Headquarters address	: No. 18, Datong 1st Road, Guanyin District Taoyuan City 32849, Taiwan
Telephone	: +886-3-483-7937
Hsinchu Factory address	: No. 14, Wenhua Road, Fenshan Village Huko Township, Hsinchu County 30352, Taiwan
Telephone	: +886-3-598-1688

3. Stock Transfer Processing Agent:

Name	: Stock Transfer Agent Department Oriental Securities Co., Ltd.
Address	: 13F, No. 16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan
Telephone	: +886-2-7753-1699
Website	: www.osc.com.tw

4. Independent Auditor:

Name of the accountants	: Yi-Chun Chen ; Hsiao-Ling Chiang
Name of the firm	: KPMG
Address	: 68F, No. 7, Xinyi Road, Section 5, Taipei City, Taiwan
Telephone	: +886-2-8101-6666
Website	: www.kpmg.com.tw

5. Name of the Transaction Place of the Overseas Securities and the Ways to Inquire the Information of the Overseas Securities:

Not Applicable

6. The Company Website: www.emctw.com

The English version is the translation of the Chinese version and if there is any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

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I. BUSINESS REPORT TO SHAREHOLDERS

1.Year 2022 Business Results

i. Execution Results of Business Plan

Unit: NT$ thousands

Items	Year 2022	Year 2021	%
Revenue	38,672,549	38,500,026	0.45%
Gross profit	9,710,062	10,068,554	-3.56%
Operating profit	6,225,247	6,922,620	-10.07%
Income before tax	6,296,055	6,911,896	-8.91%
Net income	5,076,240	5,500,157	-7.71%

Note: Numbers are presented on consolidated basis. The net income of year 2022 includes the net income of NT$3,366 thousand belongs to the minority interests.

The capacity of CCL is as the following:

a. Kunshan production site of Jiangsu Province, China: Monthly production capacity has achieved 1.35 million sheets. (Expected capacity of 1.65 million/Month in 1Q23)
b. Zhongshan production site of Guangdong Province, China: Monthly production capacity has achieved 950,000 sheets.
c. Guanyin/Hsinchu production site of Taiwan: Monthly production capacity has achieved 650,000 sheets.
d. Huangshi production site of Hubei Province, China: Monthly production capacity has achieved 900,000 sheets.

ii. Status of Budget Execution: Not applicable

iii. Summary of Cash Flow Statements

Unit: NT$ thousands

Items	Year 2022
Net cash provided by operating activities	7,498,208
Net cash used in investing activities	6,595,595
Net cash used in financing activities	2,687,468
Effects of changes in foreign exchange rate on cash and cash equivalents	211,468
Increase in cash in reporting period	3,801,549

iv. Analysis of Profitability

Items		Year 2022	Year 2021
Return on assets (%)		12.70	17.26
Return on equities (%)		24.26	30.11
Percentage of paid-in capital (%)	Operating profit	186.99	207.94
	Income before tax	189.12	207.62
Net margin (%)		13.13	14.29
Earnings per share (NT Dollar)		15.24	16.50

v. Results of Research and Development:

EMC is the world's largest supplier of halogen-free and Prepreg laminate material, among which the market share of HDI/SLP laminate materials for handheld devices has ranked number one in the world for several consecutive years, and among high-speed related application products such as servers and switches, global market share also rises from nothing to the top three, and the company's long-term development and growth can be expected.

In addition to continuing to focus on the development of halogen-free laminate materials for handheld and high-speed related applications, the company also extends the development of laminate materials for other applications, in year 2022, the company successfully developed a non-PTFE high-frequency laminate material, which can meet the processability of general PCB wet process and meet the needs of base station antennas and self-driving cars for the Internet of Things; The development of substrate is another key focus, at present, it has been mass-produced, and has been qualified by many customers for its quality, achieving localized supply, breaking the situation that Japanese manufacturers monopolized, and EMC's market share is rapidly increasing.

The development of substrate materials is also a major focus. At present, products with X, Y-CTE < 6ppm/℃ have been developed and promoted to customers for certification, so as to improve the localized supply against the exclusive Japanese manufacturers substrate material for packaging.

New products successfully developed by the Company in 2022:

1. RCC material adopted in 5G high-end handheld device has been certified by many customers and is actively preparing for mass production.
2. Non PTFE high frequency laminate material for Self-driving Radar and Antenna has been mass produced.
3. PCIe 5 II and PCIe 6 high speed data transmission material qualified by various customers and continuously gain market share.
4. 800GHz Switch material verified and pilot run by global brand companies and ready for mass production.

In addition to product innovation and commercialization, the competitiveness of the company, intellectual property is also an indispensable item. EMC has been developing innovative products with its own technology, and has been constantly protecting its own technology property rights through patent applications. The foil laminate material industry ranks No. 1 in Taiwan and No. 4 in the world. In the future, it will continue to apply for patents to improve the company's technological value and competitiveness.

2.Summary of Year 2023 Business Plan

i. Planning of sales and production

a Promote eco-friendly laminate material

b Capacity expansion

c Balancing sales and production, flexible inventory adjustment and active cash management operating strategy

ii. Operating strategy

a. 5G infrastructure servers and switch laminate materials continue to be introduced into high-end HDI processes, and EMC has stabilized its top three material suppliers in the infrastructure market.
b. The substrate material is an extension of its own substrate material technology. It has been mass-production and shipped, and its quality has been recognized by customers. It will continue to develop this market.
c. To maintain lion's share in high end HDI segment.
d. To penetrate into LEO market, aggressively seize the growth of market share.
e. To develop laminate material for high end vehicle market.

iii. Sales volume target

Expected sales volume target:

Copper clad laminates (CCLs):	43 million sheets/year
Prepreg (PP):	0.96 million rolls/year
Mass Lam (M/L):	1.05 million panels/year

3.Effects from changes in competitions, regulations, and business environment on the future development strategy of the company

i. Future development strategy of EMC:

a To develop high speed/ high frequency and low loss materials.
b To solidify the leading position of EMC's materials consumed by HDI PCBs in the global market.
c Enlarge offshore market, diversify risks.

ii. Perfectness of Internal control, enhance management efficiency

iii. Effects from changes in competitions, regulations, and business environment:

Due to the outbreak of Covid-19 in those two years, the company and all sites have been strictly following the quarantine protocol to make sure that the company still operates on the track.

Looking forward, although the overall economic environment is full of uncertainties, technological innovation is still the only way for enterprises to grow. The requirements for the speed and quality of information transmission are getting higher and higher, and the trend of enterprise product specification upgrades will not change. The market share in server and switch products has increased generation by generation with the launch of new generations of products; 5G mobile phone shipments will continue to grow due to the rapid increase in penetration rate. EMC continues to improve self-competitiveness and has a positive view toward the future operating prospects.

We sincerely thank you for your continued trust, support, and commitment to EMC, and look forward to building a prosperous future together with our shareholders.

Chairman: Ding-Yu Dong

II. COMPANY PROFILE

1. Date of Incorporation

Date of Incorporation: 24 March 1992

1.1. Company Tax ID Number : 86521351

Company Address : No. 18, Datong 1st Road, Guanyin Industrial Park, Guanyin District Taoyuan City 32849, Taiwan

Company Telephone : +886-3-4837937

1.2. Factory Establishment Permission:

Permission Number : 81 Jian-Yi-Tze No.083375, issued by Construction Tin, Provincial Government on 15 June 1992

Factory Address : No.18, Datong 1st Road, Guanyin Industrial Park, Guanyin District Taoyuan City 32849, Taiwan

Factory Telephone : +886-3-4837937

2. Company History

1992 The first meeting of promoters convened and drew up the Articles of Incorporation. Meanwhile, resolution was formed that promoters shall make full payment for the numbers of shares respectively subscribed to by 25 February 1992.

The second meeting of promoters convened to elect Directors and Supervisors; thereafter, the first meeting of the first term Board of Directors called to elect Mr. Zhu, Ho-Zen as the Chairman.

1993 Extraordinary Shareholders' Meeting was convened, and resolved to increase the capital of the Company by NT$22.5 million. The total paid-in capital rose to NT$430 million after the capital increase. Meanwhile, seven Directors and two Supervisors were elected in accordance with the Article 22 of the Article of Incorporation.

The Letter of Construction Tin, Taiwan Provincial Government (Letter No. 82 Jian-Yi-Tze 075808) issued the factory registration certificate to the Company, and the certificate number was 99-079038-00.

1995 For increasing business and creating more profits, the Extraordinary Shareholders' Meeting resolved to raise capital of NT$210 million in order to expand factory space and purchase machinery and equipment. The total paid-in capital rose to NT$640 million after the capital increase.

The Company, receiving pre-listing counseling guidance, applied for OTC listing.

The Article of Incorporation was amended in the Annual General Shareholders' Meeting, increasing the number of Supervisors from two to three. The third term of Directors were elected, and new Chairman was elected among Directors.

1996 The Company held the analyst meeting before initial public offering in the OTC market.

The common shares of the Company began to trade in the OTC market.

The Board of Directors resolved to increase capacity on existing production site.

1997 The following resolutions were approved in the Extraordinary Shareholders' Meeting in 1997:

1. The Company shall issue 7 million new common shares, with a par value of NT$10 per share, at a premium price of NT$35 per share.
2. The Company shall apply for listing in the Taiwan Stock Exchange in 1998; meanwhile, de-listed from the OTC market.
3. The Company shall proceed investment business in domestic and overseas market in order to develop business opportunities and expand business scope.

1998 The Annual General Shareholders' Meeting elected the fourth term Directors, and Mr. Zhu, Ho-Zen was again elected as the Chairman of the Board.

The common shares of the Company began to trade in the Taiwan Stock Exchange.

2001 The fifth term Directors and Supervisors were elected by the Annual General Shareholders' Meeting, and Mr. Zhu, Ho-Zen was again elected as the Chairman of the Board by the first meeting of the fifth term Board of Directors.

2002 The Annual General Shareholders' Meeting resolved to make up the total loss occurred in 2001 by using the legal reserve of NT$18,280,038.

2003 The Annual General Shareholders' Meeting resolved to make up the total loss occurred in 2002 by the legal reserve of NT$56,449,987 and the capital surplus of NT$61,010,761.

Mr. Zhu, Ho-Zen retired from the position of the Chairman in the 18th meeting of the fifth term Board of Directors, and Directors subsequently elected Ms. Dong-Ho, Mei-Chin to substitute the Chairman position.

2004 The sixth term Directors and Supervisors were elected by the Annual General Shareholders' Meeting, and the first meeting of such Board of Directors elected Mr. Tsai, Fei Liang as the Chairman, and Mr. Dong, Ding Yu as the Vice Chairman.

2005 Hsinchu Factory commenced commercial operation and the Company began to offer Mass Lamination services to printed-circuit board makers.

2006 The sixth term 24th Board of Directors Meeting resolved to re-organize the holding structure. Grand Shanghai and EMC-HK, subsidiaries originally controlled by EMC-Holding, were re-organized as subsidiaries under the control of Grand Zhuhai. Meanwhile, Grand Zhongshan was created and also put under the control of Grand Zhuhai.

2007 The seventh term Directors and Supervisors were elected by the Annual General Shareholders' Meeting. The first meeting of the seventh term Board of Directors elected Mr. Tsai, Fei Liang and Mr. Dong, Ding Yu as Chairman and Vice Chairman, respectively.

After the capitalization of retained earnings, combined with the conversion of convertible bonds into

common shares, the number of outstanding shares of the Company increased by 27,499,796 shares. The total share capital of the Company arrived at NT$2,383,918,790.

2008 The Company bought back and canceled 2,318,000 shares. The share capital was reduced to NT$2,369,331,320.

After the capitalization of retained earnings, combined with the conversion of convertible bonds into common shares, the number of outstanding shares of the Company increased by 21,470,823 shares. The total share capital of the Company arrived at NT$2,575,447,020.

2009 The Company bought back and canceled 2,888,000 shares. The share capital was reduced to NT$2,546,567,020.

Retained earnings was capitalized. In combination with the exercise of employees' option certificates and conversion of convertible bonds into common shares, the number of outstanding shares of the Company increased by 13,511,674 shares. The total share capital of the Company arrived at NT$2,681,683,760.

2010 The eighth term Directors and Supervisors were elected by the Annual General Shareholders' Meeting. The first meeting of the eighth Board of Directors elected Mr. Tsai, Fei Liang as the Chairman, and Mr. Dong, Ding Yu as the Vice Chairman.

Retained earnings was capitalized. In combination with the exercise of employees' option certificates and conversion of convertible bonds into common shares, the number of outstanding shares of the Company increased by 16,345,084 shares. The total share capital of the Company arrived at NT$2,845,134,600.

2011 After capitalization of the retained earnings, combined with the exercise of employees' option certificates and conversion of convertible bonds into common shares, the number of outstanding shares of the Company increased by 18,029,734 shares. The total share capital of the Company arrived at NT$3,025,431,940.

2012 The Company bought back and canceled 3,000,000 shares. Meanwhile, the exercise of the employees' option certificates and the conversion of convertible bonds into common shares increased the number of outstanding shares by 6,849,265 shares. The total share capital of the Company reached NT$3,063,924,590.

2013 The ninth term Directors and Supervisors were elected by the Annual General Shareholders' Meeting. The first meeting of the ninth Board of Directors elected Mr. Tsai, Fei Liang and Mr. Dong, Ding Yu as Chairman and Vice Chairman, respectively.

The exercise of the employees' option certificates, combined with the conversion of convertible bonds into common shares increased the number of outstanding shares of the Company by 5,178,370 shares. The total share capital of the Company reached NT$3,115,708,290.

2014 After the exercise of the employees' option certificates and the conversion of convertible bonds into common shares, the number of outstanding shares of the Company increased by 2,030,311 shares. The total share capital of the Company reached NT$3,136,011,400.

2015 After the exercise of the employees' option certificates and the conversion of convertible bonds into common shares, the number of outstanding shares of the Company increased by 3,722,000 shares. The total share capital of the Company reached NT$3,173,231,400.

2016 The tenth term Directors were elected by the Annual General Shareholders' Meeting. The first meeting of the tenth Board of Directors elected Mr. Dong, Ding Yu as Chairman of the Company, and Mr. Tsai, Fei Liang as Vice Chairman.

The exercise of employees' option certificates increased the number of the outstanding shares of the Company by 1,558,000 shares, and the total share capital of the Company arrived at NT$3,188,811,400.

2017 The exercise of employees' option certificates increased the number of outstanding shares of the Company by 7,713,180 shares, and the total share capital of the Company arrived at NT$3,196,524,580.

The Board of Directors resolved to establish a wholly-own subsidiary, Elite Material Electronic (Huangshi) Limited.

2018 The green-field factory located at Huangshi City, Hubei Province of China broke the ground and began construction.

2019 The Eleventh term Directors were elected by the Annual General Shareholders' Meeting. The first meeting of the eleventh Board of Directors elected Mr. Dong, Ding Yu as Chairman of the Company, and Mr. Tsai, Fei Liang as Vice Chairman.
Mass production of Huangshi City, Hubei Province of China
CB transferred to common shares at NT$ 556060, paid in capital increased to 3,197,080,640

2020 Domestic 4th unsecure convertible bonds are fully converted, CB converted to common shares at NT$ 132,102,350, paid in capital increased to 3,329,182,990.
Acquired Arlon EMC, CA, USA as the first manufacturing site in USA for EMC, and the 4th offshore manufacturing site.

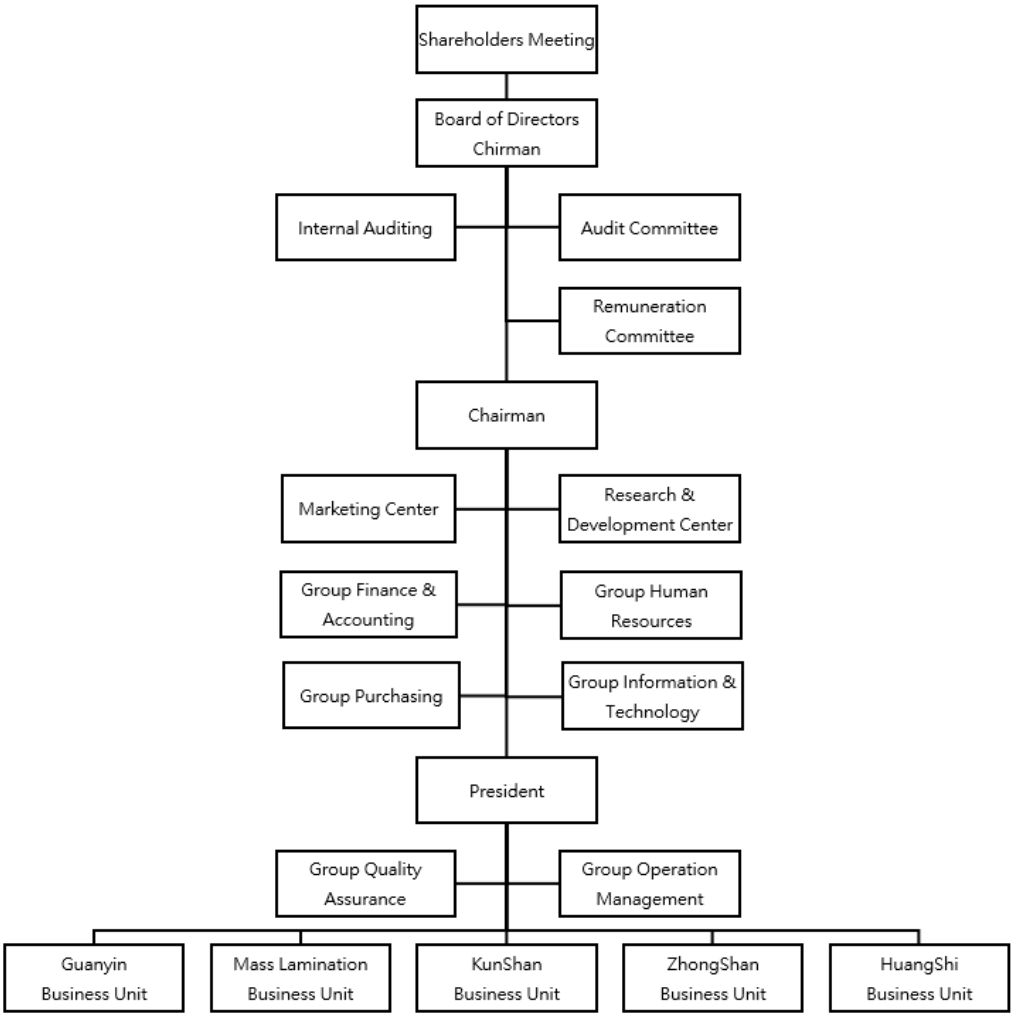
2021 Purchased land and facility located in Taoyuan for further expansion in December.

2022 The 12th term of directors were elected on AGM, and the first meeting of 12th board of directors elected Mr. Ding-Yu, Dong as chairman and Mr. Fei-Liang Tsai as vice chairman.
The fifth domestic unsecured conversion corporate bond was issued on April..
The board of directors concluded to set up factories in Southeast Asia on August

III. CORPORATE GOVERNANCE

1. Organization

1.1. Organization Chart



1.2. Affairs in charge for each Major Department

Chairman Office	To plan and instruct the business operations; to undertake the review and examination of legal affairs, contacts of the parent company, subsidiaries, and affiliated entities that the Company has controlling interests in.
President Office	To develop the business strategy of the Company and to execute the business plan. To prepare the annual business budget, targets, and strategic management plan. To plan the key investment projects.
Audit Office	Assist the Board of Directors to perform internal control and examine the auditing, accounting and internal control system and executions.
Marketing & Promotion Office	Be in charge of the market research of the Company's products and formulation of the marketing strategies.

Research & Development Division	Be in charge of the research and development of new products, patent applications and filings, and promotions of new products.
Group Finance& Accounting	Assist the President and be in charge of the management of finance, accounting, information system, and EHS system.
Group Human Resources Division	Assist the President and be in charge of the management of human resources, information system, and EHS system.
Group Procurement	Be in charge of the evaluation, counseling, and management of suppliers and outsourcers, making sure of the product of the Company can meet the quality standards of customers and requirements of HSF regulations.
Group IT	To plan and manage the group IT operations.
Group Quality &Assurance	Be in charge of the integration of quality system and establish database of related product characters.
Group operation management	Coordinate the improvement of manufacturing and operational efficiency. Optimize capital support audit work and related benefit tracking mechanism.
Each Business Unit (Zhongshan, Kunshan, Guanyin, and Huangshi)	Be in charge of the sales of domestic and overseas markets, the management of inventory, product engineering design, and customer service. Be responsible for production, quality assurance, and equipment maintenance affairs.

2. Directors and Management Team

2.1. Directors

2 April 2023

Title	Nationality or Record of Birth	Name Sex Age	Date elected Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & Minor children		Holding shares in the name of another person		Curriculum vitae	Other positions in EMC and other companies	Executives or Directors who are spouses or within two degrees of kinship			Remarks
					Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship	
Chairman	ROC	Ding-Yu Dong Male 61-70	26 May 2022 3 years	25 May 2001	5,265,766	1.58	5,265,766	1.58	15,842	0.00	0	0.00	Ph.D. in Engineering, Stanford University, USA Assistant Professor, San Jose State University, USA	None	None			None
Vice Chairman	ROC	Yu Chang Investment Co., Ltd. Representative: Fei-Liang Tsai Male 61-70	26 May 2022 3 years	25 Jun 2004	25,471,477 447,244	7.65 0.13	25,471,477 500,244	7.65 0.15	0 0	0.00 0.00	0 0	000 0.00	Master in Chemical Engineering, National Tsing Hua University President, Taiwan Union Technology Corp.	None	None			None
Director	ROC	Yu Chang Investment Co., Ltd. Representative: Wen-Shiung Lee Male 71-80	26 May 2022 3 years	25 Jun 2016	25,471,477 0	7.65 0.00	25,471,477 0	7.65 0.00	0 0	0.00 0.00	0 0	000 0.00	Bachelor of Chemical Engineering, Tamkung University Director, Unimicron Corporation President, Isola Asia Pacific (Taiwan) Inc.	Consultant, Taiwan Printed Circuit Association	None			None
Director	ROC	Mon-Chong Hsieh Male 51-60	26 May 2022 3 years	25 Jun 2004	0	0.00	0	0.00	0	0.00	0	0.00	Master in International Affairs, Columbia University, USAChairman, Food Industry Research and Development InstituteDirector, The Eisenhower Exchange Fellowships, Inc.	Chairman, Synmax Biochemical Co., Ltd. Vice Chairman, Royal Chef Co., Ltd.	None			None

Title	Nationality or Record of Birth	Name Sex Age	Date elected Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & Minor children		Holding shares in the name of another person		Curriculum vitae	Other positions in EMC and other companies	Executives or Directors who are spouses or within two degrees of kinship			Remarks
					Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship	
Independent Director	ROC	Bing Shen Male 71-80	26 May 2022 3 years	25 Jun 2016	0	0.00	0	0.00	0	0.00	0	0.00	MBA, Harvard University Financial Analyst, World Bank Chief Investment Officer, International Bank Corp. Executive Director, Morgan Stanley & Co. Vice President, China Development Industrial Bank President, CDIB Partners Investment Holding Corporation	Director, OUC Corporation Director, ECOVE	None			None
Independent Director	ROC	Duen-Chian Cheng Male 61-70	26 May 2022 3 years	10 Jun 2019	0	0.00	0	0.00	0	0.00	0	0.00	MBA, Columbia University, USA President, Director, Appier Holdings Inc. Independent Director, TA YA ELECTRIC WIRE & CABLE CO., LTD Chairman, LuxNet Corp Chairman, Clientron President, UMC Capital Corporation	Chairman, TGVest Capital Co., Ltd. Chairman, TriKnight Capital Corporation Vice Chairman, LuxNet Corp	None			None

Title	Nationality or Record of Birth	Name Sex Age	Date elected Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & Minor children		Holding shares in the name of another person		Curriculum vitae	Other positions in EMC and other companies	Executives or Directors who are spouses or within two degrees of kinship			Remarks
					Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship	
Independent Director	ROC	Hsi-Chia Chen Female 51-60	26 May 2022 3 years	26 May 2022	0	0.00	0	0.00	0	0.00	0	0.00	Ph.D. in Law, National Taiwan University Ph.D. in Law, Peking University Partner, Chief Representative of Beijing Office, Joint Head of Office-China & Member of Asia Pacific Operating Committed (APOC), Pinsent Masons LLP Trainee , King & Wood Mallesons (previously known as King & Wood) Associate &Partner, Formosan Brothers, Attorneys-at-Law	Managing Partner, Chen & Chang, Attorneys-at-Law. Member, Standing Committee of ICC International Centre for ADR Convenor, Taiwan Chapter of the Chartered Institute of Arbitrators (CIArb) East Asia Branch. Independent Director, Asia Renewable Energy (Cayman) Ltd.	None			None

2.2. Major shareholders of EMC's Directors are institutional shareholders

2 April 2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Yu Chang Investment Co., Ltd.	Yu Sheng Investment Co., Ltd.

2.3. Major shareholders of the major shareholders who are juridical persons

2 April 2023

Name of Juridical Persons	Major Shareholders of the Juridical Persons
Yu Sheng Investment Ltd.	British Virgin Island Daton West Limited

2.4. Professional Qualifications and Independent Analysis of Directors

(1) Professional Qualifications and Independent information disclose of Directors:

Condition / Name	Professional qualifications	Curriculum Vitae	Independence situations (Meet the criteria of Note 1)	The number of independent directors of the other public offering company
Director Dong, Ding Yu	Have the work experience in business, legal, finance, accounting or corporate business	Assistant Professor, San Jose State University	(6) (8) (9) (10) (11) (12)	1
Director Tsai, Fei Liang	Have the work experience in business, legal, finance, accounting or corporate business	President, Taiwan Union Technology Corporation	(1) (3) (4) (5) (6) (8) (9) (10) (11)	-
Director Lee, Wen Shiung	Have the work experience in business, legal, finance, accounting or corporate business	Director, Unimicron Corporation President, Isola Asia Pacific (Taiwan) Inc.	(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11)	-
Director Hsieh, Mon Chong	Have the work experience in business, legal, finance, accounting or corporate business	Chairman, Food Industry Research and Development Institute Director, The Eisenhower Exchange Fellowships, Inc. Director, Chinese National Federation of Industries	(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12)	-

Independent director Shen, Bing	Have the work experience in business, legal, finance, accounting or corporate business	Financial Analyst, World Bank Chief Investment Officer, International Bank Corp. Executive Director, Morgan Stanley & Co. Vice President, China Development Industrial Bank President, CDIB Partners Investment Holding Corporation	（1）（2）（3）（4）（5）（6）（7）（8）（9）（10）（11）（12）	-
Independent director Cheng, Duen-Chian	Have the work experience in business, legal, finance, accounting or corporate business	Managing Director, Union Investment Management Consulting Co, Ltd. Executive Director/President of Taiwan Branch, Morgan Stanley Asia Limited Executive Director, Goldman Sachs Asia L.L.C.	（1）（2）（3）（4）（5）（6）（7）（8）（9）（10）（11）（12）	2
Independent director Chen, Hsi-Chia	Have the work experience in business, legal, finance, accounting or corporate busines	Partner of Pinsent Masons, Chief Representative of Beijing Office, Co-Head of China Region and Member of Asia Pacific Operations Committee King & Wood Mallesons trainee lawyer Lawyer and Partner of Huanying Law Firm	（1）（2）（3）（4）（5）（6）（7）（8）（9）（10）（11）（12）	-

Note 1 : Each director meets the following conditions in the two years prior to the election and during his or her term of office.

（1）An employee who is not employed by the company or its affiliates.

（2）Directors or supervisors who are served as the position of the same company or affiliated enterprises (except where the company and its parent company, subsidiaries or subsidiaries of the same parent company are established as independent directors in accordance with this Act or local national decrees).

（3）A natural person shareholder who is not a natural person who holds more than 1% of the total number of issued shares of the company or holds in the name of others or the top 10 shareholders.

（4）The spouse, second degree or third degree relatives of managers not listed in (1) or (2) or (3) listed persons.

（5）A director, supervisor or employee who does not directly hold more than 5% of the total number of issued shares of the company, the top five shareholders or the legal person shareholders designated as directors or supervisors of the company in accordance with article 27, paragraphs 1 or 2 of the company Act (except where the company and its parent company, subsidiaries or subsidiaries of the same parent company are established by this law or local laws and regulations).

（6）More than half of the shares that are not seated or have voting rights in the directors of the company shall be directors, supervisors or employees of other companies controlled by the same person (except where they are independent directors of the company or its parent, subsidiary or subsidiary of the same parent company established in accordance with this Act or local national decrees).

（7）Directors, supervisors or employees of other companies or institutions that are not the same person as the chairman, president or equivalent of the company or spouse (except where the company and its parent company, subsidiaries or subsidiaries of the same parent company are established as independent directors in accordance with this Law or local national laws).

（8）Directors, supervisors, president or shareholders holding more than 5% of the shares of a particular company or institution that do not have financial or business dealings with the company (unless a particular company or institution holds more than 20% of the total number of issued shares of the company, not more than 50%, and is an independent director of the company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this Law or local national laws).

（9）Professionals, sole proprietors, partners, directors, supervisors, managers and their spouses who do not provide audits for the company or related enterprises or have obtained remuneration in the past two years in the past two years in a commercial, legal, financial, accounting and other related services of NT$500,000. However, this does not apply to members of the Remuneration Committee, the Public Takeover Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions under the Securities and Exchange Act or the relevant laws and regulations of the Mergers and Acquisitions Act.

（10）There is no family relationship with other directors within the scope of a spouse or second-degree relatives.

（11）There is no circumstance under the paragraphs of article 30 of the company act.

（12）There is no any elected directors who is on behalf of a government, a legal person or its representative under the article 27 of company act.

(2)The diversity and independence of board of directors：

(A)Diversity of board of directors：

The members of the 11th Board of Directors of the company have rich knowledge of management, operational judgment and related industry knowledge, and the company will continue to evaluate the diversified complementarity of the board members, continue to implement the diversification policy, and the specific goals for the future include increasing the number of female directors (at least one seat) or the proportion of independent directors, all of which will be used as a reference for the next director re-election.

The composition of the board of directors of the company is based on the Code of Corporate Governance and the Method of director election to consider the diversity of the board of directors from various aspects. The company has a total of 7 directors, including 3 independent directors, who have extensive experience and expertise in the fields of finance, commerce, industrial technology and management. 1 director with employee status in the Company accounts for 14%, 2 independent directors have a term of less than 3 years, 1 independent director has a term of 4-6 years, 2 directors are over 70 years old, 4 are 60 to 69 years old, and 1 is under 60 years old. All directors are male and of Chinese nationality. More diversity of board members is as follows:

Diversity / Name	Content							
	Nationality	Gender	Employed by EMC	Age			Tenure of independent director	
				51-60	61-70	71-80	< 3years	3-9 years
Dong Ding-Yu	ROC	Male	✔		✔			
Tsai, Fei Liang	ROC	Male			✔			
Lee, Wen Shiung	ROC	Male				✔		
Hsieh, Mon Chong	ROC	Male		✔				
Shen, Bing	ROC	Male				✔		✔
Cheng, Duen-Chian	ROC	Male			✔			✔
Chen, Hsi-Chiag	ROC	Female		✔			✔	

Name	Professional Background			Professional Qualification and Experience			
	Industry	Finance and accounting	Legal	Operating and Manufacturing	Leadership Skill	Strategic Decision-making	Global Market Perspective
Dong Ding-Yu	✔			✔	✔	✔	✔
Tsai, Fei Liang	✔			✔	✔	✔	✔

Lee, Wen Shiung	✔			✔	✔	✔	✔
Hsieh, Mon Chong	✔			✔	✔	✔	✔
Shen, Bing	✔	✔		✔	✔	✔	✔
Cheng, Duen-Chian	✔	✔		✔	✔	✔	✔
Chen, Hsi-Chiag	✔		✔	✔	✔	✔	✔

(B)The independence of board of directors：

a The company has a total of 7 directors, including 3 independent directors, of which 43% are independent directors, and the independent directors do not have the circumstances stipulated in items 3 and 4 of Article 26-3 of the Securities and Exchange Act, and none of the directors of the company have a relationship of kinship within the scope of spouse or second-degree relatives.

b All independent directors are compliance with the regulations on independent directors stipulated by the Financial Supervisory Commission. The status of independence is as follows

Name	Whether the person, spouse, or relative within the second degree is a director, supervisor, or employee of the company or its affiliated companies	The number and proportion of the company's shares held by myself, spouse, and relatives within the second degree (or in the name of others)	Whether to serve as a director, supervisor or employee of a company with a specific relationship with the company	The amount of remuneration obtained for providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last 2 years
Shen, Bing	No	No	No	No
Cheng, Duen-Chian	No	No	No	No
Chen, Hsi-Chiag	No	No	No	No

2.5. President, Vice President, Assistant Vice President, Managers of Departments and Branches

2 April 2023

Title	Nationality	Name Sex	Effective	Shareholding		Shareholding of Spouse & Minor Children		Holding shares in the name of another person		Curriculum Vitae	Other Positions	Managers who are spouses or within two degrees of kinship			Remarks
				Share	%	Share	%	Share	%			Title	Name	Relationship	
President	ROC	Guan, En-Xiang Male	16 Aug 2021	51,222	0.02	29	0.00	None		Bachelor in Chemistry, National Cheng-Kung University Production Director, Pou Li Der Inc.	President, Elite Electronic Material (Kunshan) Co., Ltd.	None			None
Senior Vice president	ROC	Sun, Michael Male	9 Aug 2018	0	0.00	0	0.00	None		Ph.D. in Chemical Engineering, University of Southern California Senior Vice President, SOCLE Technology Corporation VP of AUO Optronics Corp./ President of AUO Business Group	None				
Vice president	ROC	Peng, Yi-Ren Male	1 Apr 2011	147,774	0.04	0	0.00	None		Master in Chemistry, University of LAMAR, USA	None				
Vice resident	ROC	Chuang, Michael Male	1 Mar 2020	0	0.00	0	0.00	None		Master of Science, Duke University, USA General manager, PVC, Zhuhai BU Head, Liteon Mobile	VP of Elite Material(Zhongshan)				
Vice president	ROC	Chou, Li-Ming Male	19 May 2020	9,791	0.00	0	0.00	None		Master of Materials Science and Engineering, NTU Director, RD division	None				
Vice president	ROC	Lin, Alan Male	17 May 2021	0	0.00	0	0.00	None		Master of information management, NSYSU Director Sercom technology Director, E-Ink	None				
Vice president	ROC	Yang, Danny	6 Sep 2021	22,049	0.01	0	0.00	None		Institute of Mechanical Engineering, Taiwan Institute of Industrial Technology VP, EMC president office	None				

									AVP, EMC (KY)			
Vice president	ROC	Lee, De-Na Male	13 Sep 2021	2,000	0.00	0	0.00	None	Institute of Mechanical Engineer, CKVS AVP, EMC(ZS) AVP, EMC (KS)	None		
Vice president Jan 1, 2023	ROC	Lin, Michael Male	1 Jan 2023	970	0.00	4,000	0.00	None	Master in mechanical engineering, National Cheng-Kung University Celxpert energy corporation, COO EMC (KS), director	None		
Vice president March 20, 2023	ROC	Lee, Stan Male	20 Mar 2023	0	0.00	0	0.00	None	MBA, Georgetown University, US SKFH, VP, Spokesperson	None		
Director (Corporate Goverrnor) " March 1, 2023	ROC	Wesley-Lin Male	1 Mar 2023	0	0.00	0	0.00	None	Bachelor, Department of Business administration, Shih Chien University Manager of Audit Office, Elite Material Co., Ltd.	None		
Head of Accounting Department	ROC	Yen, Sara Female	16 Mar 2015	0	0.00	0	0.00	None	Master of Accounting, Chung Yung Christian University	None		

3. Remuneration for directors, president and vice president

3.1.1 Remuneration paid to Directors and Independent Directors

Unit：NTD thousand

Title	Name	Remuneration								Ratio of Total Remuneration (I+II+III+IV) over Net Income (%)		Relevant Compensation Received by Directors Who Are Also employees								Ratio of Total Remuneration (I+II+III+IV+V+VI+VII) to Net Income (%)		Remuneration Paid to Directors from an Invested Company or the Company's Subsidiary
		Base Remuneration (I)		Severance Pay and Pension (II)		Directors' Remuneration from Distribution of Earnings (III)		Operating Allowances (IV)				Salary, Bonuses, and Allowances (V)		Severance Pay and Pension (VI)		Employees' Compensation from Distribution of Earnings (VII)						
																The Company		All Companies in the Consolidated Financial Statements				
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	Cash	Stock	Cash	Stock	The Company	All Companies in the Consolidated Financial Statements	
Chairman	Dong, Ding Yu	0	0	0	0	23,416	23,416	304	304	23,720 0.47%	23,720 0.47%	9,439	16,911	0	0	1,302	0	1,302	0	34,461 0.68%	41,933 0.83%	None
Vice Chairman	Yu Chang Investment Co., Ltd.																					
Director	Yu Chang Investment Co., Ltd.																					

Director	Hsieh, Mon Chong																				
Independent Director	Shen, Bing	0	0	0	0	14,049	14,049	233	233	14,282 0.28%	14,282 0.28%	0	0	0	0	0	0	0	0	14,282 0.28%	14,282 0.28%	None
Independent Director	Cheng, Duen-Chian																				
Independent Director May 26, 2022 Resigned.	Tsai, Rong Dong																				
Independent Director May 26, 2022 Onboard.	Chen, Hsi-Chia																				

(Note 1): Please state the policy, system, standard and structure of the independent director's honorarium payment, and describe the correlation with the amount of remuneration according to the responsibilities, risks, investment time and other factors undertaken: The remuneration of the general directors and independent directors of the company shall be not more than 1.2% of the remuneration of the directors if there is a profit in the year stipulated in the Articles of Association of the Company. The procedures for setting remuneration for directors are based on the Company's "Performance Assessment Method for the Board of Directors", not only with reference to the company's overall operating performance, future operational risks and development trends of the industry, but also to the individual's performance compliance rate and contribution to the company's performance. Considering the reasonable remuneration including the mastery of the company's goals and tasks, the understanding of the responsibilities of the directors, the degree of participation in the company's operations, the operation and communication of internal relationships, the professional and continuous training of directors, internal control, etc., into the performance appraisal and remuneration payment considerations, the relevant performance appraisal and remuneration rationality are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed in a timely manner according to the actual operating conditions and relevant laws and regulations at any time, so as to seek a balance between the company's sustainable operation and risk control.

(Note 2): In addition to the above table, the remuneration received by the directors of the Company for the most recent year for the services provided by all companies in the financial report (e.g. as consultants to non-employees, etc.): None.

3.1.2 Bracket of Remuneration paid to Directors and Independent Directors

Bracket	Name of Directors			
	Total of (I + II + III + IV)		Total of (I + II + III + IV + V + VI + VII)	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
Under NT$1,000,000				
NT$1,000,000 ~ NT$2,000,000				
NT$2,000,000 ~ NT$3,500,000	Chen, Hsi-Chia, Tsai, Rong Dong	Chen, Hsi-Chia, Tsai, Rong Dong	Chen, Hsi-Chia, Tsai, Rong Dong	Chen, Hsi-Chia, Tsai, Rong Dong
NT$3,500,000 ~ NT$5,000,000	Fei-Liang Tsai ; Mon-Chang Hsieh ; Wen-Shiung Li ; Bing Shen ; Duen-Chian Cheng ;	Fei-Liang Tsai ; Mon-Chang Hsieh ; Wen-Shiung Li ; Bing Shen ; Duen-Chian Cheng ;	Fei-Liang Tsai ; Mon-Chang Hsieh ; Wen-Shiung Li ; Bing Shen ; Duen-Chian Cheng ;	Fei-Liang Tsai ; Mon-Chang Hsieh ; Wen-Shiung Li ; Bing Shen ; Duen-Chian Cheng ;
NT$5,000,000 ~ NT$10,000,000	Ding-Yu Dong	Ding-Yu Dong		
NT$10,000,000 ~ NT$15,000,000				
NT$15,000,000 ~ NT$30,000,000			Ding-Yu Dong	Ding-Yu Dong
NT$30,000,000 ~ NT$50,000,000				
NT$50,000,000 ~ NT$100,000,000				
NT$100,000,000 and above				
Total	8	8	8	8

3.2.1 Remuneration paid to President, Senior Vice President, and Vice President

Unit：NTD thousand

Title	Name	Salary (I)		Severance Pay and Pension (II)		Compensation and Allowances (III)		Employees' Compensation from Distribution of Earnings (IV)				Ratio of Total Compensation (I+II+III+IV) to Net Income (%)		Compensation paid to President and Other Managers in This Table from an Invested Company other than the Company's Subsidiary
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		All Companies in the Consolidated Financial Statements		The Company	All Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Guan, En-Xiang	31,020	35,105	1,094	1,094	37,204	45,248	11,576	0	11,576	0	80,894 1.59%	93,023 1.83%	None
SVP	Sun, Michael													
VP	Peng, Yi-Ren													
VP	Chuang, Michael													
VP	Chou, Li-Ming													
VP	Lin, Alan													
VP	Lin, Chien-Chen													
VP	Yang, Danny													
VP	Lee, De-Na													
VP (Sep 2,2022 resigned)	Randy Yu													
VP (Sep 26,2022 resigned)	Kenny Su													
VP (Dec 31, 2022 resigned)	Wang, Gary													

Note 1：Retirement pension is the amount of the company's retirement pension expense.

Note 2：The above is the remuneration of the general manager and vice presidents in the most recent year (Year 2022).

3.2.2. Bracket of Compensation paid to President, Senior Vice President, and Vice President

Bracket	Name of President, and Vice Presidents	
	The Company	All Companies in the Consolidated Financial Statements
Under NT$1,000,000		
NT$1,000,000 ~ NT$2,000,000	Randy Yu	Randy Yu
NT$2,000,000 ~ NT$3,500,000	Wang, Gary、Su, Kenny 、Lee, De-Na	Wang, Gary、Su, Kenny
NT$3,500,000 ~ NT$5,000,000	Chuang, Michael	
NT$5,000,000 ~ NT$10,000,000	Sun, Michael、Peng, Ri-Ren、Chou,Li-Ming、Lin, Alan、Yang, Danny、Lin, Chien-Chen	Sun, Michael、Peng, Ri-Ren、Chou,Li-Ming、Lin, Alan、Yang, Danny、Lin, Chien-Chen、Lee, De-Na、Chuang, Michael
NT$10,000,000 ~ NT$15,000,000		
NT$15,000,000 ~ NT$30,000,000	Guan, En-Xiang	Guan, En-Xiang
NT$30,000,000 ~ NT$50,000,000		
NT$50,000,000 ~ NT$100,000,000		
NT$100,000,000 and above		
Total	12	12

3.3.1 Compensation Paid to Managers

Unit: NT$ thousands

Title	Name	Compensation (Stock)	Compensation (Cash)	Total amount	Ratio of Total Amount to Net Income (%)
Chairman	Dong, Ding-Yu	0	14,508	14,508	0.29%
President	Guang, En-Xiang				
Senior Vice President	Sun, Michael				
Vice President	Peng, Yi-Ren				
Vice President	Chou, Li-Ming				
Vice President	Chuang Michael				
Vice President	Lin, Alan				
Vice President	Lin, Chien-Chen				
Vice President	Yang, Danny				
Vice President	Lee, De-Na				
Head of Corporate Governance (Dismissed on Mar 1, 2023)	Chang, Li-Chio				
Director of Accounting Department	Yen, Sara				

3.3.2 The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two latest fiscal years to Directors, Presidents and Vice Presidents of the Company over net income:

	The Ratio of Total Paid Remuneration Over Net Income (%)			
	The Company			
	2021		2022	
	Total amount	Ratio of Total Amount to Net Income (%)	Total amount	Ratio of Total Amount to Net Income (%)
Directors	60,410	1.10%	34,461	0.68%
Independent Directors	23,843	0.43%	17,282	0.28%
President & Vice President	131,789	2.40%	80,894	1.59%
Net income	5,493,218	-	5,072,874	-

	The Ratio of Total Paid Remuneration Over Net Income (%)			
	All Companies in the Consolidated Financial Statements			
	2021		2022	
	Total amount	Ratio of Total Amount to Net Income (%)	Total amount	Ratio of Total Amount to Net Income (%)
Directors	61,270	1.12%	41,933	0.83%
Independent Directors	23,843	0.43%	14,282	0.28%
President & Vice President	136,895	2.49%	93,023	1.83%
Net income	5,493,218	-	5,072,874	

Remuneration policies, standards and combinations, procedures for determining remuneration, and relevance to business performance and future risks:

- According to Article 36-1 of the company's articles of association: If the company makes a profit in the year, 3% of the employee's compensation and no more than 1.2% of the director's compensation shall be provided. However, when the company still has accumulated losses, it should reserve the compensation amount in advance. When employees' compensation is distributed in stock or cash, the distribution target must include employees of subordinate companies that meet certain conditions, and the method shall be separately formulated by the board of directors.
- The remuneration of general directors and independent directors of the company, the remuneration committee reviews the degree of participation and contribution value of each director to the company's operations. The responsibilities of directors, the degree of participation in the company's operations, internal relationship management and communication, the directors' professional and continuous training, internal control, etc. are included in the performance appraisal and remuneration payment considerations and give reasonable remuneration, and the relevant performance appraisal and remuneration rationality are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed in a timely manner according to the actual operating conditions and relevant laws and regulations at any time, so as to seek a balance between the company's sustainable operation and risk control.
- The company allocated 0.65% of directors' remuneration in the year of 2022 for the amount of NT$ 37,465 thousand and paid director's carriage fee (attendance fee) of NT$ 537 thousand.
- The salary and remuneration of the general manager and vice president of the company are reviewed by the salary and remuneration committee and approved according to the individual performance achievement rate and contribution. For the assessment items within the measures, such as: the revenue and profit of each factory to achieve the budget target, the loss of work hours in each factory is better than that of the previous year, and the internal control audit of each factory
- The company's remuneration policy considers the company's current year's operating results, financial situation and future capital utilization needs planning, and the assessment of future risks is also included in the scope of consideration to minimize the possibility of risk occurrence.

4. Corporate Governance

4.1 Board of Directors

Total eight meetings were convened by the Board of Directors in 2022. Attendance of each Director and Independent Director is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate	Remarks
Chairman	Dong, Ding-Yu	8	0	100%	
Vice Chairman	Tsai, Fei-Liang Representative of Yu Chang Investment Co., Ltd.	8	0	100%	
Director	Li, Wen-Shiung Representative of Yu Chang Investment Co., Ltd.	8	0	100%	
Director	Hsieh, Mon-Chang	8	0	100%	
Independent Director	Sheng, Bing	8	0	100%	
Independent Director	Cheng, Duen-Chian	8	0	100%	
Independent Director	Chen, Hsi-Chia	5	0	100%	May 26th, 2022 on board.
Independent Director	Tsai, Rong-Dong	3	0	100%	May 26th, 2022 dismissed.

Other required disclosure:

(1) Should any circumstance described in Article 14-3 of the Securities and Exchange Act

Term	**Date**	**Important Resolutions**	**The Opinions of Independent Directors and the Company's handling of the Opinions of Independent Directors**
The 17th Board Meeting of the 11th term	23 Feb 2022	1. Approved the Year 2021 Declaration of Internal Control System. 2. Approved the revision of Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd.” 3. Approved the fund raising of the affiliates of the company. 4. Accepted the proposal submitted by the Remuneration Committee about the directors' remuneration and managers' compensation of Year 2022. 5. Approved the proposal of Year 2021 directors' remuneration and employees' compensation. 6. Approved the Year 2021 business report and financial statements. 7. Approved the proposal of distribution of Year 2021 profits. 8. Approved the 12th election of the directors of the company 9. Approved the proposal of convening of the year 2022 annual general meetings related affairs.	No objection Pass the case
The 18th Board Meeting of the 11th term	15 Apr 2022	1. Approved the proposal of the article of incorporation and meeting rules of the shareholders of the company. 2. Approved the proposal of convening the year 2022 annual	No objection Pass the case

		general shareholders' meeting 3. Approved the capital expenditure of the company. 4. Approved the proposal of the nomination of directors (including independent directors) by more than 1% of shareholders. 5. Approved the proposal of exempt of non-compete against directors.	
The 19th Board Meeting of the 11th term	27 Apr 2022	1. Approved the proposal of increase of short -term credit line of the company. 2. Approved the proposal of increase the amount of capital expenditure of KY site. 3. Approved the changes of accountant, the independence and competence assessment of the CPAs . 4. Approved the year 1Q22 annual financial report.	No objection Pass the case
The 1th Board Meeting of the 12th term	26 May 2022	To elect chairman and vice chairman.	No objection Pass the case
The 2th Board Meeting of the 12th term	27 July 2022	1. Approved the revision of code of internal authorization of the company. 2. Approved the proposal of capital expenditure of EMC (Kuanshan). 3. Approved the 1H22 financial report.	No objection Pass the case
The 3th Board Meeting of the 12th term	25 August 2022	1. Approved the buyback of minority Great Shanghai stakes. 2. Approved the set-up of oversea manufacturing site.	No objection Pass the case
The 4th Board Meeting of the 12th term	28 Oct 2022	1. Approved the increase of the company's endorsement to subsidiaries. 2. Approved the audit plan for year 2023. 3. Approved the re-appoint of director of subsidiary. 4. Approved the amendments to the company's "Board of Directors' Rules of Procedure" and "Standard Operating Procedures for Handling Directors' Requests". 5. Approved the company's consolidated financial report for the third quarter of 2022 6. Approved the increase in investment in the mainland subsidiary "EMC (Kunshan) Co., Ltd." 7. Approved the change of investment path and equity transfer of the company's mainland subsidiary.	
The 5th Board Meeting of the 12th term	21 Dec 2022	1. Approved the review of the CPA audit fee for Year 2022. 2. Approved the general principles of the company's pre-approval non-confirmation service policy. 3. Approved the Year 2022 plan of auditing of Elite Material Co., Ltd. 4. Approved the proposal of Year 2023 remuneration committee's business plans. 5. Approved the disposal of investment income of the company's mainland subsidiary. 6. Approved the proposal of capital expenditure of EMC(ZS) of the company. 7. Approved the proposal of group budget and capital expenditure of year 2022.	

(2) In addition to the aforementioned matters, other resolutions of the board of directors that have been objected or reserved by independent directors and have records or written statements: None

(3) Should there be any director neither joining discussion nor exercising the voting rights in board meetings for the resolution which he/she has personal interests, the name of such director, the contents of the said resolution, the reasons such director has personal interests, and the voting results shall be specified: None

(4) The board of directors (peer) valuation cycles, periods, scopes, ways and content of board of directors:

In accordance with the Code of Practice for Corporate Governance of Listed OTC companies, the company was approved by the board of directors in 2020 to formulate the "Measures for Performance Evaluation of the Board of Directors of EMC Co., Ltd." Every year, the members of the board of directors and the board of directors conduct internal self-evaluation to conduct the performance evaluation of the board of directors of the year, and it is stipulated that the evaluation should be carried out by an external professional independent organization or a team of external experts and scholars at least every three years. In 2022, the company entrusted the "Taiwan Board of Directors Performance Association" to perform an external evaluation of the effectiveness of the board of directors (period 2019/1-2022/9). Structure, selection and training, operation participation, decision-making quality, internal control, and environment, society and corporate governance (ESG) and value creation, etc. 7 aspects, 70 indicators, assessed by means of questionnaires and on-site visits, An evaluation report was issued on Dec 7th, 2022, and the company reported the evaluation results to the board of directors on Dec 21, 2022 and sought improvements.

Type	Timeframe	Scope	Evaluation
Self-Assessment,	From：Jan 1, 2022 To： Dec 31, 2022	Nine aspects, 36 indicators 1. The mission and goals of the company 2. Internal control and risks of the company 3. Management of internal relations 4. Management of external relations 5. Composition and capabilities of the board of directors 6. Board culture 7. Operation of the board of directors 8. Chairman/Chairperson of the meeting 9. Self-evaluation of directors	According to the evaluation indicators and evaluation standards, the performance evaluation of the company's board of directors in year 2022 was in the middle to high end range (96 points).
Board of Directors	From：Jan 1, 2022 To： Dec 31, 2022	Two aspects, 7 indicators Comply with relevant laws and regulations 1. Compliance with matters that should be brought to the board of directors for discussion according to law 2. Whether the board meeting is held at least once a quarter 3. Observance of director's avoidance of interests Participation in company operations 1. Supervise and understand the implementation of business plans, the expression of financial statements, audit reports and their tracking 2. Assessing the independence of accountants	

		3. Assess and supervise the company's existing or potential risks 4. Communication and interaction with the company's management	
External evaluation	From：Jan 1, 2022 To： Dec 31, 2022	Seven facets, 70 indicators 1. Composition and structure of the board of directors 2. Election and continuing education of directors 3. The degree of participation in the company's operations 4. Improve the quality of decision-making of the board of directors 5. Internal Control 6. Environmental, Social and Governance (ESG) 7. Value Creation	In conclusion: Overall, the governance and operation of the company's board of directors complies with the regulations set forth by the Taiwan Stock Exchange on corporate governance practices and board evaluation. Specifically, the advantages of board governance include: 1. The members of the board of directors of the company have diversified professional backgrounds. General directors have rich industry experience and are very skilled in company operations. Independent directors have financial, operational management and legal expertise, which are helpful to the company's operating strategy and sustainable development. 2. The management can provide detailed information on the company's major operational issues and communicate fully with the members of the board of directors, so that the board of directors can discuss and make decisions with sufficient information. 3. In addition to conducting self-assessment every year, the board of directors also entrusts an external independent agency to conduct a performance evaluation of the board of directors every three years. The performance self-assessment results are also reported to the board of directors and shareholders' meeting, which fully demonstrates the self-

			discipline and responsibility of the board of directors. 4. The chairman has unique insights into the talent cultivation and succession planning of each business unit, and is able to grasp the company's growth opportunities in a timely manner when the demand for production capacity expands. 5. The company attaches great importance to research and development, and the company's business development strategy can be close to the pulse of industry demand, grasp business opportunities through continuous innovation and continue to create growth curves. Suggestion: 1. The company can establish an orientation system for the initial appointment of directors to facilitate new directors to perform their duties. 2. It may be considered to set up a mailbox for independent directors to send and receive in person, or to entrust an impartial third-party professional organization as a window for receiving reports, so as to improve the reporting system for interested parties. 3. The company can change the name of the "Corporate Social Responsibility Committee" to the "Sustainable Development Committee", invite more than one independent director as a member, and upgrade its level to a functional committee to demonstrate the company's determination to attach importance to sustainable development.

			Improvement Program: 1. In 2022, the implementation method of directors' training was updated, and the directors of Lili continued to enrich new knowledge to maintain their core values and professional advantages and capabilities. 2. The existing internal and external reporting channels are in normal operation, so in the future, we will assess the necessity of setting up a reporting system with independent directors/impartial third parties as recipients based on actual operational needs. 3. In addition to the subsequent name change, the need to upgrade to a functional committee will be evaluated based on actual operational needs in the future.

(5) Targets and measures of this and previous years established to improve the functionality of the Board of Directors and their execution results (for instance, the establishment of the audit committee, the improvement of information disclosure, and so forth):
The Company has set up the Audit Committee and the Remuneration Committee to assist the Board of Directors in performing their supervisory duties.

4.2 Audit Committee

The audit committee of the company is composed of 3 independent directors. The audit committee aims to assist the directors to perform their supervision on the company's quality and integrity in the implementation of accounting, auditing, financial reporting processes and financial control.

The Audit Committee met 7 times in 2022, and the matters considered mainly include:

1. Major asset transactions and foreign investment cases.
2. Internal control system and related policies and procedures.
3. Amendments to the procedures for acquiring or disposing of assets.
4. Endorsement guarantee and capital increase of affiliated enterprises.
5. Proposal for deliberation of accountants' public expenses.

Review financial reports

1. The board of directors prepared the company's year 2021 annual business report, financial statements, and profit distribution proposals, among which the financial statements were audited and completed by entrusting Anhou Jianye United Accounting Firm, and an audit report was issued. The above-mentioned business report, financial statements and profit distribution proposal have been checked by the audit committee, and there is no discrepancy
2. Consolidated financial statements for the first quarter, second quarter, and third quarter of year 2022

Title	Name	Attendance in Person	By Proxy	Attendance Rate	Remarks
Independent Director	Sheng, Bing	7	0	100%	
Independent Director	Cheng, Duen-Chian	7	0	100%	
Independent Director	Chen, Hsi-Chia	4	0	100%	Elected on May 26th, 2022
Independent Director	Tsai, Rong-Dong	3	0	100%	Dismissed on May 26th, 2022

Other required disclosure:

(1) Should any circumstance described in Article 14-5 of the Securities and Exchange Act and any resolution

Term	Proposals	Resolutions
The 17th meeting of the 2nd term dated as 23 Feb 2022	1. Approved the Year 2021 Declaration of Internal Control System. 2. Approved the revision of Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd. 3. Approved the company to participate fund raising of subsidiary. 4. Approved the Year 2021 business report and financial statements. 5. Approved the proposal of distribution of Year 2021 profits.	Resolved. All members vote For both proposals.
The 18th meeting of the 2nd term dated as 15 Apr 2022	1. Approved the capital expenditure project of the company.	
The 19th meeting of the 2nd term dated as 27 April 2022	1. Approved the proposal of increase the amount of capital expenditure of KY site. 2. Approved the changes of the CPAs . 3. Approved the year 1Q22 annual financial report.	
The 1st meeting of the 3nd term dated as 27 July 2022	1. Approved the revision of code of internal authorization of the company. 2. Approved the proposal of capital expenditure of EMC (Kuanshan).	

	3. Approved the 1H22 financial report.	
The 2nd meeting of the 3nd term dated as 25 Aug 2022	1. Approved the buyback of minority Great Shanghai stakes. 2. Approved the set-up of oversea manufacturing site.	
The 3nd meeting of the 3nd term dated as 28 Oct 2022	1. Approved the increase of the company's endorsement to subsidiaries. 2. Approved the audit plan for year 2022. 3. Approved the year 3Q22 annual financial report. 4. Approved the increase in investment in the mainland subsidiary "EMC (Kunshan) Co., Ltd." 5. Approved the change of investment path and equity transfer of the company's mainland subsidiary. 6. Approved the proposal of capital expenditure of Tayuan site	
The 4th meeting of the 3nd term dated as 21 Dec 2022	1. Approved the review of the CPA audit fee for Year 2022. 2. Approved the general principles of the company's pre-approval non-confirmation service policy. 3. Approved the revision of the company's "Internal Material Information Processing Procedures" 4. Approved the disposal of investment income of the company's mainland subsidiary. 5. Approved the proposal of capital expenditure of EMC(ZS) of the company.	

(2) Should any circumstance described in Article 14-5 of the Securities and Exchange Act and any resolution on which the Audit Committee had a dissenting or qualified opinion occur with the approval of two thirds or more of the entire Board of Directors, the dates and sessions of the said board meetings, the contents of the said resolutions, opinions of the Audit Committee, and measures the Company had in responding to such opinions shall be specified: None

(3) Should there be any independent director neither joining discussion nor exercising the voting rights in board meetings for the resolution which he/she has personal interests, the name of such independent director, the contents of the said resolution, the reasons such independent director has personal interests, and the voting results shall be specified: None

(4) Communications between Independent Directors and the chief internal auditor and CPAs of the Company (for instance, the ways and topics that the aforesaid parties discuss on the financial and business situations of the Company, and the conclusions of their discussions):

a. The Audit Committee comprises of all three Independent Directors of the Company.

b. Internal Audit Office shall submit reports, including the auditing plan and the execution of such plan, to the Audit Committee for review and examination periodically. Should unusual matters, likely to cause material breach of regulations or material damage to the Company, occur during the auditing process, the chief internal auditor shall report to the Audit Committee immediately. The Audit Committee shall maintain thorough and sufficient communications with the chief internal auditor.

c. The CPAs of the Company shall commute the quarterly reports of the auditing results in the quarterly Audit Committee meetings. Should unusual matters occur, the CPA shall report to Audit Committee members immediately. The Audit Committee shall maintain thorough and sufficient communications with the CPAs of the Company.

4.3 Corporate governance execution results and deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"

Item	Implementation status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM listed Companies" and explanations
	Yes	No	Summary	
Has the company formulated and disclosed its own corporate governance best practice principles in accordance with "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"?	V		The company has formulated "Corporate Governance Principles" to promote the protection of shareholders' interests, improvement of functions of board of directors, and the transparency of the Company's information; meanwhile, to encourage the declaration of rights of interested parties. The said principle can be viewed and downloaded from the company website.	None
(2) Shareholding structure and shareholders' rights: a. Has the company established internal operating procedures to handle shareholder proposals, doubts, disputes, and litigation related issues, and practically implemented such procedures?	V		The company has designated Stock Transfer Agent, and has appointed personnel to be in charge of stock affairs and investor relations. The said agent and personnel have handled shareholder proposals, doubts, disputes, and litigation related issues in compliance with relevant laws and regulations and the company's Articles of Incorporation.	None
b. Has the company kept a list of major shareholders and a list of ultimate owners of these major shareholders?	V		The company, at all time, keeps updated shareholding information of directors, managers, and major shareholders with a percentage holding of 10% and more, and the ultimate owners of these major shareholders. If change in ownership occurs, the company follows the relevant regulations to disclose related information.	None
c. Has the company established and operated a risk management mechanism and "firewall" between the Company and its affiliates?	V		To manage the potential risk and establish a "firewall" between the company and its affiliates, the company and its affiliates have already established and implemented "Procedures for Acquisition and Disposition of Assets", "Procedures for Lending of Capital to Others", and "Procedures for Endorsements and Guarantees".	None
d. Has the company established internal rules to prohibit company insiders from trading securities using information not disclosed to the market?	V		The Company has established the "Procedures for Handling Material Inside Information" and "Procedures for Preventing Insider Trading" to prohibit company insiders from trading securities using information not disclosed to the market. The Company has performed internal self-evaluation, and the Audit Office has audited the implementation of the said procedures periodically.	None

(3) Composition and Responsibilities of the Board of Directors: a. Have members of the board of directors formulated diverse policies and implemented them accordingly?	V		Article 16 of the company's Code of Practice on Corporate Governance provides that the composition of its board of directors shall consider diversity, and that, in addition to serving as a director of the company's managers, it shall not exceed one third of the board seats and formulate appropriate diversification guidelines for its own operation, mode of operation and development needs, which shall include, but are not limited to, the following two criteria: (1) Basic conditions and values: gender, age, nationality and culture. (2) Expertise and skills: professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. Board members should generally have the knowledge, skills and literacy necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should have the following capabilities: (1) Operational judgment. (2) Accounting and financial analysis capabilities. (3) Management capacity. (4) Crisis management capacity. (5) Industry knowledge. (6) International market view. (7) Leadership. (8) Decision-making ability. 2. Diversity implementation of board members: Footnote (1)	None
b. In addition to establishing a Remuneration Committee and an Audit Committee, has the Company voluntarily established other types of functional committees?		V	In addition to Remuneration Committee and the Audit Committee, The Company has not yet established other functional committees.	Ditto
c. Has the company established a Board performance assessment method, and have performance evaluations been conducted annually?	V		The company has formulated the "Performance Assessment Measures of the Board of Directors" and, with the approval of the board of directors on 31 July 2020, the following aspects shall be decided by the Members of the Board: 1. Compliance with relevant laws and regulations (compliance with matters discussed by the board of directors in accordance with the law, whether the board of directors meeting is convened at least once a quarter, and comply the interests of directors are avoided)	None

			2. Level of operational involvement in the company (monitoring and understanding of the execution of the operating plan, expression of financial statements, audit reports and their tracking, assessment of the independence of accountants, assessment of risks existing or potential to monitor the company, communication and interaction with company management) Conduct the annual board performance evaluation by means of internal self-assessment. The results of the year 2022 performance appraisal of the Board of Directors of the Company are in the mid-to-high level, and the results of the evaluation were reported by the Board of Directors on 21 December 2022, and the above-mentioned evaluation results are also used as a reference for the payment of remuneration and the nomination of renewal.	
d. Has the company evaluated the independence of CPAs on a regular basis?	V		The Company's Accounting Department annually evaluates the independence and qualifications of its CPAs. According to the evaluation of Accounting Department, the accountants, Ms. Yi-Chun Chen and Ms. Hsiao-Ling Chiang of KPMG, both meet the requirements of independence of the Company (Note 1). And KPMG has issued a letter of declaration of independence (please refer to section 3.4). The said evaluation report and the letter of declaration have been submitted to the Board for approval in the meeting of board of directors convened on 27 April 2022. (Note 2)	None
(4) Has the company designated a full-time (or part-time) unit or personnel to be in charge of corporate governance affairs (including, but not limited to, providing Directors and Supervisors with information needed to conduct businesses, handling matters about Board of Directors meeting and Shareholders' Meeting in compliance with laws, handling company registration and change in the company registration, document meeting minutes of Board of Director meetings and Shareholders' Meetings)?	V		The company passed a board of directors' resolution on March 20, 2020 to assign Chang, Li-Chao as the head of corporate governance. Due to job rotation, re-appoint Wesley Lin as new head of corporate governance. The main responsibilities of head of corporate governance are to handle matters related to board of directors and shareholders 'meetings, producing the minutes of the board of directors and shareholders' meetings, assisting directors to take office and continuing education, and providing the information necessary for directors to perform business, assist directors to follow laws and regulations. The key business operations in 2022 are as follows: ● Convened 8th board of director and 7th audit committee to provide board meeting and audit committee meetings with materials to each	None

			director. ● Responsible for the announcement of major information on major resolutions on the day after the board of directors and shareholders' meeting. ● The AGM held in 26th May, 2022. ● In June 2022, the re-election of directors and the registration of amendments to the chapters were completed. ● Evaluate the purchase of "directors and important staff insurance" with an appropriate amount of insurance and complete the insurance application on December 21, 2022, and report the content of the insurance to the board of directors. ● Irregularly provide directors with relevant training information, reminding them to follow the prescribed hours of training and complete relevant reporting tasks in accordance with the "Implementation Key Points of Training for Directors and Supervisors of Listed Companies". Training record : Please refer to Note 3.	
(5) Has the company established a communication channel for interested parties, a company website dedicated to interested parties, and appropriately responded to the main social responsibility issues which are critical to the interested parties?	V		The company has established spokesperson and deputy spokesperson to communicate with investors and other interested parties such as press and media. In addition, the Company has designated full-time personnel to be in charge of stock affairs and communication with other interested parties. The contact information of the responsible personnel can be found in the Company's website.	None
(6) Has the company commissioned a professional stock service agent to handle matters about shareholders' meetings?	V		The company has commissioned Oriental Securities Co., Ltd. to assist and handle matters about shareholders' meetings.	None
(7) Information disclosure a. Has the company set up a corporate website to disclose information on financial, business and its corporate governance?	V		The Company has established a multi-language website (www.emctw.com) to disclose information on financial, business, and corporate governance. Those information can also be viewed on the Market Observatory Post System (MOPS) operated by the Taiwan Stock Exchange.	None
b. Has the company adopted other information disclosure channels (i.e. English website; designated appropriate personnel to be in charge of Company information collection and disclosure, implemented the	V		The Company has designated appropriate persons to collect information for public disclosure. Investor conference and analyst meeting are held periodically. Those information are disclosed on the Company website or the MOPS system operated by the Taiwan Stock	None

spokesperson system, uploaded the investor conference presentations on the Company's website, etc.)?			Exchange. The Company also has established a spokesperson system, including spokesperson and deputy spokesperson.	
c. Has the company announce and file annual report within 2 months after the accounting calendar year ends, and compliance with regulations that announce and file for first quarter, second quarter, third quarter and monthly revenue in advanced ?		V	The company's consolidated and individual financial reports in 2021 and 2022 completed the announcement and declaration on February 23, 2022 and February 23, 2023; the financial reports for the first, second and third quarters of 2022 and the monthly revenue were all earlier than nnounce and declare at theMOPS before the specified deadline, and upload it to the company's website simultaneously.	None
(8) Does the company have other critical information which can help others to understand the implementation of corporate governance (including, but not limited to, employee welfare, staff care, investor relations, vendor relations, interested parties' rights, training for Director, risk management policies and risk measurement standard implementation progress, customer policy implementation progress, and the Company's purchase of liability insurance for Directors)?				
a. Employee rights and interests, and staff care	V		In compliance with laws and regulations, the Company has an employee welfare committee that appropriates welfare funds and manages various welfare activities for employees. The Company also provide training courses to cultivate employee talents and enhance safety requirements of operations. The Company complies with all pertinent labor regulations and the International Bill of Human Rights, and have established and adjusted internal management systems accordingly. For instance, we do not, and will not, recruit children under the age of 15. We ensure that our recruitment policy does not discriminate based on gender, ethnicity, age, marital status, and/or family conditions, and our practices ensure the equality of salaries, recruitment conditions, trainings, and career advancement opportunities. The Company also ensures a working environment that all employees are protected from not being bullied, discriminated, and harassed.	None

			Employees are informed the contact details, including email, phone number, and mail box, of the Human Resources Department, which handles employee grievances. Each case will be handled by a dedicated person.	
b. Investor relations, vendors' relations, rights of interested parties	V		The company has established a spokesperson system, including spokesperson and deputy spokesperson, to respond to requests and opinions from the investing public and interested parties. The Company also designates a full-time IR personnel to serve the needs of professional institutional investors. Vendors' relationship is well maintained by the chief of the procurement department.	None
c. The purchase of liability insurance for Directors	V		The company has purchased liability insurance for each Director, and reviewed the insurance coverage program on annual basis.	None
d. Risk management policies and risk measurement standard implementation progress	V		The Company has, in compliance with laws and regulations, formulate internal procedures to measure and manage risks. The procedures include "Procedures for Prohibiting Insider Trading" and "Procedures for Handling Material Inside Information" to prevent inside trading. The Audit Office implements the auditing process on periodical basis, and each unit is required to perform self-evaluation every year.	None
e. Customer policy implementation progress	V		The Company has maintained a stable relationship with customers in accordance with the internal guidelines. To ensure the Company will be able to meet the demand of customers, the Company consistently obtain better understanding of customers' situations and continuously improve the product quality.	None
f. The training record of directors	V		Please refer to Note 3.	None
(9) Please explain the improvement of the corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority enhancements and measures for those that have not been improved: The company continues to improve the company's website and website in accordance with the corporate governance blueprint. Annual report disclosures.				

Note:1

1. Criteria to evaluate the independence of CPAs (The following criteria are formulated in accordance with the Article 47 of the Accountant Law and the requirement of "Integrity, Objectivity and Independence" stipulated in the Bulletin No. 10 of the Professional Ethics of CPAs of the Republic of China):

Accreditation of Accountants Independence Assessment Form		Compliance with independence	
		Yes	No
a.	The CPAs have voluntarily terminated their services and transferred to other qualified ones in compliance with relevant regulations in past seven years until the latest audit/review of financial statements	V	
b.	Not having a material financial interest in the audit client.	V	
c.	Avoid having an inappropriate relationship with the audit client.	V	
d.	The CPA firm shall ensure its employees follow the requirement of "Integrity, Objectivity, and Independence".	V	
e.	The CPA shall not audit and/or review the financial statements of an organization by which he or she has been employed and not separated with the organization for less than two years.	V	
f.	The CPA shall not permit others to practice under his or her name.	V	
g.	The CPA does not hold stakes in the Company or the affiliated entities of the Company.	V	
h.	The CPA shall not borrow from or lend to the Company or the affiliated entities of the Company.	V	
i.	The CPA shall not cooperate with the Company or the affiliated entities of the Company to invest in the same business or make profit-sharing arrangement with the Company or the affiliated entities of the Company.	V	
j.	The CPA shall not be concurrently employed by the Company or the affiliated entities of the Company to conduct routine business and receive a consistent salary.	V	
k.	The CPA shall not be involved in the management decision making of the Company or the affiliated entities of the Company.	V	
l.	The CPA shall not engage in the conduct that could jeopardize the independence.	V	
m.	The CPA is not the spouse, a lineal consanguinity, a direct affinity, or a collateral consanguinity within two degree of kinship of the management team of the Company.	V	
n.	The CPA shall not receive any commission related to the practice performed.	V	
o.	Matters could compromise or jeopardize the independence of the CPA were not found until the date the annual report published.	V	

Note:2

To: Elite Material Co., Ltd.

The Declaration of Independence by the Audit Engagement Team of KPMG

The Audit Engagement Team (hereinafter referred as "the Team") of KPMG, engaged in reviewing and auditing the Year 2022 financial statements of Elite Material Co., Ltd. declares that the Team has complied with the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 (the "Bulletin").

The considerations on independence matters and the safeguards to be applied of KPMG includes, but not limited to, policies and procedures that regulate the independence of members of the Team (financial interests, loans and guarantees, employment with an audit client, etc.), business relationships with an audit client, the job rotation of CPAs, and non-assurance services. The important policies and procedures are elaborated further as follows:

1. Important regulations of independence:
   1.1. KPMG, employees of KPMG, and other persons prescribed in the Bulletin (including employees of any affiliate and network firm) must always maintain independence with clients.
   1.2. All members mentioned in the preceding paragraph are prohibited from engaging in, directly or indirectly, inside trading, misuse of inside information, and activities likely to cause misleading behavior in the security and capital markets. Meanwhile, KPMG will obtain the Declaration of Independence from each person mentioned hereinto.
   1.3. Should the same accountant in charge, accountants, review accountants and accountants in charge of subsidiaries of an audit client have provided TWSE & OTC listed companies with audited engagement services for a period which has reached the limit of the Bulletin or laws, the positions of the aforesaid persons shall be rotated.
   1.4. KPMG and the Team should identify and evaluate the materiality of the effect on independence, and adopt appropriate measure to eliminate the effect, or reduce the effect to an acceptable level. When necessary, the engagement with the audit client shall be terminated.
2. The compliance and monitor of independence policy
   2.1. KPMG monitors if each employee and relevant member has filed Declaration of Independence each year via a computerized system.
   2.2. KPMG will periodically audit the compliance result of each employee and relevant member on a random basis. Also, personal investment will be reviewed via an electronic investment declaration system to examine if any person with a title higher than vice manager (inclusive) has filed the changes of the investment he/she holds.
   2.3. KPMG will periodically monitor and audit the job rotation of accountants, including the period that the audited engagement service provided and the appropriateness of non-assurance services.
   2.4. Should a violation of the independence policy occurs, those who involved (including partners) will be brought to the Committee of Risk and Independence, and proper punishment will be taken by The Committee according to the severity of the violation.

Accountant in charge: Yi-Chun Chen

Accountant : Hsiao-Ling Chiang

Note 3: Training for Directors and Independent Directors

Title	Name	Study Date	Sponsoring Organization	Name of the Course	Study Hours
Chairman	Dong, Ding-Yu	27 April 22	Taiwan Corporate Governance Association	Analyze ransomware threats and construct information security protection strategies for listed companies	3
		17 Aug 22	Taiwan Academy of Banking and Finance	Corporate Governance Forum - The Enlightenment of the Russo-Ukrainian War on Taiwan	3
					6
Director	Tsai, Fei-Liang	27 April 22	Taiwan Corporate Governance Association	Analyze ransomware threats and construct information security protection strategies for listed companies	3
		27 July 22	Independent Directors Association, Taiwan	Net-zero emissions, carbon neutrality and corporate compliance	3
				Total	6
Director	Hsieh, Mon-Chang	10 June 22	Taiwan Corporate Governance Association	Insider Trading Prevention Promotion Conference of year 2022	3
		5 Aug 22	Taiwan Corporate Governance Association	Impact investing -- enhance corporate influence, seize opportunities and practice SDGs	3
				Total	6
Director	Li, Wen-Shiung	27 April 22	Taiwan Corporate Governance Association	Analyze ransomware threats and construct information security protection strategies for listed companies	3
		27 July 22	Independent Directors Association, Taiwan	Net-zero emissions, carbon neutrality and corporate compliance	3
				Total	6
Independent Director	Sheng, Bing	10 Mar 22	Taiwan stock exchange	On independent directors and the year 2022 Shareholders' Meeting from an International Perspective	1
		27 April 22	Taiwan Corporate Governance Association	Analyze ransomware threats and construct information security protection strategies for listed companies	3
		3 Aug 22	Taiwan Corporate Governance Association	Bureau of Investigation - Thinking of corporate corruption eradication, experience in investigation and case sharing	3
				Total	7
Independent Director	Cheng, Duen-Chian	27 April 22	Taiwan Corporate Governance Association	Analyze ransomware threats and construct information security protection strategies for listed companies	3
		6 May 22	Taiwan Institute of Directors	The Response of the board of directors of China-US Convergence Future	3

		14 July 22	Securities and futures institute	Risks and Opportunities of Climate Change and Net Zero Emissions Policies to Business Operations	3
				Total	9
Independent Director	Chen, Hsi-Chia	20 July 22	Taiwan Stock Exchange	Sustainable development roadmap industry theme publicity conference	2
		27 July 22	Independent Directors Association, Taiwan	Net-zero emissions, carbon neutrality and corporate compliance	3
		18 Oct 22	Securities and futures institute	M&A Practice Sharing - Focusing on Hostile M&A	3
		25 Oct 22	Taiwan Corporate Governance Association	Interpretation of important judgments on corporate governance: Focusing on directors' responsibilities	3
		15 Nov 22	Taiwan Corporate Governance Association	Analysis of management right contest and prevention strategies	3
				Total	14

4.4 Remuneration Committee

4.4.1 Information of Remuneration Committee Members

Identity \ Condition / Name		Professional qualification	Curriculum Vitae	Independence situations (Meet the criteria of Note 1)	The number of independent directors of the other public offering company
Independent Director (Commissioner)	Shen, Bing	Have the work experience in business, legal, finance, accounting or corporate business	Chief Investment Officer, International Bank Corporation Executive Director, Morgan Stanley & Co. Vice President, China Development Industrial Bank President, CDIB Partners Investment Holding Corporation	（1）（2）（3）（4）（5）（6）（7）（8）（9）（10）（11）（12）	
Independent Director	Cheng, Duen-Chian	Have the work experience in business, legal, finance, accounting or corporate business	President, UMC Capital Corporation Managing Director, Union Investment Management Consulting Co, Ltd. Executive Director/President of Taiwan Branch, Morgan Stanley Asia Limited Executive Director, Goldman Sachs Asia L.L.C.	（1）（2）（3）（4）（5）（6）（7）（8）（9）（10）（11）（12）	2
Independent Director	Chen, Hsi-Chia	Have the work experience in business, legal, finance, accounting or corporate business	Managing Partner, Chen & Chang, Attorneys-at-Law. Member, Standing Committee of ICC International Centre for ADR Convenor, Taiwan Chapter of the Chartered Institute of Arbitrators (CIArb) East Asia Branch. Independent Director, Asia Renewable Energy (Cayman) Ltd.	（1）（2）（3）（4）（5）（6）（7）（8）（9）（10）（11）（12）	

Note 1 : Each director meets the following conditions in the two years prior to the election and during his or her term of office.

（1）An employee who is not employed by the company or its affiliates.

（2）Directors or supervisors who are served as the position of the same company or affiliated enterprises (except where the company and its parent company, subsidiaries or subsidiaries of the same parent company are established as independent directors in accordance with this Act or local national decrees).

（3）A natural person shareholder who is not a natural person who holds more than 1% of the total number of issued shares of the company or holds in the name of others or the top 10 shareholders.

（4）The spouse, second degree or third degree relatives of managers not listed in (1) or (2) or (3) listed persons.

（5）A director, supervisor or employee who does not directly hold more than 5% of the total number of issued shares of the company, the top five shareholders or the legal person shareholders designated as directors or supervisors of the company in accordance with article 27, paragraphs 1 or 2 of the company Act (except where the company and its parent company, subsidiaries or subsidiaries of the same parent company are established by this law or local laws and regulations).

（6）More than half of the shares that are not seated or have voting rights in the directors of the company shall be directors, supervisors or employees of other companies controlled by the same person (except where they are independent directors of the company or its parent, subsidiary or subsidiary of the same parent company established in accordance with this Act or local national decrees).

（7）Directors, supervisors or employees of other companies or institutions that are not the same person as the chairman, president or equivalent of the company or spouse (except where the company and its parent company, subsidiaries or subsidiaries of the same parent company are established as independent directors in accordance with this Law or local national laws).

（8）Directors, supervisors, president or shareholders holding more than 5% of the shares of a particular company or institution that do not have financial or business dealings with the company (unless a particular company or institution holds more than 20% of the total number of issued shares of the company, not more than 50%, and is an independent director of the company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this Law or local national laws).

（9）Professionals, sole proprietors, partners, directors, supervisors, managers and their spouses who do not provide audits for the company or related enterprises or have obtained remuneration in the past two years in the past two years in a commercial, legal, financial, accounting and other related services of NT$500,000. However, this does not apply to members of the Remuneration Committee, the Public Takeover Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions under the Securities and Exchange Act or the relevant laws and regulations of the Mergers and Acquisitions Act.

（10）There is no family relationship with other directors within the scope of a spouse or second-degree relatives.

（11）There is no circumstance under the paragraphs of article 30 of the company act.

（12）There is no any elected directors who is on behalf of a government, a legal person or its representative under the article 27 of company act.

4.4.2 Executive Status of Remuneration Committee

A. The number of committee members of the company is three.

B. The tenure of current Remuneration Committee is from 26 May 2022 to 25 May 2025.

C. The Remuneration Committee held three times in 2022, and the attendance status of members in most recent year is disclosed as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate	Remarks
Independent Director Commissioner	Shen, Bing	3	0	100%	
Independent Director	Cheng, Duen-Chian	3	0	100%	
Independent Director	Chen, Hsi-Chia	2	0	100%	Elected on May 26, 2022
Independent Director	Tsai, Rong-Dong	1	0	100%	Dismissed on May 26, 2022
Other required disclosure: (1) Should Board of Directors reject or amend the proposal of Remuneration Committee, the dates and sessions of the said board meetings, the contents of the said resolutions, opinions of the Remuneration Committee, and measures the Company had in responding to such opinions shall be specified (for instance, the Board of Directors resolved a remuneration package that is better than the proposed remuneration by the Committee, the difference and reasons shall be specified): None (2) Should any resolution on which the member of Remuneration Committee have a dissenting or qualified opinion occur and such opinion be recorded or be expressed by writing notice, the dates and sessions of the said Remuneration Committee meetings, the contents of the said resolutions, opinions of the Remuneration Committee members, and measures the Company had in responding to such opinions shall be specified: None					

D. Resolutions resolved by the Remuneration Committee in year 2022:

	Proposals	Resolutions	Measures the Company had
The 6th meeting of the 4th term dated as 23 Feb 2022	1. To approve the planned remuneration of Directors and compensation of employees for year 2022. 2. To approve the distribution of remuneration of Directors and compensation of employees for year 2021.	Resolved. All members vote For all proposals.	The resolution was submitted to the Board of Directors Meeting and obtain approval from the Board.
The 1st meeting of the 5th term dated as 28 Oct 2022	1. Discussion of the Year 2023 working plan for the remuneration committee.	Resolved. All members vote For the proposal.	The resolution was submitted to the Board of Directors Meeting and obtain approval from the Board.
The 2nd meeting of the 5th term dated as 21 Dec 2022	1. Discuss director remuneration allocation ratios.	Resolved. All members vote For the proposal.	The resolution was submitted to the Board of Directors Meeting and obtain approval from the Board.

4.4.3 Information on the members of the Nomination Committee and information on their operations: Not applicable

4.5 Circumstances and reasons for the implementation of sustainable development promotion and the differences with the code of practice for sustainable development of listed companies

Item	Execution status			Differences and reasons for the code of practice for sustainable development with listed companies
	Yes	No	Summary	
(1) Has the company established a governance framework to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by senior management authorized by the board of directors, and the board of directors supervises the situation?	V		In order to fulfill corporate social responsibility and implement the sustainable management philosophy, the Board of Directors has adopted the Code of Practice for Corporate Social Responsibility, and since 2020, it has established a Corporate Social Responsibility Committee (CSR Committee) to implement corporate social responsibility and carry out specific plans for sustainable management. The CSR Committee has four working groups, including the Corporate Governance/Economics Group, the Supply Chain/Green Products Group, the Employee Care/Social Participation Group, and the Sustainable Environment Group, and the members of each group are composed of the heads of relevant units and departments or their representatives, who are responsible for the collection, planning, evaluation and implementation of information on various topics. The Corporate Social Responsibility Committee is responsible for formulating and reviewing corporate social responsibility policies, systems and management guidelines. The Chairman of the Board of Directors is the highest level of the Committee and authorizes the Head of Corporate Governance to promote and implement corporate governance and corporate social responsibility in accordance with the relevant management measures, and submits it to the Board of Directors.	None
(2) Has the company established a governance framework to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by senior management authorized by the board of directors, and the board of directors supervises the situation?	V		In response to changes in the global economic environment and perpetual risks, the Company identifies and grasps the relevant risks that may affect the sustainable development of enterprises according to the three major aspects of the economy (including corporate governance), environment and society, and minimizes possible risks through relevant management strategies and countermeasures such as risk transfer, reduction and avoidance, and even transforms them into operational opportunities. The company's risk management policy is to define all kinds of risks in	None

			accordance with the company's overall operating policy, establish a risk management mechanism of early identification, accurate measurement, effective supervision and strict control, prevent possible losses within the scope of bearable risks, continuously adjust and improve the best risk management practices according to changes in the internal and external environment, in order to protect the interests of employees, shareholders, partners and customers, increase the value of the company, and achieve the optimization principle of the company's resource allocation.	
(3) Environmental Issues **A.** Has the Company established an appropriate environmental management system according to its industry characteristics?	V		All factories and subsidiaries of the company follow ISO 14001 to establish environmental management systems and continue to pass third-party verification, and conduct annual greenhouse gas inventory according to ISO14064-1 specifications, track emission reduction results and publicly disclose them in the sustainability report.	None
B. Is the company committed to improving energy efficiency and using recycled materials that have a low impact on the environment?	V		Since establishment, the Company has committed to promote sustainability management. The Company has received qualifications of ISO 14001. The waste of the production process is classified, and the materials can be recycled and reused are properly stored and consumed again internally. The remaining waste is properly disposed by the organization qualified by the Environmental Protection Administration, Executive Yuan.	None
C. Has the company paid attention to the impact from climate changes on its business operations, carried out assessments on greenhouse gases, and set up corporate strategies to save energy and to reduce the emission of carbon and greenhouse gas?	V		The Company also organizes employee training program to promote the environmental awareness and the Company’s environmental policy. For potential risks and opportunities for the Company today and in the future, please refer to the Company's Annual Corporate Social Responsibility Report.	None
D. Does the company count greenhouse gas emissions, water consumption and total waste weight over the past two years and establish policies for greenhouse gas reduction, water use reduction or other waste management?	V		Total greenhouse gas emissions in the last 2 years (Our Guanyin Factory and Hsinchu Factory) The company Taoyuan and Hsinchu facility are gradually using natural gas to replace heavily oil, completed ISO14064 greenhouse gas inventory and third-party verification in 2021. The company has established a baseline for greenhouse gas emissions, and set annual carbon reduction targets to continuously promote emission reductions. The company's Guanyin and Hsinchu	None

factory completed the ISO14064 greenhouse gas inventory in 2022, and are expected to complete the third-party verification in June 2023.

The total greenhouse emission in 2022, 2021 figure is as the following

	Total greenhouse gas emissions (tons)
2022	38,967.62
2021	41,434.99
	CO2 equivalent (tons) Total waste (kg) Category 1 emission equivalent
2022	14,695.50
2021	15,679.43
	CO2 equivalent (tons) Total waste (kg) Category II emission equivalent
2022	24,272.12
2021	25,755.56

The company is pursuing energy saving to push the reduction of carbon, thus, aggressively push all sorts of energy saving plans.

The company also organizes employee training program to promote the environmental awareness and the company's environmental policy. The office temperature is set at 27 – 28 degree Celsius, saving the energy consumed by air conditioners. The lighting of office is using LED light bulbs. Elevators and display panels of bulletin boards, which are not relevant to production process, are turned off after working hours.

Water consumption in the last 2 years

(Our Guanyin Factory and Hsinchu Factory)

	Total water consumption (tons) (degree/year or m3/year)
2022	92,126
2021	101,897
	Total revenue (Individual Financial Report) (Unit: NT$ thousand)
2022	9,202,695
2021	9,189,939
	Total water consumption intensity (water consumption/total revenue) (Unit: NT$ thousand)

2022	0.010
2021	0.011

The company's Guanyin plant and Hsinchu plant's water supply sources are 100% from municipal water (tap water). The main water is used for employees' lives, peripheral equipment and washing machines, especially for air conditioners (accounting for 70%).

We believe that water resources are also precious earth resources, so how to reduce the use of water resources and improve the utilization of water resources is also a very important task. Evaluate the water quality monitoring of air-conditioning water; in terms of domestic water, publicize the concept of water conservation among employees, adopt water saving devices and other measures to achieve energy saving and carbon reduction, reduce energy consumption, so as to reduce carbon emission intensity and fulfill the responsibility of environmental protection.

In 2022, rainwater recycling will be added, and the recycled water will be used for air-conditioning water after simple filtration, which can reduce 20m3 of water resources per day during the rainy season.

Waste output in the last 2 years

(Our Guanyin Factory and Hsinchu Factory)

	hazardous waste
2022	1,636.555
2021	1,824.626
	general waste
2022	3,438.336
2021	6,769.889
	Total
2022	5,074.891
2021	8,594.515

Waste management measures:

Regularly track and report the amount of waste generated, and set waste reduction targets

(1) From time to time, check whether the disposal site properly handles the company's waste. In accordance with the ISO 14001 environmental management system "Waste Management Procedures", regularly (at least once a year) check the operation and management of

			entrusted waste storage, removal, treatment, and reuse. (2) When each batch of waste is cleared and transported, an online declaration is required according to the law, and the waste disposal situation is reported monthly according to the requirements of the Environmental Protection Agency. (3) Suppliers are required to provide proper disposal documents for each batch of waste entrusted for disposal (4) According to the category of the announcement, entrust a recycling organization to deal with the company's relevant recyclable (scrap) waste. (5) Carry out waste sorting and recycling to reduce the types and quantities of clearing and transportation. (6) Gradually introduce consumables and raw materials made of environmentally friendly materials.	
(4) Social Issues A. Has the Company set up management policies and procedures according to related laws and regulations as well as the International Bill of Human Rights?	V		As a global corporate citizen, the Responsible Business Alliance (RBA), social responsibility standards (Social Accountability 8000, SA 8000) and internationally recognized human rights norms include the United Nations Universal Declaration of Human Rights, the International Labour Organization (International Labour Organization), United Nations Guiding Principles on Business and Human Rights. And in accordance with the above-mentioned guidelines and local laws and regulations where the operation is located, develop the basis of labor standards and establish the Code of Conduct for Labor and Ethical Management, the Corporate Social and Environmental Responsibility Policy Statement, and the Corporate Social Responsibility Code of Practice as guidelines for the practice of corporate social responsibility. The use of child labour is expressly prohibited, child labour under the legal minimum age is ensured, the physical and mental health and safety of underage employees are ensured, and hazardous work is prohibited. Companies also promote freedom of employment, and all work is voluntary. Violations of Taiwan's photovoltaic human rights policy, such as non-slavery and human trafficking, will occur in 2021.	None
B. Has the Company established employee grievance mechanisms and channels, and handled these grievances properly?	V		Employees are informed the contact details, including email, phone number, and mail box, of the Human Resources Department, which handles employee grievances. Each case will be handled	None

			by a dedicated personnel.	
C.. Has the Company offered a safe and healthy work environment and routinely offered employees with safety and health education training?	V		The company has a planned implementation of environmental measurement and equipment maintenance, and built an ESH environmental safety and health management system, with environmental safety and health as the goal to implement ISO45001 (certification date: 2021/8/5, expiration date: 2021/9/5 ~ 2024/9/4) and ISO14001 (certification date: 2021/8/5, effective date: 2021/9/5 ~ 2024/9/4) two sets of management systems. New employees are fully trained before work, and the work site is mostly supervised by the supervisor to ensure the safety of the workplace. To maintain the health of employees, the Company routinely collaborates with hospitals to provide health checkups for its employees. Depending on the conditions of the working place, special health checkups will also be offered to certain workers. The Company has formulated "Procedures for Ensuring the Safety of Working Place and Health of Employees" to prevent workplace hazards and ensure the heath of each employees.	None
D. Has the Company established employee grievance mechanisms and channels, and handled these grievances properly?	V		Employees are informed the contact details, including email, phone number, and mail box, of the Human Resources Department, which handles employee grievances. Each case will be handled by a dedicated personnel.	None
E. Prior to conducting business with suppliers, has the Company evaluated if such suppliers have had records where they made an impact on the environment and on society at large?	V		Prior to conducting business with suppliers, the Company will obtain "Supplier CSR Commitment Declaration". The legality, code of ethical management, and records of unethical behavior, if there is any, are used as a reference in the supplier selection process.	None
F. Do the Company's contracts with its primary suppliers contain any immediate termination or cancellation clauses when suppliers violate their corporate social responsibility policies, and pose a significant impact on the environment and society?	V		Prior to signing contracts with suppliers, the Company will audit the records of suppliers with their compliance with laws, regulations, and code of conducts in the relevant industries. With respect to the construction contracts, the Company will make sure the turnkey provider obey relevant laws, purchase insurance coverage for construction workers. Above all, bribery is absolutely prohibited and that is written in contracts with suppliers. The Company has made every possible efforts to encourage suppliers and vendors to undertake corporate social responsibility.	None
(5) Has the company adopted international standard code	V		In accordance with core options (Core) of the Sustainable Reporting Guidelines	None

or guideline of perpetual statement to prepare CSR report to disclose non-financial data? Whether fore-mentioned report acquired third part assertion or guarantee opinion?			(GRI Standards) issued by the Global Sustainability Standards Council, the Company has commissioned the Taiwan branch of the British Standards Institute (bsi) to verify the contents of the report on the basis of the AA1000 AS (2008) Type 1 Medium Assurance Level and the Core GRI Standards Core Option (Core) to enhance correctness and credibility.	

(6) **If the company has set up the principles based on "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies", please illustrate the implementation progress and any difference:** The Company has formulated a Code of Practice on Corporate Social Responsibility, and there is no material difference between the actual operating conditions and the Code of Practice on Corporate Social Responsibility of Listed Companies.

(7) **Other important information that will help to promote the implementation of sustainable development**

(a) Environmental protection: Comply with relevant environmental laws and regulations, including, but not limited to, Waste Disposal Act, Water Pollution Control Measures and Test Reporting Management Regulations, and Air Pollution Control Act.

(b) Community welfare, social services, and social welfare: The Company contributes to society through participation in activities of environmental protection, art & culture, and education. The Company also routinely makes monetary donation to non-profit organization supporting the minority group.

(c) Rights and interests of consumers: Understanding customers' demand and promptly respond to customers' requests, in order to enhance the competitiveness of the Company.

(d) Human rights: The Company ensures that its recruitment and human resource policy do not discriminate based on gender, ethnicity, age, marital status, and/or family conditions, and our practices ensure the equality of salaries, recruitment conditions, trainings, and career advancement opportunities for each employee. All employees are protected from not being discriminated, harassed, and bullied.

(e) Safety and Health: The Company complies with laws and regulations to ensure the safety of labor in the work place and the health of each employee. The Company also adopts the EHS philosophy and management system.

4.6 Implementation of Code of Business Conduct

Item	Implementation Status			Deviations from "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM listed Companies" and explanations
	Yes	No	Summary	
(1) Establishment of Business Conduct Policy and Plans a. Does the Company demonstrate business conduct policy and practice in the corporate guidelines and external documents? Have the Board of Directors and management committed to actively implement such policy?	V		The Company has established "Code of Ethics" & "Best Practice Principles of Ethical Corporate Management". All employees are required and trained to comply with our "Code of Ethics" & "Best Practice Principles of Ethical Corporate Management" throughout daily operations. In order to promote awareness, the policies are available for access through channels such as intranet, company website, and various meetings, etc. The purpose of the Principles said in the preceding paragraph is to cultivate an enterprise culture for the Company to ensure all businesses conducted with sincerity and integrity, preventing any misconduct while conducting business. The Company Directors, managers, employees, and mandatories are prohibited from, directly or indirectly, offering, promising to offer, requesting, or receiving improper benefits of any sort when conducting business with counterparties. Obtaining or sustaining benefits by conducting business without sincerity and integrity, in any illegal way, or in breach of fiduciary duty is also prohibited.	None
b. Has the Company established and implemented an unethical conduct prevention plan, which stipulates operational processes, provides guidelines for conduct, discipline for violations of rules, and an appeal system in each case?	V			
c. Has the Company taken any precautionary measures to prevent corruption or high-risk illegal business activities, based on Paragraph 2 in Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"?	V		The internal control system and the internal ratification system of the Company have included measures to prevent conducting business without sincerity and integrity, and that shall also be able to prevent corruption or high-risk illegal business activities.	None
(2) Implementation of the Code of Business Conduct a. Does the Company evaluate the ethical conduct records of its counterparties and specify "Ethical clauses" in business contracts?	V		Prior to engaging in a commercial transaction, the Company will take into consideration the legitimacy and legality of the counterparty such as agents, vendors, customers, and other entities, and their misconduct record, if any. The Company shall avoid engaging in business with counterparty with any record of misconducts. The Company will also make sure the counterparty will not, directly or indirectly, offer, promise to offer, request, or accept any improper benefits, including, but not limited to, bribery, kickbacks,	None

			commissions, and grease payments. When entering into material contracts with counterparties, the Company will include provisions in such contracts demanding the compliance of ethical corporate management policy.	
b. Has the Company established dedicated units under the supervision of the Board of Directors to promote corporate ethical management and which regularly report to the Board on their implementation status?	V		The Human Resources Department of the Company is dedicated to set up the Principles said in this table, and to be in charge of the amendments, explanations, enforcement, and providing counseling services and other relevant matters. The implement status will be documented and submitted to the Board of Directors.	None
c. Does the Company promulgate policies to prevent conflicts of interests and offer appropriate channels for reporting conflicts of benefits?	V		The Company periodically organizes training programs for Company Directors, managers, and employees, so that the said Principles can be fully understood. For any violation of the Principles being found, each member of the Company is urged to proactively report to the Audit Committee, the management, head of internal audit, Human Resources Department, and other appropriate authorized managers, and to provide information, as comprehensive as possible, to allow the Company to take appropriate actions.	None
d. Does the Company establish an effective operation of the accounting and internal control systems, and periodically conduct internal audits by internal auditors, or audit by CPA?	V		The accounting system, the internal control system of the Company, and their implementation status are audited by the internal Audit Office.	None
e. Does the Company periodically conduct internal and external training on ethical management?	V		From time to time, the Company organizes training programs, or via many sorts of meetings, to promote compliance with ethical and integrity standards. The total hours of training courses, including internally designed and externally offered, reached 15,016 hours, and each employee on the average attended relevant programs of 14.55 hours in year 2022. The aforesaid courses include "Compliance with Ethical Business Conduct Regulations", "Corporate Social Responsibility and Employees' Code of Conduct", "Maternity	None

			Protection in Working Place", and "Hazard Communication Education".	
(3) Establishment of Reporting Channels for Violations of the Code Of Business Conduct a. Has the company established a specific complaints and rewards system through convenient channels for lodging complaints? And does the Company assign dedicated personnel to attend to the matter?	V		For any violation of the Principles being found, each member of the Company is urged to proactively report to the Audit Committee, the management, head of internal audit, Human Resources Department, and other appropriate authorized managers, and to provide information, as comprehensive as possible, to allow the Company to take appropriate actions. The Company ensures that the whistle- blower's identity and the contents of the complaint are kept confidential in order to protect the whistle-blower from retaliation for having filed the complaint. There are also measures are in place to conduct independent investigation into the alleged misconduct.	None
b. Has the company established standard operating procedures, follow-up measures to be taken after the completion of the investigation and handling complaints in a confidential manner?	V			
c. Does the company adopt measures to protect whistle-blowers from reprisals for having filed the complaint report?	V			
(4) Improvements in Information Disclosure Does the Company disclose the principle and the practice of business conduct related information on the corporate website and MOPS website operated by the Taiwan Stock Exchange?	V		The Company has set up the "Code of Business Conduct" and "Ethical Corporate Management Best-Practice Principles for EMC", and both Principles has been disclosed on the Company website and the MOPS website operated by the Taiwan Stock Exchange.	None
(5) If the Company has established its own guidelines for the "Code of Business Conduct" according to Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please state the discrepancies (if any) between actual operation and policy: There is no material discrepancies between actual operation and the policy.				
(6) Other important information revealing the Company's ethical operations: For the review of the current policy and continual improvement at the ethical corporate management, the Company is paying close attention to any further development at the best-practice principles for ethical corporate management.				

4.7、Methods for searching the rules and relevant regulations of corporate governance:

The rules and relevant regulations of Corporate Governance can be viewed and downloaded at the Company's website: www.emctw.com, or the Market Operation Observe System (MOPS) by the Taiwan Stock Exchange: http://mops.twse.com.tw/

4.8、Other important information that would facilitate better understanding of the Company's status in implementing corporate governance:

Please refer to page 28 to page 34 of the Annual Book.

4.9 Internal Control System execution status

4.9.1 Internal control report

Elite Material Co., Ltd.

Statement of Internal Control System

Date: 23 February 2023

Based on the findings of a self-assessment, Elite Material Co., Ltd. (EMC) states the following with regard to its internal control system during the year 2022:

1. EMC's Board of Directors and the management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and EMC takes immediate remedial actions in response to any identified deficiencies.
3. EMC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. EMC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, EMC believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of EMC's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on February 23, 2023, with __ of the __ attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Elite Material Co., Ltd.

Dong, Ding-Yu
Chairman

Kuan, En-Hsiang
President

4.9.2 The investigative report of Entrusting CPA to examine the internal control system: None。

4.10 In recent years until the annual report being published, violation of internal control policies by employees: None

4.11 In recent years until the annual report being published, major resolutions of shareholders' meeting and board meetings:

Shareholders' Meeting

	Date	Resolutions and executions of Shareholders' Meeting
2022 Annual General Shareholders' Meeting	26 May 2022	1. To accept the Year 2021 business report and financial statements 2. To approve the proposal for distribution of 2021 profits The ex-dividend date was set at 2nd September 2022, and the dividend was paid at 23th September, 2022. (Cash dividend NTD 10.0 per share.) 3. To approve the proposal of revision of the article of incorporation of the company. On June 9, 2022, completed the registration of the amendment required by the ministry of economic affairs and announced it on the company's website. 4. To approve the proposal of Overview of "Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd." It was announced on the company's website on May 26, 2022 and is handled in accordance with the post-repaired procedures. 5. To Approve the amendments to the "Rules of Procedure for the Shareholders' Meeting". It is handled in accordance with the revised procedures. 6. To approve the proposal of election of the 12th Directors of the Company On June 9, 2022, the registration of reelection and change of directors of the Ministry of Economic Affairs was completed. 7. To approve the non-compete clause of director

Board Meetings

Term	Date	Important Resolutions
The 17th Board Meeting of the 11th term	23 Feb 2022	1. Approved the Year 2021 Declaration of Internal Control System. 2. Approved the revision of Procedures of Acquisition and Disposition of Assets of Elite Material Co., Ltd." 3. Approved the fund raising of the affiliates of the company. 4. Accepted the proposal submitted by the Remuneration Committee about the directors' remuneration and managers' compensation of Year 2022. 5. Approved the proposal of Year 2021 directors' remuneration and employees' compensation. 6. Approved the Year 2021 business report and financial statements. 7. Approved the proposal of distribution of Year 2021 profits. 8. Approved the 12th election of the directors of the company 9. Approved the proposal of convening of the year 2022 annual general meetings related affairs.
The 18th Board Meeting of the 11th term	15 Apr 2022	1. Approved the proposal of the article of incorporation and meeting rules of the shareholders of the company. 2. Approved the proposal of convening the year 2022 annual general shareholders' meeting 3. Approved the capital expenditure of the company. 4. Approved the proposal of the nomination of directors (including independent directors) by more than 1% of

		shareholders. 5. Approved the proposal of exempt of non-compete against directors.
The 19th Board Meeting of the 11th term	27 April 2022	1. Approved the proposal of increase of short -term credit line of the company. 2. Approved the proposal of increase the amount of capital expenditure of KY site. 3. Approved the changes of accountant, the independence and competence assessment of the CPAs . 4. Approved the year 1Q22 annual financial report.
The 1st Board Meeting of the 12th term	26 May 2022	To elect chairman and vice chairman.
The 2nd Board Meeting of the 12th term	27 Jul 2022	1. Approved the revision of code of internal authorization of the company. 2. Approved the proposal of capital expenditure of EMC (Kuanshan). 3. Approved the 1H22 financial report.
The 3th Board Meeting of the 12th term	25 Aug 2022	1. Approved the buyback of minority Great Shanghai stakes. 2. Approved the set-up of oversea manufacturing site.
The 4th Board Meeting of the 12th term	28 Oct 2022	1. Approved the increase of the company's endorsement to subsidiaries. 2. Approved the audit plan for year 2023. 3. Approved the re-appoint of director of subsidiary. 4. Approved the amendments to the company's "Board of Directors' Rules of Procedure" and "Standard Operating Procedures for Handling Directors' Requests". 5. Approved the company's consolidated financial report for the third quarter of 2022 6. Approved the increase in investment in the mainland subsidiary "EMC (Kunshan) Co., Ltd." 7. Approved the change of investment path and equity transfer of the company's mainland subsidiary.
The 5th Board Meeting of the 12th term	21 Dec 2022	1. Approved the review of the CPA audit fee for Year 2022. 2. Approved the general principles of the company's pre-approval non-confirmation service policy. 3. Approved the Year 2022 plan of auditing of Elite Material Co., Ltd. 4. Approved the proposal of Year 2023 remuneration committee’s business plans. 5. Approved the disposal of investment income of the company's mainland subsidiary. 6. Approved the proposal of capital expenditure of EMC(ZS) of the company. 7. Approved the proposal of group budget and capital expenditure of year 2022.
The 6th Board Meeting of the 12th term	23 Feb 2023	1. Approved the proposal of increasing the company's short-term credit line. 2. Approved the formulation of the company's "Directors' Training Implementation Measures" 3. Approved the company's year 2022 internal control system statement 4. Approved the company's job rotation case. 5. Approved the capital expenditure proposal of the Guanyin site of the company.

		6. Approved the remuneration committee's proposals on various remuneration items for the company's directors and managers in the year 2023. 7. Approved the company's year 2022 employee and director remuneration distribution proposal. 8. Approved the company's year 2022 business report and financial report. 9. Approved the company's year 2022 profit distribution proposal. 10. Approved the convening of the company's year 2023 Annual General Meeting of Shareholders.
The 7th Board Meeting of the 12th term	26 Apr 2023	1. Approved the proposal of capital expenditure of EMC (KY) site. 2. Approved the changes of accountant, the independence and competence assessment of the CPAs . 3. Approved the year 1Q23 annual financial report. 4. Approved the subsidiary's offshore production expansion.

4.12 In recent years until the annual report being published, dissenting comments on major BOD resolutions from Directors and Independent Directors: None

4.13 In recent years until the annual report being published, resignation or dismissal of Chairman, President, Director of Accounting Department, Director of Financial Department, Chief Internal Auditing Officer, and Head of Research and Development Department:

2 April 2023

Position	Name	Date of appointment	Dismissal Date	Reason
Financial officer	Randy Yu	July 1, 2019	Sep 2, 2023	Resignation
Head of corporate governance	Li-Chao Chang	Mar 20, 2020	Feb 28, 2023	Job rotation
Head of auditor	Wesley Lin	July 31, 2018	Feb 28, 2023	Job rotation

5. Audit Fees

5.1 Information of Audit Fees

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-Audit Fee	Total	Note
KPMG	Yi-Chun Chen Hsiao-Ling Chiang	1 Jan 22 – 31 Dec 23	3,660	2,703	6,363	None

Note: Service fees for income tax counseling, audit fees of business tax report, and fees for English translation of financial reports.

6. Information for change of CPA:

Not Applicable

7. The Company's Chairman, President, Managers Responsible for Finance and Accounting who have held a position in the CPA Office or its affiliates within the latest year:

None

8. Shareholding Transferred or Pledged by Directors, Management, and Major Shareholders Who Hold 10% or More of the Company Shares:

8.1 Shareholding variation

Title	Name	2022		1 Jan 2023 – 2 April 2023	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Dong, Ding-Yu	0	0	0	0
Vice Chairman	Yu Chang Investment Co., Ltd.	0	1,000,000	0	0
	Representative: Tsai, Fei-Liang	53,000	0	0	0
Director	Yu Chang Investment Co., Ltd.	0	1,000,000	0	0
	Representative: Li, Wen-Shiung	0	0	0	0
Director	Hsieh, Mon Chang	0	0	0	0
Independent Director	Shen, Bing	0	0	0	0
Independent Director	Cheng, Duen-Chian	0	0	0	0
Independent Director	Hsi-Chia Chen	0	0	0	0
President	Guan, En-Xiang	0	0	0	0
Senior Vice President	Sun, Michael	0	0	0	0
Vice President	Peng, Yi-Ren	0	0	0	0
Vice President	Chou, Li-Ming	0	0	0	0
Vice President	Chuang, Michael	0	0	0	0
Vice President	Lin, Alan	0	0	0	0
Vice President	Yang, Danny	0	0	0	0
Vice President	Lee, De-Na	0	0	0	0
Vice President	Lin, Michael	0	0	0	0
Vice President	Lee, Stan	0	0	0	0
Assistant Vice President (Governor)	Wesley-Lin	0	0	0	0
Director of Accounting Department	Sara Yen	0	0	0	0

8.2 Shareholding transferred:

Not applicable.

8.3 Shareholding pledged:

Not applicable.

9 Top ten shareholders being the related party as defined in statement of financial accounting standards No. 6:

Name	Current Shareholding		Spouse & Minor Children's Shareholding		Shareholding in Name of Others		Name, relationship of top ten shareholders are spouses of within 2 degrees of consanguinity to each other	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Yu Chang Investment Co., Ltd.	25,471,477	7.65	0	0	0	0	Yu Sheng Investment Co., Ltd.	100%-owned subsidiary of Yu Sheng Investment Co. Ltd.
Representative: Su-Moon Wu	3,548,859	1.07	0	0	0	0		
Cathay life insurance	17,085,000	5.13	0	0	0	0	None	None
Representative: Tiaogui, Huang			0	0	0	0		
Yuanta Taiwan High Dividend Fund	15,475,182	4.65	0	0	0	0	None	None
Standard Chartered International Commercial Bank, the MTX Stable Emerging Market Leader fund.	13,499,000	4.05	0	0	0	0	None	None
Silver Top Investment	13,014,000	3.91	0	0	0	0	Si, Run-Hong	Representative of Silver top investment
Representative: Si, Run-Hong	12,262,303	3.68	0	0	0	0		
Si, Run-Hong	12,262,303	3.68	0	0	0	0	None	Representative of Silver top investment
Yu Sheng Investment Co., Ltd.	10,485,000	3.15	0	0	0	0	Yu Chang Investment Co., Ltd.	Yu Chang Investment is 100% owned by Yu Sheng Investment.
Representative: Su-Moon Wu	3,548,859	1.07	0	0	0	0		
Dong, Ding-Yu	5,265,766	1.58	0	0	0	0	None	None
Mercuries Life Insurance Co., Ltd.	5,095,000	1.53	0	0	0	0	None	None
Representative: Weng Zhaoxi	0	0	0	0	0	0	None	None
China Life Insurance co., Limited	4,944,000	1.49	0	0	0	0	None	None
Representative: Huang Siguo	0	0	0	0	0	0		

10 Shareholding proportion of EMC to Investees:

Investees by equity method	The Company's Holdings		Direct and Indirect Holding of Directors and Managers of EMC		Total Holdings	
	Shares	%	Shares	%	Shares	%
EMC Overseas Holding Inc.	36,256,950	100.00	0	0	36,256,950	100.00
Grand Wuhan Incorporated	20,020,000	100.00	0	0	20,020,000	100.00
EMC INTERNATIONAL HOLDING INCORPORATED.	27,042,000	100.00	0	0	27,042,000	100.00
Li Cheng Technology Co., Ltd.	16,412,918	33.50	250,000	1.53	16,662,918	35.03

IV. CAPITAL OVERVIEW

1. Capital and Shares

1.1. Issued Shares

Month/Year	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets other than Cash	Other
Nov 2019	10	400,000,000	4,000,000,000	319,708,064	3,197,080,640	Conversion of Corporate Bond	None	Note 1
Aug 2010	10	400,000,000	4,000,000,000	324,868,357	3,248,683,570	Conversion of Corporate Bond	None	Note 2
Nov 2010	10	400,000,000	4,000,000,000	332,918,299	3,329,182,990	Conversion of Corporate Bond	None	Note 3

Note: Dates and letter numbers capital increase approvals received from the regulatory authority:

1. 21 April 2017 Financial Supervisory Commission Ruling Ref No. 1060012443 approved the issue of CB certificates. 14 Nov 2019 Ministry of Economic Affairs Jing-Sho-Shan-Zhi No. 10801157610.
2. 21 April 2017 Financial Supervisory Commission Ruling Ref No. 1060012443 approved the issue of CB certificates. 17 Aug 2020 Ministry of Economic Affairs Jing-Sho-Shan-Zhi No. 10901154260.
3. 21 April 2017 Financial Supervisory Commission Ruling Ref No. 1060012443 approved the issue of employees' option certificates. 9 Nov 2020 Ministry of Economic Affairs Jing-Sho-Shan-Zhi No. 10901194470.

Type of Stock	Authorized Share Capital			Remarks
	Issued outstanding shares	Unissued shares	Total	
Common Stock	332,918,299	267,081,701	600,000,000	None

1.1.1. Shelf registration: None

1.2. Composition of Shareholders

2 April 2023

Types / Amounts	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Citizens	Foreign Institutions & Foreign Persons	Total
Number	6	31	238	24,423	325	25,023
Number of shares owned	5,848,321	43,153,527	85,078,548	70,775,802	128,062,101	332,918,299
% holding	1.76%	12.96%	25.56%	21.26%	38.46%	100.00%

1.3. Distribution Profile of Share Ownership

2 April 2023

Shareholder Ownership	Number of Shareholders	Number of shares owned	Percentage ownership
1 – 999	14,836	1,779,365	0.53
1,000 – 5,000	8,542	15,199,777	4.58
5,001 – 10,000	767	5,859,900	1.76
10,001 – 15,000	218	2,704,731	0.81
15,001 – 20,000	130	2,322,572	0.70
20,001 – 30,000	129	3,196,979	0.96
30,001 – 40,000	73	2,585,130	0.78
40,001 – 50,000	33	1,506,561	0.45

50,001 – 100,000	73	5,073,481	1.52
100,001 – 200,000	63	9,087,875	2.73
200,001 – 400,000	48	13,435,560	4.04
400,001 – 600,000	24	11,720,393	3.52
600,001 – 800,000	17	11,591,261	3.48
800,001 – 1,000,000	9	8,171,091	2.45
1,000,001 and over	61	238,683,623	71.69
Total	25,023	332,918,299	100.00

Note: The Company does not issue any preferred shares.

1.4. Major Shareholders

Shareholders	Total shares owned	Ownership (%)
Yu Chang Investment Co., Ltd.	25,471,477	7.65
Cathay life insurance	17,085,000	5.13
Yuanta Taiwan High Dividend Fund	15,475,182	4.65
Standard Chartered International Commercial Bank, the MTX Stable Emerging Market Leader fund.	13,499,000	4.05
Silver Top Investment	13,014,000	3.91
Si, Run-Hong	12,262,303	3.68
Yu Sheng Investment Co., Ltd.	10,485,000	3.15
Ding-Yu Dong	5,265,766	1.58
Mercuries Life Insurance	5,095,000	1.53
China Life Insurance	4,944,000	1.49

1.5. Net worth, earnings, dividends, and market price per common share

Unit: NT$ Dollar

Items \ Year			2021	2022	– 31 Mar 2023
Market Price per Share (Note 1)	Highest		293.50	298.00	196.00
	Lowest		141.50	128.00	168.00
	Average		204.60	204.17	182.43
Net Worth per Share (Note 2)	Before Distribution		59.33	66.31	67.97
	After Distribution		52.33	57.81	59.47
Earnings per Share	Weighted Average Shares		332,918,299	332,918,299	332,918,299
	Adjusted Earnings per Share (Note 3)		16.50	15.24	1.44
Dividends per Share	Cash Dividend		10.0	8.5	-
	Stock Dividend	-	-	-	-
		-	-	-	-
	Accumulated Undistributed Dividend (Note 4)		-	-	-
Return on Investment	Price/Earnings Ratio (Note 5)		12.40	13.40	126.69
	Price/Dividend Ratio (Note 6)		20.46	24.02	21.46
	Cash Dividend Yield (Note 7)		4.90	4.16	4.66

Note:

1. List the highest and lowest prices of each common share, and calculate the average price per common share by using the turnover and transaction volume in each year.
2. Based on the total number of issued outstanding shares at end of each year. Net worth per share before and after distribution is calculated based on the profit distribution resolved in the annual general shareholders' meeting held in the next year.
3. The adjusted EPS is calculated based on the number of shares after the stock dividends being distributed.
4. Should the terms of issuance allow the earnings to be accumulated and not to be distributed until the year the Company realizes profits, the total amount of accumulated undistributed dividend need to be disclosed.

5. Price/Earnings Ratio = Average closing share price of the period/ Earnings per share.
6. Price/Dividend ratio = Average closing share price of the period / Cash dividend per share.
7. Cash dividend yield = Cash dividend per share / average closing share price of that year.
8. Net worth per share and earnings per share are listed until the latest quarter financial statements audited by CPA. The other numbers are listed until the date the annual report being published.
9. To be resolved by the upcoming Year 2022 annual general shareholders' meeting.

1.6. Dividend Policy and Execution

1. Dividend Policy

Apart from paying all its income taxes in the case where there are profits at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, ten per cent (10%) of which shall be set aside by the Company as legal reserve. The Company shall also set aside certain portion of the profits as special reserve as required by Article 41 of the Securities and Stock Exchange Act, or by resolutions of Shareholders' Meetings.

While the Company distributes earnings to the shareholders, the paid-out amount shall be more than ten per cent (10%) but less than seventy per cent (70%) of the distributable earnings, which equals to earnings realized after deducting legal, special and all other required reserves, but together with undistributed profits from previous years.

Depending on the business operating results, the earnings to be distributed to shareholders shall be proposed by the Board of Directors, and submitted to the Shareholders' Meeting and decided by the resolution from in the Shareholder's Meeting.

Judging from the actual business circumstances, the Board of Directors may propose to adjust the amount of earnings to be distributed to shareholders, and submit to the Shareholders' Meetings for the resolution to distribute.

1.6.1. Proposed dividend to be resolved in the upcoming 2021 Annual General Shareholders' Meeting:

Year of Earnings	Date the Board Meeting Resolved to Distribute Earnings	Dividends	
		Cash Dividend (NT$)	Stock Dividend (NT$)
2022	23 Feb 2023	2,829,805,542 (NT$8.5 per share)	0

Note: Cash dividend per share is calculated based on the total number of issued outstanding shares on 23 Feb 2023.

1.6.2. If the Dividend Policy Is Expected to Change Substantially: None

1.7. Effects on business performance and EPS resulted from stock distribution proposed by 2018 Annual General Shareholders' Meeting:

Not applicable.

1.8. Employees' Compensation and Directors' Remuneration:

1.8.1. Employees' Compensation and Directors' Remuneration under Articles of Incorporation:

In case the Company makes profits for the year, three per cent (3%) shall be allocated for the employees' compensation, and no more than one point two per cent (1.2%) for the remuneration of Directors. However, in case there are accumulated losses carried on the accounting book of the Company, profits shall be reserved for the make-up of accumulated losses before distribution.

In case shares or cash is distributed as employees' compensation, those employees can be distributed shall include the employees of affiliated enterprises meeting certain criteria. The distribution method shall otherwise be formed by the Board of Directors.

1.8.2. The discrepancy, if there is any, between the total amount of estimated employees' compensation, Directors' remuneration, stock dividends and total amount actually being paid:

Treated as the changes at the accounting estimate, and such changes are adjusted in the coming year.

1.8.3. Proposed employees' compensation and Directors' remuneration:

The 2022 employees' compensation and Directors' remuneration was resolved in the Board Meeting convened on 23 Feb 2023. The amounts and forms are listed below:

a. Employees' compensation: NT$172,915,727 in cash
b. Directors' remuneration: NT$37,465,074 in cash
c. Regarding the amount of employees' compensation and Directors' remuneration in cash or in shares, the discrepancy, if there is any, between the estimated amount and the amount being actually paid, and the reason for such discrepancy: None
d. Proposed employees' compensation in shares as percentage of net income and total employees' compensation: Not applicable

1.8.4. The total proposed amount of 2021 profits actually being paid as employees' compensation and Directors' remuneration in 2022:

Employee remuneration: The proposed distribution amount is NT$189,119,949, and the actual payment is NT$155,136,098.

Director's remuneration: The proposed distribution amount is NT$63,039,983, and the actual payment is NT$63,039,983.

The discrepancies will be released in subsequent years.

1.9. Share Buyback by the Company:

The Company did not buyback share in Year 2022 and in Year 2023 as of 2 April.

2. Corporate Bonds:

Type of bond	Year 2022 the 5th Domestic Unsecured Convertible Bond
Issuing date	25th April 2022
Place of issuance and transaction	Domestic
Issuing price	NT$101
Issuing amount	NT$3, 465,300,000 Amount received: NT$ 3,499,953,000.
Coupon rate	0%
Maturity	5 years, due on 25th April 2027
Pledge	None
Custodian	The Trust Department of Yuanta Bank
Underwriter	Yuanta Securities
Certified attorney	Not applicable
Certified CPAs	Not applicable
Repayment of principal	Please refer to Article 6 of Annex III.

Outstanding amount		NT$3,465,300,000
Redemption		Please refer to Article 17 of Annex III.
Restrictions		Please refer to Article 16 of Annex III.
Credit rating, credit rating agency, and credit rating date		Not applicable
Other rights of bond holders	Till the publishing of the annual report, number of common shares issued upon the exercise of the conversion right	None
	Issuance and conversion procedures	Please refer to Annex III.
Effects on shareholders' equity		Not applicable.
Custodian of the underlying asset		Not applicable.

Information of Convertible corporate bond

Type		Year 2022 the 5th Domestic Unsecured Convertible Bond	
Item \ Year		2022	March 31, 2023
Market price	Highest	112.35	105.10
	Lowest	97.00	98.00
	Average	108.28	103.07
Conversion price		263/246.8	246.8
Issuing date and conversion price		April 25, 2023 $ 263	
Conversion obligations		Issuing new shares	

3. Preferred Shares:

None

4. Issuance of Overseas Depository Receipts:

None

5. Employees Stock Option:

None

6. Employee Restricted Stock Options and Share Issued for Merger or Acquisition:

None

7. Fund utilization plans and status:

Not applicable

V. OPERATIONAL HIGHLIGHTS

1. Business Activities

1.1. Business Scope

1.1.1. Current Business Scope

- CC01080 Manufacturing of electronic components
- CB01020 Manufacturing of business machines
- CC01110 Manufacturing of computers and the peripherals
- C801010 Basic chemical industry
- C801990 Manufacturing of other chemical materials
- C901990 Manufacturing of other non-metallic mineral products
- F401010 International commerce
- ZZ99999 Except where permits are required, to run operations not forbidden or limited by laws and regulations

1.1.2. Current products and services provided by the Company and subsidiaries

- Copper Clad Laminates (CCLs) consumed by double-sided PCBs (Printed Circuit Boards)
- Core CCLs and Prepreg (PP) consumed by multilayer PCBs
- Mass Lamination Panel (Mass Lam)

1.1.3. Sales Breakdown

The factory of the Company was built in 1993, and its capacity was expanded in the mid of 2005. Since the inception of the Company, it has been focusing on the manufacturing and sales of CCLs and PP, and providing the Mass Lam service for the downstream PCB makers. The sales breakdown of major business segment of 2021 is as follows:

Unit: NT$ thousands, %

Major Products	Revenue	Percentage of Revenue
CCLs	21,565,368	55.76
PP	16,447,245	42.53
Mass Lam	574,143	1.49
Others	85,793	0.22
Total	38,672,549	100.00

1.1.4. Products and services planned to be developed and launched by the Company and subsidiaries

The Company will continue to develop eco-friendly products and create new applications for the said products to ensure the leading position in eco-friendly materials and maintain global number one ranking. Products under development at current stage:

a. High-frequency mmWave material for autonomous driving vehicle.
b. High voltage material adopted EV super charging battery.
c. Low loss substrate material for high-end AIP packaging.
d. High-speed switch material for 224Gbps (1.6T)

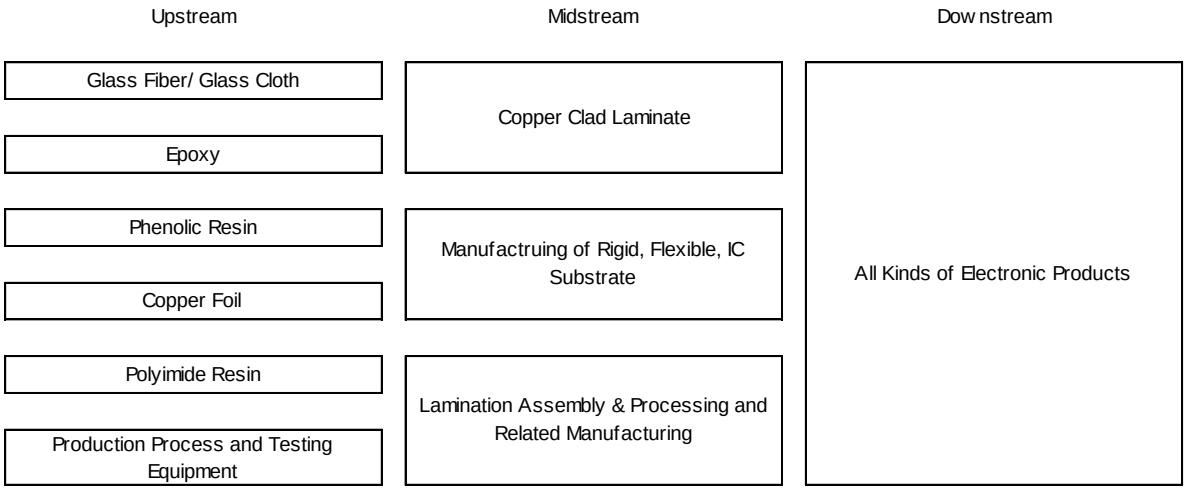
1.2. Business Environment

1.2.1. Current industry situation and prospects

In year 2022, products of the Company were mainly sold in the domestic market of Taiwan, and customers

located in Mainland China are served by the subsidiaries of the Company, Elite Electronic Materials (Zhongshan) Co., Ltd. and Elite Electronic Materials (Kunshan) Co., Ltd. The major exporting market was Korea. The Company expects that most of demand in year 2023 would still derive from Taiwan and mainland China. Korea would remain as the major exporting market. The Company set up a target to upgrade its product mix in 2023 , aiming to increase the percentage of revenue from advanced products to 60% of the total revenue. The advanced products include, but not limited to, laminates with high-Tg, Br-free, and low CTE properties.

1.2.2. The supply chain analysis



1.2.3. Industry trends and competition

Consumer electronic devices, especially for handheld and wearable devices, are trending toward thinner, lighter, and easier to carry; meanwhile, incorporating multi-functions in one single device, furthermore, the trend of high frequency/high speed and green environmental materials are rising. Therefore, the applications of HDI (High-Density Interconnect) structure, high layer-count laminates, IC substrate, rigid-flexible PCBs are experiencing increase in demand. In the meantime, the evolution of wireless transmission and the emerging cloud services are also driving the changes of the laminate industry. In order to meet the demand for high-speed data transmission, more and more laminate products and base materials are created to serve for high-speed transmission purpose in the high-frequency bandwidth. Also, improving thermal reliability and dimensional reliability is a must for high-speed high-frequency radio signal transmission applications.

1.3. Technology Innovation and R&D Overview

Products and technologies the Company has successfully developed in previous three years:

Year 2020	1. New eco-friendly laminates, consumed by 5G handheld devices, providing ultra-low signal loss 2. Out-door antenna substrate material consumed by 5G base-station. 3. High-end substrate material consumed by AIP and SIP package. 4. High frequency material consumed by mmWave laminate 5. Obtained collectively 36 patents from Taiwan, Mainland China, and the United States

Year 2021	1. RCC material adopted in high end 5G handheld devices. 2. High end substrate material adopted in SIP package. 3. High speed material for PCIe 5.0 and PCIe 6.0 4. High speed 800G switch continuously verified by customers. 5. Obtained collectively 33 patents from Taiwan, Mainland China, and the United States
Year 2022	1. RCC material adopted in 5G high-end handheld device has been certified by many customers and is actively preparing for mass production. 2. Non PTFE high frequency laminate material for Self-driving Radar and Antenna has been mass produced. 3. PCIe 5 II and PCIe 6 high speed data transmission material qualified by various customers and continuously gain market share. 4. 800GHz Switch material verified and pilot run by global brand companies and ready for mass production.

1.4. Long-term and Short-term Business Plan

The Company conducts business with ethics and integrity in order to build a long-term cooperative relationship with customers. The long-term and short-term business plans that the management team makes are as follows:

1.4.1. Short-term Business Plan

a. Achieve the targets of the operating and financial budgets of Year 2023
b. Increase the percentage revenue derived from High-Tg low-CTE base materials, base materials consumed by electronic devices used for automotive vehicles, and thermal conductive base materials
c. Coordinate the sales team and customer service activities to better serve customers

1.4.2. Mid-and Long-term Business Plan

a. Expand the international market and enhance the long-term competitiveness of the company
b. Diversify the applications of the company's products and diversify the sales channels

2. Overview of Market, Production, and Sales

2.1. Market Analysis

2.1.1. Sales regions of the Company's products

In Year 2022, the Company's products were mainly sold in Taiwan, Mainland China, and Korea. It is expected that the major market of the Company in Year 2023 would remain as the same. The percentage of sales for the Company's products in Year 2022 is as follows:

Regions	Percentage of total sales
Taiwan	15.25%
Mainland China	76.54%
Others	8.21%
Total	100.00%

2.1.2. Domestic market share of major products

There are a lot of companies, including EMC, NYP, ITEQ, TUC and Taiwan Panasonic, producing FR-4 CCL, PP, and providing mass lamination service located in Taiwan in year 2022. According to Prismark, EMC is the global leader in halogen free market with 26% market share, and global CCL market share is 7%.

2.1.3. Future supply/demand situation and the prospects of the market

The demand for high-speed and high-frequency data transmission would continue to rise in the Taiwan market.

2.1.4. The expected sales volume and the key assumption

Based on the actual sales volume, the expectation of the Company about the demand in the future, and the actual supply/demand situation in the first quarter of 2022, the Company expected the sales volume in year 2023 as follows:

Expected sales volume target:

Copper clad laminates (CCLs):	43 million sheets/year
Prepreg (PP):	0.96 million rolls/year
Mass Lam (M/L):	1.05 million panels/year

2.1.5. Positive factors, negative factors, and the Company's measures to counteract the negative measures

A. Positive factors

- CCLs are base materials for many sorts of electronic devices. The product life cycle is long, and at this moment, there is no product can replace the usage of CCLs.
- The penetration rate of halogen-free CCL is proliferating, and the market share is rising. Halogen-free products created much higher value for the Company.
- The Company has diversified the applications of its products, meeting the demand of different customers.
- The Company owns production base across the strait, and which are close to customers. In addition, the Company has established sales representative offices in Korea and the United States.

B. Negative factors

- The price volatility of raw materials can be significant, and therefore, has a negative impact on the gross margin of the Company.

C. Company's measures to counteract the negative factors

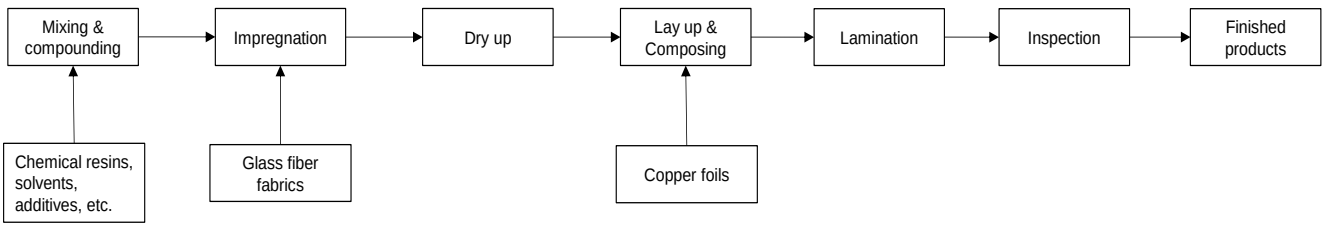
- Increase the sales percentage derived from high value-added products.
- Diversify the sources of raw materials to lower the risk. In addition, negotiate with vendors based on the total volume needed for all production sites of the Company to increase the bargaining power of the Company, in order to secure a consistent volume of supply with a relatively stable price.

2.2. Applications and Production Process of Major Products

2.2.1. Applications of major products

a. CCLs: used for the production of double-sided PCBs and multi-layer PCBs
b. Prepreg: used for the production of multi-layer PCBs
c. Mass lamination: an OEM service provided to PCB makers for the production of multi-layer PCBs.

2.2.2. Production process of major products



2.3. Source of Major Raw Materials

Major raw materials of the Company include, but not limited to, copper foils, glass fiber fabrics, and epoxy resins.

Table of major raw material sources and supply situations

Raw Materials	Major Sources	Supply Situation
Copper foil	Domestic	Normal
Glass fiber fabrics	Japan, domestic	Normal
Epoxy resins	Japan, domestic	Normal

2.4. Major suppliers or customers who account for 10% (inclusive) or above of purchases/or revenues in recent two years

2.4.1. Suppliers who account for 10% (inclusive) or above of purchases in recent two years:

Unit: NT$ thousands

Year 2021				Year 2022				First Quarter of Year 2023			
Name	Purchase amount	Percentage of total purchase	Subsidiary or affiliates of the Company	Name	Purchase amount	Percentage of total purchase	Subsidiary or affiliates of the Company	Name	Purchase amount	Percentage of total purchase	Subsidiary or affiliates of the Company
A	2,532,857	10	No	A	2,283,631	11	No	A	492,827	12	No
Others	21,881,742	90	No	Others	19,315,965	89	No	Others	3,509,381	88	No
Net amount	24,414,599	100		Net sales	21,599,596	100		Net sales	4,002,208	100	

The reasons why percentage of purchase of major suppliers has changed: None

2.4.2. Customers who account for 10% (inclusive) or above of revenues in recent two years:

Unit: NT$ thousands

Year 2021				Year 2022				First Quarter of Year 2023			
Name	Sales revenue	Percentage of total revenue	Subsidiary or affiliates of the Company	Name	Sales revenue	Percentage of total revenue	Subsidiary or affiliates of the Company	Name	Sales revenue	Percentage of total revenue	Subsidiary or affiliates of the Company
A	4,523,496	12	No	A	4,083,290	11	No	A	749,350	10	No
Others	33,976,530	88	No	Others	34,589,259	89	No	Others	6,609,777	90	No
Net sales	38,500,026	100		Net sales	38,672,549	100		Net sales	7,359,127	100	

The reasons why percentage of sales of major customers has changed: None

2.5. Volume and value of production in recent two years

Unit: NT$ thousands

Year / Products	Unit	Year 2021		Year 2022	
		Volume	Value	Volume	Value
CCLs	000 sheets	50,884	17,740,627	41,159	17,653,198
Prepreg	000 meters	183,376	11,041,026	174,801	11,229,143
Mass Lam	000 SF	6,428	1,082,612	2,986	684,248
Total			29,864,265		29,566,589

2.6. Sales volume and revenue in recent two years

Unit: NT$ thousands

Year / Products	Unit	Year 2021				Year 2022			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
CCLs	000 sheets	32,376	17,600,730	7,071	3,606,629	28,437	17,570,666	6,050	3,994,702
Prepreg	000 meters	103,519	12,995,948	19,210	2,980,846	90,476	12,787,857	18,202	3,659,388
Mass Lam	000 SF	3,856	647,082	2,697	410,974	3,034	471,212	324	102,931
Others		-	35,878	-	221,939	-	69,548	-	16,245
Total			31,279,638		7,220,388		30,899,283		7,773,266

3. Information about Employees

Year		Year 2021	Year 2022	31 March 2023
Number of Employees				
Number of Employees	Direct	2,663	2,858	3,020
	Indirect	855	968	982
	Total	3,518	3,826	4,002
Average age		35.3	35.6	34.9
Average years of service		5.5	5.4	5.3
Breakdown of Educational Level (%)				
Distribution of Educational Level	Ph.D.	0.3	0.3	0.2
	Master	4.9	5.2	5.1
	Bachelor	41.2	42.0	40.5
	High School	49.6	48.4	50.5
	Below High School	3.9	4.1	3.7

4. Environmental Protection Measures and Expenses

4.1. License or permission granted by the regulatory authority to install equipment, the fee paid to the regulatory authority for prevention of pollution, and the license number of dedicated person responsible for environmental protection

Hsinchu Factory			
License	Expiry Date	License Number	License Number of Dedicated Person
Production process of PCBs (M01)	18 Aug 2026	Hsinchu County Huan-Kon-Tsao-Zhen-Zhi No. J0763-13	(2016) Huan-Shu-Hsun-Zhen-Zhi No. FA100460
Heating process of heating medium (M02)	21 Sep 2024	Hsinchu County Huan-Kon-Tsao-Zhen-Zhi No. J0764-07	
Heating process of heating medium (M04)	19 Apr 2026	Hsinchu County Huan-Kon-Tsao-Zhen-Zhi No. J0763-03	
Production process of other electronic components (M05)	12 Apr 2026	Hsinchu County Huan-Kon-Tsao-Zhen-Zhi No. J1009-04	

Heating process of heating medium (M06)	19 Nov 2027	Hsinchu County Huan-Kon-Tsao-Zhen-Zhi No. J1017-05	
Water pollution control permit	19 Dec 2023	Hsinchu County Huan-Pai-Hsu-Zhi No. 00424-11	(2018) Huan-Shu-Hsun-Zhen-Zhi No. GA130492
Business waste cleaning plan	Good till revision	Fu-Huan-Yeh-Zhi No. 1108651246	(2017) Huan-Shu-Hsun-Zhen-Zhi No. HB011022
Guanyin Factory			
License	Expiry Date	License Number	License Number of Dedicated Person
Production process of other electronic components (M01)	14 July 2025	Fu-Huan-Kon-Tsao-Zhen-Zhi No. H6761-00	(2008) Huan-Shu-Hsun-Zhen-Zhi No. FA100052
Heating process of heating medium (M02)	26 Sep 2026	Fu-Huan-Kon-Tsao-Zhen-Zhi No. H5122-05	
Water pollution control permit (Plant 1 & 3)	14 Jun 2022	Taoyun City Huan-Pai-Hsu-Zhi No. H1984-07	(2015) Huan-Shu-Hsun-Zhen-Zhi No. GA230798
Water pollution control permit (Plant 2)	16 Jul 2022	Taoyun City Huan-Pai-Hsu-Zhi No. H3094-02	Not applicable
Business waste cleaning plan (Plant 1 & 3)	Good till revision	Fu-Huan-Yeh-Zhi No. 1060305324	(2015) Huan-Shu-Hsun-Zhen-Zhi No. HA050746
Business waste cleaning plan (Plant 2)	Good till revision	Fu-Huan-Yeh-Zhi No. 1060048502	(2017) Huan-Shu-Hsun-Zhen-Zhi No. HB180146

4.2. Expenses on environment protection

Unit: NT$ thousands

Item	Amount
Waste treatment fee for earth and underground water	178
Charges for prevention of air pollution from fixed pollution source	13,984
Treatment of polluted water	78
Treatment cost of waste water	2,481
Treatment cost of business waste	89,821
Total	106,542

4.3. List of equipment and investment of the Company for prevention of pollution and their respective purpose

Equipment	Number	Acquisition Date	Purpose
Renewal of outdoor hot kerosene pipe of No. 3 combustion furnace	One	30 Sep 2022	Prevention of pollution
Improvement of Dust Collection System in Glue Dispensing Area	One	30 Jun 2022	Prevention of pollution
Dust collector	One	31 Aug 2018	Prevention of pollution
RTO equipment	One	31 July 2017	Prevention of pollution
MIL-1040 RTO equipment	One	31 Dec 2017	Prevention of pollution
No. 2 RTO Factory	One	31 Dec 2013	Prevention of pollution
RTO equipment – Zone 3	One	29 Dec 2011	Prevention of pollution
RTO equipment improvement – Zone 3	One	30 Nov 2014	Prevention of pollution
PLC Scan, Monitoring & Controlling system for hazardous chemical substances	One	31 Jan 2014	Prevention of pollution
Improvement of equipment for waste water treatment	One	30 Sep 2010	Prevention of pollution
SCR-6 pumping system for exhaust air	One	30 Apr 2007	Prevention of pollution
180CM treatment equipment for exhaust air form black oxide treatment	One	30 Sep 2006	Prevention of pollution

Improvement of equipment for waste water treatment	One	12 Apr 2006	Prevention of pollution
Equipment for waste water treatment	One	28 Feb 2006	Prevention of pollution
Exhaust air monitoring system – Plant 2	One	22 Sep 2000	Prevention of pollution
Flow meter of waste water – Plant 2	One	31 Aug 2000	Prevention of pollution
Flow meter of waste water	One	24 Sep 1997	Prevention of pollution
Exhaust fan and water circulation equipment for etching room	One	31 Oct 1994	Prevention of pollution
Waste water storage of etching room	One	30 Sep 1993	Prevention of pollution

4.4. Process the Company takes to reduce pollution, and to deal with the pollution related dispute in latest two years till the publishing of the annual report:

None

4.5. Loss or penalty due to pollution in latest two years till the publishing of the annual report:

None

4.6. Effects on the profit, competitiveness, and capital expenditure plan of the Company from the current environment pollution and expected substantial capital expenditure for environmental protection over next two years:

None

5. Employee Welfare

5.1. Current Agreements with Employees and Employee Welfare

5.1.1. Employee welfare procedures

a. The company has an employee welfare committee that, in compliance with laws and regulations, appropriates welfare funds, and manages various welfare activities for employees. The said activities include, but are not limited to, employee domestic and overseas travelling trips. The Company also organizes a variety of clubs and games on periodical basis. In addition, the Company provides subsidy to individual employee for vacation travelling.
b. The company provides holiday bonuses for traditional festival holidays, birthdays, weddings, and funerals for its employees.
c. The company organizes and holds training program for its employees on periodical basis.
d. The company provides free health checkup, labor insurance program, health insurance program, and a variety of group insurance programs for employees to choose among from.
e. The company organizes year-end party on annual basis.
f. The company has an employee bonus system, allowing employees to participate in the sharing of management results.
g. The company had issued employee stock option certificates.

5.1.2. Employee training programs

The company provides its employees training programs designed and organized both internally and externally. A study report is required to submit for each attendee of the training courses. The training programs are integrated with the promotion system of the company. The cost for employee training in year 2022 was NT$2,505 thousands. The total training hours amounted to 15,016 hours, and on the average, each employee attended a training program for 14.55 hours.

5.1.3. Pension and retirement plan

In order to encourage employees to provide professional services and stabilize their retirement lives, EMC has

set up an "Employee Retirement Scheme" to provide each employee with a labor pension. At the same time, the "Pension Supervision and Administration Commission" was established in accordance with the law to be responsible for the implementation of the old pension management and retirement measures, and the old pension was deposited to the old pension reserve account of the Bank of Taiwan on a monthly basis at the 2% monthly salary of each senior pensioner with the old pension system. Actuaries are also commissioned annually to submit actuarial reports to ensure full allocation to protect the rights and interests of employees. Pension funds are appropriated monthly, 6% of the monthly salary to individual pension accounts for those who are qualified or voluntarily choose the new pension fund system in accordance with the “Labor Pension Act”. If an employee meets the statutory retirement conditions, he or she may apply for retirement, and after completing the procedures, those who have the old system of seniors can receive the pension of the old system, and the pension of the personal special account can also be withdrawn according to law after reaching the age of 60. In 2022, there was one person who applied for retirement, and the old system pension was settled according to law.

5.1.4. The agreement between labor and management

All regulations and procedures regarding labor and management relationship are implemented in good condition pursuant to the “Handbook of EMC Employees” and related laws. Since the inception of the Company, there has never been severe dispute between the labor and the management team. In addition, the Company has established an internal communication channel for employees and encourage employees to express their opinions and suggestions to the management team, in order to achieve a better cooperative relationship between labor and the management.

5.1.5. Various measures regarding protection of employees’ rights

Each department of the Company has established protocols and procedures to protect employees’ rights, especially to ensure a safety working environment. In addition, the Company value the opinions and suggestions from employees, and has dedicated personnel to handle such opinions and suggestions in a way as appropriate as possible.

5.2. Loss occurs due to labor issues in the latest year until the publishing of this annual report: None

6. Information and communication security management:

6.1.1 List the security risk management structure, the security policy, the specific management plan and the resources invested in the security management of The Security.

6.1.1.1 Security risk management structure:

The company has set up a security risk management team, the president as the convener, the information department at the next level supervisor as the deputy convener, the team members include the heads of various departments and the communication network liaison personnel.

6.1.1.2 The unit responsible for enterprise information security is the IT depatment, which coordinates the security affairs and is responsible for formulating internal information security policies, planning and implementing information security operations and security policies.

6.1.2 The company's audit office is the supervision unit of information security supervision, and the audit office is responsible for supervising the implementation of internal security, regularly checking if there is any defect found, the relevant improvement plan and specific actions are proposed by the responsible unit, and the improvement results are tracked regularly to reduce the

internal security risks.

6.1.2.1 Information security policy:

6.1.2.2 In order to improve the security and stable operation of the company's information and communication operations, provide secure information and communication services, and ensure the confidentiality, integrity and availability of information assets, the information security policy is specially formulated as the highest guiding principle of the company's information and communications security management.

6.1.2.3 All colleagues of the company have the obligation and responsibility to comply with the laws and regulations of information security, maintain the security of enterprise information, ensure the security and operation of the company's data, information systems, equipment and networks, avoid all kinds of improper use, leakage, tampering, theft, destruction and other accident threats, and reduce possible harm.

6.1.3 Physical management solutions:

At present, the company has not insured information security protection insurance, but has established information security policies and other related operational specifications, which are implemented in accordance with the operational specifications for physical and environmental security, network and computer security, system access control, system sustainable operation, information security publicity and education and training. In fiscal 2021, the company also reviewed the corporate information environment through external consultants, and on December 21, 2021, the board of directors reported the information security risk assessment to further enhance information security operations and ensure the company's continuous operation capabilities.

6.2 Loss occurs due to significant security risk issues in the latest year until the publishing of this annual report:None

7.Important Contracts and Agreements: None

VI. FINANCIAL INFORMATION

1. Five-Year Financial Summary

1.1. Condensed Balance Sheet and Statements of Comprehensive Income – IFRS

1.1.1. Condensed Consolidated Balance Sheet

Unit: NT$ thousands

8 Year / Item		2018	2019	2020	2021	2022	31 Mar 2023
Current assets		16,232,502	18,833,258	19,568,557	25,843,744	26,579,957	29,009,567
Property, plant and equipment		4,937,424	5,857,817	6,531,008	8,468,582	14,679,878	15,189,371
Intangible assets		7,388	10,316	671,900	669,410	744,784	730,862
Other assets		785,149	1,002,940	1,085,341	1,583,325	1,377,868	1,305,003
Total assets		21,962,463	25,704,331	27,856,806	36,565,061	43,382,487	46,234,803
Current liabilities	Before distribution	7,201,783	10,321,431	9,613,785	14,485,232	15,760,024	18,119,215
	After distribution	8,416,462	12,239,679	11,944,213	(Note)	18,589,830	20,949,021
Non-current liabilities		2,845,890	1,846,331	1,487,512	2,305,942	5,547,899	5,487,009
Total liabilities	Before distribution	10,047,673	12,167,762	11,101,297	16,791,174	21,307,923	23,606,224
	After distribution	11,262,352	14,086,010	13,431,725	(Note)	24,137,729	26,436,030
Equity attributable to owners of the Company		11,900,197	13,519,931	16,738,630	19,752,846	22,074,564	19,798,773
Common stock		3,196,524	3,197,080	3,329,183	3,329,183	3,329,183	3,329,183
Capital surplus		623,721	628,858	1,868,661	1,868,661	2,076,279	2,076,279
Retained earnings	Before distribution	8,503,506	10,526,386	12,297,677	15,458,911	17,218,392	17,698,088
	After distribution	7,288,827	8,608,138	9,967,249	(Note)	14,388,586	14,868,282
Other equity		(423,554)	(832,393)	(756,891)	(903,909)	(549,290)	(474,971)
Treasury stocks		-	-	-	-	-	-
Non-controlling interests		14,593	16,638	16,879	21,041	-	-
Total equity	Before distribution	11,914,790	13,536,569	16,755,509	19,773,887	22,074,564	22,619,579
	After distribution	10,700,111	11,618,321	14,425,081	(Note)	19,244,758	19,798,773

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1.1.2. Condensed Consolidated Statements of Comprehensive Income

Unit: NT$ thousands, except earnings per share

Item \ Year	2018	2019	2020	2021	2022	31 Mar 2023
Operating revenues	22,890,928	24,865,522	27,200,786	38,500,026	38,672,549	7,359,127
Gross profit	4,576,250	6,100,303	7,040,029	10,068,554	9,710,062	1,572,042
Operating income (losses)	2,755,333	4,079,550	4,683,451	6,922,620	6,225,247	769,154
Non-operating income (expenses)	71,537	124,276	160,112	(10,724)	70,808	(40,115)
Income before tax	2,826,870	4,203,826	4,843,563	6,911,896	6,296,055	729,039
Income from continuing operations	2,826,870	4,203,826	4,843,563	6,911,896	6,296,055	729,039
Loss from discontinued operations	-	-	-	-	-	-
Net income	1,754,433	3,245,301	3,694,270	5,500,157	5,076,240	479,696
Other comprehensive income, net	(188,823)	(412,750)	76,198	(148,742)	371,065	74,319
Total comprehensive income	1,565,610	2,832,551	3,770,468	5,351,415	5,447,305	554,015
Net income attributable to the owner of the Company	1,751,378	3,240,845	3,688,999	5,493,218	5,072,874	479,696
Net income attributable to non-controlling interests	3,055	4,456	5,271	6,939	3,366	-
Total comprehensive income attributable to the owner of the Company	1,562,850	2,828,721	3,765,041	5,344,644	5,443,283	554,015
Total comprehensive income attributable to non-controlling interests	2,760	3,830	5,427	6,771	4,022	-
Earnings per share (NT$/share)	5.48	10.14	11.33	16.50	15.24	1.44

1.2. Condensed Balance Sheet and Statements of Comprehensive Income – IFRS (Stand-alone basis)

1.2.1. Condensed Stand-Alone Balance Sheet - IFRS

Unit: NT$ thousands

Item \ Year		2018	2019	2020	2021	2022
Current assets		3,414,869	4,518,871	4,816,937	6,066,071	5,747,916
Property, plant and equipment		2,126,016	2,015,030	2,007,189	1,957,319	4,252,687
Intangible assets		4,160	5,844	18,019	41,094	40,676
Other assets		12,139,006	13,722,965	15,084,715	18,221,193	19,914,343
Total assets		17,684,051	20,262,710	21,926,860	26,285,677	29,955,622
Current liabilities	Before distribution	2,939,988	5,441,993	3,968,647	4,938,265	4,023,300
	After distribution	4,154,667	7,360,241	6,299,075	7,268,693	6,853,106
Non-current liabilities		2,843,866	1,300,786	1,219,583	1,594,566	3,857,758
Total liabilities	Before distribution	5,783,854	6,742,779	5,188,230	6,532,831	7,881,058
	After distribution	6,998,533	8,661,027	7,518,658	8,863,2589	10,710,864
Equity attributable to owners of the Company		11,900,197	13,519,931	16,738,630	19,752,846	22,074,564
Common stock		3,196,524	3,197,080	3,329,183	3,329,183	3,329,183
Capital surplus		623,721	628,858	1,868,661	1,868,661	2,076,279
Retained earnings	Before distribution	8,503,506	10,526,386	12,297,677	15,458,911	17,218,392
	After distribution	7,288,827	8,608,138	9,967,249	13,128,483	14,388,586
Other equity		(423,554)	(832,393)	(756,891)	(903,909)	(549,290)
Treasury stocks		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	11,900,197	13,519,931	16,738,630	19,752,846	22,074,564
	After distribution	10,685,518	11,601,683	14,408,202	17,422,418	19,244,758

1.2.2. Condensed Stand-Alone Statements of Comprehensive Income - IFRS

Unit: NT$ thousands, except earnings per share

Item \ Year	2018	2019	2020	2021	2022
Operating revenues	6,221,721	7,186,702	6,930,636	9,189,939	9,202,695
Gross profit	740,996	1,316,362	1,368,523	2,085,543	2,195,683
Operating income (losses)	185,173	591,708	383,753	739,685	784,566
Non-operating income (expenses)	2,233,339	3,062,813	3,800,791	5,312,153	4,768,911
Income before tax	2,418,512	3,654,521	4,184,544	6,051,838	5,553,477
Income from continuing operations	2,418,512	3,654,521	4,184,544	6,051,838	5,553,477
Loss from discontinued operations	-	-	-	-	-
Net income	1,751,378	3,240,845	3,688,999	5,493,218	5,072,874
Other comprehensive income, net	(188,528)	(412,124)	76,042	(148,574)	370,409
Total comprehensive income	1,562,850	2,828,721	3,765,041	5,344,644	5,443,283
Earnings per share (NT$/share)	5.48	10.14	11.33	16.50	15.24

1.3. Names and Opinions of Independent Auditors in Recent Five Years

Year	Name of CPA	Auditing opinion
2018	Calvin C. Y. Chiang & Yi-Chun, Chen	Unqualified opinion
2019	Calvin C. Y. Chiang & Yi-Chun, Chen	Unqualified opinion
2020	Yi-Chun, Chen & Calvin C. Y. Chiang	Unqualified opinion
2021	Yi-Chun, Chen & Calvin C. Y. Chiang	Unqualified opinion
2022	Yi-Chun, Chen & Hsiao-Ling Chiang	Unqualified opinion

Should the CPA change in recent five years, the reason for such change: Due to the internal job rotation of the auditing firm KPMG, the CPA changed in year 2018 and year 2022.

2. Financial Ratio Analysis for Recent Five Years

2.1. Financial Ratio Analysis (consolidated)

Item \ Year		2018	2019	2020	2021	2022	31 Mar 23
Financial structure	Ratio of liabilities to assets (%)	45.75	47.34	39.85	45.92	49.12	57.18
	Ratio of long-term capital to property, plant and equipment (%)	274.84	242.24	265.38	247.13	188.17	166.47
Liquidity analysis	Current ratio (%)	225.40	182.47	203.55	178.41	168.65	138.48
	Quick ratio (%)	194.72	154.33	165.04	140.68	141.78	120.68
	Interest coverage ratio (times)	86.89	90.31	80.76	91.56	40.44	12.68
Operating ability	Receivables turnover (times)	3.03	2.96	2.84	3.32	3.10	2.74
	Average collection period (days)	120.46	123.31	128.52	109.93	117.74	133.21
	Inventory turnover (times)	7.63	7.34	6.10	6.20	5.97	5.81
	Payables turnover (times)	3.62	3.53	3.50	4.07	3.96	3.70
	Averages sales days (days)	47.83	49.72	59.83	58.87	61.13	62.82
	Property, plant and equipment turnover (times)	4.64	4.24	4.16	4.55	3.34	1.97
	Total assets turnover (times)	1.04	0.97	0.98	1.05	0.97	0.66
Profitability analysis	Return on total assets (%)	8.33	13.77	13.98	17.26	12.70	1.07
	Return on shareholders' equity (%)	14.74	25.50	24.39	30.11	24.26	2.29
	Ratio of pre-tax income to paid-in capital (%)	88.44	131.49	145.49	207.62	189.12	21.90
	Ratio of net income to sales (%)	7.66	13.05	13.58	14.29	13.13	6.52
	Earnings per share (NT$/share)	5.48	10.14	11.33	16.50	15.24	1.44
Cash flow	Cash flow ratio (%)	28.97	23.89	36.59	27.76	47.58	9.98
	Cash flow adequacy ratio (%)	139.30	120.47	92.09	78.25	73.62	77.37
	Cash reinvestment ratio (%)	2.71	5.91	6.62	6.03	12.18	6.62
Leverage	Operating leverage	1.98	1.78	1.81	1.73	1.89	2.86
	Financial leverage	1.01	1.01	1.01	1.01	1.03	1.09

2.2. Financial Ratio Analysis (Stand-Alone)

Item \ Year		2018	2019	2020	2021	2022
Financial Structure	Ratio of liabilities to assets (%)	32.71	33.28	23.66	24.85	26.31
	Ratio of long-term capital to property, plant and equipment (%)	637.49	676.30	849.31	1,046.71	597.01
Liquidity Analysis	Current ratio (%)	116.15	83.04	121.37	122.84	142.87
	Quick ratio (%)	94.41	68.19	94.10	98.41	116.39
	Interest coverage ratio (times)	79.86	96.85	181.48	670.38	699.29
Operating Ability	Receivables turnover (times)	2.85	2.95	2.87	3.65	3.44
	Average collection period (days)	128.07	123.72	127.17	100.00	106.10
	Inventory turnover (times)	8.12	8.12	5.88	6.21	6.17
	Payables turnover (times)	3.45	3.36	3.14	3.66	3.52
	Averages sales days (days)	44.95	44.95	62.07	58.77	59.15
	Property, plant and equipment turnover (times)	2.93	3.57	3.45	4.70	2.16
	Total assets turnover (times)	0.35	0.35	0.32	0.35	0.31
Profitability Analysis	Return on total assets (%)	10.40	17.24	17.58	22.82	18.06
	Return on shareholders' equity (%)	14.73	25.50	24.38	30.11	24.26
	Ratio of pre-tax income to paid-in capital (%)	75.66	114.31	125.69	181.78	166.81
	Ratio of net income to sales (%)	28.15	45.10	53.23	59.77	55.12
	Earnings per share (NT$/share)	5.48	10.14	11.33	16.50	15.24
Cash Flow	Cash flow ratio (%)	-11.07	34.96	80.04	49.09	95.60
	Cash flow adequacy ratio (%)	79.74	86.83	86.05	84.08	71.71
	Cash reinvestment ratio (%)	-10.77	3.96	6.09	0.39	1.79
Leverage	Operating leverage	6.61	3.08	5.07	3.67	3.58
	Financial leverage	1.20	1.07	1.06	1.01	1.01

The Formula used for the Calculation of Numbers in the Table Above:

1. Financial Structure

(1) Liabilities to assets ratio = Total liabilities / Total assets

(2) Long-term capital to property, plant and equipment ratio = (Net shareholders' equity + Long-term liabilities) / Net value of property, plant and equipment

2. Liquidity Analysis

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities

(3) Interest coverage ratio = Net income before income tax and interest expenses / Interest expenses

3. Operating Ability

(1) Receivables turnover (including accounts and notes receivable) = Net sales / Average receivables (including accounts and notes receivable)

(2) Average collection days = 365/ Receivables turnover

(3) Inventory turnover = Costs of goods sold / Average inventory

(4) Average sales days = 365 / Inventory turnover

(5) Payables turnover (including accounts and notes payable) = Costs of goods sold / Average payables (including accounts and notes payable)

(6) Property, plant and equipment turnover ratio = Net sales / Net value of property, plant and equipment

(7) Total assets turnover ratio = Net sales / Total assets

4. Profitability Analysis

(1) Return on assets = [Net income +Interest expenses × (1-Tax rate)] / Average total assets

(2) Return on shareholders' equity =Net income / Average shareholders' equity

(3) Net income to sales ratio = Net income / Net sales

(4) Earnings per share = (Net income attributable to owner of the Company - Preferred stock dividend) / Weighted average number of outstanding shares

5. Cash Flow

(1) Cash flow ratio = Cash flows from operating activities / Current liabilities

(2) Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditures + Increase in inventory + Cash dividends) for the past 5 years

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term Investment + Other noncurrent assets + Working capital)

6. Leverage

(1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating income

(2) Financial leverage = Operating income / (Operating income-Interest expenses)

3. Review Report of the Audit Committee

To the 2023 General Shareholders' Meeting of Elite Material Co., Ltd.,

In accordance with Article 219 of the Company Act, we have examined the Business Report, the Resolution for Allocation of Surplus Profit, the Financial Statements submitted by the Board of Directors for the year ending 2022 which had been audited by independent auditors, Ms. Chen, Yi-Chun and Ms. Chiang, Hsiao-Ling of KPMG, and the auditing report signed by the said independent auditors, and found them in order. We thereby submit the report.

Cheng, Duen-Chian

Convener of the Audit Committee of Elite Material Co., Ltd.

23 February 2023

4. Year 2022 Stand-Alone Financial Report:

Please refer to ANNEX I

5. Year 2022 Consolidated Financial Report Reviewed and Attested by CPA:

Please refer to ANNEX II

6. Impact of the Financial Distress Occurred to the Company and Affiliates in Recent Years until the Annual Report Being Published:

None

VII. REVIEW AND ANALYSIS OF THE FINANCIAL CONDITION, PERFORMANCE, AND RISK MANAGEMENT

1. Review and Analysis of Financial Condition

Unit: NT$ thousands

Year / Item	2022	2021	Difference	
			Dollar Amount	%
Current asset	26,579,957	25,843,744	736,213	2.85
Property, plant and equipment	14,679,878	8,468,582	6,211,296	73.35
Intangible assets	744,784	669,410	75,374	11.26
Other assets	1,377,868	1,583,325	(205,457)	(12.98)
Total assets	43,382,487	36,565,061	6,817,426	18.64
Current liabilities	15,760,024	14,485,232	1,274,792	8.80
Non-current liabilities	5,547,899	2,305,942	3,241,957	140.59
Total liabilities	21,307,923	16,791,174	4,516,749	26.90
Common stock	3,329,183	3,329,183	0	0.00
Capital surplus	2,076,279	1,868,661	207,618	11.11
Retained earnings	17,218,392	15,458,911	1,759,481	11.38
Other equities	(549,290)	(903,909)	354,619	39.23
Non-controlling interests	0	21,041	(21,041)	(100.00)
Total equities	22,074,564	19,773,887	2,300,677	11.63

Analysis of variations between two years (should the variation exceed 20% of the numbers in previous year and the dollar amount difference exceed NT$10 millions):

1. Property, plant and equipment: The main reason is due to the land acquisition and relocation of the factory compared with the same period last year.
2. Non-current liabilities: Mainly due to the issuance of convertible corporate bond.
3. Other equity: Mainly due to adjust the exchange differences in the financial statements of foreign operating institutions based on changes in exchange rates.
4. Non-controlling interests: This was mainly due to minority stake buyback.

2. Review and Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	
			Dollar Amount	%
Operating revenues – net	38,672,549	38,500,026	172,523	0.45
Cost of goods sold	28,962,487	28,431,472	531,015	1.87
Gross profit	9,710,062	10,068,554	(358,492)	(3.56)
Operating expenses	3,484,815	3,145,934	338,881	10.77
Operating profit (losses)	6,225,247	6,922,620	(697,373)	(10.07)
Non-operating gain (expenses)	70,808	(10,724)	81,532	(760.28)
Pre-tax profit from continuing operation	6,296,055	6,911,896	(615,841)	(8.91)
Net income (losses)	5,076,240	5,500,157	(423,917)	(7.71)
Other comprehensive income – net	371,065	(148,742)	519,807	(349.47)
Total comprehensive income	5,447,305	5,351,415	95,890	1.79
Net income attributable to the owner of the Company	5,072,874	5,493,218	(420,344)	(7.65)
Net income attributable to non-controlling interests	3,366	6,939	(3,573)	(51.49)
Total comprehensive income attributable to the owner of the Company	5,443,283	5,344,644	98,639	1.85
Total comprehensive income attributable to non-controlling interests	4,022	6,771	(2,749)	(40.60)

Analysis of variations between two years (should the variation exceed 20% of the numbers in previous year and the dollar amount difference exceed NT$10 millions):

1. Non-core items：The main reason is due to the compensation income.
2. Other comprehensive income: It is caused by adjusting the exchange difference in the financial statements of foreign operating institutions based on exchange rate changes.
3. Total comprehensive income attributable to non-controlling interests: It was caused by the repurchase of minority shares.

3. Review and Analysis of Cash Flow

3.1. Liquidity Analysis in Recent Two Years

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	
			Dollar amount	%
Cash Flows from Operating Activities	7,498,208	4,021,522	3,476,686	86.45
Cash Flows from Investing Activities	6,595,595	2,618,127	3,977,468	151.92
Cash Flows from Financing Activities	2,687,468	(419,758)	3,107,226	740.24
Analysis of variations between two years (should the variation exceed 20% of the numbers in previous year and the dollar): 1. Cash flows from operating activities: Net inflow is due to the profit is increasing. 2. Cash flows from investing activities: Net outflow is due to land acquisition, capacity expansion and factory reallocation. 3. Cash flows from financing activities: Net inflow is due to the issuance of convertible corporate bond and lending.				

3.2. Liquidity Analysis for the Coming One Year

Unit: NT$ thousands

Cash and Cash Equivalents – beginning balance	Cash Flows from Operating Activities	Cash Flows from Investing and Financing Activities	Cash and Cash Equivalents – Ending Balance	Remedy Plans for Negative Balance of Cash and Cash Equivalents	
				Investment Plan	Financing Plan
10,443,618	5,371,463	(8,148,257)	7,666,824	-	-

3.2.1. Liquidity analysis for 2023:

A. Operating activity: Cash net inflow from operating activities is expected to derive mainly from the cash payment from accounts receivables made by customers.

B. Investment activity: It is expected that the investing activity will lead a net cash outflow, as the company plans to increase the acquisition of property, plant, and equipment.

C. Financing activities: It is expected that the dividends paid will result in a net cash outflow from financing activities.

3.2.2. Remedy plans for negative balance of cash and cash equivalents:

It is expected that the ending balance of cash and cash equivalents will be positive in the coming year.

4. Major Capital Expenditures in Recent Years and Impacts on Financial and Operational Situations:

In recent years, benefiting from the rise of applications such as 5G communication and high-performance computing, with the continuous growth of server and high-end switch material shipments and the increase in the structural demand of the semiconductor industry, the demand for high-end substrate has been synchronously driven. The company's subsidiary EMC (Huangshi) Co., Ltd. expands its production capacity through local construction to meet the needs of the company's group operating growth, in addition, another subsidiary, EMC (Kunshan) Co., Ltd. cooperates with the local government's factory relocation plan to build and purchase related equipment locally, which will have a positive impact on future financial business.

5. Investment Policies in Recent Years

Reasons for Profit/Loss in Recent Years and Plans for Improvement

1. Reinvestment policy for the most recent year:

The main strategy of the company's reinvestment is to expand production capacity in order to increase production capacity and make profits.

2. The main reasons for the profit of the reinvestment:

The company's year 2022 investment income recognized by the equity method was NT$4,626,563,000, mainly due to the good operating conditions of overseas reinvestment companies and profits.

3. Investment plan for the coming year:

The company will carefully evaluate the investment plan from a long-term strategic perspective, in order to meet the needs of future market and production capacity expansion, and continue to strengthen global competitiveness.

6. Sources of Risks and Management

6.1. Impacts from fluctuations of interest rate and currency exchange rate and inflation on the Company in recent years, and measures the Company undertake to manage the risks

6.1.1. Interest Rate

The Company's borrowings were on the basis of floating interest rate. The Company is not involved in the situation of changing floating interest rate into fixed rate with interest rate swap agreement. The Company periodically assessed the borrowing rates of the banks and every currency to make provisions for interest-changed rate risk. In addition, the Company 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.

6.1.2. Foreign Currency Exchange Rate

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

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 Company, 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 Company 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.

6.1.3. Inflation and Inflationary Expectations

The Company’s profit/loss was little affected by the inflation and inflationary expectations.

6.2. Major reasons for transaction policies, gain or loss from engaging in high-risk and hyper-leveraged investments, fund lending to others, endorsement/ guarantee and derivatives and correspondent procedures

The Company and subsidiaries did not engage in any high-risk or hyper-leveraged investments. The trading of derivative products is to hedge the risks from fluctuations stemming from our exposure to interest and currency exchange rates. Under this policy, all positions of derivative products are covered by physical holdings of assets and liabilities owned by the Company and subsidiaries; in other words, these positions are not naked positions. Therefore, the risks of trading derivatives are minimized and can be effectively controlled. Gains or losses, if occurred, often resulting from reasons such as investment horizon miss-matches, are therefore, little and negligible. The Company and subsidiaries will maintain this policy, and will not proactively engage in naked positions of high-risk or hyper-leveraged derivative products. All trading of derivative products will be managed in accordance with the "Procedures for Acquisition and Disposition of Assets", "Procedures of Capital Lending to Others", "Procedures of Endorsements and Guarantees", and "Procedures for Handling Transactions of Derivative Products" approved by the Board of Directors and Shareholders' Meeting.

6.3. R&D Plans and Estimated Expenses in Coming Years

The Company believes that eco-friendly material is an irreversible trend in the laminate industry. Therefore, the R&D plans in the future will continue to focus on the development of eco-friendly materials.

Products and Items under R&D	Expected R&D Expenditure	Expected Time for Commercial Operation and Promotion	Major Factors Affect the R&D Results
High-voltage substrate for fast charging of electric vehicles	NT$900,000Thousand Dollars	The 3th Quarter of 2023	Qualifications obtained for each product and the market demand
Low loss substrate material adopted by high end AIP package.		The 1st Quarter of 2024	
Ultra-high-speed switches material		The 2st Quarter of 2024	

6.4. Impacts and responses of the company in regard to material changes of policies and regulations in Taiwan and foreign countries

The company and its subsidiaries have always complied with relevant current domestic laws and regulations, and relevant personnel also pay attention to changes in laws and regulations at any time for reference by the management. Therefore, the company and its subsidiaries can immediately grasp and effectively respond to important domestic policy and legal changes. No special effects.

6.5. Technology Developments and Impacts on the Company

The company and its subsidiaries always pay attention to the changes in technology and industry changes in the industry in which they are located, and assign special personnel or special teams to evaluate and study the impact on the company's future development and financial business and the corresponding measures. So far, there have been no major technological changes or industrial changes that have a major impact on the company's financial business.

6.6. Changes of Corporate Image and Impacts on the Company's Crisis Management:

The company operates with integrity, and there has been no image change that has caused a crisis to corporate management in recent years.

6.7. Expected Benefits and Risks from Mergers and Acquisitions:

None

6.8. Expected Benefits and Risks from Plant Expansion:

In response to the growth needs of the company group, EMC (Huangshi) Co., Ltd. has contracted and completed the project according to the schedule. The relocation of EMC (Kunshan) Co., Ltd. is currently in progress, which will help the company's business promotion.

6.9. Risks from concentration in supply and sales and measures the Company undertake:

The company and its subsidiaries are mainly engaged in the manufacturing, processing and sales of key materials for printed circuit boards. The main products are copper foil substrates, adhesive sheets and multi-layer laminated boards. The sales customers are mainly domestic and foreign PCB manufacturers, and they have maintained good relations with the purchase manufacturers. Judging from the purchase and sales situation in the most recent year and as of the date of publication of the annual report, there is no concentration of purchases and sales

6.10. Impacts and risks from changes in Directors, Supervisors and shareholders with greater than 10% shareholding or their selling of a large number of shares in recent years until the annual report being published:

None

6.11. Impact and risks from change of ownership in recent year until the annual report being published:

None

6.12. Litigations, Non-litigations, and Administrative Actions:

6.12.1. Material Impacts on shareholders' equity or share price from litigations, non-litigations or administrative actions in recent year until the annual report being published:

None

6.12.2. Material Impacts on shareholders' equity or share price from litigations, non-litigations or administrative actions in Directors, Supervisors, Chairman, President, shareholders with greater than 10% shareholding and subsidiaries in recent year until the annual report being published:

None

6.12.3. Violations of Article 157 of Stock Exchange Act Directors, Supervisors, Chairman, President, managers, and shareholders with greater than 10% shareholding and subsidiaries in recent year until the annual report being published:

None

6.13. Other major risks:

None

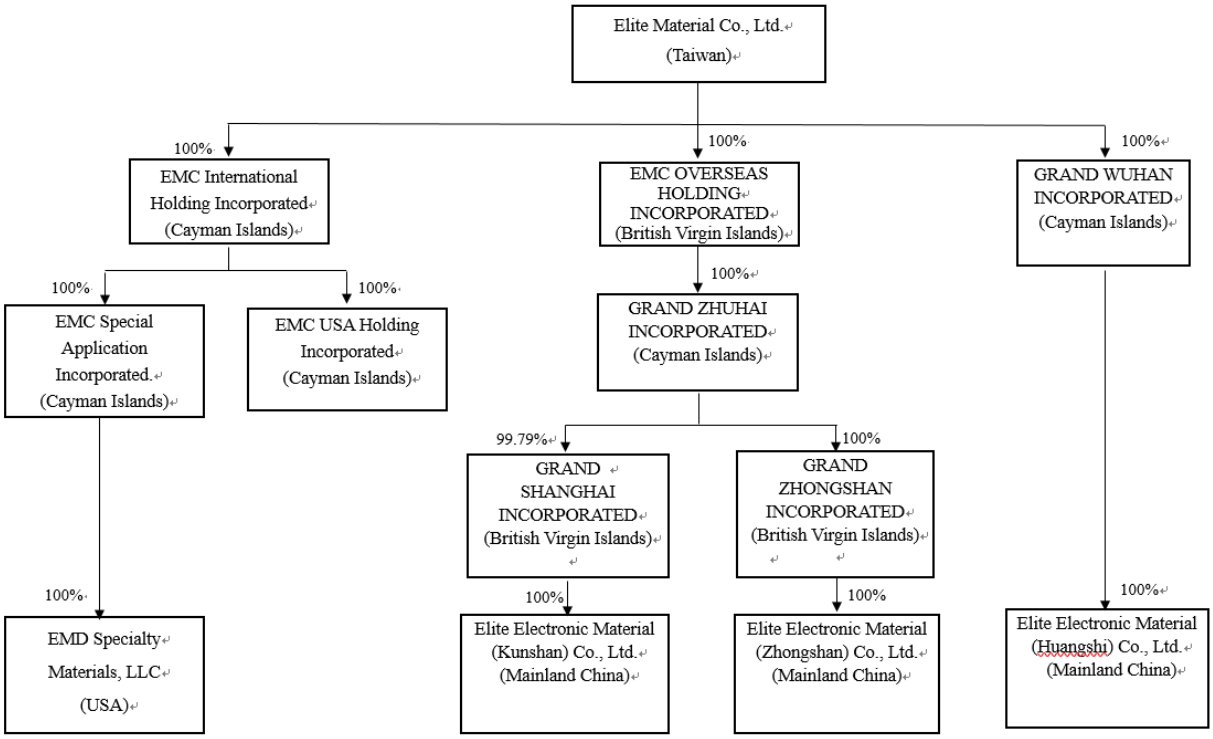
7. Other Important Matters:

None

VIII. SPECIAL DISCLOSURE

1. Affiliated Companies

1.1. Subsidiaries and Affiliated Companies in the Consolidated Financial Report



1.2. Information of Subsidiaries and Affiliates

Company Name	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
EMC Overseas Holding Inc.	July 1996	P.O. Box 957, Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands	US$36,256,950	Investment
Grand Shanghai Incorporated	May 1997	P.O. Box 957, Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands	US$18,200,000	Investment
Elite Electronic Material (Kunshan) Co., Ltd.	Sep 1997	No. 368 Yubi Road, Zhoushi Town, Kunshan City, Jiangsu Province, China	US$63,200,000	Production and sales of CCLs and prepreg
Grand Zhuhai Incorporated	April 2004	Scotia Center, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	US$34,618,060	Investment
Grand Zhongshan Incorporated	May 2004	P.O. Box 957, Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands	US$16,437,000	Investment
Elite Electronic Material (Zhongshan) Co., Ltd.	July 2004	No. 7, Technology Avenue, Huo-Ju Development Zone, Zhongshan City, Guangdong Province, China	US$20,200,000	Production and sales of CCLs and prepreg

Grand Wuhan Incorporated	Jan 2018	P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US$20,020,000	Trading business and investment
Elite Electronic Material (Huangshi) Co., Ltd.	Mar 2018	No. 189, Jingshan Avenue, Economic and Technology Development Zone, Huangshi City, Hubei Province, China	US$20,000,000	Production and sales of CCLs and prepreg
EMC USA Holding Incorporated	Nov 2021	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US$732,000	Investment
EMC Special Application Incorporated	Aug 2020	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US $ 26,255,000	Investment
EMD Specialty Materials,LLC	Dec 2020	9433 Hyssop Drive Rancho Cucamonga, CA 91730-USA	-	Production and sales of CCLs and prepreg

1.3. Companies presumed to have a relationship of control and subordination with Elite Material Co., Ltd. under Article 369-3 of the R.O.C. Company Act:

None

1.4. Industries Covered by the Business Operated by the Affiliates:

Please refer to the table mentioned above.

1.5. Information about the Directors, Supervisors, and Managers at Each Subsidiary and Affiliate:

31 March 2023

Company	Title	Name or representative	Registered shares owned
EMC Overseas Holding Incorporated	Director	Representative of Elite Material Co., Ltd.: Dong, Ding-Yu	100%
Grand Zhuhai Incorporated	Director	Representative of EMC Overseas Holding Incorporated: Dong, Ding-Yu	100%
Grand Shanghai Incorporated	Director	Representative of Grand Zhuhai Incorporated: Dong, Ding-Yu	100%
Grand Zhongshan Incorporated	Director	Representative of Grand Zhuhai Incorporated: Dong, Ding-Yu	100%
Grand Wuhan Incorporated	Director	Representative of Elite Material Co., Ltd.: Dong, Ding-Yu	100%
Elite Electronic Material (Kunshan) Co., Ltd.	Director	Representatives of Grand Shanghai Incorporated: Dong, Ding-Yu Tsai, Fei-Liang Wang, Ken	100%
	President	Guan, En-Xiang	
Elite Electronic Material (Zhongshan) Co., Ltd.	Director	Representatives of Grand Zhongshan Incorporated: Dong, Ding-Yu Tsai, Fei-Liang Wang, Ken	100%
	President	Chuang, Michael	

Elite Electronic Material (Huangshi) Co., Ltd.	Director	Representatives of Grand Wuhan Incorporated: Dong, Ding-Yu Tsai, Fei-Liang Wang, Ken	100%
EMC International Holding Incorporated	Director	Representative of Elite Material Co., Ltd.: Dong, Ding-Yu	100%
EMC Special Application Incorporated	Director	Representative of EMC International Holding Incorporated: Dong, Ding-Yu	100%
EMD Specialty Materials,LLC	President	Brad Foster	100%

1.6. Operating Results of Each Subsidiary and Affiliate:

31 Dec 2022 / Unit: NT$ thousands

Company	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Profit	Net Income
EMC OVERSEAS HOLDING INC.	1,113,451	18,092,626	50	18,092,576	0	(135)	4,642,989
Grand Shanghai Incorporated	558,922	11,065,350	50	11,065,300	0	(160)	2,688,118
Elite Electronic Material (Kunshan) Co., Ltd.	6,029,812	21,080,079	6,119,309	14,960,771	17,057,126	3,115,193	2,683,726
Grand Zhuhai Incorporated	1,063,121	18,056,880	50	18,056,831	0	(323)	4,642,437
Grand Zhongshan Incorporated	504,780	6,990,114	50	6,990,064	0	(144)	1,961,292
Elite Electronic Material (Zhongshan) Co., Ltd.	672,400	10,894,241	7,821,028	3,073,213	12,295,029	2,183,415	1,958,775
Grand Wuhan Incorporated	614,814	790,595	50	790,546	0	(289)	64,005
Elite Electronic Material (Huangshi) Co., Ltd.	580,811	8,372,992	7,598,868	774,123	5,638,285	156,263	64,000
EMC International Holding Incorporated	830,460	754,013	50	753,963	0	(275)	(80,431)
EMC Special Application Incorporated	806,291	752,869	50	752,819	0	(275)	(79,888)
EMD Specialty Materials,LLC	0	883,004	776,909	751,662	773,192	(57,180)	(64,879)
EMC USA Holding Incorporated	22,480	72	50	22	0	(276)	(276)

1.7. Consolidated Financial Statements of Subsidiaries and Affiliates:

The affiliates that should be included in the combined financial statements of Elite Material Co., Ltd. as of and for the year ended 31 December 2018 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” in the Republic of China (ROC) are the same as those already included in the consolidated financial report of Elite Material Co., Ltd. and its subsidiaries as of and for the year ended 31 December 2018. The consolidated financial report has been prepared under the International Accounting Standard 27 - “Consolidated and Separate Financial Statements.” The information required to be disclosed in the combined financial statements has already been disclosed in the consolidated financial report. Therefore, Elite Material Co. Ltd. and its subsidiaries do not prepare a separate set of combined financial statements.

2. Private Placement in the Latest Year till the Publishing of the Annual Report:

None

3. The Company’s Shares Held or Disposed by Subsidiaries in the Latest Year till the Publishing of the Annual Report:

None

4. Other Supplementary Information:

None

5. Pursuant to the Article 36-3-2 of Security Exchange Act, event having material impact on shareholders' equity or share price in the latest year until the annual report being published

None

ANNEX I

Year 2022 Stand-Alone Financial Reports Audited by CPA

Stock Code:2383

ELITE MATERIAL CO., LTD.

PARENT COMPANY ONLY 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 parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of ELITE MATERIAL CO., LTD.:

Opinion

We have audited the financial statements of ELITE MATERIAL CO., LTD.("the Company"), which comprise the statement of financial position as of December 31, 2022 and 2021, and the statement of comprehensive income, changes in equity and cash flows for the years ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its 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.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1.Revenue recognition

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

Description of key audit matter:

The recognition of revenue is based on the fact that the Company 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 Company and the customers. The Company still needs to take the risk of the products before they are delivered to customers.

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

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.

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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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, 2023

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

Balance Sheets

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))	$ 1,220,983	4	1,292,713	5
1150	Notes receivable, net (Note (6)(b))	88,262	-	114,211	-
1170	Accounts receivable, net (Note (6)(b))	2,231,849	8	2,321,410	9
1181	Accounts receivable due from related parties (Notes (6)(b) and (7))	235,947	1	361,577	1
1200	Other receivables, net (Note (6)(c))	713,734	2	541,377	2
1210	Other receivables due from related parties, net (Notes (6)(c) and (7))	144,119	-	180,489	1
1310	Inventories (Note (6)(d))	1,065,204	4	1,206,273	5
1470	Other current assets	47,818	-	48,021	-
		5,747,916	19	6,066,071	23
	Non-Current Assets:				
1550	Investments accounted for using equity method, net (Note (6)(e))	19,626,861	66	17,822,990	68
1600	Property, plant and equipment (Note (6)(f))	4,252,687	14	1,957,319	7
1780	Intangible assets	40,676	-	41,094	-
1840	Deferred tax assets (Note (6)(l))	132,957	1	238,729	1
1900	Other non-current assets	103,027	-	136,289	1
1920	Guarantee deposits paid	8,656	-	8,566	-
1975	Net defined benefit asset, non-current (Note (6)(k))	42,842	-	14,619	-
		24,207,706	81	20,219,606	77
	Total assets	**$ 29,955,622**	**100**	**26,285,677**	**100**

		2022.12.31		2021.12.31	
	LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2100	Short-term borrowings (Note (6)(g))	$ 34,803	-	551,730	2
2110	Short-term notes payable (Note (6)(h))	-	-	199,820	1
2170	Accounts payable	1,774,373	6	2,204,281	8
2200	Other payables	1,214,538	4	1,212,340	5
2220	Other payables to related parties (Note (7))	646,396	2	453,010	2
2230	Current tax liabilities	339,991	1	147,095	1
2322	Long-term borrowings, current portion (Note (6)(i))	-	-	128,571	-
2399	Other current liabilities, others	13,199	-	41,418	-
		4,023,300	13	4,938,265	19
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Note (6)(j))	23,564	-	-	-
2530	Bonds payable (Note (6)(j))	3,302,140	11	-	-
2540	Long-term borrowings (Note (6)(i))	-	-	721,429	3
2570	Deferred tax liabilities (Note (6)(l))	519,997	2	859,997	3
2645	Guarantee deposits received	12,057	-	13,140	-
		3,857,758	13	1,594,566	6
	Total liabilities	7,881,058	26	6,532,831	25
	Equity (Note (6)(m)):				
3100	Capital stock	3,329,183	11	3,329,183	13
3200	Capital surplus	2,076,279	7	1,868,661	7
	Retained earnings:				
3310	Legal reserve	2,953,134	10	2,403,968	9
3320	Special reserve	903,909	3	756,891	3
3351	Accumulated profit and loss	13,361,349	45	12,298,052	47
3400	Other equity interest	(549,290)	(2)	(903,909)	(4)
	Total equity	22,074,564	74	19,752,846	75
	Total liabilities and equity	**$ 29,955,622**	**100**	**26,285,677**	**100**

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

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 (Notes (6)(o) and (7))**	$ 9,202,695	100	9,189,939	100
5000	**Operating costs (Notes (6)(d) and (7))**	(7,007,937)	(76)	(7,104,396)	(77)
	Gross profit from operations	2,194,758	24	2,085,543	23
5910	Less: Unrealized profit from sales	(8,391)	-	(9,316)	-
5920	Add: Realized profit on from sales	9,316	-	4,051	-
	Gross profit from operations	2,195,683	24	2,080,278	23
	Operating expenses:				
6100	Total selling expenses	(380,669)	(4)	(339,529)	(4)
6200	Total administrative expenses	(618,693)	(7)	(673,876)	(7)
6300	Total research and development expenses	(411,425)	(4)	(327,147)	(4)
6450	Expected credit loss	(330)	-	(41)	-
6300	**Total operating expenses**	(1,411,117)	(15)	(1,340,593)	(15)
	Net operating income	784,566	9	739,685	8
	Non-operating income and expenses:				
7100	Total interest income (Note (6)(q))	3,520	-	920	-
7020	Other gains and losses, net (Note (6)(q))	168,832	2	(45,584)	-
7370	Share of profit of associates and joint ventures accounted for using equity method	4,629,006	50	5,365,858	58
7050	Finance costs (Note (6)(q))	(32,447)	-	(9,041)	-
	Total non-operating income and expenses	4,768,911	52	5,312,153	58
	Profit from continuing operations before tax	5,553,477	61	6,051,838	66
7950	**Less: Income tax expenses (Note (6)(l))**	(480,603)	(5)	(558,620)	(6)
	Profit	5,072,874	56	5,493,218	60
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	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	470,990	5	(164,604)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(94,198)	(1)	32,921	-
	Components of other comprehensive income that will be reclassified to profit or loss	376,792	4	(131,683)	(2)
8300	**Other comprehensive income, net**	370,409	4	(148,574)	(2)
	Total comprehensive income	**$ 5,443,283**	**60**	**5,344,644**	**58**
	Basic earnings per share (Note (6)(n))(dollars)	**$**	**15.24**		**16.50**
	Diluted earnings per share (Note (6)(n))(dollars)	**$**	**14.86**		**16.46**

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	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 equity instruments at fair value through other comprehensive income	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
Profit for the year ended December 31, 2021	-	-	-	-	5,493,218	-	-	5,493,218
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(1,556)	(131,683)	(15,335)	(148,574)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	5,491,662	(131,683)	(15,335)	5,344,644
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)
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
Profit for the year ended December 31, 2022	-	-	-	-	5,072,874	-	-	5,072,874
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	15,790	376,792	(22,173)	370,409
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	5,088,664	376,792	(22,173)	5,443,283
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)
Due to recognition of equity component of convertible bonds (preference share) issued	-	207,618	-	-	-	-	-	207,618
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**

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from (used in) operating activities:			
Profit before tax	$	5,553,477	6,051,838
Adjustments:			
Adjustments to reconcile profit :			
Depreciation expense		205,123	198,379
Amortization expense		15,012	9,269
Expected credit loss		330	41
Net gain on financial assets or liabilities at fair value through profit or loss		13,861	-
Interest expense		7,953	9,041
Interest income		(3,520)	(920)
Share of loss of subsidiaries,associates and joint ventures accounted for using equity method		(4,629,006)	(5,365,858)
Gain on disposal of property, plant and equipment		-	(338)
Amortized discounted corporate bonds payable-interest expense		24,494	-
Total adjustments to reconcile profit		(4,365,753)	(5,150,386)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Notes receivable		25,890	91,917
Accounts receivable		89,290	(604,530)
Accounts receivable due from related parties		125,630	(49,488)
Other receivable		(136,002)	(221,869)
Inventories		141,069	(123,797)
Deferred revenues		(924)	5,723
Other current assets		203	(16,481)
Other assets		33,262	(51,287)
Total changes in operating assets		278,418	(969,812)
Changes in operating liabilities:			
Accounts payable		(429,908)	528,959
Other payable		(17,333)	348,299
Other payable to related parties		193,386	32,286
Other current liabilities		(28,219)	13,958
Net defined benefit liability		(8,486)	(12,810)
Total changes in operating liabilities		(290,560)	910,692
Total changes in operating assets and liabilities		(12,142)	(59,120)
Total adjustments		(4,377,895)	(5,209,506)
Cash inflow generated from operations		1,175,582	842,332
Interest received		3,535	974
Dividends received		3,295,244	2,151,776
Interest paid		(8,029)	(9,151)
Income taxes paid		(620,080)	(561,921)
Net cash flows from (used in) operating activities		3,846,252	2,424,010
Cash flows from investing activities:			
Acquisition of investments accounted for using equity method		(20,368)	-
Acquisition of property, plant and equipment		(2,485,690)	(135,259)
Proceeds from disposal of property, plant and equipment		-	338
Increase in refundable deposits		(90)	(2,226)
Acquisition of intangible assets		(14,594)	(32,344)
Net cash flows used in investing activities		(2,520,742)	(169,491)
Cash flows from financing activities:			
(Decrease) increase in short-term loans		(516,927)	152,123
(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		100,000	750,000
Repayments of long-term debt		(950,000)	(700,000)
(Decrease) increase in guarantee deposits received		(1,083)	4,467
Cash dividends paid		(3,329,183)	(2,330,428)
Net cash flows used in financing activities		(1,397,240)	(1,923,838)
Net increase in cash and cash equivalents		(71,730)	330,681
Cash and cash equivalents at beginning of period		1,292,713	962,032
Cash and cash equivalents at end of period	**$**	**1,220,983**	**1,292,713**

The accompanying notes are an integral part of the 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 Financial Statements

The Board of Directors approved and issued the 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 Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

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

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

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

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

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

The Company 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 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 financial statements are as follows. Except for those described individually.

(a) Statement of compliance

The financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (the Guidelines).

(b) Basis of preparation

1. Basis of measurement

The 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) 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(o).

2. Functional and presentation currency

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

(c) Foreign Currency

1. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company 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 Company 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 Company 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.

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

(e) Cash and cash equivalents

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

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal 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) Impairment of financial assets

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

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

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

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

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

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

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 Company expects to receive. ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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;

· 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 charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

3) Derecognition of financial assets

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

1. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the 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 Company 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, and included in non-operating income and expenses.

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.

3) Other financial liabilities

Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in the statement of comprehensive income.

4) Derecognizing of financial liabilities

The Company 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.

5) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract not designated as at fair value through profit or loss issued by the Company is recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, it is measured at the higher of (a) the contractual obligation amount determined in accordance with IAS 37, or (b) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18.

(g) 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 them to their present 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.

(h) Investment in associates

Associates are those entities in which the Company 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 financial statements include the Company'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 Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company 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 Company and an associate are recognized only to the extent of undated Company's interests in the associate.

When the Company's share of losses of an associated equals or exceeds its interests in an associate, it discounters recognizing its share of further losses. After the recognized interest is redact 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.

(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) Property, plant, and equipment

1. Recognition and measurement

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

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

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

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 Company.

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	3 years~ 14 years

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

(k) Intangible assets

Software that is acquired by the Company is measured at cost less accumulated amortization and any accumulated impairment losses.

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.

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

1. Softwares	1 years~10 years
2. Loyalties	9 years

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

(l) Impairment – non financial assets

At each reporting date, the Company 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.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company 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.

(n) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods-electronic components

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

The Company's obligation to provide a refund for faulty products is recognized at the time of sale. Accumulated experience is used to estimate such returns at the time of sale. 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 Company has a right to an amount of consideration that is unconditional.

(o) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Short-term employee benefits

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

(p) Income taxes

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

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

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

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 Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

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

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

1. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
   1) the same taxable entity; or
   2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders. 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 potential dilutive ordinary shares, such as convertible bonds.

(r) Operating segments

Please refer to the consolidated financial report of Elite Material Co., Ltd. for the years ended December 31, 2022 and 2021 for operating segments information.

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

The preparation of the 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 Company 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	$ 372	375
Savings accounts	1,170,611	994,218
Time deposits	50,000	298,120
	$ 1,220,983	**1,292,713**

Please refer to Note 6(r) 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	$ 88,670	114,560
Trade receivables－measured as amortized cost	2,469,115	2,684,035
Less: Loss allowance	(1,727)	(1,397)
	$ 2,556,058	**2,797,198**

The Company has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income. In addition, trade receivables, which did not qualify to be measured at amortized costs and FVOCI, were measured at fair value through profit or loss.

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics 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	$ 2,531,896	0.04%	1,110
1 to 30 days past due	19,739	0.01%	2
31 to 120 days past due	6,150	9.98%	615
More than 120 days past due	-	-	-
	$ 2,557,785		**1,727**

	2021.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	$ 2,771,496	0.04%	1,224
1 to 30 days past due	19,567	0.50%	98
31 to 120 days past due	7,532	1.00%	75
More than 120 days past due	-	-	-
	$ 2,798,595		**1,397**

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	$ 1,397	1,356
Impairment losses recognized	330	41
Balance at December 31	**$ 1,727**	**1,397**

(c) Other receivables

	2022.12.31	2021.12.31
Other receivables	$ 713,734	541,377
Other receivables due related parties, net	144,119	180,489
Less: Loss allowance	-	-
	$ 857,853	**721,866**

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

(d) Inventories

	2022.12.31	2021.12.31
Materials	$ 784,491	871,692
Work-in-process	61,478	85,816
Finished goods	185,349	221,792
Inventory in-transit	33,886	26,973
	$ 1,065,204	**1,206,273**

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

	2022	2021
Cost of goods sold	$ 7,072,037	7,148,110
Loss on physical inventory	680	-
Loss on disposal of scrap	1,525	6,366
(Gains) losses on inventory valuation and obsolescence	(24,439)	2,932
Revenue from sales of scraps	(41,866)	(53,012)
	$ 7,007,937	**7,104,396**

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

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

(e) Investments accounted for using equity method

	2022.12.31	2021.12.31
Subsidiaries	$ 19,626,861	17,822,990
Associates	-	-
	$ 19,626,861	**17,822,990**

Subsidiaries

Please refer to the consolidated financial statements of the year ended 2022.

(f) Property, plant and equipment

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

	Land	Buildings	Machinery	Other equipment	Equipment under installation and construction in progress	Total
Cost:						
Balance at January 1, 2022	$ 470,621	874,993	2,780,781	759,005	117,772	5,003,172
Additions	2,066,622	-	-	-	433,869	2,500,491
Disposals	-	(483)	(55,132)	(3,063)	-	(58,678)
Reclassification	-	28,135	120,567	31,675	(180,377)	-
Balance at December 31, 2022	**$ 2,537,243**	**902,645**	**2,846,216**	**787,617**	**371,264**	**7,444,985**
Balance at January 1, 2021	$ 470,621	866,836	2,711,350	710,845	167,111	4,926,763
Additions	-	-	-	-	148,509	148,509
Disposals	-	(2,662)	(43,078)	(26,360)	-	(72,100)
Reclassification	-	10,819	112,509	74,520	(197,848)	-
Balance at December 31, 2021	**$ 470,621**	**874,993**	**2,780,781**	**759,005**	**117,772**	**5,003,172**
Depreciation:						
Balance at January 1, 2022	$ -	447,191	2,098,852	499,810	-	3,045,853
Depreciation for the year	-	31,712	118,681	54,730	-	205,123
Disposals	-	(483)	(55,132)	(3,063)	-	(58,678)
Balance at December 31, 2022	**$ -**	**478,420**	**2,162,401**	**551,477**	**-**	**3,192,298**
Balance at January 1, 2021	$ -	415,240	2,029,033	475,301	-	2,919,574
Depreciation for the year	-	34,613	112,897	50,869	-	198,379
Disposals	-	(2,662)	(43,078)	(26,360)	-	(72,100)
Balance at December 31, 2021	**$ -**	**447,191**	**2,098,852**	**499,810**	**-**	**3,045,853**
Carrying amounts:						
At December 31, 2022	**$ 2,537,243**	**424,225**	**683,815**	**236,140**	**371,264**	**4,252,687**
At December 31, 2021	**$ 470,621**	**427,802**	**681,929**	**259,195**	**117,772**	**1,957,319**
At January 1, 2021	**$ 470,621**	**451,596**	**682,317**	**235,544**	**167,111**	**2,007,189**

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 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.

(g) Short-term borrowings

	2022.12.31	2021.12.31
Unsecured bank loans	$ 34,803	551,730
Unused short-term credit lines	$ 5,229,521	3,666,707
Range of interest rates	5.40%~5.81%	0.49%~0.85%

(h) Short-terms 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%

(i) Long-term borrowings

	2022.12.31	2021.12.31
Unsecured bank loans	$ -	850,000
Less: current portion	-	(128,571)
Total	$ -	721,429
Unsecured credit	$ 4,525,000	4,650,000
Range of interest rates	-	0.80%~1.05%
Due year	2023~2025	2022~2024

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

The Company signed a loan contract with the financial institution. According to the provisions of the contract, the Company'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, 2021, the Company did not violate any of the above financial ratio restrictions.

(j) 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(r) for information on exposure to interest rate, foreign currency and liquidity risks of the Company.

(k) Employee benefits

1. Defined benefit plans

The Company 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) liabilities	**$ (42,842)**	**(14,619)**

The Company 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 Company 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 Company'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 Company 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 losses (gains) arising from experience adjustments		(411)	599
―Actuarial losses (gains) 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 Company 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 Company 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 Company' 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 Company'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 increase rate	2.00 %	2.00 %

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

The weighted average lifetime of the defined benefits plan is 13.09 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Company 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 Company 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 Company 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 Company set aside $39,316 and $37,798, respectively, under the pension plan to the Bureau of the Labor Insurance.

(l) 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	$ 911,381	634,473
Adjustment for prior periods	(98,405)	(20,270)
	812,976	614,203
Deferred tax expense:		
Origination and reversal of temporary differences	(332,373)	(55,583)
Income tax expense	**$ 480,603**	**558,620**

Income tax (expense) benefit 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	**$ 5,553,477**	**6,051,838**
Income tax using the Company's domestic tax rate	$ 1,110,695	1,210,368
Non-deductible expenses	6,907	13,368
Tax incentives	-	(3,140)
Deductible temporary differences	(611,909)	(694,989)
Prior (overestimate) underestimate	(98,405)	(20,270)
Undistributed earnings additional tax	73,315	53,283
Total	**$ 480,603**	**558,620**

2.Deferred tax assets and liabilities

1) Unrecognized Deferred Tax Liabilities

For the years ended December 31, 2022 and 2021, deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. 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	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)	-	(910,910)
Debited (Credited) in income statement	52,295	(1,382)	50,913
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	$ -	6,632	10,637	218,337	3,123	238,729
Debited (Credited) in income statement	-	(6,070)	(4,888)	-	(616)	(11,574)
Exchange differences on translation of foreign operations	-	-	-	(94,198)	-	(94,198)
Balance at December 31, 2022	**$ -**	**562**	**5,749**	**124,139**	**2,507**	**132,957**
Balance at January 1, 2021	$ 791	4,139	10,051	185,416	352	200,749
Debited (Credited) in income statement	(1,180)	2,493	586	-	2,771	4,670
Debited (Credited) in equity	389	-	-	-	-	389
Exchange differences on translation of foreign operations	-	-	-	32,921	-	32,921
Balance at December 31, 2021	**$ -**	**6,632**	**10,637**	**218,337**	**3,123**	**238,729**

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

(m) 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**

According the R.O.C company Act, 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 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 Company's future development, financial status, and shareholders' remuneration where stock dividends will be distributed in consideration of the 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 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 ordinary shareholders				
Cash	$ 10.00	**3,329,183**	7.00	**2,330,428**

4. Other equity

	Foreign currency translation differences for foreign operations	Unrealized gains (losses) on equity instruments 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 gains (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 gains (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)**

(n) Earnings per share

The Company calculated the basic and diluted EPS as follows:

1. Basic earnings per share

The calculation of basic earnings per share for the years ended 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 for the years ended 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 convertible bond	9,361	-
Effect of employee stock compensation	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

(o) Revenue from contracts with customers

1. Disaggregation of revenue

	2022	2021
Primary geographical markets		
Taiwan	$ 5,810,944	5,856,611
China	1,113,792	1,312,375
Other	2,277,959	2,020,953
	$ 9,202,695	9,189,939
Major products		
Prepare	$ 3,892,850	3,605,301
Capper clad laminate	3,770,362	3,553,454
Mass lam foundry	574,143	1,058,056
Other	965,340	973,128
	$ 9,202,695	9,189,939

(p) 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 year 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 year 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.

(q) Non-operating income and expenses

1. Interest income

The details of other revenue were as follows:

	2022	2021
Interest income	**$ 3,520**	**920**

2. Other gains and losses

The details of other gains and losses were as follows:

	2022	2021
Disposal gain on property, plant and equipment	$ -	338
Foreign currency exchange gain (loss), net	73,011	(46,950)
Gain on financial assets at fair value through profit or loss	(13,861)	-
Other profits	109,682	1,028
Other gains (loss), net	**$ 168,832**	**(45,584)**

3. Finance costs

The details of finance cost were as follows:

	2022	2021
Interest expense	**$ 32,447**	**9,041**

(r) Financial instruments

1. Credit risk

1) Credit risks exposure

As of December 31, 2022 and 2021, the maximum exposure to credit risk arising from failure of performance of the counter-party and from financial guarantee made by the Company were as follows:

A. The carrying amount of financial assets recognized in the financial statements;

B. Financial guarantee made by the Company amounting to USD 15,600 thousands, 12,286 thousands, and USD 10,600 thousands, 12,200 thousands, respectively.

2.Liquidity risk

The following are the contractual maturities of financial liabilities of the Company, 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	$ 34,803	35,187	35,187	-	-	-
Accounts payable	1,774,373	1,774,373	1,774,373	-	-	-
Other payable	1,860,934	1,860,934	1,860,934	-	-	-
Bond payable	3,302,140	3,465,300	-	-	-	3,465,300
	$ 6,972,250	**7,135,794**	**3,670,494**	**-**	**-**	**3,465,300**
Balance at December 31, 2021						
Non-derivative financial liabilities						
Unsecured bank loans	$ 1,401,730	1,418,916	499,494	189,547	427,672	302,203
Short-term notes payable	199,820	200,000	200,000	-	-	-
Accounts payable	2,204,281	2,204,281	2,204,281	-	-	-
Other payable	1,665,350	1,665,350	1,665,350	-	-	-
	$ 5,471,181	**5,488,547**	**4,569,125**	**189,547**	**427,672**	**302,203**

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

	2022.12.31			2021.12.31		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 95,464	30.7100	2,931,700	104,589	27.6800	2,895,012
Financial liabilities						
Monetary items						
USD	64,635	30.7100	1,984,934	77,915	27.6800	2,156,681

2) Sensitivity analysis

The Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, 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 $7,615 and $6,441, respectively. This analysis assumes that all other variables remain constant.

3) Foreign exchange gain and loss on monetary items

The foreign exchange gains (losses) of Company monetary items converted into the functional currency amount and converted to parent Company' s functional currency Taiwan Dollar exchange rate information were as follows:

	2022		2021	
	Foreign exchange gains	Average exchange rate	Foreign exchange losses	Average exchange rate
TWD	$ 73,011	-	(46,950)	-

4. Interest analysis

The interest rate exposure of the Company' 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 Company' 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 Company' s net income will decrease /increase by $33 and $8,958 for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate borrowing.

5. Fair value

1) The kinds of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	2022.12.31				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,220,983	-	-	-	-
Notes and account receivable	2,556,058	-	-	-	-
Other receivable	857,853	-	-	-	-
Refundable deposits	8,656	-	-	-	-
Total	**$ 4,643,550**	**-**	**-**	**-**	**-**
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	34,803	-	-	-	-
Accounts payable	1,774,373	-	-	-	-
Other payable	1,860,934	-	-	-	-
Bond payable	3,302,140	-	-	-	-
Guarantee deposits receivable	12,057	-	-	-	-
Sub-total	6,984,307	-	-	-	-
Total	**$ 7,007,871**	**-**	**-**	**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	$ 1,292,713	-	-	-	-
Notes and account receivable	2,797,198	-	-	-	-
Other receivable	721,866	-	-	-	-
Refundable deposits	8,566	-	-	-	-
Total	**$ 4,820,343**	**-**	**-**	**-**	**-**

	2021.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 1,401,730	-	-	-	-
Short-term notes payable	199,820	-	-	-	-
Account payable	2,204,281	-	-	-	-
Other payable	1,665,350	-	-	-	-
Guarantee deposits	13,140	-	-	-	-
Total	**$ 5,484,321**	-	-	-	-

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. The major exchange and the Over-the-Counter of Central Government's bonds is the basis to the fair value of listing equity instruments and liability instruments in active market.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

3) The transfer between Level 1 and Level 2

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

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

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

Most of the Level 3 fair value attributed to the Company only has single significant unobservable input, and only non-listed (non-OTC) equity instrument investments in have multiple significant unobservable inputs. Significant unobservable inputs of non-listed (non-OTC) equity instrument investments are independent of each other, so there is no correlation.

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 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

(s) Financial risk management

1. Overview

The nature and the extent of the Company' s risks arising from financial instruments, which include credit risk, liquidity risk and market risk, are discussed below. Also, the Company' 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 financial statements.

2. Risk management framework

The financial management department, which provides intra-company services, is responsible for coordinating domestic and international financial market operations, as well as monitoring and managing operation-related financial risks through the internal risk report. The internal risk report analyzes risk exposure of the Company through range and depth. The Company uses derivative financial instruments to hedge risks and to alleviate their impacts. Usage of derivative financial instruments is subject to regulations approved of by the Board of Directors. The regulation is a written document pertaining the usage of exchange risk, interest risk, credit risk, derivative and non-derivative financial instruments, as well as the investment of the remaining working capital. The internal auditors review the policy compliance and risk exposure on a regular basis. The Company does not engage in opportunistic operations of financial instruments (including derivative financial instruments). The financial management department reports to The Company Risk management Committee quarterly. The Company Risk Management Committee is an independent organization that is responsible for monitoring risk management and enforcing policies to reduce risk exposure.

3. Credit risk

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

1) Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company'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 Company's standard payment terms are offered. The Company'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 Company's benchmark creditworthiness may transact with the Company 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 Company will stop transactions with those customers or trade on a cash basis.

The Company 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

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 Company 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 Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements. The Company 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 Company's unused credit line were amounted to $9,754,521 and $8,316,707, 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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company 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 Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollar (TWD), and US Dollar (USD). Besides, the Company uses natural hedging principle to hedge by controlling the net amount of each currency of the Company in accordance with the condition of the exchange rate market. The Company 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 Company, primarily the TWD, and USD. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

2) Interest risk

The Company's borrowings were on the basis of floating interest rate. The Company is not involved in the situation of changing floating interest rate into fixed rate with interest rate swap agreement. The Company periodically assessed the borrowing rates of the banks and every currency to make provisions for interest-changed rate risk. In addition, the Company 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 Company does not enter into any commodity contracts other than to meet the Company's expected usage and sales requirements; such contracts are not settled on a net basis.

(t) Capital management

The Company 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 Company 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.

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

The Company investing and financing activities which did not affect the current flow in the years ended December 31, 2022 and 2021, were as follow:

	2022.1.1	Cash flow	Non-cash changes: Acquisition	Non-cash changes: Foreign exchange movement	Non-cash changes: Fair value changes	2022.12.31
Short-term borrowings	$ 551,730	(516,927)	-	-	-	34,803
Long-term borrowings	850,000	(850,000)	-	-	-	-
Short-term notes payable	199,820	(200,000)	-	-	180	-
Bond payable	-	3,499,953	-	-	(197,813)	3,302,140
Total liabilities from financing activities	**$ 1,601,550**	**1,933,026**	**-**	**-**	**(197,633)**	**3,336,943**

	2021.1.1	Cash flow	Non-cash changes: Acquisition	Non-cash changes: Foreign exchange movement	Non-cash changes: Fair value changes	2021.12.31
Short-term borrowings	$ 399,607	152,123	-	-	-	551,730
Long-term borrowings	800,000	50,000	-	-	-	850,000
Short-term notes payable	-	200,000	-	-	(180)	199,820
Total liabilities from financing activities	**$ 1,199,607**	**402,123**	**-**	**-**	**(180)**	**1,601,550**

(7) Related-Party Transactions

(a) Parent company and ultimate controlling company

The Company is both the parent company and the 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 financial statements.

Name of related party	Relationship with the Company
EMC OVERSEAS HOLDING INCORPORATED	The Company its subsidiaries
Grand Wuhan Incorporated	The Company its subsidiaries
EMC INTERNATIONAL HOLDING INCORPORATED	The Company its subsidiaries
Grand Zhuhai Incorporated	The Company its sub-subsidiaries
Grand Shanghai Incorporated	The Company its sub-subsidiaries
Grand Zhongshan Incorporated	The Company its sub-subsidiaries
EMC SPECIAL APPLICATION INCORPORATED	The Company its sub-subsidiaries

Name of related party	Relationship with the Company
Elite Electronic Material (Kunshan) Co., Ltd.	The Company its sub-subsidiaries
Elite Electronic Material (Zhongshan) Co., Ltd.	The Company its sub-subsidiaries
Elite Electronic Material (Huangshi) Co., Ltd.	The Company its sub-subsidiaries
EMD SPECIALTY MATERIALS, LLC	The Company its sub-subsidiaries
EMC USA HOLDING INCORPORATED	The Company its sub-subsidiaries
TECHNICA USA	The Company associates

(c) Significant transactions with related parties

1. Sales

The amounts of significant sales and royalties sales by the Company to related parties were as follows:

	For the years ended December 31,	
	2022	2021
Sub-Subsidiaries	$ 1,189,617	1,292,023
Associates	46,974	97,953
	$ 1,236,591	**1,389,976**

The selling price for related parties and general customers are negotiated by both parties. The credit terms ranged from 90 to 120 days, which approximated those for routine sales transactions; the royalties are negotiated by both parties.

2. Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	For the years ended December 31,	
	2022	2021
Sub-Subsidiaries	**$ 143,273**	**100,592**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from 90 to 120 days, which were no different from the payment terms given by other vendors.

3. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	2022.12.31	2021.12.31
Accounts receivable	Sub-Subsidiaries	$ 229,530	310,458
Accounts receivable	Associates	6,417	51,119
Other receivables	Sub-Subsidiaries	144,119	177,122
Other receivables	Associates	-	45
		$ 380,066	**538,744**

The receivables from related parties were uncollateralized, and no provisions for doubtful debt were required after the assessment by the management.

4. Payables to related parties

Account	Relationship	2022.12.31	2021.12.31
Accounts payable	Sub-Subsidiaries	$ 79,220	63,394
Other payables	Sub-Subsidiaries	644,129	450,082
Other payables	Associates	2,267	2,928
		$ 725,616	**516,404**

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

6. Guarantee

As of December 31, 2022, the Company 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

Account	Relationship	2022.12.31	2021.12.31
Selling expenses	Sub-Subsidiaries	$ 589	-
Selling expenses	Associates	4,175	3,891
		$ 4,764	**3,891**

(d) Key management personal compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$ 128,543	192,538
Termination benefits	1,094	2,774
	$ 129,637	**195,312**

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Assets	Purpose of Pledge	2022.12.31	2021.12.31
Refundable deposits	Deposits for lease and natural gas, etc.	$ 8,656	8,566

(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	2,702	5,384

2.The royalties of eco-material technique treatment with Company A, etc., the paid royalties were as follows:

2022	2021
$ 6,287	14,401

3.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.

4.As of December 31, 2022, the Company 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.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events

The Company suffered a major fire accident on January 15, 2023, which caused damage to some of the Company's buildings, equipment and inventory. Since the losses are still being evaluated by the insurance company, the Company is unable to verify the total cost of the damage. Hence, the subsequent insurance claim has yet to be recognized. After the 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 / Nature	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	629,217	524,503	1,153,720	618,111	575,146	1,193,257
Labor and health insurance	54,664	31,422	86,086	54,972	25,850	80,822
Pension	25,155	14,334	39,489	24,735	13,565	38,300
Remuneration of directors	-	38,002	38,002	-	63,522	63,522
Others employee benefits	31,083	13,286	44,369	37,842	12,194	50,036
Depreciation	186,875	18,248	205,123	184,643	13,736	198,379
Amortization	66	14,946	15,012	249	9,020	9,269

As of December 31, 2022 and 2021, the additional information about the numbers of employees and employee benefit were as follows:

	2022	2021
Number of employees	1,011	1,047
Number of directors who were not employees	6	6
The average employee benefit	$ 1,317	1,309
The average salaries and wages	$ 1,148	1,146
Adjustment of average salaries and wages	0.17 %	12.68 %
Supervisors' remuneration	$ -	-

1. The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

   The remunerations to directors, managers and employees are in accordance with the principles of fairness and competition. In addition, the wages of the employees of the Company are paid based on the grade table set according to the complexity of their work, the degree of their responsibilities, and the professional skills required. Furthermore, the remuneration of the Company' s directors and employees is determined by reference to the Company' s overall operating performance, future risks and development trends of the industry, as well as the individual' s performance achievement rate and contribution to the Company; reasonable remuneration is also taken into consideration.

2. The Company did not have supervisors, therefore, there was no remunerations of supervisors.

(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 Company 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	Y	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	Y	3,068,478	3,023,888	1,586,880	2.00%~3.00%	2	-	Operating demand	-	-	-	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	Y	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.

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
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.

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 financial assets at fair value through other comprehensive income	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 subsidiaries' 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)%	Depends on subsidiaries' financial condition	-		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)%	

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.	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: Account for other receivable due from related parties.

9. Derivative transactions: None.

(b) Information on investees:

For the years 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			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
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	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	64,005	64,005	Subsidiaries
〃	EMC INTERNATIONAL HOLDING INCORPORATED	〃	Investment business	781,850	761,482	27,042,000	100.00 %	753,963	(80,431)	(80,431)	Subsidiaries
〃	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 %	-	-	-	Note 5
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	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 %	-	-	-	Note 5
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	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	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	(79,888)	(79,888)	Sub-subsidiaries
〃	EMC USA HOLDING INCORPORATED	〃	Investment business	22,480	-	732,000	100.00 %	22	(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	(64,879)	(64,879)	Third-tier subsidiary
EMC USA HOLDING INCORPORATED	TECHNICA USA	〃	Import/export business	18,426	18,426	600,000	30.00 %	-	(4,949)	-	Note 3, 4

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: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 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: The investment value had been impaired, the Company recognized all losses and the book value was offset to zero.
Note 6: The difference between the ending balance and the net equity value is mainly due to the unrealized gross profit and the amortization of equipment purchased on behalf of others.

(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	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 %	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 %	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 %	64,000	774,123	-

2. Limitation on investment in Mainland China:

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	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission
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.

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 Company 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 Investments 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.

(14) Segment Information

Please refer to the consolidated financial statements of the year ended 2022.

ELITE MATERIAL CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Cash on hand	$ 372
Saving accounts	Check account deposits	168
	Saving accounts	944,544
	Foreign deposits(USD7,321 Thousands of Dollars、CNY245 Thousands of Dollars)	225,899
	Time deposits	50,000
	Sub total	1,220,611
Total		**$ 1,220,983**

STATMENT OF NOTES RECEIVABLES

Client name	Description	Amount	Note
A Company	Current portion	$ 38,265	
B Company	〃	30,184	
C Company	〃	9,066	
Others	〃	11,155	Client included in others does not exceed 5% of the account balance.
Less: Loss allowance		(408)	
Total		**$ 88,262**	

ELITE MATERIAL CO., LTD.

STATEMENT OF ACCOUNT RECEIVABLES

December 31, 2022

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Related-parties:			
Elite Electronic Material (Kunshan) Co., Ltd.		$ 93,723	
Elite Electronic Material (Zhongshan) Co., Ltd.		85,100	
EMD Specialty Materials, LLC		50,707	
TECHNICA USA		6,417	
Sub total		235,947	
Non-related-parties:			
D Company		455,393	
E Company		412,613	
F Company		358,889	
G Company		200,156	
H Company		193,894	
Others		612,223	Client included in others does not exceed 5% of the account balance.
Sub total		2,233,168	
Total		2,469,115	
Less: Loss allowance		(1,319)	
Accounts receivable, net		**$ 2,467,796**	

ELITE MATERIAL CO., LTD.

STATEMENT OF INVENTORY

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Materials	$ 776,376		
Less: Loss allowance	(18,070)		
Sub total	758,306	**784,565**	
Supplies	26,185	**26,185**	
Work in progress	62,574		
Less: Loss allowance	(1,096)		
Sub total	61,478	**68,851**	
Finished goods	194,925		
Less: Loss allowance	(9,576)		
Sub total	185,349	**257,905**	
Inventory in-transit	33,886	**33,886**	
Inventory, net	**$ 1,065,204**		

ELITE MATERIAL CO., LTD.

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Investee Company	Beginning Balance		Increase		Decrease		Ending Balance			Market Price or Net Value		Pledged as collateral	Note
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Proportion of shareholding	Amount	Unit price	Total price		
EMC OVERSEAS HOLDING INCORPORATED	36,257	$ 16,358,381	-	1,732,558	-	-	36,257	100.00 %	18,090,939	-	18,092,576	No	Note 1
Grand Wuhan Incorporated	20,020	710,397	-	78,314	-	-	20,020	100.00 %	788,711	-	790,546	No	〃
EMC INTERNATIONAL HOLDING INCORPORATED	26,310	754,212	732	20,368	-	27,369	27,042	100.00 %	747,211	-	753,963	No	〃
Licheng Technology (Stock) Company	16,413	-	-	-	-	-	16,413	33.50 %	-	-	-	No	
		$ 17,822,990		**1,831,240**		**27,369**			**19,626,861**		**19,637,085**		

Note1: The difference between the ending balance and the net equity value is mainly due to the unrealized gross profit and the amortization of equipment purchased on behalf of others.

ELITE MATERIAL CO., LTD.

STATEMENT OF SHORT-TERM LOANS

December 31, 2022

(In Thousands of New Taiwan Dollars)

Type of loans	Description	Ending Balance	Contract Period	Range of Interest Rates	Loan Commitments	Collaterals or Pledged Assets	Note
Short-term loans	Financial institution	$ 34,803	2022.12.12~2023.3.12	5.40%~5.81%	5,740,825	Guarantee Notes	

ELITE MATERIAL CO., LTD.

STATEMENT OF ACCOUNT PAYABLES

December 31, 2022

(In Thousands of New Taiwan Dollars)

Suppliers	Description	Amount	Note
related-parties:			
Elite Electronic Material (Kunshan) Co., Ltd.		$ 68,803	
Elite Electronic Material (Zhongshan) Co., Ltd.		10,414	
Elite Electronic Material (Huangshi) Co., Ltd.		3	
Sub total		79,220	
Non-related-parties:			
A Company		191,777	
B Company		148,331	
C Company		134,612	
D Company		124,755	
E Company		119,386	
F Company		117,777	
G Company		111,672	
H Company		111,160	
I Company		96,342	
Others		539,341	Client included in others does not exceed 5% of the account balance.
Sub total		1,695,153	
Total		**$ 1,774,373**	

ELITE MATERIAL CO., LTD.

STATEMENT OF OTHER PAYABLES

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Payables for equipment	$ 83,709
	Payroll payables and bonuses payable	374,193
	Work in progress-outsourced payable	47,064
	Employees compensations payable	206,900
	Directors' compensations payable	37,465
	Pension expenses payable	20,988
	Other expenses payable	1,090,615
Total		**$ 1,860,934**

STATEMENT OF NET REVENUE

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
Prepreg	19,653,552	$ 3,892,850	
Capper clad laminate	5,590,957	3,770,362	
Mass lam foundry	3,358,109	574,143	
Others		965,340	
		$ 9,202,695	

ELITE MATERIAL CO., LTD.

STATEMENT OF OPERATING COSTS

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Sub total	Total
Materials, beginning of the year	$ 873,764	
Plus: Purchases	5,119,935	
Less: Material sold	(476,172)	
Materials, end of the year	(776,729)	
Loss on physical inventory	(680)	
Material scraps	(1,525)	
Transferred to manufacturing expenses	(130,708)	
Transferred to operating expenses	(54,069)	
Direct materials		4,553,816
Direct labor		479,764
Manufacturing expenses		1,611,041
Total Manufacturing costs		6,644,621
Plus: Work-in-process, beginning of the year	91,829	
Purchased work-in-process	4,459	
Less: Work-in-process, end of the year	(62,574)	
Transferred to manufacturing expenses	(42,152)	
Transferred to operating expenses	(131,401)	(139,839)
Cost of finished goods		6,504,782
Plus: Finished goods, beginning of the year	261,680	
Purchased finished goods	134,481	
Less: Finished goods, end of the year	(228,458)	
Transferred to manufacturing expenses	(10,407)	
Transferred to operating expenses	(66,213)	91,083
		6,595,865
Cost of goods sold－Material sold		476,172
Loss on physical inventory		680
Loss on disposal of scrap		1,525
Gains on inventory valuation and obsolescence		(24,439)
Revenue from sales of scraps		(41,866)
Costs of sales		**$ 7,007,937**

ELITE MATERIAL CO., LTD.

STATEMENT OF SELLING EXPENSES

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Commission expenses		$ 180,739	
Shipping expenses		85,694	
Payroll expenses		41,932	
Administrative expenses		40,228	
Other expenses		32,076	Client included in others does not exceed 5% of the account balance.
Total		**$ 380,669**	

STATEMENT OF ADMINISTRATIVE EXPENSES

Item	Description	Amount	Note
Payroll expenses		$ 351,441	
Consultant fees		44,851	
Remuneration of directors		37,465	
Other expenses		184,936	Client included in others does not exceed 5% of the account balance.
Total		**$ 618,693**	

ELITE MATERIAL CO., LTD.

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

For the Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Research and development expenses		$ 211,127	
Payroll expenses		131,130	
Other expenses		69,168	Client included in others does not exceed 5% of the account balance.
Total		**$ 411,425**	

ANNEX II

Year 2022 Consolidated Financial Reports Audited by CPA

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

安侯建業聯合會計師事務所
KPMG
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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.

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

Shareholder's Name / Shareholding	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 %

ANNEX III

Elite Materials Co., Ltd.

The Fifth Domestic Unsecured Convertible Corporate Bonds Issuance and Conversion Measures

1. Name of Bond

Elite Materials Co., Ltd.'s fifth domestic unsecured conversion of corporate bonds.

2. Issue Date

April 25, 2022.

3. Total Issue Amount and Face Value per Bond

The Bonds issued at 100% of par value in NTD $100,000 and a total issuance of 34,655 bonds, with a total denomination issued of NTD $3,465,530,000. The issuance is made at 101% of the face value.

4. Maturity Date

The Maturity Date was set at 5 years from the Issue Date.

- Issue date: April 25, 2022
- Expiration date: April 25, 2027
- Duration: 5 years

5. Coupon Rate

- Coupon rate: Fixed 0%

6. Repayment Date and Method

Except for bondholders who convert their bonds into the company's common shares under Article 10 of these Regulations, or for the company to exercise its put option under Article 18, or for the company to redeem the bonds early under Article 17, or for the bonds to be repurchased and cancelled by securities dealerships designated by the company, the company shall redeem the converted bonds held by bondholders in cash within 10 business days after the maturity date of the convertible bonds, based on the face value of the bonds. If the date falls on a day when the Taipei Exchange is closed for trading, the redemption will be made on the next business day.

7. Collateral Status

The convertible bonds are unsecured bonds. However, if the company issues or privately places other secured convertible bonds or convertible bonds with attached warrants after the issuance of the convertible bonds, the convertible bonds will also be subject to the same level of creditor's rights or collateral rights as those of the secured convertible bonds or convertible bonds with attached warrants of the same rank.

8. Converted Securities

The newly-issued common shares of Elite Materials Co. It will be delivered through book-entry transfer without printing physical certificates.

9. Conversion Period

From July 26, 2022 (the day after three months from the issuance date of this convertible bond) to April 25, 2027 (the maturity date), bondholders can request to convert this convertible bond into common stocks of the company at any time, except during the following periods: (1) the period of suspension of stock transfer due to legal reasons; (2) fifteen business days prior to the record date for the distribution of free stocks, cash dividends, or new shares from a capital increase; (3) the period from the record date of capital reduction to the day before the first trading day of the new stocks issued in exchange for the capital reduction; and (4) the period from the date of suspension of conversion due to stock split to the day before the first trading day of the new stocks issued in exchange for the stock split.

The date of suspension of conversion due to stock split refers to the day before the application for registration of the change with the Ministry of Economic Affairs. The company will announce the period of suspension of conversion four business days prior to the start of the period. Bondholders can convert the convertible bond into common stocks of the company in accordance with Articles 10, 11, 13, and 15 of this convertible bond agreement.

10. Conversion Request Process

(I) Bondholders shall fill out the "Convertible Bond Account Transfer/Conversion/Redemption Application" (with a note of "conversion") with the original broker and apply to the Taiwan Depository & Clearing Corporation (TDCC). After TDCC accepts the application, it will electronically notify the Company's stock transfer agent. The conversion will take effect upon receipt of notification and cannot be revoked. The stock transfer agent shall complete the conversion process and directly

transfer the common shares of the Company to the bondholder's TDCC account within five business days after receipt of notification.

(II) For overseas Chinese and foreigners who apply to convert their holdings of the Convertible Bonds into the common shares of the Company, the distribution shall be carried out uniformly by the Taiwan Depository & Clearing Corporation (TDCC) through book-entry transfer.

11. Conversion Price and Its Adjustments

(I) Determination of Conversion Price

The conversion price of the convertible bonds shall be determined with reference to the conversion price determination reference date of April 15, 2022. The conversion price shall be calculated by taking the simple arithmetic average of the closing prices of the Company's common shares on the trading day immediately preceding, three trading days preceding, and five trading days preceding the reference date (excluding the reference date itself), and multiplying the result by a conversion premium rate of 110.19% (rounded to the nearest TWD cent). If there is an ex-right or ex-dividend event prior to the reference date, the closing price used to calculate the conversion price shall be adjusted for the ex-right or ex-dividend price. If there is an ex-right or ex-dividend event between the determination of the conversion price and the actual issuance date, the conversion price shall be adjusted in accordance with the conversion price adjustment formula in item (2) below. Based on the above calculation, the reference price for the Company's common shares on the trading day immediately preceding, three trading days preceding, and five trading days preceding the reference date was TWD 238.67 per share, and the conversion price was set at TWD 263 per share.

(II) Adjustment of Conversion Price

(1) After the issuance of the convertible corporate bonds by this conversion company, except for various valuable securities with ordinary stock conversion rights or subscription rights issued by the company (or privately placed) to exchange for ordinary shares or newly issued shares for employee compensation, if the number of ordinary shares issued by the company (or privately placed) increases (including but not limited to cash capital increases conducted through fundraising or private placement, capital surplus increases, mergers or acquisitions of other companies' shares to issue new shares, stock splits, and cash participation in overseas depositary receipts), this company shall adjust the conversion price of the convertible corporate bonds according to the following formula (calculated up to the nearest New Taiwan Dollar unit, rounded down but not up), and request the

Taiwan Stock Exchange Corporation (hereinafter referred to as the "TSEC") to announce the adjustment on the ex-dividend date of new shares (Note 1) (for those who have completed payment, the adjustment shall be made on the stock payment due date). If the increase in the number of ordinary shares issued is due to a change in the stock face value, the adjustment shall be made on the new share exchange reference date. If the new stock issuance price changes after the ex-dividend date of cash capital increase and new stock issuance, then the adjustment shall be made according to the following formula based on the new stock issuance price and the market price per share (with the date on which this company determines the new stock issuance price as the benchmark date for determining the market price per share after the update). If the adjusted conversion price after calculation is lower than the conversion price already announced and adjusted before the ex-dividend date, then TSEC shall be requested to announce the adjustment again.

- Adjusted conversion price = Conversion price before adjustment (Note 2) x [ENS+((PNI (Note 3) x NNS)/P)]/[ENS+NNS]

ENS＝ Number of outstanding shares before issuance

NNS＝ Number of new shares

PNI＝ Offering price of new shares

P ＝ Market price per share on relevant record date

RCR = Ratio of cash refund per share

Note 1: In the case of stock splits, adjustment should be made on the split record date. In the case of mergers or acquisition of capital increases, adjustment should be made on the merger or acquisition record date. For cash capital increases or cash participation in the issuance of overseas depositary receipts through the book-building process, since there is no ex-rights record date, adjustment should be made on the date of full payment of the stock. In the case of cash capital increases carried out by way of private placement, or shares issued by way of private placement securities, adjustment should be made on the date of delivery of the private placement securities.

Note 2: The number of issued shares refers to the total number of common shares issued (including publicly offered shares and privately placed shares), minus the

number of treasury shares that the Company has repurchased but has not yet cancelled or transferred.

Note 3: If the payment per share belongs to a free stock dividend or a stock split, the payment per share is zero. If it belongs to the issuance of new shares for capital increase by merger, the payment per share is the net asset value per share calculated according to the most recent financial statements signed or reviewed by the Company's accountant before the merger record date, multiplied by the exchange ratio. If it belongs to the issuance of new shares by acquiring the shares of another company, the payment per share is the net asset value per share calculated according to the most recent financial statements signed or reviewed by the accountant of the acquired company before the record date, multiplied by the exchange ratio.

Note 4: The determination of the market price per share should be based on the simple arithmetic average of the closing price of the Company's common shares calculated based on one, three, or five trading days before the ex-rights record date, pricing record date, stock split record date, or the delivery date of the private placement securities.

(2) After the issuance of the Convertible Corporate Bonds, if the company distributes cash dividends on its common shares, the conversion price shall be adjusted downwards based on the ratio of the average closing price of the company's common shares on the Taiwan Stock Exchange on the first, third, and fifth business days prior to the ex-dividend date (rounded to the nearest TWD 0.01). The adjusted conversion price shall be announced by the company to the Taipei Exchange on the ex-dividend date, and a request shall be made to the Taiwan Depository & Clearing Corporation to adjust the conversion price accordingly. This adjustment formula does not apply to those who have already requested conversion prior to the ex-dividend date. The adjustment formula is as follows:

- Adjusted conversion price = Conversion price before adjustment x (1-Dividend payout ratio (Note 5))

Note 5: The share price is determined based on the simple arithmetic mean of the closing prices of the Company's common stock on the first, third, and fifth business days prior to the ex-dividend date of the cash dividend announcement, and is selected at the discretion of the Company.

(3) After the issuance of this convertible bond, if the company issues any convertible or equity securities with conversion or subscription prices lower than the per share market price (Note 1), the conversion price of this convertible bond shall be adjusted by the following formula (calculated to the nearest tenth of a New Taiwan Dollar, rounded down if the decimal is less than 5, and rounded up if the decimal is 5 or greater). The company shall notify the Taiwan Stock Exchange or the Taipei Exchange to announce the adjustment on the date of issuance or delivery of such securities or subscription rights:

- Adjusted conversion price = Conversion price before adjustment x [ENS (Note 7)+((PNI x NNS)/(P (Note 6))]/[ENS+NNS]

Note 6: The market price per share shall be calculated by taking the simple arithmetic average of the closing prices of the Company's common shares for the preceding one, three, or five business days prior to the pricing date of the equity-linked securities with common share conversion rights or subscription rights or the delivery date for privately placed equity-linked securities, whichever is applicable. If there is any ex-rights or ex-dividend date prior to the pricing date, the closing price used for calculating the conversion price shall be adjusted to the ex-rights or ex-dividend price.

Note 7: The outstanding shares refer to the total number of issued shares excluding the number of treasury shares repurchased by the Company but not yet cancelled or transferred. If equity-linked securities with common share conversion rights or subscription rights are supported by treasury shares, the number of convertible or subscribable shares of the newly issued or privately placed securities should be deducted from the outstanding shares in the adjustment formula.

(4) After the issuance of this convertible bond, if there is a reduction in the number of outstanding common shares due to a reduction in capital not resulting from the cancellation of treasury shares, the adjusted conversion price should be calculated according to the following formula (rounded to the nearest TWD 0.10), and the Taiwan Stock Exchange (TWSE) should be requested to announce the adjusted conversion price on the capital reduction reference date. If the reduction is due to a change in the face value of the shares, the adjustment should be made on the new share issuance reference date.

- Capital reduction for cover accumulated deficits
  - Adjusted conversion price = Conversion price before adjustment x ENS / NNS (Note 8)

- Capital reduction by cash
  - Adjusted conversion price = Conversion price before adjustment x (1-RCR)* ENS / (ENS+NNS) (Note 8)

- Change in par value of stocks
  - Adjusted conversion price = Conversion price before adjustment x ENS / (ENS+NNS)

Note 8: The issued common shares refer to the total number of common shares that have been issued (including those issued through public offering and private placement), less the number of treasury shares that have been repurchased by the company but not yet cancelled or transferred.

12. Listing and Delisting of Convertible Corporate Bonds

Prior to the issue date, the convertible corporate bonds shall apply for listing on the Over-The-Counter (OTC) market. The listing shall be terminated upon the full conversion of the bonds into ordinary shares or the full repurchase or redemption of the bonds by the company. All of these matters shall be announced after the company has obtained approval from the OTC market.

13. Listing of New Shares After Conversion

After the convertible corporate bonds have been converted into ordinary shares, the converted ordinary shares shall be listed for trading on the Taiwan Stock Exchange (TWSE) from the delivery date. The above matters shall be announced after the company has obtained approval from the TWSE. The ordinary shares of the company are issued in a non-physical form and the converted ordinary shares shall also be listed for trading on the TWSE in a non-physical form from the delivery date.

14. Procedures for Capital Change Registration

The company shall announce the number of ordinary shares issued due to the conversion of the convertible corporate bonds for the previous quarter within 15 days after the end of

each quarter. Additionally, the company shall apply for registration of capital change at least once per quarter with the competent authority responsible for company registration.

15. Handling of Fractional Shares Upon Conversion

In the event that there is a fractional share amount upon conversion into the company's ordinary shares, the company shall settle the fractional shares with cash (calculated up to the New Taiwan Dollar and rounded to the nearest cent). This is in addition to offsetting the Taiwan Securities Central Depository Corporation's handling fees.

16. Attribution of annual cash dividends and stock dividends upon conversion

(I) Cash Dividends

Holders of this convertible bond who request conversion from January 1 of the current year to 15 business days before the date when the transfer of cash dividends stops by our company to Taiwan Stock Exchange shall be entitled to participate in the resolution of the shareholders' meeting to distribute the cash dividends for the previous year.

This convertible bond shall cease to convert from the 15th business day before the date when the transfer of cash dividends stops by our company to Taiwan Stock Exchange until the ex-dividend date of the cash dividends for the current year, from the current year to the ex-dividend date (inclusive).

Holders of this convertible bond who request conversion from the day after the ex-dividend date of the cash dividends for the current year to December 31 of the current year (inclusive) shall waive the cash dividends for the previous year, but shall be entitled to participate in the resolution of the shareholders' meeting to distribute the cash dividends for the current year to be declared at the next year's shareholders' meeting. (see Appendix 1, item 6)

(II) Stock Dividends

Holders of this convertible corporate bond who request conversion from January 1st of the current year to fifteen business days prior to the date on which the company stops registration of free stock dividends with Taiwan Stock Exchange, shall be entitled to participate in the distribution of the previous year's stock dividends as resolved by the shareholders' meeting of the current year.

Conversion of this convertible corporate bond shall cease during the period from fifteen business days prior to the date on which the company stops registration of free stock dividends with Taiwan Stock Exchange (inclusive) to the ex-dividend date of the free stock dividends in the current year.

Holders of this convertible corporate bond who request conversion from the day following the ex-dividend date of the free stock dividends in the current year to December 31st of the current year (inclusive) shall waive the right to receive the previous year's stock dividends as resolved by the shareholders' meeting of the current year, but shall be entitled to participate in the distribution of the current year's stock dividends as resolved by the shareholders' meeting of the next year.

17. Early Redemption Rights of Convertible Corporate Bonds

(I) Starting from the day after the expiration of three months from the issue date of the convertible corporate bonds (July 26, 2022) until forty days prior to the expiration of the issuance period (the maturity date) (March 16, 2027), if the closing price of the common stock of the Company listed on the Taiwan Stock Exchange exceeds 30% (inclusive) of the conversion price of the convertible corporate bonds for thirty consecutive business days, the Company may, within thirty business days thereafter, send a registered "Notice of Bond Redemption" (based on the bondholder list five business days prior to the mailing date, and for bondholders who acquire the convertible corporate bonds later due to trading or other reasons, public announcement will be made) to the bondholders, with the period of thirty days from the date of the Company's mailing as the basis for bond redemption (the period shall not be included in the conversion suspension period stipulated in Article 9). The Company shall also request the Taiwan Stock Exchange to make an announcement. Within five business days after the bond redemption basis date, the Company shall redeem the convertible corporate bonds from the bondholders in cash at face value.

(II) From the day after three months have passed since the issuance date of the convertible bonds (July 26, 2022) until 40 days before the end of the issuance period (March 16, 2027), if the closing price of the company's common stock on the Taiwan Stock Exchange has continuously exceeded 30% of the conversion price of the convertible bonds for 30 consecutive business days, the company can issue a "Bond Redemption Notice" by registered mail to the bondholders within 30 business days. The redemption date will be the last day of the 30-day period, and the company will announce the redemption on the GreTai Securities Market. The company will redeem the convertible bonds in cash at face value within five business days after the redemption date.

Additionally, if the outstanding balance of the convertible bonds falls below 10% of the original issuance amount between the day after three months have passed since the issuance date of the convertible bonds and 40 days before the end of the issuance period,

the company can issue a "Bond Redemption Notice" at any time by registered mail to the bondholders. The redemption date and procedure will be the same as described above.

(III) If the bondholders fail to reply in writing to the company's stock agency before the bond redemption reference date specified in the "Bond Redemption Notice" (which shall be effective upon delivery, and the postmark date shall prevail for mailed responses), the company will redeem the convertible bonds in cash at face value within five business days after the bond redemption reference date.

(IIII) If the company exercises the redemption request, the deadline for bondholders to request conversion is the second business day after the termination of the over-the-counter trading of the convertible bonds.

18. Bondholders' Put Option

The early redemption date for the convertible bonds of this conversion company is three years after the issuance date (April 25, 2025), which is the put option date for bondholders to sell back the convertible bonds. The following principles shall apply:

Appendix 1, Section 7 shall apply to the exercise of the bondholders' put option.

The Company shall send a "Notice of Exercise of Bondholders' Put Option" by registered mail to the holders of the convertible bonds of this conversion company thirty days before the put option date (March 26, 2025). The mailing date of the "Notice of Exercise of Bondholders' Put Option" shall be based on the fifth business day before the bondholders' register listed on the notice. For bondholders who acquire the convertible bonds of this conversion company later due to trading or other reasons, the notice shall be given by announcement. The Company shall request the Taiwan Stock Exchange Corporation to announce the exercise of bondholders' put option for the convertible bonds of this conversion company. Bondholders may request the Company to redeem their convertible bonds in cash at the face value by notifying the Company's stock transfer agent in writing within thirty days before the put option date (which shall be effective upon receipt, and if sent by mail, the postmark shall be used as proof, and cannot be revoked). The Company shall redeem the convertible bonds of this conversion company in cash at the face value within five business days after the put option date upon acceptance of the put option request. If the above-mentioned dates coincide with a day on which the Taipei Exchange is closed, the dates shall be postponed to the next business day.

19. Rights and obligations after conversion

Unless otherwise agreed in these regulations, the holder of the converted bonds, after the conversion has become effective, shall have the same rights and obligations as a shareholder holding common shares already issued by the Company.

20. All the redeemed (including those bought back by securities dealers), repaid, or converted bonds of the Company will be cancelled and cannot be resold or issued again. The conversion rights attached to them will be eliminated at the same time.

21. Both the convertible bonds and the common shares issued upon conversion are registered, and their transfer, registration, pledge, and loss shall be handled in accordance with the "Guidelines for the Handling of Shareholder Services of Publicly Issued Stock Companies" and relevant provisions of the Company Act. Tax matters shall be handled in accordance with the relevant tax laws at the time.

22. The trustee for the bondholders of this convertible corporate bond is the Trust Department of Yuanta Commercial Bank Co., Ltd. The trustee represents the interests of the bondholders and supervises the company's compliance with the issuance and conversion of this convertible corporate bond. All holders of this convertible corporate bond, regardless of whether they subscribed at the time of issuance or purchased it later, agree to recognize and accept the provisions of the trust agreement between the company and the trustee, the rights and obligations of the trustee, and the issuance and conversion method of this corporate bond. The bondholders grant full power of attorney to the trustee regarding the matters entrusted to them, and this authorization cannot be revoked midway. Bondholders may check the contents of the trust agreement at any time during the specified business hours by visiting the company or the trustee's business premises.

23. The repayment of principal and interest and conversion of the convertible corporate bonds shall be handled by the shareholder services agent of the Company.

24. The issuance of the convertible corporate bonds shall be delivered through book-entry transfer in accordance with Article 8 of the Securities and Exchange Act, and no physical bonds will be printed.

25. Any matters not covered by these issuance and conversion rules for the convertible corporate bonds shall be handled in accordance with relevant laws and regulations.