I-CHIUN PRECISION INDUSTRY CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

For the years ended December 31, 2022 and 2021

(Stock Code: 2486)

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I-CHIUN PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR YEARS ENDED DECEMBER 31, 2022 AND 2021

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Independent Auditor's Audit Report

(2023) Cai-Shen-Bao No. 22004400

To the Board of Directors and Shareholders of I-CHIUN PRECISION INDUSTRY CO., LTD.

Audit opinion

We have reviewed the accompanying parent company only balance sheets of I-CHIUN PRECISION INDUSTRY CO., LTD. (the "Company") for the years ended December 31, 2022 and 2021 and the relevant parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements, based on our audit results and other accountants' audit reports (see the "other matters" paragraph), present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

The CPA engaged to audit and attest financial statements shall do so in accordance with the Standards on Auditing (TWSA). Our responsibilities under those standards are further described in the Auditor's 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 Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audit results and other accountants' audit reports, 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 the Company's audit of the parent company only financial statements of 2022. 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.

Key audit matters for the Company's parent company only financial statements for 2022 is stated as follows:

Assessment of allowance for inventory valuation losses

Description

For accounting policies for inventories, please refer to Note 4(11) of the parent company only financial statements; for the uncertainty of accounting estimates and assumptions in evaluation of inventories, please refer to Note 5(2) of the parent company only financial statements; for the description of allowance for inventory valuation losses, please refer to Note 6(5) of the parent company only financial statements. The Company's inventories and allowance for inventory valuation losses on December 31, 2022 were NT$990,623,000 and NT$139,542,000, respectively.

The Company's evaluation of inventories is based on the cost or net realizable value, whichever is lower. Considering the rapid changes in the technological environment, its measurement is based on the judgment and estimation that there is a higher risk in inventories due to obsolete products or no market value. The Company's inventories are measured at cost or net realizable value, whichever is lower; for inventories exceeding a certain period of age and individually identified obsolete and outdated inventories, the net realizable value is calculated based on historical information on the selling rate of inventories and the extent of discount.

Because the Company's inventories and its allowance for inventory valuation losses has a significant impact on the financial statements, and the net realizable value adopted in the evaluation of outdated and obsolete inventories often involves subjective judgments of whether there is still market sales value in the future, there is a high degree of estimation uncertainty. Therefore, we have listed the assessment of allowance for inventory valuation losses as a key audit matter.

Corresponding audit procedures

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

1. Assess the reasonableness of the policies and procedures used in the allowance for inventory valuation losses based on our understanding of the Company and the nature of the industry, including the inventory classification used to determine the net realizable value and the judgment of obsolete inventory items.
2. Understand the Company's inventory management process, review its annual inventory plan, and participate in the annual inventory taking to evaluate the effectiveness of distinguishing and controlling obsolete and outdated inventories by the management.
3. The methods for verifying the accounting estimates are appropriate and adopted consistently, including the Company's procedures, methods, and assumptions regarding the identification of net realizable value, obsolete inventories, and outdated or damaged items, which are consistent with the previous period.

4. Randomly check the source information on selling prices used for the serial number of individual inventory items, compare the allowance for valuation losses in the previous period, and consider events taking place after the balance sheet, to assess the reasonableness of the allowance for valuation loss provided by the Company.

Other matters – reference to the audit or review of other accountants

Since the Company's investments accounted for under equity method are included in the parent company only financial statements, the financial statements were audited by another auditor. Therefore, for the auditor's opinion on the above-mentioned parent company only financial statements, the financial statement amounts are based on the reports of other auditors. As of December 31, 2022 and 2021, the investments accounted for under equity method was NT$61,143,000 and NT$86,333,000, respectively, representing 1% of the total assets. The comprehensive income recognized for the aforementioned investments in 2022 and 2021 was (NT$25,190,000) and (NT$4,652,000), accounting for (17%) and (1%) of the Company's total comprehensive income, respectively.

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 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 audit committee) are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit of parent company only financial statements conducted in accordance with TWSA will always detect a material misstatement when it exists. Misstatements can arise from error or fraud 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 the parent company only financial statements.

As part of an audit in accordance with TWSA, we exercise professional judgment and maintain 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 (including relevant protective measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's parent company only financial statements of 2022 and are therefore the key audit matters. We describe these matters in our auditor's 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.

PRICEWATERHOUSECOOPERS TAIWAN

FENG,MIN-CHUAN

Certified Public Accountant

LIN,YA-HUI

Securities and Futures Bureau, Former Financial Supervisory Commission, Executive Yuan

Approval Document No.: Jin-Guan-Zheng-Six No. 0960038033

Financial Supervisory Commission

Approval Document No.: Jin-Guan-Zheng-Shen No. 1070323061

March 8, 2023

I-CHIUN PRECISION INDUSTRY CO., LTD.
Parent Company Only Balance Sheets
For the Years Ended December 31, 2022 and 2021

Unit: NTD thousand

	Asset	Notes	2022/12/31 Amount	%	2021/12/31 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 519,503	8	$ 343,281	5
1110	Financial assets at fair value through profit and loss - current	6(2)	124,680	2	5,520	-
1170	Accounts receivable, net	6(4) and 12(2)	881,579	13	1,166,754	17
1180	Accounts receivable - related parties, net	6(4) 7 and 12(2)	75,188	1	77,084	1
1200	Other receivables		32,837	1	41,755	1
1210	Other receivables - related parties	7	44,563	1	78,897	1
1220	Current income tax assets		52	-	254	-
130X	Inventories	6(5)	851,081	13	984,760	14
1479	Other current assets - others		24,310	-	58,616	1
11XX	**Total current assets**		2,553,793	39	2,756,921	40
	Non-current assets					
1510	Financial assets at fair value through profit and loss - non-current	6(2)	-	-	-	-
1535	Financial assets at amortized cost - non-current	6(3) and 8	28,000	-	24,000	-
1550	Investments accounted for under equity method	6(6)	2,651,628	40	2,554,910	37
1600	Property, plant and equipment	6(7) and 8	884,031	13	873,614	13
1755	Right-of-use assets	6(8)	320,683	5	363,809	5
1780	Intangible assets		16,790	-	14,170	-
1840	Deferred income tax assets	6(22)	67,549	1	107,228	2
1900	Other non-current assets	6(6) (24)	99,340	2	214,955	3
15XX	**Total non-current assets**		4,068,021	61	4,152,686	60
1XXX	**Total assets**		$ 6,621,814	100	$ 6,909,607	100

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD.
Parent Company Only Balance Sheets
For the Years Ended December 31, 2022 and 2021

Unit: NTD thousand

	Liabilities and shareholders' equity	Notes	2022/12/31 Amount	%	2021/12/31 Amount	%
	Liability					
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 260,000	4	$ 130,000	2
2130	Contract liabilities - current	6(17)	13,029	-	28,804	-
2170	Accounts payable	7	219,482	3	402,995	6
2200	Other payables	6(10)	150,047	2	296,207	4
2230	Current income tax liabilities		7,399	-	-	-
2280	Lease liabilities - current		37,322	1	36,926	1
2320	Long-term borrowings (including due within one year or one operating cycle)	6(11) and 8	240,000	4	-	-
2399	Other current liabilities - others		5,021	-	5,160	-
21XX	**Total current liabilities**		932,300	14	900,092	13
	Non-current liabilities					
2540	Long-term borrowings	6(11) and 8	960,000	14	1,200,000	17
2570	Deferred income tax liabilities	6(7) (22)	299,658	5	308,086	5
2580	Lease liabilities - non-current		301,780	5	338,406	5
2600	Other non-current liabilities	6(12)	84,997	1	90,797	1
25XX	**Total non-current liabilities**		1,646,435	25	1,937,289	28
2XXX	**Total liabilities**		2,578,735	39	2,837,381	41
	Equity					
	Share capital	6(14)				
3110	Share capital - common stock		2,219,586	34	2,219,586	32
	Capital surplus	6(15)				
3200	Capital surplus		1,814,424	27	1,847,718	27
	Retained earnings	6(16)				
3310	Legal reserve		22,267	-	-	-
3320	Special reserve		115,330	2	-	-
3350	Undistributed earnings		111,683	2	222,670	3
	Other equity					
3400	Other equity		(179,509)	(3)	(217,748)	(3)
3500	Treasury stock	6(14)	(60,702)	(1)	-	-
3XXX	**Total equity**		4,043,079	61	4,072,226	59
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 6,621,814	100	$ 6,909,607	100

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU,WAN-SHUN Manager: CHOU,WAN-SHUN Accounting Officer: YANG,PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Unit: NTD thousand
(except for earnings per share which is in NTD)

	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6(17) and 7	$ 2,725,404	100	$ 3,009,589	100
5000	Operating costs	6(5) (21) and 7	(2,422,592)	(89)	(2,514,844)	(84)
5900	Gross profit		302,812	11	494,745	16
5910	Unrealized loss (profit) from sales		4,181	-	(2,656)	-
5950	Net operating margin		306,993	11	492,089	16
	Operating expense	6(21) and 7				
6100	Selling expenses		(77,911)	(3)	(78,002)	(2)
6200	Administrative expenses		(114,289)	(4)	(201,037)	(7)
6300	Research and development expenses		(39,654)	(1)	(48,607)	(2)
6450	Expected credit impairment profit (loss)	12(2)	8,511	-	(14,978)	-
6000	Total operating expenses		(223,343)	(8)	(342,624)	(11)
6900	Operating profit		83,650	3	149,465	5
	Non-operating revenues and expenses					
7100	Interest revenue		1,378	-	685	-
7010	Other revenue	6(18)	6,915	-	7,161	-
7020	Other gains and losses	6(19)	127,196	5	(28,833)	(1)
7050	Finance costs	6(20)	(39,334)	(1)	(27,041)	(1)
7070	Share of profit or loss on associates and joint ventures accounted for under equity method	6(6)	(48,024)	(2)	341,729	11
7000	Total non-operating income and expenses		48,131	2	293,701	9
7900	**Net profit before tax**		131,781	5	443,166	14
7950	Income tax expense	6(22)	(28,493)	(1)	(67,399)	(2)
8200	**Current net profit**		$ 103,288	4	$ 375,767	12
	Other comprehensive income (net), net					
	Items that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(12)	$ 3,500	-	$ 1,693	-
8349	Income tax related to items that will not be reclassified to profit or loss	6(22)	(700)	-	(339)	-
8310	Total of items that will not be reclassified to profit or loss		2,800	-	1,354	-
	Items that may be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		47,799	2	(50,914)	(2)
8399	Income tax relating to the items that may be reclassified to profit or loss	6(22)	(9,560)	(1)	10,183	1
8360	Sum of items that may be reclassified to profit or loss		38,239	1	(40,731)	(1)
8300	**Other comprehensive income (net), net**		$ 41,039	1	($ 39,377)	(1)
8500	**Total comprehensive income for current period**		$ 144,327	5	$ 336,390	11
	Earnings per share (EPS)	6(23)				
9750	Basic earnings per share		$	0.47	$	1.79
9850	Diluted earnings per share		$	0.46	$	1.79

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU,WAN-SHUN　　Manager: CHOU,WAN-SHUN　　Accounting Officer: YANG,PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: NTD thousand

				Retained earnings			Other equity		
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Retained earnings (Deficit to be compensated)	Financial statements translation differences of foreign operations	Treasury stock	Total equity
2021									
Balance at January 1, 2021		$ 2,019,586	$ 1,156,598	$ -	$ -	($ 154,040)	($ 177,017)	$ -	$ 2,845,127
Current net profit		-	-	-	-	375,767	-	-	375,767
Other comprehensive income for current period		-	-	-	-	1,354	(40,731)	-	(39,377)
Total comprehensive income for current period		-	-	-	-	377,121	(40,731)	-	336,390
Capital increase in cash	6(14) (15)	200,000	660,000	-	-	-	-	-	860,000
Cost of share-based payment	6(13) (15)	-	31,120	-	-	-	-	-	31,120
Changes in ownership interests in subsidiaries		-	-	-	-	(411)	-	-	(411)
Balance at December 31, 2021		$ 2,219,586	$ 1,847,718	$ -	$ -	$ 222,670	($ 217,748)	$ -	$ 4,072,226
2022									
Balance at January 1, 2022		$ 2,219,586	$ 1,847,718	$ -	$ -	$ 222,670	($ 217,748)	$ -	$ 4,072,226
Current net profit		-	-	-	-	103,288	-	-	103,288
Other comprehensive income for current period		-	-	-	-	2,800	38,239	-	41,039
Total comprehensive income for current period		-	-	-	-	106,088	38,239	-	144,327
Earnings appropriation and distribution for 2021:	6(16)								
Allocation for Legal reserve		-	-	22,267	-	(22,267)	-	-	-
Allocation for Special reserve		-	-	-	115,330	(115,330)	-	-	-
Cash dividend paid out		-	-	-	-	(77,686)	-	-	(77,686)
Cash dividend paid out from capital surplus	6(15) (16)	-	(33,294)	-	-	-	-	-	(33,294)
Changes in ownership interests in subsidiaries		-	-	-	-	(1,792)	-	-	(1,792)
Treasury shares repurchased	6(19)	-	-	-	-	-	-	(60,702)	(60,702)
Balance at December 31, 2022		$ 2,219,586	$ 1,814,424	$ 22,267	$ 115,330	$ 111,683	($ 179,509)	($ 60,702)	$ 4,043,079

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU,WAN-SHUN　　Manager: CHOU,WAN-SHUN　　Accounting Officer: YANG,PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NTD thousand

	Notes	2022/1/1 ~ 2022/12/31	2021/1/1 ~ 2021/12/31
CASH FLOWS FROM OPERATING ACTIVITIES			
Current net profit before tax		$ 131,781	$ 443,166
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(7) (8) (21)	190,101	217,072
Amortization expenses	6(21)	3,394	2,998
Expected credit impairment loss (profit)	12(2)	(8,511)	14,978
Net losses on financial assets at fair value through profit and loss	6(19)	20,302	330
Interest expenses	6(20)	39,334	27,041
Interest revenue		(1,378)	(685)
Dividend revenue	6(18)	(180)	(180)
Cost of share-based payment	6(13)	-	31,120
Share of profit or loss on subsidiaries using equity method	6(6)	48,024	(341,729)
Gains from disposal of investments	6(19)	(30,173)	-
Gains on disposal of property, plant and equipment	6(19)	(6,945)	(4,815)
Impairment loss	6(6) (19)	-	34,015
Gains arising from lease changes	6(19)	-	(1,257)
Unrealized gains with associates		(6,357)	(12,013)
Unrealized loss (profit) from sales		(4,181)	2,656
Changes in operating assets and liabilities			
Net changes in operating assets			
Notes receivable		-	22
Accounts receivable (including related parties)		294,987	(656,464)
Other receivables - (including related parties)		52,996	2,552
Inventories		133,679	(508,051)
Other current assets		34,307	(38,379)
Other non-current assets		(382)	(1,239)
Net changes in operating liabilities			
Contract liabilities - current		(15,775)	(3,080)
Accounts payable		(183,513)	127,723
Other payables		(102,435)	139,814
Other current liabilities		(140)	698
Other non-current liabilities		(2,033)	(6,652)
Cash inflow (outflow) generated from operations		586,902	(530,359)
Interest received		1,378	685
Dividends received		180	180
Interest paid	6(24)	(38,927)	(27,229)
Net cash inflow (outflow) from operating activities		549,533	(556,723)

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I-CHIUN PRECISION INDUSTRY CO., LTD.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NTD thousand

	Notes	2022/1/1 ~ 2022/12/31	2021/1/1 ~ 2021/12/31
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in financial assets at amortized cost		($ 4,000)	$ 8,000
Price of acquisition of investments accounted for under equity method	6(6)	-	(125,000)
Acquisition of financial assets at fair value through profit and loss		(267,241)	-
Disposal of financial assets at fair value through profit and loss		157,952	-
Price of purchase of property, plant and equipment	6(24)	(213,044)	(204,094)
Proceeds from disposal of property, plant and equipment		20,617	23,422
Price of acquisition of intangible assets		(6,014)	(10,183)
Increase in prepayments for investments	6(6)	-	(97,249)
Increase (decrease) in other non-current assets		6,025	(7,200)
Cash outflow from investing activities		(305,705)	(412,304)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Short-term borrowings	6(25)	130,000	130,000
New long-term borrowings	6(25)	-	1,200,000
Repayment of long-term borrowings	6(25)	-	(1,441,996)
Cash dividend paid out	6(16)	(110,980)	-
Repurchased treasury shares	6(24)	(49,661)	-
Repayment of lease principal	6(25)	(36,965)	(34,893)
Capital increase in cash	6(14)	-	860,000
Net cash inflow (outflow) from financing activities		(67,606)	713,111
Net increase (decrease) in cash and cash equivalents of the current period		176,222	(255,916)
Balance of cash and cash equivalents, beginning of period		343,281	599,197
Balance of cash and cash equivalents, end of period		$ 519,503	$ 343,281

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU,WAN-SHUN Manager: CHOU,WAN-SHUN Accounting Officer: YANG,PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD.
Notes to the Parent Company Only Financial Statements
For the years ended December 31, 2022 and 2021

Unit: NTD thousand
(except as otherwise indicated)

I. Company Profile

I-CHIUN PRECISION INDUSTRY CO., LTD. (hereinafter referred to as the “Company”) was incorporated in August 1977. The Company merged with Yi-Chiun Industrial Co., Ltd., I-Zhan Industrial Co., Ltd., and I-Che Technology Co., Ltd. in July, 1990, November 1993, September 2001, and September 2004, with the Company as the surviving company. The Company is mainly engaged in the manufacturing, processing, and trading of machinery and parts, electronic parts, parts for appliances, semiconductor LED lead frames, precision molds, etc., as well as relevant import and export trade.

The Company’s stock had been listed on the Taipei Exchange since March 21, 2000 for trading, and then has been listed and traded on the Taiwan Stock Exchange since September 19, 2001.

II. Date and Procedures for Approval of the Financial Report

The parent company only financial statements were authorized for issuance by the Board of Directors on March 2, 2023.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) Effect of adopting the newly issued or amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC

New standards, interpretations and amendments in the IFRSs as endorsed and issued into effect by the FSC 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, property 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 IFRSs 2018-2020 cycle	January 1, 2022

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

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

New standards, interpretations and amendments in the IFRSs as 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 standards and interpretations above have no significant impact on the Company's financial position and financial performance based on the Company's assessment.

(III) 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 of 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
Amendments 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 standards and interpretations above have no significant impact on the Company's financial position and financial performance based on the Company's assessment.

IV. Summary of Significant Accounting Policies

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

(I) Compliance Statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

(II) Basis of preparation

1. Except for the following important items, the parent company only financial statements have been prepared at historical cost:
   (1) Financial assets at fair value through profit and loss
   (2) Defined benefit liabilities recognized at the net amount of pension fund assets less the present value of defined benefit obligations.
2. The preparation of the financial statements in conformity with IFRSs endorsed by the FSC 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.

(III) Translation of foreign currency

Items included in the parent company only financial statements is measured and presented using the currency of the primary economic environment in which the Company operates (the "functional currency"), which is New Taiwan dollars.

1. Foreign currency transactions and balances
   (1) 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.
   (2) 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.
   (3) The balance of non-monetary assets and liabilities in foreign currencies that are not measured at fair value shall be measured at the historical exchange rate at the initial transaction date.
   (4) All foreign exchange gains and losses are recognized in "other gains and losses" in the statement of comprehensive income.
2. Translation of foreign operations
   (1) The operating results and financial position of all the group entities 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 balance sheet date;

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.

(2) When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange differences recognized in other comprehensive income is re-attributed to the foreign operation's non-controlling interests on a pro rata basis. However, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such a transaction shall be accounted for as disposal of all interests in the foreign operation.

(IV) Classification of current and non-current items of assets and liabilities

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

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Assets that are expected to be realized within twelve months from the balance sheet date;

(4) 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.

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

(1) Liabilities that are expected to be settled within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be settled within twelve months from the balance sheet date;

(4) 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.

(V) 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.

(VI) Financial assets at fair value through profit and loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.

2. The Company's financial assets measured at fair value through profit and loss in accordance with trading conventions are accounted for on the trade date.

3. The Company's initial recognition is on a fair value basis, with relevant transaction costs recognized in profit or loss, and subsequently at fair value, and gains or losses thereof are recognized in profit or loss.
4. When the right to receive dividends is established, the future economic benefits related to dividends may flow to the Company, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(VII) Financial assets at amortized cost

1. Those that meet all of the following criteria:
   (1) The financial asset is held under a business model for the purpose of collecting contractual cash flows.
   (2) The contract terms of the financial asset generate cash flow on a specific date, which is entirely to pay for the interest on the principal and the amount of principal outstanding.
2. The Company's financial assets measured at amortized cost in accordance with trading conventions are accounted for on the trade date.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs, and subsequently adopts the effective interest method to recognize said assets in interest revenue and in impairment loss during the outstanding period according to the amortization procedure. During derecognition, the gains or losses thereof are recognized in profit or loss.

(VIII) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. For the Company, the short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

The Company, at each balance sheet date, considers all reasonable and corroborative information (including forward-looking one) based on the accounts receivable that contains significant financial components. For those with no significant increase in credit risk since initial recognition, the loss allowance is measured at 12-month expected credit losses; for those with a significant increase in credit risk since initial recognition, the loss allowance is measured at the lifetime expected credit losses. For accounts receivable that does not contain significant financial components, the loss allowance is measured at the lifetime expected credit losses.

(X) Derecognition of financial assets

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

(XI) Inventories

Inventories are measured at the lower of cost and net realizable value, and cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. When cost and the net realizable value are compared to see which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

(XII) Investments accounted for using equity method - subsidiaries

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or entitled, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. The Company's share of profit or loss on subsidiaries after acquisition is recognized in profit or loss, whereas its share of other comprehensive income on subsidiaries after acquisition is recognized in other comprehensive income. When the share of loss from a subsidiary exceeds the Company's interests in that subsidiary, the Company continues to recognize the loss in proportion to its ownership percentage.
3. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction 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.
4. Unrealized profit (loss) arising from the transactions between the Company and subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted as necessary and are consistent with the ones adopted by the Company.
5. Where a subsidiary issues new shares and the Company fails to subscribe for or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the subsidiary but still maintains significant influence on the subsidiary, the "capital surplus" or "retained earnings (deficit to be compensated)" and "investments accounted for using the equity method" shall be adjusted for the increase or decrease in the net value of the equity.
6. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the parent company only financial statements shall be the same as profit and other comprehensive income attributable to owners of the parent in the consolidated financial statements, and the equity in the parent company only financial statements shall be the same as the equity attributable to owners of the parent in the consolidated financial statements.

(XIII) Property, plant and equipment

1. Property, plant and equipment are accounted for on the basis of acquisition cost.
2. 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 Company 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 recognized in profit or loss during the financial period in which they are incurred.

3. 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. If the components of property, plant and equipment are significant, they shall be separately depreciated.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date of the Company. 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 and structures	5 ~ 52 years
Machinery and equipment	1 ~ 20 years
Mold equipment	1 ~ 2 years
Other equipment	1 ~ 36 years

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

1. 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 Company. 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.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

   The subsequently measures the lease liability at amortized 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.
3. Right-of-use asset is recognized at cost at the commencement date of the lease; the cost includes the original measurement amount of the lease liability.

   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.
4. For lease modifications with the scope of a lease reduced, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and the difference between said carrying amount and the remeasured amount of the lease liability is recognized in profit or loss.

(XV) Intangible assets

Intangible assets refer to computer software recognized at cost and amortized on a straight-line basis over its estimated useful life of 2 to 8 years.

(XVI) 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 recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal or value in use. When the circumstances or reasons for recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

(XVII) Borrowings

Borrowings comprise long-term and short-term borrowings from banks. For the Company, borrowings are subsequently stated at amortized 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.

(XVIII) Accounts and notes payable

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

(XIX) Employee benefits

1. 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.

2. Pension

   (1) 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.

   (2) Defined benefit plans

   A. 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 the 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 obligation under the defined benefit plan is calculated annually by actuaries using the projected unit benefit method. The discount rate is based on the market yields on high quality corporate bonds of which the currency and duration are consistent with those of the defined benefit plan, or the market yields on government bonds (at the balance sheet date) in countries where there is no deep market for such corporate bonds.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are presented in retained earnings.

3. Employees' compensation and directors' remuneration

   Employees' compensation and directors' 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.

(XX) Employee share-based payments

In the share-based payment agreement for equity delivery, the employees' services obtained are measured at fair value of the equity given on the grant day, and it is recognized as a remuneration cost, and the equity is adjusted relatively during the vesting period. The fair value of the equity instruments granted shall reflect the effect of market vesting conditions and non-market vesting conditions. Remuneration cost recognized is subject to adjustment based on the service conditions that are expected to be satisfied and the amount of rewards under non-market vesting conditions. The amount of remuneration cost ultimately recognized is based on the number of equity instruments that are eventually vested at the vesting date.

(XXI) Income Taxes

1. The income tax expense for the period comprises current and deferred income 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 income tax is recognized in other comprehensive income or directly in equity.
2. The Company calculates current income tax at the rates enacted or substantively enacted at the balance sheet date in countries where the Company operates and taxable income are generated. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. A surtax is imposed on the undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, the income tax expense on the undistributed earnings will be recognized based on the earnings actually distributed.
3. Deferred income 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 parent company only balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, 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 income tax is determined using tax rate that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income 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 utilized.

At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. 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 realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset in the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income 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 realize the asset and settle the liability simultaneously.

(XXII) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are listed in equity as a deduction, net tax, from the proceeds.
2. Where the Company repurchases the Company's shares that has been issued, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's shareholders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental costs and the relevant income tax effects, is recognized as adjustment to equity attributable to the Company's shareholders.

(XXIII) Dividend distribution

Dividends distributed to the Company's shareholders by resolution of the shareholders' meeting will be recognized in the financial statements, with cash dividends recorded as liabilities.

(XXIV) Revenue Recognition

Sales revenue is recognized when the control of products is transferred to the customer. When goods are shipped to a designated location, the risk of obsolescence and lost has been transferred to the customer, and the customer is required to accept the goods in accordance with the sales contract, or when there is objective evidence that all acceptance criteria have been met, the goods are delivered. The amount of sales revenue recognized is limited to the part where it is highly likely that there will not be a major reversal in the future. Because the time interval between the transfer of the promised goods or services to the customer and the customer's payment did not exceed one year, the Company did not adjust the transaction price to reflect the time value of money.

Sales revenue is recognized as the net amount of contract prices less estimated sales discounts. The sales discount granted is usually calculated on the basis of accumulated sales volume over twelve months. The Company estimates the sales discount based on historical experience. The amount of sales revenue recognized is limited to the part where it is highly likely that there will not be a major reversal in the future, and the estimate is updated at each balance sheet date.

Accounts receivable is recognized when goods are delivered to customers because at which time the Company's right to the consideration for contracts from customers is unconditional, except for the passage of time.

Although the increase in costs incurred by the Company to obtain customer contracts is expected to be recoverable, the relevant contract periods are shorter than one year, so such costs are recognized in expenses when incurred.

(XXV) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

V. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In the preparation of these parent company only financial statements, the management has exercised its judgement in deciding the Company's accounting policies to be applied. The management makes critical assumptions and estimates concerning future events based on the information on the balance sheet date. 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; The Company has taken the economic impact of the COVID-19 pandemic into consideration for critical accounting estimates, and will continue to assess its influence on the Company's financial position and performance. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Important judgments for accounting policies applied

None.

(II) Important accounting estimates and assumptions

Evaluation of inventories

Since inventory must be calculated at the lower of cost or net realizable value, the Company must exercise judgment and make estimation to determine the net realizable value of inventory at the balance sheet date. Due to the rapid changes in technology, the Company assesses the value of inventory due to normal wear and tear, obsolescence, or market sales value at the balance sheet date, and adopts demand as the basis for estimation, which may cause major changes.

As of December 31, 2022, the carrying amount of the Company's inventories was NT$851,081.

VI. Description of Significant Accounting Titles

(I) Cash and cash equivalents

	2022/12/31	2021/12/31
Cash on hand and working capital	$ 304	$ 327
Checking account deposits and demand deposits	304,229	342,954
Time deposit	214,970	-
	$ 519,503	$ 343,281

1. The Company transacts with a variety of financial institutions all with high credit quality to diversify credit risk, so it expects that the probability of counterparty default is very low.
2. The Company's restricted cash due to the regulations of syndicated loan contracts is recognized in "financial assets at amortized cost - non-current," please refer to Notes 6(3) and 8 for details.

(II) Financial assets at fair value through profit and loss

Items	2022/12/31	2021/12/31
Current items:		
Financial assets mandatorily at fair value through profit and loss		
Listed stocks	$ 142,406	$ 2,944
Unlisted stocks	4,505	4,505
Valuation adjustment	(22,231)	(1,929)
	$ 124,680	$ 5,520

Items	2022/12/31	2021/12/31
Non-current items:		
Financial assets mandatorily at fair value through profit and loss		
Unlisted stocks	$ 79,992	$ 79,992
Valuation adjustment	(79,992)	(79,992)
	$ -	$ -

1. The Company's financial assets measured at fair value through profit and loss were recognized in net (losses) gains on financial assets for 2022 and 2011 were NT$9,871 and (NT$330), respectively.
2. The Company did not pledge financial assets at fair value through profit and loss as collateral.

(III) Financial assets at amortized cost

Items	2022/12/31		2021/12/31	
Non-current: pledged deposit	$	28,000	$	24,000

1. The interest income from the Company's financial assets measured at amortized cost for 2022 and 2021 were NT$36 and NT$6, respectively.
2. As of December 31, 2022 and 2021, regardless of the collateral held and other credit enhancements, the maximum amount of the exposure to the credit risk arising from the Company's financial assets at amortized cost was in the amount of NT$28,000 and NT$24,000, respectively.
3. The situation in which the Company pledges financial assets measured at amortized cost as collateral, please refer to Note 8 for details.
4. The credit quality of the financial institutions that the Company deals with is good, and the probability of their default is expected to be very low. Therefore, the twelve months expected credit loss is adopted to measure the loss allowance. The Company did not provide allowance for losses in 2022 and 2021.

(IV) Accounts receivable

	2022/12/31					
	Total		Loss allowance		Net amount	
Accounts receivable	$	1,079,689	($	198,110)	$	881,579
Accounts receivable - related parties		75,210	(	22)		75,188
	$	1,154,899	($	198,132)	$	956,767

	2021/12/31					
	Total		Loss allowance		Net amount	
Accounts receivable	$	1,372,779	($	206,025)	$	1,166,754
Accounts receivable - related parties		77,107	(	23)		77,084
	$	1,449,886	($	206,048)	$	1,243,838

1. The ageing analysis of accounts receivable is as follows:

	2022/12/31		2021/12/31	
	Accounts receivable		Accounts receivable	
Not past due	$	897,352	$	1,204,756
Less than 60 days		10,614		28,416
61 to 180 days		1,553		14,522
Over 181 days		245,380		202,192
	$	1,154,899	$	1,449,886

The above ageing analysis was based on the number of overdue days.

2. The balances of the Company's accounts receivable are generated from customer contracts. The balance of accounts receivable from customer contracts as of December 31, 2022, December 31, 2021, and January 1, 2021 was NT$1,154,899, NT$1,449,886, and NT$793,444, respectively.
3. The Company did not pledge accounts receivable as collateral.
4. As of December 31, 2022 and 2021, regardless of the collateral held and other credit enhancements, the maximum amount of the exposure to the credit risk arising from the Company's accounts receivable was in the amount of NT$956,767 and NT$1,243,838, respectively.
5. Information on credit risk of accounts receivable is provided in Note 12(2).

(V) Inventories

	2022/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 599,017	($ 104,658)	$ 494,359
Supplies	13,153	-	13,153
Semi-finished goods	75,207	(6,327)	68,880
Finished good	260,963	(26,953)	234,010
Merchandise inventory	42,283	(1,604)	40,679
	$ 990,623	($ 139,542)	$ 851,081

	2021/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 574,399	($ 21,814)	$ 552,585
Supplies	12,436	-	12,436
Semi-finished goods	85,397	(4,911)	80,486
Finished good	269,342	(16,201)	253,141
Merchandise inventory	86,748	(636)	86,112
	$ 1,028,322	($ 43,562)	$ 984,760

The cost of inventories recognized in expenses for the year:

	2022	2021
Cost of inventories sold	$ 2,218,443	$ 2,470,208
Unamortized fixed production overheads	132,895	70,416
Inventory valuation losses	95,980	4,111
Inventory scrap loss	13,167	21,448
Sale of tailings and scraps income	(37,893)	(51,339)
	$ 2,422,592	$ 2,514,844

(VI) Investments accounted for using equity method - subsidiaries

	2022/12/31		2021/12/31	
	Amount recognized	Shareholding ratio (%)	Amount recognized	Shareholding ratio (%)
Subsidiary:				
More Fortune Profits Limited	$ 2,291,505	100.000	$ 2,284,304	100.000
Ecocera Optronics Co., Ltd.	298,980	70.669	184,273	72.036
Advance Venture Corporation	61,143	55.556	86,333	55.556
	$ 2,651,628		$ 2,554,910	

1. Subsidiary
   (1) Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2022 consolidated financial statements.
   (2) Ecocera Optronics Co., Ltd. increased its capital because of the execution of stock options by its employees. Since the Company did not subscribe to its proportionate share in 2021, the percentage of equity held by the Company was adjusted from 73.454% to 72.036%.
   (3) On December 3, 2021, the Company participated in Advance Venture Corporation's capital increase in cash of NT$125,000, which were fully subscribed by the Company. As a result, the Company acquired control of Advance Venture Corporation with ownership of 55.556%.
   (4) In the fourth quarter of 2021, the Company subscribed NT$97,249 in the capital increase in cash of Ecocera Optronics Co., Ltd. However, as of December 31, 2021, since relevant procedures have not been completed, it shall be recognized as prepayments for investments (presented as "other non-current assets"); the date January 10, 2022 was the cash capital increase record date. As the Company did not subscribe in proportion to its shareholding, the percentage of the equity held was adjusted from 72.036% to 70.669%.
2. The Company's subsidiaries accounted for under the equity method are evaluated based on the financial statements audited by CPAs during the same period. The details of the investment gains (losses) recognized are as follows:

	2022	2021
More Fortune Profits Limited	($ 44,084)	$ 315,492
Ecocera Optronics Co., Ltd.	21,250	30,889
Advance Venture Corporation	(25,190)	(4,652)
	($ 48,024)	$ 341,729

3. When there is any indication that an investment using the equity method may be impaired, and that the carrying amount cannot be recovered, the Company shall immediately assess the amount of impairment loss from the investment. The Company's impairment loss of NT$34,015 was recognized as profit or loss in 2021.

(VII) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Others	Total
2022/1/1						
Cost	$ 15,538	$ 444,345	$ 554,573	$ 96,710	$ 279,149	$ 1,390,315
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(192,463)	(295,910)	(48,105)	(76,120)	(612,598)
Accumulated impairment	-	-	(2,324)	-	-	(2,324)
	$ 113,759	$ 251,882	$ 256,339	$ 48,605	$ 203,029	$ 873,614
2022						
Opening balance	$ 113,759	$ 251,882	$ 256,339	$ 48,605	$ 203,029	$ 873,614
Additions	-	-	89,122	1,350	79,857	170,329
Disposals	-	-	(13,150)	-	(522)	(13,672)
Reclassification	-	-	17,645	18,521	(36,166)	-
Depreciation expenses	-	(9,845)	(57,142)	(40,040)	(39,213)	(146,240)
Closing balance	$ 113,759	$ 242,037	$ 292,814	$ 28,436	$ 206,985	$ 884,031
2022/12/31						
Cost	$ 15,538	$ 444,345	$ 564,021	$ 70,859	$ 293,480	$ 1,388,243
Revaluation surplus	98,221	-	-	-		98,221
Accumulated depreciation	-	(202,308)	(268,883)	(42,423)	(86,495)	(600,109)
Accumulated impairment	-	-	(2,324)	-	-	(2,324)
	$ 113,759	$ 242,037	$ 292,814	$ 28,436	$ 206,985	$ 884,031

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Others	Total
2021/1/1						
Cost	$ 15,538	$ 444,255	$ 1,070,173	$ 112,783	$ 341,919	$ 1,984,668
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(182,619)	(787,356)	(54,458)	(140,648)	(1,165,081)
Accumulated impairment	-	-	(3,769)	-	-	(3,769)
	$ 113,759	$ 261,636	$ 279,048	$ 58,325	$ 201,271	$ 914,039
2021						
Opening balance	$ 113,759	$ 261,636	$ 279,048	$ 58,325	$ 201,271	$ 914,039
Additions	-	90	52,769	-	96,067	148,926
Disposals	-	-	(2,532)	(16,075)	-	(18,607)
Reclassification	-	-	-	56,575	(56,575)	-
Depreciation expenses	-	(9,844)	(72,946)	(50,220)	(37,734)	(170,744)
Closing balance	$ 113,759	$ 251,882	$ 256,339	$ 48,605	$ 203,029	$ 873,614
2021/12/31						
Cost	$ 15,538	$ 444,345	$ 554,573	$ 96,710	$ 279,149	$ 1,390,315
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(192,463)	(295,910)	(48,105)	(76,120)	(612,598)
Accumulated impairment	-	-	(2,324)	-	-	(2,324)
	$ 113,759	$ 251,882	$ 256,339	$ 48,605	$ 203,029	$ 873,614

1. The Company’s total land revaluation surplus over the years is NT$98,221, and a provision for land value increment tax of NT$41,193 has been made. As of December 31, 2022 and 2021, the amount of the Company’s provision for land value increment tax (recognized in “deferred income tax liabilities”) was both NT$41,193.

2. For information on collateral provided by the Company for property, plant and equipment, please refer to Note 8 for details.

(VIII) Leasing arrangements－lessee

1. The assets leased by the Company include factory buildings and company vehicles. The lease contract terms range from 3 to 10 years. The lease contract are negotiated separately and contain various terms and conditions without other restrictions imposed.
2. The low-value assets leased by the Company are photocopiers and fax machines.
3. The book value of right-of-use assets and the depreciation expenses are as follows:

	2022/12/31	2021/12/31
	Carrying amount	Carrying amount
Buildings and structures	$ 319,909	$ 363,359
Transportation equipment (company vehicles)	774	450
	$ 320,683	$ 363,809

	2022	2021
	Depreciation expenses	Depreciation expenses
Buildings and structures	$ 43,450	$ 45,912
Transportation equipment (company vehicles)	411	416
	$ 43,861	$ 46,328

4. In 2022 and 2021, the Company's additions of the right-of-use assets were NT$735 and NT$367,460, respectively.
5. The information on profit and loss accounts relating to lease contracts is as follows:

	2022	2021
Items affecting profit or loss		
Interest expense of lease liabilities	$ 12,503	$ 6,590
Expense on short-term lease contracts	36	281
Expense on leases of low-value assets	259	233
Gains arising from lease changes	-	1,257

6. In 2022 and 2021, the Company's total lease cash outflow was NT$49,763 and NT$41,997, respectively.

(IX) Short-term borrowings

Type of borrowings	2022/12/31	2021/12/31
Borrowings from banks		
Credit loan	$ 260,000	$ 130,000
Interest rate range	1.7%~1.98%	1.30%~1.50%

(X) Other payables

	2022/12/31	2021/12/31
Salary and bonus payable	$ 55,508	$ 126,111
Employees' compensation and directors' remuneration payable	30,844	47,442
Payable on labor and health insurance premiums	8,536	8,784
Payable on equipment	6,678	61,851
Pension payable	5,519	5,821
Others	42,962	46,198
	$ 150,047	$ 296,207

(XI) Long-term borrowings

Lender	Type of borrowings	Borrowing period	2022/12/31
Syndicated loan led by First Commercial Bank	Secured loan	2021.11.19~2024.11.19	$ 1,200,000
Less: Current portion of long-term borrowings			(240,000)
			$ 960,000
Borrowing facility			$ 1,200,000
Interest rate range			2.317%

Lender	Type of borrowings	Borrowing period	2021/12/31
Syndicated loan led by First Commercial Bank	Secured loan	2021.11.19~2024.11.19	$ 1,200,000
Less: Current portion of long-term borrowings			-
			$ 1,200,000
Borrowing facility			$ 1,200,000
Interest rate range			1.7895%

1. Please refer to Note 8 for details of collateral for long-term borrowings above.

2. Syndicated loan led by First Commercial Bank:

   (1) In order to replenish the medium-term working capital and obtain the funds needed to repay the borrowings due, the Company, as the borrower, signed a syndicated loan contract with the First Commercial Bank in a total amount of NT$1,200,000 in August 2021. The contract period is 3 years from the first drawdown date (November 19, 2021), and the first installment of the principal shall be repaid within 2 years after the drawdown date. The Company shall make an installment payment every six months thereafter, and there are three installments in total without revolving credit. The amount of revolving credit shall first settle the 2018 outstanding loan balance mentioned in the preceding paragraph.

   (2) The Company promises to maintain the following financial ratios in the second quarter and annual consolidated financial statements during the duration of the contract period:

      A. The current ratio shall not be less than 100%.

      B. The debt ratio shall not be higher than 150%.

      C. The interest coverage ratio must not be less than 500%.

      D. The net worth of tangible assets (total shareholder equity less intangible assets) shall be maintained at NT$2,500,000 (inclusive) or more, and starting from 2023, it shall be maintained at NT$3,000,000 (inclusive) or more.

      The financial ratios above are reviewed once every six months as agreed in the contract.

(XII) Pension

1. (1) The Company and its domestic subsidiaries 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 Act. Employees who are qualified for retirement, under the defined benefit pension plan, 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. 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. The Company contributes 2% of the total salaries every month as a pension fund and deposit it at the Bank of Taiwan. Also, the Company and its domestic subsidiaries 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 its domestic subsidiaries will make contributions for the deficit by March 31 of the following year.

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

	2022/12/31	2021/12/31
Present value of defined benefit obligations	$ 85,435	$ 87,250
Fair value of plan assets	(36,578)	(34,060)
Net defined benefit liabilities (recognized as “Other non-current liabilities”)	$ 48,857	$ 53,190

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

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1	$ 87,250	($ 34,060)	$ 53,190
Current service cost	-	-	-
Interest expense (income)	602	(235)	367
	87,852	(34,295)	53,557
Remeasurements:			
Return on plan assets (excluding the amount included in interest income or expenses)			
Effect of change in demographic assumptions	429	-	429
Effect of change in financial assumptions	880	-	880
Experience adjustments	(2,271)	(2,538)	(4,809)
	(962)	(2,538)	(3,500)
Pension fund contribution	-	(1,200)	(1,200)
Benefits paid	(1,455)	1,455	-
Balance at December 31	$ 85,435	($ 36,578)	$ 48,857

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1	$ 97,137	($ 35,602)	$ 61,535
Current service cost	178	-	178
Interest expense (income)	281	(103)	178
	97,596	(35,705)	61,891
Remeasurements:			
Return on plan assets (excluding the amount included in interest income or expenses)			
Effect of change in demographic assumptions	694	-	694
Effect of change in financial assumptions	(2,935)	-	(2,935)
Experience adjustments	1,091	(543)	548
	(1,150)	(543)	(1,693)
Pension fund contribution	-	(7,008)	(7,008)
Benefits paid	(9,196)	9,196	-
Balance at December 31	$ 87,250	($ 34,060)	$ 53,190

The details of expenses above recognized in various costs and expenses in the statement of comprehensive income are as follows:

	2022	2021
Administrative expenses	$ 367	$ 356

(4) The Bank of Taiwan was commissioned to manage the fund of the Company's and domestic subsidiaries' 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.). The utilization of the fund is supervised by the Labor Pension Fund 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 is less than aforementioned rates, government shall compensate the deficit after being authorized by the competent authorities. The Company and its domestic subsidiaries have no

right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142, IAS 19. The composition of fair value of plan assets as of December 31, 2022 and 2021 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The actuarial assumptions related to pension were as follows:

	2022	2021
Discount rate	1.23%	0.69%
Future salary increases rate	1.20%	0.50%

The assumptions for the future mortality rate are based on the Taiwan Life Insurance Life Table No. 5.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increases rate	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
2022/12/31				
Effect on present value of defined benefit obligation	($ 2,798)	$ 3,371	$ 3,347	($ 2,812)

	Discount rate		Future salary increases rate	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
2021/12/31				
Effect on present value of defined benefit obligation	($ 3,401)	$ 3,767	$ 3,755	($ 2,764)

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 analyzing 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.

(6) The Company's expected contributions to the defined benefit pension plans for 2023 amount to NT$1,200.

(7) As of December 31, 2022, the weighted average duration of the pension plan is 7 years. An analysis of the maturity of pension payments is as follows:

Less than 2 years	$	68,007
3–5 years		13,347
6–10 years		7,322
Over 10 years		304
	$	88,980

2. Effective on July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, covering all regular employees with R.O.C. Nationality. Under the Labor Pension Act, 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. The Company's pension costs under the defined contribution pension plan for 2022 and 2021 were NT$22,806 and NT$22,236, respectively.

3. The Company has made additional contributions to the pension reserve for some employees who concurrently serve as directors, supervisors, and managers in accordance with the relevant provisions of the Labor Standards Act during the concurrent employment period. As of December 31, 2022 and 2021, the accrued pension liabilities recognized were NT$36,037 and NT$37,237, respectively.

(XIII) Share-based payment

2021

1. The Company's share-based payment arrangement is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Cash capital increase reserved for employee subscription	2021.07.21	2,000,000 shares	2021.08.10-2021.08.16	Vested immediately

The above-mentioned share-based payment arrangement was settled in equity.

2. The details of the share-based payment arrangement above are as follows:

	2021		
	Quantity (number of shares)		Strike price (NTD)
Outstanding stock options, beginning of period	-		-
Stock options granted for the current period	2,000,000	$	43
Stock options executed for the current period	(2,000,000)	$	43
Outstanding stock options, end of period	-		-
Stock options executed, end of period	-		-

3. The Company uses the Black-Scholes options model to estimate the fair value of the stock options for its share-based payment transactions on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Stock price (NTD)	Strike price (NTD)	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit (NTD)
Cash capital increase reserved for employee subscription	2021.07.21	$ 58.56	$43.00	70.21%	0.02	-	0.1192%	$ 15.56

4. The cost incurred in the share-based payment transaction and equity delivery in 2021 was NT$31,120.

(XIV) Share capital

1. As of December 31, 2022, the Company's registered capital was NT$3,000,000,000 (including 50,000,000 shares of convertible corporate bonds and 5,000,000 shares of employee stock options), and the paid-in capital was NT$2,219,586,000, with a par value of NT$10 per share.

   The Company issued 20,000,000 new shares for capital increase in cash on the record date August 19, 2021. The subscription price was NT$43 per share, with paid-in capital of NT$860,000,000, and the change of registration has already been completed.

   The number of Company's outstanding ordinary shares (thousand shares) at the beginning and end of period is reconciled as follows:

	2022	2021
January 1	221,959	201,959
Cash capital increase (including employee subscription)	-	20,000
Repurchased treasury shares	(2,697)	-
December 31	219,262	221,959

2. Treasury shares

   (1) Reasons for shares repurchase and changes in the number (thousand shares): (2021: None)

Reason for repurchase		2022 January 1	Increase in the current period	Decrease in the current period	December 31
Shares transferable to employees	Shares	-	2,697	-	2,697
	Carrying amount	$ -	$ 60,702	$ -	$ 60,702

   (2) The Company has repurchased its outstanding shares and transferred them to its employees as resolved by the board of directors. According to the Securities and Exchange Act, the Company's proportion of the number of outstanding shares repurchased shall not exceed 10% of the its total issued shares, and that the total amount of shares repurchased shall not exceed the amount retained earnings plus the share premium and the realized capital surplus.

(3) Treasury shares held by the Company shall not be pledged in accordance with the provisions of the Securities and Exchange Act, and shall be entitled to shareholder rights before being transferred.

(4) In accordance with the provisions of the Securities and Exchange Act, the shares repurchased for shares transferable to employees shall be transferred within five years from the date of the repurchase. If the transfer is not made within the time limit, the Company shall be deemed to have not issued the shares, and the shares shall be cancelled through change registration. For the shares repurchased to maintain the Company's credit and shareholders' rights, the change registration and share cancellation shall be conducted within six months after the repurchase.

(5) Part of the treasury shares was redeemed at the end of the period. As of December 31, 2022, there was still an unpaid amount for redemption in the amount of NT$11,041,000, recognized as other payables.

(XV) Capital surplus

1. Pursuant to the 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 Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above may not exceed 10% of the paid-in capital each year. However, capital surplus shall not be used to compensate accumulated deficit unless the legal reserve is insufficient.

2. Changes in capital surplus are as follows:

2022	Opening balance	Cash dividend distributed from capital surplus	Closing balance
Share premium	$ 1,825,543	($ 33,294)	$ 1,792,249
Treasury stock transaction	22,175	-	22,175
	$ 1,847,718	($ 33,294)	$ 1,814,424

2021	Opening balance	Cost of share-based payment	Cash capital increase (including employee subscription)	Closing balance
Share premium	$ 1,134,423	$ -	$ 691,120	$ 1,825,543
Treasury stock transaction	22,175	-	-	22,175
Employee stock option	-	31,120	(31,120)	-
	$ 1,156,598	$ 31,120	$ 660,000	$ 1,847,718

(XVI) Retained earnings (Deficit to be compensated)

1. According to the Company's Articles of Incorporation, if there are earnings in the annual final accounts, the Company shall pay income taxes first and compensate the accumulated deficits; appropriate 10% of the balance for legal reserve. For the remaining amount, a special reserve shall be set aside or reversed according to the laws or regulations of the competent authorities. Subsequently, if there is still a remaining amount, together with the undistributed earnings at the beginning of the same period, as accumulated distributable earnings to shareholders, the board of directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting for resolution before distribution.

   The Company is in the technology industry and the industrial environment change is rapid. With the consideration of the future capital demand and sound financial planning for the sustainable development of the Company, it is preferable to adopt a stable dividend policy. The dividend rate is expected to be above 20%, and cash dividend accounts for more than 20% of the total shareholders' bonus. Nevertheless, when the price per share for the cash dividend is lower than NT$0.1 (inclusive), no cash dividends are to be issued, but stock dividends are issued instead.

2. 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.

3. (1) 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.

   (2) Upon first-time adoption of IFRSs, the special reserve was set aside per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of, or reclassifies relevant assets, the original proportion of the special reserve shall be reversed.

4. On March 2, 2023, the Board of Directors made the following proposal for the distribution of surplus in 2022:

	2022	
	Amount	Dividends per share (NT$)
Legal reserve	$ 10,329	
Special reserve	7,388	
Cash dividend	87,183	$ 0.40
	$ 104,900	

5. The 2021 earnings distribution proposal resolved by the Company's shareholders' meeting on June 1, 2022, the Board of Directors made the following is as follows:

	2021			
		Amount		Dividends per share (NT$)
Legal reserve	$	22,267		
Special reserve		115,330		
Cash dividend		77,686	$	0.35
	$	215,283		

On June 1, 2022, the shareholders' meeting resolved a decision to pay out cash from a capital surplus of NT$33,294 from the excess of shares issued in excess of the par value at NT$0.15 per share based on the number of shares held by the shareholders recorded in the shareholder register on the distribution record date.

6. The Company's losses for 2020 were still to be compensated. Therefore, the shareholders' meeting resolved no distribution of dividends on August 6, 2021.
7. For the above-mentioned information regarding the proposal approved by the board of directors and the resolution of the shareholders' meeting for the distribution of earnings, please visit the Market Observatory Post System (MOPS) for details.

(XVII) Operating revenue

1. The Company's revenue is all from customer contracts, which are for goods transferred at a certain point in time. Please refer to the Operating Revenue Statement for the breakdown of its revenue.
2. The contract liabilities related to revenue from customer contracts recognized by the Company are as follows:

		2022/12/31		2021/12/31		2021/1/1
Contract liabilities						
- Advance sales receipts	$	13,029	$	28,804	$	31,884

3. The opening balance of contract liabilities is recognized in income in the current period

		2022		2021
The opening balance of contract liabilities was recognized as income in the current period	$	28,804	$	22,347

(XVIII) Other revenue

		2022		2021
Dividend revenue	$	180	$	180
Other revenue		6,735		6,981
	$	6,915	$	7,161

(XIX) Other gains and losses

	2022	2021
Net foreign currency exchange gains	$ 110,803	$ 4,663
Gains from disposal of investments	30,173	-
Net losses on financial assets at fair value through profit and loss	(20,302)	(330)
Gains on disposal of property, plant and equipment	6,945	4,815
Impairment loss – investment using the equity method	-	(34,015)
Gains arising from lease changes	-	1,257
Other expenditures	(423)	(5,223)
	$ 127,196	($ 28,833)

(XX) Finance costs

	2022	2021
Interest expenses:		
Borrowings from banks	$ 26,831	$ 20,451
Lease liabilities	12,503	6,590
	$ 39,334	$ 27,041

(XXI) Expenses by nature

By function / By nature	2022 Operating cost	2022 Operating expense	2022 Total	2021 Operating cost	2021 Operating expense	2021 Total
Employee benefit expenses						
Wages and salaries	$ 394,670	$ 110,840	$ 505,510	$ 445,055	$ 192,891	$ 637,946
Labor and health insurance expenses	44,806	9,197	54,003	41,766	9,284	51,050
Pension expenses	18,032	5,141	23,173	17,691	4,901	22,592
Remuneration to Directors	-	5,294	5,294	-	10,770	10,770
Other personnel expenses	23,744	3,561	27,305	21,839	3,431	25,270
Depreciation expenses	173,677	16,424	190,101	198,441	18,631	217,072
Amortization expenses	2,137	1,257	3,394	1,142	1,856	2,998

Note: (1) The average number of employees per month for 2022 and 2021 were 842 and 816, respectively; among them, the number of directors who were not serving as employees concurrently was both five, respectively.

(2) Information on average employee benefit expenses and salaries and wages:

	2022	2021
Average employee benefit expenses	$ 729	$ 909
Average salaries and wages	$ 604	$ 787

A. The average employee benefits expense is calculated as: “Total employee benefit expenses - Total remuneration of directors” / “Number of employees for this year - Number of directors who did not serve as employees concurrently”.

B. The average employee salaries and wages are calculated as: Total employee salary expenses / “Number of employees for this year - Number of directors who did not serve as employees concurrently”.

(3) The average salaries and wages of employees for 2022 decreased by 23% compared with the adjustment in 2021.

(4) The Company has set up an audit committee rather than engaging supervisors. Therefore, the remuneration of supervisors for 2022 and 2021 was both NT$0.

(5) The Company’s salary and remuneration policy: When the directors of the Company perform their duties, regardless of its operating profit or loss, the Company has to pay remuneration to directors. The board of directors is authorized to determine the remuneration does not exceed the amount of the highest job level as in the Company’s management regulations based on their degree of participation in the Company’s operations and the value of their contribution, while with reference to the usual standards of the industry. In addition, the appointment, dismissal, and remuneration of the President and Vice Presidents of the Company shall be handled in accordance with the provisions of the Company Act. If the Company has a surplus, it shall be allocated for employee remuneration in accordance with Article 17 of the Company’s Articles of Incorporation.

1. According to the Company’s Articles of Incorporation, the Company shall deduct the distribution of the remuneration of employees and the remuneration of directors from the income before tax of the current fiscal year first, followed by compensating the accumulated loss amount. Where there is any remaining amount after such deduction, no less than 10% of such amount shall be appropriated as the remuneration of employees and no more than 3% of such amount shall be appropriated as the remuneration of Directors. Where the distribution of the employee remuneration is executed in stock or cash, it shall be passed with the consents of a majority of the attending Directors through a resolution at the Board of Directors’ Meeting attended by more than two thirds of the directors. In addition, report to the shareholders’ meeting shall also be made. Where the distribution of the employee remuneration is executed in stock, the employees of the Company’s subsidiaries who meet certain specific requirements may be included.

2. The estimated employees’ compensation and directors’ remuneration amounted to NT$15,147 and NT$4,544, respectively in 2022, with employees’ compensation recorded as wages and salaries, which were recognized according to company profitability within the range stipulated in the Company’s Articles of Incorporation.

   The amounts of 2021 employee remuneration and director remuneration approved by resolution of the Board of Directors were NT$33,233 and NT$9,470. The amounts are consistent with those recognized in the 2021 financial report. They were all paid out in cash. As of December 31, 2022, they have not yet been fully paid out.

3. The relevant information on employee remuneration and remuneration of directors approved by the board of directors of the Company is available on MOPS.

(XXII) Income taxes

1. Income tax expense

(1) Income tax expense components:

	2022	2021
Current income tax:		
Current income tax payable on income	$ 7,502	$ -
Total of current income tax	7,502	-
Deferred income tax:		
Initial recognition and reversal of temporary differences	20,991	$ 67,399
Income tax expense	$ 28,493	$ 67,399

(2) Income tax relating to components of other comprehensive income is as follows:

	2022	2021
Differences on translation of foreign operations	($ 9,560)	$ 10,183
Remeasurement of defined benefit obligations	(700)	(339)
	($ 10,260)	$ 9,844

2. Reconciliation between income tax expense and accounting profit

	2022	2021
Income tax calculated based on profit before tax and statutory tax rate	$ 26,356	$ 88,633
Effect of income tax adjusted according to tax law	1,543	7,437
Changes in the assessment of realizability of deferred income tax	594	(28,671)
Income tax expense	$ 28,493	$ 67,399

3. Amounts of deferred income tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net profit	December 31
Temporary differences:				
Deferred income tax assets:				
Remeasurement of pension	$ 10,029	$ -	($ 700)	$ 9,329
Differences on translation of foreign operations	27,672	-	(9,560)	18,112
Inventory valuation losses	8,712	19,196	-	27,908
Unrealized exchange loss	158	(158)	-	-
Others	14,724	(2,524)	-	12,200
Tax losses	45,933	(45,933)	-	-
	107,228	(29,419)	(10,260)	67,549
Deferred income tax liabilities:				
Gains on investment in foreign long-term equity	(266,893)	8,817	-	(258,076)
Provision for land value increment tax	(41,193)	-	-	(41,193)
Unrealized exchange gains	-	(389)	-	(389)
	(308,086)	8,428	-	(299,658)
	($ 200,858)	($ 20,991)	($ 10,260)	($ 232,109)

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net profit	December 31
Temporary differences:				
Deferred income tax assets:				
Remeasurement of pension	$ 10,368	$ -	($ 339)	$ 10,029
Differences on translation of foreign operations	17,489	-	10,183	27,672
Inventory valuation losses	7,890	822	-	8,712
Unrealized exchange loss	2,038	(1,880)	-	158
Others	18,391	(3,667)	-	14,724
Tax losses	45,509	424	-	45,933
	101,685	(4,301)	9,844	107,228
Deferred income tax liabilities:				
Gains on investment in foreign long-term equity	(203,794)	(63,099)	-	(266,893)
Provision for land value increment tax	(41,193)	-	-	(41,193)
	(244,987)	(63,099)	-	(308,086)
	($ 143,302)	($ 67,400)	$ 9,844	($ 200,858)

4. Maturity of unused tax loss carryforwards and amounts of unrecognized deferred income tax assets are as follows:

2021/12/31				
Year incurred	Approved/ Declared amount	Unused amount	Unrecognized deferred income tax assets	Maturity year
2017	$ 206,267	$ 104,811	$ -	2027
2018	49,436	49,436	-	2028
2019	27,075	27,075	-	2029
2020	48,343	48,343	-	2030
	$ 331,121	$ 229,665	$ -	

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

(XXIII) Earnings per share (EPS)

	2022		
	After-tax amount	Weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net profit attributable to ordinary shareholders for current period	$ 103,288	221,891	$ 0.47
Diluted earnings per share			
Net profit attributable to ordinary shareholders for current period	$ 103,288	221,891	
Effect of dilutive potential ordinary shares			
Employees' compensation	-	835	
Net profit attributable to ordinary shareholders for current period Plus the effect of potential ordinary shares	$ 103,288	222,726	$ 0.46

	2021		
	After-tax amount	Weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net profit attributable to ordinary shareholders for current period	$ 375,767	209,356	$ 1.79
Diluted earnings per share			
Net profit attributable to ordinary shareholders for current period	$375,767	209,356	
Effect of dilutive potential ordinary shares			
Employees' compensation	-	645	
Net profit attributable to ordinary shareholders for current period Plus the effect of potential ordinary shares	$ 375,767	210,001	$ 1.79

(XXIV) Additional information on cash flow

1. Operating activities only with partial cash payments:

	2022	2021
Interest expenses	$ 39,334	$ 27,041
Add: Interest payable, beginning of period	672	860
Less: Interest payable, end of period	(1,079)	(672)
Cash paid during the current period	$ 38,927	$ 27,229

2. Investing activities only with partial cash payments:

Cash paid for purchase of property, plant and equipment

	2022	2021
Purchase of property, plant and equipment	$ 170,329	$ 148,926
Add: Opening balance of payable on equipment	62,117	33,983
Add: Ending balance of prepayments for equipment (Note)	88,918	101,642
Less: Opening balance of prepayments for equipment (Note)	(101,642)	(18,340)
Less: Ending balance of payable on equipment	(6,678)	(62,117)
Cash paid during the current period	$ 213,044	$ 204,094

(Note: Recognized as "other non-current assets")

3. Net cash payment for repurchase of treasury shares

	2022	2021
Monetary amount of repurchased treasury shares	$ 60,702	$ -
Less: Capital not yet paid (Note)	(11,041)	-
Net cash payment for repurchase of treasury shares	$ 49,661	$ -

(Note: Recognized in "other payables")

(XXV) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
2022/1/1	$ 130,000	$ 1,200,000	$ 375,332	$ 1,705,332
Changes in cash flow from financing activities	130,000	-	(36,965)	93,035
Non-cash changes				
- Lease changes	-	-	735	735
2022/12/31	$ 260,000	$ 1,200,000	$ 339,102	$ 1,799,102

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
2021/1/1	$ -	$ 1,441,996	$ 71,492	$ 1,513,488
Changes in cash flow from financing activities	130,000	(241,996)	(34,893)	(146,889)
Non-cash changes				
- Lease changes	-	-	338,733	338,733
2021/12/31	$ 130,000	$ 1,200,000	$ 375,332	$ 1,705,332

VII. Related Party Transactions

(I) Names of related parties and relationship

Names of related parties	Relationship with the Company
More Fortune Profits Limited	Subsidiary of the Company
Ecocera Optronics Co., Ltd.	Subsidiary of the Company
Advance Venture Corporation	Subsidiary of the Company (Note 1)
I-Chiun (Cayman) Precision Industry Co., Limited	Sub-subsidiary of the Company
I-Chiun Technology Co., Lid	Sub-subsidiary of the Company
I-Chiun Precision Electric Industry (China) Co., Ltd.	Third-tier subsidiary of the Company
I-Chiun Precision Electric (Nanjing) Co., Ltd.	Third-tier subsidiary of the Company
I-Chiun Technology (China) Co., Ltd.	Third-tier subsidiary of the Company
Jiangmen Guoquan Semiconductor Technology Co., Ltd.	Fourth-tier subsidiary of the Company (Note 2)
I-Zou Hi-Tech (SZN) Co., Ltd.	Fourth-tier subsidiary of the Company
Mylight Technology Co., Ltd.	The person in charge is a relative within second degree of kinship of a director of the Company

F-mylight Technology Co., Ltd.	The person in charge is a relative within second degree of kinship of a director of the Company
Zhuo Chuan Enterprise Co., Ltd.	The person in charge is a relative within second degree of kinship of a director of the Company
LEATEC Fine Ceramics Co., Ltd.	The Company is the juridical person director of a subsidiary

Note 1: On December 3, 2021, the Company participated in Advance Venture Corporation's capital increase in cash, and Advance Venture Corporation became a related party starting from December 3, 2021 given that the Company acquired control of Advance Venture Corporation with ownership of 55.556%.

Note 2: The Company's third-tier subsidiary, I-Chiun Technology (China) Co., Ltd., was merged to the Company's fourth-tier subsidiary, Jiangmen Guoquan Semiconductor Technology Co., Ltd. from January 1, 2022, to integrate resources and cut operating costs. The integration was completed, and other external processes were completed on November 22, 2022. After the merger, I-Chiun Technology Co., Ltd. and I-Chiun Precision Electric Industry (China) Co., Ltd. held 65.23% and 34.77% of the shares in said subsidiary, respectively.

(II) Significant related-party transactions are as follows

1. Operating revenue

	2022	2021
Sales of finished goods:		
- I-Chiun Technology (China) Co., Ltd.	$ 30,231	$ 35,005
- I-Chiun Precision Electric Industry (China) Co., Ltd.	-	1,327
- Subsidiary	377	451
	30,608	36,783

	2022	2021
Sales of modules:		
- I-Chiun Technology (China) Co., Ltd.	34,814	14,667
- Jiangmen Guoquan Semiconductor Technology Co., Ltd.	-	51,266
	34,814	65,933
	$ 65,422	$ 102,716

There is no significant difference in the transaction price of the Company's sales between related parties and non-related parties. The payment terms vary from O/A with net 90 days to 150 days every month depending on transaction counterparties.

2. Purchases

	2022	2021
Purchases of goods:		
- I-Chiun Technology (China) Co., Ltd.	$ 355,386	$ 522,799
- I-Chiun Precision Electric Industry (China) Co., Ltd.	-	2,258
- Subsidiary	108	109
- Other related parties	5,224	5,388
	$ 360,718	$ 530,554

The transaction price and payment terms in the Company's purchase of goods from related parties are not significantly different from those of general suppliers.

3. Receivables from related parties

	2022/12/31	2021/12/31
Accounts receivable:		
- I-Chiun Technology (China) Co., Ltd.	$ 75,210	$ 23,104
- Jiangmen Guoquan Semiconductor Technology Co., Ltd.	-	53,972
- Subsidiary	-	31
Loss allowance	(22)	(23)
	$ 75,188	$ 77,084

	2022/12/31	2021/12/31
Other receivables:		
Sales of property, plant and equipment		
- I-Chiun Technology (China) Co., Ltd.	$ 2,047	$ -
- Jiangmen Guoquan Semiconductor Technology Co., Ltd.	-	38,740
Others		
- Subsidiary	21	21
	$ 2,068	$ 38,761

Receivables from related parties mainly come from sales transactions. The terms of sales transaction vary from O/A with net 90 days to 120 days depending on transaction counterparties. The receivables are unsecured in nature and bear no interest. As of December 31, 2022 and 2021, the allowance for losses was NT$22 and NT$23, respectively.

4. Payables to related parties

	2022/12/31	2021/12/31
Accounts payable:		
- I-Chiun Technology (China) Co., Ltd.	$ 21,152	$ 53,198
- Subsidiary	-	33
- Other related parties	2,172	1,875
	$ 23,324	$ 55,106

Amounts payable to related parties mainly come from purchase transactions and acquisition of property, plant and equipment, and payment is made within 30–90 days after acceptance. The payable does not bear interest.

5. Asset transactions

Proceeds from sales of assets and gains on disposal:

	2022		2021	
	Proceeds from sales	Gains (losses) on disposal	Proceeds from sales	Gains (losses) on disposal
Sales of property, plant and equipment:				
- Jiangmen Guoquan Semiconductor Technology Co., Ltd.	$ -	$ -	$ 331	$ 280
- I-Chiun Technology (China) Co., Ltd.	-	-	672	(3,091)
	$ -	$ -	$ 1,003	($ 2,811)

6. Financial assets acquired

	Account	Number of shares traded (thousand shares)	Asset traded	2022 Payment for acquisition
Subsidiary				
- Ecocera Optronics Co., Ltd.	Investments accounted for under equity method (Note)	3,242	Ordinary shares (subscribed for in cash capital increase)	$ 97,249

	Account	Number of shares traded (thousand shares)	Asset traded	2021 Payment for acquisition
Subsidiary				
- Ecocera Optronics Co., Ltd.	Prepayments for investments (Note) (recognized in "other non-current assets")	3,242	Ordinary shares (subscribed for in cash capital increase)	$ 97,249
Subsidiary				
- Advance Venture Corporation	Investments accounted for under equity method	12,500	Ordinary shares (subscribed for in cash capital increase)	86,333
				$ 183,582

Note: In the fourth quarter of 2021, the Company subscribed NT$97,249 in the capital increase in cash of Ecocera Optronics Co., Ltd. However, as of December 31, 2021, since relevant procedures have not been completed, it shall be recognized as prepayments for investments (presented as “other non-current assets”). The date January 10, 2022 was the record date for the cash capital increase, and the payment was reclassified from “prepayments for investments” to “investments accounted for under equity method”.

7. Loans to related parties

(1) Closing balance (recognized in “Other receivables - related parties”)

	2022/12/31	2021/12/31
I-Chiun Technology (China) Co., Ltd.	$ 42,495	$ -
Jiangmen Guoquan Semiconductor Technology Co., Ltd.	-	40,136
	$ 42,495	$ 40,136

8. For the endorsements/guarantees provided by the Company to related parties, please refer to Note 9(2) for details.

(III) Information on key management compensation

	2022	2021
Short-term employee benefits	$ 18,408	$ 45,377
Post-employment benefits	330	459
Share-based payment	-	6,344
	$ 18,738	$ 52,180

VIII. Pledged Assets

The Company’s assets pledged as collateral are as follows:

	Book value		
Pledged assets	2022/12/31	2021/12/31	Purpose of collateral
Land	$ 113,759	$ 113,759	Collateral for long-term borrowings (including current portion)
Buildings and structures	238,367	246,905	Collateral for long-term borrowings (including current portion)
Machinery and equipment	97,910	118,134	Collateral for long-term borrowings (including current portion)
Other equipment	47,480	55,916	Collateral for long-term borrowings (including current portion)
Financial assets at amortized cost - non-current	28,000	24,000	Collateral for long-term borrowings (including current portion)
	$ 525,516	$ 558,714	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

1. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows

	2022/12/31	2021/12/31
Property, plant and equipment	$ 12,725	$ 41,961

2. For subsidiaries to obtain borrowing facilities from banks, the amount of the endorsements/guarantees provided by the Company is detailed in the Table 2 of Note 13.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

On March 2, 2023, the Company's 2022 earnings distribution plan was approved by the board of directors. Please refer to Note 6 (16) for details.

XII. Others

(I) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

According to the loan contracts signed by the Company with financial institutions, the consolidated financial statements are required to meet the key performance indicators, please see details in Note 6(11).

(II) Financial instruments

1. Categories of financial instruments

   For the information on the Company's financial assets (financial assets at fair value through profit and loss, cash and cash equivalents, notes and accounts receivable, financial assets at amortized cost, other receivables, and other financial assets) and financial liabilities (short-term borrowings, accounts payable, other payables, lease liabilities, long-term loans (including current portion), and other non-current liabilities), please refer to Note 6 and the balance sheet.

2. Risk management policy

   (1) The Company's activities have exposed it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk.

(2) Risk management is carried out by the Company's finance department in line with the policies approved by the board of directors. The finance department identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and remaining circulating capital investment.

3. Significant financial risks and degrees of financial risks

(1) Market risk

<u>Exchange rate risk</u>

A. The Company operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD and RMB) used by the Company. The exchange rate risk arises from future business transactions and assets and liabilities recognized.

B. The management of the Company has established policies to regulate the exchange rate risk of each company within the Group in relation to its functional currency. The companies shall hedge against the overall exchange rate risk through the Group's finance department. The exchange rate risk is measured by expected transactions with USD and RMB expenditures that are highly likely to occur. The Company achieves natural hedging through the positions of foreign currency assets and liabilities held and the arrangement of the recovery period.

C. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	2022/12/31		
	Foreign currency amount (in thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD:NTD	$ 30,267	30.710	$ 929,500
RMB:NTD	41,836	4.408	184,413
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	$ 1,541	30.710	$ 47,324
RMB:NTD	83	4.408	366
JPY:NTD	13,548	0.232	3,143

	2021/12/31		
	Foreign currency amount (in thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD:NTD	$ 33,080	27.680	$ 915,654
RMB:NTD	40,370	4.344	175,367
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	$ 3,633	27.680	$ 100,561

D. As exchange rate fluctuations have a significant influence on the Company's monetary items. The aggregate amount of all exchange gains (including realized and unrealized) were NT$110,803 and NT$4,663 in 2022 and 2021, respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

	2022		
	Sensitivity analysis		
	Exchange rate band	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD:NTD	1%	$ 9,295	$ -
RMB:NTD	1%	1,844	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	$ 473	$ -
RMB:NTD	1%	4	$ -
JPY:NTD	1%	31	$ -

	2021		
	Sensitivity analysis		
	Exchange rate band	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
USD:NTD	1%	$ 9,157	$ -
RMB:NTD	1%	1,754	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 1,006	$ -

Price risk

A. The Company's equity instruments exposed to price risk are financial assets held at fair value through profit and loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company mainly invests in equity instruments issued by domestic companies. The prices of such equity instruments would change due to the change of the future value of the targets in the investments. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, the net profit after tax for 2022 and 2021 would have increased or decreased by NT$1,247 and NT$55, respectively, due to the gains or losses on equity instruments at fair value through profit and loss.

Cash flow and fair value interest rate risk

A. The Company's interest rate risk mainly comes from short- and long-term borrowings issued at floating interest rates, exposing the Company to the interest rate risk of cash flow. In the 2022 and 2021, the Company's loans taken out at floating interest rates were mainly in New Taiwan dollars.

B. The Company's loans are measured at amortized cost and the annual interest rate will be repriced every year according to the contracts. Therefore, the Company is exposed to the risk of future market interest rate changes.

C. When the NTD borrowing interest rate rose or fell by 1%, with all other factors held constant, the net profit after tax would have decreased or increased by NT$11,680 and NT$10,640 in 2022 and 2021, respectively, as the interest expenses would change with the floating interest rates for the borrowings.

(2) Credit risk

A. The credit risk of the Company is the risk of financial loss suffered by the Company arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle the accounts receivable paid in accordance with the payment terms and the contractual cash flow of financial assets at amortized cost.

B. The Company has established a management mechanism for credit risk. For banks and financial institutions with whom it is dealing, only those with independent credit ratings at the level of at least "A" can be accepted as transaction counterparties. In accordance with the internal credit policy, the Company must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.

C. When a contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed to have been in default by the Company.

D. The Company adopts the following conditions and assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since initial recognition:

(A) When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.

(B) Actual or expected significant changes in the external credit ratings of financial instruments occur.

E. The indicators adopted by the Company to judge whether there are signs of credit impairment for debt instrument investment are as follows:

(A) The issuer has encountered major financial difficulties, or has the increasing possibility of going into bankruptcy or other financial restructuring;

(B) The active market for the financial asset disappears due to the issuer's financial difficulties;

(C) The issuer's delay or non-payment of interest or principal;

(D) Unfavorable changes in national or regional economic conditions related to the issuer's breach of contract.

F. The Company conducts individual assessments on notes and accounts receivable that have been in default, and recognizes allowance for 100% of losses. For the rest, the notes and accounts receivable according to the Company' credit conditions and historical loss rate, and adopts a simplified approach to estimate expected credit losses based on loss rates. The Company includes the forward-looking information of the Taiwan Institute of Economic Research's business observation report and adjusts the loss rates established based on historical and current information for a specific period to estimate the loss allowance for notes and accounts receivable. According to the individual and loss rate methods as of December 31, 2022 and 2021, the estimated loss allowance for notes and accounts receivable is as follows:

	Individuals	Group A	Group B	Group C	Total
2022/12/31					
Expected loss rate	100%	0.10%	0.03%~73.70%	0.03%	
Total book value	$191,813	$ 777,775	$ 110,101	$ 75,210	$ 1,154,899
Loss allowance	$191,813	$ 778	$ 5,519	$ 22	$ 198,132
2021/12/31					
Expected loss rate	100%	0.10%	0.03%-59.50%	0.03%	
Total book value	$200,518	$ 910,636	$ 261,625	$ 77,107	$ 1,449,886
Loss allowance	$200,518	$ 911	$ 4,596	$ 23	$ 206,048

Group A: High-quality customers rated by the Company.

Group B: Other customers.

Group C: Related parties

G. The Company's table of changes in simplified loss allowance for account receivable are as follows:

	2022	2021
January 1	$ 206,048	$ 191,036
Impairment loss reversed	(8,511)	$ -
Impairment loss recognized	-	14,978
Others	595	34
December 31	$ 198,132	$ 206,048

(3) Liquidity risk

A. Cash flow forecasting is performed by the Company's general management office and compiled by the finance department. The finance department monitors forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

B. When the remaining cash held by the Company exceeds the working capital required, the Company's finance department invests the remaining funds in time deposits, money market deposits, and securities. The instruments selected are with an appropriate maturity date or sufficient liquidity to respond to the forecast above and provide adequate liquidity.

C. The Company's non-derivative financial liabilities are analyzed into relevant maturity groupings in the table below; the non-derivative financial liabilities are based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted.

Non-derivative financial liabilities:

	2022/12/31		2021/12/31	
	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year
Short-term borrowings	$ 260,519	$ -	$ 130,404	$ -
Accounts payable	219,482	-	402,995	-
Other payables	150,047	-	296,207	-
Long-term borrowings (including current portion)	267,164	979,941	-	1,255,679
Lease liabilities	48,556	344,561	49,427	392,405
Guarantee deposits received (recognized in other non-current liabilities)	-	104	-	104
Long-term payable on equipment (recognized in other non-current liabilities)	-	-	-	266

(III) Fair value information

1. 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 an 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. The fair value of the listed stocks invested by the Company belongs to this level.

   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 unlisted stocks and the privately offered stocks by listed companies invested by the Company belong to this level.

2. Financial instruments not measured at fair value include cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortized cost, short-term borrowings, notes payable, accounts payable, other payables, and long-term borrowings (including current portion), which carrying amount are based on the reasonable approximation of the fair value.

3. Financial and non-financial instruments at fair value, the Company are classified according to the nature, characteristics, and risks of assets and the basis of fair value levels. The relevant information is as follows:

   (1) The Company has classified assets according to their nature, and the relevant information is as follows:

2022/12/31	Level 1	Level 3	Total
Asset			
Fair value on a recurring basis			
Financial assets at fair value through profit and loss			
Equity securities	$ 124,680	$ -	$ 124,680

2021/12/31	Level 1	Level 3	Total
Asset			
Fair value on a recurring basis			
Financial assets at fair value through profit and loss			
Equity securities	$ 5,520	$ -	$ 5,520

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

      A. The closing price of the listed stocks is used by the Company as the fair value input (i.e., Level 1).

      B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or by referring to the quoted prices offered by counterparties.

4. The Company did not have any transfers between the Level 1 and Level 2 fair value in 2022 and 2021.

5. There was no transfer into or out of Level 3 fair value in 2022 and 2021:

6. The Company conducts independent fair value verification for financial instruments with their fair value classified as Level 3, through which data from independent sources is used to make the evaluation results close to the market level, to as to confirm that the data sources are independent, reliable, consistent with other resources, and representative of executable prices. The Company also regularly calibrates the valuation model, conducts back-testing, updates inputs, data, and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

7. The quantitative information about the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement items and the sensitivity analysis of the significant unobservable input changes are described below:

	2022/12/31 Fair value	Valuation technique	Significant unobservable input	Relationship between input and fair value
Non-derivative equity instruments:				
Privately offered stocks (publicly listed companies)	$ -	Market method	Discount for lack of market liquidity	The higher the discount for market liquidity, the lower the fair value

	2021/12/31 Fair value	Valuation technique	Significant unobservable input	Relationship between input and fair value
Non-derivative equity instruments:				
Privately offered stocks (publicly listed companies)	$ -	Market method	Discount for lack of market liquidity	The higher the discount for market liquidity, the lower the fair value

8. The valuation model and valuation parameters are selected by the Company after prudent evaluation, but the use of different valuation models or valuation parameters may result in different valuation results. For financial assets classified as Level 3 fair value, in the case of a change in valuation parameters, the effect on the current profit and loss will be as follows:

			2022/12/31	
			Recognized in profit or loss	
	input	Change	Favorable change	Unfavorable change
Financial asset				
Equity instrument	Discount for lack of market liquidity	±1%	$ -	$ -

			2021/12/31	
			Recognized in profit or loss	
	input	Change	Favorable change	Unfavorable change
Financial asset				
Equity instrument	Discount for lack of market liquidity	±1%	$ -	$ -

XIII. Supplementary Disclosures

(I) Information on significant transactions

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Marketable securities held at the end of period (not including subsidiaries, associates, and joint ventures): Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate reaching at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate reaching at least NT$300 million or 20% of the paid-in capital: None.
7. Purchases or sales of goods from or to related parties reaching at least NT$100 million or 20% of the paid-in capital: Please refer to Table 4.
8. Receivables from related parties reaching at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.
9. Trading in derivative instruments: None.
10. Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts: Please refer to Table 6.

(II) Information related to reinvested enterprises

Information on investees (name, location, etc.) (not including investees in mainland China): Please refer to Table 7.

(III) Information on Investments in Mainland China

1. Basic information: Please refer to Table 8.
2. Significant transactions with investees in mainland China, either directly or indirectly, through third-region businesses: Please refer to Note 13(1).

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 9.

XIV. Segment Information

Not applicable.

I-CHIUN PRECISION INDUSTRY CO., LTD.
Loans to Others
For the Year Ended December 31, 2022

Table 1

Unit: NTD thousand
(except as otherwise indicated)

No.	Lender	Borrower	General ledger account	Related party status	Maximum amount of the current period	Closing balance (Note 3)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with borrower (Note 2)	Reason for necessity of short-term financing	Allowance for bad debt	Collateral		Limit on loan granted to a single party (Note 1)	Total limit on loans granted (Note 1)	Remarks
													Name	Value			
0	I-Chiun Precision Industry Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Other receivables - related parties	Y	76,642	42,495	42,495	0.00%	Short-term financing	-	Working capital	-	-	-	202,154	1,617,232	-
2	I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Other receivables - related parties	Y	219,391	166,131	166,131	2.00%	Short-term financing	-	Working capital	-	-	-	267,197	534,393	-

Note 1: The Operating Procedures for Loaning of Funds to Others of the Company and I-Chiun Cayman Precision Industry Co. Ltd. stipulate that the total amount of funds loaned to others is limited to 40% of the net worth of the Company as stated in the latest financial statements. Meanwhile, the cumulative amount of loans lent because of business relationship shall not exceed 30% of the net worth of the Company as stated in the latest financial statements, and the amount of a loan lent because of business transactions shall not exceed the amount of the business transactions (Note 2). The cumulative amount of loans lent for short-term financing shall not exceed 10% of the net worth of the Company as stated in the latest financial statements; the amount of loans to individual companies shall not exceed 5% of the net worth of the Company.

I-Chiun Precision Electric Industry (China) Co., Ltd.'s Operating Procedures for Loaning of Funds to Others stipulate that short-term financing and the cumulative amount shall not exceed 20% of the net worth of the company as stated in the latest financial statements; the amount of loans to individual companies shall not exceed 10% of the company's net worth; the total amount of loans to foreign subsidiaries, in which the parent company holds 100% of the voting shares directly or indirectly, shall not exceed 40% of the company's net worth, and the amount of loans to each of said companies shall not exceed 20% of the company's net worth.

I-Zou Hi-Tech (SZN) Co., Ltd.'s Operating Procedures for Loaning of Funds to Others stipulate that the cumulative amount of short-term financing and loans shall not exceed 10% of the net worth of the company as stated in the latest financial statements; the amount of loans to individual companies shall not exceed 8% of the net worth of the company. The amount of a loan lent because of business transactions shall not exceed the amount of the business transactions (Note 2). For loans to foreign subsidiaries whose parent company directly or indirectly holds 100% of their voting shares, the total amount of loans to them shall not exceed 40% of the Company's net worth, and the amount of loans to each of such subsidiaries shall not exceed 20% of the Company's net worth.

I-Chiun Technology (China) Co., Ltd.'s Operating Procedures for Loaning of Funds to Others stipulate that short-term financing and the cumulative amount shall not exceed 20% of the net worth of the company as stated in the latest financial statements; the amount of loans to individual companies shall not exceed 10% of the company's net worth; the total amount of loans to foreign subsidiaries, in which the parent company holds 100% of the voting shares directly or indirectly, shall not exceed 40% of the company's net worth, and the amount of loans to each of said companies shall not exceed 20% of the company's net worth.

The latest recent financial statements refer to the most recent financial statements that have been audited (attested) by certified public accountants (CPAs).

Note 2: The amount of business transactions refers to the amount of purchases, sales, or purchases of fixed assets between both parties; if there are purchases, sales, or purchases of fixed assets at the same time, the higher of the statistical amount of purchases, sales, or purchases of fixed assets in the previous year shall prevail.

Note 3: The closing balance refers to the amount of loans approved by the board of directors.

I-CHIUN PRECISION INDUSTRY CO., LTD.
Provision of Endorsements and Guarantees to Others
For the Year Ended December 31, 2022

Table 2

Unit: NTD thousand
(except as otherwise indicated)

No. (Note 1)	Endorser/guarantor	Party endorsed/guaranteed		Limit on endorsements/ guarantees provided to a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount for the current period (Note 4)	Outstanding endorsement/ guarantee amount at the end of period (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with assets as collateral	Ratio of cumulative endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Upper limit on endorsements/ guarantees provided	Parent company to subsidiary	Subsidiary to parent company (Note 7)	To party in Mainland China (Note 7)	Remarks
		Company name	Relationship (Note 2)											
0	I-Chiun Precision Industry Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	2	808,616	347,992	239,538	80,564	-	6%	2,021,540	Y	N	Y	-
0	I-Chiun Precision Industry Co., Ltd.	Ecocera Optronics Co., Ltd.	2	808,616	272,500	50,000	-	-	1%	2,021,540	Y	N	N	-

Note 1: The information shall be indicated in the No. column as follows:
(1). The Issuer is coded “0”.
(2). The investees are coded sequentially beginning from “1” by each individual company.

Note 2: Relationship between the endorser/guarantor and the party endorsed/guaranteed is classified into the following 7 categories; just enter the code:
(1) A company with which it does business.
(2) A company in which the Company directly or indirectly holds more than 50% of the voting shares.
(3) A company that directly or indirectly holds more than 50% of the voting shares in the Company.
(4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
(5) Between companies in the same industry or joint applicants to undertake projects who are required to provide mutual endorsements/guarantees to the other company in accordance with the contractual terms.
(6) Companies that are endorsed and guaranteed by all shareholders based on their shareholding ratios because of a joint investment relationship.
(7) The joint guarantee for the performance of a pre-sale property sales contract between entities in the same industry in accordance with the Consumer Protection Act.

Note 3: For the Company, I-Chiun Technology (China) Co., Ltd., Jiangmen Guoquan Semiconductor Technology Co., Ltd., the guarantee provided to other companies shall not exceed 50% of the net worth as per the latest financial statement; the guarantee provided to a single enterprise shall not exceed 20% of the net worth as per the most recent financial statements. The latest recent financial statements refer to the most recent financial statements that have been audited (attested) by certified public accountants (CPAs).

Note 4: The highest balance of the endorsements/guarantees provided to others in the current year.

Note 5: The amount approved by the board of directors shall be entered. However, where the board of directors authorizes the Chairman to make a decision in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount to be determined by the Chairman.

Note 6: The actual amount drawn by the company endorsed within the limit of the balance of endorsement/guarantee shall be entered.

Note 7: “Y” shall be entered only for the endorsement/guarantee provided by the publicly listed parent company to subsidiary, by subsidiary to the publicly listed parent company, and to entities in mainland China.

Note 8: The Group’s consolidated subsidiary, I-Chiun Technology (China) Co., Ltd., was merged to another consolidated subsidiary of the Group, Jiangmen Guoquan Semiconductor Technology Co., Ltd. from January 1, 2022, to integrate resources and cut operating costs. The integration was completed, and other merge processes were completed on November 22, 2022. After the merger, I-Chiun Technology Co., Ltd. and I-Chiun Precision Electric Industry (China) Co., Ltd. hold 65.23% and 34.77% of the shares in said subsidiary, respectively.

I-CHIUN PRECISION INDUSTRY CO., LTD.

Marketable Securities Held at the End of Period (Not Including Subsidiaries and Associates)

December 31, 2022

Table 3

Unit: NTD thousand
(except as otherwise indicated)

Securities held by	Type and name of securities		Relationship with the securities issuer	General ledger account	End of period				Remarks
					Number of shares (thousand shares)	Carrying amount	Shareholding ratio	Fair value	
I-Chiun Precision Industry Co., Ltd.	Stock	I-Energy Corporation	-	Financial assets at fair value through profit and loss - current	84	$ -	0.18%	$ -	No pledge provided
I-Chiun Precision Industry Co., Ltd.	Stock	LuxNet	-	Financial assets at fair value through profit and loss - current	1,399	55,680	1.06%	55,680	No pledge provided
I-Chiun Precision Industry Co., Ltd.	Stock	Tatung		Financial assets at fair value through profit and loss - current	2,000	69,000	0.09%	69,000	No pledge provided
I-Zou Hi-Tech (SZN) Co., Ltd.	Stock	Lanke Electronic Co., Ltd.	-	Financial assets at fair value through profit and loss - non-current	1,519	-	1.48%	-	No pledge provided
I-Chiun Precision Industry Co., Ltd.	Stock	Unity Opto Technology co., Ltd.	-	Financial assets at fair value through profit and loss - non-current	3,157	-	0.68%	-	No pledge provided
I-Chiun Precision Industry Co., Ltd.	Preference share	Mylight Technology Co., Ltd.	The person in charge is a relative within second degree of kinship of a director of the Company	Financial assets at fair value through profit and loss - non-current	5,000	-	15.14%	-	No pledge provided

I-CHIUN PRECISION INDUSTRY CO., LTD.
Purchases or Sales of Goods from or to Related Parties Reaching at Least NT$100 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2022

Table 4

Unit: NTD thousand
(except as otherwise indicated)

Purchase (sale) Company	Transaction counterparty	Relationship	Transaction				Situation and reason that transaction conditions are different from general ones		Notes/Accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Proportion to total purchases (sales)	Credit period	Unit price	Credit period	Balance	Proportion to notes/accounts receivable (payable)	
I-Chiun Technology (China) Co., Ltd.	I-Chiun Precision Industry Co., Ltd.	Ultimate parent company	Sales	353,543	24%	O/A with net 30 days	Not applicable	-	22,683	5%	

I-CHIUN PRECISION INDUSTRY CO., LTD.

Receivables from Related Parties Reaching at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2022

Table 5

Unit: NTD thousand
(except as otherwise indicated)

Company under accounts receivable	Transaction counterparty	Relationship	Balance of trade receivable from related parties	Turnover rate	Overdue receivables from related parties		Recovered amount from related party after balance sheet date	Allowance for bad debt
					Amount	Response method		
I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Same ultimate parent company	$ 181,188	-	$ 181,188	Note 1, Note 3	$ 8,816	-
I-Chiun Precision Industry Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Group subsidiary	119,208	-	96,071	Note 2, Note 3	8,810	-

Note 1: I-Chiun Precision Electric Industry (China) Co., Ltd.'s receivables of NT$166,131 from I-Chiun Technology (China) Co., Ltd., which have exceeded the normal credit period by a certain period of time, are proved to be substantive loan after assessment, and have been transferred to other receivables and disclosed in "Table 1—Loans to Others."

Note 2: I-CHIUN PRECISION INDUSTRY CO., LTD.'s receivables of NT$42,495 from I-Chiun Technology (China) Co., Ltd., which have exceeded the normal credit period by a certain period of time, are proved to be substantive loan after assessment, and have been transferred to other receivables and disclosed in "Table 1—Loans to Others."

Note 3: The Group has strengthened the collection of said overdue payments.

I-CHIUN PRECISION INDUSTRY CO., LTD.

Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts

For the Year Ended December 31, 2022

Table 6

Unit: NTD thousand
(except as otherwise indicated)

No. (Note 1)	Company name	Transaction counterparty	Relationship (Note 2)	Transactions			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (%) (Note 3)
0	I-Chiun Precision Industry Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	1	Accounts receivable (including other receivables)	$ 119,208	-	2
1	I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	3	Accounts receivable (including other receivables)	181,188	-	2
2	I-Chiun Technology (China) Co., Ltd.	I-Chiun Precision Industry Co., Ltd.	2	Sales revenue	353,543	O/A with net 30 days	7

Note 1: The information on such transactions between the parent company and its subsidiaries and inter-company ones shall be indicated in the No. column as follows:

(1) Parent company is coded “0”.

(2) The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: There are three types of relationships with the Company. Just enter the code:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding the proportion of transaction amount to consolidated total operating revenues or total assets, it is computed based on the closing balance of transactions to consolidated total assets if it is recognized in the balance sheet account while based on the closing balance of the cumulative transaction amount to consolidated total operating revenues if it is recognized in the profit or loss account.

Note 4: The criteria for said disclosure is a transaction reaching at least NT$100 million or 20% of the paid-in capital. However, the above-mentioned related party transactions have been eliminated when the consolidated statements were prepared.

I-CHIUN PRECISION INDUSTRY CO., LTD.

Information on Investees (Name, Location, etc.) (Not Including Investees in Mainland China)

For the Year Ended December 31, 2022

Table 7

Unit: NTD thousand
(except as otherwise indicated)

Name of Investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held at the end of period			Net profit (loss) on investee of the current period (Note 1)	Investment income (loss) recognized for the current period (Note 2)	Remarks
				End of current period	Balance as the end of last year	Shares	Ratio	Carrying amount			
I-Chiun Precision Industry Co., Ltd.	More Fortune Profits Limited	British Virgin Islands	General investment	$ 1,155,595	$ 1,155,595	36,179,299	100%	$ 2,291,505	($ 44,084)	($ 44,084)	-
I-Chiun Precision Industry Co., Ltd.	Ecocera Optronics Co., Ltd.	Taiwan	Manufacturing and trading of LED ceramic bases	264,043	166,794	18,615,773	70.669%	298,980	30,070	21,250	-
I-Chiun Precision Industry Co., Ltd.	Advance Venture Corporation	Taiwan	Electronics Components Manufacturing and Trading	125,000	125,000	12,500,000	55.556%	61,143	(45,342)	(25,190)	-
More Fortune Profits Limited	I-Chiun(Cayman) Precision Industry Co., Ltd.	Cayman Islands	General investment	443,240 (Note 3)	443,240 (Note 3)	14,433,075	100%	1,442,763	106,066	-	-
More Fortune Profits Limited	I-Chiun Technology Co., Ltd.	Republic of Seychelles	General investment	921,300	921,300	30,000,000	100%	809,768	(170,472)	-	-

Note 1: The above-mentioned information on the investees is prepared based on the financial statements audited the CPAs.

Note 2: Only the profit and loss on each investee directly invested by the Company and each investee measured under the equity method recognized by the Company shall be entered, and the rest of the investees are exempted from disclosed in this regard.

Note 3: It is based on the initial investment amount of each investee, at the exchange rate of USD 1 to NTD 30.71 and RMB 1 to NTD 4.408 at the end of period.

I-CHIUN PRECISION INDUSTRY CO., LTD.
Information on Investments in Mainland China-Basic Information
For the Year Ended December 31, 2022

Table 8

Unit: NTD thousand
(except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method	Cumulative amount of remittance from Taiwan, beginning of current period (Note 2)	Amount remitted from Taiwan to mainland China/Amount remitted back to Taiwan for the current period		Cumulative amount of remittance from Taiwan, end of current period	Net profit (loss) on investee of the current period	Ownership held by the Company (direct or indirect)	Investment gains (loss) recognized for current period (Note 1)	Carrying amount of investments at the end of period	Cumulative amount of investment income remitted back to Taiwan as of the current period	Remarks
					Remitted to Mainland China	Remitted back to Taiwan							
I-Zou Hi-Tech (SZN) Co., Ltd.	Trading and manufacturing of LED lead frames	$ 33,060	Other methods: Investment by I-Chiun Precision Electric Industry (China) Co., Ltd.	$ 78,311	$ -	$ -	$ 78,311	($ 373)	100.00	($ 373)	$ 5,533	$ -	-
I-Chiun Precision Electric Industry (China) Co., Ltd.	Manufacturing, processing, and trading of TFT-LCD backlight module components and LED lead frames, as well as investment property leasing	759,100	Investment in the companies in mainland China through investment in the existing company in the third region (I-CHIUN (CAYMAN))	506,715	-	-	506,715	37,785	100.00	37,785	1,328,069	-	Note 4
I-Chiun Precision Electric (Nanjing) Co., Ltd.	Manufacturing, processing, and trading of mobile communications and electronic components, as well as investment property leasing	247,790	Investment in the companies in mainland China through investment in the existing company in the third region (I-CHIUN (CAYMAN))	153,550	-	-	153,550	(1,793)	100.00	(1,793)	33,122	-	-

Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method	Cumulative amount of remittance from Taiwan, beginning of current period (Note 2)	Amount remitted from Taiwan to mainland China/Amount remitted back to Taiwan for the current period		Cumulative amount of remittance from Taiwan, end of current period	Net profit (loss) on investee of the current period	Ownership held by the Company (direct or indirect)	Investment gains (loss) recognized for current period (Note 1)	Carrying amount of investments at the end of period	Cumulative amount of investment income remitted back to Taiwan as of the current period	Remarks
					Remitted to Mainland China	Remitted back to Taiwan							
I-Chiun Technology (China) Co., Ltd.	Trading and manufacturing of LED lead frames and investment property leasing	1,267,846	Investment in the companies in mainland China through investment in the existing company in the third region (I-CHIUN TECH and I-Chiun Precision Electric Industry (China) Co., Ltd.)	614,200	-	-	614,200	(93,681)	100.00	(93,681)	1,241,407	-	Note 4
Yong-Xu-Sheng Technology (Shenzhen) Co., Ltd.	Manufacturing, processing, and trading of hardware products	-	Investment in the companies in mainland China through investment in the existing company in the third region (MORE FORTUNE)	29,837	-	-	29,837	-	-	-	-	-	Note 3

Note 1: The above-mentioned information on the investees is prepared based on the financial statements audited the CPAs.

Note 2: It is based on the initial investment amount of each investee, at the exchange rate of USD 1 to NTD 30.17 and RMB 1 to NTD 4.408 at the end of period.

Note 3: Yong-Xu-Sheng Technology (Shenzhen) Co., Ltd. has completed the liquidation and deregistration in 2020, and there was no remaining property after liquidation. As of December 31, 2022, the Group has not applied for the deduction of the investment amount in mainland China to the Investment Commission.

Note 4: I-Chiun Technology (China) Co., Ltd. was merged to another consolidated subsidiary of the Group, Jiangmen Guoquan Semiconductor Technology Co., Ltd. from January 1, 2022, to integrate resources and cut operating costs. The integration was completed, and other merge processes were completed on November 22, 2022. After the merger, I-CHIUN TECH and I-Chiun Precision Electric Industry (China) Co., Ltd. hold 65.23% and 34.77% of the shares in said subsidiary, respectively.

Company name	Cumulative amount of remittance from Taiwan to mainland China, end of current period	Investment amount approved by the Investment Commission of MOEA	Limit on investments in mainland China imposed by the Investment Commission of MOEA
I-Chiun Precision Industry Co., Ltd.	$ 1,352,776	$ 1,352,776	$ 2,532,477

I-CHIUN PRECISION INDUSTRY CO., LTD.
Information on Major Shareholders
December 31, 2022

Table 9

Share

Name of major shareholders	No. of shares held (shares)	Shareholding ratio
CHOU,WAN-SHUN	21,575,157	9.72%
LEE,CHUNG-YI	16,007,705	7.21%

Explanation: If the information obtained by the Company for this table is from the Taiwan Depository & Clearing Corporation through application, it may disclose the matters below in the notes to the table:

(1) The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, share capital recorded in the Company’s financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

(2) If the information above is for the shares entrusted by shareholders to a trust, the aforesaid information shall be disclosed by the individual trust account opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus the shares entrusted to the trust and with the right to make decisions on trust property, please refer to MOPS.

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Cash and Cash Equivalents
December 31, 2022

Statement 1 Unit: NTD thousand

Items	Summary		Amount
Cash on hand and petty cash			$ 304
Checking account deposits			758
Demand deposits			
- NTD currency deposits			152,731
- Foreign currency deposits	USD 2,431,000	Exchange rate at NTD 30.7100	74,669
	RMB 17,248,000	Exchange rate at NTD 4.4080	76,029
	JPY 181,000	Exchange rate at NTD 0.2324	42
Time deposit			
- Foreign currency deposits	USD 7,000,000	Exchange rate at NTD 30.7100	214,970
			$ 519,503

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Accounts Receivable (including related parties)
December 31, 2022

Statement 2 Unit: NTD thousand

Name of Customer	Summary	Amount	Remarks
Non-related party:			
Lite-On Opto Technology (Changzhou)		$ 248,380	
Unity Opto Technology co., Ltd.		176,502	
Lite-On Electronics (Thailand) Co. Ltd		139,131	
Amkor Technology Taiwan Ltd.		81,486	
Lite-On Singapore Pte. Ltd.		43,001	
Others		391,189	Each customer's balance did not exceed 5% of the general ledger amount
		1,079,689	
Less: Allowance for bad debt		(198,110)	
		881,579	
Related party:			
I-Chiun Technology (China) Co., Ltd.		75,210	
Less: Allowance for bad debt		(22)	
		75,188	
		$ 956,767	

I-CHIUN PRECISION INDUSTRY CO., LTD.

Inventory Statement

December 31, 2022

Statement 3 Unit: NTD thousand

Items	Amount: Cost		Amount: Net realizable value		Remarks
Raw materials	$	599,017	$	559,017	
Supplies		13,153		13,153	
Semi-finished goods		75,207		81,752	
Finished good		260,963		283,674	
Merchandise inventory		42,283		47,394	
		990,623	$	984,990	
Less: Allowance for inventory valuation losses	(	139,542)			
	$	851,081			

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Investment Accounted for Using Equity Method
For the Year Ended December 31, 2022

Statement 4

Unit: NTD thousand

Name	Opening balance		Increase in the current period (Note 1)		Decrease in the current period (Note 2)		Closing balance			Net equity				
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Amount	Unit price (NTD)	Total	Valuation basis	Security or pledge	Remarks
More Fortune Profits Limited	36,179	$ 2,284,304	-	$ 58,742	-	($ 51,541)	36,179	100.000%	$ 2,291,505	63.34	$2,291,505	Equity method	None	
Ecocera Optronics Co., Ltd.	15,374	184,273	3,242	123,757	-	(9,050)	18,616	70.669%	298,980	16.06	298,980	〃	〃	
Advance Venture Corporation	12,500	86,333	-	-		(25,190)	12,500	55.556%	61,143	4.89	61,143	〃	〃	
		$ 2,554,910		$ 182,499		($ 85,781)			$ 2,651,628					

Note 1: The increase in the current period includes investment incomes, changes in the net value of the investees' equity, cumulative translation adjustment, and unrealized gross profit on sales.
Note 2: The decrease in the current period includes investment losses, impairment loss, and dividends paid out by investees.

I-CHIUN PRECISION INDUSTRY CO., LTD.

Statement of Right-of-use Assets

December 31, 2022

Statement 5 Unit: NTD thousand

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Buildings and structures				
Cost	$ 400,336	$ -	$ -	$ 400,336
Accumulated depreciation	(36,977)	(43,450)	-	(80,427)
	$ 363,359	($ 43,450)	$ -	$ 319,909
Transportation equipment				
Cost	$ 1,251	$ 735	($ 841)	$ 1,145
Accumulated depreciation	(801)	(411)	841	(371)
	$ 450	$ 324	$ -	$ 774

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Lease Liabilities
December 31, 2022

Statement 6 Unit: NTD thousand

Items	Summary	Lease period	Discount rate	Closing balance	Remarks
Buildings and structures	Plant	2019/1/1-2023/6/30	2.0771%	$ 3,807	
Buildings and structures	Plant	2021/8/1-2031/9/30	3.5500%	280,272	
Buildings and structures	Plant	2021/8/1-2031/9/30	3.5500%	54,246	
Transportation equipment	Company vehicles	2020/8/21-2023/8/20	1.9788%	82	
Transportation equipment	Company vehicles	2022/11/15-2025/11/14	1.7895%	695	
				$ 339,102	

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Accounts Payable
December 31, 2022

Statement 7

Unit: NTD thousand

Items	Summary	Amount	Remarks
Non-related party			
IN-SUN International Co., Ltd		$ 11,362	
Xing Zan Enterprise Co., Ltd.		32,149	
Others		152,647	Each supplier’s balance did not exceed 5% of the general ledger amount
		196,158	
Related party			
I-Chiun Technology (China) Co., Ltd.		21,152	
Others		2,172	
		23,324	
		$ 219,482	

I-CHIUN PRECISION INDUSTRY CO., LTD.
Operating Revenue Statement
2022

Statement 8 Unit: NTD thousand

Items	Quantity	Amount	Remarks
Total sales revenue			
SMD	2,774,000 K	$ 505,376	
LED	6,506,000 K	1,139,012	
Heat spreader	96,133Pcs	1,038,975	
Others		182,449	
		2,865,812	
Less: Sales returns		(44,730)	
Sales discounts and allowances		(95,678)	
Net sales revenue		$ 2,725,404	

I-CHIUN PRECISION INDUSTRY CO., LTD.

Operating Cost Statement

2022

Statement 9 Unit: NTD thousand

Items	Amount
Merchandise	
Inventories, beginning of period	$ 86,748
Add: Purchase in the current period	374,607
Less: Inventories, end of period	(42,283)
Transferred to semi-finished goods	(5,241)
Raw materials transferred in	311,247
Supplies inventory transferred in	1,158
Total cost of sales and purchases	726,236
Direct raw material	
Raw materials, beginning of period	574,399
Add: Materials of the current period	832,646
Semi-finished goods transferred in	246,109
Less: Raw materials, end of period	(599,017)
Transferred to merchandise	(311,247)
Transferred to production overheads and operating expense	(1,269)
Raw material scraps	(41)
Raw materials consumed for current period	741,580
Supplies, beginning of period	12,436
Add: Materials of the current period	42,983
Less: Supplies, end of period	(13,153)
Transferred to production overheads and operating expense	(18,513)
Supplies consumed for current period	23,753
Direct labor	310,041
Production overheads	801,472
Manufacturing cost	1,876,846

I-CHIUN PRECISION INDUSTRY CO., LTD.

Operating Cost Statement (Continued)

2022

Statement 9 Unit: NTD thousand

Items	Amount
Add: Semi-finished goods, beginning of period	85,397
Merchandise transferred in	5,241
Finished goods transferred in	91,832
Less: Semi-finished goods, end of period	(75,207)
Transferred to equipment to be inspected and supplies inventory	(157,643)
Transferred to raw materials	(246,109)
Cost of finished goods	1,580,357
Add: Finished goods, beginning of period	269,342
Less: Finished goods, end of period	(260,963)
Transferred to semi-finished goods	(91,832)
Scrapped finished goods	(13,126)
Transferred to operating expense	(4,596)
Manufacturing, production and sales costs	1,479,182
Inventory scrap loss	13,167
Inventory valuation losses	95,980
Revenue from tailings	(37,893)
Export tax rebate income	(4,474)
Mold development cost	150,394
Operating costs	$ 2,422,592

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Production Overheads
2022

Statement 10 Unit: NTD thousand

Items	Summary	Amount	Remarks
Depreciation expenses		$ 173,677	
Consumables		126,577	
Salaries and wages		89,976	
Processing fee		88,420	
Utility fees		76,900	
Social insurance		44,806	
Repair and maintenance		41,444	
Others		159,672	The balance of each item did not exceed 5% of the balance of this account
		$ 801,472	

I-CHIUN PRECISION INDUSTRY CO., LTD.
Statement of Selling Expenses, Administrative Expenses, and R&D Expenses
2022

Statement 11 | Unit: NTD thousand

Items	Selling expenses	Administrative expenses	R&D expenses
Export fees	$ 22,120	$ -	$ -
Salaries and wages	20,119	42,615	20,012
Employees’ compensation	-	15,147	-
Bonus paid	6,687	3,621	1,028
Freight charge	4,926	431	246
Advertising expense	4,610	88	-
Social insurance	2,281	4,561	2,354
Depreciation expenses	613	9,962	5,849
Other expenses (Note)	16,555	37,864	10,165
	$ 77,911	$ 114,289	$ 39,654

Note: The amount of each item did not exceed 5% of the total amount of this account.