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Jentech Precision Industrial Co., Ltd.

2022 Annual Report

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Printed on April 30,2023

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   Accounting firm：PWC Taiwan

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5. **The names of overseas stock exchanges for trading listed securities and the methods for accessing information on those overseas securities**

   None

6. **Company website**：http://www.jentech.com.tw

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Chapter 1 Letter to Shareholders

Dear shareholders,

Thank you for attending the annual shareholder meeting of Jentech Precision Industrial Co. On behalf of all the employees, I would like to express our sincere gratitude for your support and patronage.

In year 2022, we benefited from increased sales of our Thermal Heat Spreader, which led to higher production capacity utilization and increased profitability. As a result, our operating income and net profit achieved more growth than the previous year. Our net income after tax was NT$2,656,292 thousand, and our earnings per share (EPS) was NT$19.54.

Although the global economy is remain uncertain, Jentech is aggressively innovating the next-generation products for responding rapidly evolving in customer demands. At the same time, Jentech will continue to prioritize cost controls over existing products based on efficient financial system and expects to maintain a certain level of growth momentum and profitability in the future.

The following is a summary of our business results for 2022 and our operating plan for 2023:

1. Business results for 2022

1.1 Results of Business Plan Implementation

Unit: NT$1,000

Item	2022		2021		Increase	Increase %
	Amount	%	Amount	%		
Operating Revenue	12,031,894	100	8,801,149	100	3,230,745	37
Operating costs	7,706,052	64	6,042,862	69	1,663,190	28
Gross profit	4,325,842	36	2,758,287	31	1,567,555	57
Operating expense	1,291,782	11	1,048,270	12	243,512	23
Operating profit	3,034,060	25	1,710,017	19	1,324,043	77
Non-operating income and expenses	334,659	3	(118,275)	(1)	452,934	383
Profit before income tax	3,368,719	28	1,591,742	18	1,776,977	112
Income tax expense	712,427	6	353,600	4	358,827	101
Profit for the year	2,656,292	22	1,238,142	14	1,418,150	115
Effective tax rate	21.15%		22.21%			

In 2022, the consolidated net revenue increased due to changes in product combination that resulted in higher gross profit margins. However, operating expenses increased due to higher employee benefits costs. Meanwhile, non-operating income increased due to gains from foreign exchange rate fluctuations. As a result, the net profit after tax for 2022 was NT$2,656,292 thousand, with a net profit margin of 22%, representing a significant increase of NT$1,418,150 thousand (+115%) from the previous year.

1.2 Budget Execution Status

Jentech did not disclose any forecasted figures for the year 2022, therefore, do not required to disclose the budget execution status.

1.3 Financial analyses

Analysis Item		2022	2021
Solvency (%)	Current Ratio	213.48	293.55
	Quick Ratio	139.76	199.21
	Interest Coverage Ratio	89.19	50.86
Operating Performance (Times)	Account Receivable Turnover	4.82	4.22
	Inventory Turnover	2.57	2.60
	Property, Plant and Equipment Turnover	2.64	2.07
	Total Assets Turnover	0.82	0.71
Profitability (%)	Return on Equity	28.76	16.12
	Pre-tax Income to Paid-in Capital Ratio	248.90	130.25
	Profit Ratio	22.08	14.07
	Earnings Per Share（NT$）(Note)	19.54	8.99

Note: The earnings per share for the year 2021 has been adjusted due to the retrospective adjustment of stock dividends.

1.4 Research and Development Status

Jentech will continue to focus on R&D in the following areas:

1.) Heat spreader development on AI and data center chips.
2.) Thermal solution development on electrical car.
3.) Connector and actuation mechanism development for high-performance computing.
4.) Development of EMC substrate.
5.) Development of LED/IC hybrid leadframe.
6.) Development of automotive leadframe

2. Operating plan for 2023

2.1 Business policy:

1.) Continuously innovate and improve, using traditional industries as a platform to incorporate innovative technologies in semiconductor manufacturing to ensure customer satisfaction.
2.) Operate with integrity and prioritize creditworthiness, clearly comply with regulations, and enhance corporate social and environmental responsibility.
3.) Fully implement the MES system to integrate and control real-time information on the production line to improve production efficiency.
4.) Continuously utilize and optimize the SAP and ERP system for operational management.
5.) Continuously promote education and training, attract outstanding talent to join, and strengthen executive training.

2.2 Expected Sales Volume and Basis:

The expected sales volume is based on the operational status of existing and future potential customers, taking into account new product development plans and market demand, while ensuring that the production capacity of the company is capable for the market requirements. Currently, Jentech is continuously developing new markets and customers, which is expected to have a significant positive impact on the company's growth. It is anticipated that the sales for the year 2023 will continue to growth in a stable trend seen in the year 2022.

2.3 Significant Production and Sales Policies:

1.) Sales Policy: For the current year, the main sales products will still be Heat spreader products and SMD LED leadframe. In addition, the company will continue to promote the development of connector mechanism products, in order to enter the market with more competitive prices and quality advantages, and strive to become one of the important component suppliers in the global automotive industry. Based on existing manufacturing technologies, Jentech will continue to focus on new product development to capture the future growth.

2.) Production Policy: Jentech will enhance the link between mold and production processes, strengthen quality control and real-time feedback mechanisms, and promote process improvements to improve production yield and reduce production costs. Jentech will also strengthen communication and coordination among all production links, establish management goals to improve production efficiency, and increase production capacity utilization to further improve production efficiency in response to production and sales needs.

3. Future development strategy

Jentech's core strength is built upon our foundation of high-precision mold development and automated production capabilities, complemented by world-class electroplating technology. We not only provide customers with high-quality and competitively priced products, but also strive to shorten delivery times to satisfy customer requirements and create a win-win situation. This has helped us cultivate interdependent relationships with semiconductor industry leaders worldwide. Through interaction with these world-class leading manufacturers, we have improved our research and development capabilities. In recent years, we have extended our existing processing technology to the development and application of new material technology, with the aim of creating products with even higher added-value.

4. The impact of External Competitive, Regulatory, and Macro Economic Environment

Facing with the uncertain global economy, regulatory changes, and fierce challenges from domestic and foreign competitors, we will adopt a cautious and optimistic attitude to respond and seek opportunities for survival and growth. As a long-term and reliable provider of technology and production capacity in the global precision metal and plastic component demand industry, we will continue to explore global markets and create win-win situations for employees, customers, and shareholders.

Finally, Jentech is deeply thankful to all of its shareholders for their unwavering support and encouragement. We will continue to make decisions that are in the best interests of the Company, and deliver long-term profitable growth for our shareholders.

Wish everyone good health and good luck.

Sincerely,

Chairman: Chung-Hsin Chao

Chapter 2 Company Profile

2.1. Date of Incorporation：March 28, 1987

2.2. Company History

1987 •Jentech Precision Industry Co., Ltd. was established with a paid-up capital of NT$5,000,000. The company engages in the operation of simple punch press machining. From the beginning of its establishment, it recognized the rapidly changing industrial environment and the constant innovation in electronic products. Only by embodying the spirit of creativity, accepting challenges, pursuing excellence, and maintaining integrity, can the company become a leader in the industry.

1994 •Carried out a cash capital increase of NT$25,000,000, increasing the capital to NT$30,000,000.

1995 •Jentech Precision has always been customer-oriented, continuously researching and developing, and training well-disciplined and highly motivated employees who can provide friendly and professional services. Through the application of innovation and advanced technology, the company constantly seeks improvement and embraces total quality management. Since the implementation of TQM, the business has expanded continuously, with the number of employees reaching eighty, and the annual revenue exceeding NT$500 million.

1996 •Establishing the concept of an internationally recognized quality assurance system in the factory management hierarchy and implementing educational training on the ISO-9000 series quality management system within the company.

1997 •Awarded the German TUV ISO-9002 international standard quality certification.

1999 •Received the IPO Contribution Award from NewJie Co., Ltd. (SONY Video Taiwan) in September.

2000 •Carried out a cash capital increase of NT$50,000,000, increasing the capital to NT$80,000,000.

•Wuxi Jentech Precision Industrial Co., Ltd. was established with a paid-up capital of USD 2,500,000. The company is engaged in the manufacturing of metal stamping components. It specializes in producing battery safety parts, LCD TV reflector plates, precision stamping dies, progressive dies, and precision mold processing. Wuxi Jentech has obtained a land-use right of 7,749.6 square meters and a three-story building with a total floor area of 4,036.92 square meters at No. 2-1 Junshan Road, Xin District, Wuxi City, Jiangsu Province, China, for production and storage purposes.

2002 •Implemented ISO-9001:2000 version revision education and training, and obtained certification.

•Carried out a capital increase of NT$4,500,000 through surplus capitalization, increasing the capital to NT$84,500,000.

•Implemented the development of thermal heat spreader.

•In order to maintain long-term cooperation with surrounding customers and meet their quality requirements, Wuxi Jentech has implemented ISO-9001 education and training and obtained certification.

2003 •Obtained QS-9000 certification.

2004 •Implemented the production technology of Insert Mold.

• Successfully developed thermal heat spreader using cold forging technology.

•Invested in Chi Cheng Surface Treatment Co., Ltd., located in Dayuan, Taoyuan. The company primarily engages in the production process of electroplating.

2005 •Large quantities of thermal heat spreader using cold forging technology have been shipped to SONY and IBM.

•Obtained SONY Green Partner certification.

2006 •Wuxi Jentech has obtained SONY GP certification, expanding its business transactions.

2007 •In January, cash capital increase was carried out, totaling NT$150,000,000, increasing the capital to NT$234,500,000.

•In June, cash capital increase of NT$18,000,000, surplus capital increase of NT$187,600,000, and employee bonus capital increase of NT$4,730,000 were carried out, resulting in an increase in capital to NT$444,830,000.

• In September, through the holding company Elixi International Co., Ltd., the 100% equity of Wuxi Jentech Precision Industrial Co., Ltd. was acquired, making it a subsidiary of the company. This acquisition aims to expand the business scale, integrate production resources, and increase the financial transparency of the company.

•In September, a cash capital increase of NT$80,000,000 was completed, increasing the capital to NT$524,830,000. Strategic partners including Yulon Group, Nengli Group, Mega Financial Holding, and Xubang Ventures were introduced as shareholders to strengthen the company's shareholder base and corporate governance.

•In September, we applied to the Guishan Township Industrial Zone Replanning Committee to purchase Lot 20 of the Huaya Section (located within the Huaya Technology Park) in order to build our own operational headquarters and expand our production capacity.

•Obtained TS 16949 certification in October.

•In December, the 100% subsidiary company, Chi Cheng Surface Treatment Co., Ltd., was merged into the parent company, becoming part of the Da-Yuan Factory. All rights, obligations, assets, and liabilities of Chi Cheng Surface Treatment Co., Ltd., were assumed by the parent company to enhance production efficiency and reduce unnecessary operational and management costs.

•In December, we were awarded the Outstanding Performance Award by Siliconware Precision Industry Co., Ltd.

• Wuxi Jentech increased its capital by USD 2,200,000, and the capital amount has changed to USD 4,700,000.

•Wuxi Jentech, in order to expand its production capacity, has constructed a new four-story factory building at the original site on Junshan Road. The building has an area of 8,317.31 square meters and will be used for administrative and production purposes.

•Wuxi Jentech has obtained ISO 14001 certification for environmental management.

2008 •In January, the Da Yuan factory awarded a contract for the construction of additional factory buildings to expand the production capacity of the electroplating production line.

•In March, the planning and construction contracting of the operational headquarters and factory buildings in the Hua Ya Science and Technology Park were completed.

•In June, a capital increase was carried out through the conversion of retained earnings in the amount of NT$78,724,000 and the conversion of employee bonuses in the amount of NT$22,500,000. As a result, the capital increased to NT$626,054,000.

•In October, the company received approval from the Securities and Futures Bureau for the public issuance of stocks.

•In October, the Da Yuan factory obtained the Water Pollution Prevention and Control Permit as well as the Permit for Operation of Fixed Pollution Sources.

•In November, the company's stock was officially listed and began trading on the over-the-counter (OTC) market.

•In December, the company obtained the occupancy permit for the newly constructed factory building in the Dayuan plant.

2009 •In February, the company obtained the property ownership certificate for the newly constructed factory building in the Dayuan plant.

•In March, the registration certificate for the Dayuan plant was successfully updated.

•In April, the land transfer rights for the Huaya Plant were officially obtained.

•In June, the Huaya Plant obtained the occupancy permit.

•In July, the company officially relocated to No. 40, Science 1st Road, Cultural Village 19, Guishan Township, Taoyuan County. The relocation of the Huaya Plant was completed, and the factory registration certificate was obtained.

•In July, an increase in capital was carried out through the conversion of retained earnings, amounting to NT$31,303,000, and the conversion of employee bonuses, amounting to NT$2,000,000. As a result, the capital increased to NT$659,357,000.

•In November, our company was officially listed on the Taiwan Stock Exchange.

•In November, we conducted a cash capital increase of NT$63,670,000, resulting in a capital increase to NT$723,027,000.

•In December, we acquired new land measuring 1,538.91 square meters and a factory building measuring 2,549.92 square meters in the Da Yuan plant.

• In Wuxi Jentech, the capital was increased by USD 2,100,000, and the capital amount changed to USD USD 6,800,000.

2010 •In January, we acquired new land of 1,391.31 square meters and a factory building of 2,940.81 square meters for the Dayuan plant.

•In February, the registration of the Dayuan plant was successfully updated.

•In April, the company issued the first domestic unsecured convertible corporate bonds worth NT$800 million.

2010 •In July, the convertible corporate bonds were converted and new shares were issued, resulting in an increase in the company's capital by NT$24,011,000, bringing the total capital to NT$747,038,000.

•In July, the company conducted a board and supervisor election and made amendments to its articles of incorporation. These changes were registered and reported, including the adjustment of the number of convertible shares reserved for the company's bonds.

•In August, the company carried out a capital increase by converting retained earnings, amounting to NT$72,303,000. As a result, the capital was increased to NT$819,341,000.

•In August, you obtained the Sony Black Line Certification Certificate.

•In September, you obtained the land ownership deed for 415.0 square meters in the cultural section of Guishan Township and the building ownership deed for 769.82 square meters at No. 35, Lane 131, Fuxing 2nd Road.

•In October, the convertible corporate bonds were converted, issuing new shares with a value of NT$12,226,000, and the capital increased to NT$831,567,000.

•Wuxi Jentech Precision Industrial Co., Ltd. purchased the land use right of Plot 96-C on Xishen Road in Wuxi New District and a three-story production plant with an area of 34,699 square meters and 5,579.69 square meters, respectively. This investment is aimed at meeting the demand in the LED lighting market, developing new customers, expanding production capacity, and acquiring additional production equipment.

•Wuxi Jentech Precision Industrial Co., Ltd. increased its capital by USD 3,900,000, resulting in a new capital of USD 10,700,000.

2011 •Wuxi Jentech Precision Industrial Co., Ltd. obtained the CESI RoHS LED bracket and heat sink certification in January.

• Obtained the ISO 14001 certification certificate in January.

•Wuxi Jentech Precision Industrial Co., Ltd. obtained approval from the Investment Commission to increase the capital of its subsidiary, Wuxi Jentech Company, in Mainland China by USD 8,000,000. The investment was implemented and completed in July.

•In January, the convertible corporate bonds were converted into new shares, resulting in a capital increase of NT$2,329,000. The capital amount has increased to NT$ 833,896,000.

•In March, ASE (Kaohsiung Plant) awarded us with the Best Supplier of the Year award.

•In April, we received the Outstanding Performance Award from TI (Philippines) as a supplier.

•In May, the convertible corporate bonds were converted into new shares, amounting to NT$65,000, increasing the capital to NT$833,961,000.

•In May, we received the Excellent Supplier Award from SPIL for the year 2010.

•In July, we obtained the Approval Letter for Completion Certificate of the Manufacturing Industry and Related Technical Service Industry for the period from July 1, 2008, to December 31, 2009, under the Incentive Measures for the Five-Year Exemption of Profit-seeking Enterprise Income Tax on New Investments.

2011
- In September, the conversion to the new enterprise information system, SAP, was completed and went live.
- In September, a capital increase was carried out through surplus appropriation, with a total of NT$83,390,000. As a result, the capital amount increased to NT$917,351,000.
- In November, we received the ASE Carbon Footprint Excellent Partner Award.
- In November, we conducted a cash capital increase of NT$100,000,000 and a conversion of convertible bonds into new shares worth NT$22,000, resulting in an increase in paid-in capital to NT$1,017,373,000.
- Wuxi Jentech has entered the automotive industry supply chain and implemented TS16949 education and training. We obtained certification in the same year.
- Wuxi Jentech has increased its capital by USD 8,000,000, raising the capital amount to USD 18,700,000.

2012
- In February, considering the future business development needs, the company invested NT$12,555,000 in Jiebang Precision Co., Ltd., with a 30% shareholding ratio. In May, according to the shareholding ratio, an additional investment of NT$15,000,000 was made.
- In April, the board of directors decided to increase the capital of Wuxi Jentech Precision Industrial Co., Ltd. by USD 3,100,000 through Elixi International Co., Ltd.
- In June, the company completed its first share repurchase, totaling 500,000 shares.
- In August, the company carried out a capital increase of NT$50,869 million through surplus conversion, increasing the capital to NT$1,068,242 million.
- In August, the first amendment was made to the intended use of funds for the cash capital increase of the 100th fiscal year.
- In September, the expansion project of the Hua Ya factory commenced, with an expected increase of approximately 500 square meters in usable space after the expansion. The additional space will be used for storage and office purposes.
- Wuxi Jentech increased its capital by USD 3,100,000, resulting in a change in the capital amount to USD 21,800,000.

2013
- In January, the second change of the intended use of funds for the 100th fiscal year cash capital increase was processed.
- In February, the LED wire harness and embedded injection molding obtained the TS16949:2009 certification, which is a revised version of the automotive industry quality management system certification.
- In April, our company carried out the first domestic unsecured convertible corporate bond redemption upon maturity.
- In June, the second share repurchase was completed, totaling 500,000 shares.
- In July, we were honored to receive the Progress Award in the 10th evaluation of information disclosure for listed companies (or over-the-counter companies).

2013 •In September, we obtained the occupancy permit for the expansion project of the Hua Ya factory.

•In November, the "Development Project of Insulated Gate Bipolar Transistor (IGBT) Heat Sink for Hybrid Vehicles" that was applied to the Industrial Development Bureau of the Ministry of Economic Affairs was approved after review as a leading new product development project.

•In December, we acquired the ownership deed for a land parcel measuring 860 square meters in the Beigang section of Dayuan Township. This land will be utilized as a warehouse and dormitory for foreign workers at the Dayuan factory.

2014 •In January, the thermal heat spreader and LED lead frame obtained the ISO-14001:2004 certification, which is a revised version of the environmental management system certification.

•In February, all 500,000 shares acquired in the second share repurchase were transferred to the employees.

•In December, Taiwan Hua Ya factory and Dayuan factory obtained the ISO-9001:2008 certification, which is a revised version of the quality management system certification.

2015 •In January, Taiwan Hua Ya factory and Dayuan factory obtained the Greenhouse Gas Verification Statement issued by TÜV and met the approved level of reasonable assurance by the Environmental Protection Administration of the Executive Yuan.

•We implemented an enterprise human resources enhancement program and obtained relevant subsidies.

•In June, we achieved the threshold for the TTQS (Talent Quality Management Evaluation for Enterprises and Organizations) assessment conducted by the Workforce Development Agency of the Ministry of Labor.

•The completion of Jian Ce Precision's inaugural Corporate Social Responsibility (CSR) Report for the year 2014 was guided and supported by the Taiwan Industry Service Foundation.

2016 •In June, a comprehensive board of directors election was held, and the election process, as well as the amendments to the company's articles of incorporation, were completed and registered.

•In October, all 1,250,000 shares acquired in the third share repurchase were transferred to the employees.

2017 •In June, the shareholders' meeting adopted electronic voting as a means to exercise voting rights.

•In November, the replacement of our company's stock transfer agent was completed, and the China Trust Commercial Bank Agency Department was appointed as the new agent.

2018 •In January, we acquired a new land parcel measuring 6,828 square meters and a building covering an area of 885.25 square meters in Dayuan.

•In May, we issued the second domestic unsecured convertible corporate bonds with a total face value of NT$1 billion.

2018 •In November, the convertible corporate bonds were converted into new shares, resulting in an issuance of NT$31,190,000. As a result, the capital amount increased to NT$1,094,432,000.

2019 •In February, the convertible corporate bonds were converted into new shares, resulting in an issuance of NT$6,323,000. As a result, the capital amount increased to NT$1,100,755,000.

•In April, the board of directors decided to issue restricted employee rights shares, totaling 1,200,000 shares.

•In May, the convertible corporate bonds were converted into new shares, resulting in an issuance of NT$102,028,000. As a result, the capital amount increased to NT$1,202,784,000.

•In June, a comprehensive board of directors election was held, and the election process, as well as the amendments to the company's articles of incorporation, were completed and registered.

•In September, the convertible corporate bonds were converted into new shares, resulting in an issuance of NT$7,470,000. As a result, the capital amount increased to NT$1,210,254,000.

2020 •In January, we participated in the private placement of ordinary shares of Kingly Precision Industry Co., Ltd., subscribing to 30 million shares.

•In September, we issued the third domestic unsecured convertible corporate bonds with a total face value of NT$2 billion.

2021 •In February, restricted employee rights shares were issued, totaling NT$12,000,000. As a result, the capital amount increased to NT$1,222,254,000.

2022 •In April, the convertible corporate bonds were converted into new shares, resulting in an issuance of NT$1,058,000. As a result, the capital amount increased to NT$1,222,652,000.

•In June, a comprehensive board of directors election was held, and the election process, as well as the amendments to the company's articles of incorporation, were completed and registered.

•In July, we participated in the bidding process organized by the Taoyuan City Government to purchase land in the Taoyuan Aerotropolis in Dayuan District. The transaction amount was NT$2,615,027,000.

•In September, we conducted a capital increase through surplus conversion, amounting to NT$122,202,000. As a result, the capital amount increased to NT$1,344,678,000.

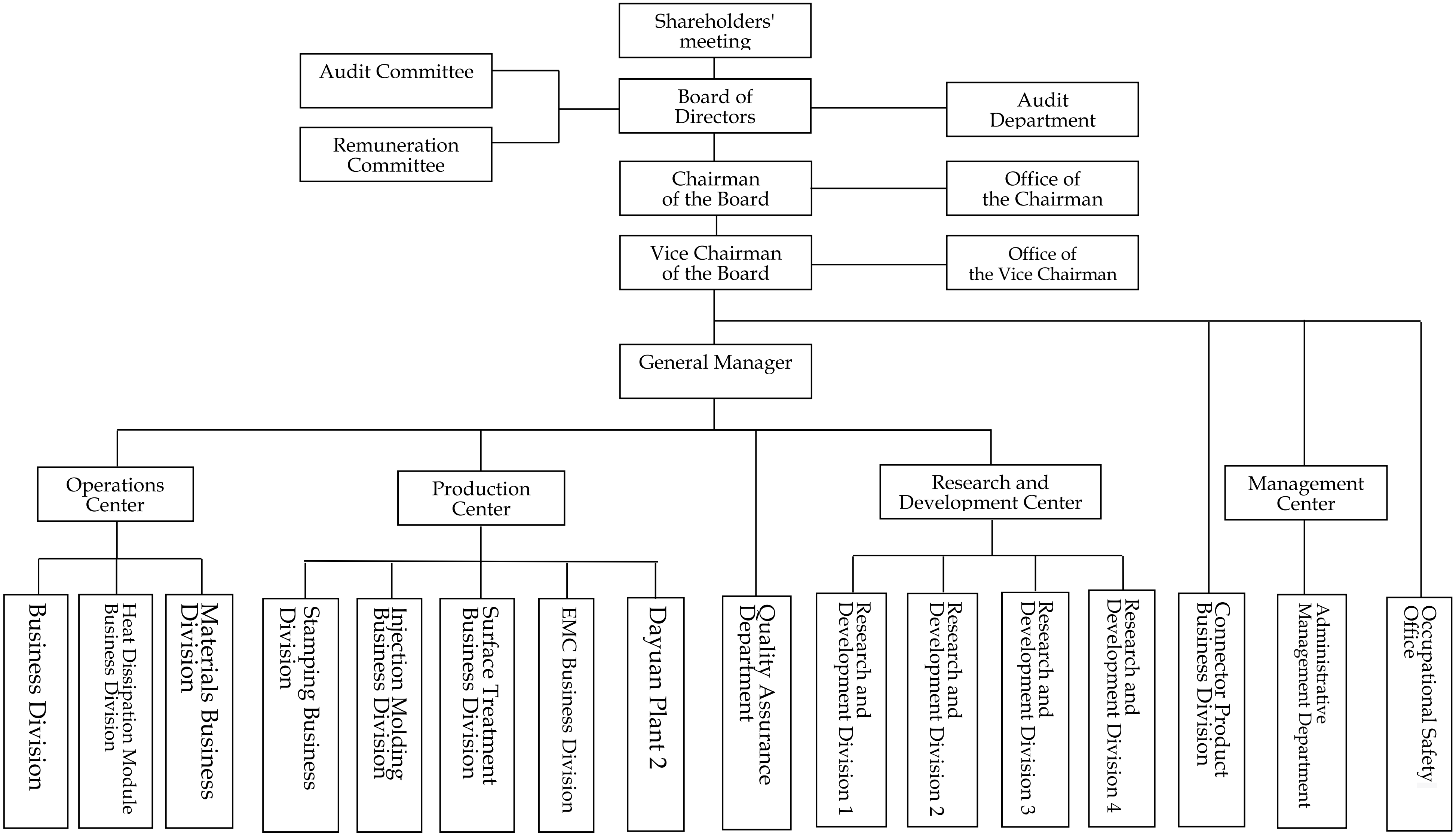
•In November, the convertible corporate bonds were converted into new shares, resulting in an issuance of NT$8,780,000. As a result, the capital amount increased to NT$1,353,459,000.

2023 •In April, the convertible corporate bonds were converted into new shares, resulting in an issuance of NT$14,443,000. As a result, the capital amount increased to NT$1,367,510,000.

Chapter 3 Company Governance

3.1 Organizational System

3.1.1 Organizational structure



3.1.2 The business operations of each major department

<table>
<tr><th>Department</th><th colspan="2">Business Responsibilities</th></tr>
<tr><td>Audit Department</td><td colspan="2">Responsible for conducting audits of the company's internal rules and regulations, ensuring their implementation, and making improvement recommendations.</td></tr>
<tr><td>Office of the Chairman</td><td colspan="2">Responsible for handling matters related to directors, coordinating with them, and managing tasks assigned by superiors.</td></tr>
<tr><td>Office of the Vice Chairman</td><td colspan="2">Responsible for supervising and executing all operational aspects of the company's business, handling tasks assigned by superiors, and managing related matters.</td></tr>
<tr><td>Office of the General Manager</td><td colspan="2">Setting company's operational goals and policies, and overseeing the execution of various business operations of the company.</td></tr>
<tr><td>Occupational Safety Office</td><td colspan="2">Establishing company's environmental, safety, and health management objectives and policies, and supervising the execution of environmental, safety, and health-related matters.</td></tr>
<tr><td rowspan="4">Research and Development Division</td><td>RD Division 1</td><td>Development, improvement, and enhancement of all product molds, as well as the enhancement of production technology.</td></tr>
<tr><td>RD Division 2</td><td>New product development, new process development, and process technology improvement.</td></tr>
<tr><td>RD Division 3</td><td>Development of automated production equipment and manufacturing of new process equipment.</td></tr>
<tr><td>RD Division 4</td><td>New product development, new process development, and process technology improvement.</td></tr>
<tr><td rowspan="3">Operations Center</td><td>Business Division</td><td>Responsible for market development, product sales, and customer service.</td></tr>
<tr><td>Heat Dissipation Module Business Division</td><td>Design and development of heat dissipation products, introduction of new material technologies, and development of manufacturing processes.</td></tr>
<tr><td>Materials Business Division</td><td>1. Formulating annual procurement plans and budgets.
2. Reviewing the implementation of procurement operation-related regulations.
3. Taking appropriate measures and precautions in response to changes in the relevant international market.
4. Responsible for the execution of all procurement matters throughout the entire company.</td></tr>
</table>

<table>
<tr><td rowspan="5">Production Center</td><td>Stamping Business Division</td><td>1. Responsible for stamping scheduling and production of products.
2. Control the process to enhance product quality.
3. Control manufacturing costs and reduce waste.
4. Continuously improve production operations, processes, and technologies.
5. Maintain production equipment and ensure operational safety.</td></tr>
<tr><td>Injection Molding Business Division</td><td>1. Responsible for injection scheduling and production of products.
2. Control the process to enhance product quality.
3. Control manufacturing costs and reduce waste.
4. Continuously improve production operations, processes, and technology.
5. Maintain production equipment and ensure operational safety.</td></tr>
<tr><td>Surface Treatment Business Division</td><td>1. Responsible for surface treatment scheduling and production of products.
2. Control the process to enhance product quality.
3. Control manufacturing costs and reduce waste.
4. Continuously improve production operations, processes, and technology.
5. Maintain production equipment and ensure operational safety.</td></tr>
<tr><td>EMC Business Division</td><td>1. Responsible for process production scheduling and manufacturing of products.
2. Control the process to enhance product quality.
3. Control manufacturing costs and reduce waste.
4. Continuously improve production operations, processes, and technology.
5. Maintain production equipment and ensure operational safety.</td></tr>
<tr><td>Quality Assurance Department</td><td>1. Maintenance and innovation of quality assurance policies, systems, and procedures.
2. Supervise and ensure the implementation of quality assurance systems and promote the execution of quality certifications.
3. Handle matters related to after-sales service.</td></tr>
<tr><td colspan="2">Connector Product Business Division</td><td>Design and develop connector products, introduce new material technologies, and develop manufacturing processes.</td></tr>
<tr><td>Administrative Management Department</td><td colspan="2">1. Responsible for finance, accounting, and stock affairs.
2. Responsible for human resources, general affairs, factory affairs, and information.</td></tr>
</table>

3.2 Information of directors, general manager, deputy general managers, advisors, department heads, and branch managers

3.2.1 Director Information Sheet

3.2.1.1 Director Information Sheet

April 18th, 2o23

Job Title	Nation-ality or Place of Registration	Name	Gender and Age	Date of Election (Appointment)	Ter-m of Off-ice	Date of Initial Election	Shareholdings at the Time of Appointment		Current Shareholding		Spouse and minor children currently hold shares		Holding shares under someone else's name		Primary professional (educational) background	Currently holding positions in both this company and other companies	Other executives, directors, or supervisors who have a spousal or close family relationship within the second degree			Notes
							Number of shares	Sharehold-ing percent-age	Number of shares	Sharehold-ing percent-age	Number of shares	Share-holding percent-age	Number of shares	Share-holding percent-age			Position	Name	Relation-ship	
Chairman	R.O.C.	Chung-Hsin Chao	Male 60~70	06.08.2022	3	76.03.28	1,847,337	1.51%	2,032,002	1.47%	9,057	0.01%	0	0	Founder of Jentech Precision Industrial Hsin Chuang Senior High School Dropout	Note 1	Vice Chairman	Yung-Tsang Chao	Brothers	None
Vice Chairman	R.O.C.	Yung-Tsang Chao	Male 60~70	06.08.2022	3	76.03.28	1,873,786	1.53%	2,068,292	1.49%	9,041	0.01%	0	0	Founder of Jentech Precision Industrial Affiliated Senior High School of National Taiwan Normal University	Note 2	Chairman	Chung-Hsin Chao	Brothers	None
Director	R.O.C.	Hsin-Chong International Co., Ltd.	-	06.08.2022	3	99.06.17	15,873,800	12.98%	17,460,592	12.62%	0	0	0	0	None	None	None	None	None	None
	R.O.C.	Representa-tive: Chien-Tsai Chang	Male 60~70	06.08.2022	3	99.06.17	130,243	0.11%	153,260	0.11%	0	0	0	0	Dept.of Mechanical Engineering, National Cheng Kung University Director of Development Department, Sampo Corporation Deputy Manager of Megamedia Corportaion	Senior Deputy General Manager, Chairman's Office, Jentech Precision	None	None	None	None
Director	R.O.C.	Hsin-Chong International Co., Ltd.	-	06.08.2022	3	99.06.17	15,873,800	12.98%	17,460,592	12.62%	0	0	0	0	None	None	None	None	None	None
	R.O.C.	Representa-tive: Chung-Hui Hsu	Male 70~80	06.08.2022	3	108.06.12	54,000	0.04%	60,497	0.04%	19,799	0.01%	0	0	School of Medicine, China Medical University Clinical Professor, Department of Medicine, Taipei Medical University Director of Nuclear Medicine and Attending Physician in Internal Medicine, Taipei City Hospital, Renai Branch	Physician at Taipei Medical University Hospital	None	None	None	None
Director	R.O.C.	Hsin-Chong International Co., Ltd.	-	06.08.2022	3	99.06.17	15,873,800	12.98%	17,460,592	12.62%	0	0	0	0	None	None	None	None	None	None
	R.O.C.	Representa-tive:Feng-Chun Kuo	Male 50~60	06.08.2022	3	111.06.08	6,000	0.01%	8,997	0.01%	0	0	0	0	Graduate Institute of Finance, National Taiwan University Vice President of HiTi Digital, Inc. Chief Financial Officer of Auras Technology Co., Ltd.	Vice Presidnt of Management Center, Jentech Precision	None	None	None	None

Job Title	Nation-ality or Place of Registration	Name	Gender and Age	Date of Election (Appointment)	Ter-m of Off-ice	Date of Initial Election	Shareholdings at the Time of Appointment		Current Shareholding		Spouse and minor children currently hold shares		Holding shares under someone else's name		Primary professional (educational) background	Currently holding positions in both this company and other companies	Other executives, directors, or supervisors who have a spousal or close family relationship within the second degree			Notes
							Number of shares	Sharehold-ing percent-age	Number of shares	Sharehold-ing percent-age	Number of shares	Share-holding percent-age	Number of shares	Share-holding percent-age			Position	Name	Relation-ship	
Director and CEO	R.O.C.	Heng-Shan Co., Ltd.	-	06.08.2022	3	102.06.17	15,157,574	12.40%	16,672,770	12.05%	0	0	0	0	None	None	N o n e	None	None	None
	R.O.C.	Representa-tive:Chin-Lung Lin	Male 50~60	06.08.2022	3	102.06.17	122,156	0.10%	25,565	0.02%	0	0	0	0	MBA Fairleigh Dickinson University, USA Manager of Business Department, Jentech Precision Director of Business Division, Jentech Precision	Note 3	N o n e	None	None	None
Director	R.O.C.	Heng-Shan Co., Ltd.	-	06.08.2022	3	102.06.17	15,157,574	12.40%	16,672,770	12.05%	0	0	0	0	None	None	N o n e	None	None	None
	R.O.C.	Representa-tive: Jheng-Cing Wu	Male 70~80	06.08.2022	3	108.11.06	0	0	0	0	0	0	0	0	Master of Finance at National Taiwan University（EMBA） General Manager of China Bills Finance Company Chairman and CEO of Fubon Securities	Note 4	N o n e	None	None	None
Director	R.O.C.	Wei-Pang Liu	Male 60~70	06.08.2022	3	98.06.08	66,763	0.05%	65,836	0.05%	0	0	0	0	MBA from St. John University, USA Chairman of Pei Fu Trading Co., Ltd.	Director of Wei Han Hsing Co., Ltd.	None	None	None	None
Indepen-dent Director	R.O.C.	Tsung-Nan Tsai	Male 70~80	06.08.2022	3	97.12.15	0	0	0	0	0	0	0	0	Note 5	Advisor to the Taiwan Office of P.C.B Universe	None	None	None	None
Indepen-dent Director	R.O.C.	Te-Chang Yao	Male 50~60	06.08.2022	3	102.06.17	0	0	0	0	0	0	0	0	Note 6	Note 7	None	None	None	None
Indepen-dent Director	R.O.C.	Stephanie Chang	Female 50~60	06.08.2022	2	106.06.02	0	0	0	0	0	0	0	0	Master of Statistics from University of Westminster General Manager of Duo-Jia-Duo Investment Ltd. Chairman of CGT technology Co.,LTD Teaching Assistant at the College of Science and Engineering, National Dong Hwa University	General Manager of Duo-Jia-Duo Investment Ltd.	None	None	None	None

Note 1：Chairman of Jentech Precision Industrial Co., Ltd.,Executive Director of Wuxi Jentech Precision Industrial Co., Ltd., Chairman of Hsin-Chong International Co., Ltd., and Director of KB Precision Tooling Co., Ltd.

Note 2：Vice Chairman of Jentech Precision Industrial Co., Ltd., Chairman of Heng-Shan Co., Ltd., Supervisor and General Manager of Wuxi Jentech Precision Industrial Co., Ltd., Chairman and CEO of Kenly Precision Industrial Co., Ltd., Director of KB Precision Tooling Co., Ltd., and Director of MSM Development Co., Ltd.

Note 3：CEO of Jentech Precision Industrial Co., Ltd., and Legal Representative and Director of Kenly Precision Industrial Co., Ltd.

Note 4：Independent Director of Motech Industries Inc., Legal Representative and Director of C-Tech Co., Ltd.

Note 5：Department of Electronic Engineering, Taipei Technical College,、General Integrated Technology, Inc., AMPEX Corporation, Geon RCA Electronics, Advisor to the Taiwan Office of P.C.B Universe,、JingWei Computer Corporation, and Special Assistant to the General Manager.

Note 6：Master of Electrical Engineering from the University of Southern California, Master of Finance from National Taiwan University Graduate Institute of Finance, Deputy General Manager of ShuBang Investment Advisory Corporation, and General Manager of Daya Entrepreneurial Investment Corporation, and General Manager of Taya Venture Cpital Co., Ltd.

Note 7：Legal Representative and Director of Ledlink Optics Inc., Director of Asix Industrial, Legal Representative and Director of ACTi Corporation, Independent Director of YoungTek Electronics Corp., Independent Director of Fitipower Integrated Technology Inc., Director of Taitien Electronics Co., Ltd., and Legal Representative and Director of U.D. Electronic Corp.

3.2.1.2 Major Shareholders of the Corporate Shareholder

April 18th, 2023

Name(s) of Corporate Shareholder(s)	Major Shareholders of the Corporate Shareholder
Hsin-Chong International Co., Ltd.	Chung-Hsin Chao 75.6%, Hsu-TzuMei Chao 13.9%, I-Ting Chao 10.5%
Heng-Shan Co., Ltd.	Yung-Tsang Chao 76.02%、Kuei-Ling Chien 14.42%、Yu-Hsun Chao 4.78%, I-Yun Chao 4.78%

3.2.1.3 The Major Shareholder(s) of the Legal Entity are its main Shareholder(s): None

3.2.1.4 Qualifications of directors and independence of independent directors

April 30th, 2023

Requirement / Name	Professional Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of independent directors concurrently serving in other publicly listed companies
Chung-Hsin Chao	As the founder of Jentech Precision Industrial, currently serving as the Chairman of the company, he has been a director of this company since its establishment. With over 30 years of work experience essential for the company's operations, he has led the company in industry upgrades and aimed for the goal of becoming a global leader, resulting in the continuous growth of the company's business scale. There are no circumstances falling under Article 30 of the Company Law.	1. Director holding positions in related companies 2. Top ten individual shareholders of the company 3. Is a relative within the second degree of kinship to Director Yung-Tsang Chao of the company 4. There is no provision under Article 27 of the Company Law for the election of government officials, legal entities, or their representatives.	0
Yung-Tsang Chao	As the founder of Jentech Precision Industrial, He currently holds the position of Vice Chairman in the company. He has been a director of this company since its establishment, bringing over 30 years of work experience essential for the company's operations. He has led the company towards internationalization, aligning it with global industry leaders. There are no circumstances falling under Article 30 of the Company Law.	1. Director holding positions in related companies 2. Top ten individual shareholders of the company 3. Is a relative within the second degree of kinship to Director Chung-Hsin Chao of the company 4. There is no provision under Article 27 of the Company Law for the election of government officials, legal entities, or their representatives.	0
Hsin-Chong International Co., Ltd. Representative: Chien-Tsai Chang	The Senior Vice General Manager of the company, he has been a member of the board since 2010. He brings extensive work experience essential for the company's operations. There are no circumstances falling under Article 30 of the Company Law.	1.Concurrently serves as the Vice General Manager of the company and holds the position of a director with managerial responsibilities 2.Circumstances falling under Article 27 of the Company Law, which stipulates the election of legal entities or their representatives	0
Hsin-Chong International Co., Ltd. Representative: Chung-Hui Hsu	He is currently working as a physician at Taipei Medical University Hospital and joined the board in 2019. He possesses the necessary work experience for the company's operations and contribute to the goal of diversifying the board members. There are no circumstances falling under Article 30 of the Company Law.	1.Circumstances falling under Article 27 of the Company Law, which stipulates the election of legal entities or their representatives	0

Name \ Requirement	Professional Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of independent directors concurrently serving in other publicly listed companies
Hsin-Chong International Co., Ltd. Representative: Feng-Chun Kuo	He is the Vice General Manager of the company and joined the board in 2022. He brings extensive work experience in finance and business that is essential for the company's operations. There are no circumstances falling under Article 30 of the Company Law.	1.Concurrently serves as the Vice General Manager of the company and holds the position of a director with managerial responsibilities 2.Circumstances falling under Article 27 of the Company Law, which stipulates the election of legal entities or their representatives	0
Heng-Shan Co., Ltd. Representative: Chin-Lung Lin	He is the General Manager of the company and joined the board in 2013. He has extensive work experience necessary for the company's operations.There are no circumstances falling under Article 30 of the Company Law.	1. Director holding positions in related companies 2.Concurrently serves as the General Manager of the company and holds the position of a director with managerial responsibilities 3. Circumstances falling under Article 27 of the Company Law, which stipulates the election of legal entities or their representatives	0
Heng-Shan Co., Ltd. Representative: Jheng-Cing Wu	He is currently serving as an Independent Director of Motech Industries Inc. He previously held the position of Chairman at China Bills Finance Company and Fubon Securities. He possesses work experience in business, finance, accounting, and company operations. There are no circumstances falling under Article 30 of the Company Law.	1. Circumstances falling under Article 27 of the Company Law, which stipulates the election of legal entities or their representatives	1
Wei-Pang Liu	He is the Chairman of Pei Fu Trading Co., Ltd. and has work experience in business and company operations.There are no circumstances falling under Article 30 of the Company Law.	1. There is no provision under Article 27 of the Company Law for the election of government officials, legal entities, or their representatives.	0

Requirement / Name	Professional Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of independent directors concurrently serving in other publicly listed companies
Tsung-Nan Tsai	As a consultant at the Taiwan office of P.C.B Universe, he has work experience in business, finance, accounting, and company operations. There are no circumstances falling under Article 30 of the Company Law.	1. Himself, his spouse, and relatives within the second degree of kinship are not serving as directors, supervisors, or employees of the company or its affiliated enterprises. 2. Himself, his spouse, and relatives within the second degree of kinship (or using other individuals' names) do not hold any shares or ownership proportion in the company. 3.Not served as a director, supervisor, or employee of any company with specific relationships to this company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies) 4.Not received any remuneration from this company or its related enterprises for providing services in the fields of business, legal, finance, accounting, or other related areas in the past two years	0
Te-Chang Yao	As a director for multiple listed and OTC companies, he holds a Master's degree in Electrical Engineering from the University of Southern California (USC) and a Master's degree in Finance and Financial Management from National Taiwan University (NTU). He possesses work experience in business, finance, accounting, and other areas related to corporate operations. There are no circumstances falling under Article 30 of the Company Law.	1. Himself, his spouse, and relatives within the second degree of kinship are not serving as directors, supervisors, or employees of the company or its affiliated enterprises. 2. Himself, his spouse, and relatives within the second degree of kinship (or using other individuals' names) do not hold any shares or ownership proportion in the company. 3.Not served as a director, supervisor, or employee of any company with specific relationships to this company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies) 4.Not received any remuneration from this company or its related enterprises for providing services in the fields of business, legal, finance, accounting, or other related areas in the past two years	2

Requirement / Name	Professional Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of independent directors concurrently serving in other publicly listed companies
Stephanie Chang	As the Chairman of Duo-Jia-Duo Investment Ltd., She holds a Master's degree in Statistics from University of Westminster and has relevant work experience in business, finance, accounting, and other areas related to corporate operations. There are no circumstances falling under Article 30 of the Company Law.	1. Herself, her spouse, and relatives within the second degree of kinship are not serving as directors, supervisors, or employees of the company or its affiliated enterprises. 2. Herself, her spouse, and relatives within the second degree of kinship (or using other individuals' names) do not hold any shares or ownership proportion in the company. 3.Not served as a director, supervisor, or employee of any company with specific relationships to this company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies) 4.Not received any remuneration from this company or its related enterprises for providing services in the fields of business, legal, finance, accounting, or other related areas in the past two years	0

Note：

（1）Professional Qualifications and Experience: Specify the professional qualifications and experience of each individual director and supervisor. If they are members of the Audit Committee and possess accounting or financial expertise, their accounting or financial background and work experience should be stated. Additionally, indicate whether they are not subject to any circumstances specified in Article 30 of the Company Law.

（2）Independent directors should specify their compliance with independence criteria, including but not limited to whether they or their spouse, second-degree relatives, or any relatives within such degree serve as directors, supervisors, or employees of the Company or its related enterprises; whether they or their spouse, second-degree relatives, or any relatives within such degree (or through the use of another person's name) hold shares of the Company and the proportion thereof; whether they serve as directors, supervisors, or employees of companies with specific relationships with the Company (referring to the regulations of independent director appointment and compliance matters for publicly listed companies, Article 3, Paragraph 1, Items 5-8); and the amount of remuneration received in the past two years for providing business, legal, financial, accounting, or other services to the Company or its related enterprises.

3.2.1.5 Board Diversity and Independence

(1) Board Diversity:

In order to strengthen corporate governance and promote the sound development of the Board of Directors' composition and structure, the Company established the 'Practical Guidelines for Corporate Governance' in 2016, Article 20, Section 2, which outlines the policy on board diversity. The policy states that in order to achieve the ideal goal of corporate governance, the Board of Directors as a whole should possess the following capabilities: operational judgment, accounting and financial analysis, management, crisis management, industry knowledge, international market perspective, leadership, and decision-making abilities. The current Board of Directors of the Company consists of 11 members, including 3 independent directors, who bring rich experience and expertise in finance, business, and management. Furthermore, the Company also places importance on gender equality in the composition of the Board of Directors, with a target of at least one female director. Currently, out of the 11 directors, one is a female director, representing a ratio of 9%.

The goal of board diversity and its achievement; The current status of diversity implementation among the members of the Board of Directors in the Company is as follows:

Diversity Core / Director's Name	Basic Composition								Industry Experience				Professional Competence		
	Nationality	Gender	Employee	Age			Years of service as an independent director		Finance and Financial	Research and Development Technology	Business and Supply	Service and Marketin	Risk Management	Accounting and Financial Analysis	Business Management
				50~60 years	60~70 years	70~80 years	Under 9 years	9 years or more							
Chung-Hsin Chao	R.O.C.	Male	-	-	✓	-	-	-	✓	✓	✓	✓	✓	-	✓
Yung-Tsang Chao	R.O.C.	Male	✓	-	✓	-	-	-	✓	✓	✓	✓	✓	-	✓
Hsin-Chong International Co., Ltd. Representative: Chien-Tsai Chang	R.O.C.	Male	✓	-	✓	-	-	-	✓	✓	✓	✓	✓	-	✓
Hsin-Chong International Co., Ltd. Representative:Chung-Hui Hsu	R.O.C.	Male	-	-	-	✓	-	-	✓	-	-	✓	✓	-	✓
Hsin-Chong International Co., Ltd. Representative:Feng-Chun Kuo	R.O.C.	Male	✓	✓	-	-	-	-	✓	-	✓	✓	✓	✓	✓
Heng-Shan Co., Ltd. Representative:Chin-Lung Lin	R.O.C.	Male	✓	✓	-	-	-	-	✓	✓	✓	✓	✓	-	✓
Heng-Shan Co., Ltd. Representative: Jheng-Cing Wu	R.O.C.	Male	-	-	-	✓	-	-	✓	-	✓	✓	✓	✓	✓
Wei-Pang Liu	R.O.C.	Male	-	-	✓	-	-	-	✓	-	✓	✓	✓	-	✓
Tsung-Nan Tsai	R.O.C.	Male	-	-	-	✓	-	✓	✓	-	✓	✓	✓	-	✓
Te-Chang Yao	R.O.C.	Male	-	✓	-	-	✓	-	✓	-	✓	✓	✓	✓	✓
Stephanie Chang	R.O.C.	Female	-	✓	-	-	✓	-	✓	-	✓	✓	✓	✓	✓

Our company will continue to actively promote the diversification and complementarity of the board of directors, and ensure its implementation. In the future, we will periodically review and update our diversification policy based on the operation of the board, business model, and developmental needs. This includes, but is not limited to, criteria related to basic qualifications and values, as well as professional knowledge and skills. These measures are aimed at ensuring that board members possess the necessary knowledge, skills, and qualities to effectively carry out their duties.

(2) The Independence of the Board of Directors:

The total number of directors in our company is currently eleven, out of which three seats are occupied by independent directors, accounting for 27% of the board. Currently, Mr. Chung-Hsin Chao and Mr. Yung-Tsang Chao, two directors, are brothers and fall within the second-degree of kinship. The remaining directors do not fall under the provisions of Article 26-3 of the Securities and Exchange Act. The selection process for all directors in our company follows a fair, just, and transparent procedure, in accordance with the regulations stated in Article 21 and Article 41 of the Corporate Governance Best Practice Principles for Listed and OTC Companies. Furthermore, the nomination of candidates is conducted based on the cumulative voting system as stipulated in Article 3 of our company's "Director Election Regulations" and the candidate nomination system stated in Article 18 of the company's Articles of Incorporation. We encourage active shareholder participation to safeguard their rights and maintain independence.

3.2.2 Information regarding the General Manager, Deputy General Managers, Assistant Managers, as well as heads of departments and branch offices

April 18th, 2023

Job Title	Nationality	Name	Gender	Date of election/ appoint-ment	Holdings of shares		Spouse and minor children currently hold shares		Holding shares under someone else's name		Primary professional (educational) background	Currently holding positions in both this company and other compan-ies	Managerial personnel with spouses or close relatives within the second degree of kinship			Note
					Number of shares	Share -holding percent -age	Number of shares	Share -holding percent -age	Number of shares	Share -holding percent -age			Job Title	Name	Rela-tion-ship	
Vice Chairman	R.O.C.	Yung -Tsang Chao	Male	03.28.1987	2,068,292	1.49%	9,041	0.01%	-	-	Founder of Jentech Precision Industrial Affiliated Senior High School of National Taiwan Normal University	Note 1	Chair-man	Chung -Hsin Chao	Broth-ers	None
General Manager	R.O.C.	Chin -Lung Lin	Male	03.08.2000	25,565	0.02%	-	-	-	-	MBA Fairleigh Dickinson University, USA Manager of the Business Department at Jentech Director of the Business Division at Jentech	Note 2	-	-	-	None
Senior Vice President of the Chairman's Office	R.O.C.	Chien -Tsai Chang	Male	03.15.1996	153,260	0.11%	-	-	-	-	Dept.of Mechanical Engineering, National Cheng Kung University Deputy Manager of Megamedia Corportaion Vice president of the Jenket Precision LED Business Division	-	–	–	–	None
Vice President of the Administra-tion Department	R.O.C.	Feng -Chun Kuo	Male	07.10.2018	8,997	0.01%	-	-	-	-	Graduate Institute of Finance, National Taiwan University Vice President of HiTi Digital, Inc. Chief Financial Officer of Auras Technology Co., Ltd.	-	-	-	-	None
Vice President of the Surface Treatment Division	R.O.C.	Jia -Wei Peng	Male	03.18.2022	7,997	0.01%	-	-	-	-	Chemical Engineering Dept., Dahua Technical College Plating Department Manager at Fusheng Industrial Director of the Surface Treatment Division at Jentech	-	-	-	-	None
Director of Research and Develop-ment Division 1	R.O.C.	Mu -Chih Jhong	Male	04.26.2019	6,177	0.00%	-	-	-	-	China University of Science and Technology Manager of Mold Department at Jentech Director of Research and Development Division 1	-	-	-	-	None
Director of Research and Develop-ment Division 2	R.O.C.	Chiao -Hsiang Chang	Male	08.07.2019	5,499	0.00%	-	-	-	-	Department of Statistics at TsingHua University Deputy Director of Research and Development Division at Jentech Project Manager for New Development Projects at Foxconn Precision	-	-	-	-	None
Director of Research and Develop-ment Division 3	R.O.C.	Bing -Rung Wang	Male	08.09.2010	6,998	0.01%	-	-	-	-	Department of Information Science at Chinese Culture University Director of Automation Division at Speedtech General Manager of Tiger Precision Tech Corp.	-	-	-	-	None
Director of Injection Molding Division	R.O.C.	Jin -Ruei Yu	Male	11.08.2019	6,499	0.00%	-	-	-	-	Graduate Institute of Mechanical Engineering at National Taiwan University Deputy Director of Research and Development Division at Jentech Deputy Manager of R&D at Edison Opto	-	-	-	-	None

Job Title	Nationality	Name	Gender	Date of election/ appoint-ment	Holdings of shares		Spouse and minor children currently hold shares		Holding shares under someone else's name		Primary professional (educational) background	Currently holding positions in both this company and other compan-ies	Managerial personnel with spouses or close relatives within the second degree of kinship			Note
					Number of shares	Share -holding percent -age	Number of shares	Share -holding percent -age	Number of shares	Share -holding percent -age			Job Title	Name	Rela-tion-ship	
Director of Quality Assurance Department	Malay -sia	Shiue -Chin Lin	Male	03.24.2020	2,518	0.00%	-	-	-	-	Graduate Institute of Manufacturing System Engineering, Queen's University Belfast (QUB), Northern Ireland, UK Manager of the Surface Treatment Division at Jentech Technology Manager at Intel Asia Pacific	-	-	-	-	None
Director of EMC Business Division	R.O.C.	Cing -Jiao Jheng	Male	03.01.2014	9,136	0.01%	-	-	-	-	Mechanical Engineering Department, Taipei City University of Science and Technology Deputy Director of Stamping Division at Jentech Director of Molding Division at Jentech	-	-	-	-	None
Director of Materials Business Division	R.O.C.	Yue -Jen Wang	Female	05.07.2021	5,498	0.00%	-	-	-	-	Department of International Trade at Chinese Culture University Deputy Director of Material Business Division at Jentech	-	-	-	-	None
Accounting Supervisor	R.O.C.	Ciao -Ni Jheng	Female	11.07.2018	0	0.00%	-	-	-	-	Graduate Institute of Accounting at National Taipei University BDO Taiwan Genesis Taiwan	-	-	-	-	None
Audit Supervisor	R.O.C.	Shu -Ping Shiue	Female	03.01.2012	5,420	0.00%	-	-	-	-	Graduate Institute of Finance and Banking at Chang Gung University Deputy Manager of Project Department at Jentech	-	-	-	-	None

Note 1：Chairman and CEO of Kenly Precision Industrial Co., Ltd., Chairman of Heng-Shan Co., Ltd., Supervisor and General Manager of Wuxi Jentech Precision Industrial Co., Ltd., Director of KB Precision Tooling Co., Ltd., and Director of MSM Development Co., Ltd.

Note 2：Legal Representative and Director of Kenly Precision Industrial Co., Ltd.

3.2.3 When the Chairman and the General Manager or equivalent positions (the top executives) are the same person, spouses, or first-degree relatives, the reasons, rationale, necessity, and corresponding measures shall be explained: No such situation exists.

3.3 Remuneration and Compensation Paid to Directors, and President and Vice President

3.3.1 Remuneration Paid to Directors

Unit: NT$ 1,000

Title		Name	Director's Remuneration								Total Remuneration (A+B+C+D) and as a % of Net Income (Note 10)		Compensation Earned by a Director Who is an Employee								Total Compensation (A+B+C+D+E+F+G) and as a % of Net Income (Note 10)		Compensation Paid to Directors from Non-Consolidated Entities (Note 11)
			Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 3)		Allowances (D) (Note 4)				Compensation, Bonuses and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Compensation to Employees (G) (Note 6)						
			From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech		From All Consolidated Entities (Note 7)		From Jentech	From All Consolidated Entities (Note 7)	
																	Cash	Stock	Cash	Stock			
Director	Chairman	Chung-Hsin Chao	–	–	–	–	51,405	51,405	–	–	51,405 1.97%	51,405 1.97%	26,882	26,882	396	396	23,798	–	23,798	–	102,48 3.92%	102,481 3.92%	None
	Director	Yung-TsangChao																					
	Director	Hsin-Chong International Co., Ltd. Representative: Chien-Tsai Chang																					
	Director	Hsin-Chong International Co., Ltd. Representative: Chung-Hui Hsu																					
	Director	Hsin-Chong International Co., Ltd. Representative: Feng-Chun Kuo																					
	Director	Heng-Shan Co., Ltd. Representative:Chin-Lung Lin																					
	Director	Heng-Shan Co., Ltd. Representative: Jheng-Cing Wu																					
	Director	Wei-Pang Liu																					

Title		Name	Director's Remuneration								Total Remuneration (A+B+C+D) and as a % of Net Income (Note 10)		Compensation Earned by a Director Who is an Employee								Total Compensation (A+B+C+D+E+F+G) and as a % of Net Income (Note 10)		Compensation Paid to Directors from Non-Consolidated Entities (Note 11)
			Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 3)		Allowances (D) (Note 4)				Compensation, Bonuses and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Compensation to Employees (G) (Note 6)						
			From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech	From All Consolidated Entities (Note 7)	From Jentech		From All Consolidated Entities (Note 7)		From Jentech	From All Consolidated Entities (Note 7)	
																	Cash	Stock	Cash	Stock			
Independent Director	Independent Director	Tsung-Nan Tsai	–	–	–	–	20,388	20,388	–	–	20,388 0.78%	20,388 0.78%	–	–	–	–	–	–	–	–	20,388 0.78%	20,388 0.78%	None
	Independent Director	Te-Chang Yao																					
	Independent Director	Stephanie Chang																					

1. Please describe the policy, system, standards and structure of independent directors' remuneration, as well as the connection between the amount of remuneration paid and director's responsibilities, risks, time investment and other factors: the remuneration of the directors of the Company is determined by the board of directors in accordance with the Articles of Incorporation, issued based on the director's participation in the Company's operations and contribution, with reference to both domestic and foreign market standards. If the Company has a profit, the board of directors will determine the amount of directors' remuneration in accordance with the Company's Articles of Incorporation. Independent directors are ex-officio members of the audit committee. In addition to the general remuneration paid to directors, the Company takes into account of each director's individual responsibilities, risks and investment time, and also determines different reasonable remunerations.
2. In addition to the information disclosed in the table above, has any Director provided services to Jentech Precision and its subsidiaries and received compensation for such services (e.g. serving as a consultant that is not an employee): None

Table of Remuneration Scale

Remuneration Paid to Directors	Director Names			
	Total Remuneration (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	From Jentech (Note 8)	From All Consolidated Entities (Note 9) H	From Jentech (Note 8)	From All Consolidated Entities (Note 9) I
Less than NT$1,000,000	-	-	-	-
NT$1,000,000 –NT$1,999,999	-	-	-	-
NT$2,000,000 –NT$3,499,999	-	-	-	-
NT$3,500,000 –NT$4,999,999	Hsin-Chong International Co., Ltd. Representative: Feng-Chun Kuo	same as left	-	-
NT$5,000,000 - NT$9,999,999	Chung-Hsin Chao, Yung-TsangChao, Hsin-Chong International Co., Ltd. Representative: Chien-Tsai Chang, Hsin-Chong International Co., Ltd. Representative: Chung-Hui Hsu, Heng-Shan Co., Ltd. Representative: Chin-Lung Lin, Heng-Shan Co., Ltd. Representative: Jheng-Cing Wu, Wei-Pang Liu, Tsung-Nan Tsai, Te-Chang Yao, Stephanie Chang	same as left	Hsin-Chong International Co., Ltd. Representative: Chung-Hui Hsu, Heng-Shan Co., Ltd. Representative: Jheng-Cing Wu, Wei-Pang Liu, Tsung-Nan Tsai, Te-Chang Yao, Stephanie Chang	same as left
NT$10,000,000 - NT$14,999,999	-	-	Hsin-Chong International Co., Ltd. Representative: Chien-Tsai Chang, Hsin-Chong International Co., Ltd. Representative: Feng-Chun Kuo	same as left
NT$15,000,000 - NT$29,999,999	-	-	Chung-Hsin Chao, Yung-TsangChao, Heng-Shan Co., Ltd. Representative: Chin-Lung Lin	same as left
NT$30,000,000 - NT$49,999,999	-	-	-	-
NT$50,000,000 - NT$99,999,999	-	-	-	-
NT$100,000,000 and above	-	-	-	-
Total	11 persons	same as left	11 persons	same as left

Note 1: Director names shall be listed separately (the shareholder name and representative shall be listed separately for corporate directors) and each payment amount shall be disclosed as a summary. If directors concurrently serve as president and vice presidents, list in this Table and Tables (3-1) or (3-2) below.

Note 2: 2021 director remuneration (includes director salary, allowances, severance pay, various bonuses and incentives).

Note 3: 2022 compensation to directors passed by the Board of Directors in 2021.

Note 4:Related 2021 director allowances (including travel expenses, special expenses, all kinds of allowances, accomodations, substantive objects offered in the form of vehicles and etc.). If real estate, cars and other transportation or exclusive personal expenses are offered, the asset category and cost, actual rent or rent calculated at fair market value, fuel expenses and other payments shall be disclosed. If a driver is assigned, attach an explanation of the driver's related compensation but do not include the compensation into the remuneration.

Note 5: 2021 directors who concurrently hold positions in the company (including the president and vice presidents, other managers and employees) receive remunerations including salary, duty differential pay, severance pay, all kinds of bonuses, incentive pays, accomodations, and substantive objects offered in the form of vehicles. If real estate, cars and other transportation or exclusive personal expenses are offered, the asset category and cost, actual rent or rent calculated at fair market value, fuel expenses and other payments shall be disclosed. If a driver is assigned, attach an explanation of the driver's related compensation but do not include the compensation into the remuneration.

Note 6: 2021 directors concurrently hold positions in the Company (including the president and vice presidents, other managers and employees) who receive employee bonuses (including stock and cash) shall disclose the 2021 employee compensation amounts passed and distributed by the 2022 Board of Directors meeting. If estimation is not possible, calculate this year's proposed distribution amounts based on the actual percentages distributed for the previous year and list in Table 1-3.

Note 7: The total of all compensation items from all consolidated entities (including the Company) paid to Company directors shall be disclosed.

Note 8: The total of each of the remuneration items paid by the Company to each director are disclosed under the corresponding director name in the scale.

Note 9: The total of each of the remuneration items paid by all consolidated entities to Company directors shall be disclosed under the corresponding director name in the scale.

Note 10: Net Income refers to 2021 net income: Those who have adopted IFRS, net income refers to the net income in individual or separate financial reports for the most recent year.

Note 11: a. This column shall clearly list the related remuneration amounts from reinvested companies other than subsidiaries.

b.If Company directors receive remuneration from reinvested companies other than subsidiaries, the remuneration received by Company directors from reinvested companies other than subsidiaries is included in the Remuneration Scale column and the column is renamed All Reinvested Entities.

c.Compensation and remuneration refers to the compensation and remuneration (employee, director and supervisor remuneration), business execution expenses and other related remuneration received by Company directors as directors, supervisors and managers of reinvested entities other than subsidiaries.

3.3.2 Compensation Paid to President and Vice Presidents

Unit: NT$ 1,000

Title	Name	Compensation (A)(Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)(Note 3)		Employee Compensation (D) (Note 4)				Total Compensation (A+B+C+D) and as a % of Net Income (Note 8)		Compensation Paid to Directors from Non-Consolidated Entities (Note 9)
		From Jentech	From All Consolidated Entities (Note 5)	From Jentech	From All Consolidated Entities (Note 5)	From Jentech	From All Consolidated Entities (Note 5)	From Jentech		From All Consolidated Entities (Note 5)		From Jentech	From All Consolidated Entities (Note 5)	
								Cash	Stock	Cash	Stock			
Vice Chairman	Yung-Tsang Chao	12,288	12,288	504	504	14,139	14,139	22,401	—	22,401	—	49,333 1.89%	49,333 1.89%	None
General Manager	Chin-Lung Lin													
Senior Vice President	Chien-Tsai Chang													
Vice President	Feng-Chun Kuo													
Vice President	Jia-Wei Peng													

＊Regardless of the position, those positions equivalent to President and Vice President (i.e.: President, CEO and Director) have all been disclosed.

Compensation Scale

Compensation Paid to Senior Executives	Names of Senior Executives	
	The Company (Note 6)	The Company in the financial report（Note 7）(E)
Less than NT$1,000,000	-	-
NT$1,000,000 –NT$1,999,999	-	-
NT$2,000,000 –NT$3,499,999	-	-
NT$3,500,000 –NT$4,999,999	-	-
NT$5,000,000 - NT$9,999,999	Chien-Tsai Chang, Feng-Chun Kuo, Jia-Wei Peng	Chien-Tsai Chang, Feng-Chun Kuo, Jia-Wei Peng
NT$10,000,000 - NT$14,999,999	Yung-Tsang Chao, Chin-Lung Lin,	Yung-Tsang Chao, Chin-Lung Lin,
NT$15,000,000 - NT$29,999,999	-	-
NT$30,000,000 - NT$49,999,999	-	-
NT$50,000,000 - NT$99,999,999	-	-
NT$100,000,000 and above	-	-
Total	5 persons	5 persons

Note 1: The names of president and vice general presidents shall be listed separately (the shareholder name and representative shall be listed separately for corporate directors) and each payment amount shall be disclosed as a summary. If there are directors that concurrently serve as a president and vice general presidents, list in this Table and Tables (1-1) or (1-2) below.

Note 2: Lists 2021 salary, allowances and severance pay for the general and vice general managers.

Note 3: Lists 2021 president and vice general presidents bonuses, incentives, travel expenses, special expenses, all kinds of allowances, accomodations, substantive objects offered in the form of vehicles and other remuneration). If real estate, cars and other transportation or exclusive personal expenses are offered, the asset category and cost, actual rent or rent calculated at fair market value, fuel expenses and other payments shall be disclosed. If a driver is assigned, attach an explanation of the driver's related compensation but do not include the compensation into the remuneration

Note 4: 2021 directors concurrently hold positions in the Company (including the president and vice general presidents, other managers and employees) who receive employee bonuses (including stock and cash) shall disclose the 2021 general manager and vice general manager employee compensation amounts passed and distributed by the 2022 Board of Directors meeting. If estimation is not possible, calculate this year's proposed distribution amounts based on the actual percentages distributed for the previous year and list in Table 1-3. Net Income refers to the most recent year's net income: Those who have adopted IFRS, net income refers to the net income in individual or separate financial reports for the most recent year.

Note 5: The total of all compensation items from all consolidated entities (including the Company) paid to Company president and vice general presidents shall be disclosed.

Note 6: The total of each of the remuneration items paid by the Company to each general and vice general manager shall be disclosed under the corresponding general manager and vice general manager names in the scale.

Note 7: The total of each of the remuneration items paid by all consolidated entities (including the Company) to each general and vice general manager shall be disclosed under the corresponding president and vice general presidents' name is the scale.

Note 8: Net Income refers to 2021 net income: Those who have adopted IFRS, net income refer to the net income in individual or separate financial reports for the most recent year.

Note 9: a. This column shall clearly list the related remuneration amounts from reinvested companies other than subsidiaries.

b. If Company general and vice general managers receive remuneration from reinvested companies other than subsidiaries, the remuneration received by Company directors from reinvested companies other than subsidiaries is included in Remuneration Scale Column E and the column is renamed All Reinvested Entities.

c. Remuneration refers to the compensation and remuneration (employee, director and supervisor remuneration), business execution expenses and other related remuneration received by Company general and vice general managers serving as directors, supervisors and managers of reinvested entities other than subsidiaries.

＊There are differences in the income concept in the remuneration information disclosed in this Table and income tax laws so this Table is used for information disclosure and not taxation purposes.

3.3.3 Profit Sharing Distributed to Managers

Unit: NT$ 1,000

	Title	Name	Stock	Cash	Total	%of Net Income
Managers	Vice Chairman	Yung-Tsang Chao	—	39,960	39,960	1.53%
	General Manager	Chin-Lung Lin				
	Senior Vice President	Chien-Tsai Chang				
	Vice President	Feng-Chun Kuo				
	Vice President	Jia-Wei Peng				
	Director	Cing-Jiao Jheng				
	Director	Bing-Rung Wang				
	Director	Jin-Ruei Yu				
	Director	Chiao-Hsiang Chang				
	Director	Mu-Chih Jhong				
	Director	Shiue-Chin Lin				
	Director	Yue-Jen Wang				
	Accounting Supervisor	Ciao-Ni Jheng				

3.3.4 Provide a comparative analysis of the total remuneration amounts paid to the directors, general manager, and deputy general manager of our company and all consolidated subsidiaries in the past two fiscal years as a percentage of the individual or separate financial report's after-tax net income. Additionally, explain the policy, standards, and composition of the remuneration, the procedures for setting the remuneration, and the relationship with the operational performance and future risks.

(1) Remuneration Paid to Company Directors, President and Vice Presidents as a Percentage of Net Income by the Company over the Past Two Years:

Title	Remuneration as Percentage of Net Income in 2021		Remuneration as Percentage of Net Income in 2022	
	From Jentech	From All Consolidated Entities	From Jentech	From All Consolidated Entities
Director	5.49%	5.49%	4.70%	4.70%
General Manager and Vice President	2.63%	2.63%	1.89%	1.89%

(2) The policy, standards, and composition of the remuneration, procedures for setting the remuneration, and the relationship with operational performance and future risks are as follows:

According to Article 24 of our company's bylaws, if the company generates profits in a fiscal year, the board of directors shall decide to allocate 5% to 20% as employee remuneration and a maximum of 2% as director remuneration.

The remuneration for directors is evaluated by the Compensation Committee, taking into account the results of director performance assessments, their level of involvement and contribution to the company's operations, the company's operational achievements, and references to relevant industry peers and listed companies' standards.

The policy for remunerating executives in our company is based on the salary levels in the relevant industry market for their positions, considering their responsibilities within the company, as well as their contributions to the company's operational goals such as revenue and net profit growth rates. The procedure for setting the remuneration takes into account the overall performance of the company, individual performance achievement rates, and the degree of contribution to the company's performance, ensuring a fair remuneration structure.

The remuneration for directors and executives mentioned above is conducted in accordance with the company's bylaws and various salary and bonus systems. It undergoes review by the Compensation Committee, which submits it for approval by the Board of Directors and reports to the shareholders' meeting. The company's management team and the Compensation Committee regularly review and make appropriate adjustments to achieve a balance in risk management.

3.4 Implementation of Corporate Governance

3.4.1 Operation of the Board of Directors

In 2021, and up to the date of printing of the annual report ,the Board of Directors had held 7 meetings (A), the attendance of which as follows:：

Title	Name	Actual number of attendees B	Number of proxy attendees	Actual rate of attendance (%) [B/A	Remarks
Chairman	Chung-Hsin Chao	7	0	100.00%	-
Director	Yung-Tsang Chao	7	0	100.00%	-
Director	Chien-Tsai Chang (Representative of Hsin-Chong International Co., Ltd.	7	0	100.00%	-
Director	Chung-Hui Hsu (Representative of Hsin-Chong International Co., Ltd.)	7	0	100.00%	-
Director	Feng-Chun Kuo (Representative of Hsin-Chong International Co., Ltd.)	4	0	100.00%	Note1
Director	Chin-Lung Lin (Representative of Heng-Shan Co., Ltd.)	7	0	100.00%	-
Director	Jheng-Cing Wu (Representative of Heng-Shan Co., Ltd.)	7	0	100.00%	-
Director	Wei-Pang Liu	7	0	100.00%	-
Independent Director	Tsung-Nan Tsai	7	0	100.00%	-
Independent Director	Te-Chang Yao	7	0	100.00%	-
Independent Director	Stephanie Chang	4	3	57.14%	-

Note1：Mr. Feng-Chun Kuo, the representative of Hsin-Chong International Co., Ltd., assumed office after the comprehensive re-election in the 2022. In the fiscal year 2022 and up to the present year, he was required to attend the board of directors' meetings four times, and his actual attendance rate was 100%.

Other items to be disclosed:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1)Matters referred to in Article 14-3 of the Securities and Exchange Act.

(2)Other matters involving objections or reservations expressed by the independent directors that were recorded or stated in writing that require a resolution by the board of directors.

Board of Directors′ meeting	Contents of resolutions and follow-up	Matters referred to Article 14-3 of the Securities and Exchange Act.	objections or reservations expressed by the independent directors
2022.02.23 (14th meeting of the 11th session)	1. We are discussing a proposal to acquire 10,000,000 shares of privately placed stocks of Guangyang Applied Materials Technology Co., Ltd. for the year 2019 through a trust transaction from Easy Rise Steel Co., Ltd., with a total investment amount of NT$ 500 million Dollars.	✓	
	Opinion of the Independent Directors: None		
	Handling of the Company's Opinion on Independent Directors: None		
	Resolution Result: All the attending members for approval the resolution.		
2022.03.18 (15th meeting of the 11th session)	1. Discuss the change of auditing accountant.	✓	
	2. Discuss the company's payment of audit fees for the year 2022.	✓	
	3. Discuss the amendment to the asset acquisition or disposal procedures of the company	✓	
	Opinion of the Independent Directors: None		
	Handling of the Company's Opinion on Independent Directors: None		
	Resolution Result: All the attending members for approval the resolution.		
2022.06.17 (1st meeting of the 12th session)	1. The Company intends to participate in the land auction of the Taoyuan Aerotropolis Project by the Taoyuan City Government.	✓	
	Opinion of the Independent Directors: None		
	Handling of the Company's Opinion on Independent Directors: None		
	Resolution Result: All the attending members for approval the resolution.		
2022.08.03 (2nd meeting of the 12th session)	1. Discuss the employee remuneration for the year 2021 of the Company.	✓	
	2. Discuss the salary adjustment for managers for the year 2022 of the Company.	✓	
	Opinion of the Independent Directors: None		
	Handling of the Company's Opinion on Independent Directors: None		
	Resolution Result：Apart from the director's abstention due to conflicts of interest as listed below, all other directors present unanimously agreed to approve the following matters. Director Chien-Tsai Chang abstained from discussing the employee remuneration plan for the company's fiscal year 2021 and the executive compensation adjustment plan for the fiscal year 2022 to avoid conflicts of interest.		

Board of Directors' meeting	Contents of resolutions and follow-up	Matters referred to Article 14-3 of the Securities and Exchange Act.	objections or reservations expressed by the independent directors
2022.11.04 (3rd meeting of the 12th session)	1. Discuss the year-end bonus for the managers of the Company for the year 2022.	✓	
	Opinion of the Independent Directors: None		
	Handling of the Company's Opinion on Independent Directors: None		
	Resolution Result：Apart from the director's abstention due to conflicts of interest as listed below, all other directors present unanimously agreed to approve the following matters. Directors Yung-Tsang Chao, Chien-Tsai Chang, and Chin-Lung Lin abstained from discussing the annual bonus plan for the Chairman, General Manager, and executives of the company for the fiscal year 111 to avoid conflicts of interest.		
2023.03.21 (4th meeting of the 12th session)	1. Discuss the auditor's fees for the year 2022 of the Company.	✓	
	Opinion of the Independent Directors: None		
	Handling of the Company's Opinion on Independent Directors: None		
	Resolution Result: All the attending members for approval the resolution.		

2. With respect to recusals of directors from motions due to a conflict of interest, the directors' names, contents of motion, causes for recusal and voting should be specified:

(1) Board of Directors' meeting on August 3, 2022, to approve the employee remuneration for the year 2021 of the Company：Director Chien-Tsai Chang voluntarily abstained from participating in the discussion and voting on this matter to avoid conflicts of interest that could potentially harm the company's interests. After the discussion and voting on this agenda item, Director Zhang will rejoin the meeting to proceed with the next agenda.

(2) Board of Directors' meeting on August 3, 2022, to approve the salary adjustment for managers for the year 2022 of the Company：Director Chien-Tsai Chang voluntarily abstained from participating in the discussion and voting on this matter to avoid conflicts of interest that could potentially harm the company's interests. After the discussion and voting on this agenda item, Director Zhang will rejoin the meeting to proceed with the next agenda.

(3) Board of Directors' meeting on August 3, 2022, to approve the year-end bonus for the managers of the Company for the year 2022：Directors Yung-Tsang Chao, Chien-Tsai Chang, and Chin-Lung Lin voluntarily abstained from participating in the discussion and voting on this matter to avoid conflicts of interest that could potentially harm the company's interests. After the discussion and voting on this agenda item, Director Zhang will rejoin the meeting to proceed with the next agenda.

3. Evaluation cycles, evaluation periods, evaluation scopes, evaluation methods and evaluation procedures, etc. for evaluating the performance of the Company's board of directors and board members are disclosed as below:

Evaluation Cycles	Evaluation Periods	Evaluation Scopes	Evaluation Methods	Evaluation Content	scopes
Annually	2022 /1/1~ 2022/12/31	Board of Directors	Internal evaluation of the board	1. Participation in the operation of the Company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control	94.6
Annually	2022 /1/1~ 2022/12/31	Individual members	self-evaluation by each board member	1. Familiarity with the goals and missions of the Company 2. Awareness of the duties of a director 3. Participation in the operation of the Company 4. Management and communication of internal relationship 5. The director's profession and continuing education 6. Internal control	96.0
Annually	2022 /1/1~ 2022/12/31	Audit Committee	Internal evaluation of the Audit Committee	1. Participation in the operation of the Company 2. Awareness of the duties of the audit committee 3. Improvement of quality of decisions made by the audit committee 4. Makeup of the audit committee and election of its members 5. Internal control	91.0
Annually	2022 /1/1~ 2022/12/31	Remuneration Committee	Internal evaluation of the Remuneration Committee	1. Participation in the operation of the Company 2. Awareness of the duties of the remuneration Committee 3. Improvement of quality of decisions made by the remuneration committee 4. Makeup of the remuneration committee and election of its members 5. Internal control	91.0

Note: For performance evaluations, individuals who score 90 or above (inclusive) are classified as "Significantly Exceeding Expectations." Those who score 80 or above but below 90 are classified as "Exceeding Expectations." Individuals who score 70 or above but below 80 are classified as "Meeting Expectations." Individuals who score below 70 are classified as "Requires Improvement."

4. Assessment of Goals for Strengthening Board Functions in the Current and Recent Years (such as establishing an audit committee, enhancing information transparency, etc.):
   (1) The company places importance on the continuous education of directors and regularly provides information on domestic and international seminars, forums, and courses for directors' reference.
   (2) Since 2013, the company has established an audit committee to replace the role of a supervisor. The committee consists of all independent directors, and its operations have been smooth since its establishment.
   (3) To assist directors in carrying out their duties and enhance the effectiveness of the board, the company adopted standard operating procedures for handling director requests in March 2019. The finance department serves as the coordinating unit to assist in fulfilling directors' operational requirements.
   (4) In line with corporate governance practices and to enhance the functioning of the board, the company has established performance targets to improve board efficiency. The board approved the Director Performance Evaluation Guidelines on November 8, 2019, and the results of the evaluations for the fiscal year 2022 were submitted to the board on March 21, 2023.

3.4.2 Operation of the Audit Committee

The Audit Committee of our company was established on June 10, 2013. In the recent years (2022) and Fiscal Year 2023 up until the printing date of this year's report, the Audit Committee has held 7 meetings (A). The attendance of independent directors is as follows:：

Title	Name	Attendance in person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Tsung-Nan Tsai	7	0	100%	-
Independent Director	Te-Chang Yao	7	0	100%	-
Independent Director	Stephanie Chang	4	3	57%	-

Other items to be recorded：

1. The date, session, agenda, resolution of the Audit Committee and the Company's means of processing the opinions of the Audit Committee shall be specified if one of the following circumstances occurred in the operation of the Audit Committee:
   (1) Matters referred to Article 14-5 of the Securities and Exchange Act.
   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directs.

Meeting date of Audit Committee	Contents of resolutions and follow-up	Matters referred to Article 14-5 of the Securities and Exchange Act.	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directs.
2022.02.23 (13th meeting of the 3rd session)	1. We are discussing a proposal to acquire 10,000,000 shares of privately placed stocks of Guangyang Applied Materials Technology Co., Ltd. for the year 2019 through a trust transaction from Easy Rise Steel Co., Ltd., with a total investment amount of NT$ 500 million.	✓	
	Resolution of the Audit Committee: All the attending members for approval the resolution.		
	The board of directors response to the Audit Committee's opinion：All the attending members for approval the resolution.		
2022.03.18 (14th meeting of the third session)	1. Discuss the annual business report and financial statements for the year 2021.	✓	
	2. Discuss the issuance of new shares through capital increase using retained earnings.	✓	
	3. Discuss the issuance of an internal control statement by the company.	✓	

Meeting date of Audit Committee	Contents of resolutions and follow-up	Matters referred to Article 14-5 of the Securities and Exchange Act.	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directs.
2022.03.18 (14th meeting of the third session)	4. Discuss the change of auditing accountant.	✓	
	5. Discuss the company's payment of audit fees for the year 2022.	✓	
	6. Discuss the amendment to the asset acquisition or disposal procedures of the company	✓	
	Resolution of the Audit Committee: All the attending members for approval the resolution.		
	The board of directors response to the Audit Committee's opinion：All the attending members for approval the resolution.		
2022.06.17 (The 1st meeting of the fourth session)	1. The Company intends to participate in the land auction of the Taoyuan Aerotropolis Project by the Taoyuan City Government.	✓	
	Resolution of the Audit Committee：All the attending members for approval the resolution.		
	The board of directors response to the Audit Committee's opinion：All the attending members for approval the resolution.		
2022.08.05 (The 2nd meeting of the fourth session)	1. Discuss the 2nd quarter consolidated financial statements for the year 2022.	✓	
	Resolution of the Audit Committee：All the attending members for approval the resolution.		
	The board of directors response to the Audit Committee's opinion：All the attending members for approval the resolution.		
2023.03.21 (The 4th meeting of the fourth session)	1. Discuss the business report and financial statements for the year 2022 of the Company.	✓	
	2. Discuss the issuance of the internal control statement by the Company.	✓	
	3. Discuss the auditor's fees for the year 2022 of the Company.	✓	
	Resolution of the Audit Committee：All the attending members for approval the resolution.		
	The board of directors response to the Audit Committee's opinion：All the attending members for approval the resolution.		

2. If there are independent director's avoidance of motions in conflict of interest, the independent director's names, contents of motion, causes for avoidance and voting should be specified:None.

3. Communication between the independent directors and chief audit executive and accountant (include major topics, methods and results relating to the Company's financial and business status that shall be communicated)：

(1) The internal audit director of our company regularly provides audit reports to the independent directors. They also present internal audit business reports, annual audit plans, and proposals for amending internal control systems to the Audit Committee and the Board of Directors. This facilitates the independent directors in fully understanding the implementation of internal controls in various business areas of the company. In the current year, the independent directors have expressed no objections or reservations regarding the various proposals. The communication regarding audit matters has been good.

(2) The accountants periodically hold seminars for the directors and independent directors of our company to provide reports and explanations on relevant topics. This aims to facilitate a comprehensive understanding of the latest financial information, internal control operations, and legal regulations, as well as the related norms, systems, and operating models.

The excerpt of the main communication topics between the independent directors and the accountants in the fiscal year 2022 is summarized in the following table:

Date	Method	Topics	Outcome
2022/3/18	Seminars	1. Purpose of communication with the governance unit. 2.Scope and results of the audit in 2021 3.Key Audit Matters (KAM) for the 2021. 4.Application of newly issued accounting standards 5. Updates to legal and regulatory requirements	There are no significant issues identified in the audit of various business matters. In the event of any significant deficiencies or abnormalities, the company will continue to discuss improvement measures with the independent directors and accountants to address them.
2022/11/14	Seminars	1. Audit planning for the year 2023 2. Key Audit Matters (KAM) for the year 2022	Regarding the explanations of the various indicators and matters, there are no significant issues identified.
2022/12/08	Seminars	1. Explanation of Audit Quality Indicators 2.Explanation of IESBA Code revisions	Regarding the explanations of the various indicators and matters, there are no significant issues identified.

4. Annual Focus of the Audit Committee: ：

The Audit Committee of our company consists of three independent directors. The Audit Committee aims to assist the Board of Directors in overseeing the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls

During the 2022 and 2023 fiscal years up to the date of this report, the Audit Committee held seven meetings, where it deliberated on various matters, including: ：

(1) Audit of financial statements and accounting policies and procedures.

(2) Internal control systems, related policies and procedures, and compliance with regulations.

(3) Significant asset or derivative transactions.

(4) Fundraising or issuance of securities.

(5) Qualifications, independence, and performance evaluation of the auditors.

(6) Appointment, removal, or compensation of the auditors.

(7) Whether there are related-party transactions and potential conflicts of interest between the executives and directors.

3.4.3 Corporate governance and variations with management principles of publicly-listed companies and reasons

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
1. Comply with General Guideline of publicly-listed companies and disclose company's practical guideline in corporate governance?	✓		Our company has formulated corporate governance practices in accordance with the "Corporate Governance Best Practice Principles for Listed and OTC Companies." The previous revision was approved by the board of directors on March 18, 2022, to ensure the adherence to sound corporate governance principles. Our "Corporate Governance Best Practice Principles" are disclosed on the Public Information Observation Platform and the company's website. The actual implementation is in line with the "Corporate Governance Best Practice Principles for Listed and OTC Companies" without significant differences.	No significant differences

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
2. Company shareholding Structure and shareholders' rights				
(1)Has the Company formulated internal operating procedures for handling proposals, doubts, disputes and litigation of shareholders and follow procedures for implementation.	✓		(1)The company has established "Shareholders' Meeting Rules" and holds the annual general meeting in accordance with the regulations as a regular channel for communication with shareholders. In order to establish a good and timely communication mechanism with investors, the company has appointed a spokesperson and a proxy spokesperson. The contact telephone number of the spokesperson is disclosed on the company's website and the Public Information Observation Platform, serving as a channel for addressing shareholder suggestions, inquiries, and disputes, ensuring the protection of shareholders' rights.	No significant differences
(2)Has the Company the list of the major shareholders with de fact control of the Company and the final controllers of the major shareholders?	✓		(2)Our company has appointed a stock transfer agent to handle shareholder-related matters. The stock transfer agent maintains the shareholder registry, which provides information on the major shareholders and their ultimate controllers. We also regularly report any changes in shareholdings by directors and shareholders holding 10% or more of the company's shares.	No significant differences

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(3) Has the Company set up a firewall mechanism for executing risk control of affiliated enterprises?	✓		(3)Our company and its related entities operate independently from each other. We have established "Subsidiary Supervision and Management Regulations" to ensure effective risk management and control. These regulations provide guidelines for the oversight and management of our subsidiary companies.	No significant differences
(4)Has the Company formulated internal regulations prohibiting internal staff utilizing information not yet open to the market for trading of securities?	✓		(4) To safeguard shareholder rights and ensure equal treatment, our company has established the "Internal Material Information Handling and Insider Trading Management Regulations." These regulations prohibit insiders from engaging in trading activities involving securities based on undisclosed material information. This measure aims to prevent the misuse of non-public information by internal personnel for trading purposes.	No significant differences
3.Members and duties of board of directors (1)Has the Board of Directors drafted policies for a diversified board framework?	✓		(1)Our company adheres to Article 20 of the "Corporate Governance Best Practice Principles for Listed and OTC Companies." We have established policies and specific management objectives regarding the gender, expertise, and experience of directors in our corporate regulations, known as the "Corporate Governance	No significant differences

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			Best Practice Principles." Currently, we have 11 directors (including 3 independent directors) based on our operational scale and development needs. After the comprehensive director election at the 111th shareholders' meeting, we have appointed an additional female independent director. The directors' professional backgrounds encompass areas such as business management, leadership decision-making, industry knowledge, and financial accounting. We are committed to implementing a diversified composition of the board of directors, as outlined in our corporate policies. For details on the professional backgrounds and expertise of our directors, please refer to pages 15-16 of this year's annual report.	
(2)Aside from setting up the Remuneration Committee and the Auding Committee according to the law, is it willing to set up other function committees?	✓		(2)The company has established the Compensation Committee and the Audit Committee in accordance with the law. In the future, other functional committees will be established as needed.	No significant differences
(3)Has the company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of	✓		(3)The company has established the "Board Performance Evaluation Guidelines," which require conducting at least one performance evaluation per year for the Board of Directors, individual directors, the Compensation	No significant differences

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?			Committee, and the Audit Committee. The evaluation is carried out by the Administration and Management Department using an internal questionnaire. It assesses the operation of the Board, director participation, the functioning of the Compensation Committee, and the functioning of the Audit Committee. The evaluation includes assessments from directors on the Board's operation, self-assessment by directors on their own participation, evaluation of the Compensation Committee by its members, and evaluation of the Audit Committee by its members. The results of the performance evaluation serve as a reference for the selection or nomination of directors and as a basis for determining individual compensation for directors and functional committee members. The results and implementation of the Board's performance evaluation for the fiscal year 2022 have been completed in February of the following year (2023), as stated on page 25 of this annual report. The overall average score of the performance evaluation indicates that the Board of Directors and the functional committees have performed well. The results were submitted to the Board of Directors on March 21 of the year 2023.	

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(4)Has the Company regularly assessed the independence of the certified accountant?	✓		(4)The company's Audit Committee evaluates the independence and suitability of its appointed auditors annually. In addition to requesting the auditors to provide an "Independence Declaration" and "Audit Quality Indicators (AQIs)," the evaluation takes into account various indicators related to the auditor's disciplinary records from the past two years, the length of continuous audit services provided by the audit firm, the size and reputation of the audit firm, the nature and extent of non-audit services provided, the quality of audit services, and the interaction with management and internal audit personnel. Upon confirmation, it is ensured that the auditors and their firms have no other financial interests or business relationships with the company other than fees for auditing and related tax matters. It is also confirmed that the auditors' family members do not violate independence requirements. By referring to the AQI indicators, it is verified that the auditors and their firms have superior audit experience and training hours compared to industry averages. Additionally, in the past three years, the auditors have been continuously adopting digital audit tools to enhance audit quality.	No significant differences

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			The evaluation results for the most recent fiscal year were discussed and approved by the Audit Committee on March 21 of the year 2023, and the evaluation of the auditors' independence and suitability was subsequently presented to and approved by the Board of Directors on the same date, March 21 of the year 2023.	
4. Have public listed companies established dedicated (ad-hoc) corporate governance units or personnel responsible for corporate governance matters (including but not limitd to providing information needed by directors and supervisors to perform their duties, handle matters related to the board of directors meeting and shareholders' meeting, handle company registration and registration of related changes, preparation of the board of directors and shareholders meeting minutes)?	✓		On March 18 of the year 2022, the Board of Directors approved the amendment to the Corporate Governance Practices Guidelines, establishing the Finance Department as the unit responsible for corporate governance-related matters. Vice General Manager Guo Fengchun from the Administrative Management Department serves as the head of corporate governance affairs, while the equity department handles corporate governance-related matters. The responsible personnel have all possessed at least three years of experience in financial and equity management work in publicly traded companies. The corporate governance affairs should include, at a minimum, the following contents: (1) Handling matters related to the meetings of the Board of Directors and shareholders' meetings in accordance with the law. (2) Preparing minutes of the Board of Directors and	No significant differences

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			shareholders' meetings. (3) Assisting directors in their appointment and continuing education. (4) Providing information required for directors to carry out their duties. (5) Assisting directors in compliance with regulations. The business execution of the company's corporate governance unit for the year 2022 is as follows: (1) Assisting in the procedures and legal compliance of the Board of Directors and shareholders' meetings: (1.1) Arranging the convening of the Board of Directors and shareholders' meetings in compliance with legal and corporate governance requirements and timely amending the Corporate Governance Practices Guidelines. (1.2) Arranging the convening of the Board of Directors and shareholders' meetings in compliance with legal and corporate governance requirements and timely amending the Corporate Governance Practices Guidelines. (2) Assisting directors in carrying out their duties and arranging their continuing education: (2.1)Providing the necessary company	

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			information to directors and maintaining smooth communication and interaction between directors and the company. (2.2)Arranging meetings between directors, internal audit executives, and auditors. (2.3) Arranging directors' participation in annual training programs based on the latest economic development trends. The personnel involved in corporate governance affairs attended a securities law seminar hosted by China Trust Commercial Bank on January 24 of the year 2022, with a total duration of 3 hours.	
5.Any communication channel between the Company and the stakeholders? Any special zone on the website for the stakeholders for properly responding to the topic of corporate social responsibility where the stakeholders are concerned?	✓		The company has a spokesperson and a proxy spokesperson. In accordance with regulations, relevant business, financial, and shareholder-related matters are announced on the Public Information Observation System. Additionally, the company has established a dedicated section for stakeholders on its website. Customers, suppliers, shareholders, and investors, among other stakeholders, can communicate with the company through the designated mailbox on the website to provide suggestions or inquire about related issues.	No significant differences
6. Any assigned professional stock affairs handling agency for shareholders' affairs?	✓		The company has appointed the Agency Division of China Trust Commercial Bank as a professional agency to handle various stock-related matters.	No significant differences

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
7. Information Disclosure (1)Has the company set up website for disclosing finance, business and corporate governance?	✓		(1)The company has established a corporate website to provide information on related businesses, finances, and corporate governance. Additionally, it complies with regulations by regularly and irregularly submitting and disclosing various business and financial information on the Public Information Observation System.	No significant differences
(2)Are there other ways of information disclosure (such as English website, assign dedicated person for collection and disclosure of company information? Any spokesman system for implementation? Full process of briefing by the legal person posted on the company website)?	✓		(2)The company has an English website and has designated a dedicated person responsible for the collection and disclosure of various company information. Additionally, it complies with regulations by implementing a spokesperson and proxy spokesperson system.	No significant differences
(3)Has the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and file the first, second and third quarter financial reports and operating conditions of each month as early as possible before the prescribed deadline?	✓		(3)To enhance corporate governance and facilitate investor understanding of the company's operations, the company generally announces the operating revenue data for the previous month on the 7th of each month. Additionally, the company will plan for the early disclosure of quarterly and annual financial reports by organizing board meetings and coordinating with the accountants.	No significant differences
8. Are there other important information for helping understand the operation of corporate governance (including but not limited to	✓		(1) Employee Benefits: Our company has always treated employees with integrity and is committed to protecting their legal rights and benefits in	No significant differences

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
employee rights and benefits, employee care, investor relations, supplier relations, the rights and benefits of the stakeholders, further studies for directors and supervisors, risk control policy, and execution of risk assessment standard, client policy implementation, purchase of liability risk for directors and supervisors, others)?			accordance with labor laws. (2) Employee Care: Through a comprehensive benefits system and a well-established education and training program, we aim to enhance the well-being of our employees and foster a good relationship based on mutual trust and reliance. This includes initiatives such as the Employee Welfare Committee, health examination subsidies, providing rented accommodation for employees, providing support for the daily needs of resident employees, and parking facilities. (3) Investor Relations: Our company holds annual shareholders' meetings in accordance with company laws and relevant regulations, providing shareholders with ample opportunities to ask questions and make proposals. We have also established a spokesperson system to handle shareholder suggestions, inquiries, and disputes. In compliance with regulatory requirements, we promptly disclose relevant information through public announcements, providing investors with timely information that may impact their decision-making. (4) Supplier Relationships: Our company places importance on the reasonableness of procurement prices. Our purchasing personnel engage in	

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			inquiries, price comparisons, and negotiations with multiple suppliers to determine the best options based on factors such as unit price, specifications, payment terms, delivery schedules, product and service quality, and other relevant information. We strive to establish long-term and close relationships with our suppliers, promoting collaborative cooperation, mutual trust, and mutual benefits, with the goal of achieving sustainable growth for both parties. (5) Rights of Stakeholders: Our company maintains open communication channels with stakeholders such as partner banks, employees, customers, and suppliers, respecting and safeguarding their rightful and legal interests. We have established a spokesperson system to provide investors and stakeholders with highly transparent financial and business information. (6) Directors' Continuing Education: Our company actively encourages directors to participate in continuing education programs and reports their participation to the public through the Public Information Observation System . (7) Implementation of Risk Management Policy and Risk Assessment Standards: Our company has established an internal control system in	

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			accordance with the law. We regularly review and revise the system to ensure its effectiveness in mitigating operational risks. (8) Implementation of Customer Policy: Our company maintains stable and good relationships with customers to create company profits. (9) Purchase of Directors' Liability Insurance: Our company purchases liability insurance for all directors on an annual basis to reduce the risks borne by the directors and the company and establish a robust corporate governance mechanism. The Finance Department evaluates the coverage, terms, and rates of the insurance on a regular basis and reports to the Board of Directors. The most recent insurance coverage was presented to the Board of Directors on November 4, 2022.	

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	

9. Please provide information on the status of improvement regarding the results of corporate governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements not yet implemented, state the areas and policies the Company has set as priority for improvement:

（1）Improvements：

Evaluation Indicator Contents	Improvement Status
The company does simultaneously release significant news in English?	The simultaneous release of significant information in both Chinese and English has been completed in the year 2022.
Has the Board Performance Evaluation Method established by the company been approved by the Board of Directors, and is a self-evaluation conducted at least once a year, with the evaluation results disclosed on the company's website or in the annual report?	The Board of Directors of the company established the Board Performance Evaluation Guidelines on November 8, 2019, and submitted the evaluation results for the years 2021 and 2022 to the Board of Directors on March 18, 2022 and March 21, 2023, respectively.

(2) Matters to be improved：

Priority Indicators for improvement	The way to Improve
Does the company have a majority of directors and the convenor of the audit committee personally attending the shareholders' meeting and disclosing the attendance list in the minutes?	Arrange for all directors to attend the 2022 Annual General Meeting of Shareholders as early as possible.
Does the company upload the English version of the meeting notice, agenda, and supplementary materials 30 days prior to the shareholders' meeting?	The company will upload the Chinese and English versions of the meeting notice, agenda, and supplementary materials 30 days prior to the shareholders' meeting.
Does the company upload the English version of the annual report 16 days prior to the shareholders' meeting?	The company will upload the Chinese and English versions of the annual report 16 days prior to the shareholders' meeting.

3.4.4 The composition, duties, and operation of the Compensation Committee

3.4.4.1 Information of Members of the Compensation Committee

Title	Criteria / Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a member of Compensation Committee
Independent Director	Tsung-Nan Tsai	As a consultant at the Taiwan office of P.C.B Universe, he has work experience in business, finance, accounting, and company operations.	1.Himself, his spouse, and relatives within the second degree of kinship are not serving as directors, supervisors, or employees of the company or its affiliated enterprises. 2.Himself, his spouse, and relatives within the second degree of kinship (or using other individuals' names) do not hold any shares or ownership proportion in the company. 3.Not served as a director, supervisor, or employee of any company with specific relationships to this company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies) 4.Not received any remuneration from this company or its related enterprises for providing services in the fields of business, legal, finance, accounting, or other related areas in the past two years	0

Title	Criteria / Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a member of Compensation Committee
Independent Director	Te-Chang Yao	As a director for multiple listed and OTC companies, he holds a Master's degree in Electrical Engineering from the University of Southern California (USC) and a Master's degree in Finance and Financial Management from National Taiwan University (NTU). He possesses work experience in business, finance, accounting, and other areas related to corporate operations.	1.Himself, his spouse, and relatives within the second degree of kinship are not serving as directors, supervisors, or employees of the company or its affiliated enterprises. 2.Himself, his spouse, and relatives within the second degree of kinship (or using other individuals' names) do not hold any shares or ownership proportion in the company. 3.Not served as a director, supervisor, or employee of any company with specific relationships to this company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies) 4.Not received any remuneration from this company or its related enterprises for providing services in the fields of business, legal, finance, accounting, or other related areas in the past two years	2
Independent Director	Stephanie Chang	As the Chairman of Duo-Jia-Duo Investment Ltd., She holds a Master's degree in Statistics from University of Westminster and has relevant work experience in business, finance, accounting, and other areas related to corporate operations.	1.Herself, her spouse, and relatives within the second degree of kinship are not serving as directors, supervisors, or employees of the company or its affiliated enterprises. 2.Herself, her spouse, and relatives within the second degree of kinship (or using other individuals' names) do not hold any shares or ownership proportion in the company. 3.Not served as a director, supervisor, or employee of any company with specific relationships to this company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies) 4.Not received any remuneration from this company or its related enterprises for providing services in the fields of business, legal, finance, accounting, or other related areas in the past two years	0

3.4.4.2 Remuneration committee duties

(1) The committee shall faithfully fulfill the following duties with due care and submit recommendations to the board for discussion:

A. Establish and regularly review policies, systems, standards, and structures for director and executive performance evaluation and remuneration.

B. Conduct regular assessments and set remuneration for directors and executives.

(2) When performing the aforementioned duties, the committee shall adhere to the following principles:

A. Director and executive performance evaluation and remuneration should reference industry norms and consider the reasonable correlation between company performance and future risks.

B. Director and executive behaviors should not be encouraged to exceed the company's risk appetite in pursuit of remuneration.

C. The ratio of short-term performance-based incentives and the timing of variable remuneration payments for directors and senior executives should be determined considering industry characteristics and company business nature.

(3) The term "remuneration" as mentioned in the previous two paragraphs includes cash compensation, stock options, bonus shares, retirement benefits or severance payments, allowances, and other substantial reward measures. Its scope should be consistent with the disclosure requirements for directors' and executives' remuneration in the annual reports of publicly listed companies.

(4)When discussing the committee's recommendations, the board shall comprehensively consider the amount, payment methods, and future risks related to remuneration.

(5) If the board does not adopt or modifies the committee's recommendations, it shall be approved by a two-thirds majority of the directors present, with the consent of the majority of the attending directors. The resolution should comprehensively explain and justify whether the approved remuneration is superior to the committee's recommendations.

(6) If the remuneration approved by the board is superior to the committee's recommendations, the differences and reasons should be recorded in the board meeting minutes, and an announcement should be made on the designated information disclosure website of the competent authority within two days of the board's approval.

3.4.4.3 Information of Compensation Committee Operations

(1) The term of the Compensation Committee has 3 members.

(2) The tenure of 4th term of the Company' s Compensation Committee : June 17, 2022 to June 7, 2025. A total of 4 (A) meetings of the 4th term of the Compensation Committee was held from 2022 to 2023 until the publication date of the annual report. Membership and attendance were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)(B/A)	Remarks
Convener and Chairman	Tsung-Nan Tsai	4	0	100%	-
Member	Te-Chang Yao	4	0	100%	-
Member	Stephanie Chang	2	2	50%	-

Other items to be disclosed:

1. If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, the date of the board of directors meeting, term, content of motions, board resolution results and company handling of remuneration committee opinions (if the resolution passed by the board of directors exceeds the recommendations of the remuneration committee, the circumstances and cause of the difference shall be specifically stated): No such circumstances.
2. If any committee member has an objection or qualified opinion together with a record or written statement regarding a remuneration committee resolution, the remuneration committee date, term, content of motions, all member opinions and how member opinions were handled: No such circumstances.
3. Regarding the discussion topics and resolution results of the Remuneration Committee for the year ending 2022 and up to the current year's printing date, as well as the company's handling of member opinions, please refer to the table below:

Meeting date of Remuneration Committee	Contents of resolutions and follow-up	Resolution results	Handling of the Company's Opinion
2022.03.18 (The 11th meeting of the fourth session)	1. Discuss the allocation of employee remuneration and director remuneration for the year 2021 2. Propose the promotion of managerial personnel. 3. Discuss the proposal for managerial personnel compensation.	All the attending members for approval the resolution.	All the attending directors for approval the resolution.
2022.08.05 (The 1st meeting of the fifth session)	1. Discuss the distribution of director remuneration for the year 2021 of the Company. 2. Discuss the employee remuneration for the year 2021 of the Company. 3. Discuss the salary adjustment for managers for the year 2022 of the Company.	All the attending members for approval the resolution.	All the attending directors for approval the resolution.
2022.11.04 (The 2nd meeting of the fifth session)	1. Discuss the year-end bonus for the managers of the Company for the year 2022.	All the attending members for approval the resolution.	All the attending directors for approval the resolution.
2023.03.21 (The 3rd meeting of the fifth session)	1. Discuss the distribution of employee remuneration and director remuneration for the year 2022 of the Company.	All the attending members for approval the resolution.	All the attending directors for approval the resolution.

3.4.5 Fulfillment of Corporate Social Responsibility and variations with management principles of publicly-listed companies and reasons

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
1. Has the Company established exclusively (or concurrently) dedicated units to implement CSR, and has the board of directors appointed executive-level positions with responsibility for CSR, and to report the status of the handling to the board of directors?	✓		The company has established an Occupational Safety and Health Office as a part-time unit to promote sustainable development. It is responsible for proposing and implementing sustainable development policies, systems, management principles, and specific action plans, and reporting to the board of directors. In order to implement various measures, an "Corporate Social Responsibility Management Committee" has been established, with the general manager serving as the management representative and responsible for overall decision-making on corporate social responsibility matters.	No significant differences
2. Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operation in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		The company has formulated risk management strategies and objectives related to the three major aspects of environment, society, and corporate governance. It strives to implement corporate governance, promote sustainable environmental development, uphold social welfare, and enhance information disclosure. The company has established an Occupational Safety and Health Office as a part-time unit to promote	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			sustainable development. It communicates with stakeholders to gather their concerns and involves relevant department representatives in the implementation. In the fiscal year 111, greenhouse gas inventories and verifications were reported to the board of directors quarterly, reviewing the effectiveness of sustainable development practices. Based on risk assessments, the following risk management policies or strategies have been established: Environmental Impact and Management: (1) The company effectively reduces pollution emissions and environmental impacts through the implementation of process safety management and institutionalized management cycles. (2) Regular inventories of greenhouse gas emissions are conducted according to ISO 14064-1 to assess the impacts faced by the company's operations. Based on the carbon inventories, continuous carbon reduction measures are implemented to effectively mitigate Scope 1 emissions risk and Scope 2 indirect greenhouse gas emissions caused by electricity use.	

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			(3) Annual internal audit plans are developed to ensure compliance with relevant environmental regulations and to verify that operational processes comply with requirements. Social Risk Assessment: Occupational Safety and Product Safety: Occupational Safety: (1) All plants have completed the verification of the ISO 45001 Occupational Health and Safety Management System in the fiscal year 2022. (2) Regular fire drills and occupational safety education and training are conducted to cultivate employees' emergency response and self-safety management capabilities. Product Safety: The company's products comply with relevant government regulations and meet the requirements of the EU RoHS directive, containing no hazardous substances. To ensure service quality for customers, a dedicated customer service hotline and communication website are established. Regular customer satisfaction surveys are conducted to strengthen the cooperative	

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			relationship with customers. Corporate Governance Risk Assessment: Strengthening Director Functions and Stakeholder Communication: Strengthening Director Functions: (1) Training topics are planned for directors, providing them with the latest updates on regulations, institutional developments, and policies on an annual basis. (2) Directors are covered by director's liability insurance to protect them in cases of litigation or claims. Stakeholder Communication: Various communication channels are established to actively communicate and reduce conflicts and misunderstandings. An investor mailbox is set up, managed by a spokesperson who is responsible for handling and responding to inquiries.	
3.Environmental issues (1)Does the company establish appropriate environmental management system according to its industrial characteristics?	✓		The company has obtained ISO 14001 certification and is implementing it according to the relevant procedural documents. The company is committed to reducing the environmental impact of its products and works together with customers towards this goal. Currently, the company has obtained	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			SONY GP certification and RoHS certification.	
(2)Is the company committed to improving the utilization efficiency of energy and using recycled materials with low impact on environmental load?	✓		The company practices extensive recycling and reuse of waste copper and metal fluids generated during production. During the product development phase, the company assesses the optimal utilization efficiency of resources to reduce energy resource consumption. During the production phase, the company focuses on pollution prevention to minimize environmental impact. During the product use phase, the company prioritizes customer service to meet customer needs. The company emphasizes the product life cycle, promoting recyclability and reuse of products to ensure environmental protection and prevent pollution.	No significant differences
(3)Does the company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take measures to deal with climate related issues?	✓		Given the increasing impact of climate change on businesses, our company has established the "Corporate Social Responsibility Management Committee" with the General Manager serving as the management representative. With sustainability as our guiding principle, we incorporate the potential impacts of climate change into overall operational considerations. We assess	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			the probability and impact of climate-related risks, and develop risk response and mitigation plans, as well as crisis management mechanisms. This enables us to issue early warnings and mitigate the impact of risks on company operations. Currently, climate risks include regulatory aspects, the impact of natural disasters, energy efficiency regulations in various countries, and consumer preferences for environmentally friendly and climate-conscious products. These factors have a more significant influence than before. We analyze these factors based on probability and impact and formulate relevant strategies to reduce the impact of climate risks.	
(4)Does the company make statistics of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	✓		Our company conducts greenhouse gas inventories in accordance with the ISO 14064-1 standard to monitor our greenhouse gas emissions. In 2020, the total emissions of various greenhouse gases from the Huaya and Dayuan factories were 5,780.684 and 11,318.276 metric tons of CO2e, respectively. In 2021, the total emissions of various greenhouse gases from the Huaya, Dayuan, and Dayuan II factories were 6,408.072 metric	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			tons of CO2e, 12,526.484 metric tons of CO2e, and 4,584.959 metric tons of CO2e, respectively. The greenhouse gas emissions for 2022 are still under inventory. By capturing this data, we can develop improvement measures to achieve our goal of reducing carbon dioxide emissions. Our target for greenhouse gas emission reduction is an average annual reduction rate of at least 1% from 2023 to 2024. To reduce energy usage and greenhouse gas emissions, our company has proposed an energy efficiency improvement plan. The plan includes measures such as reducing air conditioning operating hours by 1 hour, using LED lights for firefighting fixtures, and installing infrared sensors for lighting in restrooms and corridors. Through these improvement initiatives, we aim to achieve energy savings and reduce greenhouse gas emissions. The total water consumption in 2021 and 2022 was 813,311 and 926,218 metric tons, respectively. Our water reduction target for 2023 is to achieve a decrease of at least 1% compared to the previous year. In terms of	

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			water resources, we have made significant progress in water conservation through the implementation of recycling and reuse mechanisms. The water resource recycling rate is approximately 14%, which not only reduces production water consumption but also decreases wastewater treatment volume, leading to lower treatment costs and reduced environmental pollution. We will continue to plan water conservation strategies and evaluate the recyclability of production wastewater to increase the recycling ratio and reduce water resource consumption. In 2021, the total weight of hazardous waste was 638.54 metric tons, and non-hazardous waste was 428.28 metric tons. In 2022, the total weight of hazardous waste was 757.16 metric tons, and non-hazardous waste was 563.47 metric tons. Our waste reduction target for 2023 is to achieve a decrease of at least 1% compared to the previous year. Regarding waste management, waste materials from our production processes, including copper, steel, and plastic, are all purchased and recycled by qualified processors. Some of the raw materials can be utilized more efficiently	

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			through secondary processing and recycling systems to increase the usage of recycled materials in the production process.	
4.Social issues (1)Does the company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		Our company has established "Work Rules" and related management regulations in accordance with the "Labor Standards Act," "Gender Equality in Employment Act," "Sexual Harassment Prevention Act," and the United Nations' "Universal Declaration of Human Rights" to protect the rights and interests of employees. Our human rights management policy is as follows: 1. Provide a safe and healthy working environment. 2. Assist employees in maintaining physical and mental well-being and work-life balance. 3. Prohibit forced labor and comply with local labor laws and regulations. Specific measures are as follows: 1. The company has established a Health, Safety, and Environmental Promotion Committee responsible for promoting environmental health and safety matters.	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			We refer to the requirements of ISO 45001 and strive to establish a system framework for environmental health and safety management. By using the PDCA management concept, we progressively improve the safety and health management of the workplace, ensuring the safety of employees' working environment. 2. The factory has a medical room staffed with professional physicians and nurses who oversee the health of employees. We provide daily health care and health education consultations to employees and regularly offer health education information and organize health seminars. Through daily health management, we aim to establish proper preventive health care concepts and provide employees with up-to-date health knowledge, promoting their physical and mental well-being. 3. We implement a vacation system and encourage employees to focus on achieving a work-life balance.	

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(2)Does the company establish and implement reasonable employee welfare measures (including compensation, vacation and other benefits), and properly reflect the operating performance or results in employee compensation?	✓		Our company has established a salary management policy to ensure reasonable salaries for employees. In addition to complying with the Labor Standards Act and related regulations, the company regularly conducts employee health check-ups and has established a Workers' Welfare Committee to plan and manage employee welfare throughout the year. The following are some of the other employee welfare measures provided by our company: (1) Retirement benefits are handled in accordance with the law. (2) All employees are covered by labor and health insurance as required by law, and the company also provides group insurance. (3) Monthly birthday gifts are given to employees. (4) Annual employee trips are organized or subsidized. (5) In the event of marriage, bereavement, childbirth, or other joyous occasions, employees are entitled to leave as stipulated by the Labor Standards Act,	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			along with welfare allowances. (6) Employees receive holiday bonuses during festive occasions such as New Year, Labor Day, Dragon Boat Festival, and Mid-Autumn Festival. Raffle events are held during the year-end banquet. (7) Employees are entitled to statutory annual leave. (8) Overtime pay for employees is provided in accordance with the law. (9) Employees are covered by accident insurance ranging from TWD 800,000 to 3,000,000, depending on their job positions, to provide them with an additional layer of protection. (10) Restricted employee stock issuance links company revenue, profits, and other performance indicators to employee compensation. In addition to the above-mentioned employee benefits, our company's bylaws also stipulate that when the company earns profits, 5% to 20% should be allocated as employee remuneration, reflecting the company's business achievements in employee salaries.	

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(3)Does the company provide a safe and healthy working environment for its employees and conduct regular safety and health education for them?	✓		In order to provide a safe and healthy working environment for employees, the company has established an Occupational Health, Safety, and Environmental Promotion Committee. This committee is responsible for promoting environmental, occupational health, and safety matters. The company follows the requirements of ISO 45001 system standards and has obtained verification, initiating the establishment of an environmental, occupational health, and safety management system framework. By utilizing the PDCA management concept, the company gradually and continuously improves safety and health management in the workplace to ensure a safe working environment for all employees. The factory premises are equipped with a medical room staffed by professional physicians and nursing personnel who oversee the health of employees. They provide daily health care and offer health education consultations to employees. The company also periodically provides health education information and organizes health seminars.	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			Through daily health management, the aim is to cultivate correct concepts of preventive care and provide employees with updated knowledge on health, promoting a state of physical and mental well-being.	
(4)Does the company establish an effective career development training program for its employees?	✓		Our company plans diverse educational training programs to enhance and improve employees' career capabilities. In order to enhance employees' professional skills, improve work efficiency, and emphasize the importance of product quality, we annually develop an education and training plan based on the company's operational goals and employees' job requirements, as proposed by department managers. In addition to implementing employee training and development based on the annual education and training plan, we also periodically organize managerial and professional training courses. Moreover, we send employees to attend external courses and training programs offered by relevant institutions as needed, aiming to strengthen the professional abilities of employees in various departments.	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(5)Does the company comply with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers or customers?	✓		Our company complies with relevant regulations and international standards in marketing and labeling of products and services. To align with customer needs, we conduct an annual customer satisfaction survey. Through this survey and feedback, we aim to bridge the gap between our company and customers, strengthen the trust relationship, and better understand their requirements. Additionally, we have a communication platform for stakeholders on our company's website to ensure timely response to customer complaints and issues.	No significant differences
(6)Does the company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health, labor rights and other issues?	✓		Our company considers suppliers as important business partners for sustainable operations, and we uphold corporate social responsibility through management standards. We evaluate suppliers not only based on pricing and production capabilities but also thoroughly examine their environmental management practices, restricted substance usage, and labor equality. Through trust and equal assessment, we emphasize our commitment to social and environmental considerations, as well as	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			product quality. Only suppliers who pass the evaluation and align with our principles of sustainable operations are deemed qualified. In our "Supplier Management Operation Procedures," we include a letter of supplier corporate social responsibility advocacy, requesting suppliers' commitment and signature to jointly create a better future.	
5.Does the company prepare corporate social responsibility reports and other reports that disclose the company's non-financial information in accordance with the international reporting standards or guidelines? Is the disclosure report confirmed or guaranteed by a third party certification unit?		✓	Our company has not prepared a sustainability report this year, but we will consider producing one in the future based on the company's size and needs.	No significant differences
6. If a company has its own corporate social responsibility code in accordance with the code of practice for corporate social responsibility of listed and OTC companies, please state the difference between its operation and the code：None.				
7. Other important information to understand the operation of CSR： (1) Environmental Protection: Our company has obtained ISO 14001 and TS 16949 certifications. Both our production processes and products adhere to the management procedures related to environmental restrictions on substances. We also conduct regular ICP (Inductively Coupled Plasma) testing. We are committed to continuously enhancing our environmental protection efforts throughout our operations. (2) Community Engagement: To foster a friendly community relationship, we annually sponsor the Community Development Association to support their neighborhood watch team by providing funds for the purchase of safety equipment such as reflective vests. Additionally, we participate in activities such as "Winter Relief" and "Warmth in the End of the Year," where we contribute charitable donations to assist				

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Operation Status</th><th rowspan="2">Discrepancy with best-practice principles of TWSE/GTSM listed companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">vulnerable families during the cold season. We show care and provide support to these disadvantaged families by offering love and donations. In 2022, we donated a total of 110,000 to the Dayuan District Neighborhood Watch Association, Beigang Neighborhood Watch Team, and the Office of Hai Village within the Dayuan District.
(3) Social Contributions: We firmly believe in the concept of "Ten years nurturing trees, hundred years nurturing people." To support local education, we have sponsored local elementary schools' "Education Savings Accounts" for two consecutive years. This provides schools with additional funds to promote various educational activities and initiatives. In 2022, we donated a total of 1.08 million to Taishan Elementary School, Hai Elementary School within the Dayuan District, and Fu Jen Catholic University.
(4) Social Services and Philanthropy: In addition to our core business operations, we periodically donate to social welfare organizations. In 2022, we contributed a total of 1.71 million to the Chiayi Christian Hospital, Taiwan Brain Disease Prevention and Treatment Foundation, and the Social Assistance Fund of Taoyuan City.
(5) Consumer Rights: Our company strives to achieve customer satisfaction. We prioritize product quality, safety, and innovation while promptly addressing customer complaints and providing complete product information.
(6) Human Rights: We have established "Work Rules" in compliance with the Labor Standards Act and relevant regulations. We uphold a good working environment in accordance with laws such as the Gender Equality in Employment Act and the Sexual Harassment Prevention Act, ensuring the protection of employees' rights.
(7) Occupational Health and Safety and Other Social Responsibilities: We strictly adhere to relevant laws and regulations in implementing environmental protection measures. All pollution control facilities are installed and operated in compliance with legal requirements as we fulfill our responsibilities as environmentally responsible citizens.</td></tr>
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3.4.6 Implementation of Ethical Corporate Management and variations with management principles of publicly-listed companies and reasons

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
1. Establish integrity business policies and plans				
(1)Does the company have an integrity operation policy approved by the board of directors, and clearly state the integrity operation policy and practice in the regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the operation policy?	✓		(1) Our company's board of directors has approved the establishment of the "Code of Conduct" and "Code of Ethics" to regulate the behavior of directors, independent directors, executives, and employees. We are committed to complying with relevant regulations, such as the Company Act and Securities Exchange Act, as the foundation of our business integrity. Members of the board of directors and management actively participate in training programs related to business integrity and legal compliance to enhance their understanding and implementation of ethical business practices.	No significant differences
(2)Does the company establish an evaluation mechanism for the risk of dishonest behavior, regularly analyze and evaluate the business activities with high dishonest behavior risk within the business scope, and formulate a plan for preventing dishonest behavior based on it, and at least cover the preventive measures for the behaviors in Article 7, paragraph 2, of the code of honest operation for listed and OTC companies?	✓		(2) Our company has established a "Code of Conduct" and implemented effective accounting and internal control systems. Our internal audit personnel conduct audits to ensure compliance with the provisions of Article 7, Paragraph 2, and other relevant provisions of the "Code of Conduct for Listed and Over-the-Counter Companies" or other business activities that may have a higher risk of dishonest behavior within our business scope. This is done to	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(3)Does the company specify operating procedures, conduct guidelines, disciplinary and grievance systems for violations in the prevention of dishonest conduct plan, implement them, and regularly review and amend the aforementioned scheme?	✓		prevent any form of dishonest conduct. (3) Our company has developed comprehensive measures in the "Code of Conduct" to prevent dishonest behavior. These measures include operational procedures, behavioral guidelines, disciplinary actions for violations, and a complaint mechanism. We implement these measures and regularly review them in accordance with the latest laws and regulations to address practical needs.	No significant differences
2. Implement integrity operation (1)Does the company assess the integrity records of its counterparties and specify the integrity terms in the contracts it enters into with them?	✓		(1) Our company conducts business activities in a fair and transparent manner. The contracts we enter into with external parties clearly outline the rights and obligations of both parties. Additionally, we conduct integrity checks on stakeholders such as customers and suppliers to prevent any dishonest behavior that may harm the interests of the company.	No significant differences
(2) Does the company set up a dedicated unit under the board of directors to promote the integrityoperation of the enterprise, and regularly (at least once a year) report to the board of directors its integrity operation policies, plans to prevent	✓		(2) Our company has designated the Finance Department to be responsible for promoting "Corporate Integrity and Ethics." They serve as the unit in charge and provide annual reports to the Board of	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
dishonest behavior and supervision of implementation?			Directors on the progress of the initiative. In addition to continuously promoting the concept of integrity and ethics among employees, we also place special emphasis on educating new employees about the principles of integrity and ethics and require them to sign a declaration of commitment to these principles.	
(3)Does the company have a conflict of interest prevention policy, provide appropriate presentation channels and implement them?	✓		(3) Our company has established a policy to prevent conflicts of interest and provides appropriate channels for directors, executives, and other stakeholders attending or participating in board meetings to proactively disclose any potential conflicts of interest they may have with the company. If there is a risk of harm to the company's interests, those individuals are prohibited from participating in discussions and voting on related matters and should abstain from such discussions and voting.	No significant differences
(4)Has the company established an effective accounting system and internal control system for the implementation of integrity operation, and the internal audit unit shall, according to the assessment results of the risk of dishonestbehavior,	✓		(4) In order to ensure the implementation of ethical business practices, our company has established effective accounting and internal control systems. Internal auditors regularly audit the compliance with these	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
draw up relevant audit plans, and according to the compliance of the plan for preventing dishonest behavior, or entrust an accountant to carry out the audit?			systems and provide audit reports to the Board of Directors. Additionally, external auditors review the implementation of the company's internal control system on an annual basis. These measures are in place to uphold the integrity of our business operations.	
(5) Does the company regularly conduct internal and external education and training for integrityoperation?	✓		(5) Our company regularly organizes educational training programs and has established employee work rules. We also utilize monthly meetings to strengthen and promote awareness of these rules among the employees.	No significant differences
3.Operation of the company's whistleblowing system (1)Does the company have a specific reporting and reward system, establish a convenient reporting channel, and assign appropriate personnel to the reported object?	✓		(1) To promote a culture of integrity and ethical business practices, our company provides proper channels for reporting misconduct, including dedicated hotlines, a reporting mailbox on the company's website, and an employee suggestion box. We also have a dedicated unit responsible for handling such reports in accordance with the prescribed procedures and regulations.	No significant differences

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(2)Does the company establish the standard operating procedures for investigation of reported matters, follow-up measures to be taken after investigation and relevant confidentiality mechanisms?	✓		(2) Our company ensures the confidentiality of the whistleblower's identity and the reported content. We handle the whistleblowing process in accordance with the prescribed procedures and regulations, maintaining strict confidentiality throughout the investigation.	No significant differences
(3)Does the company take measures to protect whistleblowers from improper handling due to whistleblowing?	✓		(3) Our company takes measures to protect whistleblowers from any unjust treatment resulting from their reports and follows the prescribed procedures and regulations for disciplinary actions.	No significant differences
4. Enhance information disclosure Does the company disclose the content and promotion effect of its code of conduct for integrity operation on its website and public information observatory?	✓		Our company discloses information related to integrity management on its corporate website. We also publish the Code of Conduct for Integrity Management on the Public Information Observation System and in our annual reports.	No significant differences
5. If a company has its own code of conduct for integrity in accordance with the code of conduct for listed and OTC companies, please state the difference between its operation and the code: Note.				
6. Other important information helpful to understand the company's operation integrity: (such as the company's review and amendment of the integrity operation rules, etc.) (1)The "Board of Directors Meeting Rules" of our company stipulate that if a attending director has a personal or representative interest in any matter being discussed at the meeting, they must disclose the important details of their interest related to the matter. If there is a potential harm to the company's interests, the director shall not participate in the discussion or voting, nor act as a proxy for other				

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
directors to exercise their voting rights. They should also abstain from participating in the discussion and voting process. (2)Our company has established the "Internal Material Information Handling and Insider Trading Management Regulations." Directors, executives, employees, and consultants are required to exercise the duty of care and loyalty as prudent managers, adhere to the principles of honesty and good faith, and sign confidentiality agreements. Directors, executives, employees, and consultants who have access to internal material information of the company are prohibited from disclosing such information to others before it is officially released through the company's disclosure system.				

3.4.7 Disclose the inquiry methods if the company has established a Corporate Governance Code of Conduct and other relevant regulations：

Our company has established corporate governance practices, a code of conduct, and integrity guidelines to ensure the effective operation and implementation of corporate governance. These guidelines and regulations are made available to the public through our company's website or can be accessed through the public information disclosure platform.

3.4.8 Other important information which is sufficient to understand corporate governance operation status must also be disclosed：

Please refer to our company's website for the corporate governance section： http://www.jentech.com.tw。

3.4.9 Internal Control System Implementation Status

3.4.9.1. Statement on Internal Control：

Jentech Precision Industrial Co., Ltd.

Internal Control System Statement

Date:March 21, 2023

Based on the findings of a self-assessment, Jentech Precision Industrial Co., Ltd. states the following with regard to its internal control system during the year 2022:

1. Jentech's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Jentech takes immediate remedial actions in response to any identified deficiencies.
3. Jentech evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
4. Jentech has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Jentech believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Jentech's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on March 21, 2023, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Jentech Precision Industrial Co., Ltd.
Chairman： Chung-Hsin Chao
President：Chin-Lung Lin

3.4.9.2. Where accountant was commissioned to perform ad hoc review on the internal control system, the accountant review report required to be disclosed: None.

3.4.10 In the most recent years and as of the date of publication of the annual report, in case its employees were punished by law or punishments were imposed by the company due to employee's violation of the company's internal control rules, and in case such punishments may have great impacts on the owners' equity or the company's stock prices, the company should disclose the content of such punishments, the major misconduct, and improvements: None.

3.4.11 Important resolutions of the shareholders' meeting and the Board of Directors during the most recent year and until the publication date of the annual report

3.4.11.1 Important resolutions of the shareholders' meeting and the Board of Directors

Important resolutions of the shareholders' meeting	
2022.06.08	1. Report Items: (1) Business and Financial Report of 2021 (2) Audit Committee's Review Report of 2021 (3) 2021 Employees' and Directors' Compensation (4) Status Report of the Third Unsecured Corporate Bond (5) Status Reports of the Cash dividends for Distribution of 2021 Earnings (6) Investment in Mainland China (7) Other Report 2. Recognition Matters: (1) Adoption of 2021 Business Report and Financial Statements (2) Adoption of the Proposal for Distribution of 2021 Earnings 3. Discussion Items(Ⅰ): (1) Amendments to the Articles of Incorporation (2) Amendments to the Shareholders' Meeting Rules and Procedures (3) Amendments to the Company's Procedures for Asset Acquisition & Disposal (4) To approve Issuing New Shares through Capital Increase from Earnings 4. Election Items: Election of the company's Directors (including independent directors) 5. Discussion Items(Ⅱ): (1) Releasing the Directors from Non-competition Restrictions

Important resolutions of the e Board of Directors	
2022.02.23	1. We are discussing a proposal to acquire 10,000,000 shares of privately placed stocks of Guangyang Applied Materials Technology Co., Ltd. for the year 2019 through a trust transaction from Easy Rise Steel Co., Ltd., with a total investment amount of NT$ 500 million Dollars.
2022.03.18	1. Discuss the operational plan for the year 2022. 2. Discuss the allocation of employee remuneration and director remuneration for the year 2021. 3. Discuss the annual business report and financial statements for the year 2021. 4. Discuss the distribution of earnings for the year2021. 5. Discuss the distribution of cash dividends for the year 2021. 6. Discuss the issuance of new shares through capital increase using retained earnings. 7. Discuss the issuance of an internal control statement by the company. 8. Discuss the change of auditing accountant. 9. Discuss the company's payment of audit fees for the year 2022. 10. Discuss the case of restricting employee rights, canceling new shares, and setting the capital reduction reference date. 11. Establish the record date for the company's third unsecured convertible corporate bonds to be exchanged for new shares in the domestic market. 12. Discuss the amendment to the company's articles of incorporation. 13. Discuss the amendment to the rules of the shareholders' meeting. 14. Discuss the amendment to the company's corporate governance practices. 15. Discuss the amendment to the asset acquisition or disposal procedures of the company. 16. Discuss the retrospective approval of the credit limit application to financial institutions by the company. 17. Discuss the full election of directors (including independent directors) at this year's shareholders' meeting. 18. Releasing the Directors from Non-competition Restrictions. 19. Consider the resolution to nominate director candidates by the board of directors. 20. Discuss the arrangements for convening the shareholders' meeting in the year 2022. 21. Propose the promotion of managerial personnel. 22. Discuss the proposal for managerial personnel compensation.
2022.05.06	1. Discuss the consolidated financial statements for the first quarter of the year 2022. 2. Discuss the case of restricting employee rights through the cancellation of new shares, capital reduction, and setting the capital reduction record date.

Important resolutions of the e Board of Directors	
2022.06.17	1. Appointment of the Chairman of the Company. 2. Discuss the appointment of members to the 5th Compensation Committee of the Company. 3. Discuss matters related to setting the ex-dividend record date of the Company. 4. The Company intends to participate in the land auction of the Taoyuan Aerotropolis Project by the Taoyuan City Government.
2022.08.05	1. Discuss the 2nd quarter consolidated financial statements for the year 2022. 2. Discuss matters related to setting the ex-rights record date of the Company. 3. Discuss the recognition of the Company's application for credit line from financial institutions. 4. Discuss the case of restricting employee rights, canceling new shares, and setting the capital reduction reference date. 5. Discuss the distribution of director remuneration for the year 2021 of the Company. 6. Discuss the employee remuneration for the year 2021 of the Company. 7. Discuss the salary adjustment for managers for the year 2022 of the Company.
2022.11.04	1. Discuss the 3rd quarter consolidated financial statements for the year 2022. 2. Discuss the audit plan for the year 2023 of the Company. 3. Set the reference date for the Company's third domestic unsecured convertible corporate bonds to be exchanged for new shares. 4. Discuss the amendment to the "Internal Handling of Material Non-public Information and Insider Trading Management Regulations" of the Company. 5. Discuss the amendment to the "Board Meeting Rules" of the Company. 6. Discuss the year-end bonus for the managers of the Company for the year 2022.
2023.03.21	1. Discuss the operational plan for the year 2023. 2. Discuss the distribution of employee remuneration and director remuneration for the year 2022 of the Company. 3. Discuss the business report and financial statements for the year 2022 of the Company. 4. Discuss the distribution of profits for the year 2022 of the Company. 5. Discuss the distribution of cash dividends for the year 2022 of the Company. 6. Discuss the issuance of the internal control statement by the Company. 7. Discuss the auditor's fees for the year 2022of the Company. 8. Discuss the proposal for cancelling and reducing the rights of employees regarding new shares and setting the reduction reference date.

Important resolutions of the e Board of Directors	
2023.03.21	9. Set the reference date for the Company's third domestic unsecured convertible corporate bonds to be exchanged for new shares. 10. Discuss the recognition of the credit limit applied by the Company to financial institutions. 11. Discuss the appointment of a corporate governance officer for the Company. 12. Discuss the amendment to the "Corporate Governance Best Practices" of the Company. 13. Discuss the arrangements for convening the shareholders' meeting in the year 2023.

3.4.11.2 Implementation Status of Resolutions of the Annual Shareholders' Meeting for the Year 2022

（1）Adoption of 2021 Business Report and Financial Statements

Implementation Status：Resolution Passed.

（2）Adoption of the Proposal for Distribution of 2021 Earnings

Implementation Status：The date of July 20, 2022 has been established as the record date for distribution. According to the resolution of the shareholders' meeting, the full payment will be completed on August 10, 2022 (with a cash dividend of NT$5.99719143 per share).

（3）Amendments to the Articles of Incorporation

Implementation Status：The change of registration was approved by the Ministry of Economic Affairs on July 1, 2022, and it was announced on the company's website.

（4）Amendments to the Shareholders' Meeting Rules and Procedures

Implementation Status：The announcement was already made on our company's website on June 24, 2022, and the revised procedures were followed accordingly.

（5）Amendments to the Company's Procedures for Asset Acquisition & Disposal

Implementation Status：The announcement was already made on our company's website on June 24, 2022, and the revised procedures were followed accordingly.

（6）To approve Issuing New Shares through Capital Increase from Earnings

Implementation Status：The date of September 7, 2022 has been established as the record date for distribution. The change of registration was approved by the Ministry of Economic Affairs. According to the resolution of the shareholders' meeting, the full payment will be completed on October 21, 2022 (with a stock dividend of NT$0.99963000 per share).

(7) Election of the company's Directors (including independent directors)

Director Election List：Chung-Hsin Chao, Yung-Tsang Chao, Chien-Tsai Chang (Representative of Hsin-Chong International Co., Ltd.), Chung-Hui Hsu (Representative of Hsin-Chong International Co., Ltd.), Feng-Chun Kuo (Representative of Hsin-Chong International Co., Ltd.), Chin-Lung Lin (Representative of Heng-Shan Co., Ltd.), heng-Cing Wu (Representative of Heng-Shan Co., Ltd.), Wei-Pang Liu.

Independent Directors Election List：Tsung-Nan Tsai, Te-Chang Yao, Stephanie Chang.

Implementation Status：The change of registration was approved by the Ministry of Economic Affairs on July 1, 2022, and it was announced on the company's website.

(8) Releasing the Directors from Non-competition Restrictions

Implementation Status：Resolution Passed.

3.4.12 Where, during the most recent fiscal year and as of the printing date of the annual report, a director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration disclose the principal content thereof: None

3.4.13 Summary of company chairman, general manager, accounting supervisor, finance supervisor, corporate governance supervisor, internal audit supervisor and R&D supervisor resignations and dismissals in recent years up to the publication date of the annual report: None

3.5. Information on CPA professional fees

3.5.1. Audit fees and non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm and details of non-audit services

Unit: Thousand New Taiwanese Dollars

Name of CPA firm	Name of CPA	Audit periods	Audit fees	Non-audit fees	Total
Pricewaterhouse Coopers	Fang-Yu Wang Se-Kai Lin	2022.01.01~ 2022.12.31	2,250	180	2,430

Non-audit fees include financial report translation, capital increase from retained earnings service fee.

3.5.2. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

3.5.3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

3.6. Information of replacement of certified public accountant

If the company has changed its accountants in the past two fiscal years and subsequent periods, the following information should be disclosed.：

3.6.1. Former CPAs

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by BOD on March 18, 2022.</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">The decision to change accounting firm and CPAs was made to accommodate the corporation operating and internal management.</td></tr>
<tr><td rowspan="3">State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs</td><td colspan="2">Client / Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">Appointment terminated automatically</td><td></td><td></td></tr>
<tr><td colspan="2">Appointment rejected (discontinued)</td><td></td><td>✓</td></tr>
<tr><td>The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Is There Any Disagreement in Opinion with the Issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Explanation:NA</td></tr>
<tr><td>Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)</td><td colspan="4">None</td></tr>
</table>

3.6.2. Successor CPAs

Accounting Firm	Pricewaterhouse Coopers
Name of CPA	Fang-Yu Wang Se-Kai Lin
Date of Engagement	Approved by BOD on March 18, 2022.
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

3.6.3 The reply of former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards：

Date: March 30, 2022

Document Number:11102775

Recipient: PwC Taiwan, Accountants Fang-Yu Wang/Se-Kai Lin

Copy recipient：Jentech Precision Industrial Co., Ltd.

Subject: Regarding your firm's inquiry about the ethical conduct of Jentech Precision Industrial Co., Ltd.'s management, please find our response below for your reference.

Explanation:

1. Regarding your firm's letter dated March 22, 2022.
2. we would like to respond as follows:

(1).Based on our experience and interactions with the management of the aforementioned company, we have not identified any adverse impact on their financial statements due to the ethical conduct of the management.

2. There have been no significant disagreements between our firm and the management of the company regarding accounting principles, audit procedures, or other important matters.
3. According to the company's letter dated March 19, 2022, the reason for changing auditors was stated as an "internal management requirement."
4. During our audit process, we did not identify any non-compliance with laws and regulations by the company.

Deloitte & Touche

Accountant: Huang Yaolin

Accountant: Chen Zhiyuan

3.7 Where the company' s chairman, general manager or any officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of is CPA or at an affiliated enterprise of the accounting, the name and position of the person and the period during which the position was held, shall be disclosed: None.

3.8 **Any transfer of shareholdings and changed equity pledge from the directors, managers and shareholder(s) holding more than 10% of the shares during the most recent year and as of the publication date of the annual report:**

3.8.1 Changes in equity among the directors, manager and large shareholder(s)

Title	Name	2022		As of April 18, 2023	
		Increase (decrease) in number of shareholding	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shareholding	Increase (decrease) in number of pledged shares
Chairman	Chung-Hsin Chao	184,665	-	-	-
Vice Chairman	Yung-Tsang Chao	194,506	-	-	-
Legal Entity Director and Majority Shareholder	Hsin-Chong International Co., Ltd	1,586,792	-	-	-
Legal Entity Director and Representative/Vice President	Chien-Tsai Chang	19,017	-	4,000	-
Legal Entity Director and Representative	Chung-Hui Hsu	-	-	-	-
Legal Entity Director and Representative/Vice President	Feng-Chun Kuo	8,997	-	-	-
Legal Entity Director and Majority Shareholder	Heng-Shan Co., Ltd.	1,515,196	-	-	-
Legal Entity Director and General Manager	Chin-Lung Lin	(96,591)	-	8,000	-
Legal Entity Director and Representative	Jheng-Cing Wu	-	-	-	-
Director	Wei-Pang Liu	1,573	-	(5,500)	-
Independent Director	Tsung-Nan Tsai	-	-	-	-
Independent Director	Te-Chang Yao	-	-	-	-
Independent Director	Stephanie Chang	-	-	-	-
Manager	Qing-jiao Zheng	3,556	-	-	-
Manager	Bing-rong Wang	4,198	-	2,800	-
Manager	Jia-wei Pang	4,797	-	3,200	-
Manager	Mu-chi Zhong	3,477	-	2,700	-
Manager	Qiao-xiang Zhang	3,899	-	1,600	-
Manager	Jin-rui Yu	3,899	-	2,600	-
Manager	Xue-qin Lin	1,918	-	600	-
Manager	Yue-zheng Wang	3,298	-	2,200	-
Manager	Qiao-ni Zheng	2,699	-	(2,699)	-

3.8.2 Stock transfers to related parties: None.

3.8.3 Pledge of stock rights to related parties:

Name	Reasons for Pledge Variation	Date of Variation	Counterparty to the Transaction	Relationship between the Counterparty to the Transaction and the Company, Directors, Managers, and Shareholders with Ownership exceeding 10 percent	number of shares	shareholding ratio	pledge ratio	Pledge(Redemption) amount
Hsin-Chong International Co., Ltd	Redemption	2019.06.27	Taipei Fubon Commercial Bank	-	1,700,000	12.62%	0	-
Heng-Shan Co., Ltd.	Pledge	2012.04.30	Taipei Fubon Commercial Bank	-	2,000,000	12.05%	12%	-

3.9 Information of relationships between TOP 10 shareholders are related parties

April 18, 2023

<table>
<tr><th rowspan="2">Name</th><th colspan="2">Own held shares</th><th colspan="2">Shares Held by Spouse & Minors</th><th colspan="2">Shares Held in the Name of Others</th><th colspan="2">Name and Relationship between Jentech's Shareholders</th><th rowspan="2">Remarks</th></tr>
<tr><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Name</th><th>Relationship</th></tr>
<tr><td>Hsin-Chong International Co., Ltd.</td><td>17,460,592</td><td>12.62%</td><td>-</td><td>-</td><td>-</td><td>-</td><td colspan="2" rowspan="4">(Note)</td><td>-</td></tr>
<tr><td>Representative：Chung-Hsin Chao</td><td>2,032,002</td><td>1.47%</td><td>9,057</td><td>0.01%</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Heng-Shan Co., Ltd.</td><td>16,672,770</td><td>12.05%</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Representative：Yung-Tsang Chao</td><td>2,068,292</td><td>1.49%</td><td>9,041</td><td>0.01%</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Jiahe Xin Co., Ltd.</td><td>8,728,856</td><td>6.31%</td><td>-</td><td>-</td><td>-</td><td>-</td><td colspan="2" rowspan="4">(Note)</td><td>-</td></tr>
<tr><td>Representative：Kuei-Ling Chien</td><td>9,041</td><td>0.01%</td><td>2,068,292</td><td>1.49%</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Fukang Co., Ltd</td><td>8,728,856</td><td>6.31%</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Representative：Ci-Mei Zhao Xu</td><td>9,057</td><td>0.01%</td><td>2,032,002</td><td>1.47%</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>New Labor Retirement Fund</td><td>4,323,059</td><td>3.12%</td><td>-</td><td>-</td><td>-</td><td>-</td><td colspan="2">-</td><td>-</td></tr>
<tr><td>Mei-li Zheng</td><td>2,400,000</td><td>1.73%</td><td>-</td><td>-</td><td>-</td><td>-</td><td colspan="2">-</td><td>-</td></tr>
<tr><td>Public Service Pension Fund Management Committee</td><td>2,380,813</td><td>1.72%</td><td>-</td><td>-</td><td>-</td><td>-</td><td colspan="2">-</td><td>-</td></tr>
<tr><td>Ming-hao Chen</td><td>2,250,000</td><td>1.63%</td><td>-</td><td>-</td><td>-</td><td>-</td><td colspan="2">-</td><td>-</td></tr>
<tr><td>Yung-Tsang Chao</td><td>2,068,292</td><td>1.49%</td><td>9,041</td><td>0.01%</td><td>-</td><td>-</td><td colspan="2">(Note)</td><td></td></tr>
<tr><td>Chung-Hsin Chao</td><td>2,032,002</td><td>1.47%</td><td>9,057</td><td>0.01%</td><td>-</td><td>-</td><td colspan="2">(Note)</td><td>-</td></tr>
</table>

Note：1. Chung-Hsin Chao and Yung-Tsang Chao are brothers.
2. Chung-Hsin Chao and Ci-Mei Zhao Xu are couple.
3. Yung-Tsang Chao and Kuei-Ling Chien are couple.

3.10 The number of shares held by the company, the company' s directors, managers, and businesses directly or indirectly controlled by the Company in the same joint venture, and the combined shareholding percentage.

Unit: 1,000 shares

Investees (Note)	Investments of the Company		Investments of the directors, managers and their investment in business which they have direct or indirect control of.		Comprehensive investements	
	Number of Shares	Share (%)	Number of Shares	Share (%)	Number of Shares	Share (%)
Elixi International Co., Ltd.	21,306	100%	-	-	21,306	100%
Wuxi Jentech Precision Industria Co., Ltd.	-	100%	-	-	-	100%
Kenly Precision Industrial Co., Ltd.	30,000	37.78%	-	-	30,000	37.78%
Kenly International Tech., Ltd.	9,779	37.78%	-	-	9,779	37.78%
Kenly Global Ltd.	0.001	37.78%	-	-	0.001	37.78%
Jiaxing Kenly Precision Electronic Ltd.	-	25.16%	-	-	-	25.16%
Nantong Kenly Precision Electronic Ltd.	-	37.78%	-	-	-	37.78%

Note：Equity investments of the Company.

Chapter 4 Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

4.1.1.1 Capitalization

Unit: Shares, NT$

Year/ Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other Than Cash	Date of Approval and Document Number
1987.03	1,000	5,000	5,000,000	5,000	5,000,000	Registered capital 5,000,000	-	–
1994.10	1,000	30,000	30,000,000	30,000	30,000,000	Capital increase by cash 25,000,000	-	–
2000.12	1,000	80,000	80,000,000	80,000	80,000,000	Capital increase by cash 50,000,000	-	2000.12.05 Ching (89) Zhong –Zi No.89535944
2002.12	10	8,450,000	84,500,000	8,450,000	84,500,000	Capital increase by earnings 4,500,000	-	2002.12.20 Ching-Shou-Zhong-Zi No.09133158450
2007.01	10	80,000,000	800,000,000	23,450,000	234,500,000	Capital increase by cash 150,000,000	-	2007.01.10 Ching-Shou-Zhong-Zi No.09631527130
2007.06	20	80,000,000	800,000,000	44,483,000	444,830,000	Capital increase by cash 18,000,000 Capital increase by earnings 187,600,000 Capital increase by employee dividend 4,730,000	-	2007.06.11 Ching-Shou-Zhong-Zi No.09632245510
2007.10	80	80,000,000	800,000,000	52,483,000	524,830,000	Capital increase by cash 80,000,000	-	2007.10.24 Ching-Shou-Zhong-Zi No.09601260800
2008.06	10	80,000,000	800,000,000	62,605,450	626,054,500	Capital increase by earnings 78,724,500 Capital increase by employee dividend 22,500,000	-	2008.06.26 Ching-Shou-Zhong-Zi No.09701143560
2009.07	10	80,000,000	800,000,000	65,935,722	659,357,220	Capital increase by earnings 31,302,720 Capital increase by employee dividend 2,000,000	-	2009.08.19 Ching-Shou-Zhong-Zi No.09801188280
2009.11	10	100,000,000	1,000,000,000	72,302,722	723,027,220	Capital increase by cash 63,670,000	-	2009.10.27 Jīn-Guan-Zheng-Fa-Zi No.0980056278
2010.07	10	100,000,000	1,000,000,000	74,703,826	747,038,260	Convertible bonds 24,011,040	-	2010.07.28 Ching-Shou-Zhong-Zi No.09901168060
2010.08	10	100,000,000	1,000,000,000	81,934,098	819,340,980	Capital increase by earnings 72,302,720	-	2010.06.30 Jīn-Guan-Zheng-Fa-Zi No.0990033828
2010.10	10	100,000,000	1,000,000,000	83,156,703	831,567,030	Convertible bonds 12,226,050	-	2010.10.29 Ching-Shou-Zhong-Zi No.09901242310
2011.01	10	100,000,000	1,000,000,000	83,389,578	833,895,780	Convertible bonds 2,328,750	-	2011.01.17 Ching-Shou-Zhong-Zi No.10001007820

Year/ Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other Than Cash	Date of Approval and Document Number
2011.05	10	100,000,000	1,000,000,000	83,396,101	833,961,010	Convertible bonds 65,230	-	2011.05.13 Ching-Shou-Zhong-Zi No.10001097060
2011.09	10	150,000,000	1,500,000,000	91,735,058	917,350,580	Capital increase by earnings 83,389,570	-	2011.7.4 Jīn-Guan-Zheng-Fa-Zi No.1000030785
2011.11	10	150,000,000	1,500,000,000	91,737,285	917,372,850	Convertible bonds 22,270	-	2011.10.31 Ching-Shou-Zhong-Zi No.10001247700
2011.11	10	150,000,000	1,500,000,000	101,737,285	1,017,372,850	Capital increase by cash 100,000,000	-	2011.09.19 Jīn-Guan-Zheng-Fa-Zi No.1000043771
2012.08	10	150,000,000	1,500,000,000	106,824,149	1,068,241,490	Capital increase by earnings 50,868,640	-	2012.06.18 Jīn-Guan-Zheng-Fa-Zi No.1010027075
2015.07	10	150,000,000	1,500,000,000	106,324,149	1,063,241,490	cancellation of treasury shares 5,000,000	-	2015.07.20 Ching-Shou-Zhong-Zi No.10401142850
2018.11	10	150,000,000	1,500,000,000	109,443,222	1,094,432,220	Convertible bonds 31,190,730	-	2018.11.29 Ching-Shou-Zhong-Zi No.10701150280
2019.02	10	150,000,000	1,500,000,000	110,075,562	1,100,755,620	Convertible bonds 6,323,400	-	2019.02.18 Ching-Shou-Zhong-Zi No.10801014030
2019.05	10	150,000,000	1,500,000,000	120,278,365	1,202,783,650	Convertible bonds 102,028,030	-	2019.05.21 Ching-Shou-Zhong-Zi No.10801058220
2019.09	10	150,000,000	1,500,000,000	121,025,402	1,210,254,020	Convertible bonds 7,470,370	-	2019.09.03 Ching-Shou-Zhong-Zi No.10801118880
2021.02	10	150,000,000	1,500,000,000	122,225,402	1,222,254,020	Issuance of restricted employee equity shares 12,000,000	-	2021.02.23 Ching-Shou-Zhong-Zi No.11001027650
2021.06	10	150,000,000	1,500,000,000	122,219,402	1,222,194,020	cancellation of restricted employee equity shares 60,000	-	2021.06.10 Ching-Shou-Zhong-Zi No.11001092620
2021.09	10	150,000,000	1,500,000,000	122,208,402	1,222,084,020	cancellation of restricted employee equity shares 110,000	-	2021.09.02 Ching-Shou-Zhong-Zi No.11001148370
2021.12	10	150,000,000	1,500,000,000	122,202,402	1,222,024,020	cancellation of restricted employee equity shares 60,000	-	2021.12.21 Ching-Shou-Zhong-Zi No.11001218170
2022.04	10	150,000,000	1,500,000,000	122,265,231	1,222,652,310	cancellation of restricted employee equity shares 430,000 and Convertible bonds 1,058,290	-	2022.04.25 Ching-Shou-Zhong-Zi No.11101056230
2022.05	10	150,000,000	1,500,000,000	122,259,631	1,222,596,310	cancellation of restricted employee equity shares 56,000	-	2022.05.27 Ching-Shou-Zhong-Zi No.11101088340
2022.09	10	200,000,000	2,000,000,000	122,247,631	1,222,476,310	cancellation of restricted employee equity shares 120,000	-	2022.09.08 Ching-Shou-Zhong-Zi No.11101162870
2022.10	10	200,000,000	2,000,000,000	134,467,871	1,344,678,710	Capital increase by earnings 122,202,400	-	2022.10.05 Ching-Shou-Zhong-Zi No.11101192810

Year/ Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other Than Cash	Date of Approval and Document Number
2022.11	10	200,000,000	2,000,000,000	135,345,916	1,353,459,160	Convertible bonds 8,780,450	-	2022.10.05 Ching-Shou-Zhong-Zi No.11101225600
2023.04	10	200,000,000	2,000,000,000	136,751,089	1,367,510,890	cancellation of restricted employee equity shares 392,000 and Convertible bonds 14,443,730	-	2023.04.10 Ching-Shou-Zhong-Zi No.11230058640

4.1.1.2 Types of Stock

April 30, 2023 Unit: Share

Type of Stock	Authorized Capital			Remarks
	Issued shares	Unissued shares	Total	
Common Stock	136,751,089	63,248,911	200,000,000	Listed Company’s shares

4.1.1.3 Information for Shelf Registration：None.

4.1.2 Shareholders structure

April 18, 2023

Shareholders structure / Quantity	Government Agencise	Financial Institutions	Other Judicial Persons	Individuals	Foreign Institutions and Individuals	Total
Number of Shareholders	0	28	209	5,972	156	6,366
Shareholding	0	6,708,913	91,481,319	20,960,229	19,217,185	138,375,446
Shareholding Percentage	0.00%	4.85%	66.10%	15.15%	13.89%	100.00%

4.1.3 Shareholding dispersion

Common stock April 18, 2023

Share types	Number of Shareholders	Shares	Shares %
1--------999	3,150	428,417	0.31%
1,000------5,000	2,580	4,275,779	3.09%
5,001-----10,000	212	1,542,287	1.11%
10,001-----15,000	86	1,077,681	0.78%
15,001-----20,000	40	713,309	0.52%
20,001-----30,000	49	1,200,216	0.87%
30,001-----40,000	36	1,264,283	0.91%
40,001-----50,000	22	991,622	0.72%
50,001----100,000	66	4,766,163	3.44%
100,001----200,000	36	5,069,788	3.66%
200,001----400,000	33	9,137,099	6.60%
400,001----600,000	16	8,135,034	5.88%
600,001----800,000	7	4,629,014	3.35%
800,001--1,000,000	6	5,096,322	3.68%
1,000,001 above	27	90,048,432	65.08%
Total	6,366	138,375,446	100.00%

4.1.4 List of Major Shareholders

April 18, 2023

Shares / Major Shareholders	Shares	Shares (%)
Hsin-Chong International Co., Ltd.	17,460,592	12.62%
Heng-Shan Co., Ltd.	16,672,770	12.05%
Jiahe Xin Co., Ltd.	8,728,856	6.31%
Fukang Co., Ltd	8,728,856	6.31%
New Labor Retirement Fund	4,323,059	3.12%
Mei-li Zheng	2,400,000	1.73%
Public Service Pension Fund Management Committee	2,380,813	1.72%
Ming-hao Chen	2,250,000	1.63%
Yung-Tsang Chao	2,068,292	1.49%
Chung-Hsin Chao	2,032,002	1.47%

4.1.5 Market Price, Net Worth, Earnings, and Dividends Per Common Share

Unit: NT$, except for weighted average shares and return on investment rations

Item			2021	2022	2023/1/1 – 2023/3/31
Market price per share	Highest		461.00	440.00	499.50
	Lowest		202.00	255.00	387.00
	Average		321.99	377.58	444.75
New worth per share (Note 1)	Before distribution		57.87	69.60	63.90
	After distribution		51.87	57.59	-
Earnings per share	Weighted average shares		133,123 (Note 2)	133,820	136,041
	Earnings per share		8.99 (Note 2)	19.54	3.63
Dividend per share	Cash dividends		6	12	-
	Stock dividends	Stock dividends appropriated from retained earnings	1	-	-
		Stock dividends appropriated from capital surplus	-	-	-
	Accumulated unpaid dividends		-	-	-
Return analysis	Price-earnings ratio (Note 3)		35.82	19.32	-
	Price-dividend ratio (Note 4)		53.665	31.465	-
	Cash dividend yield (Note 5)		1.86%	3.18%	-

Note 1: Based on the number of issued shares at the end of the year and according to the distribution of the resolutions of the board of directors or the next year's shareholders' meeting.
Note 2: Based on retrospectively adjusted to account for share dividend dilution.
Note 3: Price-earnings ratio = Average market price/Diluted earnings per share
Note 4: Price-dividend ratio = Average market price/Cash dividends per share
Note 5: Cash dividend yield = Cash dividends per share/Average market price

4.1.6 Dividend Policy and Distribution of Earnings

4.1.6.1 Dividend Policy

Based on Jentech’s future capital needs and long-term business planning, Jentech cooperates with the overall economic environment and industrial characteristics, and achieves the goal of sustainable operation, taking into account shareholders' rights and capital adequacy ratio. The dividend policy is based on Article 24 of Jentech's articles of association stipulated.

Since Jentech's listing, the total amount of dividends paid each year has been no less than 60% of the net profit after tax of the year, and no less than 25% of the total distributable surplus. Twenty percent of the total shareholder dividends are proposed to be distributed. However, the types and proportions of such surplus distribution may be prepared by the board of directors in accordance with the current company's operating conditions, capital demand planning, etc., and a distribution plan may be issued in the form of new shares, and then submitted to the shareholders' meeting for resolution and adjustment.

4.1.6.2The dividend distributions proposed at the most recent shareholders' meeting

The cash dividends for the year of 2022 is NT$ to be distributed to shareholders. According to the number of shares issued and entitled to distribution totaling. As of the publication date of the annual report of Jentech, the board of directors has proposed the 2022 earnings distribution plan on March 21, 2023. The 2022 earnings distribution situation is explained as follows:

Jentech's after-tax net profit in 2022 is NT$ 2,614,280,859, Add items other than net profit after tax for the period is NT$ 7,287,128, amount of undistributed surplus for the year is NT$ 2,621,567,987, The statutory surplus reserve of NT$ 262,156,799 and the special surplus reserve of NT$ 198,153,825 have been withdrawn, and the initial undistributed surplus of NT$ 828,908,972 after adjustment has been added. The distributable surplus for the current period is NT$ 2,990,166,335.

Jentech has issued 136,831,294 ordinary shares as of February 28, 2023, the proposed distribution of cash dividends in 2022 is NT$12.0 per share, total amount is NT$ 1,641,975,528. Due to subjective and objective factors, which affect the number of outstanding shares and need to cooperate with the adjustment of the dividend rate of shareholders, it is proposed to submit to the shareholders' meeting to authorize the board of directors to handle it with full authority.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

There is no proposal for free stock distribution at this shareholders' meeting, therefore it has no impact on the company's operational performance and related information such as earnings per share.

4.1.8 Compensation of employees and directors

4.1.8.1 Information relating to compensation of employees and directors, the ratio or range of employee remuneration and director remuneration stated in Jentech's articles of association.

In accordance with the laws and regulations and Article 24 of the company bylaws, the allocation of employee compensation and director remuneration for the 111th fiscal year is determined. If the company makes a profit during the fiscal year, 5%-20% should be allocated for employee compensation. If the allocation is made through the issuance of new shares, the recipients may include employees of subsidiary companies who meet certain conditions, as determined by the board of directors. Additionally, the board of directors may decide to allocate an amount not exceeding 2% of the aforementioned profit for director remuneration.

4.1.8.2 The accounting basis for the estimated amount of employee remuneration and directors' remuneration in the current period, the basis for calculating the number of shares of employee remuneration distributed by stock, and the accounting treatment when the actual distribution amount is different from the estimated amount: 2022 employee remuneration and The remuneration of directors is estimated at 8% and 2% of the pre-tax net profit respectively. When there is a major change in the distribution amount resolved by the board of directors, the change shall be adjusted to the original annual expense. Changes in accounting estimates are adjusted and recorded in the year of resolution of the shareholders' meeting.

4.1.8.3 Distribution of compensation of employees and directors approved in the Board of Directors meetings

(1)The amounts of employee compensation and director remuneration distributed in cash or stocks.

The Board of Directors has passed the resolution on March 21, 2023 that the earnings in 2022 will be distributed as follows:

①Proposed cash compensation for employees: NT$287,172,000

②Proposed Directors' compensation: NT$71,793,000

The employee remuneration and director's remuneration proposed by the board of directors are the same as the amounts recognized in the 2022 financial statements. ◦

(2)The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports for the current period and total employee compensation: N/A

(3) Calculated earnings per share after considering the proposed allotment of employee remuneration, director remuneration, convertible corporate bonds and new shares with restricted employee rights is NT$ 18.64/Per share.

4.1.8.4 The actual distribution of compensation for employees and directors in the previous fiscal year

The Board of Directors resolved on March 18, 2022 to distribute employees' compensation NT$ 116,185,000 and directors' and supervisors' remuneration NT$ 32,222,000 which were recognized by the Shareholders' Meeting. The employees' compensation and directors' and supervisors' remuneration was fully distributed and no discrepancy with 2021 separate financial report

4.1.9 Buyback of Common Stock: None

4.2 Convertible Corporate Bond

4.2.1 Handling of corporate bonds

Types of Corporate Bonds	The 3th domestic unsecured conversion of corporate bonds
Issue Date	October 30, 2020
Fair Value	NT$100,000 per bond
Issuance and Trading Location	Domestic issuance, listed on the OTC trading center.
Issue price	Issued at full face value
Total Value	NT$2,010,000,000
Rate	The coupon rate is 0%
Tenor	5 years (expiration date October 30, 2025)
Guarantee Agency	None
Consignee	Taipei Fubon Commercial Bank Co., Ltd.
Underwriting Agency	Fubon Securities Co., Ltd. Yuanfong Securities Co., Ltd. Yuanta Securities Co., Ltd. Uni-President Securities Co., Ltd. KGI Securities Co., Ltd. Jih Sun Securities Co., Ltd. Cathay Securities Corporation Limited Cooperative Securities Co., Ltd. Hua Nan Securities Co., Ltd.
Certified Lawyer	Shanhe Law Firm Lawyer Ji Guanling
CPA	Deloitte & Touche Accountants Zhang Jingren and Chen Zhiyuan
Repayment Method	Except for conversion into the company's common stock or repurchase for cancellation at the company's securities business office, the convertible corporate bonds shall be redeemed in cash at their face value upon maturity.
Outstanding Principal	NT$753,200,000
Redemption or Early Settlement Terms	Detailed explanation of the issuance and conversion procedure of the company's convertible bonds.
Restrictive clause	Detailed explanation of the issuance and conversion procedure of the company's convertible bonds.
Name of credit rating agency, rating date, corporate bond rating results	None

<table>
<tr><td colspan="2">Types of Corporate Bonds</td><td>The 3th domestic unsecured conversion of corporate bonds</td></tr>
<tr><td rowspan="2">Additional rights</td><td>Amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) up to the date of publication of the annual report</td><td>40,526,040 元</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) approach</td><td>Detailed explanation of the issuance and conversion procedure of the company's convertible bonds.</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or share subscription method, issuance conditions may dilute the equity and the impact on existing shareholders' rights and interest</td><td>The outstanding amount of the company's domestic unsecured convertible bonds from the third issuance that have not been converted yet is TWD 753,200,000. The latest conversion price is TWD 306.7 per bond. Assuming that all bondholders choose to convert their bonds at the aforementioned conversion price, a total of 2,455,820 common shares of the company can be converted. Considering the current issued and outstanding shares of 138,375,446, along with the anticipated convertible shares, the dilution ratio is calculated to be 1.7438%. The dilution impact is minimal, and the conversion of bonds into common shares typically occurs gradually, rather than all at once. Therefore, this issuance of convertible bonds is not expected to have a significant impact on shareholders' equity.</td></tr>
<tr><td colspan="2">The name of the custodian institution for the subject of the exchange</td><td>N/A</td></tr>
</table>

4.2.2 Convert corporate bond data：

<table>
<tr><td colspan="2">Types of corporate bonds</td><td colspan="2">The 3th domestic unsecured conversion of corporate bonds</td></tr>
<tr><td colspan="2">Year / Item</td><td>2022</td><td>As of April 30,2023</td></tr>
<tr><td rowspan="3">Convert corporate bond market price</td><td>High</td><td>135.00</td><td>165.00</td></tr>
<tr><td>Low</td><td>105.50</td><td>122.00</td></tr>
<tr><td>Average</td><td>124.01</td><td>142.19</td></tr>
<tr><td colspan="2">Convert price</td><td colspan="2">306.7 元</td></tr>
<tr><td colspan="2">Issuance date and conversion price at the time of issuance</td><td colspan="2">September 30,2020
conversion price at the time of issuance is NT$ 350</td></tr>
<tr><td colspan="2">Ways of fulfilling conversion obligations</td><td colspan="2">issue new shares</td></tr>
</table>

4.3 Preferred Shares： None

4.4 Issuance of Oversea Depositary Shares： None

4.5 Status of Employee Stock Option Plan： None

4.6 Status of Employee Restricted Stock：

4.6.1 For all newly issued shares granted to employees that have not yet met the predetermined conditions, the status of implementation should be disclosed as of the cut-off date of the annual report printing, and the impact on shareholders' equity should be addressed.

April 30, 2023

Type of Employee Restricted Stock	First time of Employee Restricted Stock
Date of Effective Registration and Number of Employee Restricted Stock Issued	109 年 06 月 09 日 June 9, 2020 1,200,000 shares
Issue Date	110 年 02 月 01 日
The number of newly issued restricted	1,200,000 shares
The number of restricted employee	0 shares
Issued Price	0
Employee Restricted Stock as a Percentage of Shares Issued	0.98%

<table>
<tr>
<td>Vesting conditions of Employee Restricted Stock</td>
<td>
1.Indicator A: Company Operations and Employee Performance (The maximum proportion of shares allocated under this indicator is 85% of the total shares issued)
(1)Eligible recipients: Employees who have made significant contributions to the company's business development.
(2)Vesting timeline and proportion: Employees who have been granted restricted employee shares and remain employed until the following timelines, and have achieved a performance assessment result of "Good" or above in the most recent annual evaluation, are eligible to receive the vested shares in the respective vesting years according to the following proportions:
<table>
<tr><td>Vesting conditions</td><td>If the revenue exceeds 120% of the previous year's revenue and the after-tax net profit is not lower than the previous year's after-tax net profit.</td><td>If the revenue exceeds 110% of the previous year's revenue and the after-tax net profit is not lower than the previous year's after-tax net profit.</td><td>If the revenue exceeds 105% of the previous year's revenue and the after-tax net profit is not lower than the previous year's after-tax net profit.</td></tr>
<tr><td>Upon completion of one year of employment</td><td>The number of allocated shares x20%x100%</td><td>The number of allocated shares x20%x90%</td><td>The number of allocated shares x20%x80%</td></tr>
<tr><td>Upon completion of two years of employment</td><td>The number of allocated shares x20%x100%</td><td>The number of allocated shares x20%x90%</td><td>The number of allocated shares x20%x80%</td></tr>
<tr><td>Upon completion of three years of employment</td><td>The number of allocated shares x60%x100%</td><td>The number of allocated shares x60%x90%</td><td>The number of allocated shares x60%x80%</td></tr>
</table>
2. Indicator B: Company Operations, Employee Performance, and Cost Control (The maximum proportion of shares allocated under this indicator is 15% of the total shares issued)
(1)Eligible recipients: Employees who have made outstanding contributions to the company's business development and cost control.
(2)Vesting timeline and proportion: Employees who have been granted restricted employee shares and remain employed until the following timelines, and have achieved a performance assessment result of "Good" or above in the most recent annual evaluation, are eligible to receive the vested shares in the respective vesting years according to the following proportions:
</td>
</tr>
</table>

<table>
<tr><td>Type of Employee Restricted Stock</td><td colspan="2">First time of Employee Restricted Stock</td></tr>
<tr><td rowspan="4">Vesting conditions of Employee Restricted Stock</td><td>Vesting conditions</td><td>If the revenue exceeds 150% of the previous year's revenue, the after-tax net profit exceeds 200% of the previous year's after-tax net profit, and the operating expense ratio decreases by more than 10%.</td></tr>
<tr><td>Upon completion of one year of employment</td><td>The number of allocated shares x20%</td></tr>
<tr><td>Upon completion of two years of employment</td><td>The number of allocated shares x20%</td></tr>
<tr><td>Upon completion of three years of employment</td><td>The number of allocated shares x60%</td></tr>
<tr><td>Restricted Rights of Employee Restricted Stock</td><td colspan="2">1. During the vesting period, employees are prohibited from selling, pledging, transferring, gifting, or disposing of the restricted employee shares in any other manner.
2. The rights and obligations of attending, proposing, speaking, and voting at shareholders' meetings are the same as those of the issued common shares of the company and are executed in accordance with the trust custody agreement.
3. Restrictions on shareholder's entitlement to rights issues and dividends: The rights and obligations of participating in rights issues, dividends, and cash capital increases for shares granted during the vesting period are the same as those of the issued common shares of the company and do not require trust custody.
4. From the date of suspension of free distribution of shares, the date of suspension of cash dividends, the date of suspension of cash capital increases, the statutory period of suspension of share transfer according to Article 165, paragraph 3 of the Company Law, or other legally determined suspension periods based on the occurrence of events until the record date for entitlement, any shares that have not met the vesting conditions do not enjoy the right to receive rights issues, dividends, and subscription rights if the company is entitled to reclaim and cancel the shares during this period.</td></tr>
</table>

Type of Employee Restricted Stock	First time of Employee Restricted Stock
Restricted Rights of Employee Restricted Stock	5. During the vesting period, if the company carries out a reduction of capital, such as a cash reduction not due to statutory reduction, the restricted employee shares should be canceled proportionally based on the reduction ratio. In the case of a cash reduction, the refunded cash must be held in trust and delivered to employees only after meeting the vesting conditions. However, if the vesting conditions are not met, the company will reclaim the refunded cash.
Custody Status of Employee Restricted Stock	According to these regulations, the restricted employee shares granted to employees under this policy must be held in trust custody until the vesting conditions are met. After the vesting conditions are met, the vested portion of the shares will be transferred from the trust account to the employees' individual book-entry accounts.
Measures to be Taken Where Employees Fail to Meet the Vesting Conditions	According to these regulations, in the event that an employee does not meet the vesting conditions, all of their allocated restricted employee shares will be reclaimed by the company without any compensation and will be subsequently canceled.
Number of Employee Restricted Stock	130,600 shares
Number of Released Employee Restricted	390,800 shares
Number of Unreleased Employee Restricted Stock	678,600 shares
Ratio of Unreleased Employee Restricted Stock to Total Issued Shares(%)	0.49%
Impact on Shareholders’ Interest	If all the allocated restricted employee shares issued this time meet the vesting conditions, based on the number of shares outstanding at the time of issuance, the share capital will increase by 0.49%. Since the vesting conditions are achieved over a three-year period, there is no significant impact on shareholder equity at present.

4.6.2 Employee Restricted Stock Granted to Management Team and to Top 10 Employees

Title		Name	No. of Employee Restricted Stock Granted (1,000 shares)	Employee Restricted Stock as a Percentage of Shared Issued	Restrictions Released				Restrictions Unreleased			
					No. of Shares (1,000 shares)	Issued Price (NT$)	Issued Amount (NT$ thousands)	Released Shares as a Percentage of Shares Issued	No. of Shares (1,000 shares)	Issued Price (NT$)	Issued Amount (NT$ thousands)	Unreleased Shares as a Percentage of Shares Issued
Manager	Vice Chairman	Yung-Tsang Chao	295	0.21%	59	10	590	0.04%	177	10	1,770	0.13%
	General Manager	Chin-Lung Lin										
	Senior Vice President	Chien-Tsai Chang										
	Vice President	Feng-Chun Kuo										
	Vice President	Jia -Wei Peng										
	Director	Cing -Jiao Jheng										
	Director	Bing -Rung Wang										
	Director	Jin -Ruei Yu										
	Director	Chiao -Hsiang										
	Director	Mu -Chih Jhong										
	Director	Shiue -Chin Lin										
	Director	Yue-Jen Wang										
	Accounting Supervisor	Ciao -Ni Jheng										
Employee	Vice Director	Jie-Yuan Hong	193	0.14%	38.6	10	386	0.03%	115.8	10	1,158	0.08%
	Vice Director	Jian-Ru Lai										
	Vice Director	Chang-Qi Ye										
	Vice Director	Shu-Sen Yang										
	Manager	Bao-Yuan Chen										
	Manager	Ming-Da Weng										
	Manager	Sen-Di Luo										
	Manager	Jun-Da Ye										
	Section Chief	Yi-Ting Chao										
	Senior Engineer	Cheng-De Liao										

4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions: None

4.8 Financing Plans and Implementation

4.8.1 Domestic Third Convertible Unsecured Corporate Bonds in 2020

4.8.1.1 Plan Details

(1) Approval Date and Document Number by the competent authority: Effective from

October 14, 2020, under the letter of approval with reference number 1090359644 issued by the Financial Supervisory Commission.

(2) Total funding required for this plan: NT$2,010,000,000.

(3) Source of funds: Issuance of domestic third convertible unsecured corporate bonds, with each bond having a face value of 100,000 New Taiwan Dollars. The issuance price is set at 100.5% of the face value, resulting in a total fundraising amount of 2,010,000 thousand New Taiwan Dollars.

(4) Changes to the plan: None.

(5) Project Items and Utilization Progress

Unit：NT$ thousand Dollars

Project	Estimated Completion Date	Total funds required	Estimated progress of fund utilization				
			2020	2021			
			Q4	Q1	Q2	Q3	Q4
Repay bank loan	Q4’2020	680,000	680,000	—	—	—	—
Purchase machinery and equipment	Q4’2021	400,000	40,000	100,000	110,000	129,000	21,000
Reinforcement of Operating Capital	Q2’2021	930,000	700,000	230,000	—	—	—
Total		2,010,000	1,420,000	330,000	110,000	129,000	21,000

4.8.1.2 Execution situation

Unit：NT$ thousand Dollars

Project	Implementation status		As of Q4’ 2022	Reasons for being ahead or behind and improvement plan
Repay bank loan	Amount	Plan	680,000	Completed as planned
		Actual	680,000	
	Status (%)	Plan	100.00%	
		Actual	100.00%	
Purchase machinery and equipment	Amount	Plan	400,000	Completed as planned
		Actual	400,000	
	Status (%)	Plan	100.00%	
		Actual	100.00%	
Reinforcement of Operating Capital	Amount	Plan	930,000	Completed as planned
		Actual	930,000	
	Status (%)	Plan	100.00%	
		Actual	100.00%	

As of December 31, 2022, all the Project items have been fully completed as planned.

Chapter 5 Business Information

5.1 Business Contents

5.1.1 Business Scope

5.1.1.1 The main activities of the business include:

1.)Manufacturing and trading of various machinery, components, and precision molds.
2.)Manufacturing and selling of various precision stamped products.
3.)Manufacturing and selling of precision plastic injection molded products.
4.)Manufacturing of various precision fixtures, including jig grinders, CNC optical profiling grinding machines, wire cutting machines, etc.
5.)Processing of metal parts surface treatment.
6.)Machining using automatic lathes and CNC lathes.
7.)Manufacturing and trading of pre-molded wire bonding frames using thermosetting epoxy resins.
8.)Import and export trading business related to the aforementioned products.

5.1.1.2 Proportions of sales from each of the major products

Unit: NT$1,000

Item	2022	
	Amount	%
Thermal Heat Spreader	6,139,187	51.02
Semiconductor lead frame	2,380,095	19.78
Electronic Components	2,128,183	17.69
Communication connector	306,228	2.55
Others (Note)	1,078,201	8.96
Total	12,031,894	100.00

Note: Others include raw materials, mold sales and mold maintenance income, etc.

5.1.1.3 The current product/service offerings of the company include:

(1)Production of various optoelectronic products, high-brightness LEDs, and analog/digital semiconductor wire bonding frames.
(2)Manufacturing of thermal substrates for semiconductor packaging.
(3)Ceramic heat dissipation substrates for LEDs.
(4)High-frequency coaxial connectors and electromagnetic wave shielding covers.
(5)Production of automotive radiators and cooling systems.
(6)Various precision stamping products.
(7)Precision metal-embedded injection molded products.
(8)Pre-molded wire bonding frames using thermosetting epoxy resins.

5.1.1.4 The planned development of new products/services includes:

(1)Cold forging heat-conductive cap-type and two-piece heat spreaders.
(2)Heat spreader substrates for Insulated Gate Bipolar Transistors (IGBT).
(3)Superconductive thermal uniform plates (vacuum chamber heat spreader cooling technology).
(4)Development and manufacturing of thermal interface materials.
(5)Intelligent embedded digital driver LEDs.
(6)Various microwave high-frequency connectors.
(7)High-density folded diode wire bonding frames.
(8)Thermosetting epoxy resin for high-precision integrated semiconductor packaging materials.

5.1.2 Industry Overview

5.1.2.1 Market situation and future outlook

(1) Thermal Heat Spreader

In recent news, there have been reports of newly launched products in the 3C (Computing, Communications, and Consumer Electronics) industry experiencing overheating issues. This has further impacted consumer demand and led to a decrease in market demand, even resulting in some products being taken off the market. As the requirements for 3C products continue to increase in terms of functionality, integrated circuit manufacturing technology and individual component capabilities are constantly improving. High-power and small-sized electronic or computer components have become the current trend in circuit design and manufacturing. However, the issue of heat dissipation deserves significant attention and discussion in order to ensure stable operation within high power and limited space. Failure to dissipate heat in a timely manner can adversely affect the characteristics, lifespan, and reliability of the components as the accumulated heat affects their performance.

Heat spreaders are one of the fundamental heat dissipation components used in various industries. They are typically made of high thermal conductivity metals such as copper or aluminum. In the electronics industry, heat spreaders or heat sinks are installed on electronic components or chips to transfer or dissipate the heat generated by the components using the thermal conductivity of the heat dissipation material itself. Heat spreaders find wide applications in the electronic information industry, semiconductor industry, and optoelectronic component industry, with downstream applications extending to the 3C industry.

Furthermore, electric vehicles (EVs) and hybrid electric vehicles (HEVs) have become a major trend in automotive development. In the inverters and rectifiers of electric vehicles, high-power chip modules pose thermal dissipation challenges. Currently, the mainstream solution for such designs is to use water-cooled heat spreaders. By utilizing highly thermally conductive metal materials, along with metal processing techniques and surface treatments, the chip temperature can be controlled within an acceptable range using water cooling. The thermal design of water-cooled heat spreaders needs to effectively dissipate the heat generated by the chips, while considering the cost and manufacturability aspects of the design for mass production.

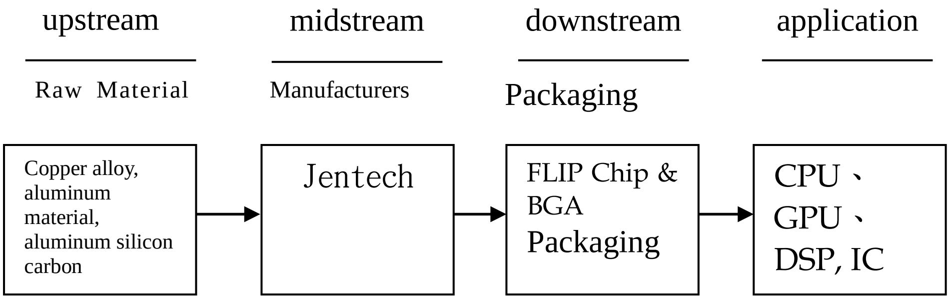
(2) Semiconductor lead frame

Lead frames are divided into separate (individual) lead frames for component applications and integrated circuit lead frames for IC applications based on their chip application functions. The individual lead frames can be further classified into three major categories: power transistor lead frames, rectifier diode lead frames, and Light Emitting Diode (LED) lead frames. Our company produces lead frames using plastic injection molding, including Polyphthalamide (PPA) and Polycyclohexylenedimethylene terephthalate (PCT), which are suitable for medium to low-power LED packaging products. Our high-power LED lead frame products have the advantages of mature technology and high cost-effectiveness, which will continue to increase their shipment proportion.

As global governments progressively implement policies to ban incandescent light bulbs and LED technology becomes more mature and affordable, the next wave of the lighting market presents a deep integration period for LEDs.

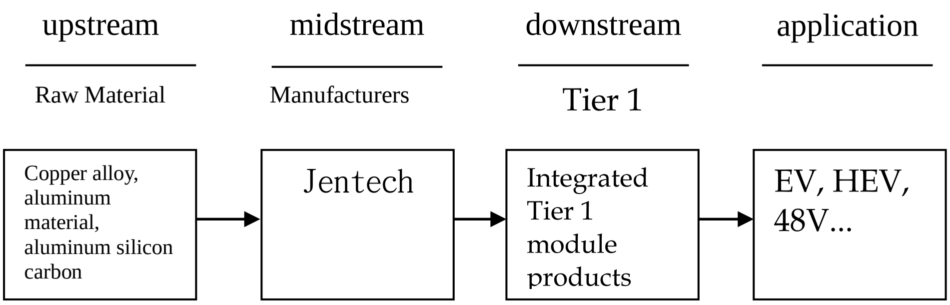
5.1.2.2 Interconnectivity among the upstream, midstream, and downstream sectors of the industry.

(1) Thermal Heat Spreader



With the rapid development of the telecommunications, information technology, semiconductor, and optoelectronics industries, electronic products have been evolving towards high performance, high frequency, high-speed, and lightweight designs. Electronic products are also transitioning towards sub-micron technology, resulting in chips with smaller spatial dimensions. However, the heat dissipation per unit volume needs to increase exponentially, leading to higher heat generation densities in electronic components. Therefore, thermal management in electronic products has become a critical factor for ensuring product stability among industry players.

One common method of thermal dissipation is the direct attachment of a thermally conductive interface material on the chip surface, known as chip-on-chip packaging. Alternatively, the heat generated internally in the chip can be uniformly transferred to a physical heat spreader, which can then dissipate the heat to the surrounding environment using an external heat sink. Physical heat spreaders are the primary products produced and sold by our company.



HEV (Hybrid Electric Vehicle) and Hybrid vehicles, also known as Oil-Electric Hybrid vehicles, are two major trends in the current development of Green Cars. These trends are driving the development of power modules towards higher power, higher speed, and higher density.

In addition to the packaging materials, the overall thermal management of power modules relies on the design of metallic or ceramic heat dissipation structures. This is crucial for achieving efficient heat dissipation and ensuring the proper functioning of the power modules.

(2) Semiconductor lead frame

The lead frame is primarily made of copper alloy or nickel-iron alloy, which is formed through stamping and then undergoes electroplating treatment. The upstream, midstream, and downstream structure of the lead frame system is illustrated in the diagram below:

Upstream Raw Material Suppliers	midstream Manufacturers	downstream Semiconductor Packaging Companies	application
Copper alloy, Nickel-iron alloy	Jentech	Discrete (monolithic) packaging industry	Automotive and industrial products Telecommunication and communication products Computer and peripheral products Consumer electronics products Precision instruments Aerospace industry

Our company plays the role of a lead frame supplier in the LED industry supply chain. The lead frame, also known as leadframe, frame, or support, is one of the three major raw materials in the packaging industry, along with wire and encapsulation resin. The lead frame can be classified into three types based on its assembly field: integrated circuit lead frames, LED lead frames, and transistor lead frames. Each of these lead frames serves as a medium for connecting the chip, LED, or transistor to the printed circuit board traces, fulfilling their respective functions in the packaging process.

5.1.2.3 Various product development trends:

(1) Heat Spreader

Heat spreaders are fundamental in thermal management in electronic design. In cases where natural convection is insufficient for timely heat dissipation, and forced convection using fans is not yet necessary, heat spreaders are widely used as a solution.

With the advancement of performance and miniaturization processes, the number of transistors in relation to the chip area has increased. This complexity in circuit design does not always result in a 100% improvement in performance. As a result, a significant portion of electrical energy is converted into thermal energy. Additionally, as process miniaturization progresses, leakage power consumption increases, leading to higher power requirements and waste heat generation within the same unit area. Furthermore, with the trend towards compact desktop computers and all-in-one functionality, future mini PCs will need to handle multiple tasks such as information processing and multimedia performance simultaneously. Therefore, effective heat dissipation becomes crucial, making heat spreaders an indispensable solution for efficient thermal management.

Major thermal solution providers are actively exploring new market applications, including gaming consoles, communication devices, servers, automotive electronics, home electronics, and smartphones. The emerging trends of cloud services and the Internet of Things (IoT) in the market contribute to the increasing demand for servers and data centers. As a result, the need for effective heat dissipation in central processing units (CPUs) and connectors becomes more prominent and represents a promising area for further exploration.

(2) Semiconductor lead frame

Due to the rising awareness of green environmental practices and the persistent high prices of energy sources such as petroleum, the application of LED technology has rapidly expanded. LED stands out for its energy efficiency and low power consumption, driving its increasing adoption in various fields. Among various types of wire frames, the demand for SMD LED wire frames is particularly strong and holds future growth potential. Our company is a supplier of SMD LED wire frames in the LED industry, offering technically mature and cost-effective high-power LED wire frame products.

Currently, SMD LED is primarily used in low to medium power applications, such as backlighting for mobile phones, digital cameras, electronic digital photo frames, and automotive interior and exterior lighting. Our LED wire frame products have a competitive advantage in the automotive market due to their stability and reliability. The proportion of LED wire frames used in automotive applications continues to increase. While the automotive industry has high entry barriers and requires a verification period of at least three years, the prices of LED wire frames in this market are relatively stable, with a lower replacement rate.

5.1.2.4 The competitive landscape of our company, both domestically and internationally, is as follows:

(1)CPU/GPU Heat Spreader

Company Name	Primary business activities.	Main competitive areas.	Note
Honeywell Electronic Materials	Various semiconductor components and thermal interface materials.	Heat Spreader	Publicly traded company in the United States. (NYSE:HON)
Fujikura	Metal components for electronics, communication, and thermal applications, as well as optical components.	Heat Spreader	Publicly traded company in the Japan (5803:JP)
Shinko	Metal stamping products.	Heat Spreader	Publicly traded company in the Japan (6967:JP)
Dana	Automotive heat dissipation module.	Water cooling products	Publicly traded company in the United States. (NYSE:DAN)

(2) Semiconductor lead frame

Company Name	Primary business activities.	Main competitive areas.	Note
SDI Corp.	Semiconductor lead frame	SMD LED Semiconductor lead frame, Transistor lead frames.	Publicly traded company (2351)
I-Chiun	Stamped precision metal components, optoelectronic lead frames.	SMD LED Semiconductor lead frame	Publicly traded company (2486)
Chang Wah Electromaterials Inc.	LED Semiconductor lead frame	LED Semiconductor lead frame, EMC	Publicly traded company (8070)

5.1.3 Technology and R&D Overview

5.1.3.1 The technical level and research and development of our business operations.

Our company's research and development team follows product characteristics and establishes development processes accordingly. We adjust operation standards timely based on customer requirements to provide stable and competitive products, aiming to become the preferred supplier for our customers. Thanks to the continuous efforts of our R&D team, we have already obtained several patents, and there are several pending applications awaiting approval.

5.1.3.2 R&D expenses invested in the most recent year and up to the publication date of the annual report

Unit: NT$1,000

Item \ Year	2022	2023/1/1~3/31
R&D expenses	453,974	119,738
Operating revenue	12,031,894	2,824,998
Ratio of R&D expenses to Operating revenue (%)	3.77	4.24

5.1.3.3 Technologies or products successfully developed in the most recent fiscal year up to the date of printing the annual report.

Year	Technologies or products successfully developed
Year 2022 to the first quarter of Year 2023	Development and mass production of enclosed automotive heat sink substrates.
	Development and mass production of cloud computing chip heat sinks.
	Development of composite LED leadframes.
	Development and mass production of 5G chip heat spreaders.
	Mass production of ultra-thin heat spreaders.

5.1.4 Long-term and Short-term Business Development Plans

5.1.4.1 Short-term Business Development Plan

The principles of our short-term business development plan are based on product characteristics and development direction, with a focus on handling customer product projects. In order to avoid technology leakage and integrate professional expertise, Taiwan is set as the main development base to maintain the development and quality of new products. The following are the details of our short-term plans:

(1) Product Customization

We provide professional customization services, designing and developing exclusive molds according to customer requirements. We also stay highly sensitive to the evolution of end products, continuously enhancing our capabilities to keep up with the rapidly changing technological advancements and operational needs. Through modular production, we aim to shorten the development cycle and improve quality and material preparation accuracy in mass production, ultimately achieving cost advantages.

(2) High-Efficiency Output and Stable Service Quality

In response to the continuous emergence of new end products and the rapid increase in demand, we are continuously introducing automated production processes. By reducing human errors and implementing modular production, we can effectively improve production efficiency and quality, meeting both current and future customer expectations.

(3) Global Sales and Product Diversification

In addition to maintaining close relationships with existing customers to understand market changes, we actively propose new solutions to customers through ongoing technology development. Through technical exchanges, we indirectly grasp customer product bottlenecks and potential markets, optimizing existing processes and combining new development technologies to form a flexible and diversified portfolio of modular products, actively rooting in target markets.

5.1.4.2 Long-term Business Development Plan

The outline of our long-term business development plan is as follows:

(1) Active development and application of new style patents to increase product added value.

(2) Emphasizing sustainable operations and aiming to establish long-term relationships while gaining the trust of new customers.

A. Generating Direct Transactions

Providing customers with relevant product information and technical services in the most direct and efficient manner.

B. Achieving Repeat Transactions

Aiming for sustainable operations, increasing customer trust and willingness to engage in repeat cooperation through repeated transactions and relationship maintenance.

C. Establishing Cooperative Partnerships

Expanding market segments and strengthening customer relationships by establishing strategic alliances, jointly addressing weaknesses, and enhancing strengths to improve the overall competitiveness of both parties.

(3) Vertical Integration and Providing Comprehensive Customer Services

With complete production technology capabilities and quality systems, we aim to enhance automation equipment ratios through vertical integration, ultimately improving production efficiency and optimizing quality to meet customer demands. We have the ability to propose research and design solutions to customers, satisfying their needs from development to mass production.

(4) Financial Support

Maintaining a solid financial foundation is our business objective. We utilize diversified funding channels to establish the most suitable capital structure to support our daily operations and continuous growth in scale and revenue.

5.2 Marketing & Sales Situation

5.2.1 Market Analysis

1. Sales Regions for Company's Main Products

The sales of our company's products are primarily focused on information technology and electronic manufacturers in Asia, the United States, and Europe. Currently, the majority of our customers are internationally renowned companies and well-known brands.

2. Market Share

(1) Heat Spreader

Jentech's heat sinks are essential electronic components in the packaging industry, providing customers with a vertically integrated production process from mold manufacturing and stamping production to electroplated finished products, along with more competitive and efficient solutions. Our products have a wide range of applications across various industries. However, according to the available industry statistics, there are no specific published market data or sales statistics directly related to our main product, heat sinks.

(2) Semiconductor lead frame

Our main product is LED lead frames. LED technology has a wide range of applications, including mobile phones, automotive lighting, aviation lights, traffic signal lights, and more. However, after researching relevant industry statistics, it is not possible to find specific market share data for the industry in the public market.

3. Market Future Supply and Demand Situation and Growth Prospects

(1) Heat Spreader

The future trends in technology will focus on personalized lifestyles, environmental sustainability, aging societies, and human-machine interface. As computer functions become more diverse, computation becomes more complex and faster, and new packaging processes emerge, the demand for heat spreaders with excellent heat dissipation capabilities will increase. Currently, our company primarily targets the 3C market and has gradually expanded into various product areas within the 3C sector. We are actively exploring new market applications in communication, servers, gaming consoles, home electronics, automotive electronics, and smartphones, which present opportunities for heat dissipation solutions. The "inverter heat dissipation" market is a growing niche market, and unlike industries affected by economic cycles or price competition, companies in this sector benefit from external market growth. With our established trust and collaboration with international major players, coupled with our commitment to product quality and cost control, the expansion of production capacity will contribute to securing heat spreader orders and become a key driver of our future revenue growth.

(2) Semiconductor lead frame

As a professional LED lead frame manufacturer, our focus is on SMD LEDs. With the increasing demand for high-brightness LED products, we combine high-precision SMD LED lead frames with our expertise in heat dissipation and our capabilities in development, design, and production to offer the most competitive and promising products in the high-brightness SMD LED lead frame market. The growth in downstream packaging manufacturers' demand, driven by the increase in production capacity for high-temperature-resistant LED products, will contribute to our sales and market presence in LED lead frames.

LED technology continues to evolve and develop. We have already gained a certain market share in niche markets such as mobile phones, automotive lighting, aviation lights, and traffic signal lights. In the general lighting market, high-brightness SMD LED products are gradually replacing traditional light sources such as incandescent bulbs, with demand for SMD LED lead frames expected to grow significantly.

With the continuous introduction of advanced foreign process technologies and the presence of foreign technical teams in our company, we have a technological advantage and efficient production capabilities compared to our competitors. This enables us to help our customers ensure stable quality and cost advantages. With the trend of consolidation in the industry, we will continue to grow in the LED lead frame field and collaborate with customers to develop applications such as ceramic substrates and epoxy resin injection products.

4. Competitive Advantage

Jentech has full control over product research and development to market marketing. The analysis of various competitive advantages is as follows:

(1) Vertical Process Integration

Jentech not only specializes in mold and stamping manufacturing but also provides related vertical processes such as surface treatment, metal embedding molding, and assembly. To ensure product quality stability, production is carried out in a clean room environment, and we offer full-process services to meet customers' one-stop shopping needs.

(2) Professional Development Team

We have an international technical team and experienced mold personnel who encourage the application of various new inventions and designs in our products. Through continuous research and development, our company has obtained multiple patents and continues to apply for new inventions or technologies.

(3) Largest domestic supplier of heat spreaders and a competitive professional manufacturer internationally

The major suppliers of heat spreaders in the international market are primarily concentrated in the United States and Japan. However, suppliers in the United States and Japan have relatively high production costs, while our company has gained customer favor with effective cost control and stable product quality, making us competitive in the international market.

(4) Direct contact with market-leading customers for quick access to market information and research support

Since our main customers hold market leadership positions, we can immediately receive market information and engage in research discussions with renowned international companies for support.

5.Favorable and unfavorable factors and corresponding strategies for future development

(1) Favorable factors

A. Globalized layout for balanced development.

B. Obtained IATF16949 certification, advantageous for the active expansion of our company's heat spreaders and LED products in the automotive market.

C. International market deployment, direct communication with major customers, and provision of services.

D. Diversification of product development to mitigate risks.

E. Continued stable growth and expanding scale to attract more talented individuals to join the team.

F. Continuous investment in research and development, equipment renewal, factory expansion, and talent cultivation for the 5-10 year planning and layout.

(2) Unfavorable factors

A. Significant fluctuations in raw material prices, making material costs difficult to control.

B. Exchange rate fluctuation risks.

C. Increasing labor costs and high personnel turnover rate in Wuxi Jentech, making recruitment more challenging.

D. Increasingly broad customer specifications and higher quality requirements, not proportional to price.

(3) Strategies to address challenges

A. Maintain good interactive relationships with suppliers to ensure stable supply of raw materials and communicate with customers to implement appropriate measures in response to price fluctuations, reducing risks for both parties. Additionally, our company continues to invest in research and development to reduce the use of single metal materials by utilizing various materials or composite materials for stamping, aiming to develop high-value-added products through vertical integration processes.

B. Strengthen risk management practices among financial personnel, enhance interaction with financial institutions to assess trends in exchange rates and metal raw material prices as references for risk mitigation strategies. Whenever possible, use the same currency for sales revenue to offset procurement expenditures and achieve automatic hedging against exchange rate fluctuations. In terms of sales pricing, negotiate with customers based on international market conditions, sharing risk together.

C. Continuously improve automation equipment to enhance overall process efficiency and capacity.

D. Explore alternative materials and improve technology to reduce costs.

E. Continuously strengthen the company's quality system and process improvement capabilities to increase competitiveness in response to high-quality requirements and the low-profit reality of the market environment.

F. Maintain continuous research and development of new products to create larger market niches and also focus on the business opportunities of remote office setups.

5.2.2 Important uses and manufacturing processes of the main products.

1. Important uses of the main products

Item	Uses of products
Heat Spreader	Providing thermal dissipation function for high-end packaging, semiconductor components, motors, and inverters.
Semiconductor lead frame	Its purpose is to carry the semiconductor chip, and by connecting the positive and negative electrodes on the wire frame to allow current flow, it generates light by combining electrons and holes generated on the chip. The high brightness is achieved through the refraction on the concave surface of the wire frame. It is an essential component in the assembly of light-emitting diodes (LEDs). For wire frames used in mid-power LED packaging, a combination of copper plate and thermosetting plastic is still chosen. Currently, epoxy resin is widely used as the thermosetting plastic material. It can be applied in automotive lighting systems.
Electronic Components	It is a primary mechanism for the central processing unit (CPU) retention. Its purpose is to ensure a good electrical contact between the CPU and the socket, as well as to ensure a good thermal contact between the CPU and the heat sink module.
Communication connector	It is primarily used for connecting RF circuits in radar systems, microwave communication systems, wireless devices, and electronic instruments. It is also utilized as a connector for coaxial RF cables in cable television networks.

2. Manufacturing processes of the main products.

(1) Heat Spreader: Raw materials (including aluminum/copper/stainless steel/specific-purpose composite materials, etc.) → Cold forging/stamping → CNC machining → Electroplating with nickel (or gold)/chemical nickel plating/blackening treatment/coating treatment/anodizing treatment/passivation treatment, etc. → Quality inspection → Packaging → Warehousing.

(2) Semiconductor lead frame: Raw material (copper) → Stamping → Continuous silver electroplating → Forming → Lead forming, die cutting → Quality inspection → Packaging → Warehousing.

Thermosetting epoxy resin pre-molded leadframe: Raw material → Etching → Molding → Electroplating → Packaging → Warehousing.

(3) Electronic Components: Materials (including stainless steel material/steel material & machining/forged parts & molded parts) → Stamping of main body and components → Automated assembly of main body and components with in-line station quality inspection → Visual quality inspection → Packaging → Warehousing.

(4) Communication connector: Various raw materials → Lathe machining/stamping/injection molding → Electroplating → Assembly → Electrical testing → Quality inspection → Packaging → Warehousing.

5.2.3 Supply status of main raw materials:

Supply status of main raw materials	Supply sources	Supply status
Copper material	Taiwan, Japan, Europe, Korea	Stable
Silver material	Japan, Europe	Stable
Plastic materials	USA, Japan, Europe, Korea	Stable
Iron material	Taiwan, Japan	Stable

All our main raw materials are sourced from qualified suppliers. We ensure a stable supply of high-quality materials through incoming inspections and regular assessments. To maintain market competitiveness and avoid material shortages, we maintain close contact with suppliers of similar products. We request suppliers to adhere to various policies, including environmental safety, ethics, labor standards, and green environmental quality, through the "Supplier Corporate Social Responsibility Advocacy Letter." We prohibit the delivery of metal raw materials from conflict mineral regions and products containing hazardous environmental substances.

5.2.4 The names of customers who accounted for more than 10% of total sales (or purchases) in any of the past two fiscal years, along with their sales (or purchase) amounts and percentages, are as follows:

5.2.4.1. List of major suppliers in the most recent two fiscal years

Unit: NT$1,000

Year	2021				2022				As of Mar. 31, 2023			
Item	Name	Amount	Percentage to annual net purchases (%)	Relations with the Company	Name	Amount	Percentage to annual net purchases (%)	Relations with the Company	Name	Amount	Percentage to annual net purchases (%)	Relations with the Company
1	A	352,380	12.98	None	C	516,496	13.25	None	E	86,294	14.30	None
2	B	313,755	11.56	None	D	514,751	13.20	None	D	78,190	12.95	None
3	C	205,862	7.59	None	E	378,957	9.72	None	B	51,608	8.55	None
4	E	119,008	4.39	None	B	376,752	9.66	None	C	25,912	4.29	None
5	D	-	-	None	A	225,596	5.79	None	A	5,205	0.86	None
	Others	1,722,840	63.48	-	Others	1,886,611	48.38	-	Others	356,379	59.05	-
	Total	2,713,845	100.00	-	Total	3,899,163	100.00	-	Total	603,588	100.00	-

Jentech’s purchase items are mainly metal materials such as copper, aluminum, and iron, chemical raw materials used in electroplating processes, and communication products.

In the last two years, except that the amount of purchases from manufacturers A, B, C, D, and E reached more than 10%, the amount of purchases from a single company did not reach 10% of the current year, suppliers is decentralized.

5.2.4.2 Customers accounting for more than 10% of annual net revenue for the most recent years

Unit: NT$1,000

Year	2021				2022				As of Mar. 31, 2023			
Item	Customer	Net revenue	As % of 2021 total net revenue	Relations with the Company	Customer	Net revenue	As % of 2022 total net revenue	Relations with the Company	Customer	Net revenue	As % of 2023Q1 total net revenue	Relations with the Company
1	C	1,242,988	14.12	None	C	2,076,978	17.26	None	C	423,820	15.00	None
2	D	977,270	11.10	None	D	1,086,674	9.03	None	F	325,379	11.52	None
3	F	114,893	1.31	None	F	974,443	8.10	None	D	106,553	3.77	None
	Other	6,465,998	73.47	-	Other	7,893,800	65.61	-	Other	1,969,246	69.71	-
	Total	8,801,149	100	-	Total	12,031,894	100	-	Total	2,824,998	100	-

Explanation of changes:

Jentech’s products are mainly exported, and the Asian and North American markets are the main sales areas. The main sales customers in the last two years are all customers in the Asian and North American markets, and there has been no major change.

5.2.5 Production volume for the last two years

Unit: capacity and quantity in KPCS, amount in NT$1,000

Main Products \ Production Volume	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Thermal Heat Spreader	407,717	305,867	2,879,292	485,979	292,079	4,816,758
Semiconductor lead frame	19,992,726	16,007,755	2,001,843	21,230,602	13,148,873	1,741,616
Electronic Components	4,128,154	3,195,974	1,563,129	4,207,286	3,384,701	1,452,019
Communication connector	159,117	113,857	269,756	170,674	66,695	241,093
Other (Note)	-	-	308,466	-	-	479,435
Total	-	-	7,022,486	-	-	8,730,921

Note: Others include raw materials、molding etc, the units of measurement and specifications are different.

5.2.6 Volume of units sold for the last two years

Unit: quantity in KPCS, amount in NT$1,000

Main Products \ Volume of Units Sold	2021				2022			
	Domestic		Exports		Domestic		Exports	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Thermal Heat Spreader	90,599	374,910	235,281	3,158,356	69,077	504,755	270,944	5,634,432
Semiconductor lead frame	1,780,745	297,812	15,201,867	2,027,923	1,888,760	182,661	14,276,166	2,197,434
Electronic Components	1,102,987	395,385	1,685,222	1,636,577	879,007	348,566	1,465,135	1,779,617
Communication connector	3,360	1,607	132,128	248,956	3,191	2,106	82,572	304,122
Others (Note)	-	295,213	-	364,410	-	591,420	-	486,781
Total	-	1,364,927	-	7,436,222	-	1,629,508	-	10,402,386

Note: Others include raw materials、molding etc, the units of measurement and specifications are different.

5.3 Employees' average years in service, age, and educational background distribution

Item		2021	2022	As of Apr. 30, 2023
Number of Employees	Management staff	213	219	244
	General staff	539	540	558
	Production line workers	1,580	1,625	1,697
	Total	2,332	2,384	2,499
Average Age		36.15	38.74	36.69
Average Years of Service		5.11	5.83	5.56
Education (%)	PhD	0.04	0.04	0.08
	Masters	3.34	3.48	3.40
	Bachelor's Degree	26.16	28.98	29.29
	Senior High School	65.61	64.14	64.03
	Below Senior High School	4.85	3.36	3.20
	Total	100.00	100.00	100.00

5.4 Data on our environmental protection expense

In the most recent fiscal year and up to the date of printing this annual report, the company has incurred losses due to environmental pollution. These losses include compensation payments and penalties resulting from violations of environmental regulations. The report should provide details such as the date and reference number of the penalties, the specific provisions violated, the nature of the violations, and the content of the penalties imposed. Furthermore, the report should disclose the estimated amounts of current and future potential losses and outline the corresponding measures taken. If it is not possible to reasonably estimate the losses, the report should explain the circumstances that prevent a reasonable estimation:

As of the printing date of the annual report for the fiscal year 2022 and up to the present, no violations of environmental regulations have occurred, and the company has not received any penalties or sanctions from regulatory authorities.

5.5 Labor Relations

5.5.1 List any employee benefits plans, continuing education, training, retirement systems, and the status of their implementation as well as labor-management agreements, and measures for preserving employee rights and interests:

1. Implementation of employee benefits plans

In addition to complying with the Labor Standards Act and related regulations, the company regularly conducts employee health check-ups and has established a Welfare Committee to plan and manage the financial aspects of employee welfare throughout the year. The following are some of the other employee welfare measures provided by the company:

(1) Retirement benefits are handled in accordance with the law.
(2)All employees are covered by labor insurance and health insurance, and the company also provides group insurance.
(3) Monthly birthday gifts are given to employees.
(4) Annual employee trips are organized.

(5)Employees are entitled to welfare allowances for occasions such as marriage, bereavement, celebrations, and festivals, in addition to the statutory leave provided by the Labor Standards Act.
(6)Employees receive holiday bonuses during festive occasions such as the Lunar New Year, Labor Day, Dragon Boat Festival, and Mid-Autumn Festival, and lucky draws are held during the year-end banquet.
(7) Employees are entitled to statutory paid leave.
(8) Overtime pay is provided in accordance with the law.
(9) Employee profit-sharing is implemented to allow employees to share in the company's success.
(10) Depending on the employee's job level, accident insurance ranging from NT$800,000 to NT$4,000,000 is provided, giving employees an extra layer of protection.

2. Continuous education, trainging and development

To enhance employees' professional skills, improve work efficiency, and emphasize product quality, the company develops an annual education and training plan based on departmental managers' input, company operational goals, and employee job requirements. In addition to implementing the annual education and training plan for employees' professional development, the company also organizes periodic management and specialized training courses. When necessary, employees are sent to attend external courses and training programs conducted by external organizations to strengthen the professional capabilities of employees in various departments.

3. Implementation of the retirement system

The company has established a retirement scheme for employees in accordance with the provisions of the Labor Standards Act. Each month, a certain percentage of the total salary is allocated as retirement reserve in accordance with the regulations of the Ministry of the Interior's "Provision and Management Measures for Labor Retirement Reserve," and the funds are deposited and managed in a dedicated account at the Taiwan Bank. When actually paying retirement benefits, the payment or offsetting should be made from the employee retirement fund. If it is insufficient for payment or offsetting, it may be charged as an expense for the current fiscal year.

Starting from July 1, 2005, in compliance with the implementation of the Labor Retirement Pension Act (referred to as the "new system"), employees who were previously covered under the old system and have chosen to apply the new system based on their years of service, or employees who were hired after the implementation of the new system and fall under the defined contribution scheme, the company allocates retirement contributions at a rate of 6% of monthly wages, which are deposited into individual accounts with the Labor Insurance Bureau. The contributions are recorded as expenses for the current fiscal year.

4. Working environment and employee safety protection measures

The company maintains a harmonious and good labor-management relationship. In addition to communication through email, quarterly labor-management meetings are held to facilitate the exchange of opinions and maintain positive interaction between labor and management. The company has not experienced any labor disputes.

5.5.2 List any losses suffered by the Company in the most recent fiscal year and up to the annualreport publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

During the fiscal year 2022 and up until the printing date of the annual report, no other losses were incurred due to labor disputes.

5.6 Information and Communication Security Management

5.6.1 Organizational Chart of Jentech Information Security

The company has established an Information Security Project Organization and appointed a Chief Information Security Officer (CISO) to oversee the formulation and implementation of information security policies. The Information Security Project members within the organization are responsible for implementing security controls, promoting information security awareness, and enhancing employees' security consciousness. They also collect and improve the information security management system.

The Internal Audit Department conducts annual information security audits to assess the effectiveness of the company's internal control system for information operations.

5.6.2 Jentech Information Security Policy

To implement information security management, the company has established internal control systems and information management procedures. Through the collective efforts of all employees, the following policy objectives are expected to be achieved:

- Ensure the confidentiality and integrity of information assets.
- Ensure data access in accordance with departmental functional norms.
- Ensure the continuous operation of information systems.
- Prevent unauthorized modification or use of data and systems.
- Conduct regular information security audits to ensure the effective implementation of information security measures.

5.6.3 Information and communication security management resources

5.6.3.1 Computer Equipment Security Management

(1) Computer hosts and backup hard drives are placed in the machine room and managed by personnel designated by the IT department.

(2) The machine room is equipped with independent air conditioning to maintain the computer equipment in an appropriate temperature environment for operation.

(3) The machine room is equipped with uninterruptible power supply (UPS) and voltage stabilizers to prevent system crashes due to sudden power outages or ensure uninterrupted operation of computer applications during temporary power outages.

5.6.3.2 Network Security Management

(1) Our company separates internal and external networks using firewall devices. All global centralized application hosts are located in the physical machine room at the headquarters, and no hosted cloud services are used.

(2) We have implemented enterprise Virtual Private Network (VPN) equipment, allowing employees to remotely access the company's internal network and information systems. To gain access, employees must apply for a VPN account and login using secure VPN protocols. Usage records are retained for auditing purposes.

(3) Our email system can perform keyword auditing before outgoing emails and is equipped with an email retention system. All actions related to sending and receiving emails are thoroughly logged and traceable. To address the possibility of specific email server attacks, the email system utilizes special parameters to automatically close services or block IP addresses that exceed predefined limits, ensuring the security of user emails.

(4) We have implemented web filtering and behavior management devices to control internet access. These devices can block access to harmful or policy-violating websites and content, strengthening network security and preventing improper utilization of bandwidth resources.

5.6.3.3 Virus Protection and Management

(1) Every computer is equipped with antivirus software, and regular updates are scheduled. The software is set to automatically monitor for threats.

(2) The email server is configured with email virus protection and spam filtering mechanisms to prevent viruses or spam emails from reaching users' computers.

5.6.3.4 System Access Control

(1) Employees' access to various application systems is managed through the company's designated system permission application process. After approval from the appropriate supervisor, the IT department creates system accounts and authorizes access based on the requested functional permissions as granted by system administrators.

(2) Passwords for accounts are required to meet specific criteria, including appropriate strength, length, and a combination of alphanumeric and special characters.

(3) When colleagues go through the departure process, the IT department deletes their system accounts based on the HR departure notice.

5.6.3.5 Ensuring Continuous Operation of the System

(1) System Backup: Implement a backup system that performs daily backups. Store a tape backup of the data at an off-site computer room to ensure the security of the system and data.

(2) Disaster Recovery Drill: Conduct an annual drill to ensure the accuracy and effectiveness of the backup media.

(3) Lease multiple data lines from telecommunications companies and use bandwidth management equipment to establish a redundant configuration where the two lines are used in parallel, ensuring uninterrupted network communication.

5.6.3.6 Cyber security Awareness and Education Training

(1) Cybers ecurity Awareness: The IT department periodically provides information security-related messages for awareness purposes.

(2) Education Training: Regular cybersecurity education training is scheduled annually.

5.6.4 Allocation of Resources for Information Security Management

(1) Establishing an information system security protection network, including the management of data centers, network equipment, network connections, and personal information devices, to ensure the protection of employee personal data, company confidential information, customer data, and supplier data.

(2) Conducting annual information security education training and periodically issuing announcements and promoting various information security awareness initiatives. Through continuous training and awareness programs, employee awareness of information security is enhanced.

(3) Resource allocation: Daily monitoring of system status, weekly verification of backup execution, annual system disaster recovery drills, internal audits of information cycles, and audits by accountants.

(4) The Information Security Team consists of a total of 20 members. In the year 2022, four meetings were held to discuss security risks and preventive measures.

5.6.5 In the recent fiscal year and up to the printing date of the annual report, there have been no losses incurred, potential impacts identified, or response measures implemented as a result of significant information security incidents: None.

5.7 Important Contracts

As of the printing date of the annual report, the valid and recently expired contracts that are still in effect include sales contracts, technical cooperation agreements, engineering contracts, long-term loan agreements, and other significant contracts that may impact shareholder equity. The parties involved, main content, restrictions, and contract start and end dates are as follows:

Type of Contract	Contracting Party	Contract Duration	Primary Contents	Restrictive Clauses
Bank long-term loan	Kenly Precision Industrial Co., Ltd. Cathay United Bank	2021.9 ~ 2026.9	Long-term mortgage loan.	None
Taoyuan Aerotropolis Land Auction Contract.	Jentech Precision Industrial Co., Ltd. Taoyuan City Government.	2022.9 ~ Pre-announcement of registration cancellation.	Land transaction or Land purchase and sale.	None

Chapter 6 Financial Information

6.1 Financial Reports & Audit Results for the past 5 fiscal years

6.1.1 Consolidated Balance Sheets (Based on IFRSs)

UNIT: NT$1,000

Item \ Year		Five-Year Financial Summary（Note 1）					Current year to March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current Assets		4,438,010	4,564,250	6,667,827	8,449,724	9,685,650	9,362,923
Property, Plant and Equipment		2,145,557	2,385,583	4,078,483	4,435,734	4,674,657	4,795,585
Intangible Assets		14,246	12,570	16,951	12,030	10,303	10,253
Other Assets		224,101	402,683	654,702	623,169	1,406,663	1,518,600
Total Assets		6,821,914	7,365,086	11,417,963	13,520,657	15,777,273	15,687,361
Current Liabilities	Before Apportioned	1,112,818	1,288,171	1,546,436	2,878,417	4,537,111	5,141,363
	After Apportioned	1,539,737	1,893,298	2,279,788	3,733,834	-	-
Non-current Liabilities		801,156	158,621	2,517,953	2,630,934	781,576	780,185
Total Liabilities	Before Apportioned	1,913,974	1,446,792	4,064,389	5,509,351	5,318,687	5,921,548
	After Apportioned	2,340,893	2,051,919	4,797,741	6,364,768	-	-
Equity Attributable To Owners Of The Corporation		4,907,940	5,918,294	6,459,718	7,077,558	9,520,287	8,823,972
Share Capital		1,100,756	1,210,254	1,210,254	1,223,082	1,367,903	1,380,872
Capital Surplus		2,558,851	3,143,012	3,271,251	3,535,168	4,194,242	4,574,698
Retained Earnings	Before Apportioned	1,304,336	1,655,178	2,050,317	2,511,505	4,277,655	3,129,700
	After Apportioned	877,417	1,050,051	1,316,965	1,656,088	-	-
Other Equity		(56,003)	(90,150)	(72,104)	(192,197)	(319,513)	(261,298)
Non-Controlling Interests		-	-	893,856	933,748	938,299	941,841
Total Equity	Before Apportioned	4,907,940	5,918,294	7,353,574	8,011,306	10,458,586	9,765,813
	After Apportioned	4,481,021	5,313,167	6,620,222	7,155,889	-	-

Note 1：All financial date from 2018 to 2022 are audited by the CPA.

Note 2：The latest financial reports reviewed by the CPA.

Note 3：The 2022 surplus distribution plan was resolved by the board of directors on March 21, 2023.

6.1.2 Condensed Income Statements – Consolidated (Based on IFRSs)

Unit: NT$1,000 (EPS=NT$)

Item \ Year	Five-Year Financial Summary (Note 1)					Current year to March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating Revenue	4,681,900	5,488,520	6,845,497	8,801,149	12,031,894	2,824,998
Gross Profit	1,144,344	1,663,117	1,998,856	2,758,287	4,325,842	929,620
Operating profit	506,179	962,463	1,118,922	1,710,017	3,034,060	610,464
Non-operating Income and Expenses	106,409	9,129	69,264	(118,275)	334,659	10,755
Profit before Income Tax	612,588	971,592	1,188,186	1,591,742	3,368,719	621,219
Profit for the year	493,679	780,539	980,963	1,238,142	2,656,292	494,322
Other Comprehensive Income (Loss) for the year	(17,770)	(36,925)	35,031	(9,455)	(176,543)	50,578
Total Comprehensive Income for the year	475,909	743,614	1,015,994	1,228,687	2,479,749	544,900
Profit Attributable to Owners of the Parent	493,679	780,539	1,000,200	1,196,152	2,614,281	494,021
Profit Attributable to Non-controlling Interest	-	-	(19,237)	41,990	42,011	301
Comprehensive Income Attributable to Owner of the Parent	475,909	743,614	1,018,312	1,188,795	2,423,413	541,358
Comprehensive Income Attributable to Non-controlling Interest	-	-	(2,318)	39,892	56,336	3,542
Earnings Per Share (Note 3)	4.19	5.95	7.51	8.99	19.54	3.63

Note 1：All financial date from 2018 to 2022 are audited by the CPA.
Note 2： The latest financial reports reviewed by the CPA.
Note 3： Prior year EPS were retrospectively adjusted to account for share dividend dilution.

6.1.3 Condensed Balance Sheet – Parent Company Only (Based on IFRSs)

Unit: NT$1,000

Item \ Year		Five-Year Financial Summary（Note 1）				
		2018	2019	2020	2021	2022
Current Assets		4,012,252	4,095,607	5,379,461	6,618,654	7,887,505
Property, Plant and Equipment		1,792,212	1,962,142	2,430,860	2,766,423	2,871,758
Intangible Assets		13,894	11,259	8,935	7,935	6,912
Other Assets		1,013,175	1,209,132	1,778,420	1,865,465	2,800,324
Total Assets		6,831,533	7,278,140	9,597,676	11,258,477	13,566,499
Current Liabilities	Before Apportioned	1,133,100	1,230,472	1,124,901	2,169,875	3,874,692
	After Apportioned	1,560,019	1,835,599	1,858,253	3,025,292	-
Non-current Liabilities		790,493	129,374	2,013,057	2,011,044	171,520
Total Liabilities	Before Apportioned	1,923,593	1,359,846	3,137,958	4,180,919	4,046,212
	After Apportioned	2,350,512	1,964,973	3,871,310	5,036,336	-
Equity Attributable To Owners Of The Corporation		4,907,940	5,918,294	6,459,718	7,077,558	9,520,287
Share Capital		1,100,756	1,210,254	1,210,254	1,223,082	1,367,903
Capital Surplus		2,558,851	3,143,012	3,271,251	3,535,168	4,194,242
Retained Earnings	Before Apportioned	1,304,336	1,655,178	2,050,317	2,511,505	4,277,655
	After Apportioned	877,417	1,050,051	1,316,965	1,656,088	-
Other Equity		(56,003)	(90,150)	(72,104)	(192,197)	(319,513)
Total Equity	Before Apportioned	4,907,940	5,918,294	6,459,718	7,077,558	9,520,287
	After Apportioned	4,481,021	5,313,167	5,726,366	6,222,141	-

Note 1：All financial date from 2018 to 2022 are audited by the CPA.

Note 2：The 2022 surplus distribution plan was resolved by the board of directors on March 21, 2023.

6.1.4 Condensed Income Statements – Parent Company Only (Based on IFRSs)

Unit: NT$1,000 (EPS=NT$)

Item \ Year	Five-Year Financial Summary（Note 1）				
	2018	2019	2020	2021	2022
Operating Revenue	4,314,205	5,133,468	5,562,077	7,041,683	10,282,408
Gross Profit	985,828	1,493,605	1,776,539	2,185,707	3,743,673
Operating profit	426,290	874,004	1,122,796	1,382,772	2,712,357
Non-operating Income and Expenses	172,891	77,208	61,325	79,958	518,330
Profit before Income Tax	599,181	951,212	1,184,121	1,462,730	3,230,687
Profit for the year	493,679	780,539	1,000,200	1,196,152	2,614,281
Other Comprehensive Income (Loss) for the year	(17,770)	(36,925)	18,112	(7,357)	(190,868)
Total Comprehensive Income for the year	475,909	743,614	1,018,312	1,188,795	2,423,413
Earnings Per Share (Note 2)	4.19	5.95	7.51	8.99	19.54

Note 1：All financial date from 2018 to 2022 are audited by the CPA.

Note 2：Prior year EPS were retrospectively adjusted to account for share dividend dilution.

6.1.5 Auditors' Opinions from 2018 to 2022

Year	Name of CPA firm	Names of CPA	Audit Opinion
2018	Deloitte & Touche	Jin-Ren Chang / Ching-Cheng Yang	Unqualified Opinion
2019	Deloitte & Touche	Jin-Ren Chang / Ching-Cheng Yang	Unqualified Opinion
2020	Deloitte & Touche	Jin-Ren Chang / Chih-Yuan Chen	Unqualified Opinion
2021	Deloitte & Touche	Yao-Lin Huang / Chih-Yuan Chen	Unqualified Opinion
2022	Pricewaterhouse Coopers	Fang-Yu Wang / Se-Kai Lin	Unqualified Opinion with other matter paragraph

6.2 Financial analyses for the past 5 fiscal years

6.2.1 Consolidated Financial Analysis – Based on IFRSs

Analysis Item (Note 4) / Year		Five-Year Financial Summary (Note 1)					Current year to March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt Ratio	28.06	19.64	35.60	40.75	33.71	37.75
	Ratio of Long-term Capital to Property, Plant and Equipment	261.12	248.09	234.75	232.43	240.45	219.91
Solvency (%)	Current Ratio	398.81	354.32	431.17	293.55	213.48	182.11
	Quick Ratio	273.26	250.72	320.05	199.21	139.76	123.26
	Interest Coverage Ratio	60.99	439.44	93.35	50.86	89.19	73.52
Operating Performance	Account Receivable Turnover (Times)	4.13	3.86	4.05	4.22	4.82	4.69
	Average Collection Days	88.37	94.55	90.12	86.49	75.72	77.82
	Inventory Turnover (Times)	2.51	2.65	2.97	2.60	2.57	2.38
	Accounts Payable Turnover (Times)	5.99	5.50	6.54	6.03	6.33	7.28
	Average Days in Sales	145.41	137.73	122.89	140.38	142.02	153.36
	Property, Plant and Equipment Turnover (Times)	2.47	2.42	2.12	2.07	2.64	2.39
	Total Assets Turnover (Times)	0.76	0.77	0.73	0.71	0.82	0.72
Profitability	Return on Total Assets (%)	8.10	11.03	10.55	10.13	18.34	12.74
	Return on Equity (%)	10.68	14.42	14.78	16.12	28.76	19.55
	Pre-tax Income to Paid-in Capital Ratio (%)	55.97	80.28	98.18	130.25	248.90	181.71
	Profit Ratio (%)	10.54	14.22	14.33	14.07	22.08	17.50
	Earnings Per Share (NT$) (Note 3)	4.19	5.95	7.51	8.99	19.54	3.63
Cash Flow	Cash Flow Ratio (%)	42.11	77.46	68.86	31.44	61.61	19.46
	Cash Flow Adequacy Ratio (%)	63.97	68.00	58.13	48.15	74.96	90.16
	Cash Reinvestment Ratio (%)	3.22	6.70	3.44	1.19	13.35	6.75
Leverage	Operating Leverage	3.71	2.64	2.82	2.52	2.02	2.24
	Financial Leverage	1.02	1.00	1.01	1.02	1.01	1.01

Comments of financial ratio difference exceeding 20% for the last two years:

1. Current Ratio and Quick Ratio decreased mainly due to corporate bonds payable from non-current liabilities to current liabilities in 2022. Interest Coverage Ratio increased mainly due to the increase in profit before income tax.
2. Property, Plant and Equipment Turnover increased mainly due to the increase in operating revenue.
3. Return on Total Assets, Return on Equity, Profit Ratio and EPS increased mainly due to the increase in profit for the year. Pre-tax Income to Paid-in Capital Ratio increased mainly due to the increase in profit before Income Tax in 2022.
4. Cash Flow Ratio, Cash Flow Adequacy Ratio and Cash Reinvestment Ratio increased mainly due to the increase in net cash generated by operating activities in 2022.

6.2.2 Parent Only Financial Analysis – Based on IFRSs

Analysis Item（Note 4） \ Year		Five-Year Financial Summary（Note 1）				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt Ratio	28.16	18.68	32.69	37.14	29.83
	Ratio of Long-term Capital to Property, Plant and Equipment	312.60	301.62	342.94	323.33	337.49
Solvency (%)	Current Ratio	354.10	332.85	478.22	305.02	203.56
	Quick Ratio	250.49	239.77	369.01	214.75	133.40
	Interest Coverage Ratio	59.68	430.25	185.16	57.40	123.66
Operating Performance	Account Receivable Turnover (Times)	4.08	3.89	3.92	4.32	4.99
	Average Collection Days	89	94	93	84.49	73.14
	Inventory Turnover (Times)	2.79	2.98	3.02	2.91	2.81
	Accounts Payable Turnover (Times)	4.97	4.97	5.86	6.60	6.69
	Average Days in Sales	131	122	121	125.42	129.89
	Property, Plant and Equipment Turnover (Times)	2.74	2.73	2.53	2.71	3.65
	Total Assets Turnover (Times)	0.70	0.73	0.66	0.68	0.83
Profitability	Return on Total Assets (%)	8.09	11.09	11.91	11.67	21.23
	Return on Equity (%)	10.68	14.42	16.16	17.67	31.50
	Pre-tax Income to Paid-in Capital Ratio (%)	54.75	78.60	97.84	119.70	238.70
	Profit Ratio (%)	11.44	15.20	17.98	16.99	25.42
	Earnings Per Share（NT$）（Note 3）	4.19	5.95	7.51	8.99	19.54
Cash Flow	Cash Flow Ratio (%)	34.47	63.14	77.17	28.48	62.93
	Cash Flow Adequacy Ratio (%)	66.25	66.89	58.32	46.99	71.80
	Cash Reinvestment Ratio (%)	2.36	4.35	2.48	(1.01)	13.98
Leverage	Operating Leverage	3.52	2.45	2.19	2.27	1.81
	Financial Leverage	1.02	1.00	1.01	1.02	1.01

Comments of financial ratio difference exceeding 20% for the last two years:

1. Current Ratio and Quick Ratio decreased mainly due to corporate bonds payable from non-current liabilities to current liabilities in 2022. Interest Coverage Ratio increased mainly due to the increase in profit before income tax.
2. Property, Plant and Equipment Turnover and Total Assets Turnover increased mainly due to the increase in operating revenue.
3. Return on Total Assets, Return on Equity, Profit Ratio and EPS increased mainly due to the increase in profit for the year. Pre-tax Income to Paid-in Capital Ratio increased mainly due to the increase in profit before Income Tax in 2022.
4. Cash Flow Ratio, Cash Flow Adequacy Ratio and Cash Reinvestment Ratio increased mainly due to the increase in net cash generated by operating activities in 2022.
5. Operating leverage decreased mainly due to the increase in operating profit in 2022.

Note 1：All financial date from 2018 to 2022 are audited by the CPA.
Note 2：The latest financial reports reviewed by the CPA.
Note 3：The calculation formulas of the analysis items are as below.

1. Financial Structure:
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Ratio of Long-term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment
2. Solvency:
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Interest Coverage Ratio = Income before Tax and Interest expenses / Interest Expenses
3. Operating Performance:
   (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net Sales / Average Trade Receivables (including account payable and notes payable from operation)
   (2) Days Sales Outstanding = 365 / Average Collection Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Account payable (including account payable and notes payable from operation) turnover = Cost of Sales / Average Trade Payables (including account payable and notes payable from operation)
   (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability:
   (1) Return on Total Assets = (Profit after Income Tax + Interest Expenses * (1 - Tax Rate)) / Average Total Assets
   (2) Return on Shareholders' Equity = Profit after Income Tax / Average Total Equity
   (3) Profit Ratio = Profit after Income Tax / Net Sales
   (4) Earnings per Share = (Net Profit attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow:
   (1) Cash Flow Ratio = Net Cash flow from Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Net Cash flow from Operations activities in recently five years / Recently Five-years of (Capital expenses + increase in Inventory + Cash Dividend)
   (3) Cash Reinvestment Ratio = (Net Cash flow from Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage:
   (1) Operating Leverage = (Net Sales - Variable Operating Cost and Expense) / Operating income
   (2) Financial Leverage = Operating income / (Operating income - Interest Expenses)

6.3 Audit Committee's review report for the most recent year's financial：please refer to page 153.

6.4 Financial report for the most recent fiscal year：please refer to page 154~246.

6.5 A parent company only financial statement for the most recent fiscal year：please refer to page 247~335.

6.6 Where there is any financial difficulty in the Company and affiliates during the most recent year and as of the date the annual report was published, impact thereof on the financial status of the Company: None.

Chapter 7 Review and Analysis of Financial Position and Financial Performance, and Risks Assessment

7.1 Financial position

Unit: NT$1,000; %

Item	2022/12/31	2021/12/31	Difference	
			Amount	%
Current assets	9,685,650	8,449,724	1,235,926	14.63
Property, plant and equipment	4,674,657	4,435,734	238,923	5.39
Intangible assets	10,303	12,030	(1,727)	(14.36)
Other assets	1,406,663	623,169	783,494	125.73
Total assets	15,777,273	13,520,657	2,256,616	16.69
Current liabilities	4,537,111	2,878,417	1,658,694	57.63
Non-current liabilities	781,576	2,630,934	(1,849,358)	(70.29)
Total liabilities	5,318,687	5,509,351	(190,664)	(3.46)
Share capital	1,367,903	1,223,082	144,821	11.84
Capital surplus	4,194,242	3,535,168	659,074	18.64
Retained earnings	4,277,655	2,511,505	1,766,150	70.32
Other equity interest	(319,513)	(192,197)	(127,316)	(66.24)
Non-controlling interests	938,299	933,748	4,551	0.49
Total equity	10,458,586	8,011,306	2,477,280	30.55

Detailed analysis is not required when difference in the rate of variance does not exceed 20% or the indicated amount does not exceed NT$ 10 million:

(1) The increase in other assets was mainly due to the increase in financial assets measured at fair value through other comprehensive income -non current and prepayment of equipment in 2022.

(2) The increase in current liabilities and the decrease in non current liabilities were mainly due to corporate bonds payable from non-current liabilities to current liabilities in 2022.

(3) The increase in retain earnings was mainly due to the increase in profit.

(4) The decrease in other equity interest was mainly due to the decrease in unrealized gains (losses) from financial assets measured at fair value through other comprehensive income.

7.2 Financial performance

7.2.1 Analysis of financial performance

Unit: NT$1,000; %

Item	2022	2021	Difference	
			Amount	%
Operating revenue	12,031,894	8,801,149	3,230,745	36.71
Operating costs	7,706,052	6,042,862	1,663,190	27.52
Gross profit	4,325,842	2,758,287	1,567,555	56.83
Operating expense	1,291,782	1,048,270	243,512	23.23
Operating profit	3,034,060	1,710,017	1,324,043	77.43
Non-operating income and expenses	334,659	(118,275)	452,934	382.95
Profit before income tax	3,368,719	1,591,742	1,776,977	111.64
Income tax expense	712,427	353,600	358,827	101.48
Profit for the year	2,656,292	1,238,142	1,418,150	114.54
Other comprehensive income for the year	(176,543)	(9,455)	(167,088)	-1,767.19
Total comprehensive income for the year	2,479,749	1,228,687	1,251,062	101.82

Detailed analysis is not required when difference in the rate of variance does not exceed 20% or the indicated amount does not exceed NT$ 10 million:

1.) Operating income, operating costs, operating expenses, operating profit, net profit before tax, net profit for the current period, and total comprehensive profit and loss for the current period increased mainly due to the increase in operating income compared with the previous period was mainly due to the increase in sales of heat spreaders, electronic parts and lead frames. Therefore, operating costs, operating expenses, operating profits, net profit before tax, net profit for the period and total comprehensive profit and loss for the period also increased relatively.
2.) Gross profit ratio increased due to the increase in changes in product mix.
3.) Non-operating income and expenses increased mainly due to the impact of exchange in the US dollar position.
4.) Income tax expense increased due to the increase in profit before income tax in 2022.
5.) The decrease in other comprehensive income was mainly due to the valuation of unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income.

7.2.2 Sales volume forecast with related assumptions, and possible impact to the Company's financials and operations as well as related response plans:

Based on the operating conditions of Jentech's existing and future customers, taking into account new product development plans and market demand, and ensuring that the scale of the company's production capacity can be matched. At present, the company continues to develop new markets and new customers. In addition to the absolute benefit to the company's development, it is expected that the sales in the coming years should maintain a sustainable growth trend.

7.3 Cash flow

7.3.1 Analysis and explanation of changes in cash flow for the fiscal year 2022

Unit: NT$1,000

2021/12/31 Cash balance	Net cash provided by operating activities in 2022	Net cash used in investing and financing activities in 2022	Effect of exchange rate changes on cash and cash equivalents in 2022	2022/12/31 Cash balance	Remedy for liquidity shortfall	
					Investment plan	Financing plan
2,647,784	2,795,105	(2,154,899)	29,115	3,317,105	–	–

Analysis of cash flow
(1) NT$2,795,105 thousands net cash generated by operating activities: mainly from net income.
(2) NT$1,104,565 thousands net cash used in investing activities: primarily for capital expenditures.
(3) NT$1,050,334 thousands net cash used in financing activities: mainly for cash dividend payment.

7.3.2 Corrective measure to be taken in response to illiquidity: Not applicable.

7.3.3 Liquidity analysis for the coming year

Unit: NT$1,000

Estimated cash and cash equivalents at beginning of year (1)	Estimated net cash flow from operating activities (2)	Estimated cash outflow(3)	Estimated cash surplus (deficit) (1)+(2)-(3)	Estimated remedy for cash deficit	
				Investment plans	Financial plans
3,317,105	2,489,947	3,101,766	2,705,286	–	–

Liquidity analysis for the coming year
(1) Cash flow from operating activities: Mainly generate from stable net income.
(2) Cash flow use in investing activities: Primarily for capital expenditures.Financing activities
(3) Cash flow use in financing activities: Estimates to distribute cash dividends

7.4 Impact of major annual capital expenditure on financial operations

7.4.1 Major capital expenditures and sources of funds

Unit: NT$1,000

Project	Actual or expected funds sources	Actual or expected date of project completion	Required amount (As of year 2022)	Actual use of capital	
				2021	2022
Construction of factories	Own funds and Syndicated loan	2026 Dec.	3,500,000	0	261,502

7.4.2 Estimated benefits

After the completion of the factories will make improve production capacity and increase stable profits. The above-mentioned major capital expenditure is to meet Jentech business growth needs, expand production capacity, and improve production efficiency.

7.5 The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

1. Investment policy

Jentech's current reinvested businesses are all 100% invested subsidiaries. The supervision and management of subsidiaries have been stipulated in the internal management system to regularly monitor the operating conditions of subsidiaries. The company's reinvestment policy is mainly to meet the sales demand and reduce production costs. In 2022, the profits of overseas factory operations are still stable. In the future, the company will continue to strengthen the management of overseas production bases in order to reduce the total cost; in addition, the company will continue to strive to improve the production process and maintain the profit target of the reinvested business.

2. Main cause of investment income (loss) and improvement plan during the recent fiscal year.

As of Dec 31, 2022. Unit: NT$1,000

Name of investee	Investment amount	Main business activities	Investment income (loss) recognized by the Company for the year ended Dec. 31, 2022	Main cause of income (loss)	Improve-ment plan	Investme-nt plan for the coming year
Elixi International Co., Ltd.	664,499	Equity investments	157,993	Equity investments	–	–
Wuxi Jentech Precision Industrial Co., Ltd.	623,597	Operation branch in China	180,453	Stable operation	–	–
Kenly Precision Industrial Co., Ltd.	314,100	Operation branch in Taiwan	5,224	Stable operation	–	–
Kenly International Tech., Ltd.	393,599	Equity investments	41,225	Equity investments	–	–
Kenly Global Ltd.	32	International trade business	-	Stable operation	–	–
Jiaxing Kenly Precision Electroni Ltd.	139,147	Operation branch in China	25,166	Stable operation	–	–
Nantong Kenly Precision Electroni Ltd.	245,680	Operation branch in China	(4,831)	Stable operation	–	–
Mettip Taiwan Co., Ltd	14,771	Established mechanical equipment manufacturing, installation, automatic control equipment engineering and surface treatment in Taiwan	(254)	Stable operation	–	–

3. Investment plan for the coming year: None.

7.6 Risks analysis and assessment

7.6.1 The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

7.6.1.1 Effects of interest rate

The interest expense is NT$ 38,198 thousand, and the interest income is NT$ 21,699 thousand, the ratio of interest expense to operation income in 0.32% and the ratio of interest income to operation income in 0.18% in 2022. The impact of interest rate changes on the company's profit and loss is still limited. In the future, Jentech will regularly evaluate bank borrowing rates and maintain a good relationship with banks in order to obtain more favorable interest rates and reduce interest expenses.

7.6.1.2 Effects of exchange rate

Jentech's foreign currency income is greater than foreign currency expenditures, and there may be adverse effects when the exchange rate fluctuates significantly. In addition to adopting the strategic principle of "natural risk avoidance".

Jentech will monitoring the impact to foreign exchange rate from global macro-economic change and building up a necessary hedge mechanism. Otherwise, Jentech maintain close contact with the foreign exchange department of the bank to understand the trend of exchange rate changes, and will moderately use short-term loans, foreign exchange contracts and other tools to avoid the risk of exchange rate fluctuations.

7.6.1.3 Effects of changes in inflation rate on the Company's profits (losses) and response measures to be taken in the future

Jentech quotation basis for customers is to simultaneously reflect changes in raw material prices. Therefore, the change in inflation rate does not cause significant effects on the operations of the Company.

7.6.2 The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

1. Jentech has no highly risky and highly leveraged investments or loaning to others. If Jentech engages in these transactions in the future, it will be handled in accordance with the company's various management measures.
2. Jentech has formulated the "Procedures for Acquisition or Disposal of Assets", " Procedures for Capital Loans to Others" and "Procedures for Endorsement and Guarantee ", which have been passed by resolutions of the shareholders' meeting.
3. In 2022, because of Nantong Kenly Precision operational turnover needs, Kenly Precision endorse Nantong Kenly Precision guarantee, its balance was NT$ 106,523 thousand and NT$ 73,776 thousand by the end of 2022 and the end of Apr. 2023 respectively. Kenly Precision provided endorsement and guarantee for its subsidiaries according to "Procedures for Endorsement and Guarantee".
4. Jentech undertakes derivative commodity transactions such as forward foreign exchange contracts, exchange rate option contracts and foreign exchange contracts to avoid exchange rate fluctuation risks. Derivatives are initially recognized at fair value, and subsequently re-measured at fair value on the balance sheet date, and the gains or losses resulting from subsequent measurement are directly included in profit or loss.

7.6.3 Research and development work to be carried out in the future, and further expenditures expected for research and development work

Jentech has always provided the best solution and high-quality products for the heat dissipation problems of LED lighting and automotive products. The research and development projects that are expected to be invested in the future are also aimed at the development of new materials, new products, and new processes to improve product quality. With the continuous improvement of the company's existing process technology, it is necessary to find cost-improved technology and manufacturing solutions and shorten the development time. It has always been the goal of Jentech to increase the competitiveness of customers in the market and production costs by improving the process and production efficiency. Its future specific R&D plans and projects are as follows:

Business fields	Preject	Estimated production schedule
Semiconductor Chip Cooling Development	Provision of Cooling Solutions	2020~2023
Development of Automotive Liquid Cooling Module	Development of Next-Generation Cooling Components for Electric Vehicles	2019~2024
Development of Advanced Driver Assistance System (ADAS) Components for Vehicles	Mechanical Structure Development	2020~2023
Development of New Generation Automotive EMC Board	New Structural Design Solutions	2020~2023
Development of LED/IC hybrid leadframe	Integrated IC/LED lead frame Solutions	2020~2023
Development of EMC substrate	Development of Epoxy Resin Multi-Angle Products	2019~2023
Mechanical Structure Development of PHLM	Development and Manufacturing of High-Efficiency Computing Chip Actuation Mechanisms	2020~2023
Development of Automotive leadframe	Research and Development of Automated Manufacturing Processes for Electric Vehicle Wire Harnesses	2020~2023
Estimated investment in research and development in the future: Range of ratio of R&D expenses to operating revenue in 7 ~ 10%.		

7.6.4 Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

Jentech always pays attention to the development trend of important domestic and foreign policies and changes in regulations, collects relevant information and actively cooperates with it to fully grasp and respond to changes in the market environment. In the most recent year and as of the date of publication of the annual report, there has been no major impact on the company's financial business.

7.6.5 Effect on the Company's financial operations of development in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

The company always pays attention to the changes in technology related to the industry in which it is located, and assigns special personnel or ad hoc teams to evaluate and study the impact of industry changes on the company's future development and financial business and corresponding measures to ensure its market competitive advantage. Technological changes and industrial changes in the most recent year and up to the publication date of the annual report have no significant impact on the company's financial business.

7.6.6 Events influencing the Company's corporate image in the most recent fiscal year: None.

7.6.7 Merger or acquisition plan in the most recent fiscal year: None.

7.6.8 Plan of expanding capacity in the most recent fiscal year: None.

7.6.9 Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

Jentech's supplier and customers are concentrated, and it is still actively increasing new raw material suppliers and expanding new customers, stabilizing supply quality and expanding business customers. It is viewed as low risk.

7.6.10 Large volume shares transferred or changed by directors, supervisors, or shareholders with more than 10% shareholdings in the most recent fiscal year: None.

7.6.11 Change of the Company's management in the most recent fiscal year: None.

7.6.12 Litigation, non-litigation incidents or administrative disputes of directors, supervisors, president, shareholders with more than 10% shareholdings, or subsidiaries which could materially affect shareholders' equity or the prices of the Company's securities: None.

7.6.13 Other major risks:

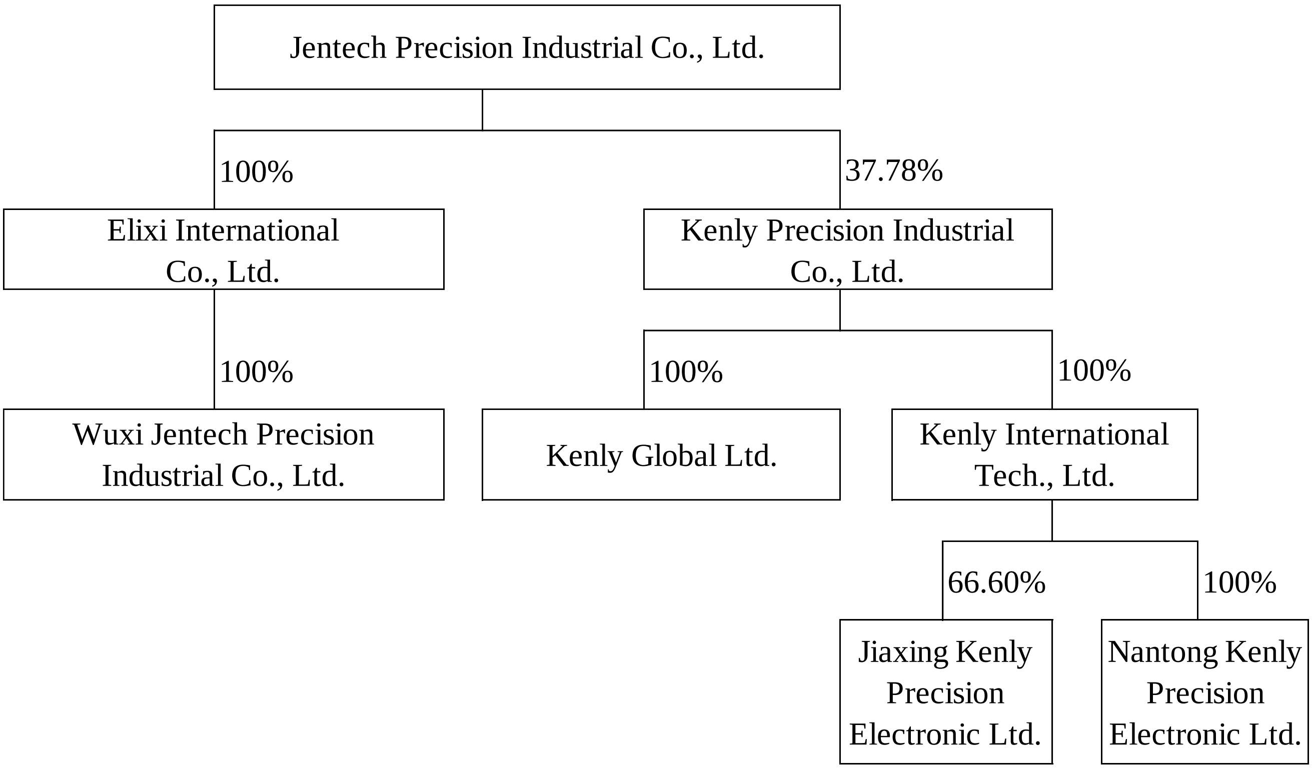
Information security risk: Jentech has set up a dedicated information management unit to carry out daily backup and off-site backup measures for all company data and systems. The network system has various firewalls, anti-virus and hacker defense systems, and has enhanced password control management, and there is no doubt about information security risks.

7.7 Other important matters: None.

Chapter 8 Special Disclosure

8.1 Subsidiaries

8.1.1 Organizational Chart of Affiliated Companies



8.1.2 Affiliated Companies

As of the year ended December 31, 2022
Unit: $1,000

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
Elixi International Co., Ltd.	2007/03/21	Offshore Chambers, P.O. Box 217, Apia Samoa	USD 21,306	Equity investments
Wuxi Jentech Precision Industrial Co., Ltd.	2000/07/12 (Note)	2-1, Junshan Rd, Wuxi National high & new Industrial development zone, Wuxi, JiangSu Province, China	USD 21,800	Manufacturing and sales of molding and electronic components
Kenly Precision Industrial Co., Ltd.	1969/04/08	No.4, Gongye 5th Rd., Pingzhen Industrial Dist., Taoyuan County, Taiwan	TWD 794,004	Manufacturing and sales of molding and electronic components
Kenly International Tech., Ltd.	1999/10/08	P.O.Box 3321, Road Town, Tortola, British Virgin Islands	USD 12,779	Equity investments

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
Jiaxing Kenly Precision Electronic Ltd.	2001/07/27	No. 518, Linjin Rd., Lindai Town, Pinghu City, Zhejiang Province, China	USD 8,305	Manufacturing and sales of semiconductor and photoelectric components
Kenly Global Ltd.	2006/05/03	Drake Chambers, Road Town, Tortola, British Virgin Islands	USD 1	Trading
Nantong Kenly Precision Electronic Ltd.	2017/09/27	Room 12284, Building 21 (22), No. 1692 Xinghu Avenue, Development Zone, Nantong City, Jiangsu Province, China	USD 11,300	Research, development and manufacturing of Semiconductor and photoelectric components

Note: Signed an equity transfer contract in September, 2007, transferring all equity to the company.

8.1.3 Shareholders in Common of the Company and affiliates with deemed control and subordination: None.

8.1.4 Business scope of the Company's affiliates

The business scope of the Company's affiliates mainly includes manufacturing and sales of precision molding, electronic components and equity investment,

8.1.5 Information of Directors, Supervisors, and Presidents of Affiliates

As of the year ended December 31,2022

Company	Title	Name or Representative	Shareholding	
			Shares (Thousand)	%
Elixi International Co., Ltd.	Director	Yung-Tsang Chao (Representative of Jentech Precision Industrial Co., Ltd.)	USD 21,306	100%
Wuxi Jentech Precision Industrial Co., Ltd.	Director	Chung-Hsin Chao (Representative of Elixi International Co., Ltd.)	USD 20,306	100%
	General Manager / Supervisor	Yung-Tsang Chao (Representative of Elixi International Co., Ltd.)		
Kenly Precision Industrial Co., Ltd.	Chairman	Yung-Tsang Chao (Representative of Jentech Precision Industrial Co., Ltd.)	TWD 314,100	37.78%
Kenly International Tech., Ltd.	Chairman	Yung-Tsang Chao (Representative of Kenly Precision Industrial Co., Ltd.)	USD 4,828	37.78%
Jiaxing Kenly Precision Electronic Ltd.	Chairman	Cing-Shun Lu (Representative of Kenly International Tech., Ltd.)	USD 2,090	25.16%
Kenly Global Ltd.	Chairman	Guo-Dong Lu (Representative of Kenly Precision Industrial Co., Ltd.)	-	37.78%
Nantong Kenly Precision Electronic Ltd.	Chairman	Yung-Tsang Chao (Representative of Kenly International Tech., Ltd.)	USD 4,269	37.78%

8.1.6 Operational Highlights of Affiliates

As of December 31, 2022
Unit: NT$1,000 (except for EPS=NT$)

Company	Capital	Total Assets	Total Liabilities	Equity	Sales	Operating Income (Loss)	Net Income (Loss) (after tax)	EPS (NT$) (after tax)
Elixi International Co., Ltd.	667,773	1,231,631	318	1,231,313	0	(4,058)	157,992	0
Wuxi Jentech Precision Industrial Co., Ltd.	662,085	1,404,930	534,158	870,772	1,708,419	189,466	180,512	0
Kenly Precision Industrial Co., Ltd.	794,004	1,533,364	896,918	636,446	649,063	(49,506)	15,963	0.2
Kenly International Tech., Ltd.	392,440	678,280	1,685	676,595	0	(147)	41,212	0
Jiaxing Kenly Precision Electronic Ltd.	272,102	717,298	159,997	557,301	972,975	133,301	100,021	0
Kenly Global Ltd.	31	0	0	0	0	0	0	0
Nantong Kenly Precision Electronic Ltd.	335,422	387,412	76,765	310,647	2,523	(11,213)	(12,799)	0

Note : Foreign currencies are translated into NTD using the exchange rates as of December 31, 2022: USD/NTD= 30.71 and RMB/NTD= 4.408; net income denominated in foreign currencies are translated usingthe average exchange: USD/NTD= 29.8045 and RMB/NTD=4.4219.

8.1.7 Consolidated Financial Reports: Please refer to page 154~246.

8.1.8 Affiliation Reports: None.

8.2 Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

8.3 The holding or disposal of the company's stocks by subsidiaries during the most recent year and up to the date of printing of the annual report: None.

8.4 Other matters that require additional description: None.

8.5 Matters that have a significant impact on shareholders' rights or securities prices as stipulated in Article 36, Paragraph 3, Item 2 of the Securities and Exchange Act during the most recent year and up to the date of printing of the annual report: None.

Jentech Precision Industrial Co., Ltd.
Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements (including individual and consolidated financial statements), and the proposal for the distribution of earnings. The financial statements have been audited by Fang-Yu Wang, CPA and Se-Kai Lin, CPA, from PWC Taiwan, and an audit report has been issued. The aforementioned financial documents submitted by the Board of Directors have been reviewed by the Audit Committee, and no discrepancies have been found. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby report the above and kindly request your review and approval.

To: 2023 Annual Shareholders' Meeting of the Company

Jentech Precision Industrial Co., Ltd.

Chairperson of the Audit Committee : Tsung-Nan Tsai

March 21, 2023

JENTECH PRECISION INDUSTRIAL CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

JENTECH PRECISION INDUSTRIAL CO.,LTD.

March 21,2023

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 balance sheets of JENTECH PRECISION INDUSTRIAL CO., LTD. and its subsidiaries (the "Group") as at December 31, 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

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 consolidated financial statements* section of our report. We are independent of the Group 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 independent 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 Group's 2022 consolidated financial statements are stated as follows:

Cut-off of sales revenue from hub warehouse

<u>Description</u>

Please refer to Note 4(29) to the consolidated financial statements for accounting policies on revenue recognition.

One of sale types among the sales revenue of the Group 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 consolidated financial statements, we identified the cut-off of sales revenue from hub warehouse as a key audit matter.

<u>How our audit addressed the matter</u>

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 hub 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 subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed in Note 13 in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT$2,468,578 thousand, constituting 15.65% of the consolidated total assets as of December 31, 2022, and the operating revenue amounted to NT$1,424,907 thousand, constituting 11.86% of the consolidated total operating revenue for the year then ended.

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

The consolidated financial statements of the Group 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.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with an other matter section on the parent company only financial statements of JENTECH PRECISION INDUSTRIAL CO., LTD. as at and for the year ended December 31, 2022. The other auditors have audited an expressed and unqualified opinion on the parent company only financial statements of JENTECH PRECISION INDUSTRIAL CO., LTD. as at and for the year ended December 31,2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

FANG-YU, WANG SE-KAI, LIN

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

The accompanying consolidated 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 consolidated 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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		December 31, 2022		December 31, 2021	
Assets	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	6(1)	$ 3,317,105	21	$ 2,647,784	20
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)and8	156,621	1	622,800	5
Notes receivable, net	6(5)	5,854	-	962	-
Accounts receivable, net	6(5)	2,746,823	16	2,122,973	16
Accounts receivable due from related parties, net	6(5)and7	203,546	1	184,055	1
Other receivables		44,226	-	64,945	-
Inventories	6(6)	3,344,567	21	2,646,756	19
Other current assets	8	42,513	-	69,609	-
Total current assets		9,685,650	61	8,449,724	62
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)	290,530	2	8,642	-
Investments accounted for using equity method	6(7)	13,827	-	14,081	-
Property, plant and equipment	6(8)and8	4,674,657	30	4,435,734	33
Right-of-use assets	6(9)	177,011	1	169,691	1
Intangible assets		10,303	-	12,030	-
Deferred tax assets	6(25)	108,985	1	99,066	1
Prepayments for business facilities	7	500,659	3	308,150	3
Guarantee deposits paid		31,498	-	14,228	-
Other non-current assets, others		284,153	2	2,242	-
Total non-current assets		6,091,623	39	5,070,933	38
Total assets		$ 15,777,273	100	$ 13,520,657	100

(Continued)

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

		December 31, 2022		December 31, 2021	
Liabilities and equity	Notes	Amount	%	Amount	%
Current liabilities					
Short-term borrowings	6(11)	$ 460,000	3	$ 762,500	6
Current contract liabilities	6(21)	21,314	-	25,879	-
Notes payable		21,794	-	11,776	-
Accounts payable	7	1,163,544	8	1,239,533	9
Other payables	6(12)and7	990,383	6	630,789	5
Current tax liabilities		547,734	4	170,016	1
Current lease liabilities		16,910	-	14,333	-
Long-term liabilities, current portion	6(13)(14)	1,282,852	8	10,000	-
Other current liabilities, others		32,580	-	13,591	-
Total current liabilities		4,537,111	29	2,878,417	21
Non-current liabilities					
Bonds payable	6(13)	-	-	1,867,106	14
Long-term borrowings	6(14)	426,185	3	431,520	3
Deferred income tax liabilities	6(25)	294,435	2	259,602	2
Non-current lease liabilities		27,132	-	21,729	-
Non-current net defined benefit liability	6(15)	28,426	-	45,275	1
Guarantee deposits received		5,398	-	5,702	-
Total non-current liabilities		781,576	5	2,630,934	20
Total liabilities		5,318,687	34	5,509,351	41
Equity					
Equity attributable to owners of parent					
Share capital	6(17)				
Ordinary share		1,353,459	8	1,222,024	9
Advance receipts for share capital	6(13)	14,444	-	1,058	-
Capital surplus	6(18)				
Capital surplus		4,194,242	26	3,535,168	26
Retained earnings	6(19)				
Legal reserve		749,330	5	616,604	5
Special reserve		77,848	-	72,104	-
Unappropriated retained earnings		3,450,477	22	1,822,797	13
Other equity interest	6(20)				
Other equity interest		(319,513)	(1)	(192,197)	(1)
Total equity attributable to owners of parent		9,520,287	60	7,077,558	52
Non-controlling interests		938,299	6	933,748	7
Total equity		10,458,586	66	8,011,306	59
Significant contingent liabilities and unrecognized contract commitment	9				
Significant events after the balance sheet date	11				
Total liabilities and equity		**$** 15,777,273	100	$ 13,520,657	100

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

JENTECH PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Year ended December 31			
		2022		2021	
Items	Notes	Amount	%	Amount	%
Operating revenue	6(21)and7	$ 12,031,894	100	$ 8,801,149	100
Operating costs	6(6)(24)and7	(7,706,052)	(64)	(6,042,862)	(69)
Gross profit		4,325,842	36	2,758,287	31
Operating expenses	6(24)and7				
Selling expenses		(213,082)	(2)	(155,027)	(2)
Administrative expenses		(624,726)	(5)	(503,459)	(6)
Research and development expense		(453,974)	(4)	(389,784)	(4)
Total operating expenses		(1,291,782)	(11)	(1,048,270)	(12)
Operating profit		3,034,060	25	1,710,017	19
Non-operating income and expenses					
Interest income		21,699	-	6,740	-
Other income	6(22)and7	24,897	-	5,977	-
Other gains and losses	6(23)	326,515	3	(98,541)	(1)
Finance costs		(38,198)	-	(31,922)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method	6(7)	(254)	-	(529)	-
Total non-operating income and expenses		334,659	3	(118,275)	(1)
Profit before income tax		3,368,719	28	1,591,742	18
Income tax expense	6(25)	(712,427)	(6)	(353,600)	(4)
Profit for the year		$ 2,656,292	22	$ 1,238,142	14

(Continued)

JENTECH PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Year ended December 31			
		2022		2021	
Items	Notes	Amount	%	Amount	%
Other comprehensive income					
Gain (loss) on remeasurements of defined benefit plans	6(15)	$ 11,672	-	($ 6,072)	-
Unrealized (loss) gain on valuation of equity instruments at fair value through other comprehensive income	6(3)	(218,112)	(2)	6,130	-
Income tax effect on components that will not be reclassified to profit or loss	6(25)	(2,337)	-	1,215	-
Components of other comprehensive income that will not be reclassified to profit or loss		(208,777)	(2)	1,273	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Exchange differences on translation of foreign operations		32,234	1	(10,728)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss		32,234	1	(10,728)	-
Other comprehensive income, net of income tax		($ 176,543)	(1)	($ 9,455)	-
Total comprehensive income for the year		$ 2,479,749	21	$ 1,288,687	14
Profit attributable to:					
Owners of parent		$ 2,614,281	22	$ 1,196,152	14
Non-controlling interests		42,011	-	41,990	-
Total		$ 2,656,292	22	$ 1,238,142	14
Comprehensive income attributable to:					
Owners of parent		$ 2,423,413	21	$ 1,188,795	14
Non-controlling interests		56,336	-	39,892	-
Total		$ 2,479,749	21	$ 1,228,687	14
Basic earnings per share	6(26)	$ 19.54		$ 8.99	
Diluted earnings per share	6(26)	$ 18.64		$ 8.55	

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

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

		Total equity attributable to owners of parent											
		Share Capital			Retained Earnings			Other equity interest					
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	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	Non-controlling interests	Total equity
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	$ 532,867	$ 6,859,866
Effects of retrospective application and retrospective restatement		-	-	-	-	-	132,719	-	-	-	132,719	360,989	493,708
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	893,856	7,353,574
Profit for the year		-	-	-	-	-	1,196,152	-	-	-	1,196,152	41,990	1,238,142
Other comprehensive (loss) income		-	-	-	-	-	(1,612)	(8,061)	2,316	-	(7,357)	(2,098)	(9,455)
Total comprehensive income (loss) for the year		-	-	-	-	-	1,194,540	(8,061)	2,316	-	1,188,795	39,892	1,228,687
Appropriation of prior year's earnings:	6(19)												
Legal reserve		-	-	-	86,755	-	(86,755)	-	-	-	-	-	-
Special reserve		-	-	-	-	(18,046)	18,046	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(733,352)	-	-	-	(733,352)	-	(733,352)
Conversion of convertible bonds	6(13)	-	1,058	33,300	-	-	-	-	-	-	34,358	-	34,358
Share-based payments	6(16)	11,770	-	230,617	-	-	-	-	-	(114,348)	128,039	-	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	$ 933,748	$ 8,011,306
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	$ 933,748	$ 8,011,306
Profit for the year		-	-	-	-	-	2,614,281	-	-	-	2,614,281	42,011	2,656,292
Other comprehensive (loss) income		-	-	-	-	-	7,285	19,864	(218,017)	-	(190,868)	14,325	(176,543)
Total comprehensive income (loss) for the year		-	-	-	-	-	2,621,566	19,864	(218,017)	-	2,423,413	56,336	2,479,749
Appropriation of prior year's earnings:	6(19)												
Legal reserve		-	-	-	132,726	-	(132,726)	-	-	-	-	-	-
Special reserve		-	-	-	-	5,744	(5,744)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(733,214)	-	-	-	(733,214)	(51,785)	(784,999)
Stock dividends		122,202	-	-	-	-	(122,202)	-	-	-	-	-	-
Conversion of convertible bonds	6(13)	9,839	13,386	658,971	-	-	-	-	-	-	682,196	-	682,196
Share-based payments	6(16)	(606)	-	103	-	-	-	-	-	70,837	70,334	-	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	$ 938,299	$ 10,458,586

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

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

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		$ 3,368,719	$ 1,591,742
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(8)(9)(24)	455,679	416,289
Amortisation expenses	6(24)	13,663	14,094
Reversal of expected credit lossess	12(2)	(4,452)	(14,832)
Gains on financial assets (liabilities) at fair value through profit or loss	6(2)(23)	(3,959)	(19,078)
Interest expense		38,198	31,922
Interest income		(21,699)	(6,740)
Share-based payments	6(16)	70,334	128,039
Gains on disposal of property, plant and equipment	6(23)	(13)	(17,653)
Share of profit of associates and joint ventures accounted for using equity method	6(7)	254	529
Dividends income	6(22)	(16,494)	1,173
Unrealized foreign exchange loss		15,466	4,434
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(5,051)	(854)
Accounts receivable		(364,693)	(484,316)
Accounts receivable due from related parties		(24,344)	(19,273)
Other receivables		26,618	(26,738)
Inventories		(738,580)	(1,016,591)
Other current assets		27,714	(13,113)
Changes in operating liabilities			
Contract liabilities		(4,565)	(23,224)
Notes payable		10,018	(14,075)
Accounts payable		(78,832)	514,921
Other payables		344,282	125,646
Other current liabilities		18,964	(11,800)
Net defined benefit liability		(5,178)	(16,100)
Cash generated from operations		3,122,049	1,142,056
Interest paid		(13,995)	(6,888)
Income tax paid		(312,949)	(230,111)
Net cash generated from operating activities		2,795,105	905,057
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		(500,000)	-
Acquisition of financial assets at amortised cost		-	(626,661)
Proceeds from disposal of financial assets at amortised cost		472,962	7,689
Acquisition of investments accounted for using equity method		-	(14,771)
Acquisition of property, plant and equipment	6(27)	(411,561)	(390,764)
Proceeds from disposal of property, plant and equipment		823	36,311
Acquisition of intangible assets		(11,926)	(9,195)
Increase in prepayment for business facilities		(393,059)	(293,331)
(Increase) Decrease in refundable deposits		(17,270)	299
Increase in other non-current assets		(281,911)	(86)
Dividends received		16,494	1,173
Interest received		15,779	7,260
Net cash used in investing activities		(1,104,565)	(1,352,397)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term bank loans	6(28)	399,836	812,500
Payments on short-term bank loans	6(28)	(702,336)	(100,000)
Proceeds from long-term debt	6(28)	86,891	441,520
Repayments of long-term debt	6(28)	(30,332)	(384,123)
Payments on lease liabilities	6(28)	(19,090)	(16,308)
(Decrease) Increase in guarantee deposits received	6(28)	(304)	1,889
Cash dividend paid to non-controlling interests by subsidiaries		(51,785)	-
Cash dividend paid	6(19)	(733,214)	(733,352)
Net cash used in financing activities		(1,050,334)	(22,126)
Effect of exchange rate changes on cash and cash equivalents		29,115	(19,709)
Net increase (decrease) in cash and cash equivalents		669,321	(444,923)
Cash and cash equivalents at beginning of year		2,647,784	3,092,707
Cash and cash equivalents at end of year		$ 3,317,105	$ 2,647,784

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

(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 and its subsidiaries(collectively referred herein as the "Group") are 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 socks 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 consolidated 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 Group's financial condition and financial performance based on the Group's assessment.

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

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 Group evaluates the impact of the above standards and interpretations to the Group's consolidated 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 Group evaluates the impact of the above standards and interpretations to the Group's consolidated 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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International

Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated 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 recognized 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
Jentech Precision Industrial Co., Ltd	Elixi International Co., Ltd.	Investment holdings	100	100	
	Kenly Precision Industrial Co., LTD. (Kenly)	Manufacturing, processing and trading of precision toolings and electronic parts and components	37.78	37.78	Note
Elixi International Co., Ltd.	Wuxi Jentech Precision Industrial Co., Ltd (Wuxi Jentech)	Manufacturing, processing and trading of precision toolings and electronic parts and components	100	100	
Kenly	Kenly International Technology Co., Ltd. (Kenly International)	Investment holdings	100	100	Note
	Kenly Global Co., Ltd. (Kenly Global)	International trading business	100	100	Note
Kenly International	Jiaxing Kenly Precision Electronics Co., Ltd. (Jiaxing Kenly)	Manufacturing, processing and trading of precision toolings and electronic parts and components	66.6	66.6	Note
	Nantong Jinzan Precision Electronics Co., Ltd.	Manufacturing, processing and trading of semiconductors, optoelectronics and car components and electronic parts and components	100	100	Note

Note: It was a subsidiary which have material non-controlling interests

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. No significant restrictions on fund remittance from subsidiaries to the parent company.

F. Subsidiaries that have non-controlling interests that are material to the Group

As of December 31, 2022 and 2021 the non-controlling interest amounted to $938,299 and $933,748, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2022		December 31, 2021	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Kenly	Taoyuan city	$ 938,299	62.22%	$ 933,748	62.22%

Summarised financial information of the subsidiaries:

Balance sheet

	Kenly and its subsidiaries	
	December 31, 2022	December 31, 2021
Current assets	$ 1,047,975	$ 1,072,724
Non-current assets	1,480,995	1,339,217
Current liabilities	(581,413)	(473,050)
Non-current liabilities	(552,897)	(563,256)
Equity	$ 1,394,660	$ 1,375,635
Equity attributable to:		
Owners of parent	$ 452,640	$ 440,087
Non-controlling interest of Kenly	745,428	724,773
Non-controlling interest of Kenly’s subsidiaries	196,592	210,775
	$ 1,394,660	$ 1,375,635

Statements of comprehensive income

	Kenly and its subsidiaries	
	2022	2021
Revenue	$ 1,619,172	$ 1,469,246
Profit before income tax	$ 50,322	$ 53,572
Other comprehensive income (loss), net of tax	20,487	(2,828)
Total comprehensive income for the period	$ 70,809	$ 50,744
Profit attributable to:		
Owners of parent	$ 6,391	$ 9,785
Non-controlling interest of Kenly	10,506	16,124
Non-controlling interest of Kenly's subsidiaries	33,425	27,663
	$ 50,332	$ 53,572
Total comprehensive attributable to:		
Owners of parent	$ 12,553	9,055
Non-controlling interest of Kenly	20,654	14,922
Non-controlling interest of Kenly's subsidiaries	37,602	26,767
	$ 70,809	$ 50,744

Statements of cash flows

	Kenly and its subsidiaries	
	2022	2021
Operating activities	$ 182,542	$ 71,604
Investing activities	(239,554)	(130,832)
Financing activities	38,910	181,005
Effect of exchange rates	29,707	(6,183)
Increase in cash and cash equivalents	11,605	115,594
Cash and cash equivalents, beginning of period	290,278	174,684
Cash and cash equivalents, end of period	$ 301,883	$ 290,278

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated 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 recognized 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 recognized 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 recognized 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 recognized 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 Group 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 recognized in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

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.

(6) 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.

(7) 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 recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group has made an irrevocable election at initial recognition to recognize 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 recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) 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 Group'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 recognized and derecognized using trade date accounting.

C. At initial recognition, the Group 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 recognized in profit or loss when the asset is derecognized or impaired.

D. The Group'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.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group 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.

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor)－operating leases

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

(14) 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.

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group’s share of its associates’ 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 Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. 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 51 years
Buildings held for leasing	10 to 51 years
Electromechanical power equipment	2 to 25 years
Auxiliary building	2 years
Machinery and equipment	2 to 20 years
Office equipment	2 to 12 years
Transportation equipment	2 to 9 years
Other equipment	2 to 15 years

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

A. Leases are recognized 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 Group. For short-term leases or leases of low-value assets, lease payments are recognized 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 Group subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 recognized 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 recognize the difference in profit or loss.

(18) 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 1~8 years and 7~20 years, respectively.

(19) Impairment of non-financial assets

The Group 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 recognized 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 recognized.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized 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 recognized in profit or loss over the period of the borrowings using the effective interest method.

(21) 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.

(22) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group 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 recognized 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 recognized 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 recognized 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 recognized 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'.

(23) Derecognition of financial liabilities

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

(24) 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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized 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 Group in current period or prior periods. The liability recognized 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 recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized 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 Group'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 Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes 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 recognized 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 Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) 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 recognized 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 Group recognizes 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 Group will redeem the stocks from employees at no consideration and retire those stocks.

(26) Income tax

A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 Group 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 recognized, 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 Group 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 recognized 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, unrecognized and recognized 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 recognized 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.

(27) 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.

(28) Dividends

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group'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 Group's financial statements in the year in which they are resolved by the Group's Board of Directors.

(29) Revenue recognition

A. The Group manufactures and sells products of electronic components. Sales are recognized 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 Group 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 Group does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognized 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.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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:

(1) Critical judgements in applying the Group's accounting policies

Judgments indicates that the subsidiary is controlled by the Group

As note 4(3) described, KENLY PRECISION INDUSTRIAL CO., LTD. is a subsidiary of the Group although the Group only holds less than half of the voting power of KENLY PRECISION INDUSTRIAL CO., LTD. After considering the Group's absolute ownership of KENLY PRECISION INDUSTRIAL CO., LTD and sharing the same management, the Group concluded that it has a sufficiently dominant voting interest to direct the relevant activities of KENLY PRECISION INDUSTRIAL CO., LTD, and therefore, the Group has control over KENLY PRECISION INDUSTRIAL CO., LTD.

(2) Critical accounting estimates and assumptions

Realisability of deferred tax assets

As of December 31, 2022 and 2021, the carrying amounts of deferred tax assets related to loss carryforwards were $37,399 and $37,232, respectively. Due to the unpredictability of future profits, as of December 31, 2022, there is $302,595 of taxable losses that were not recognized as deferred tax assets. The main source of estimation uncertainty is the realizability of deferred tax assets, which primarily depends on whether there will be sufficient future profits or taxable temporary differences. If the actual profits generated in the future exceed expectations, significant additional deferred tax assets may be recognized, which would be recognized during the period in which they occur.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 822	$ 814
Checking accounts and demand deposits	1,690,230	1,539,754
Time deposits	1,518,568	661,552
Bonds sold under repurchase agreement	107,485	445,664
	$ 3,317,105	$ 2,647,784

A. The Group 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 Group has no cash and cash equivalents pledged to others.

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

	December 31, 2022	December 31, 2021
Asset items		
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
	$ 94,395	$ 89,940
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Convertible bonds - call/put options	$ -	$ 7,069

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

	2022	2021
Asset items		
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	-
	$ 3,959	$ 19,078

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	$ -
Emerging stock		
KENT INDUSTRIAL CO., LTD.	7,604	7,341
Unlisted, unmerging stock		
SUPER BRAVO BIO CO., LTD.	886	1,301
	$ 290,530	$ 8,642

Note: The Group 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 Group 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 Group 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 Group 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 recognized at the end of the years as at December 31, 2022 and 2021, respectively.

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

	2022	2021
Fair value change recognized in other comprehensive income	($ 218,112)	$ 6,130
Dividend income recognized in profit or loss	$ 15,449	$ 543

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

	December 31, 2022	December 31, 2021
Current items:		
Pledged time deposit	$ 156,621	$ 622,800

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

	2022	2021
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 Group was the carrying amount recognized 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 Group’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	$ 7,766	$ 2,686
Less: Allowance for uncollectible accounts	(1,912)	(1,724)
	$ 5,854	$ 962
Accounts receivable	$ 2,482,911	$ 2,143,488
Less: Allowance for uncollectible accounts	(6,088)	(20,515)
	$ 2,476,823	$ 2,122,973
Accounts receivable due from related parties	$ 203,546	$ 184,055

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

	December 31, 2022	December 31, 2021
Not past due	$ $2,476,229	$ 2,149,128
1 to 60 days	187,108	152,064
61 to 90 days	18,448	9,619
91 to 180 days	7,909	1,924
Over 180 days	4,529	17,494
	$ 2,694,223	$ 2,330,229

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 $1,794,883.

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 Group's notes and accounts receivable was the carrying amount recognized 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

	December 31, 2022	December 31, 2021
Merchandise	$ 44,756	$ 23,889
Finished goods	1,318,594	1,027,929
Work in progress	1,011,628	898,247
Raw materials	969,589	696,681
	$ 3,344,567	$ 2,646,756

The cost of inventories recognized as expense for the years ended December 31, 2022 and 2021, was $7,706,052 and $6,042,862, respectively, including the amount of $49,238 and $0, respectively, that the Group wrote down from cost to net realisable value accounted for as cost of goods sold, as well as the amount of $0 and $8,208, respectively, that the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because of the sale of inventories previously written down.

(7) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Associates		
Mettip Taiwan co., Ltd.(Mettip)	$ 13,827	$ 14,081

A. As of December 31, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to $13,827 and $14,081, respectively.

	2022	2021
Losses per share from continuing operations	($ 254)	($ 529)

B. Mettip was established under the approval of the Department of Commerce, MOEA in June 2021. As of December 31, 2022, the Group has invested $14,771 in Mettip with shareholding ratio of 48.99%. The Group was assessed that it only has significant influence over Mettip, thus, the company was recognized as an associate.

(8) Property, plant and equipment

	2022									
	Self-owned land		Buildings							
	Owner-occupied	Lease	Owner-occupied	Lease	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Unfinished construction	Total
At January 1										
Cost	$ 1,572,275	$ 42,868	$ 2,012,452	$ 3,441	$ 4,002,930	$ 90,608	$ 10,796	$ 344,901	$ 167,898	$ 8,248,169
Accumulated depreciation and impairment	-	-	(626,138)	(1,238)	(2,867,899)	(73,543)	(9,362)	(234,255)	-	(3,812,435)
	$ 1,572,275	$ 42,868	$ 1,386,314	$ 2,203	$ 1,135,031	$ 17,065	$ 1,434	$ 110,646	$ 167,898	$ 4,435,734
Opening net book amount as at January 1	$ 1,572,275	$ 42,868	$ 1,386,314	$ 2,203	$ 1,135,031	$ 17,065	$ 1,434	$ 110,646	$ 167,898	$ 4,435,734
Additions	-	-	84,053	-	237,013	1,690	1,734	31,151	70,385	426,026
Disposals	-	-	-	-	(641)	(37)	-	(132)	-	(810)
Transferred from prepayments for business facilities	-	-	59,387	-	119,297	-	-	24,581	(684)	202,581
Transferred from inventories	-	-	-	-	16,971	-	-	28,452	-	45,423
Reclassifications	-	-	57,188	-	-	(98)	-	98	(62,188)	(5,000)
Depreciation charge	-	-	(79,731)	(203)	(293,198)	(9,901)	(507)	(46,014)	-	(429,554)
Net exchange differences	-		(3,708)	-	(5,774)	248	18	680	1,377	257
Closing net book amount as at December 31	$ 1,572,275	$ 42,868	$ 1,510,919	$ 2,000	$ 1,208,699	$ 8,967	$ 2,679	$ 149,462	$ 176,788	$ 4,674,657
At December 31										
Cost	$ 1,572,275	$ 42,868	$ 2,218,490	$ 3,441	$ 4,335,507	$ 82,264	$ 12,686	$ 436,198	$ 176,788	$ 8,880,517
Accumulated depreciation and impairment	-	-	(707,571)	(1,441)	(3,126,808)	(73,297)	(10,007)	(286,736)	-	(4,205,860)
	$ 1,572,275	$ 42,868	$ 1,510,919	$ 2,000	$ 1,208,699	$ 8,967	$ 2,679	$ 149,462	$ 176,788	$ 4,674,657

	2021									
	Self-owned land		Buildings							
	Owner-occupied	Lease	Owner-occupied	Lease	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Unfinished construction	Total
At January 1										
Cost	$ 1,572,275	$ 42,868	$ 1,443,422	$ 3,441	$ 3,707,888	$ 79,711	$ 11,533	$ 306,826	$ 431,300	$ 7,589,264
Accumulated depreciation and impairment	-	-	(493,614)	(1,034)	(2,741,726)	(54,732)	(9,123)	(210,552)	-	(3,510,781)
	$ 1,572,275	$ 42,868	$ 939,808	$ 2,407	$ 966,162	$ 24,979	$ 2,410	$ 96,274	$ 431,300	$ 4,078,483
Opening net book amount as at January 1	$ 1,572,275	$ 42,868	$ 939,808	$ 2,407	$ 966,162	$ 24,979	$ 2,410	$ 96,274	$ 431,300	$ 4,078,483
Additions	-	-	90,015	-	131,540	2,500	483	34,822	130,176	389,536
Disposals	-	-	-	-	(18,064)	(19)	(57)	(518)	-	(18,658)
Transferred from prepayments for business facilities	-	-	-	-	329,082	-	-	17,537	-	346,619
Transferred from inventories	-	-	-	-	29,678	-	-	-	-	29,678
Reclassifications	-	-	422,130	-	(31,316)	1,381	-	1,138	(393,333)	-
Depreciation charge	-	-	(63,841)	(204)	(279,047)	(11,608)	(1,383)	(38,262)	-	(394,345)
Net exchange differences	-	-	(1,798)	-	6,996	(168)	(19)	345	(245)	4,421
Closing net book amount as at December 31	$ 1,572,275	$ 42,868	$ 1,386,314	$ 2,203	$ 1,135,031	$ 17,065	$ 1,434	$ 110,646	$ 167,898	$ 4,435,734
At December 31										
Cost	$ 1,572,275	$ 42,868	$ 2,012,452	$ 3,441	$ 4,002,930	$ 90,608	$ 10,796	$ 344,901	$ 167,898	$ 8,248,169
Accumulated depreciation and impairment	-	-	(626,138)	(1,238)	(2,867,899)	(73,543)	(9,362)	(234,255)	-	(3,812,435)
	$ 1,572,275	$ 42,868	$ 1,386,314	$ 2,203	$ 1,135,031	$ 17,065	$ 1,434	$ 110,646	$ 167,898	$ 4,435,734

A. As the amount of the Group’s interest capitalised is immaterial, thus no interest was capitalised.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, transportation equipment and other equipment. Rental contracts are typically made for periods of 3 to 50 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	$ 145,903	$ 143,530
Buildings	23,740	13,860
Transportation equipment	5,748	11,107
Other equipment	1,620	1,194
	$ 177,011	$ 169,691

	Year ended December 31	
	2022	2021
	Depreciation charge	Depreciation charge
Land	$ 10,237	$ 8,487
Buildings	6,954	4,679
Transportation equipment	7,500	7,344
Other equipment	1,434	1,434
	$ 26,125	$ $21,944

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $27,070 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
Items affecting profit or loss		
Interest expense on lease liabilities	$ 424	$ 384
Expense on short-term lease contracts	15,407	8,511

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were

$34,921 and $25,203, respectively.

(10) Leasing arrangements – lessor

A. For the years ended December 31, 2022 and 2021, the Group recognized rent income in the amounts of $1,511 and $1,511, 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	-
	$ 5,560	$ 428

(11) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 190,000	1.57%	Note1
Unsecured borrowings	270,000	1.6%~1.82%	
	$ 460,000		

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 597,500	0.65%~1.00%	Note2
Unsecured borrowings	165,000	0.70%~1.27%	
	$ 762,500		

Note1: Details of the Group’s plant and equipment pledged to others as collateral are provided in Note 8.

Note2: Details of the Group’s time deposit and property, plant and equipment pledged to others as collateral are provided in Note 8.

Interest expense recognized in profit or loss amounted to $5,471 and $1,702 for the years ended December 31, 2022 and 2021, respectively.

(12) Other payables

	December 31, 2022	December 31, 2021
Wages and salaries payable	$ 340,472	$ 286,589
Employees' compensation payable	287,172	116,185
Directors' remuneration payable	71,793	32,222
Payable on machinery and equipment	52,842	38,196
Others	238,104	157,597
	$ 990,383	$ 630,789

(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)	-
	$ -	$ 1,876,106

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) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	From December, 2022 to September, 2026; repay by quarter	1.72%~1.775%	Note	$ 404,000
Unsecured borrowings	From April, 2021 to April, 2024; repay by quarter	1.875%~5.15%		99,418
				503,418
Less: Long-term borrowings-current portion				(77,233)
				$ 426,185

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Secured borrowings	From December, 2022 to September, 2026; repay by quarter	1.15%	Note	$ 400,000
Unsecured borrowings	From April, 2021 to April, 2024; repay by quarter	1.95%		41,520
				441,520
Less: Long-term borrowings-current portion				(10,000)
				$ 431,520

Note: Details of the Group’s plant and equipment pledged to others as collateral are provided in Note 8.

(15) Pensions

A. Defined benefit pension plan

(a) The Company and Kenly have 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 and Kenly contribute monthly a certain percentage (2% for the Company and 6% for Kenly) 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 and Kenly 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 and Kenly will make contributions for the deficit by next March.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 95,110	$ 107,401
Fair value of plan assets	(66,684)	(62,126)
Net defined benefit liability	$ 28,426	$ 45,275

(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	$ 107,401	($ 62,126)	$ 45,275
Current service cost	616	-	616
Interest expense (income)	536	(325)	211
	108,553	(62,451)	46,102
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(4,719)	(4,719)
Change in population statistics	140	-	140
Change in financial assumptions	(8,545)	-	(8,545)
Experience adjustments	1,452	-	1,452
	(6,953)	(4,719)	(11,672)
Pension fund contribution	-	(6,004)	(6,004)
Paid pension	(6,490)	6,490	-
At December 31	$ 95,110	($ 66,684)	$ 28,426

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 114,173	($ 58,870)	$ 55,303
Current service cost	684	-	684
Interest expense (income)	606	(321)	285
	115,463	(59,191)	56,272
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(930)	(930)
Change in financial assumptions	4,488	-	4,488
Experience adjustments	(2,514)	-	2,514
	7,002	(930)	6,072
Pension fund contribution	-	(8,260)	(8,260)
Paid plan assets	(6,255)	6,255	-
Paid pension	(8,809)	-	(8,809)
At December 31	$ 107,401	($ 62,126)	$ 45,275

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and KENLY's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 securitisation products, etc.). With regard to the utilisation 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 is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and KENLY have no right to participate in managing and operating that fund and hence the Company and KENLY are unable to disclose the classification of plan assets 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 Utilisation Report announced by the government.

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

	Year ended December 31	
	2022	2021
Discount rate	1.50%	0.50%
Future salary increase	2.75%~3.00%	2.75%~3.00%
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%~11.5%	0%~11.5%

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	($ 2,384)	$ 2,476	$ 2,400	($ 2,324)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 2,941)	$ 3,061	$ 2,947	($ 2,847)

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 KENLY and the Company for the year ending December 31, 2023 amount to $5,936.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 9.5~13.1 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 Group's subsidiaries in mainland China have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the Mainland China are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were $90,122 and $78,088, respectively.

(16) Share-based payment

Restricted stocks

A. On June 12, 2019, the shareholders of the Group 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.

(17) 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 Group), 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 Group'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

(18) 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 Group 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	$ 3,910,245	$ 21,131	$ 80,238	$ 18,606	$ 22	$ 4,194,242

	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	$ 3,157,487	$ 21,131	$ 125,911	$ 230,617	$ 22	$ 3,535,168

(19) 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(24).

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	-	-

(20) 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)

(21) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers		
-Sales revenue	$ 12,031,894	$ 8,801,149

A. Disaggregation of revenue from contracts with customers

The Group 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	$ 6,139,187	$ -	$ 6,139,187
Lead frame	2,380,095	-	2,380,095
Electronic components	-	2,128,183	2,128,183
Connectors	-	306,228	306,228
Others	-	1,078,201	1,078,201
	$ 8,519,282	$ 3,512,612	$ 12,031,894

	2021		
	Semiconductor business group	Others	Total
Thermal solution products	$ 3,533,266	$ -	$ 3,533,266
Lead frame	2,325,735	-	2,325,735
Electronic components	-	2,031,962	2,031,962
Connectors	-	250,563	250,563
Others	-	659,623	659,623
	$ 5,859,001	$ 2,942,148	$ 8,801,149

B. Contract liabilities

(a) The Group has recognized the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Advance sales receipts	$ 21,314	$ 25,879	$ 49,103

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

	Year ended December 31	
	2022	2021
Advance sales receipts	$ 13,188	$ 47,542

(22) Other income

	Year ended December 31	
	2022	2021
Rent income	$ 1,511	$ 1,511
Dividend income	16,494	1,173
Others	6,892	3,293
	$ 24,897	$ 5,977

(23) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposals of property, plant and equipment	$ 13	$ 17,653
Foreign exchange gains (losses)	329,931	(124,498)
Gains on financial assets (liabilities) at fair value through profit or loss	3,959	19,078
Others	(7,388)	(10,774)
	$ 326,515	($ 98,541)

(24) Expenses by nature and employee benefit expense

	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 1,625,332	$ 670,714	$ 2,296,046
Labour and health insurance fees	113,984	47,538	161,522
Pension costs			
Defined contribution plans	68,004	22,118	90,122
Defined benefit plans	441	386	827
Directors' remuneration	-	73,985	73,985
Other employee benefits	11,114	3,793	14,907
	$ 1,818,875	$ 818,534	$ 2,637,409
Depreciation charge	$ 368,252	$ 87,427	$ 455,679
Amortisation charge	$ 179	$ 13,484	$ 13,663

	Year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 1,348,558	$ 553,577	$ 1,902,135
Labour and health insurance fees	93,824	45,224	139,048
Pension costs			
Defined contribution plans	53,750	24,338	78,088
Defined benefit plans	507	462	969
Directors' remuneration	-	34,384	34,384
Other employee benefits	6,614	6,888	13,502
	$ 1,503,253	$ 664,873	$ 2,168,126
Depreciation charge	$ 335,101	$ 81,188	$ 416,289
Amortisation charge	$ 788	$ 13,306	$ 14,094

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 recognized 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 recognized in the 2021 consolidated 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.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Gains (losses) on remeasurements of defined benefit plans	($ 2,337)	$ 1,215

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	$ 733,999	$ 379,060
Effects of other adjustments provided by regulations	279	147
Investment tax credits used for the year	(13,950)	(11,670)
Prior year income tax overestimation	(43,717)	(15,016)
Tax on remittance of earnings	37,460	-
Tax on non-deductible offshore income	1,646	1,079
Unrecognized taxable temporary differences	(8,245)	-
Loss carryforward unused at the maturity date	4,955	-
Income tax expense	$ 712,427	$ 353,600

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	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	December 31
Deferred tax assets					
Allowance for inventory valuation losses	$ 30,603	$ 9,492	$ -	$ 134	$ 40,229
Defined benefit pension plan	14,221	(940)	(2,337)	-	10,944
Deferred credits	6,828	1,209	-	-	8,037
Valuation loss from assets and liabilities	1,797	548	-	-	2,345
Others	8,385	1,532	-	114	10,031
Loss carryforward	37,232	167	-	-	37,399
	$ 99,066	$ 12,008	($ 2,337)	$ 248	$ 108,985
Deferred tax liabilities					
Unappropriated earnings of subsidiaries	$ 156,363	$ 31,597	$ -	$ -	$ 197,960
Others	103,239	2,363	-	873	106,475
	$ 259,602	$ 33,960	-	$ 873	$ 294,435

	2021				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	December 31
Deferred tax assets					
Allowance for inventory valuation losses	$ 27,392	$ 3,299	$ -	($ 88)	$ 30,603
Defined benefit pension plan	13,972	(966)	1,215	-	14,221
Deferred credits	6,665	163	-	-	6,828
Valuation loss from assets and liabilities	2,831	(1,034)	-	-	1,797
Others	7,536	906	-	(57)	8,385
Loss carryforward	29,527	7,705	-	-	37,232
	$ 87,923	$ 10,073	$ 1,215	($ 145)	$ 99,066
Deferred tax liabilities					
Unappropriated earnings of subsidiaries	$ 116,005	$ 40,358	$ -	$ -	$ 156,363
Others	84,035	19,542	-	(338)	103,239
	$ 200,040	$ 59,900	-	($ 338)	$ 259,602

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

Loss carryforward not recognized as deferred tax assets in consolidated balance sheet:

	December 31, 2022	December 31, 2021
Loss carryforward		
Expire in 2026	$ 35,329	$ 35,329
Expire in 2027	42,539	42,539
Expire in 2028	71,355	71,355
Expire in 2029	109,439	109,439
Expire in 2030	43,933	43,933
	$ 302,595	$ 302,595

As of December 31, 2022, loss carryforward is as follows:

Expiry year	Unused amount
2025	$ 56,471
2026	35,329
2027	42,539
2028	71,355
2029	109,439
2030	108,892
2031	56,434
2032	25,064
	$ 505,523

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

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

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

Since Elixi International Co., Ltd. was established in Samoa,Kenly International and Kenly Global were established in British Virgin Islands, therefore, there is no relevant income tax.

(26) 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)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,614,281	133,820	$ 19.54
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	23,148	6,049	
Employees' compensation	-	834	
Employee restricted shares	-	765	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,637,429	141,468	$ 18.64

	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)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,196,152	133,123	$ 8.99
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	6,766	6,414	
Employees' compensation	-	429	
Employee restricted shares	-	691	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,202,918	140,657	$ 8.55

(27) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	$ 426,026	$ 389,536
Add: Opening balance of payable on equipment	38,196	41,156
Less: Ending balance of payable on equipment	(52,842)	(38,196)
Add: Unrealised exchange gain (loss)	181	(1,732)
Cash paid during the year	$ 411,561	$ 390,764

(28) Changes in liabilities from financing activities

2022	Short-term borrowings	Long-term borrowings	Bonds payable	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	$ 762,500	$ 441,520	$ 1,867,106	$ 5,702	$ 36,062	$ 3,112,890
Changes in cash flow from financing activities	(302,500)	56,559	-	(304)	(19,090)	(265,335)
Changes in other non-cash items	-	5,339	(661,487)	-	27,070	(629,078)
At December 31	$ 460,000	$ 503,418	$ 1,205,619	$ 5,398	$ 44,042	$ 2,218,477

2021	Short-term borrowings	Long-term borrowings	Bonds payable	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	$ 50,000	$ 384,123	$ 1,876,738	$ 3,813	$ 43,271	$ 2,357,945
Changes in cash flow from financing activities	712,500	57,397	-	1,889	(16,308)	755,478)
Changes in other non-cash items	-	-	(9,632)	-	9,099	(533)
At December 31	$ 762,500	$ 441,520	$ 1,867,106	$ 5,702	$ 36,062	$ 3,112,890

7. Related Party Transactions

(1) Parent and ultimate controlling party

Inter-company transactions, balances and gains or losses on transactions between the Group and its subsidiaries (the related parties of the Company) have been eliminated when preparing the consolidated financial statements, and thus are not disclosed in this note. Transactions between the Group and the other related parties are as follows.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
KB PRECISION TOOLING CO., LTD. （KB）	Substantial related parties (the Company's key management is the company's director)
KENT INDUSTRIAL CO., LTD. （KENT)	Substantial related parties (the director of the subsidiary)
Suzuki Corporation	Substantial related parties (the director of the subsidiary)
Nidec Copal Electronics Corp. （Copal Electronics）	Investor of subsidiary with significant influence
Hangzhou Keming Electronics Co., LTD. （Hangzhou Keming）	Subsidiary of investor of subsidiary with significant influence
Mettip Taiwan co., Ltd.	Associates

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Sales revenue		
Hangzhou Keming	$ 741,957	$ 661,516

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

B. Purchases and manufacturing overhead

	Year ended December 31	
	2022	2021
Purchases:		
Substantial related parties	$ 6	$ 6
Processing fees:		
Substantial related parties	58,363	55,217
Other expenses:		
Substantial related parties	-	260
Associates	399	256
	$ 58,768	$ 55,739

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

C. Operating expenses

	Year ended December 31	
	2022	2021
Other expenses:		
Substantial related parties	$ 27	$ -

D. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable:		
Hangzhou Keming	$ 203,546	$ 184,055

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.

E. Payables to related parties

	December 31, 2022	December 31, 2021
Accounts payable:		
Substantial related parties	$ 21,264	$ 22,523
Subsidiary of investor of subsidiary with significant influence	-	2,182
Associates	-	240
Other accrued expenses:		
Associates	9,082	-
	$ 30,346	$ 24,945

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.

F. Prepayments for business facilities

	December 31, 2022	December 31, 2021
Associates	$ 55,200	$ 23,231

G. Property transactions

Purchase of property, plant and equipment

	Year ended December 31	
	2022	2021
Associates	$ 27,002	$ -

Purchase of other assets

	2022	2021
Substantial related parties	$ 158	$ 183

H. Lease terms—operating leases

The Group 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 recognized 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.

(4) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	$ 121,618	$ 71,099
Post-employment benefits	1,498	1,308
Share-based payments	18,137	15,729
	$ 141,253	$ 88,136

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

8. Pledged Assets

		Book value	
Pledged asset	Purpose	December 31, 2022	December 31, 2021
Property, plant and equipment	Note1	$ 804,538	$ 790,462
Time deposit	Note 2	156,621	622,800
Restricted bank deposits (included in other current assets)	Note 3	-	14
		$ 961,159	$ 1,413,276

Note 1: It pertained to the long-term and short-term bank borrowing facilities and guarantee for the customs duties on imported goods.

Note 2: It pertained to the short-term bank borrowing facilities and performance guarantee.

Note 3: It pertained to guarantee for the customs duties on imported goods.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

(1) As of December 31, 2022 and 2021, the Group's issued but unused letters of credit for the purchase of materials and machinery and equipment were $139,283 and $133,869, 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(19).

12. Others

(1) Capital management

The Group plans the needs for future capital, research and development expenses and dividend distribution based on the Group's current operating characteristics and future development, taking into account changes in the external environment so as to safeguard the Group'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 Group 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 Group 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

	December 31, 2022	December 31, 2021
Financial assets		
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	290,530	8,642
Financial assets at amortised cost		
Cash and cash equivalents	3,317,105	2,647,784
Financial assets at amortised cost	156,621	622,800
Notes receivable	5,854	962
Accounts receivable (including related parties)	2,680,369	2,307,028
Other receivables	44,226	64,945
Guarantee deposits paid	31,498	14,228
	$ 6,620,598	$ 5,763,298
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 460,000	$ 762,500
Notes payable	21,794	11,776
Accounts payable	1,163,544	1,239,533
Other payables	990,383	630,789
Bonds payable(Including current portion or exercise of put options)	1,205,619	1,867,106
Long-term borrowings (including current portion)	503,418	441,520
Guarantee deposits received	5,398	5,702
	$ 4,350,156	$ 4,958,926
Lease liability	$ 44,042	$ 36,062

B. Financial risk management policies

The Group’s financial instruments mainly include cash and cash equivalents, equity investments, accounts receivable, accounts payable and borrowings. The Group’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 Group’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 Group's operating activities are foreign currency fluctuation risk and interest rate risk. There has been no change to the Group'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 Group to the exchange rate risk. Approximately 56.58% of the Group's sales are not denominated in the functional currency of the Group entities which transaction occurs, and approximately 34.54% of the cost is not denominated in the functional currency of the Group entities which transaction occurs. The management of the Group's exchange rate risk is within the scope of the policy, using cross currency swap contracts to manage the risk.

ii. The Group'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)			
Financial assets			
Monetary items			
USD:NTD	$ 129,698	30.7100	$ 3,983,026
USD:RMB	8,589	6.9669	263,768
JPY:NTD	1,129,579	0.2324	262,514
JPY:RMB	87	0.0527	20
Non-monetary items			
Financial assets at fair value through profit or loss			
USD:NTD	$ 1,170	30.7100	$ 35,945
Financial liabilities			
Monetary items			
USD:NTD	$ 12,476	30.7100	$ 383,138
USD:RMB	1,041	6.9669	31,969
JPY:NTD	503,959	0.2324	117,120
JPY:RMB	14,631	0.0527	3,400

	December 31, 2021				
	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	128,909	27.680	$	3,568,201
USD:RMB		8,874	6.3757		245,632
JPY:NTD		1,274,265	0.2405		306,461
JPY:RMB		87	0.0554		21
Non-monetary items					
Financial assets at fair value through profit or loss					
USD:NTD	$	579	27.680	$	16,040
Financial liabilities					
Monetary items					
USD:NTD	$	14,765	27.680	$	408,695
USD:RMB		761	6.3757		21,064
JPY:NTD		393,922	0.2405		94,738
JPY:RMB		17,170	0.0554		4,129

iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $329,931 and ($124,498), 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)					
Financial assets					
Monetary items					
USD:NTD	1%	$	39,380	$	-
USD:RMB	1%		2,638		-
JPY:NTD	1%		2,625		-
JPY:RMB	1%		-		-
Financial liabilities					
Monetary items					
USD:NTD	1%	$	3,831	$	-
USD:RMB	1%		320		-
JPY:NTD	1%		1,171		-
JPY:RMB	1%		34		-

	Year ended December 31, 2021				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	$	35,682	$	-
USD:RMB	1%		2,456		-
JPY:NTD	1%		3,065		
JPY:RMB	1%		-		
Financial liabilities					
Monetary items					
USD:NTD	1%	$	4,087	$	-
USD:RMB	1%		211		-
JPY:NTD	1%		947		-
JPY:RMB	1%		41		-

Price risk

i. The Group was exposed to equity price risk arose from holding gold passbook, domestic listed stocks, and domestic listed private placement shares, domestic emerging stock and domestic unlisted stock. The Group 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 Group'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 Group's investments in equity securities comprise shares 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, other components of equity 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 Group'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 $2,905 and $86, 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 Group borrowing capital at both fixed and floating rates and holding financial assets with fixed and floating rates.

ii. The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
－Financial assets	$ 1,782,674	$ 1,730,016
－Financial liabilities	1,499,660	2,490,667
Cash flow interest rate risk		
－Financial assets	1,689,871	1,539,724
－Financial liabilities	713,418	616,520

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 Group 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 with all other variables held constant, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $9,765 and $9,232, respectively. Mainly arises from the Group'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 Group 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 recognized in the consolidated balance sheet.

ii. To mitigate credit risk, the Group'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 Group reviewed the recoverable amount of receivables individually as the balance sheet date to ensure that the impairment loss of unrecoverable receivables had been appropriately recognized. Thus, the Group's management identified the Group's credit risk has been significant reduced. Accounts receivable is derived from various customers with diverse industries and geographical regions. The Group continually assesses the customers' financial condition.

iii. As the Group 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 Group 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 Group applies the simplified approach to provide loss allowance for notes and accounts receivable. The Group 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 Group'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 Group estimates expected credit loss based on the past due date of notes and accounts receivable.

viii. The Group 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
December 31, 2022						
Expected loss rate	0.02%	0.18%	7.07%	17.25%	100.00%	
Total book value	$ 2,476,229	$ 187,108	$ 18,448	$ 7,909	$ 4,529	$ 2,694,223
Loss allowance	(472)	(330)	(1,305)	(1,364)	(4,529)	(8,000)

	Not past due	Up to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
December 31, 2021						
Expected loss rate	0.04%	1.15%	9.55%	61.90%	100.00%	
Total book value	$ 2,149,128	$ 152,064	$ 9,619	$ 1,924	$ 17,494	$ 2,330,229
Loss allowance	(915)	(1,720)	(919)	(1,191)	(17,494)	(22,239)

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

	2022	2021
At January 1	$ 22,239	$ 44,145
Reversal of impairment loss	(4,452)	(14,832)
Actual write-offs of bad debts	(10,032)	(6,988)
Effect of exchange rate	245	(86)
At December 31	$ 8,000	$ 22,239

x. The Group'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 recognized.

xi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure the rights. On December 31, 2022 and 2021, the Group had no written-off financial assets that are still under recourse procedures.

(c) Liquidity risk

i. The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group's management monitors the use of its credit facility to ensure that it complies with the loan agreement.

ii. The Group relies on bank borrowing as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had undrawn bank borrowing facilities were as follows.

	December 31, 2022	December 31, 2021
Unsecured credit facility for bank borrowings (monitor every year)		
－Drawn amount	$ 552,015	$ 346,811
－Undrawn amount	2,169,885	1,974,789
	$ 2,721,900	$ 2,321,600

	December 31, 2022	December 31, 2021

Secured credit facility for bank borrowings (monitor every year)				
—Drawn amount	$	601,420	$	1,010,924
—Undrawn amount		1,362,332		911,564
	$	1,963,752	$	1,922,488

iii. The following table details the Group'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 Group 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
Non-derivative financial liabilities					
Non-interest bearing liability	$ 692,040	$ 625,954	$ 157, 985	$ -	$ -
Lease liability	1,637	3,145	12,596	24,625	3,254
Floated interest rate instruments	8,205	34,424	257,885	442,512	-
Fixed interest rate instruments	-	250,161	1,251,400	-	-
	$ 701,882	$ 913,684	$ 1,679,866	$ 467,137	$ 3,254

	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
Non-derivative financial liabilities					
Non-interest bearing liability	$ 598,967	$ 747,689	$ 98,276	$ -	$ -
Lease liability	1,390	2,769	10,481	17,528	4,877
Floated interest rate instruments	739	36,074	165,487	435,443	-
Fixed interest rate instruments	130,057	357,615	100,009	1,963,700	-
	$ 731,153	$ 1,144,147	$ 374,253	$ 2,416,671	$ 4,877

(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 Group’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				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Gold passbook	$ 35,945	$ -	$ -	$ 35,945
Domestic listed stocks	53,820	-	-	53,820
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
Domestic Emerging stock	7,604	-	-	7,604
Domestic unlisted stocks	-	-	886	886
	$ 97,369	$ 286,670	$ 886	$ 384,925

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Gold passbook	$ 16,040	$ -	$ -	$ 16,040
Domestic listed stocks	73,800	-	-	73,800
Convertible bonds-call/put options	-	7,069	-	7,069
Financial assets at fair value through other comprehensive income				
Domestic Emerging stock	7,341	-	-	7,341
Domestic unlisted stocks	-	-	1,301	1,301
	$ 97,181	$ 7,069	$ 1,301	$ 105,551

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

i. The gold passbook,domestic listed stocks and Domestic Emerging stock held by the

Group 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 Group's unlisted domestic stocks and listed domestic private stocks is estimated by applying a market approach.

iv. The Group 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 Group's credit quality.

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

E. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Current financial assets at fair value through other comprehensive income-equity instruments	
	2022	2021
At January 1	$ 1,301	$ 2,512
Recognition as other comprehensive income (Unrealised gains or losses on financial assets measured at fair value through other comprehensive income)	(415)	6,130
Transfers out from level 3	-	(7,341)
At December 31	$ 886	$ 1,301

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 Group'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 to 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

(1) General information

Information provided to the chief operating decision maker to allocate resource and assess segment performance focuses on every deliverable or types of products provided. The Group's reportable operating segments are semiconductor business group and others. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period. There is no operating unit discontinuing its business for the year.

(2) Measurement of segment information

The measurement amount that the Group's Board of Directors provided to the chief operating decision maker in order to allocate resources to segments and assess its performance, which was arising from the profits earned by each segment, excluding allocated administrative expenses, non-operating income and expenses and income tax expense. The measurement amount of the Group's segment assets and liabilities were not provided to the chief operating decision maker.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2022		
	Semiconductor business group	Others	Total
Segment revenue	$ 8,519,282	$ 3,512,612	$ 12,031,894
Segment income (loss)	$ 2,427,339	$ 1,231,447	$ 3,658,786
Depreciation and amortisation	$ 333,233	$ 136,109	$ 469,342

	Year ended December 31, 2021		
	Semiconductor business group	Others	Total
Segment revenue	$ 5,859,001	$ 2,942,148	$ 8,801,149
Segment income (loss)	$ 1,406,931	$ 806,545	$ 2,213,476
Depreciation and amortisation	$ 286,506	$ 143,877	$ 430,383

The total segment revenue reported above arose from external customer transactions. There was no inter-segment sales for the years ended December 31, 2022 and 2021.

(4) Reconciliation for segment income (loss)

Total segment revenue and segment income (loss) provided to the chief operating decision-maker was measured in a manner consistent with those in the financial statements. Therefore, such reconciliation was not required.

(5) Information on products and services

Please refer to Note 6 (21) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 10,646,857	$ 4,696,010	$ 7,394,138	$ 4,093,172
China	1,385,037	982,271	1,407,011	855,972
Total	$ 12,031,894	$ 5,678,281	$ 8,801,149	$ 4,949,144

(7) Major customer information

Information on the Group's major customers with which the revenues from a single customer accounting for more than 10% of the Group's total revenue are as follows:

	Year ended December			
	2022		2021	
	Amount	%	Amount	%
A	$ 2,076,978	17	$ 1,242,988	14
C	NA(Note)	-	977,270	11

Note：Revenues did not reach 10% of the Group's total revenue.

Jentech Precision Industrial CO., LTD AND SUBSIDARIES
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 4)	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Party being endorsed/ guaranteed: Relationship with the endorser / guarantor (Note 5)	Limit on endorsements / guarantees provided for a single party (Note 1)	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/guarantees by parent company to subsidiary	Provision of endorsements/guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
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.

Jentech Precision Industrial CO., LTD AND SUBSIDARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022 Number of shares (thousand shares)	Book value	Ownership (%)	Fair value	Footnote
	Stocks:							
Jentech Precision Industrial CO., LTD.	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.

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

Jentech Precision Industrial CO., LTD AND SUBSIDARIES
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

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
Investor	Type and name of securities (Note1)	General ledger account	Counterparty	Relationship with the investor	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
	Stock:													
Jentech Precision Industrial CO., LTD.	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”.

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

Table 3

Jentech Precision Industrial CO., LTD AND SUBSIDARIES
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: Owner	Relationship	Transfer Day	Amount	Basis for price determination	Reason for acquisition	Other terms
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.

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

Jentech Precision Industrial CO., LTD AND SUBSIDARIES

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

Table 5

Expressed in thousands of NTD

Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	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%	Note 1
Kenly Precision Industrial Co., LTD.	Jentech Precision Industrial CO., LTD.	Parent company	Sales	(192,261)	30%	30 days after monthly billings	-	-	48,046	36%	Note 1

Table 5

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

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

Table 6

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	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
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	-

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

Jentech Precision Industrial CO., LTD AND SUBSIDARIES
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)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: 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 company.
Note 3: All transactions listed in the table above were eliminated when preparing the consolidated financial statements.

Jentech Precision Industrial CO., LTD AND SUBSIDARIES
Names, locations and other information of investee companies (not including investees in Mainland China)
For the year ended December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31,2022	Initial investment amount: Balance as at December 31,2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	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	Footnote
Jentech Precision Industrial CO., LTD.	Elixi 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
Elixi 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.

Table 8

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

Table 9

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 20,306thousand	$ 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 4,531thousand	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 8,000thousand	-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	Investment amount approved 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.

Table 9

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

Jentech Precision Industrial CO., LTD AND SUBSIDARIES
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.

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

<u>Description</u>

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.

<u>How our audit addressed the matter</u>

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)

		December 31, 2022			December 31, 2021		
Assets	Notes		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			7,887,505	58		6,618,654	59
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			5,678,994	42		4,639,823	41
Total assets		$	13,566,499	100	$	11,258,477	100

(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 Amount	%	December 31, 2021 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		3,874,692	29	2,169,875	19
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		171,520	1	2,011,044	18
Total liabilities		4,046,212	30	4,180,919	37
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		9,520,287	70	7,077,558	63
Significant events after the balance sheet date	11				
Total liabilities and equity		$ 13,566,499	100	$ 11,258,477	100

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)

		Year ended December 31			
		2022		2021	
Items	Notes	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)

		Year ended December 31			
		2022		2021	
Items	Notes	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	

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			
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	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
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)

	Notes	Year ended December 31 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 socks 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 entityand 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

	December 31, 2022	December 31, 2021
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
	$ 2,592,207	$ 2,043,246

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

	December 31, 2022	December 31, 2021
Asset items		
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
	$ 94,395	$ 89,840
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
Asset items		
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	-
	$ 3,959	$ 19,078

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.

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

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:

	2022	2021
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 comprehensiveincome 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

	December 31, 2022	December 31, 2021
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:

	2022	2021
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)
	$ 3,468	$ 14,333
Accounts receivable	$ 2,224,552	$ 1,811,754
Less: Allowance for uncollectible accounts	(5,671)	(3,839)
	$ 2,218,881	$ 1,807,915
Accounts receivable due from related parties	$ 45,962	$ 31,263

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
	$ 2,275,912	$ 1,859,074

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

	December 31, 2022	December 31, 2021
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
	$ 2,718,669	$ 1,933,830

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

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

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						
	Owner-occupied	Lease	Owner-occupied	Lease	Machinery and equipment	Office equipment	Other equipment	Unfinished construction	Total
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)
	$ 838,844	$ 42,868	$ 988,614	$ 2,203	$ 776,384	$ 367	$ 53,334	$ 63,809	$ 2,766,423
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	$ 838,844	$ 42,868	$ 1,097,909	$ 2,000	$ 807,142	$ 540	$ 78,205	$ 4,250	$ 2,871,758
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)

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

	$ 838,844	$ 42,868	$ 1,097,909	$ 2,000	$ 807,142	$ 540	$ 78,205	$ 4,250	$ 2,871,758

	2021								
	Self-owned land		Buildings						
	Owner-occupied	Lease	Owner-occupied	Lease	Machinery and equipment	Office equipment	Other equipment	Unfinished construction	Total
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)
	$ 838,844	$ 42,868	$ 558,260	$ 2,407	$ 554,719	$ 657	$ 40,076	$ 393,029	$ 2,430,860
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	$ 838,844	$ 42,868	$ 988,614	$ 2,203	$ 776,384	$ 367	$ 53,334	$ 63,809	$ 2,766,423
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)
	$ 838,844	$ 42,868	$ 988,614	$ 2,203	$ 776,384	$ 367	$ 53,334	$ 63,809	$ 2,766,423

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

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

(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
	$ 55,833	$ 46,465

	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
	$ 21,358	$ 17,082

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
Items affecting profit or loss		
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	-
	$ 5,560	$ 428

(11) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 250,000	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	130,000	0.70%~0.85%	
	$ 587,500		

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	175,392	108,792
	$ 813,283	$ 482,675

(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) <u>Pensions</u>

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	$ 18,393	$ 26,405

(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
	83,945	(56,795)	27,150
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
	(3,100)	(4,453)	(7,553)
Pension fund contribution	-	(1,204)	(1,204)
Paid pension	(5,695)	5,695	-
At December 31	$ 75,150	$ 56,757	$ 18,393

	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
	93,385	(54,364)	39,021
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)
	210	(657)	(447)
Pension fund contribution		(3,360)	(3,360)
Paid pension	(10,680)	1,871	(8,809)
At December 31	$ 82,915	($ 56,510)	$ 26,405

(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	$ 3,910,245	$ 21,131	$ 80,238	$ 182,606	$ 22	$ 4,194,242

	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	$ 3,157,487	$ 21,131	$ 125,911	$ 230,617	$ 22	$ 3,535,168

(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
	$ 8,047,099	$ 2,235,309	$ 10,282,408

	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
	$ 5,444,243	$ 1,597,440	$ 7,041,683

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	$ 21,314	$ 25,879	$ 49,103

(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	$ 13,188	$ 47,542

(21) Other income

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

(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)
	$ 308,943	($ 84,330)

(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
	$ 1,240,315	$ 684,563	$ 1,924,878
Depreciation charge	$ 221,313	$ 45,615	$ 266,928
Amortisation charge	$ 35	$ 11,211	$ 11,246

	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
	$ 997,493	$ 533,028	$ 1,530,521
Depreciation charge	$ 171,994	$ 39,882	$ 211,876

Amortisation charge	$ 174	$ 8,640	$ 8,814

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	$ 616,406	$ 266,578

(b) Income tax related to other comprehensive income:

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

defined obligation	$	

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	$ 616,406	$ 266,578

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
	$ 35,858	$ 10,034	($ 1,509)	$ 44,383
-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)	-	-
	$ 92,603	$ 31,033	$ -	$ 123,636

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

	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
	$ 30,055	$ 5,892	($ 89)	$ 35,858
-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
	$ 59,730	$ 32,873	$ -	$ 92,603

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)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,614,281	133,820	$ 19.54
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	23,148	6,049	
Employees' compensation	-	834	
Employee restricted shares	-	765	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,637,429	$ 141,468	$ 18.64

	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)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,196,152	133,123	$ 8.99
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	6,766	6,414	
Employees' compensation	-	429	
Employee restricted shares	-	691	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,202,918	$ 140,657	$ 8.55

(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	$ 149,204	$ 217,486

(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	$ 250,000	$ 1,205,619	$ 3,076	$ 42,587	$ 1,501,282

	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	$ 587,500	$ 1,867,106	$ 3,495	$ 34,688	$ 2,492,789

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
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

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

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

B. Purchases and manufacturing overhead

	Year ended December 31	
	2022	2021
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

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

	$ 1,501,280	$ 1,251,835

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

	December 31, 2022	December 31, 2021
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	-
	$ 239,416	$ 227,654

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

	December 31, 2022	December 31, 2021
Associates	$ 55,200	$ 23,231

H. Property transactions

Acquisition of property, plant and equipment

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

Disposal of property, plant and equipment

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

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.

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

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

		Book value	
Pledged asset	Purpose	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

	December 31, 2022	December 31, 2021
Financial assets		
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
	$ 5,464,998	$ 4,676,725
Financial liabilities		
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
	$ 3,325,399	$ 3,843,270
Lease liability	$ 42,587	$ 34,688

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)			
Financial assets			
Monetary items			
USD:NTD	$ 127,348	30.7100	$ 3,910,857
JPY:NTD	1,129,107	0.2324	262,404
Non-monetary items			
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
Financial liabilities			
Monetary items			
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)					
Financial assets					
Monetary items					
USD:NTD	$	127,426	27.6800	$	3,527,152
JPY:NTD		1,271,459	0.2405		305,786
Non-monetary items					
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
Financial liabilities					
Monetary items					
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)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 39,109	$ -
JPY:NTD	1%	2,624	-
Financial liabilities			
Monetary items			
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)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 35,432	$ -
JPY:NTD	1%	3,058	-
Financial liabilities			
Monetary items			
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.

	December 31, 2022	December 31, 2021
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
December 31, 2022						
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
December 31, 2021						
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.

	December 31, 2022	December 31, 2021
Unsecured credit facility for bank borrowings (monitor every year)		
－Drawn amount	$ 412,786	$ 269,445
－Undrawn amount	1,667,577	1,664,955
	$ 2,080,363	$ 1,934,400

	December 31, 2022	December 31, 2021
Secured credit facility for bank borrowings (monitor every year)		
－Drawn amount	$ -	$ 457,500
－Undrawn amount	1,100,000	642,500
	$ 1,100,000	$ 1,100,000

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
Non-derivative financial liabilities					
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	-	-
	$ 753,584	$ 647,305	$ 1,379,844	$ 23,901	$ 3,254

	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
Non-derivative financial liabilities					
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	-
	$ 714,919	$ 739,341	$ 182,040	$ 1,980,934	$ 4,877

(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				
Recurring fair value measurements				
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
	$ 89,765	$ 286,670	$ -	$ 376,435

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
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
	$ 89,840	$ 7,069	$ -	$ 96,909

(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

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 4)	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Party being endorsed/ guaranteed: Relationship with the endorser / guarantor (Note 5)	Limit on endorsements / guarantees provided for a single party (Note 1)	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/guarantees by parent company to subsidiary	Provision of endorsements/guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
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.

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

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022 Number of shares (thousand shares)	Book value	Ownership (%)	Fair value	Footnote
	Stocks:							
Jentech Precision Industrial CO., LTD.	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 2

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

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

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
Investor	Type and name of securities (Note1)	General ledger account	Counterparty	Relationship with the investor	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
	Stock:													
Jentech Precision Industrial CO., LTD.	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”.

Table 3

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

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: Owner	Relationship	Transfer Day	Amount	Basis for price determination	Reason for acquisition	Other terms
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 4

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

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

Table 5

Expressed in thousands of NTD

Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	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%	Note 1
Kenly Precision Industrial Co., LTD.	Jentech Precision Industrial CO., LTD.	Parent company	Sales	(192,261)	30%	30 days after monthly billings	-	-	48,046	36%	Note 1

Table 5

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

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

Table 6

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	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
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	-

Table 6

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

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)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			
				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 company.
Note 3: All transactions listed in the table above were eliminated when preparing the consolidated financial statements.

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

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022					
Investor	Investee	Location	Main business activities	Balance as at December 31,2022	Balance as at December 31,2021	Number of shares	Ownership (%)	Book value	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	Footnote
Jentech Precision Industrial CO., LTD.	Elixi 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
Elixi 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.

Table 8

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

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

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

					Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022								
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	Remitted to Mainland China	Remitted back to Taiwan	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
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 20,306thousand	$ 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 4,531thousand	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 8,000thousand	-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	Investment amount approved 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.

Table 9

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

Table 10

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