

JENTECH PRECISION INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

JENTECH PRECISION INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

TABLE of CONTENTS

Items	Page
1. Cover	1
2. Table of Contents	2 ~ 3
3. Independent auditors' report	4 ~ 9
4. Parent company only balance sheets	10 ~ 11
5. Parent company only statements of comprehensive income	12 ~ 13
6. Parent company only statements of changes in equity	14
7. Parent company only statements of cash flows	15
8. Notes to the parent company only financial statements	16 ~ 71
(1) History and organization	16
(2) The date of authorization for issuance of the parent company only financial statements and procedures for authorization	16
(3) Application of new standards, amendments and interpretations	16 ~ 17
(4) Summary of significant accounting policies	17 ~ 28
(5) Critical accounting judgements, estimates and key sources of assumption uncertainty	28 ~ 29
(6) Details of significant accounts	29 ~ 54
(7) Related party transactions	55 ~ 58
(8) Pledged assets	58

(9) Significant contingent liabilities and unrecognized contract commitments	58
(10) Significant disaster loss	59
(11) Significant events after the balance sheet date	59
(12) Others	59 ~ 70
(13) Supplementary disclosures	70 ~ 71
(14) Segment information	71
9. Statement of major accounting items	
Statement of details of cash and cash equivalents	Statement 1
Statement of current financial assets at fair value through profit or loss	Statement 2
Statement of accounts receivable	Statement 3
Statement of inventories	Statement 4
Statement of movement summary of investments accounted for using equity method	Statement 5
Statement of right-of-use assets	Statement 6
Statement of accounts payable	Statement 7
Statement of short-term borrowings	Statement 8
Statement of operating revenue	Statement 9
Statement of operating cost	Statement 10
Statement of operating expense	Statement 11
Details of employee benefit 、 depreciation 、 depletion and amortization expense	Statement 12

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of JENTECH PRECISION INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of JENTECH PRECISION INDUSTRIAL CO., LTD. (the “Company”) as at December 31, 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (Please refer to the Other matter section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022, and its parent company only financial performance and its parent company only cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Cut-off of sales revenue from hub warehouse

Description

Please refer to Note 4(28) to the parent company only financial statements for accounting policies on revenue recognition.

One of sale types among the sales revenue of the Company is revenue from hub warehouse, which is recognized when the goods are picked up by customers (when control of the product is transferred). As the hub warehouses are located overseas and other places, the recognition of sales revenue is verified through the customer's pick-up notification and the report provided by the hub warehouse at the end of each month. The recognition of such revenue usually involves more manual procedures, which is more challenging to control compared to direct shipment, making it easier to cause improper timing of revenue recognition or discrepancies between the physical inventory quantities and accounting records. As there are material sales transactions from the hub warehouse and the transactions before and after the balance sheet date are significant to the parent company only financial statements, we identified the cut-off of sales revenue from hub warehouse as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and assessed on the internal control of the timing of sales revenue recognition and tested the effectiveness of the control.
2. Performed cut-off tests on sales revenue from hub warehouse for a certain period around the balance sheet date, including verifying the relevant supporting documents of revenue recognized from hub warehouse to ensure that the revenue was recognized at an appropriate point in time.

3. Performed confirmation of the inventory quantities or observed the physical count of inventory quantities held in warehouse in order to confirm the accuracy of the quantity against accounting records.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements and the information on the investee disclosed in Note 13 is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$445,085 thousand, constituting 3.28% of total assets as at December 31, 2022, and the comprehensive income amounted to NT\$11,384 thousand, constituting 0.47% of total comprehensive income for the year then ended.

Other matter – Prior year's financial statements were audited by other auditors

The parent company only financial statements of the Company for the year ended December 31, 2021, were audited by other auditors who expressed an unqualified opinion with an other matter section on March 18, 2022.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only financial statements, management is responsible for assessing the 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, including the audit committee , are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

FANG-YU, WANG

SE-KAI, LIN

For and on behalf of PricewaterhouseCoopers, Taiwan
March 21, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditor's report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

JENTECH PRECISION INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	6(1)	\$ 2,592,207	19	\$ 2,043,246	18
Current financial assets at fair value through profit or loss	6(2)	94,395	1	89,840	1
Current financial assets at amortised cost	6(4) and 8	156,621	1	622,800	6
Notes receivable, net	6(5)	3,486	-	14,333	-
Accounts receivable, net	6(5)	2,218,881	17	1,807,915	16
Accounts receivable due from related parties, net	6(5) and 7	45,962	-	31,263	-
Other receivables	7	44,206	-	49,750	1
Inventories	6(6)	2,718,669	20	1,933,830	17
Other current assets		13,078	-	25,677	-
Total current assets		<u>7,887,505</u>	<u>58</u>	<u>6,618,654</u>	<u>59</u>
Non-current assets					
Non-current financial assets at fair value through profit or loss	6(2)	-	-	7,069	-
Non-current financial assets at fair value through other comprehensive income	6(3)	282,040	2	-	-
Investments accounted for using equity method	6(7)	1,666,527	12	1,487,501	13
Property, plant and equipment	6(8)	2,871,758	21	2,766,423	25
Right-of-use assets	6(9)	55,833	1	46,465	-
Intangible assets		6,912	-	7,935	-
Deferred tax assets	6(24)	44,383	1	35,858	-
Prepayments for business facilities	7	440,188	3	275,821	3
Guarantee deposits paid		27,200	-	10,509	-
Other non-current assets, others		284,153	2	2,242	-
Total non-current assets		<u>5,678,994</u>	<u>42</u>	<u>4,639,823</u>	<u>41</u>
Total assets		<u>\$ 13,566,499</u>	<u>100</u>	<u>\$ 11,258,477</u>	<u>100</u>

(Continued)

JENTECH PRECISION INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current liabilities					
Short-term borrowings	6(11)	\$ 250,000	2	\$ 587,500	5
Current contract liabilities	6(20)	21,314	-	25,879	1
Notes payable		100	-	-	-
Accounts payable		822,986	6	674,840	6
Accounts payable to related parties	7	230,335	2	227,654	2
Other payables	6(12)	813,283	6	482,675	4
Current tax liabilities		485,327	4	147,247	1
Current lease liabilities		16,172	-	13,253	-
Long-term liabilities, current portion	6(13)	1,205,619	9	-	-
Other current liabilities, others		29,556	-	10,827	-
Total current liabilities		<u>3,874,692</u>	<u>29</u>	<u>2,169,875</u>	<u>19</u>
Non-current liabilities					
Bonds payable	6(13)	-	-	1,867,106	17
Deferred income tax liabilities	6(24)	123,636	1	92,603	1
Non-current lease liabilities		26,415	-	21,435	-
Non-current net defined benefit liability	6(14)	18,393	-	26,405	-
Guarantee deposits received		3,076	-	3,495	-
Total non-current liabilities		<u>171,520</u>	<u>1</u>	<u>2,011,044</u>	<u>18</u>
Total liabilities		<u>4,046,212</u>	<u>30</u>	<u>4,180,919</u>	<u>37</u>
Equity	6(16)				
Share capital					
Ordinary share		1,353,459	10	1,222,024	11
Advance receipts for share capital	6(13)	14,444	-	1,058	-
Capital surplus	6(17)				
Capital surplus		4,194,242	31	3,535,168	32
Retained earnings	6(18)				
Legal reserve		749,330	5	616,604	5
Special reserve		77,848	1	72,104	1
Unappropriated retained earnings		3,450,477	25	1,822,797	16
Other equity interest	6(19)				
Other equity interest		(319,513)	(2)	(192,197)	(2)
Total equity		<u>9,520,287</u>	<u>70</u>	<u>7,077,558</u>	<u>63</u>
Significant events after the balance sheet date	11				
Total liabilities and equity		<u>\$ 13,566,499</u>	<u>100</u>	<u>\$ 11,258,477</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

JENTECH PRECISION INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31			
		2022		2021	
		Amount	%	Amount	%
Operating revenue	6(20) and 7	\$ 10,282,408	100	\$ 7,041,683	100
Operating costs	6(6)	(6,538,735)	(63)	(4,855,976)	(69)
Gross profit		3,743,673	37	2,185,707	31
Realized profit (loss) from sales		-	-	226	-
Gross profit from operations		3,743,673	37	2,185,933	31
Operating expenses	6(23)				
Selling expenses		(175,758)	(2)	(125,327)	(2)
Administrative expenses		(483,662)	(5)	(358,422)	(5)
Research and development expense		(371,896)	(3)	(319,412)	(4)
Total operating expenses		(1,031,316)	(10)	(803,161)	(11)
Operating profit		2,712,357	27	1,382,772	20
Non-operating income and expenses					
Interest income		19,041	-	5,110	-
Other income	6(21) and 7	53,468	-	26,553	1
Other gains and losses	6(22)	308,943	3	(84,330)	(2)
Finance costs		(26,339)	-	(25,937)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method		163,217	2	158,562	2
Total non-operating income and expenses		518,330	5	79,958	1
Profit before income tax		3,230,687	32	1,462,730	21
Income tax expense	6(24)	(616,406)	(6)	(266,578)	(4)
Profit for the year		\$ 2,614,281	26	\$ 1,196,152	17

(Continued)

JENTECH PRECISION INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31			
		2022		2021	
		Amount	%	Amount	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans	6(14)	\$ 7,533	-	\$ 447	-
Unrealized (loss) gain on valuation of equity instruments at fair value through other comprehensive income	6(3)	(217,960)	(2)	-	-
Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss		1,184	-	346	-
Income tax effect on components that will not be reclassified to profit or loss	6(24)	(1,509)	-	(89)	-
Components of other comprehensive income that will not be reclassified to profit or loss		(210,732)	(2)	704	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Exchange differences on translation of foreign operations	6(19)	19,864	-	(8,061)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss		19,864	-	(8,061)	-
Other comprehensive income, net of income tax		(\$ 190,868)	(2)	(\$ 7,537)	-
Total comprehensive income for the year		\$ 2,423,413	24	\$ 1,188,795	17
Basic earnings per share	6(25)	\$ 19.54		\$ 8.99	
Diluted earnings per share	6(25)	\$ 18.64		\$ 8.55	

The accompanying notes are an integral part of these parent company only financial statements.

JENTECH PRECISION INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Share Capital			Retained Earnings			Other equity interest			
								Financial statements translation differences of foreign operations	Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income	Unearned compensation	Total equity
Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
Year 2021											
Balance at January 1, 2021	\$ 1,210,254	\$ -	\$ 3,271,251	\$ 529,849	\$ 90,150	\$ 1,297,599	(\$ 71,889)	(\$ 215)	\$ -	\$ 6,326,999	
Effects of retrospective application and retrospective restatement	-	-	-	-	-	132,719	-	-	-	132,719	
Equity at beginning of period after adjustments	1,210,254	-	3,271,251	529,849	90,150	1,430,318	(71,889)	(215)	-	6,459,718	
Profit for the year	-	-	-	-	-	1,196,152	-	-	-	1,196,152	
Other comprehensive (loss) income	-	-	-	-	-	(1,612)	(8,061)	2,316	-	(7,357)	
Total comprehensive income (loss) for the year	-	-	-	-	-	1,194,540	(8,061)	2,316	-	1,188,795	
Appropriation of prior year's earnings:	6(18)										
Legal reserve	-	-	-	86,755	-	(86,755)	-	-	-	-	
Special reserve	-	-	-	-	(18,046)	18,046	-	-	-	-	
Cash dividends	-	-	-	-	-	(733,352)	-	-	-	(733,352)	
Conversion of convertible bonds	6(13)	-	1,058	33,300	-	-	-	-	-	34,358	
Share-based payments	6(15)	11,770	-	230,617	-	-	-	-	(114,348)	128,039	
Balance at December 31, 2021	\$ 1,222,024	\$ 1,058	\$ 3,535,168	\$ 616,604	\$ 72,104	\$ 1,822,797	(\$ 79,950)	\$ 2,101	(\$ 114,348)	\$ 7,077,558	
Year 2022											
Balance at January 1, 2022	\$ 1,222,024	\$ 1,058	\$ 3,535,168	\$ 616,604	\$ 72,104	\$ 1,822,797	(\$ 79,950)	\$ 2,101	(\$ 114,348)	\$ 7,077,558	
Profit for the year	-	-	-	-	-	2,614,281	-	-	-	2,614,281	
Other comprehensive (loss) income	-	-	-	-	-	7,285	19,864	(218,017)	-	(190,868)	
Total comprehensive income (loss) for the year	-	-	-	-	-	2,621,566	19,864	(218,017)	-	2,423,413	
Appropriation of prior year's earnings:	6(18)										
Legal reserve	-	-	-	132,726	-	(132,726)	-	-	-	-	
Special reserve	-	-	-	-	5,744	(5,744)	-	-	-	-	
Cash dividends	-	-	-	-	-	(733,214)	-	-	-	(733,214)	
Stock dividends	122,202	-	-	-	-	(122,202)	-	-	-	-	
Conversion of convertible bonds	6(13)	9,839	13,386	658,971	-	-	-	-	-	682,196	
Share-based payments	6(15)	(606)	-	103	-	-	-	-	70,837	70,334	
Balance at December 31, 2022	\$ 1,353,459	\$ 14,444	\$ 4,194,242	\$ 749,330	\$ 77,848	\$ 3,450,477	(\$ 60,086)	(\$ 215,916)	(\$ 43,511)	\$ 9,520,287	

The accompanying notes are an integral part of these parent company only financial statements.

JENTECH PRECISION INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 3,230,687	\$ 1,462,730
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(8)(9)(23)	266,928	211,876
Amortisation expenses	6(23)	11,246	8,814
Expected (Reversal of) credit lossess	12(2)	2,020	(869)
Gains on financial assets (liabilities) at fair value through profit or loss	6(2)(22)	(3,959)	(19,078)
Interest expense		26,339	25,937
Interest income		(19,041)	(5,110)
Share-based payments	6(15)	70,334	128,039
Gains on disposal of property, plant and equipment	6(22)	(1,701)	(14,827)
Share of profit of associates and joint ventures accounted for using equity method		(163,217)	(158,562)
Realized profit from subsidiaries		-	(226)
Unrealized foreign exchange loss		3,696	5,548
Dividends income		(15,951)	(630)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		10,688	(14,442)
Accounts receivable		(444,796)	(438,193)
Other receivables		11,474	(24,310)
Inventories		(787,240)	(746,711)
Other current assets		12,229	(12,379)
Changes in operating liabilities			
Contract liabilities		(4,565)	(23,224)
Notes payable		100	(18)
Accounts payable		151,691	318,122
Accounts payable — related parties		2,727	19,728
Other payables		320,793	101,325
Other current liabilities		18,703	1,022
Net defined benefit liability		(459)	(11,275)
Cash generated from operations		2,698,726	813,287
Interest paid		(2,930)	(1,055)
Income tax paid		(257,330)	(194,269)
Net cash generated from operating activities		2,438,466	617,963
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(194,415)	(70,321)
Proceeds from disposal of financial assets at fair value through profit or loss		199,519	-
Acquisition of financial assets at fair value through other comprehensive income	6(3)	(500,000)	-
Acquisition of financial assets at amortised cost		-	(622,800)
Proceeds from disposal of financial assets at amortised cost		472,962	-
Acquisition of property, plant and equipment	6(26)	(149,204)	(217,486)
Proceeds from disposal of property, plant and equipment		15,074	30,339
Acquisition of intangible assets		(10,223)	(7,881)
Increase in prepayment for business facilities		(364,728)	(235,809)
(Increase) Decrease in refundable deposits		(16,691)	1,682
Increase in other non-current assets		(281,911)	(86)
Dividends received		15,951	630
Interest received		13,121	5,621
Net cash used in investing activities		(800,545)	(1,116,111)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term bank loans	6(27)	250,000	587,500
Payments on short-term bank loans	6(27)	(587,500)	-
Payments on lease liabilities	6(27)	(17,827)	(14,916)
(Decrease) Increase in guarantee deposits received	6(27)	(419)	1,595
Cash dividend paid	6(18)	(733,214)	(733,352)
Net cash used in financing activities		(1,088,960)	(159,173)
Net increase (decrease) in cash and cash equivalents		548,961	(657,321)
Cash and cash equivalents at beginning of year		2,043,246	2,700,567
Cash and cash equivalents at end of year		\$ 2,592,207	\$ 2,043,246

The accompanying notes are an integral part of these parent company only financial statements.

JENTECH PRECISION INDUSTRIAL CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

JENTECH PRECISION INDUSTRIAL CO., LTD. (the “Company”) was incorporated in March 1987. The Company is primarily engaged in (1) manufacturing and processing of precision toolings and trading of their materials; (2) manufacturing, processing and trading of metal components of electrical appliances, electronics, and computers; (3) manufacturing, processing and trading of hardware machinery and its components; (4) metal forging and processing of surface treatment. The Company’s stocks had been listed on the Taiwan Stock Exchange since November 18, 2009.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 21, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
The Company evaluates the impact of the above standards and interpretations to the Company's parent company only financial condition and financial performance. The quantitative impact will be disclosed when the assessment is complete.	

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
The Company evaluates the impact of the above standards and interpretations to the Company's parent company only financial condition and financial performance. The quantitative impact will be disclosed when the assessment is complete.	

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair

value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in

operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction

costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for notes receivable and accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / associates

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment

are as follows:

Buildings

Main building of plant	2 to 50 years
Buildings held for leasing	10 to 50 years
Electromechanical power equipment	2 to 10 years
Machinery and equipment	2 to 17 years
Office equipment	2 to 8 years
Other equipment	2 to 10 years

(16) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate or the interest rate implicit in the lease (if such the interest rate is easy to be determined). Lease payments are comprised fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability and any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Intangible assets

Intangible assets, mainly computer software and patents, are stated initially at their cost and amortised on a straight-line basis over their estimated useful lives of 1~5 years and 7~20 years,

respectively.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on

bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of

government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

Restricted stocks

A. Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

B. For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

C. For restricted stocks where employees do not need to pay to acquire those stocks, if the employees resign during the vesting period, the Company will redeem the stocks from employees at no consideration and retire those stocks.

(25) Income tax

A. The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or

loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance. Cash dividends distributed from earnings after 2019 are recorded as liabilities in the Company's financial statements in the year in which they are resolved by the Company's Board of Directors.

(28) Revenue recognition

- A. The Company manufactures and sells products of electronic components. Sales are recognised when control of the products has transferred, being when the delivery methods (like FOB shipping point, FOB destination) based on the agreements with customers are met, 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. The delivery methods based on the agreements with customers are met, when the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical judgements in applying the Company's accounting policies

Judgments indicates that the subsidiary is controlled by the Company

As note 6(7) described, KENLY PRECISION INDUSTRIAL CO., LTD. is a subsidiary of the Company although the Company only holds less than half of the voting power of KENLY PRECISION

INDUSTRIAL CO., LTD. After considering the Company's absolute ownership of KENLY PRECISION INDUSTRIAL CO., LTD and sharing the same management, the Company concluded that it has a sufficiently dominant voting interest to direct the relevant activities of KENLY PRECISION INDUSTRIAL CO., LTD, and therefore, the Company has control over KENLY PRECISION INDUSTRIAL CO., LTD.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 329	\$ 314
Checking accounts and demand deposits	965,825	935,716
Time deposits	1,518,568	661,552
Bonds sold under repurchase agreement	107,485	445,664
	<u>\$ 2,592,207</u>	<u>\$ 2,043,246</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Asset items</u>		
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic listed stocks	\$ 53,820	\$ 73,800
Convertible bonds-call/put options	4,630	-
Gold passbook	35,945	16,040
	<u>\$ 94,395</u>	<u>\$ 89,840</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Convertible bonds - call/put options	\$ -	\$ 7,069

A. Amounts recognised in profit or (loss) in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	2022	2021
<u>Asset items</u>		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic listed stocks	\$ 405	\$ 3,480
Convertible bonds	261	16,425
Gold passbook	2,943	(827)
Others	350	-
	<u>\$ 3,959</u>	<u>\$ 19,078</u>

B. Information relating to price risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Domestic listed private placement shares		
SOLAR APPLIED MATERIALS TECHNOLOGY CORP. (Note)	\$ 282,040	\$ -

Note: The Company entered into a sale and purchase agreement and a trust contract with a non-related parties for purchasing private placement shares of SOLAR APPLIED MATERIALS TECHNOLOGY CORP. (“SOLAR”). The Company purchased Solar’s private placement shares in the amount of 10,000 thousand shares (referred herein as the private placement shares) with a price of \$50 per share for a total transaction amount of \$500,000. The Company was set as a beneficiary and private placement shares and its interests, dividends and distribution of stock dividends or other gains were used as trust properties. From the expiration of the term of trust (that is 9 am on November 1, 2022), the trust properties shall be settled and returned to the beneficiary within a reasonable period. The beneficiary was subject to the Company Act, the Securities and Exchange Act, sale and purchase agreement and trust contract during the term of trust.

A. The Company has elected to classify ordinary share investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was the carrying amount recognised at the end of the years as at December 31, 2022 and 2021, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>2022</u>	<u>2021</u>
Fair value change recognised in other comprehensive income	(217,960)	-
Dividend income recognised in profit or loss	\$ 14,906	\$ -

C. Information relating to price risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

D. Information relating to measurement of fair value is provided in Note 12(3).

(4) Financial assets at amortised cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Pledged time deposit	\$ 156,621	\$ 622,800

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>2022</u>	<u>2021</u>
Interest income	\$ 300	\$ -

B. As at December, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was the carrying amount recognised at the end of the years, respectively.

C. As of December 31, 2022 and 2021, the interest rate range of pledged time deposit was 2.4% and 0.08%~0.33%, respectively.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

E. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 5,398	\$ 16,057
Less: Allowance for uncollectible accounts	(1,912)	(1,724)
	<u>\$ 3,468</u>	<u>\$ 14,333</u>
Accounts receivable	\$ 2,224,552	\$ 1,811,754
Less: Allowance for uncollectible accounts	(5,671)	(3,839)
	<u>\$ 2,218,881</u>	<u>\$ 1,807,915</u>
Accounts receivable due from related parties	<u>\$ 45,962</u>	<u>\$ 31,263</u>

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2022	December 31, 2021
Not past due	\$ 2,098,089	\$ 1,762,547
1 to 60 days	146,937	82,012
61 to 90 days	18,448	9,619
91 to 180 days	7,909	1,925
Over 180 days	4,529	2,971
	<u>\$ 2,275,912</u>	<u>\$ 1,859,074</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$1,405,401.
- C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was the carrying amount recognised at the end of the years, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Merchandise	\$ 34,070	\$ 17,049
Finished goods	1,122,094	776,098
Work in progress	786,855	678,638
Raw materials	775,650	462,045
	<u>\$ 2,718,669</u>	<u>\$ 1,933,830</u>

The cost of inventories recognised as expense for the years ended December 31, 2022 and 2021, was \$6,538,735 and \$4,855,976, respectively, including the amount of \$42,000 and \$27,128, respectively, that the Company wrote down from cost to net realisable value accounted for as cost of goods sold.

(7) Investments accounted for using equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Subsidiaries</u>		
Elix International Co., Ltd.	\$ 1,221,442	\$ 1,050,400
Kenly Precision Industrial Co., LTD.	445,085	437,101
	<u>\$ 1,666,527</u>	<u>\$ 1,487,501</u>

- A. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2022.
- B. For the years ended December 31, 2022 and 2021, share of profit or loss and other comprehensive income of subsidiaries accounted for using equity method were recognised based on the audited financial statements for the same years.
- C. In January 2020, the Company purchased private placement shares of Kenly with the amount of \$314,100 in cash and acquired 37.78% of its ownership. After considering the Company's absolute ownership of Kenly, and sharing the same management, the Company concluded that it has a sufficiently dominant voting interest to direct the relevant activities of Kenly, and therefore, the Company has control over Kenly.

(8) Property, plant and equipment

	2022								
	Self-owned land		Buildings		Machinery and equipment	Office equipment	Other equipment	Unfinished construction	Total
	Owner-occupied	Lease	Owner-occupied	Lease					
At January 1									
Cost	\$ 838,844	\$ 42,868	\$ 1,282,506	\$ 3,441	\$ 2,627,415	\$ 28,981	\$ 166,258	\$ 63,809	\$ 5,054,122
Accumulated depreciation and impairment	-	-	(293,892)	(1,238)	(1,851,031)	(28,614)	(112,924)	-	(2,287,699)
	<u>\$ 838,844</u>	<u>\$ 42,868</u>	<u>\$ 988,614</u>	<u>\$ 2,203</u>	<u>\$ 776,384</u>	<u>\$ 367</u>	<u>\$ 53,334</u>	<u>\$ 63,809</u>	<u>\$ 2,766,423</u>
Opening net book amount as at January 1	\$ 838,844	\$ 42,868	\$ 988,614	\$ 2,203	\$ 776,384	\$ 367	\$ 53,334	\$ 63,809	\$ 2,766,423
Additions	-	-	44,036	-	97,606	371	17,315	-	159,328
Disposals	-	-	-	-	(8,131)	-	-	-	(8,131)
Transferred from prepayments for business facilities	-	-	58,429	-	119,297	-	24,581	-	202,307
Transferred from inventories	-	-	-	-	2,401	-	-	-	2,401
Reclassifications	-	-	54,559	-	-	-	-	(59,559)	(5,000)
Depreciation charge	-	-	(47,729)	(203)	(180,415)	(198)	(17,025)	-	(245,570)
Closing net book amount as at December 31	<u>\$ 838,844</u>	<u>\$ 42,868</u>	<u>\$ 1,097,909</u>	<u>\$ 2,000</u>	<u>\$ 807,142</u>	<u>\$ 540</u>	<u>\$ 78,205</u>	<u>\$ 4,250</u>	<u>\$ 2,871,758</u>
At December 31									
Cost	\$ 838,844	\$ 42,868	\$ 1,438,858	\$ 2,203	\$ 2,813,290	\$ 28,573	\$ 207,442	\$ 4,250	\$ 5,376,328
Accumulated depreciation and impairment	-	-	(340,949)	(203)	(2,006,148)	(28,033)	(129,237)	-	(2,504,570)
	<u>\$ 838,844</u>	<u>\$ 42,868</u>	<u>\$ 1,097,909</u>	<u>\$ 2,000</u>	<u>\$ 807,142</u>	<u>\$ 540</u>	<u>\$ 78,205</u>	<u>\$ 4,250</u>	<u>\$ 2,871,758</u>

2021									
	Self-owned land		Buildings		Machinery and equipment	Office equipment	Other equipment	Unfinished construction	Total
	Owner-occupied	Lease	Owner-occupied	Lease					
At January 1 (revised)									
Cost	\$ 838,844	\$ 42,868	\$ 819,982	\$ 3,441	\$ 2,294,614	\$ 28,948	\$ 149,850	\$ 393,029	\$ 4,571,576
Accumulated depreciation and impairment	-	-	(261,722)	(1,034)	(1,739,895)	(28,291)	(109,774)	-	(2,140,716)
	<u>\$ 838,844</u>	<u>\$ 42,868</u>	<u>\$ 558,260</u>	<u>\$ 2,407</u>	<u>\$ 554,719</u>	<u>\$ 657</u>	<u>\$ 40,076</u>	<u>\$ 393,029</u>	<u>\$ 2,430,860</u>
Opening net book amount as at January 1	\$ 838,844	\$ 42,868	\$ 558,260	\$ 2,407	\$ 554,719	\$ 657	\$ 40,076	\$ 393,029	\$ 2,430,860
Additions	-	-	81,850	-	66,097	89	17,441	51,654	217,131
Disposals	-	-	-	-	(10,627)	-	(348)	-	(10,975)
Transferred from prepayments for business facilities	-	-	-	-	285,972	-	9,615	-	295,587
Transferred from inventories	-	-	-	-	28,614	-	-	-	28,614
Reclassifications	-	-	380,874	-	-	-	-	(380,874)	-
Depreciation charge	-	-	(32,370)	(204)	(148,391)	(379)	(13,450)	-	(194,794)
Closing net book amount as at December 31	<u>\$ 838,844</u>	<u>\$ 42,868</u>	<u>\$ 988,614</u>	<u>\$ 2,203</u>	<u>\$ 776,384</u>	<u>\$ 367</u>	<u>\$ 53,334</u>	<u>\$ 63,809</u>	<u>\$ 2,766,423</u>
At December 31									
Cost	\$ 838,844	\$ 42,868	\$ 1,282,506	\$ 3,441	\$ 2,627,415	\$ 28,981	\$ 166,258	\$ 63,809	\$ 5,054,122
Accumulated depreciation and impairment	-	-	(293,892)	(1,238)	(1,851,031)	(28,614)	(112,924)	-	(2,287,699)
	<u>\$ 838,844</u>	<u>\$ 42,868</u>	<u>\$ 988,614</u>	<u>\$ 2,203</u>	<u>\$ 776,384</u>	<u>\$ 367</u>	<u>\$ 53,334</u>	<u>\$ 63,809</u>	<u>\$ 2,766,423</u>

As the amount of the Company's interest capitalised is immaterial, thus no interest was capitalised.

(9) Leasing arrangements — lessee

A. The Company leases various assets including land, buildings, transportation equipment and other equipment. Rental contracts are typically made for periods of 2 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise certain dorms, warehouse and equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	\$ 26,169	\$ 21,654
Buildings	23,740	13,860
Transportation equipment	4,304	9,757
Other equipment	1,620	1,194
	<u>\$ 55,833</u>	<u>\$ 46,465</u>

	Year ended December 31	
	2022	2021
	Depreciation charge	Depreciation charge
Land	\$ 6,720	\$ 5,015
Buildings	6,954	4,679
Transportation equipment	6,250	5,953
Other equipment	1,434	1,435
	<u>\$ 21,358</u>	<u>\$ 17,082</u>

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$30,726 and \$9,099, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 402	\$ 344
Expense on short-term lease contracts	12,635	8,488

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$30,864 and \$23,748, respectively.

(10) Leasing arrangements – lessor

A. For the years ended December 31, 2022 and 2021, the Company recognised rent income in the amounts of \$1,489 and \$1,489, respectively, based on the operating lease agreement, which does not include variable lease payments.

B. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022	December 31, 2021
Y+1	\$ 1,283	\$ 428
Y+2	1,283	-
Y+3	1,283	-
Y+4	1,283	-
Y+5	428	-
	<u>\$ 5,560</u>	<u>\$ 428</u>

(11) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 250,000</u>	1.6%~1.82%	

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 457,500	0.65%	Note
Unsecured borrowings	<u>130,000</u>	0.70%~0.85%	
	<u>\$ 587,500</u>		

Note: Details of the Company's time deposit pledged to others as collateral are provided in Note 8.

Interest expense recognised in profit or loss amounted to \$2,527 and \$710 for the years ended December 31, 2022 and 2021, respectively.

(12) Other payables

	December 31, 2022	December 31, 2021
Employees' compensation payable	\$ 287,172	\$ 116,185
Wages and salaries payable	245,193	201,687
Directors' remuneration payable	71,793	32,222
Payable on machinery and equipment	33,733	23,789
Others	<u>175,392</u>	<u>108,792</u>
	<u>\$ 813,283</u>	<u>\$ 482,675</u>

(13) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	\$ 1,251,400	\$ 1,963,700
Less: Discount on bonds payable	(45,781)	(96,594)
	1,205,619	1,867,106
Loss: Bonds payable, current portion	(1,205,619)	-
	\$ -	\$ 1,867,106

A. The issuance of domestic convertible bonds by the Company

(a) The terms of the third domestic unsecured convertible bonds issued by the Company are as follows:

- i. On October 30, 2020, the Company issued unsecured convertible bonds of 20,000 units with a coupon rate of 0%, pricing at New Taiwan dollars. The principal amount amounted to \$2,000,000.
- ii. The bondholders have a right to convert bonds to ordinary shares at the price of \$350 per share. If there is an ex-right or ex-dividend after the conversion price was set up, the conversion price shall be adjusted based on the conversion price adjustment formula. As of December 31, 2022, the conversion price was adjusted to \$306.7 dollars. The conversion period was from January 31, 2021 to October 30, 2025. If the bondholders do not exercise their conversion right, the Company will pay the bonds at the face value in full amount in cash on October 30, 2015. If the agreements are met, the Company shall redeem the convertible bonds from bondholders at the agreed price.
- iii. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time if the closing price of the Company's common shares in Taiwan Stock Exchange is above the then conversion price by 30% (including 30%) for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date. When above criteria met, the Company may send a 'Notice of Withdrawal' in 30 days, based on the bondholders' list on the fifth business day before the mail date to the creditor. The Company will withdraw all the bonds at face value in cash when the 30 days period expired; the Company will send a 'Notice of Withdrawal' which is expired in 30 days, based on the bondholders' list on the fifth business day before the mail date to the creditor if the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date. The Company will withdraw all the bonds at face value in cash when the period expired.
- iv. The bonds set the date after three years from the issue date as the put effective date for the bondholders to early put the bonds back to the Company. The bondholders could inform

the Company's agency in document form to demand the Company redeem the bonds in cash of the bonds' face value in 40 days before the effective date.

(b) Domestic convertible bonds conversion status of the Company:

For the years ended December 31, 2022 and 2021, the Company's third domestic unsecured convertible bonds with a face value amounting to \$269,300 and \$0, respectively, have been converted into ordinary shares amounting to 878 thousand shares and 0 thousand shares, respectively. The registration for the change had been completed. As at December 31, 2022 and 2021, the book value of convertible bonds converted by the bondholder amounted to \$443,000 and \$36,300, respectively, exercised conversion options and obtained certificate of entitlement to new shares from convertible bonds amounting to 1,444 thousand units and 106 thousand units (each unit can be exchanged for one outstanding share of the Company). As of December 31, 2022, the bonds totaling \$748,600 (face value) had been converted into 2,428 thousand shares of common stock, including those who have obtained certificate of entitlement to new shares from convertible bonds.

(c) As of December 31, 2022, the face value of the Group's convertible bonds purchased from Taipei Exchange was \$0.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$128,239 were separated from the liability component and were recognized in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.3258%.

(14) Pensions

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly a certain percentage (2% for the Company) of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the

aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 75,150	\$ 82,915
Fair value of plan assets	(56,757)	(56,510)
Net defined benefit liability	<u>\$ 18,393</u>	<u>\$ 26,405</u>

(c) Movements in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 82,915	(\$ 56,510)	\$ 26,405
Current service cost	616	-	616
Interest (expense) income	414	(285)	129
	<u>83,945</u>	<u>(56,795)</u>	<u>27,150</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(4,453)	(4,453)
Change in population statistics	140	-	140
Change in financial assumptions (	5,694)	-	(5,694)
Experience adjustments	2,454	-	2,454
	<u>(3,100)</u>	<u>(4,453)</u>	<u>(7,553)</u>
Pension fund contribution	-	(1,204)	(1,204)
Paid pension	<u>(5,695)</u>	<u>5,695</u>	<u>-</u>
At December 31	<u>\$ 75,150</u>	<u>\$ 56,757</u>	<u>\$ 18,393</u>

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 92,211	(\$ 54,084)	\$ 38,127
Current service cost	684	-	684
Interest (expense) income	490	(280)	210
	<u>93,385</u>	<u>(54,364)</u>	<u>39,021</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(657)	(657)
Change in financial assumptions	3,603	-	3,603
Experience adjustments	(3,393)	-	(3,393)
	<u>210</u>	<u>(657)</u>	<u>(447)</u>
Pension fund contribution		(3,360)	(3,360)
Paid pension	(10,680)	1,871	(8,809)
At December 31	<u>\$ 82,915</u>	<u>(\$ 56,510)</u>	<u>\$ 26,405</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Bank's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.), and the performance of fund utilization is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.5%	0.5%
Future salary increase	2.75%	2.5%
Mortality rate	Based on the 6th Taiwan Standard Ordinary Experience Morality Table	Based on the 6th Taiwan Standard Ordinary Experience Morality Table
Employee turnover rate	0%~7%	0%~9%

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 1,746)	\$ 1,810	\$ 1,755	(\$ 1,703)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 2,081)	\$ 2,160	\$ 2,082	(\$ 2,017)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$992.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 9.5 years.

B. Defined contribution plans

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were \$42,619 and \$37,522, respectively.

(15) Share-based payment

Restricted stocks

A. On June 12, 2019, the shareholders of the Company resolved to issue the employee restricted stocks in the amount of \$12,000, which are 1,200 thousand shares. The issuance had been approved by the FSC. The related information is as follows:

Type of arrangement	Grant date	Fair value (in dollars)	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees	2021.1.4	253	1,200 thousand shares	3 years	Vested when the employees' length of services and performance reach the condition

B. Limited rights on restricted stocks distributed or subscribed to employees before reaching the vesting conditions are as follows:

- (a) During vesting period, employees cannot sell, pledge, transfer, donate, set or dispose the restricted stocks in any other method.
- (b) The rights and obligations of attending, proposing, speaking, and voting at the shareholders' meeting are the same as those of the company's issued common shares and are executed in accordance with the trust custody agreement.
- (c) Limitation on distribution (subscription) of stocks and dividends to shareholders: The stocks and dividends distributed to employees during the vesting period and the rights on share subscription for capital increase are the same as the issued ordinary shares, and it is not required to be kept at the trust.
- (d) The book closure date of the issuance of bonus shares, and of cash dividends, the book closure date of a capital increase to the ex-right date, the stop transfer period for the shareholders as specified in the Company Act Article 165-3, or the legal stop transfer period to the ex-right date of the other occurred events. If there is a situation that the Company shall redeem and retire those stocks at no consideration during the period, the employees who have not met the vesting conditions will not be entitled to rights such as cash or stock dividends and share subscriptions.
- (e) Restricted stocks shall be retired in proportion when the Company decreased capital which is non-statutory capital reduction during the vesting period. For capital reduction, the returned cash shall be kept in the trust and pay to employees after the vesting conditions are met. The Company will redeem the cash if the vesting condition is not met.

C. The related information of employee restricted shares is as follows:

	Employee restricted shares (in thousands)	
	2022	2021
At January 1	1,134	-
Issued in the year	-	1,200
Retired in the year	(18)	(23)
Canceled in the year	(39)	(43)
Vested in the year	(198)	-
At December 31	879	1,134

D. For the year ended December 31, 2022 and 2021, the Company has canceled 57 thousand shares of restricted stock due to termination of employment without meeting the vesting conditions. Among them, 39 thousand shares have not yet completed the registration for the change of cancellation as of December 31, 2022.

E. For the years ended December 31, 2022 and 2021, expenses incurred on share-based payment arrangements are \$70,334 and \$128,039, respectively.

(16) Share capital

A. As of December 31, 2022, the Company's authorised capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock (including 8,000 thousand shares reserved for employee stock options issued by the Company), and the paid-in capital was \$1,353,459 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares are as follows: (Unit: thousand shares)

	2022	2021
At January 1	122,202	121,025
Conversion of convertible bonds	984	-
Stock dividend	12,221	-
Employee restricted shares retired	(61)	(23)
Employee restricted shares granted	-	1,200
At December 31	135,346	122,202

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless

the legal reserve is insufficient.

	2022					
	Share premium	Treasury share transactions	Stock options of convertible bonds	Employee restricted shares	Expired stock options	Total
At January 1	\$ 3,157,487	\$ 21,131	\$ 125,911	\$ 230,617	\$ 22	\$ 3,535,168
Conversion of convertible bonds	704,644	-	(45,673)	-	-	658,971
Share-based payments	48,114	-	-	(48,011)	-	103
At December 31	<u>\$ 3,910,245</u>	<u>\$ 21,131</u>	<u>\$ 80,238</u>	<u>\$ 182,606</u>	<u>\$ 22</u>	<u>\$ 4,194,242</u>

	2021					
	Share premium	Treasury share transactions	Stock options of convertible bonds	Employee restricted shares	Expired stock options	Total
At January 1	\$ 3,121,859	\$ 21,131	\$ 128,239	\$ -	\$ 22	\$ 3,271,251
Conversion of convertible bonds	35,628	-	(2,328)	-	-	33,300
Share-based payments	-	-	-	230,617	-	230,617
At December 31	<u>\$ 3,157,487</u>	<u>\$ 21,131</u>	<u>\$ 125,911</u>	<u>\$ 230,617</u>	<u>\$ 22</u>	<u>\$ 3,535,168</u>

(18) Retained earnings

- A. Under the earnings appropriation policy of the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, or special reserve shall be set aside in accordance with operation needs or related laws or along with the reversal of special reserve. The remaining amount along with the prior years' unappropriated earnings are resolved by the Board of Directors and proposed to the stockholders for appropriation or reserve. Details of the distribution policy on the company's employees' compensation and directors' remuneration under the Company's Articles of Incorporation are provided in Note 6(23).
- B. The Company is currently in the growth stage of its business life cycle. Considering the long-term operational planning, capital requirements, and the impact on shareholder interests, the cash dividend portion of the Company's dividend distribution shall not be less than 20% of the total dividend amount for that year. In accordance with the Company Act, the Company authorizes the board of directors to resolve with the attendance of more than two-thirds of the directors and the majority of the attending directors to distribute, entire or part of, dividends and bonuses, legal reserve and capital reserve as stipulated in Article 241, Paragraph 1 of the Company Act, in the form of cash, and then report it to the shareholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. On March 21, 2023, the Board of Directors resolved for the distribution of cash dividends from 2022 earnings in the amount of \$1,641,976 at NTD\$12 (in dollars) per share, which had not yet been distributed. The appropriation of earnings are as follows:

	Year ended December 31	
	2022	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 262,157	
Special reserve	198,154	
Cash dividends	1,641,976	\$ 12.0

- F. The appropriations of earnings of year 2021 and 2020 as resolved by the shareholders at their meetings on June 8, 2022 and August 27, 2021, respectively, are as follows:

	Year ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 132,726		\$ 86,755	
Special reserve	5,744		(18,046)	
Cash dividends	733,214	\$ 6.0	733,352	\$ 6.0
Stock dividend	122,202	1.0	-	-

(19) Other equity items

2022				
	Currency translation differences	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income	Unearned compensation	Total
At January 1	(\$ 79,950)	\$ 2,101	(\$ 114,348)	(\$ 192,197)
Currency translation differences				
-The Company	19,864	-	-	19,864
Revaluation – gross				
-The Company	-	(218,017)	-	(218,017)
Share-based payment	-	-	70,837	70,837
At December 31	(\$ 60,086)	(\$ 215,916)	(\$ 43,511)	(\$ 319,513)

2021				
	Currency translation differences	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income	Unearned compensation	Total
At January 1	(\$ 71,889)	(\$ 215)	\$ -	(\$ 72,104)
Currency translation differences				
-The Company	(8,061)	-	-	(8,061)
Revaluation – gross				
-The Company	-	2,316	-	2,316
Share-based payment	-	-	(114,348)	(114,348)
At December 31	(\$ 79,950)	\$ 2,101	(\$ 114,348)	(\$ 192,197)

(20) Operating revenue

Year ended December 31		
	2022	2021
Revenue from contracts with customers		
-Sales revenue	\$ 10,282,408	\$ 7,041,683

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product lines:

	2022		
	Semiconductor business group	Others	Total
Thermal solution products	\$ 5,707,675	\$ -	\$ 5,707,675
Lead frame	2,339,424	-	2,339,424
Electronic components	-	929,788	929,788
Connectors	-	295,170	295,170
Others	-	1,010,351	1,010,351
	<u>\$ 8,047,099</u>	<u>\$ 2,235,309</u>	<u>\$ 10,282,408</u>

	2021		
	Semiconductor business group	Others	Total
Thermal solution products	\$ 3,223,262	\$ -	\$ 3,223,262
Lead frame	2,220,981	-	2,220,981
Electronic components	-	836,052	836,052
Connectors	-	224,646	224,646
Others	-	536,742	536,742
	<u>\$ 5,444,243</u>	<u>\$ 1,597,440</u>	<u>\$ 7,041,683</u>

B. Contract liabilities

(a) The Company has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Advance sales receipts	<u>\$ 21,314</u>	<u>\$ 25,879</u>	<u>\$ 49,103</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2022	2021
Advance sales receipts	<u>\$ 13,188</u>	<u>\$ 47,542</u>

(21) Other income

	Year ended December 31	
	2022	2021
Rent income	\$ 1,489	\$ 1,489
Others	51,979	25,064
	<u>\$ 53,468</u>	<u>\$ 26,553</u>

(22) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposals of property, plant and equipment	\$ 1,701	\$ 14,827
Foreign exchange gains (losses)	306,355	(118,088)
Gains on financial assets (liabilities) at fair value through profit or loss	3,959	19,078
Others	(3,072)	(147)
	<u>\$ 308,943</u>	<u>(\$ 84,330)</u>

(23) Expenses by nature and employee benefit expense

	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 1,126,643	\$ 556,875	\$ 1,683,518
Labour and health insurance fees	76,951	38,422	115,373
Pension costs			
Defined contribution plans	27,843	14,776	42,619
Defined benefit plans	380	365	745
Directors' remuneration	-	71,793	71,793
Other employee benefits	8,498	2,332	10,830
	<u>\$ 1,240,315</u>	<u>\$ 684,563</u>	<u>\$ 1,924,878</u>
Depreciation charge	<u>\$ 221,313</u>	<u>\$ 45,615</u>	<u>\$ 266,928</u>
Amortisation charge	<u>\$ 35</u>	<u>\$ 11,211</u>	<u>\$ 11,246</u>

	Year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 898,633	\$ 454,033	\$ 1,352,666
Labour and health insurance fees	67,977	31,540	99,517
Pension costs			
Defined contribution plans	24,384	13,138	37,522
Defined benefit plans	450	444	894
Directors' remuneration	-	32,222	32,222
Other employee benefits	6,049	1,651	7,700
	<u>\$ 997,493</u>	<u>\$ 533,028</u>	<u>\$ 1,530,521</u>
Depreciation charge	<u>\$ 171,994</u>	<u>\$ 39,882</u>	<u>\$ 211,876</u>
Amortisation charge	<u>\$ 174</u>	<u>\$ 8,640</u>	<u>\$ 8,814</u>

- A. According to the Company's Articles of Incorporation, the pre-tax profit before deduction of employees' compensation and directors' remuneration shall be appropriated 5%~20% for employees' compensation, and shall not be higher than 2% for directors' remuneration.
- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$287,172 and \$116,185, respectively; while directors' remuneration was accrued at \$71,793 and \$32,222, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2022 and 2021, the employees' compensation and directors' remuneration were estimated and accrued based on the following ratios:

	Year ended December 31	
	2022	2021
Employees' compensation	8%	7.2%
Directors' remuneration	2%	2%

Employees' compensation and directors' and supervisors' remuneration for 2021 amounting to \$116,185 and \$32,222, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 parent company only financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 611,546	\$ 253,783
Prior year income tax overestimation	(16,139)	(14,186)
Deferred tax:		
Origination and reversal of temporary differences	20,999	26,981
Income tax expense	<u>\$ 616,406</u>	<u>\$ 266,578</u>

(b) Income tax related to other comprehensive income:

	Year ended December 31	
	2022	2021
Gains (losses) on remeasurements of defined obligation	(\$ 1,509)	(\$ 89)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 646,137	\$ 292,546
Effects of other adjustments provided by regulations	358 (	122)
Investment tax credits used for the year	(13,950) (	11,670)
Prior year income tax overestimation	(16,139) (	14,176)
Income tax expense	<u>\$ 616,406</u>	<u>\$ 266,578</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
-Deferred tax assets:				
Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	\$ 21,335	\$ 8,400	\$ -	\$ 29,735
Defined benefit pension plans	10,490	- (	1,509)	8,981
Deferred credits	1,988	1,046	-	3,034
Valuation losses on foreign currency assets and liabilities	1,723	564	-	2,287
Others	322	24		346
	<u>\$ 35,858</u>	<u>\$ 10,034</u>	<u>(\$ 1,509)</u>	<u>\$ 44,383</u>
-Deferred tax liabilities:				
Unappropriated retained earnings of subsidiaries	\$ 86,682	\$ 31,597	\$ -	\$ 118,279
Defined benefit pension plans	5,265	92	-	5,357
Others	656 (	656)	-	-
	<u>\$ 92,603</u>	<u>\$ 31,033</u>	<u>\$ -</u>	<u>\$ 123,636</u>

2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
-Deferred tax assets:				
Allowance for inventory valuation losses and loss for obsolete and slow- moving inventories	\$ 15,909	\$ 5,426	\$ -	\$ 21,335
Defined benefit pension plans	10,579	- (	89)	10,490
Deferred credits	1,138	850	-	1,988
Valuation losses on foreign currency assets and liabilities	2,397 (	674)	-	1,723
Others	32	290	-	322
	<u>\$ 30,055</u>	<u>\$ 5,892</u>	<u>(\$ 89)</u>	<u>\$ 35,858</u>
-Deferred tax liabilities:				
Unappropriated retained earnings of subsidiaries	\$ 56,720	\$ 29,962	\$ -	\$ 86,682
Defined benefit pension plans	3,010	2,255	-	5,265
Others	-	656	-	656
	<u>\$ 59,730</u>	<u>\$ 32,873</u>	<u>\$ -</u>	<u>\$ 92,603</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	\$ 700	\$ 700

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Earnings per share

Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 2,614,281</u>	<u>133,820</u>	<u>\$ 19.54</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	23,148	6,049	
Employees' compensation	-	834	
Employee restricted shares	<u>-</u>	<u>765</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,637,429</u>	<u>\$ 141,468</u>	<u>\$ 18.64</u>
Year ended December 31, 2021			
	Amount after tax	Retrospective adjusted weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,196,152</u>	<u>133,123</u>	<u>\$ 8.99</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	6,766	6,414	
Employees' compensation	-	429	
Employee restricted shares	<u>-</u>	<u>691</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,202,918</u>	<u>\$ 140,657</u>	<u>\$ 8.55</u>

(26) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	\$ 159,328	\$ 217,131
Add: Opening balance of payable on equipment	23,789	24,092
Less: Ending balance of payable on equipment	(33,733)	(23,789)
Add: Unrealised exchange gain (loss)	(180)	52
Cash paid during the year	<u>\$ 149,204</u>	<u>\$ 217,486</u>

(27) Changes in liabilities from financing activities

	2022				
	Short-term borrowings	Bonds payable	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 587,500	\$ 1,867,106	\$ 3,495	\$ 34,688	\$ 2,492,789
Changes in cash flow from financing activities	(337,500)	-	(419)	(17,827)	(355,746)
Changes in other non-cash items	-	(661,487)	-	25,726	(635,761)
At December 31	<u>\$ 250,000</u>	<u>\$ 1,205,619</u>	<u>\$ 3,076</u>	<u>\$ 42,587</u>	<u>\$ 1,501,282</u>

	2021				
	Short-term borrowings	Bonds payable	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	\$ -	\$ 1,876,738	\$ 1,900	\$ 40,505	\$ 1,919,143
Changes in cash flow from financing activities	587,500	-	1,595	(14,916)	574,179
Changes in other non-cash items	-	(9,632)	-	9,099	(533)
At December 31	<u>\$ 587,500</u>	<u>\$ 1,867,106</u>	<u>\$ 3,495</u>	<u>\$ 34,688</u>	<u>\$ 2,492,789</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Wuxi Jentech Precision Industrial CO.,LTD (Wuxi Jentech)	The Company's second-tier subsidiary
KB PRECISION TOOLING CO., LTD. (KB)	Substantial related parties (the Company's key management is the company's director)
Kenly Precision Industrial Co., LTD. (Kenly)	The Company's subsidiary
Mettip Taiwan co., Ltd. (Mettip)	Associates

(2) Significant related party transactions

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Sales revenue		
The Company's second-tier subsidiary	\$ 87,782	\$ 59,138
The Company's subsidiary	8,009	19,706
	<u>\$ 95,791</u>	<u>\$ 78,844</u>

Transaction prices and the collection terms to related parties were available to non-related parties.

B. Purchases and manufacturing overhead

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Purchases:		
Wuxi Jentech	\$ 1,166,116	\$ 998,695
The Company's subsidiary	117,996	89,497
Processing fees:		
Substantive related parties	58,363	55,217
The Company's second-tier subsidiary	74,096	59,946
The Company's subsidiary	75,797	44,986
Other expenses:		
The Company's subsidiary	7,418	2,562
The Company's second-tier subsidiary	1,111	676
Associates	383	256
	<u>\$ 1,501,280</u>	<u>\$ 1,251,835</u>

Raw material processing fees with related parties shall be presented at net value; however, receipt and payment shall be presented at the gross amount.

Transaction prices and the payment terms to related parties were available to non-related parties.

C. Operating expenses

	Year ended December 31	
	2022	2021
Selling expenses:		
The Company's second-tier subsidiary	\$ 105	\$ 218

D. Non-operating income

	Year ended December 31	
	2022	2021
Other income:		
Wuxi Jentech	\$ 28,000	\$ 17,135
Kenly	6,686	5,714
Associates	-	4
	\$ 34,686	\$ 22,853

Management service revenue between the Company and related parties pertains to the negotiated rewards made based on the agreed price, and is collected based on the contract collection method; for other transactions between the Company and related parties, the prices and payment terms are equivalent to those with non-related parties.

E. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable:		
Wuxi Jentech	\$ 43,278	\$ 24,546
The Company's subsidiary	2,684	6,717
Other receivables:		
The Company's second-tier subsidiary	135	637
The Company's subsidiary	1,172	2,891
Associates	-	4
	\$ 47,269	\$ 34,795

The collection terms to related parties were available to non-related parties. The outstanding receivables from related parties are unsecured. The expected credit losses on receivables from related parties are estimated using the lifetime expected losses.

F. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Wuxi Jentech	\$ 156,595	\$ 163,330
Substantive related parties	21,264	22,523
The Company's subsidiary	52,476	41,561
Associates	-	240
Other payable		
Associates	9,081	-
	<u>\$ 239,416</u>	<u>\$ 227,654</u>

The payment terms to related parties were available to non-related parties. There is no assets pledged to others as Collateral related to outstanding balance of payables.

G. Prepayments for business facilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates	\$ 55,200	\$ 23,231

H. Property transactions

Acquisition of property, plant and equipment

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 24,040	\$ -
The Company's subsidiary	3,419	-
	<u>\$ 27,459</u>	<u>\$ -</u>

Disposal of property, plant and equipment

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
The Company's second-tier subsidiary	\$ -	\$ 11,693
The Company's subsidiary	-	3,646
	<u>\$ -</u>	<u>\$ 15,339</u>

I. Lease terms—operating leases

The Company leased land and plants to a substantive related party, KB PRECISION TOOLING CO., LTD. under operating lease. The lease terms were 5 years. As of December 31, 2022 and 2021, the future aggregate lease payments to be received were \$5,560 and \$428, respectively. Lease revenue recognised for the years ended December 31, 2022 and 2021 amounted to \$1,283 and \$1,283, respectively. For lease contracts with related parties, the rent was determined based on agreed prices and was collected based on agreed term; the prices and payment terms of other

transactions with related parties are substantially the same as non-related parties.

J. Lessee terms

	Year ended December 31	
	2022	2021
The Company's subsidiary	\$ 484	\$ 444

The rentals of lease agreements with related parties were determined by reference to the market prices and were paid based on the general condition.

(3) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	\$ 117,360	\$ 66,900
Post-employment benefits	1,390	1,210
Share-based payments	18,137	15,729
	\$ 136,887	\$ 83,839

Directors' and other key management's remuneration was determined by the Remuneration Committee based on personal performance and market tendency.

8. Pledged Assets

Pledged asset	Purpose	Book value	
		December 31, 2022	December 31, 2021
Time deposit	Note	\$ 156,621	\$ 622,800

Note : Accounted as collateral for credit line of short-term bank borrowings and performance guarantees

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

Except for the descriptions in other Notes, the Company's significant commitments as of the Balance sheet date are as follows:

- (1) As of December 31, 2022 and 2021, the Company's issued but unused letters of credit for the purchase of materials and machinery and equipment were \$131,863 and \$120,445, respectively.
- (2) The Company signed the contract of land auction case of 'C base in priority industrial zone in Taoyuan Aerotropolis' with the Taoyuan City Government. In the future, the Company will make relevant payments in accordance with the various stages stipulated in the contract, and the payable on total land purchase price amounted to \$2,615,027. As of December 31, 2022, the amount paid by the Company was \$261,502. The land ownership will be acquired when the Company meets the conditions stipulated in the aforementioned contract.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The appropriation of earnings for the year of 2022 is provided in Note 6(18).

12. Others

(1) Capital management

The Company plans the needs for future capital, research and development expenses and dividend distribution based on the Company's current operating characteristics and future development, taking into account changes in the external environment so as to safeguard the Company's ability to continue as a going concern, optimise the balance of liabilities and equity in order to maintain an optimal capital structure and enhance shareholders' value in the long-term.

The key management personnel of the Company review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust capital structure by paying dividends to shareholders, issuing new shares, buying shares back and issuing new bonds or repaying old bonds.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 94,395	\$ 96,909
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	282,040	-
Financial assets at amortised cost		
Cash and cash equivalents	2,592,207	2,043,246
Financial assets at amortised cost	156,621	622,800
Notes receivable	3,486	14,333
Accounts receivable (including related parties)	2,264,843	1,839,178
Other receivables	44,206	49,750
Guarantee deposits paid	27,200	10,509
	<u>\$ 5,464,998</u>	<u>\$ 4,676,725</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 250,000	\$ 587,500
Notes payable	100	-
Accounts payable (including related parties)	1,053,321	902,494
Other payables	813,283	482,675
Bonds payable (including current portion)	1,205,619	1,867,106
Guarantee deposits received	3,076	3,495
	<u>\$ 3,325,399</u>	<u>\$ 3,843,270</u>
Lease liability	<u>\$ 42,587</u>	<u>\$ 34,688</u>

B. Financial risk management policies

The Company's financial instruments mainly include cash and cash equivalents, equity investments, accounts receivable, accounts payable and borrowings. The Company's financial management function provides services for each department branch, coordinates operations in domestic and international financial markets, and monitors and manages financial risks related to the Company's operations by analysing the internal risk report of exposure based to the degree and breadth of the risk. The risk includes market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Main financial risks assumed in the Company's operating activities are foreign currency fluctuation risk and interest rate risk. There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

Foreign exchange risk

- i. The sales and purchase transactions denominated in foreign currencies, which expose the Company to the exchange rate risk. Approximately 82.48% of the Company's sales are not denominated in the functional currency of the company entities which transaction occurs, and approximately 51.98% of the cost is not denominated in the functional currency of the company entities which transaction occurs. The management of the Company's exchange rate risk is within the scope of the policy, using cross currency swap contracts to manage the risk.
- ii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 127,348	30.7100	\$ 3,910,857
JPY:NTD	1,129,107	0.2324	262,404
<u>Non-monetary items</u>			
Financial assets at fair value through profit or loss			
USD:NTD	\$ 1,170	30.7100	\$ 35,945
Investments accounted for using equity method			
RMB:NTD	\$ 277,097	4.4080	\$ 1,221,443
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 12,384	30.7100	\$ 380,313
JPY:NTD	494,906	0.2324	115,016

December 31, 2021			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 127,426	27.6800	\$ 3,527,152
JPY:NTD	1,271,459	0.2405	305,786
<u>Non-monetary items</u>			
Financial assets at fair value through profit or loss			
USD:NTD	\$ 579	27.6800	\$ 16,040
Investments accounted for using equity method			
RMB:NTD	\$ 241,805	4.3440	\$ 1,050,400
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 14,575	27.6800	\$ 403,436
JPY:NTD	392,601	0.2405	94,421

- iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$306,355 and (\$118,088), respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	39,109	\$ -
JPY:NTD	1%		2,624	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	3,803	\$ -
JPY:NTD	1%		1,150	-

Year ended December 31, 2021				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	35,432	\$ -
JPY:NTD	1%		3,058	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	4,034	\$ -
JPY:NTD	1%		944	-

Price risk

- i. The Company was exposed to equity price risk arose from holding gold passbook, domestic listed stocks and domestic listed private placement shares. The Company did not actively trade these investments but assigned relevant personnel to monitor the price risk and assessed when it was necessary to increase the hedging position of the hedged risk.
- ii. The Company's investments in gold passbook. The prices of these investments would change due to the change of the future value. If the prices of these investments had increased/decreased by 1% with all other variables held constant, pre-tax profit for the

years ended December 31, 2022 and 2021 would have increased/decreased by \$359 and \$160, respectively, as a result of gains/losses on financial assets classified as at fair value through profit or loss.

The Company's investments in equity securities comprise equity instruments issued by the domestic listed companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, profit before income tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$538 and \$738, respectively, as a result of gains/losses on financial assets classified as at fair value through profit or loss.

The Company's other investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,820 and \$0, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. Interest rate exposure arises from the entities within the Company borrowing capital at both fixed and floating rates and holding financial assets with fixed and floating rates.
- ii. The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
— Financial assets	\$ 1,782,674	\$ 1,730,016
— Financial liabilities	1,498,206	2,489,294
Cash flow interest rate risk		
— Financial assets	965,825	935,716

- iii. Sensitivity analysis is determined based on the interest rate exposure of financial instruments at the end of the reporting period.
- iv. For floating-rate assets and liabilities, its analysis method is assumed that the amount of assets and liabilities outstanding at the end of the balance sheet date is outstanding during the reporting period. The fluctuation rate used to report interest rates to management within the Company is an increased/decreased by 100 basis points of interest rates, which also represents management's assessment on the range of reasonably possible changes in interest rates.
- v. If the interest rate had increased/decreased by 100 basis points of interest rates with all other variables held constant, pre-tax profit for the years ended December 31, 2022 and

2021 would have increased/decreased by \$9,658 and \$9,357, respectively. Mainly arises from the Company's net positions of variable rate deposits and variable rate loans.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. Until the end of the reporting period, the maximum exposure to credit risk that refers to the unsatisfied performance obligation of the counterparties is the carrying amount of financial assets recognised in the consolidated balance sheet.
- ii. To mitigate credit risk, the Company's management assigned a designated team to be responsible for the determination of the facility, credit approval and other monitor procedures to ensure that appropriate actions had been taken for the recovery of overdue receivables. Also, the Company reviewed the recoverable amount of receivables individually as the balance sheet date to ensure that the impairment loss of unrecoverable receivables had been appropriately recognised. Thus, the Company's management identified the Company's credit risk has been significant reduced. Accounts receivable is derived from various customers with diverse industries and geographical regions. The Company continually assesses the customers' financial condition.
- iii. As the Company engaged in liquidity and derivative financial instruments transactions that the counter parties are financial institutions and companies rated with good credit rating, the credit risk is limited.
- iv. In line with credit risk management procedure, when the following situations occurred, the default has occurred.
 - (i) There is internal or external information showing that it is impossible for the debtor to repay the debt.
 - (ii) Past due over 180 days, unless there is reasonable and verifiable information showing that the delayed basis of default is more appropriate.
- v. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to

cause a default.

- vii. Under IFRS 9, the Company applies the simplified approach to provide loss allowance for notes and accounts receivable. The Company uses provision matrix to estimate lifetime expected credit loss which takes into consideration the customers' historical default records, actual financial conditions and economic tendency. In accordance with the Company's historical experiences in relation to credit loss, no obvious difference on the loss types was identified among different customer groups, therefore, provision matrix has not been further classified based on customer groups. The Company estimates expected credit loss based on the past due date of notes and accounts receivable.
- viii. The Company used the forecastability of industrial research report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	Up to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
<u>December 31, 2022</u>						
Expected loss rate	0.01%	0.12%	7.07%	17.25%	100.00%	
Total book value	\$ 2,098,089	\$ 146,937	\$ 18,448	\$ 7,909	\$ 4,529	\$ 2,275,912
Loss allowance	(212)	(173)	(1,305)	(1,364)	(4,529)	(7,583)

	Not past due	Up to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
<u>December 31, 2021</u>						
Expected loss rate	0.01%	0.37%	9.55%	61.82%	100.00%	
Total book value	\$ 1,762,547	\$ 82,012	\$ 9,619	\$ 1,925	\$ 2,971	\$ 1,859,074
Loss allowance	(178)	(305)	(919)	(1,190)	(2,971)	(5,563)

- ix. Movements in relation to the Company applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	2022	2021
At January 1	\$ 5,563	\$ 6,432
(Reversal of) impairment loss	2,020	(869)
At December 31	\$ 7,583	\$ 5,563

- x. The Company's financial assets at amortised cost are time deposits with maturity of more than three months and restricted bank deposits. The credit risk is limited; therefore, the loss allowance during the period is measured as the expected credit loss for the 12 months and no significant loss allowance is recognised.
- xi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure the rights. On December 31, 2022 and 2021, the Company had no written-off financial assets that are still under recourse procedures.

(c) Liquidity risk

- i. The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The Company's management monitors the use of its credit facility to ensure that it complies with the loan agreement.
- ii. The Company relies on bank borrowing as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had undrawn bank borrowing facilities were as follows.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured credit facility for bank borrowings (monitor every year)		
— Drawn amount	\$ 412,786	\$ 269,445
— Undrawn amount	<u>1,667,577</u>	<u>1,664,955</u>
	<u>\$ 2,080,363</u>	<u>\$ 1,934,400</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured credit facility for bank borrowings (monitor every year)		
— Drawn amount	\$ -	\$ 457,500
— Undrawn amount	<u>1,100,000</u>	<u>642,500</u>
	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>

- iii. The following table details the Company's remaining contractual maturities for its nonderivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

For interest cash flows paid at a floating rate, its undiscounted interest was calculated based on the yield rate curve at balance sheet date. The undiscounted interest would change as floating rate was different from the estimated interest rate at balance sheet date.

December 31, 2022					
	On demand or less than 1 month	1 to 3 month(s)	3 months to 1 year	1 to 5 year(s)	Over 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liability	\$ 752,044	\$ 394,193	\$ 116,309	\$ -	\$ -
Lease liability	1,540	2,951	12,135	23,901	3,254
Fixed interest rate instruments	-	250,161	1,251,400	-	-
	<u>\$ 753,584</u>	<u>\$ 647,305</u>	<u>\$ 1,379,844</u>	<u>\$ 23,901</u>	<u>\$ 3,254</u>

December 31, 2021					
	On demand or less than 1 month	1 to 3 month(s)	3 months to 1 year	1 to 5 year(s)	Over 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liability	\$ 583,580	\$ 379,174	\$ 72,320	\$ -	\$ -
Lease liability	1,282	2,552	9,711	17,234	4,877
Fixed interest rate instruments	130,057	357,615	100,009	1,963,700	-
	<u>\$ 714,919</u>	<u>\$ 739,341</u>	<u>\$ 182,040</u>	<u>\$ 1,980,934</u>	<u>\$ 4,877</u>

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, long-term and short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits received are approximate to their fair values.

	December 31, 2022			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Financial liabilities at amortised cost - convertible bonds	\$ 1,205,619	\$ 1,588,027	\$ -	\$ -

	December 31, 2021			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Financial liabilities at amortised cost - convertible bonds	\$ 1,867,106	\$ 2,480,153	\$ -	\$ -

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

		December 31, 2022			
		Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Domestic listed stocks	\$	53,820	\$ -	\$ -	\$ 53,820
Gold passbook		35,945	-	-	35,945
Convertible bonds-call/put options		-	4,630	-	4,630
Financial assets at fair value through other comprehensive income					
Domestic listed private placement shares		-	282,040	-	282,040
	\$	<u>89,765</u>	<u>\$ 286,670</u>	<u>\$ -</u>	<u>\$ 376,435</u>

		December 31, 2021			
		Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through profit or loss					
Domestic listed stocks	\$	73,800	\$ -	\$ -	\$ 73,800
Gold passbook		16,040	-	-	16,040
Convertible bonds-call/put options		-	7,069	-	7,069
	\$	<u>89,840</u>	<u>\$ 7,069</u>	<u>\$ -</u>	<u>\$ 96,909</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The gold passbook and domestic listed stocks held by the Company used market quoted prices as their fair values (that is, Level 1).
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. The fair value of the Company's listed domestic private stocks is estimated by applying a market approach.
- iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer table 4.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5,6 and 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. Segment Information

None.

Jentech Precision Industrial CO.,LTD

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 1

Number (Note 4)	Endorser/guarantor	Party being endorsed/ guaranteed			Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 3)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 3)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements /guarantees provided (Note 2)	Provision of endorsements/g uarantees by parent company to subsidiary	Provision of endorsements/g uarantees by subsidiary to parent company	Provision of endorsements/g uarantees to the party in Mainland China	Footnote
		Relationship with the endorser/guarantor (Note 5)	Limit on endorsements/guarantees provided for a single party (Note 1)											
1	Kenly Precision Industrial Co., LTD.	Nantong Jinzan Precision Electronics Co., Ltd.	(2)	\$ 127,289	\$ 106,523	\$ 95,969	\$ 68,330	-	15.08%	\$ 254,578	Y	N	Y	

Note 1: Limit on endorsements/guarantees provided for a single party is 20% of the net assets based on Kenly’ s latest financial statements.

Note 2: Ceiling on total amount of endorsements/guarantees provided is 40% of the net assets based on Kenly’ s latest financial statements.

Note 3: Limit on endorsements and guarantees was resolved by the Board of Directors.

Note 4: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 5: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business transactions.
- (2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Table 2

Jentech Precision Industrial CO.,LTD

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	Number of shares (thousand shares)	Book value	Ownership (%)	Fair value	Footnote
Jentech Precision Industrial CO.,LTD.	Stocks: Taiwan Semiconductor Manufacturing Co., Ltd.	None	Current financial assets at fair value through profit or loss	120	\$ 53,820	0.00	\$ 45,298	Note 1, 2
	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	〃	Non-current financial assets at fair value through other comprehensive income	10,000	282,040	1.67	282,040	Note 1, 4
	UNION TAYUAN WATER ENGINEERING CO., LTD.	〃	Non-current financial assets at fair value through profit or loss	110	-	1.58	-	Note 1, 2
Kenly Precision Industrial Co., LTD.	KENT INDUSTRIAL CO., LTD.	Substantial related parties	Non-current financial assets at fair value through other comprehensive income	272	7,604	0.28	7,604	Note 1, 2
	SUPER BRAVO BIO CO., LTD.	None	Non-current financial assets at fair value through other comprehensive income	78	886	0.41	886	Note 1, 2

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments.

Note 2: There are no pledged to others as collateral, pledged for loans or other restrictions.

Note 3: Relevant information of investments in subsidiaries is provided in Table 8 and 9.

Note 4: The private placement from investing in SOLAR APPLIED MATERIALS TECHNOLOGY CORP. was obtained in accordance with the sale and purchase agreement and the trust contract, and subjected to the Company Act, Securities and Exchange Act, the sale and purchase agreement and trust contract.

Table 3

Jentech Precision Industrial CO.,LTD														
Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital														
For the year ended December 31, 2022														
Expressed in thousands of NTD (Except as otherwise indicated)														
Investor	Type and name of securities (Note1)	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
					Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Selling price	Book value	Gain (loss) on disposal	Number of shares (thousand shares)	Amount
Jentech Precision Industrial CO.,LTD.	Stock: SOLAR APPLIED MATERIALS TECHNOLOGY CORP	Note2	Not applicable	Not applicable	-	\$ -	10,000	\$ 500,000	-	\$ -	\$ -	\$ -	10,000	\$ 282,040

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Shown as “Non-current financial assets at fair value through other comprehensive income”.

Jentech Precision Industrial CO.,LTD
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Acquiring company	Name of property	Date of acquisition	Trade amount	Status of payment of proceeds	Name of the counter-party	Relationship	The last transfer data od counter-party				Basis for price determination	Reason for acquisition	Other terms
							Owner	Relationship	Transfer Day	Amount			
Jentech Precision Industrial CO.,LTD.	In priority industrial zone in Taoyuan Aerotropolis	July 28, 2022	\$ 2,615,027	First installment of \$261,502 thousands was paid	Taoyuan City Government	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Based on reserve price and reference to the market price of the neighboring land market(Note)	Based on the comprehensive planning of the company	Not applicable

Note:The public tendering of Taoyuan City Government

Table 5

Jentech Precision Industrial CO.,LTD											
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more											
For the year ended December 31, 2022											
Expressed in thousands of NTD (Except as otherwise indicated)											
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Jentech Precision Industrial CO.,LTD.	Wuxi Jentech	Second-tier subsidiary	Purchases	\$ 1,166,116	20%	85 days after monthly billings	\$ -	-	(\$ 156,595)	15%	Note 1
Wuxi Jentech	Jentech Precision Industrial CO.,LTD.	Parent company	Sales	(1,166,116)	68%	85 days after monthly billings	-	-	156,595	57%	Note 1
Jiaxing Kenly	Hangzhou Keming	Subsidiary of investor of subsidiary with significant influence	Sales	(741,957)	76%	60 days after monthly billings	-	-	203,546	84%	
Kenly Precision Industrial Co., LTD.	Jentech Precision Industrial CO.,LTD.	Parent company	Sales	(192,261)	30%	30 days after monthly billings	-	-	48,056	36%	Note 1

Table 6

Jentech Precision Industrial CO.,LTD
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Wuxi Jentech	Jentech Precision Industrial CO.,LTD.	Parent company	\$ 156,595 (Note)	7.42	\$ -	-	\$ 78,055	\$ -
Jiaxing Kenly	Hangzhou Keming	Subsidiary of investor of subsidiary with significant influence	203,546	3.83	-	-	157,709	-

Jentech Precision Industrial CO.,LTD
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2022

Table 7								Expressed in thousands of NTD (Except as otherwise indicated)
		Transaction						
Number (Note1)	Company name	Counterparty	Relationship (Note2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets	
0	Jentech Precision Industrial CO.,LTD.	Wuxi Jentech	1	Purchases	\$ 1,166,116	The same as non-related parties	10%	
		Wuxi Jentech	1	Processing fees	74,096	The same as non-related parties	1%	
		Wuxi Jentech	1	Sales	87,782	The same as non-related parties	1%	
		Wuxi Jentech	1	Accounts receivable	43,278	55 days after monthly billings	-	
		Wuxi Jentech	1	Accounts payable	156,595	85 days after monthly billings	1%	
		Wuxi Jentech	1	Other income	28,000	Determined based on the contract agreements	-	
		Wuxi Jentech	1	Other receivables	135	Determined based on the contract agreements	-	
		Kenly	1	Purchases	117,996	The same as non-related parties	1%	
		Kenly	1	Processing fees	75,797	The same as non-related parties	1%	
		Kenly	1	Sales	8,009	The same as non-related parties	-	
		Kenly	1	Accounts receivable	2,684	95 days after monthly billings	-	
		Kenly	1	Accounts payable	52,476	30 days after monthly billings	-	
		Kenly	1	Other receivables	1,172	Determined based on the contract agreements	-	
		Kenly	1	Other income	6,686	Determined based on the contract agreements	-	
		Kenly	1	Rent expense	484	Determined based on the contract agreements	-	
1	Kenly	Jiaxing Kenly	2	Purchases	1,516	The same as non-related parties	-	
		Jiaxing Kenly	2	Sales	3,166	The same as non-related parties	-	
		Jiaxing Kenly	2	Accounts receivable	537	30 days after merchandise is arrived	-	
		Jiaxing Kenly	2	Accounts payable	517	30 days after monthly billings	-	
		Jiaxing Kenly	2	Other income	17,355	Determined based on the contract agreements	-	

Note 1: Number 0 represents the parent company, the subsidiaries are numbered in order starting from ‘1’.

Note 2: Number 1 represents parent company to subsidiary, number 2 represents subsidiary to subsidiary, number 3 represents subsidiary to parent companyt.

Note 3: All transactions listed in the table above were eliminated when preparing the consolidated financial statements.

Table 8

Jentech Precision Industrial CO.,LTD Names, locations and other information of investee companies (not including investees in Mainland China) For the year ended December 31, 2022											
										Expressed in thousands of NTD (Except as otherwise indicated)	
Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	
				Balance as at December 31,2022	Balance as at December 31,2021	Number of shares	Ownership (%)	Book value			Footnote
Jentech Precision Industrial CO.,LTD.	Elix International Co.,Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Investment holdings	\$ 664,499	\$ 664,499	21,306 thousand shares	100	\$ 1,221,442	\$ 157,993	\$ 157,993	Note 1
Jentech Precision Industrial CO.,LTD.	Kenly	Taoyuan City	Manufacturing, processing and trading of precision toolings and electronic parts and components	314,100	314,100	30,000 thousand shares	37.78	445,085	15,963	5,224	Note 1, 2
Kenly	Kenly International	P.O.BOX 3321, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	Investment holdings	393,599	393,599	12,779 thousand shares	100	673,348	41,212	41,225	Note 1, 3
Kenly	Kenly Global	DRAKE CHAMBERS, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	International trading business	32	32	0.001 thousand shares	100	-	-	-	Note 1
Elix International Co.,Ltd.	Mettip	Taipei City	Manufacturing of mechanical equipment, installation of machineries, automatic control equipment engineering and surface treatment	14,771	14,771	-	48.99	13,827 (	517) (	254)	Note 1

Note 1: It was calculated based on the investees' financial statements audited by the independent accountants.

Note 2: The differences were effect of upstream transactions amounted to (\$1,166) and amortisation of differences between investment cost and net equity amounted to \$359.

Note 3: The differences were effect of downstream and upstream transactions amounted to \$13.

Note 4: Relevant information of investee in Mainland China is provided in Table 9.

Note 5: Investment income (loss) of the investee companies, long-term equity investments of investors and net equity of investees were eliminated when preparing the consolidated financial statements.

Jentech Precision Industrial CO.,LTD
Information on investments in Mainland China
For the year ended December 31, 2022

													Expressed in thousands of NTD (Except as otherwise indicated)
Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net profit(loss) of investee for the year ended December 31, 2022 (Note1)	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note1)	Book value of investments in December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Jentech	Manufacturing, processing and trading of precision toolings and electronic parts and components	\$ 669,478 USD 21,800 thousand	Through investing in Elixi International Co., Ltd. in the third area, which then invested in the investee in Mainland China.	\$ 623,597 USD 20,306 thousand	\$ -	\$ -	\$ 623,597 USD 20,306 thousand	\$ 180,453 RMB 40,809 thousand	100	\$ 180,453 RMB 40,809 thousand	\$ 870,772 RMB 197,544 thousand	\$ -	
Jiaxing Kenly	Manufacturing, processing and trading of precision toolings and electronic parts and components	255,047 USD 8,305 thousand	Through investing in Kenly International in the third area, which then invested in the investee in Mainland China.	139,147 USD 4,531 thousand	-	-	139,147 USD 4,531 thousand	100,024 USD 3,356 thousand	25.16	25,166 USD 844 thousand	140,723 USD 4,582 thousand	193,252	
Nantong Jinzan Precision Electronics Co., Ltd.	Research, development and manufacturing of semiconductors, optoelectronics and car components	347,023 USD 11,300 thousand	Through investing in Kenly International in the third area, which then invested in the investee in Mainland China.	245,680 USD 8,000 thousand	-	-	245,680 USD 8,000 thousand	-12,786 USD -429 thousand	37.78	-4,831 USD -162 thousand	113,864 USD 3,708 thousand	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
The Company	\$ 623,597(USD 20,306 thousand)	\$ 743,182(USD 24,200 thousand)	\$ 6,275,152										
Kenly	384,827(USD 12,531 thousand)	516,880(USD 16,831 thousand)	492,759										

Note 1: It was calculated based on the investees’ financial statements audited by the independent accountants.
Note 2: Except investment income (loss) recognised by the Company for the year ended December 31, 2022 is translated using the average exchange rate, others are translated using spot rate at December 31, 2022.
Note 3: Investment income (loss) of the investee companies, long-term equity investments of investors and net equity of investees were eliminated when preparing the consolidated financial statements.

Jentech Precision Industrial CO.,LTD
List of shareholders holding more than 5% (inclusive) of shares
December 31, 2022

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Shin Chang International Industrial Co., Ltd.	17,460,592	12.76%
NEW EDGE CO.	16,672,770	12.18%
FG LTD.	8,728,856	6.38%
Jiahexin Co., Ltd.	8,728,856	6.38%

Note: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 1

Items	Summary	Amount
Cash on hand and revolving funds		\$ 329
Checking account deposits		3
Demand deposits(Note1)		965,822
Time deposits(Note2)		1,518,568
Bond sold under repurchase agreement(Note3)		107,482
		<u>\$ 2,592,207</u>

Note1:It includes JPY 756,302 thousand, USD 13,571 thousand, EUR 3,484 thousand, RMB 18,918 thousand, which are translated at the exchange rates of JPY\$1: NT\$0.2324, US\$1: NT\$30.71, EUR\$1: NT\$32.72 and RMB\$1: NT\$4.408, respectively.

Note2:It includes USD 46,800 thousand and JPY 350,000 thousand, which are translated at the exchange rates of US\$1: NT\$30.71 and JPY\$1: NT\$0.2324, respectively. The period is from October 13, 2022 to March 30, 2023. The annual interest rate is 0.1%~4.7%.

Note3:It includes USD 3,500 thousand, which is translated at the exchange rates of US\$1: NT\$30.71. The period is from December 12, 2022 to January 12, 2023. The annual interest rate is 4.05%.

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 2

Financial assets items	Summary	Shares (thousands) / Ounce	Book value	Amount	Interest rate	Cost	Fair Value		Amount of Change in The Fair Value is Attributable to Change in The Credit Risk	Note
							Price (dollars)	Amount		
Domestic Listed stocks	Taiwan Semiconductor Manufacturing Co., Ltd.	120	\$ 10	\$ 53,820		\$ 58,089	\$ 448.50	\$ 53,820	\$ -	
Gold		643	-	35,945		33,970	55,895.27	35,945	-	
Convertible bonds- call/put options		-	-	4,630		-	370.00	4,630	-	
				<u>\$ 94,395</u>		<u>\$ 92,059</u>		<u>\$ 94,395</u>	<u>\$ -</u>	

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 3

Customer name	Summary	Amount	Note
<u>Related parties</u>			
Wuxi Jentech Precision Industrial CO.,LTD		\$ 43,278	
Other related parties		2,684	
		<u>45,962</u>	
<u>Non related party</u>			
A		272,271	
B		185,027	
C		175,578	
D		151,518	
E		148,287	
F		129,015	
Others			None of the balances of each remaining item is greater than 5% of this account balance
		<u>1,162,856</u>	
		<u>2,224,552</u>	
Total		2,270,514	
Less: Allowance for bad debts	(	5,671)	
	\$	<u><u>2,264,843</u></u>	

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF INVENTORIES
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 4

Items	Summary	Amount		Note
		Cost	Net realisable value	
Merchandise		\$ 34,332	\$ 39,265	
Finished goods		1,173,147	1,797,098	
Work in progress		821,349	855,866	
Raw materials		838,515	804,476	
Total		2,867,343	\$ 3,496,605	
Less: Allowance for valuation loss		(148,674)		
Net		\$ 2,718,669		

JENTECH PRECISION INDUSTRIAL CO., LTD.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 5

Name	Opening balance		Additions(Note1)		Reductions		Adjustments (Note 2)	Ending balance			Market value or net equity value		Guarantee or pledged	Note
	Shares (thousand shares)	Amount	Shares	Amount	Shares	Amount	Amount	Shares (thousand shares)	Ownership (%)	Amount	Price (dollars)	Amount		
Elix International Co., Ltd.	21,306	\$ 1,050,400	-	\$ 157,993	-	\$ -	\$ 13,049	21,306	100.00%	\$ 1,221,442	57.0	\$ 1,221,442	None	
Kenly Precision Industrial Co., LTD.	30,000	<u>437,101</u>	-	<u>5,224</u>	-	<u>-</u>	<u>2,760</u>	30,000	37.78%	<u>445,085</u>	25.6	<u>768,000</u>	None	
		<u>\$ 1,487,501</u>		<u>\$ 163,217</u>		<u>\$ -</u>	<u>\$ 15,809</u>			<u>\$ 1,666,527</u>		<u>\$ 1,989,442</u>		

Note1: Current additions include recognition of investment profit or loss of \$163,217.

Note2: Other adjustments include exchange differences on translation of foreign operations amounting to \$19,864, unrealised gain or loss on inter-affiliate accounts amounting to (\$5,239), other comprehensive income of \$1,184.

JENTECH PRECISION INDUSTRIAL CO., LTD.
MOVEMENT SUMMARY OF RIGHT-OF-USE ASSETS
YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 6

Items	Opening balance	Additions	Reductions	Ending balance	Note
Cost					
Land	\$ 34,959	\$ 11,235	\$ -	\$ 46,194	
Buildings	25,726	16,834	(5,187)	37,373	
Transportation equipment	19,853	797	(7,974)	12,676	
Other equipment	<u>3,049</u>	<u>1,860</u>	<u>(1,782)</u>	<u>3,127</u>	
	<u>83,587</u>	<u>30,726</u>	<u>(14,943)</u>	<u>99,370</u>	
<u>Accumulated depreciation</u>					
Land	(13,305)	(6,720)	-	(20,025)	
Buildings	(11,866)	(6,954)	5,187	(13,633)	
Transportation equipment	(10,096)	(6,250)	7,974	(8,372)	
Other equipment	<u>(1,855)</u>	<u>(1,434)</u>	<u>1,782</u>	<u>(1,507)</u>	
	<u>(37,122)</u>	<u>(21,358)</u>	<u>14,943</u>	<u>(43,537)</u>	
Carrying amount	<u>\$ 46,465</u>			<u>\$ 55,833</u>	

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF ACCOUNT PAYABLES
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 7

Customer name	Summary	Amount	Note
<u>Related parties</u>			
Wuxi Jentech Precision Industrial CO.,LTD		\$ 156,595	
Other related parties		73,740	
		<u>230,335</u>	
<u>Non related party</u>			
A		47,274	
Others			None of the balances of each remaining item is greater than 5% of this account balance
		<u>775,712</u>	
		<u>822,986</u>	
		<u>\$ 1,053,321</u>	

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 8

<u>Type of borrowings</u>	<u>Summary</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Interest rate range</u>	<u>Loan commitments</u>	<u>Guarantee or pledge</u>
Unsecured borrowings	CTBC Bank Co., Ltd.	\$ 180,000	November 21, 2022~ March 21, 2023	1.60%~1.79%	\$ 950,000	None
	Hua Nan Commercial Bank, Ltd.	70,000	December 30, 2022~ March 30, 2023	1.82%	325,000	None
		<u>\$ 250,000</u>				

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 9

Items	Quantity (Thousands)	Amount	Note
Net sales revenue			
Thermal solution products	242,117	\$ 5,707,675	
Lead frame	16,982,121	2,339,424	
Electronic components	22,324	929,788	
Connectors	83,574	295,170	
Others		1,010,351	
		<u>\$ 10,282,408</u>	

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF OPERATING COST
YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 10

Items	Amount
<u>Direct material</u>	
Inventories at beginning	\$ 499,650
Add (Less): Purchased material during the year	4,133,746
Inventories at the end	(838,515)
Inventories sold	(64,598)
Gain (loss)	(3,201)
Others	(154,493)
	3,572,589
Production overhead	1,948,614
Direct labor	763,060
Manufacturing costs	6,284,263
Add (Less): Work in progress at beginning	700,879
Purchased semi-finished goods during the year	647,481
Work in progress at the end	(821,349)
Sold semi-finished goods	(608,577)
Gain (loss)	1,204
Others	(453,269)
Finished goods costs	5,750,632
Add (Less): Finished goods at beginning	822,808
Purchased finished goods during the year	901,660
Finished goods at the end	(1,173,147)
Transferred to property, plan and equipment	(1,881)
Gain (loss)	249
Others	(594,689)
Cost of goods manufactured and sold	5,750,632
Merchandise inventory at beginning	17,167
Add (Less): Purchased merchandise inventory during the year	68,648
Merchandise inventory at the end	(34,332)
Transferred to property, plan and equipment	(520)
Others	971
Cost of goods sold from purchase	51,934
Sold raw materials and semi-finished goods	673,175
Gain (loss)	1,748
Inventory valuation and obsolescence losses	42,000
Molding equipment modification costs	13,777
Disposal of scrap material revenue	(1,465)
Total operating costs	\$ 6,538,735

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF OPERATING EXPENSE
YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 11

Items	Amount	Note
<u>Selling expenses</u>		
Wages and salaries	\$ 81,965	Including wages and salaries and pension expenses
Commissions expenses	16,838	
Import/export expense	42,192	
Other expenses	34,763	The balance of each expense account has not exceeded 5% of the manufacturing expense
	<u>\$ 175,758</u>	
<u>Administrative expenses</u>		
Wages and salaries	\$ 299,776	Including wages and salaries ,pension expenses and directors and supervisors expenses
Depreciation expenses	35,076	
Miscellaneous expenses	41,565	
Other expenses	107,245	The balance of each expense account has not exceeded 5% of the manufacturing expense
	<u>\$ 483,662</u>	
<u>Research and development expense</u>		
Wages and salaries	\$ 262,073	Including wages and salaries and pension expenses
Research expense	37,208	
Other expenses	72,615	The balance of each expense account has not exceeded 5% of the manufacturing expense
	<u>\$ 371,896</u>	

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF OPERATING EXPENSE
YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 12

Function Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee Benefit Expense						
Wages and salaries	1,126,643	556,875	1,683,518	898,633	454,033	1,352,666
Labor and health insurance	76,591	38,422	115,373	67,977	31,540	99,517
Pension costs	28,223	15,141	43,364	24,834	13,582	38,416
Directors' remuneration	-	71,793	71,793	-	32,222	32,222
Other personnel expenses	8,498	2,332	10,830	6,049	1,651	7,700
Depreciation Expense	221,313	45,615	266,928	171,994	39,882	211,876
Amortisation Expense	35	11,211	11,246	174	8,640	8,814

Note:

- 1.As at December 31, 2022 and 2021, the Company had 1,708 and 1,592 employees on average, including 6 and 6 non-employee directors, respectively.
- 2.Average employee benefit expense in current year was \$1,089 ((Total employee benefit expense of current year - Total director's remuneration of current year)/ (Number of employees of current year - Number of non-employee directors of current year))
Average employee benefit expense in previous year was \$945 ((Total employee benefit expense of prior year - Total director's remuneration of prior year)/ (Number of employees of prior year - Number of non-employee directors of prior year))
- 3.Average employee salaries in current year was \$989 ((Total wages and salaries of current year)/ (Number of employees of current year - Number of non-employee directors of current year))

JENTECH PRECISION INDUSTRIAL CO., LTD.
DETAILS OF OPERATING EXPENSE
YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Statement 12

Average employee salaries in previous year was \$853 ((Total wages and salaries of prior year)/ (Number of employees of prior year - Number of non-employee directors of prior year))

4.Adjustment of average employee salaries was 15.94% ((Average wages and salaries of current year - Average wages and salaries of prior year)/ Average wages and salaries of prior year)

5.Company's compensation policy. (Including directors, managers and employees)

Directors' remuneration: The Company has a remuneration committee. For directors' remuneration, which is by reference to the general pay level within the same industry, also takes into consideration the correlation between the individual's performance and the Company operational performance and future risk exposure. The profit of the current year, if any, shall be resolved by the Board of Directors to be distributed at no higher than 2% as directors' remuneration. The Company has no supervisors.

Managers' and employees' remuneration: The Company's remuneration of managers refers to the external pay level, personal performance and the Company's operational performance, etc., as the basis for evaluation, so as to strengthen the connection among manager's remuneration, enterprise performance and shareholders' interests. At the same time, the remuneration of managers is reviewed by the remuneration committee and proposed it to the Board of Directors for approval.

Employees' compensation is set standards according to their job content, education, specialty, etc., and the Company adjust their salaries or distribute bonuses based on various factors such as the Company's operating conditions and employee performance.