一詮精密工業股份有限公司
I-CHIUN PRECISION INDUSTRY CO., LTD.

Stock code: 2486

I-CHIUN PRECISION INDUSTRY CO., LTD.

2022
Annual Report

Date of publication: April 28, 2023

Annual Report URL: http://mops.twse.com.twor http://www.i-chiun.com.tw

I. Contact Information of Spokesperson:

Name:	YANG,PAI-JUNG
Position:	General Management Unit, Assistant Vice President
Tel:	(02)2299-0001#1500
Email:	paijung@i-chiun.com.tw

Contact Information of Acting Spokesperson:

Name:	CHEN,CHIH-YUNG
Position:	LED Business Unit, Assistant Vice President
Tel:	(02)2299-0001#2302
Email:	chihyung@i-chiun.com.tw

II. Contact Information of Head office and Factory:

Address (Head office):	No. 17, Wugong 5th Rd. Hsing Chuang District, New Taipei City 242, Taiwan R.O.C.
TEL (Head office):	(02)2299-0001
Address (Factory):	No. 17, 19, Wugong 5th Rd. Hsing Chuang District, New Taipei City 242, Taiwan R.O.C. No. 3,Wuquan 2nd Rd.,Wugu Dist., New Taipei City, Taiwan R.O.C. 1-4F., No. 49, Wugong 6th Rd., Wugu Dist., New Taipei City, Taiwan R.O.C.
TEL (Factory):	(02)2299-0001
FAX:	(02)2299-4529、2299-0089

III. Contact Information of Stock Transfer Agency:

Name:	Stock Affairs Agency Department of Grand Fortune Securities Co., Ltd.
Td. Address:	6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City, Taiwan R.O.C.
Websites:	http://www.jihsun.com.tw
TEL:	(02)2541-9977

IV. Contact Information of the CPAs for the Latest Financial Statements:

Name of CPA:	CPA: FENG,MIN-CHUAN, LIN,YA-HUI
Name of accounting firm:	PRICEWATERHOUSECOOPERS TAIWAN
Address:	27F., No. 333,Sec. 1, Keelung Rd., Xinyi Dist., Taipei City, Taiwan R.O.C.
Websites:	http://www.pwc.tw
TEL:	(02)2729-6666

V. Overseas Listings and Access to the Listing Information: None.

VI. Company Website: http://www.i-chiun.com.tw

Table of Contents

One. LETTER TO SHAREHOLDERS

Dear Shareholders:

Over the past year, the world has been ravaged by the COVID-19 pandemic and the spread of new variants. Mainland China implemented strict containment measures, and the ongoing conflict between Russia and Ukraine caused an increase in energy and commodity prices, exacerbating inflation and weakening the global economy. As a result, there was a decrease in demand for our company's main products, LED wire harnesses and IC wire harnesses. However, in Taiwan, the stable growth of the semiconductor industry was driven by long-term trends such as 5G, AI, Internet of Things (IoT), and automotive electronics. This offset the decline in orders for our main products, and our company's heatsink (semiconductor) products experienced growth in revenue due to the active development of new applications and increased market demand. Overall, despite the challenging economic environment in the fiscal year 2022, our company remained profitable thanks to the efforts of all employees.

Looking ahead to the fiscal year 2023, as the COVID-19 situation gradually improves and regions begin to reopen, the global economy is expected to recover. However, regional political conflicts and persistent inflation pose ongoing challenges, introducing uncertainties to the industry environment. In the electronics industry as a whole, previous labor and material shortages led to increased downstream inventory, creating pressure to destock. It is anticipated that the destocking pressure will be effectively managed in the first half of this year. Our company will continue to collaborate closely with customers, actively develop next-generation products, implement automated production equipment to enhance efficiency and effectiveness, and accumulate operational momentum. With the concerted efforts of all employees, we aim to exceed expectations, enhance shareholder equity, and embody our core values of integrity and respect in all our business endeavors. By adapting to international market and industry changes to meet customer needs and enhancing the flexibility of our product supply, we strive for sustainable business operations based on prudent and ethical management principles.

I. The overview of the Company’s business in 2022 is as follows:

(I) Implementation results of the 2022 business plan (consolidated financial statements):

1. Comparative analysis of business results

Unit: NTD thousand

	2022	2021	Increase (decrease) in Amount	Change in Percentage (%)

Net operating income	5,195,927	5,988,398	(792,471)	(13.23%)
Operating costs	4,617,647	4,819,788	(202,141)	(4.19%)
Operating gross profit	578,280	1,168,610	(590,330)	(50.52%)
Operating expense	579,770	634,232	(54,462)	(8.59%)
Operating profit	(1,490)	534,378	(535,868)	(100.28%)
Non-operating revenues and expenses	131,802	(80,992)	212,794	(262.73%)
Pre-tax profit	130,312	453,386	(323,074)	(71.26%)
Income tax expense	38,356	69,920	(31,564)	(45.14%)
Current net profit	91,956	383,466	(291,510)	(76.02%)
Non-controlling equity	11,332	(7,699)	19,031	247.19%
Current net profit or loss	103,288	375,767	(272,479)	(72.51%)

Our company's product portfolio includes LED wire harnesses, direct-type TV backlight modules, heatsinks (semiconductors), and IC wire harnesses. In fiscal year 2022, the operating revenue was NT$5,195,927 thousand, a decrease of NT$792,471 thousand or 13.23% compared to NT$5,988,398 thousand in fiscal year 2021. The decrease in revenue can be primarily attributed to the overall market impact of the COVID-19 pandemic, lockdown measures in China, the Russia-Ukraine conflict, and inflation, which led to a weak global economy. As a result, the demand for our main products, LED wire harnesses and IC wire harnesses, decreased by 23.37% and 44.70% respectively. However, our other product, heatsinks (semiconductors), experienced a 17.35% growth in revenue due to active development of new customers and applications, offsetting some of the overall revenue decline.

The gross profit and operating profit both declined. In addition to the decrease in operating revenue, the wire harnesses, our main product, faced lower capacity utilization, resulting in increased fixed costs from idle production capacity and higher provisions for inventory obsolescence. However, due to the significant appreciation of the US dollar in fiscal year 2022, foreign exchange gains substantially increased, contributing to maintaining profitability for the period.

(II) Budget Execution for Fiscal Year 2022: Our company did not publicly disclose any financial forecasts for fiscal year 2022.

(III) Financial Revenue and Profitability Analysis

Item	Year	2022	2021
Financial Revenue	Revenue from Operations (in thousands of NT dollars)	5,195,927	5,988,398
	Gross Profit (Loss) from Operations (in thousands of NT dollars)	578,280	1,168,610
	Net Profit (Loss) after Tax (in thousands of NT dollars)	91,956	383,466
Profitability Analysis	Return on Assets (%)	1.74	5.72
	Return on Equity (%)	2.17	10.72
	Pre-Tax Net Income to Paid-up Capital Ratio (%)	5.87	20.43
	Net Profit Margin (%)	1.77	6.40
	Earnings per Share (EPS) (in NT dollars)	0.47	1.79

(IV) Research and Development Status

(I) Our company will continue to develop new products and undergo transformation to achieve sustainable development through the use of new technologies and core competencies to drive new product development.

(II) We aim to create competitiveness through continuous improvement and the application of new knowledge to meet future challenges.

(III) Our company will continue to develop the following new products:

1. Development and mass production of 5G mobile phone (3030) RF brackets.
2. Development of high-power MOSFET brackets (TO-3P).
3. Development of thin film heat sinks and IGBT heat sink substrates with automated multi-cavity production.
4. Water-cooled heat modules.

II. Business operating plan for 2023

(I)Business policy

1. Key points
   (1) Persistence: Cultivation of talents, development of new products, rapid improvement, and a growth rate of more than 20%.
   (2) With the above four pillars, we form our responsibilities for long-term development, and adopt refined management as the way of sustainable development for corporate governance and management.
   (3) With refining, we focus on strategies to create core values in which from a macro perspective, we shall think about how to achieve company goals.
   (4) Select the topics, measure the value created, and conduct business activities.
   (5) Focus on specific research areas, so that urgency and importance can be determined consistently. Achieve a balance between long-term and short-term goals. Lead decision-making, and reach the achievement of the overall goals.
2. Operation strategy
   (1) Keep abreast of market trends
   (2) Become a partner for customers
   (3) Take innovative applications as the vision
   (4) Train new core competencies
   (5) Increase process efficiency to increase added value
   (6) Provide sincere services, protect customers' interests, strive for reciprocity and sharing, and create a sustainable future together
3. Business philosophy
   (1) Honesty: the beginning and the end
   (2) Integrity: the process
   (3) Consistency: the results

   Follow the way of conscience, achieve what we say to fulfill the concept of honesty.

   Honesty is the foundation of trust, and trust is the foundation of all actions.

   Honest people who "fully aware of the right way" will be assisted by God to reach a full and complete life.

(II) Expected sales volume

Sales projections for the upcoming year 2023 are based on existing orders, potential future customer orders, new product development plans and progress, as well as production capacity planning. These projections take into account the current international situation, economic conditions, and past experiences. It is anticipated that sales for the year 2023 will experience a certain level of growth.

(III) Key production and marketing policies

1. Production policy
   (1) Target-based management system to improve production capacity.
   (2) Performance accountability system to meet quality requirements.
   (3) Budget-based Cost system to effectively reduce costs.
   (4) Research and develop low-cost, high-value-added, and competitive products.
2. Sales policy
   (1) Develop new products and develop new customers.
   (2) Expand the share of existing customers.
   (3) Develop new products, improve products, reduce costs, and create benefits.
   (4) Train talents and internationalize marketing
      (A) Implement education and training based on the knowledge and skills required by job duties.
      (B) Pay attention to customer services, keep abreast of information, and expand the market.
      (C) Cultivating capable talents.
      (D) Utilizing organizational leadership, driving growth potential, and planning talent development.

III. Future development strategy

The global COVID-19 pandemic is gradually being lifted, and inventory levels in the electronics industry are also gradually decreasing. Therefore, the overall electronics industry is expected to recover gradually this year. In the coming year, we will strengthen our understanding of market trends, engage in deeper communication with customers, and focus on meeting their core needs. We will enhance product design to improve production efficiency and ensure stable quality. Our focus will be on developing niche and high-value-added products.

Electronics products continue to emphasize high performance and miniaturization. As electronic components become smaller and more powerful, addressing heat dissipation within limited space becomes crucial to ensure product reliability and prolong its lifespan. Heat sinks play a vital role in solving the heat dissipation challenges of electronic components. Their applications span across various fields such as servers, communication base stations, automotive, gaming consoles, and PCs. In recent years, their applications have also expanded to automotive, high-speed computing (HPC), and artificial intelligence (AI). Therefore, we will continue to enhance our production technology, optimize automated equipment, and collaborate with international industry leaders to develop new products. This will strengthen our production advantages and ensure product quality.

IV. Impact of external competition environment, legal environment, and overall business environment

As the threat of the pandemic gradually subsides and global business communication continues to recover, many regions around the world still face political instability and inflation caused by the Russia-Ukraine conflict. These factors pose a threat to global economic growth. However, the demand for applications such as 5G, Internet of Things (IoT), and artificial intelligence (AI) is expected to continue growing.

Amidst changing regulations and environmental requirements for net-zero emissions and carbon reduction, governments worldwide have set timetables requiring industries to meet these milestones. Both domestic and international competitors are facing these challenges. To respond to these challenges, our company is continuously developing new products, improving process capabilities and efficiency, and reducing costs.

Chairman: CHOU,WAN-SHUN

Two. Company Profile

I. Date of Incorporation

Date of establish: June 30, 1977

Date of incorporation: August 18, 1977

Uniform Registration Number: 35866232

II. Company Profile

1977	The Company was founded at No. 163, Section 2, Lixing Road, Sanchong City, with a registered capital of NT$600,000.
1982	Relocated the factory to No. 36-8, Dayou Street, Sanchong City, and produced precision motor silicon steel stators, silicon steel rotors, silicon steel ballasts, and quartz crystal holders. Completed the installation of the Swiss made precision stamping equipment
1983	Developed LED semiconductor parts and stepped into the optoelectronic industry.
1986	Passed the evaluation by the Ministry of Economic Affairs and included in Sanyang Motor Co., Ltd.'s Honda Nakae system.
1988	Held a 5S event and a quality assurance presentation for manufacturers and suppliers on behalf of the Honda Nakae system of Sanyang Motor Co., Ltd.
1990	Expanded and relocated the factory to No. 17, Wugong 5th Rd. Hsing Chuang City, Xinzhuang City (Wugu Industrial Park), while signing a technological collaboration contract with Japan's Suzuki Manufacturing Co., Ltd. to develop and manufacture 3.5-inch disk center core components.
1990	Merged with the capital of the Yi-Chuan Company and increased capital to NT$94,162,000.
1991	Mr. CHOU,WAN-SHUN was selected as one of the top ten young entrepreneurial models in the Republic of China.
1993	Merged with the capital of the Yi-Chan Company and increased capital to NT$175,236,000.
1993	Won the Export Excellence Award from the Ministry of Economic Affairs.
1995	Added the electroplating surface treatment process for lead frame.
1996	Increased capital to NT$250,000,000, and launched the initial public offering.
1997	Obtained ISO-9002 certification from the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs.
1997	Conducted capital increase in cash and capitalization of earnings to NT$320,000,000, with the authorized share capital of NT$400,000,000.
1998	Obtained SGS ISO-14001 certification.
1998	Conducted capitalization of earnings, capital surplus, and employee dividends by NT$53,000,000, to increase the authorized share capital to NT$373,000,000, with the authorized share capital of NT$400,000,000.

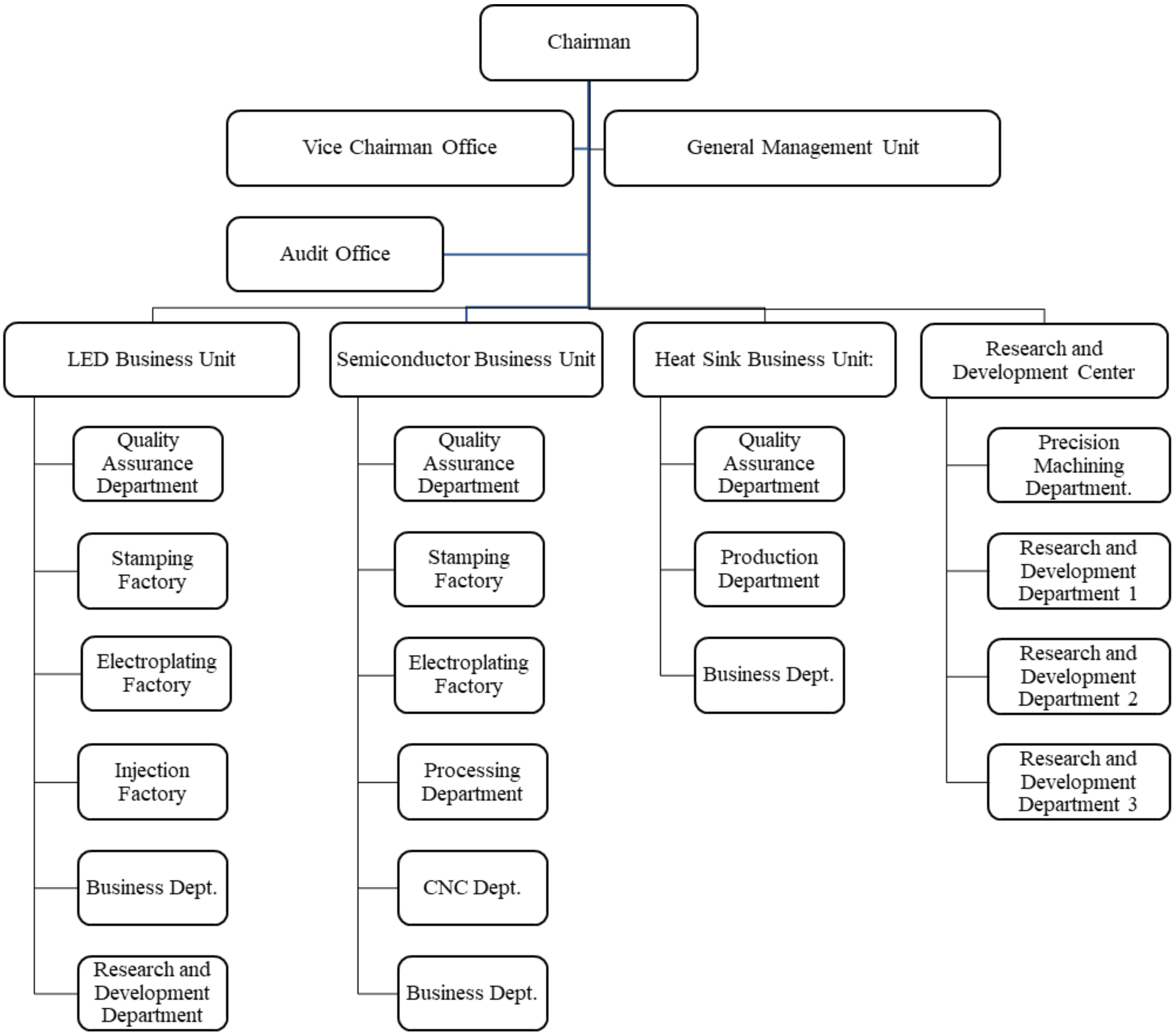
1999	Conducted capitalization of earnings, capital surplus, and employee dividends by NT$57,000,000, to increase the share capital to NT$430,000,000, with the authorized share capital of NT$520,000,000.
1999	Engaged in technological collaboration with Japan's Yokata Industry Co., Ltd., to step into TFT-LCD back-end process components.
2000	Listed on Taipei Exchange on March 21 and became an international enterprise; conducted capitalization of earnings, capital surplus, and employee dividends by NT$35,498,000, to increase the share capital to NT$465,498,000, with the authorized share capital of NT$560,000,000; obtained ISO9001 certification.
2001	Conducted cash capital increase of 94,502,000 to NT$560,000,000, with an authorized share capital of NT$560,000,000. Conducted capitalization of earnings, capital surplus, and employee dividends and merged with YI,CHAN Industrial Co., Ltd. to increase the capital to NT$628,205,000. Listed on Taiwan Stock Exchange on September 19 officially from Taipei Exchange.
2002	Conducted capitalization of earnings, capital surplus, and employee dividends by NT$32,445,000 to increase the capital to NT$660,650,000. Completed R&D of mobile phones and PDAs using micro-vibration motors; issued the first domestic convertible corporate bond of NT$300 million.
2003	Conducted capitalization of earnings, capital surplus, and employee dividends by NT$40,638,000 and converted convertible corporate bonds for NT$180,691,000 to increase the share capital to NT$881,979,000.
2004	Issued the second domestic unsecured convertible corporate bonds for NT$250,000,000, and merged with I-Che Technology Co., Ltd.
2005	Conducted capitalization of earnings, capital surplus, and employee dividends and converted convertible corporate bonds to increase the share capital to NT$1,215,738,000
2006	Conducted capital increase in cash by NT$180,000,000, and capitalization of capital surplus and employee dividends, to increase the share capital to NT$1,530,000,000. Obtained TS16949 certification.
2007	Conducted capitalization of earnings and employee dividends by NT$86,000,000 to increase the share capital to NT$1,616,000,000.
2008	Conducted capitalization of earnings and employee dividends by NT$92,000,000 to increase the share capital to NT$1,708,000,000. and issued the third domestic convertible corporate bonds for NT$1 billion.
2009	Conducted capitalization of earnings, capital surplus, and employee dividends and converted convertible corporate bonds to increase the share capital to NT$2,022,049,000
2010	Converted convertible corporate bonds to increase the share capital to NT$2,071,983,000. Issued the fourth domestic convertible corporate bonds for NT$2.2 billion.
2011	Cancelled 1,502,000 treasury shares to reduce the share capital to NT$2,056,963,000. Issued the first employee stock warrants for 5,000,000 units in 2011, with each stock warrant entitled to subscribe for the Company's 1 ordinary shares.

2012	Share capital reached NT$2,056,963,000. The number of issued shares was 205,696,329 shares. After 2,500,000 treasury shares were deducted, the actual number of shares outstanding was 203,196,329 shares. Successfully developed secondary optical direct-lit TV backlight modules in 2012.
2013	Cancelled 2,500,000 treasury shares to reduce the share capital to NT$2,031,963,000.
2014	Converted the employee stock warrants into 1,686,000 ordinary shares to increase the common stock capital to NT$2,048,823,000. Issued the fifth domestic convertible corporate bonds for NT$1.1 billion.
2015	Converted the employee stock warrants into 372,250 ordinary shares to increase the common stock capital to NT$2,052,546,000. The number of issued shares was 205,254,579 shares. After 3,296,000 treasury shares were deducted, the actual number of shares outstanding was 201,958,579 shares.
2016	Repurchased 8,338,000 treasury shares. The number of issued shares was 205,254,579 shares. After 11,634,000 treasury shares were deducted, the actual number of shares outstanding was 193,620,579 shares.
2018	Cancelled 3,296,000 treasury shares to reduce the share capital to 201,958,579 shares.
2020	As of December 31, a total of 201,958,579 shares were issued with a paid-in capital of NT$2,019,586,000.
2021	By cash capital increase of 20,000,000 shares, capital was increased to 221,958,579 shares with a total paid-in capital of NT$2,219,586,000.
2022	A total of 4,000,000 treasury shares were reported for repurchase, and as of the end of 2022, 2,697,000 shares have already been repurchased. The total number of issued shares is 221,958,579 shares. After deducting the repurchased treasury shares of 2,697,000 shares, the actual number of shares in circulation and available for trading is 219,261,579 shares.
2023	In the previous fiscal year, a total of 1,303,000 treasury shares were repurchased, which were completed in January 2023. As of the date of the annual report printing, the total issued shares amounted to 221,958,579 shares. After deducting the treasury shares of 4,000,000 shares, the actual number of shares outstanding and available for trading is 217,958,579 shares.

Three. Corporate Governance Report

I. Organization System

(I) Company Organizational Structure:



(II) Businesses of All Major Department:

Department	Business
Vice Chairman Office	Responsibility for new business management, technical support, and relevant intellectual property business
Audit Office	Responsibility for each operation and auditing of internal regulations
General Management Unit	Responsible for the group's operation and management, finance, procurement, information, and personnel management and planning
LED Business Unit:	
Quality Assurance Department	Responsible for product quality management of LED and SMD
Stamping Factory	Responsible for the stamping and manufacturing of LED and SMD lead frame products
Electroplating Factory	Responsible for the electroplating and manufacturing of LED and SMD lead frame products
Injection Factory	Responsible for the plastic injection manufacturing and production of SMD lead frame products
Business Dept.	Responsible for LED and SMD product business development and market sales
Production Control Department	Responsible for production of LED and SMD and material management
Research and Development Department 1	Responsible for new product development, product mold development, improvement, and production technology upgrades
Semiconductor Business Unit:	
Quality Assurance Department	Responsible for the product quality management of heat spreader products
Stamping Department	Responsible for the stamping, manufacturing, and production of heat spreader products
Electroplating Department	Responsible for the electroplating, manufacturing, and production of heat spreader products
Processing Department	Responsible for CNC and processing of heat spreader products
CNC Department	Responsible for CNC production of heat sink products.
Business Dept.	Responsible for the business development and market sales of heat spreader products
Research and Development Department 3	Responsible for the development, improvement, and production technology upgrade of heat spreader molds

Heat Sink Business Unit:

Quality Assurance Department	Responsible for quality management of heat sink module products and related tasks.
Production Department	Responsible for manufacturing and production of heat sink module products.
Business Dept.	Responsible for business development and market sales of heat sink module products.
Research and Development Department	Responsible for development, improvement, and enhancement of heat sink module products and production technology.

II. Directors, Supervisors, President, Vice President, Assistant Vice President and Supervisors of Departments and Branches

(I) Directors and supervisors:

April 1, 2023

Position	Nationality or place of registration	Name	Gender	Date of Election (Appointment) Date	Term of office	Date of first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Concurrent positions held in the Company and other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of shareholding			Position	Name	Relationship	
Chairman	R.O.C.	CHOU,WAN-SHUN	M 71-80 years old	2020.06.10	3	1992.10.11	19,465,157	9.87	21,575,157	9.90	496,196	0.23	0	0	Doctoral Degree in Business Administration, Pacific Western University, U.S.	(Note 1)	Vice Chairman	LEE, CHUNG-YI	Second degree of kinship	(Note 5)
Vice Chairman	R.O.C.	LEE,CHUNG-YI	M 51-60 years old	2020.06.10	3	1992.10.11	15,777,515	8.00	16,007,705	7.34	991,747	0.46	0	0	Graduated from EMBA, National Chengchi University	(Note 2)	Chairman	CHOU, WAN-SHUN	Second degree of kinship	-
Director	R.O.C.	LIN,WU-CHUN	M 71-80 years old	2020.06.10	3	2008.07.01	432,434	0.22	516,693	0.24	195,367	0.09	0	0	Department of Political Science, National Taiwan University Associate Professor, Shih Chien University	Director of SFI Electronics Technology Inc. and Director of Ensure Global Corp., Ltd.	-	-	-	-
Director	R.O.C.	YEH,CHWEI-JING	M 61-70 years old	2020.06.10	3	2008.07.01	0	0	0	0	0	0	0	0	Master's, Stevens Institute of Technology	(Note 3)	-	-	-	-
Independent Director	R.O.C.	LEE,JIH-CHIEN	M 61-70 years old	2020.06.10	3	2017.6.13	700,000	0.35	500,000	0.23	0	0	0	0	Lecturer, International Business Administration, Chinese Culture University; Deputy Manager, Ming Yuan Certified Public Accountants; Director of Meiyuan Enterprise Management Consulting Co., Ltd.	President, Ming Yuan Certified Public Accountants; Director of Mingyuan Enterprise, Director of Mingyang Enterprise Management Consultancy; Director of Far East Business; Director of Mingyuan Enterprise Management Consultancy	-	-	-	-
Independent Director	R.O.C.	KUO,CHUNG-CHIEN	M 71-80 years old	2020.06.10	3	2017.6.13	0	0	0	0	0	0	0	0	(Note 3)	Independent Director of Joyin Co., Ltd.; Director of Jin-San-Yuan Automobile	-	-	-	-
Independent Director	R.O.C.	CHANG,HSIEN-SUNG	M 61-70 years old	2020.06.10	3	2017.6.13	100,000	0.05	107,922	0.05	0	0	0	0	Chairman of SONG LEI PRECISION INDUSTRIES CO., LTD.	Chairman of SONG LEI PRECISION INDUSTRIES CO., LTD.	-	-	-	-

Note 1: Chairman of I-Zou Hi-Tech (SZN) Co., Ltd.; Chairman of I-Chiun Precision Electric (Nanjing) Co., Ltd.; Chairman of I-Chiun Precision Electric Industry (China) Co., Ltd.; Chairman of I-Chiun Technology (China) Co., Ltd.; Chairman of Ecocera Optronics Co., Ltd.; Director of Aimcore Technology Co., Ltd.

Noe 2: Director of I-Zou Hi-tech（szn）co., Ltd., Director of I-Chiun Precision Electric (Nanjing) Co., Ltd., Director and General Manager of Ecocera Optronics Co., Ltd., Director of I-Chiun Precision Electric Industry (China) Co., Ltd.

Director of Ximao (Stock) Corporation

Note 3: Chairman of RITEK Corporation; Chairman of U-TECH Media Corporation; Chairman of Zhongfu Investment Co. Ltd.; Chairman of Zhongyuan International Venture Capital; Chairman of RiTdisplay Corporation;

Director of Keynes Investment Co. Ltd.; Chairman of Aimcore Technology Co., Ltd.; Chairman of Ritedia Corporation; Chairman of Ritfast Corporation; Chairman of Pvnext Corporation; Chairman of Ritwin Corporation.

Note 4: Deputy Convener of the Disciplinary Committee of the Taiwan Securities Association; member of the Research and Development Committee of the Taiwan Securities Association; Supervisor of Aimcore Technology Co., Ltd.; Independent Director of Joyin Co., Ltd.; Director of Jin-Yuan-San Automobile Co., Ltd.; Director of Human Cultural Enterprise Co., Ltd.

Note 5:Chairman CHOU,WAN-SHUN also serves as the General Manager, possessing a high level of understanding in the overall industry trends, company's operational status, risk management, and operational strategic direction. In critical operational strategies, efficient and optimal solutions can be proposed. Additionally, out of the 7 directors, only 1 holds an employee position, while the remaining 6 are external directors (including independent directors), ensuring objectivity in decision-making. The company amended its articles of incorporation on June 1, the 111th year, establishing a board of directors consisting of 7-9 members. In this year's shareholders' meeting, it is planned to comprehensively elect 8 directors, including 4 independent directors. After the election, the board of directors should enhance its independence and comply with regulatory requirements.

Note 6:The shareholding ratio is calculated based on the issued shares of 221,958,579 shares minus the treasury shares of 4,000,000 shares, resulting in 217,958,579 shares.

1. Disclosure of information on professional qualifications of directors and supervisors and independence of independent directors:

Name \ Qualification	Professional Qualifications and Experience	Compliance of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
CHOU,WAN-SHUN (Director)	1. With working experience in business, legal, finance and accounting; currently serving as the Company's chairman and president. 2. Does not meet any of the conditions stated in Article 30 of the Company Act	Not applicable	0
LEE,CHUNG-YI (Director)	1. With working experience in business, legal, finance and accounting; currently serving as the Company's vice chairman and president of the Business Unit. 2. Does not meet any of the conditions stated in Article 30 of the Company Act	Not applicable	0
LIN,WU-CHUN (Director)	1. With working experience in business, legal, finance and accounting; currently serving as the SFI ELECTRONICS TECHNOLOGY INC. 2. Does not meet any of the conditions stated in Article 30 of the Company Act	Not applicable	0
YEH,CHWEI-JING (Director)	1. With working experience in business, legal, finance and accounting; currently serving as chairman of Ritek. 2. Does not meet any of the conditions stated in Article 30 of the Company Act	Not applicable	0

LEE,JIH-CHIEN (Independent director)	1. With experience in finance, accounting or subjects required by the business of the company in public or private colleges or universities 2. Does not meet any of the conditions stated in Article 30 of the Company Act	1. Whether the independent director himself/herself, his/her spouse, or second-degree relatives serve as a director, supervisor or employer in the Company or affiliates: No. 2. The proportion of shares held by the independent director himself/herself, his/her spouse or second-degree relatives (or in the name of others): Holds 155,553 shares of the Company, with a 0.07% shareholding. 3. Whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): No. 4. The amount of remuneration received for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years: None.	0
KUO,CHUNG-CHIEN (Independent director)	1. With experience in finance, accounting or subjects required by the business of the company in public or private colleges or universities 2. Does not meet any of the conditions stated in Article 30 of the Company Act	1. Whether the independent director himself/herself, his/her spouse, or second-degree relatives serve as a director, supervisor or employer in the Company or affiliates: No. 2. The proportion of shares held by the independent director himself/herself, his/her spouse or second-degree relatives (or in the name of others): None. 3. Whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): No. 4. The amount of remuneration received for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years: None.	0

CHANG,HSIEN-SUNG (Independent director)	1. With working experience in business, legal, finance and accounting 2. Does not meet any of the conditions stated in Article 30 of the Company Act	1. Whether the independent director himself/herself, his/her spouse, or second-degree relatives serve as a director, supervisor or employer in the Company or affiliates: No. 2. The proportion of shares held by the independent director himself/herself, his/her spouse or second-degree relatives (or in the name of others): Holds 107,922 shares of the Company, with a 0.05% shareholding. 3. Whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): No. 4. The amount of remuneration received for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years: None.	0

2. Diversity and independence of the Board of Directors

(1) Diversity of the Board of Directors

According to our company's corporate governance practices, the composition of the board of directors should consider diversification. Except for directors who concurrently hold executive positions in the company, the number of such directors should not exceed one-third of the total board seats. The board should also establish appropriate diversification policies based on its own operations, business models, and development needs, including but not limited to the following two major criteria:

A. Basic conditions and values: Gender, age, nationality, culture, etc. The ratio of female directors should reach one-third of the total board seats.

B. Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members should generally possess the necessary knowledge, skills, and qualities to fulfill their responsibilities. In order to achieve the ideal goal of corporate governance, the board as a whole should possess the following capabilities:

A. Operational judgment ability.
B. Accounting and financial analysis ability.
C. Business management ability.
D. Crisis handling ability.
E. Industry knowledge.
F. International market perspective.
G. Leadership ability.
H. Decision-making ability.

The Company’s current Board is made up of 7 directors and 3 independent directors. The core of director diversity is as follows:

Position	Name	Gender	Management	Leadership and decision-making	Knowledge of the industry	Financing accounting	Legal
Director	CHOU,WAN-SHUN	M	V	V	V		

Director	LEE,CHUNG-YI	M	V	V	V		
Director	LIN,WU-CHUN	M	V		V	V	
Director	YEH,CHWEI-JING	M	V	V			
Independent Director	LEE,JIH-CHIEN	M	V			V	V
Independent Director	KUO,CHUNG-CHIEN	M	V			V	V
Independent Director	CHANG,HSIEN-SUNG	M	V	V	V		

(2) Independence of the Board:

The appointment process of all directors of the company is open and fair, in compliance with the company's "Articles of Incorporation," "Director Election Regulations," "Corporate Governance Best Practice Principles," "Guidelines for the Appointment and Compliance of Independent Directors of Publicly Listed Companies," and "Article 14-2 of the Securities and Exchange Act," and other relevant regulations. The current composition of the board of directors consists of 3 independent directors (43%) and 4 non-independent directors (57%). However, the company completed its charter amendment in the 2022 fiscal year, increasing the number of directors. Therefore, during this year's general meeting of shareholders, there is a plan to fully reelect the board of directors, adding one independent director, making a total of 8 directors, consisting of 4 directors and 4 independent directors. The reelected board of directors is expected to enhance its independence and comply with regulatory requirements.

The company has only two directors who are related as spouses or within the second degree of kinship: Chairman Zhou Wanshun and Director Li Zhongyi. Therefore, there are more than half of the seats on the board of directors that are held by directors who do not have spousal or second-degree relative relationships.

The Company's Board of Directors guides company strategies, supervises the management, and is responsible for the Company and shareholders. The Board of Directors exercises its responsibilities in all operations and arrangements of the corporate governance system in accordance with the laws, Articles of Incorporation or resolutions of the shareholders' meeting. The Company's Board emphasizes its independent operations and transparency functions. Moreover, all directors and independent directors are independent individuals exercising their responsibilities independently. In conjunction with the responsibilities of the Audit Committee, the 3 independent directors review the control of the Company's existing or potential risks as required by applicable laws and regulations. By doing so, the Audit Committee ensures the effective implementation of the supervision of the Company's internal control, the appointment (dismissal) of CPAs and their independence, as well as the appropriate interpretation of financial statements. According to the Company's "Rules for Director Elections", the cumulative voting system and candidate nomination system have been adopted to elect directors and independent directors, with which shareholders are engaged. Shareholders holding a certain number of shares may propose a list of candidates and review the qualifications of these candidates and check whether they violate any of the matters listed in Article 30 of the Company Act. Related acceptance of proposals is carried out and announced according to the law to ensure the rights and interests of shareholders as a means to avoid monopoly or excessive nomination rights and maintain independence.

The Company has established a director performance evaluation system. A self-evaluation by individual Board members and an evaluation by the unit in charge of the meetings of the Board of Directors are carried out once a year. The evaluation results are disclosed in the annual report after reporting to the Board of Directors.

(II) President, Vice President, Assistant Vice President and Supervisors of Departments and Branches:

April 1, 2022

Position (Note 1)	Nationality	Name	Gender	Date of (Election) Appointment Date	Shares held		Shares held by spouse or minor children		Shareholding under another		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note 3)
					Shares	Percentage of shareholding (Note 4)	Shares	Percentage of shareholding (Note 4)	Shares	Percentage of shareholding			Position	Name	Relationship	
Chairman / President	R.O.C.	CHOU,WAN-SHUN	M	2016.3.8	21,575,157	9.90	496,196	0.23	0	0	Doctoral Degree in Business Administration, Pacific Western University, U.S.	(Note 1)	Vice Chairman	LEE, CHUNG-YI	Second degree of kinship	(Note 2)
Vice Chairman / (Note 3)	R.O.C.	LEE,CHUNG-YI	M	2016.3.8	16,007,705	7.34	991,747	0.46	0	0	Graduated from EMBA, National Chengchi University	Director of I-Zou Hi-Tech (SZN) Co., Ltd., Director of I-Chiun Precision Electric (Nanjing) Co., Ltd., Director / President of Ecocera Optronics, Director of I-Chiun Technology (China) Co., Ltd., Director of Jiangmen Guoquan Semiconductor Technology Co., Ltd.	Chairman	CHOU, WAN-SHUN	Second degree of kinship	None
Vice President	R.O.C.	HUANG,PEI-FENG	M	2011.01.01	85,055	0.04	0	0	0	0	Information Engineering, Lee-Ming Institute of Technology I-Chiun Precision Industry Co., Ltd., Vice President	None	None	None	None	None
Assistant Vice President	R.O.C.	TSAI,MIN-CHEN	M	2013.04.01	-	-	0	0	0	0	I-Zou Hi-Tech (SZN) Co., Ltd., Vice President	None	None	None	None	None
Assistant Vice President	R.O.C.	YANG,PAI-JUNG	M	2007.09.01	187,078	0.09	0	0	0	0	Department of Accounting, Fu Jen Catholic University More than 20 years of work experience in finance and accounting	I-Chiun Precision Electric industry (China) Co., Ltd., Supervisor	None	None	None	None
Assistant Vice President	R.O.C.	CHEN,CHIH-YUNG	M	2013.04.01	17,000	0.01	0	0	0	0	Department of International Trade/Business Administration, University of Technology Sydney, Australia More than 15 years of experience in business at I-Chiun Precision Industry Co., Ltd.	None	None	None	None	None
Assistant Vice President	R.O.C.	LU,TSUNG-WEI	M	2013.04.01	53,000	0.02	0	0	0	0	Automatic Control, Lunghwa University of Science and Technology More than 15 years of experience in mold processing at I-Chiun Precision Industry Co., Ltd.	None	None	None	None	None
Assistant Vice President	R.O.C.	HUANG,LI-WEI	M	2018.07.01	16,300	0.01	0	0	0	0	Information, Tung Hai Senior High School More than 15 years of experience in the mold-related business	None	None	None	None	None
Assistant Vice President	R.O.C.	LEE,CHIA-MING	M	2019.08.01	5,300	0.00	0	0	0	0	Mold Engineering, New Taipei Municipal San-Chung Commercial and Industrial Vocational High School More than 15 years of experience in the mold-related business	None	None	None	None	None
Assistant Vice President	R.O.C.	LIU,HSIU-HSING	M	2020.03.23	11,300	0.01	0	0	0	0	Master's in International Marketing, Bournemouth University, U.K.	None	None	None	None	None

Note 1: Chairman of I-Zou Hi-Tech (SZN) Co., Ltd.; Chairman of I-Chiun Precision Electric (Nanjing) Co., Ltd.; Chairman of I-Chiun Precision Electric Industry (China) Co., Ltd.; Chairman of I-Chiun Technology (China) Co., Ltd.; Chairman of Ecocera Optronics Co., Ltd.; Director of Aimcore Technology Co., Ltd.; Chairman of Jiangmen Guoquan Semiconductor Technology Co., Ltd.

Note 2: Chairman CHOU,WAN-SHUN also serves as the General Manager and possesses a high level of understanding in terms of the overall industry trends, company's operational status, risk management, and strategic direction. During significant operational strategies, Chairman CHOU efficiently proposes the most suitable solutions. Furthermore, among the 7 directors, only 1 director holds an employee position, while the remaining 6 are external directors (including independent directors), ensuring objectivity in decision-making by the board of directors. The company amended its articles of incorporation on June 1, 111th fiscal year, setting the number of directors between 7 and 9. During this year's general meeting of shareholders, there will be a comprehensive re-election of 8 directors, including 4 independent directors. The reconstituted board of directors is expected to enhance its independence and comply with regulatory requirements.

Note 3: As of August 1, 111th fiscal year, no longer concurrently serving as the General Manager of the Business Department.

Note 4: The shareholding ratio is calculated based on the issued shares of 221,958,579 shares minus the treasury shares of 4,000,000 shares, resulting in 217,958,579 shares.

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice Presidents

(I) Remuneration to Directors and Independent Directors

Unit: NTD thousand

Position	Name	Remuneration to Directors								Sum of A, B, C, and D as percentage of net income (%) (Note 10)		Remuneration to directors also holding employee positions								Sum of A, B, C, D, E, F and G as a percentage of after-tax net income(%))		Remuneration from Invested Businesses Other than Subsidiaries or Parent Company
		Remuneration (A) (Note 2)		Pension upon retirement (B)		Directors compensation (C) (Note 3)		Service expenses (D) (Note 4)				Salaries, bonuses, special allowances, etc. (E) (Note 5)		Pension upon retirement (F)		Employees' compensation (G) (Note 6)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company: Amount of cash	The Company: Amount of shares	All companies included in the financial statements: Amount of cash	All companies included in the financial statements: Amount of shares	The Company	All companies included in the financial statements	
Chairman	CHOU,WAN-SHUN	5,760	8,103	0	0	1,956	2,163	60	100	7,776 7.53%	10,366 10.04%	0	0	0	0	241	0	241	0	8,017 7.76%	10,607 10.27%	-
Vice Chairman	LEE,CHUNG-YI	0	0	0	0	838	938	60	100	898 0.87%	1,038 1.01%	2,240	4,490	0	0	0	0	176	0	3,138 3.04%	5,704 5.53%	-
Director	LIN,WU-CHUN	0	0	0	0	350	350	60	60	410 0.40%	410 0.40%	0	0	0	0	0	0	0	0	410 0.40%	410 0.40%	-
Director	YEH,CHWEI-JING	0	0	0	0	350	350	30	30	380 0.37%	380 0.37%	0	0	0	0	0	0	0	0	380 0.37%	380 0.37%	-
Independent Director	LEE,JIH-CHIEN	120	120	0	0	350	350	60	60	530 0.51%	530 0.51%	0	0	0	0	0	0	0	0	530 0.51%	530 0.51%	-
Independent Director	KUO,CHUNG-CHIEN	120	120	0	0	350	350	60	60	530 0.51%	530 0.51%	0	-	0	0	0	0	0	0	530 0.51%	530 0.51%	-
Independent Director	CHANG,HSIEN-SUNG	120	120	0	0	350	350	60	60	530 0.51%	530 0.51%	0	0	0	0	0	0	0	0	530 0.51%	530 0.51%	-
	Total	6,120	8,463	0	0	4,544	4,851	390	470	11,054 10.70%	13,784 13.35%	2,240	4,490	0	0	241	0	417	0	13,535 13.10%	18,691 18.10%	-

1. Please state the policy, system, standards, and structure for the remuneration of independent directors and clarify the relationship between their responsibilities, risks, time commitment, and the amount of remuneration to be paid:
According to the company's articles of incorporation, all directors and supervisors of the company are entitled to receive regular compensation such as allowances and salaries. The amount of such compensation is determined by the board of directors based on their level of involvement in the company's operations and their contribution's value, regardless of the company's operating profit or loss. It is provided in accordance with the usual industry standards.
2. In addition to the disclosed information in the table above, the remuneration received by the company directors for services provided during the most recent fiscal year (such as serving as consultants for the parent company, all companies within the financial reports, or non-employee advisors for investment projects): None.

(II) Remuneration to Supervisors: Not applicable. Since July 1, 2017, the Audit Committee has been responsible for implementing the supervisors' functions and powers as stipulated in relevant laws and regulations.

(III) Remuneration to President and Vice Presidents

Unit: NTD thousand

Position	Name	Salary (A)		Pension upon retirement (B)		Bonuses, special allowances, etc. (C)		Employee Compensation (D) (Note 4)				Sum of A, B, C, and D as percentage of net income (%)		Remuneration from Invested Businesses Other than Subsidiaries or Parent Company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman / President	CHOU,WAN-SHUN	3,833	5,956	0	0	1,928	2,148	241	0	241	0	6,002 5.81%	8,345 8.08%	None
Vice Chairman / LED Business Unit, President	LEE,CHUNG-YI	2,240	4,290	0	0	0	200	0	0	176	0	2,240 2.17%	4,666 4.52%	None
Vice President	HUANG,PEI-FENG	1,350	1,350	0	0	292	292	175	0	175	0	1,817 1.76%	1,817 1.76%	None
	Total	7,423	11,596	0	0	2,220	2,640	416	0	592	0	10,059 9.74%	14,828 14.36%	None

Note: Note: Starting from August 1, 2022, no longer concurrently serving as the General Manager of the Business Division.

(IV) Top Five Managers of the Company with the Highest Remuneration

Unit: NTD thousand

Position	Name	Salary (A)		Pension upon retirement (B)		Bonuses, special allowances, etc. (C)		Employee Compensation (D)				Sum of A, B, C, and D as percentage of net income (%)		Remuneration from Invested Businesses Other than Subsidiaries or Parent Company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	
								Amount of cash	Amount of shares	Amount of cash	Amount of shares			
Chairman / President	CHOU,WAN-SHUN	3,833	5,956	0	0	1,928	2,148	241	0	241	0	6,002 5.81%	8,345 8.08%	None-
Vice Chairman / LED Business Unit, President	LEE,CHUNG-YI	2,240	4,290	0	0	0	200	0	0	176	0	2,240 2.17%	4,666 4.52%	None-
Vice President	HUANG,PEI-FENG	1,350	1,350	0	0	292	292	175	0	175	0	1,817 1.76%	1,817 1.76%	None-
Assistant Vice President	LIU, XIU XING	1,476	1,476	0	0	240	240	145	0	145	0	1,861 1.80%	1,861 1.80%	None-
Assistant Vice President	CHEN,CHIH-YUNG	1,213	1,213	0	0	225	225	125	0	125	0	1,563 1.51%	1,563 1.51%	None-
	Total	10,112	14,285	0	0	2,685	3,105	686	0	862	0	13,483 13.05%	18,252 17.67%	None-

Note: Starting from August 1, 2022, no longer concurrently serving as the General Manager of the Business Division.

(V) Managers receiving employee compensation and state of distribution:

Unit: NTD thousand

	Position (Note 1)	Name (Note 1)	Amount of shares	Amount of cash	Total	The total amount as a percentage of net income (%)
Managers	Chairman / President	CHOU,WAN-SHUN	0	1,312	1,312	1.27%
	Vice Chairman / Business Unit, President(Note)	LEE,CHUNG-YI				
	Vice President	HUANG,PEI-FENG				
	Assistant Vice President	TSAI,MIN-CHEN				
	Assistant Vice President	YANG,PAI-JUNG				
	Assistant Vice President	CHEN,CHIH-YUNG				
	Assistant Vice President	LU,TSUNG-WEI				
	Assistant Vice President	HUANG,LI-WEI				
	Assistant Vice President	LEE,CHIA-MING				
	Assistant Vice President	LIU,HSIU-HSING				

Note: Starting from August 1, 2022, no longer concurrently serving as the General Manager of the Business Division.

(VI) Separately compare and describe total remuneration, as a percentage of net income stated in the standalone or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past two fiscal years to directors, supervisors, presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Analysis of the total remuneration paid to directors, supervisors, the general manager, and deputy general manager of the company in the past two fiscal years as a percentage of the after-tax net income reported in the individual or separate financial statements:

Year / Item	2022		2021	
	The Company	All companies in the consolidated financial statements of this company.	The Company	All companies in the consolidated financial statements of this company.
Total remuneration	15,353	20,509	43,506	58,132
Net earnings after tax	103,288	103,288	375,767	375,767
% to after-tax net profit	14.86%	19.86%	11.58%	15.47%

2. The policies, standards, composition, and procedures for remuneration, as well as their relevance to business performance and future risks, are as follows:

(1) Remuneration for directors, supervisors, and employees of the company is governed by the following regulations:

According to the company's articles of incorporation, after deducting the distribution of profits to employees and directors before remuneration from the current year's pre-tax profits, any remaining balance shall be allocated for employee remuneration not less than 10% and director remuneration not exceeding 3%. This allocation requires approval from the board of directors and reporting to the shareholders' meeting.

(2) The company has established a Remuneration Committee to assist the board of directors in setting remuneration for directors and executives, as well as the company's compensation policy. If the company has a surplus in its annual financial statements, the remuneration committee will review and distribute director remuneration based on the board's resolution. This distribution takes into account the company's operational performance and the extent of each director's participation and contribution, linking the fairness of performance risks with income. The Remuneration Committee also periodically evaluates the content and reasonableness of director remuneration payment standards.

(3) According to the company's articles of incorporation, all directors and supervisors are entitled to receive regular remuneration such as transportation and salaries. The amount is authorized by the board of directors based on their level of participation in company operations and their contribution value, regardless of the company's profit or loss, in accordance with industry norms.

(4) Managerial remuneration, in addition to being determined based on assessments of the

human resources market, industry category, and the company's salary and welfare policies, also includes various incentives based on the profitability of the year. The amount of remuneration assigned to each manager is determined by considering industry norms for salaries and benefits, as well as the company's operational performance, individual responsibilities, and contributions. After review by the Remuneration Committee, it is submitted to the board of directors for approval.

(5) Relationship with business performance and future risks:

The company conducts regular assessments of directors and managers in accordance with the prescribed performance evaluation methods. The evaluation results are reported to the board of directors in the following year's report for review and improvement, and serve as a basis for remuneration. The remuneration for directors, the general manager, and deputy general manager takes into account their professional capabilities, the company's operations and financial condition, and the measurement of their special contributions to the company. It is linked to the company's performance and individual performance as a standard for remuneration calculation. The remuneration system for directors and managers is regularly reviewed in a timely manner in consideration of the overall environment, corporate strategies, and future operational risk assessments to maintain a balance between sustainable business and risk management.

IV. Status of corporate governance

(I) Information concerning the Board of Directors

1. The board of directors held 6 (A) meetings during the last year; the attendance of directors and supervisors is as follows (2022.1.1–2022.12.31):

Position	Name (Note 1)	Actual attendance (B)	Attendance by proxy	Attendance Rate (%) [B/A]	Remarks
Chairman	CHOU,WAN-SHUN	6	0	100%	Reelected (2020.7.1)
Vice Chairman	LEE,CHUNG-YI	6	0	100%	Reelected (2020.7.1)
Director	LIN,WU-CHUN	6	0	100%	Reelected (2020.7.1)
Director	YEH,CHWEI-JING	3	0	50%	Reelected (2020.7.1)
Independent Director	LEE,JIH-CHIEN	6	0	100%	Reelected (2020.7.1)
Independent Director	KUO,CHUNG-CHIEN	6	0	100%	Reelected (2020.7.1)
Independent Director	CHANG,HSIEN-SUNG	6	0	100%	Reelected (2020.7.1)

Other matters required to be recorded:

I. For board of directors meetings that meet any of the following circumstances, specify the date, session, the content of the proposal, independent directors' opinions and the Company's response to such opinions:

1. Matters listed in Article 14-3 of the Securities and Exchange Act: The company has established an Audit Committee, and the provisions of Article 14-3 of the Securities and Exchange Act do not apply. Please refer to the annual report for information regarding the operation of the Audit Committee.
2. Except for said matters, independent directors had any dissenting or reserved opinions regarding other resolutions approved by the board of directors, for which there is a record or declaration in writing: None.

II. Disclosure regarding recusal for interest-conflicting proposals, including the names of directors concerned, the content of proposals, reason for recusal, and the voting process: None.

Board Meeting Date	Session	Agenda Item	Director's Name	Reason for Recusal	Participation in Voting
2022.3.8	12th	Regarding the issuance of performance bonuses for executives in the company in the year 2021.	CHOU,WAN-SHUN LEE,CHUNG-YI	Holding the position of General Manager of the company. Holding the position of General Manager of the Business Department.	Adhering to legal requirements on conflict of interest and refraining from participating in discussions and voting.
2022.3.8	12ht	Regarding the distribution of employee compensation in the year 2021.	CHOU,WAN-SHUN LEE,CHUNG-YI	Holding the position of General Manager of the company. Holding the position of General Manager of the Business Department.	Adhering to legal requirements on conflict of interest and refraining from participating in discussions and voting.
2022.11.9	16th	The issuance of employee stock options in the form of stock warrants.	CHOU,WAN-SHUN	Holding the position of General Manager of the company.	Adhering to legal requirements on conflict of interest and refraining from participating in discussions and voting.

III. The information on the frequency, period, scope, method and content of TWSE/TPEx listed company's Board of Director self-evaluation (or peer assessment) shall be disclosed. State the status of the Company's Board evaluation in Table 2(2): Please refer to the explanation of the implementation of the second board of directors' evaluation for details.

IV. Goals for strengthening the board of directors' functions in the current year and the recent year:

(1) The company established an Audit Committee starting from July 1, 2017.

(2) The company's board of directors holds meetings at least once per quarter, responsible for ensuring the proper presentation of

the financial statements, the independence and performance of the auditors, the effective implementation of the internal control system, compliance with relevant laws and regulations, and the management of existing or potential risks. The operation is smooth.

(3) To enhance operational knowledge and strengthen legal knowledge, the company arranges occasional lectures and training sessions for directors and executives on securities regulations. To improve information transparency, the company's audit personnel regularly submit audit reports to the independent directors, who also engage in periodic communication with the financial executive and audit personnel to understand the company's operational status.

Evaluation of Implementation Status:

Attendance of Independent Directors at each board meeting in the current year and the recent year (◎: Personally attended ☆: Attended by proxy ◆: Absent)

2022	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting
LEE,JIH-CHIEN	◎	◎	◎	◎	◎	◎
KUO,CHUNG-CHIEN	◎	◎	◎	◎	◎	◎
CHANG,HSIEN-SUNG	◎	◎	◎	◎	◎	◎

2023	First Meeting	Second Meeting				
LEE,JIH-CHIEN	◎	◎				
KUO,CHUNG-CHIEN	◎	◎				
CHANG,HSIEN-SUNG	◎	◎				

2. The implementation status of the performance evaluation of the board of directors

Evaluation cycles	Evaluation periods	Evaluation scope	Evaluation method	Evaluation content
Enforced once a year	Jan.1, 2022 - Dec. 31, 2022	Individual directors	1. Self-evaluation by individual directors 2. Evaluation by the unit in charge of the meetings of the Board of Directors	1. Self-evaluation by individual directors: (1) Alignment of the goals and mission of the company; (2) Awareness of the duties of a director; (3) Participation in the operation of the company; (4) Management of internal relationship and communication; (5) The director's professionalism and continuing education; and (6) Internal control. 2. Evaluation by the unit in charge of the meetings of the Board of Directors: (1) Compliance with relevant laws and regulations (2) Participation in the operation of the company.

(II) Operation status of the Audit Committee and the participation of Supervisors in the operation of the Board Meeting

1. The Audit Committee of our company consists of three independent directors. The Audit Committee is designed to assist the Board of Directors in fulfilling its oversight responsibilities for the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls.
2. The responsibilities of the Audit Committee are as follows:
   a. Establishing or amending internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
   b. Assessing the effectiveness of internal control systems.
   c. Establishing or amending procedures for significant financial transactions, such as

acquiring or disposing of assets, engaging in derivative transactions, lending funds to others, endorsing or guaranteeing for others, in accordance with Article 36-1 of the Securities and Exchange Act.

d. Matters involving conflicts of interest of directors themselves.

e. Significant asset or derivative transactions.

f. Significant lending, endorsing, or guaranteeing of funds.

g. Qualifications, independence, and performance evaluation of certified public accountants.

h. Appointment, dismissal, or remuneration of certified public accountants.

i. Appointment or removal of financial, accounting, or internal audit supervisors.

j. Annual financial statements signed or sealed by the Chairman of the Board, executives, and the accounting supervisor, as well as the second quarter financial statements that require certification by accountants.

k. Compliance with regulations.

l. Company risk management.

m. Other significant matters as required by the company or regulatory authorities.

Review of Annual Financial Statements:

The Board of Directors has submitted the Company's operating report, financial statements (including consolidated financial statements), and profit distribution proposal for the year 2022 of the Republic of China. The financial statements (including consolidated financial statements) have been audited by CPA Firm Feng Minjuan and CPA Lin Yahui, who have issued an audit report. The aforementioned operating report, financial statements (including consolidated financial statements), and profit distribution proposal have been reviewed by our Audit Committee, which found no discrepancies and issued a review report accordingly.

Assessment of the Effectiveness of Internal Control Systems:

The Audit Committee evaluates the effectiveness of the company's internal control system policies and procedures (including controls related to sales, procurement, production, personnel, finance, information security, operations, compliance with laws and regulations, etc.) and oversees the operation of the company's internal audit unit and reviews the results of internal control self-assessments. The Audit Committee believes that the company's internal control system is effective.

Assessment and Appointment of Independent and Qualified Certified Public Accountants: The Audit Committee is entrusted with the responsibility of assessing and supervising the independence of the certified public accounting firm to ensure the objectivity of the financial statement audit and certification.

To ensure the independence of the certified public accounting firm, the Audit Committee evaluates the independence, professionalism, and qualifications of the accountants in accordance with relevant regulations such as the Accountant Act and the Code of Professional Ethics for Accountants.

On May 6, 2022, the 13th meeting of the second term of the Audit Committee and the 14th meeting of the Board of Directors were deliberated and approved. CPA Firm Feng Minjuan and CPA Lin Yahui both met the independence assessment criteria and were deemed suitable to serve as the company's financial and tax certification accountants.

3. A total of 5 Audit Committee meetings (A) were held in the last year; independent directors' attendance records are summarized below: (2022.1.1-2022.12.31)

Position	Name	Attendance in person (B)	Attendance by proxy	Actual attendance (%) (B/A) (Note)	Remarks
Independent Director	KUO,CHUNG-CHIEN	5	0	100%	Reelected (2020.7.1)
Independent Director	LEE,JIH-CHIEN	5	0	100%	Reelected (2020.7.1)
Independent Director	CHANG,HSIEN-SUNG	5	0	100%	Reelected (2020.7.1)

Other matters required to be recorded:

I. For the operation of the Audit Committee in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all Auditing Committee members, and the Company's response to the opinions proposed by the Audit members.

(I) For matters specified in Article 14-5 of Taiwan's Securities and Exchange Act: None.

1. January 13, 2022(11th Meeting)

(1) Through the cancellation of the short-term credit facility in the amount of RMB 25 million for Yishuan Technology (China) Co., Ltd. at Mega International Commercial Bank, Ningbo Branch, and the cancellation of the short-term credit facility in the amount of RMB 15 million for Guoquan Semiconductor Technology Co., Ltd. at Mega International Commercial Bank, Jiangmen City Branch, with the total combined limit not exceeding RMB 30 million guarantee.

Audit Committee Decision: The decision was unanimously approved by all committee members.

Company's Handling of the Audit Committee's Opinion: The decision was unanimously approved by all attending directors.

(2) Through the cancellation of the financing limit in the amount of USD 1.5 million for Guoquan Semiconductor Technology Co., Ltd. at Shanghai Bank, with the company acting as a joint guarantor.

Audit Committee Decision: The decision was unanimously approved by all committee members.

Company's Handling of the Audit Committee's Opinion: The decision was unanimously approved by all attending directors.

(3) Through the new credit facility provided by Bank SinoPac, amounting to TWD 5 million for Licheng Optoelectronics, including short-term and medium-to-long-term loans, with the company acting as a financing joint guarantor.

Audit Committee Decision: The decision was unanimously approved by all committee members.

Company's Handling of the Audit Committee's Opinion: The decision was unanimously approved by all attending directors.

(4) Through the application by Guoquan Semiconductor Technology Co., Ltd. to Mega International Commercial Bank for a credit facility in the amount of USD 1.5 million, with the company acting as a financing joint guarantor. The case was transferred and consolidated to Yishuan Technology (China) Co., Ltd.

Audit Committee Decision: The decision was unanimously approved by all committee members.

Company's Handling of the Audit Committee's Opinion: The decision was unanimously approved by all attending directors.

2. March 8, 2022 (12th Meeting)

(1) Approval of the Company's 2021 Business Report and Financial Statements

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

(2) Approval of the 2021 Internal Control System Statement

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

(3) Approval of the Company's funding loan to Quan Technology (China) Co., Ltd.

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

(4) Approval of the amendment to the Company's asset acquisition or disposition procedures

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

(5) Approval of the Company's acquisition of leasehold rights for a new factory building

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

3. May 6, 2022 (14th Meeting)

(1) Approval of the appointment of the Company's auditors and payment of their fees for the year 2022

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

(2) Approval of Taipei Fubon Bank providing a credit line of NTD 15 million to Quan Precision Industrial Co., Ltd. and extending the financing limit of NTD 5 million to Licheng Optoelectronics Co., Ltd., with the Company acting as the joint guarantor for the financing

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

(3) Approval of First Bank Xiamen Branch providing a loan facility of USD 1.6 million (or equivalent foreign currency) to Quan Technology (China) Co., Ltd., with the Company acting as the joint guarantor for the financing

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

(4) Approval of China Trust Commercial Bank providing a short-term loan facility of USD 1.2 million to Quan Technology (China) Co., Ltd., with the Company acting as the joint guarantor for the financing

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

4. August 10, 2022 (15th Meeting)

(1) Approval of Mega International Commercial Bank providing an extension of the shared credit facility for Quan Precision Electronics Co., Ltd. and Quan Technology (China) Co., Ltd., increasing the original limit from USD 2 million to USD 3 million, with the Company acting as the joint guarantor for the financing

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

(2) Approval of the acquisition or disposal of short-term investment quotas in marketable securities

Decision of the Audit Committee: Unanimously approved by all members

Company's handling of the Audit Committee's opinion: Unanimously approved by all attending directors

5. November 9, 111 (16th Meeting)

(1) Approved the application of our mainland subsidiary, Yiquan Technology (China) Co., Ltd., to Shanghai Commercial Savings Bank for an extension of the credit limit of USD 2 million. Our company acts as a joint guarantor for the financing.

Audit Committee Decision: Unanimously approved by all committee members.

Company's Response to the Audit Committee's Opinion: Unanimously approved by all attending directors.

(2) Approved the issuance of employee stock options certificates for the year 111.

Audit Committee Decision: Unanimously approved by all committee members.

Company's Response to the Audit Committee's Opinion: Unanimously approved by all attending directors.

(3) Approved the transfer of investment to Yiquan Technology (China) Co., Ltd., in mainland China, and the application for an extension of financing in the amount of RMB 10 million from BANK OF COMMUNICATIONS. Jiangmen Guoquan Semiconductor Technology Co., Ltd. acts as a joint guarantor for the financing.

Audit Committee Decision: Unanimously approved by all committee members.

Company's Response to the Audit Committee's Opinion: Unanimously approved by all attending directors.

(II) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors: None.

II. Regarding recusals of independent directors from voting due to conflicts of interests, the names of independent directors, details of the relevant agendas, reasons for recusals, and the results of voting: None

III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company’s financial and business affairs, the method of communication used, and the outcome).

1. The Chief Auditor submits audit reports to independent directors on a regular basis.
2. Independent directors can communicate with the Chief Auditor or CPAs at any time if they deem necessary.

4. Participation of Supervisors in the operation of Board Meetings: None.

(III) Corporate governance implementation and the difference from the Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies and reasons

Evaluation Item	Implementation Status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof.
	Yes	No	Summary	
I. Does the Company establish and disclose the corporate governance practices pursuant to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The company has established the "Corporate Governance Practices Guidelines" and revised them on March 8th,2022. The company has already placed the "Corporate Governance Practices Guidelines" on its website.	No material discrepancy.
II. Shareholding structure and shareholder's equity				
1. Has the board of directors formulated a diversity policy, and specific management objectives and are they implemented?	V		The company has established a spokesperson system and fully disclosed the contact information on the company's website. Shareholders can provide feedback and opinions through methods such as telephone or email, and the company will handle them according to the relevant operational procedures. If there are any legal issues involved, the company will seek assistance from legal professionals.	No material discrepancy.
2. Does the Company keep abreast of the list of major shareholders and the ultimate controlling parties of such shareholders?	V		The company confirms the changes in shareholdings of directors, executives, and major shareholders on a monthly basis to stay informed of their holdings. Additionally, the company publishes the list of the top ten shareholders in the annual report and discloses information regarding shareholders holding 5% or more of the shares on a quarterly basis in accordance with regulations.	No material discrepancy.
3. Does the Company establish and implement a risk control mechanism and firewalls between its affiliates and itself?	V		The Company and its subsidiaries adopt the principle of financial and business independence as the basis for business transactions.	No material discrepancy.
4. Whether the Company established internal regulations prohibiting insider trading against non-public information?	V		The Company's board of directors already passed the Management Regulations on Insider Trading Prevention on March 16, 2012.	No material discrepancy.
III. Composition and responsibilities of the board of directors				
1. Establishment and implement of guidelines for	V		The provisions of Article 20 of the Company's Corporate Governance Best Practice Principles stipulate the diversity	No material discrepancy.

Evaluation Item	Implementation Status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof.
	Yes	No	Summary	
diversity of the composition of the board of directors?			policy of board members, including operations, finances and accounting, management, crisis management, industry knowledge, international perspectives, leadership, and decision-making ability.	
2. In addition to the remuneration committee and the audit committee set up in accordance with the law, does the Company set up other functional committees voluntarily?		V	The Company has not yet established other functional committees.	In the future, the Company will establish other functional committees based on its operating condition.
3. Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis? Are the results of the evaluation reported at the Board Meeting and used as reference for remuneration and the nomination for re-election?	V		The Company has formulated the Regulations on Performance Evaluation of Directors and Managers, conducts performance evaluation every year, and reports the results of the performance evaluation to the board of directors. The 2021 directors' performance evaluation was reported at the board meeting on March 8, 2022.	No material discrepancy.
4. Does the Company regularly assess the independence of CPAs?	V		The General Management Unit of the Company assesses the independence of the CPAs appointed every year and submits the results to the board of directors for approval. The company's General Administration Department assesses the independence and suitability of the audit firm annually. The evaluation confirms that the audit firm meets the company's independence standards and is qualified to serve as the company's auditor. The evaluation results are reported to the Audit Committee, which conducts regular assessments of the independence of the auditor and reports the findings to the Board of Directors. The most recent evaluation was approved by the Audit Committee on May 6, 111, and subsequently approved by the Board of Directors on the same date. The evaluation mechanism is as follows:	No material discrepancy.

Evaluation Item	Implementation Status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof.
	Yes	No	Summary	
			1. Confirmation that the company's auditor is independent from the company and its directors. 2. Compliance with the rotation requirements for the company's auditors as stipulated in the Corporate Governance Practice Guidelines. 3. Prior approval from the Audit Committee is required for the appointment of the audit firm for the annual audit and other engagements. 4. Regular receipt of an independence statement from the auditor. The evaluation results are as follows: 1. The independence of the auditor in relation to the company complies with relevant regulations such as the Republic of China Certified Public Accountant Act and the Code of Professional Ethics for Certified Public Accountants. 2. The same auditor has not been appointed for seven consecutive years by the company.	
IV. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required information for business execution, handling relevant matters with board meetings and shareholders meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings?	V		The company's General Administration Department is responsible for corporate governance-related affairs. On April 19, 2021, it was reported and approved by the Board of Directors to appoint Mr. Yang Bairong as the head of corporate governance. Mr. Yang has over 20 years of experience in legal, financial, and shareholder affairs in publicly traded companies. Scope of responsibilities and execution:	No material discrepancy.

Evaluation Item	Implementation Status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof.
	Yes	No	Summary	
			1. Handling matters related to the Board of Directors, Audit Committee, and Shareholders' Meetings in accordance with the law. (1) Conducting the preparation and convening of meetings in accordance with the law, assisting in formulating agendas and consolidating information on agenda items, timely and appropriately providing meeting members with sufficient meeting materials and related needs, assisting in the conduct of meeting procedures and recording matters, and providing prior reminders if conflicts of interest arise. (2) Assisting in the announcement or dissemination of meeting resolutions or important information in compliance with laws and regulations, and tracking the implementation of resolution matters. 2. Creating minutes of the Board of Directors and Shareholders' Meetings and providing them within 20 days after the meetings. 3. Assisting directors in their appointment and continuous education: arranging training courses for directors, ensuring that all directors have completed at least six hours of annual training as required. 4. Providing the necessary information to directors and	

Evaluation Item	Implementation Status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof.
	Yes	No	Summary	
			supervisors for the execution of their duties. 5. Reporting to the Board of Directors on the qualifications of independent directors during the nomination, appointment, and tenure periods in accordance with relevant laws and regulations. 6. Assisting directors and supervisors in complying with laws and regulations, and timely reminding them of their rights, obligations, and regulatory developments. 7. Handling other matters stipulated in the company's articles of incorporation or contracts. Training status for the current year (including hours):	

Training Date	Organizer	Course	Hours
2022.2.24	Accounting Research and Development Foundation	Practical Analysis of Sustainability Reports under Corporate Governance 3.0 Policy	3
2022.3.9	Accounting Research and Development Foundation	Relevant Regulations and Common Deficiencies in Corporate Financial Reporting	3
2022.3.24	Accounting	Global Corporate	3

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td>Research and Development Foundation</td><td>ESG Sustainability Trends and Management Strategies</td><td></td></tr><tr><td>2022.5.20</td><td>Securities and Futures Market Development Foundation</td><td>Insider Trading Prevention Awareness Seminar</td><td>3</td></tr><tr><td>Total</td><td></td><td></td><td>12</td></tr></table></td><td></td></tr>
<tr><td>V. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers), and set up a dedicated area for stakeholders on the Company’s website, and respond to important corporate social responsibility issues that stakeholders are concerned about appropriately?</td><td>V</td><td></td><td>The Company regularly discloses its financial reports and business information on the Market Observatory Post System (MOPS) and the Company’s website, has engaged a spokesperson for external communication, and discloses a contact mailbox for stakeholders on the Company’s website.</td><td>No material discrepancy.</td></tr>
<tr><td>VI. Does the Company appoint a professional stock affairs agency to handle the affairs of shareholders’ meetings?</td><td>V</td><td></td><td>Before 2021, the Stock Affairs Agency Department of Jih Sun Securities Co., Ltd. was entrusted by the Company to handle stock-related affairs; on February 16, 2022, the Stock Affairs Agency Department of Grand Fortune Securities Co., Ltd. was entrusted to handle stock-related affairs.</td><td>No material discrepancy.</td></tr>
<tr><td>VII. Public Disclosure of Information
1. Does the Company set up a website to disclose financial business and corporate governance information?

2. Does the Company adopt other information disclosure</td><td>
V

V</td><td></td><td>
The Company discloses financial business and corporate governance information on its website at http://www.i-chiun.com.tw.

The Company has established a website in the Chinese</td><td>
No material discrepancy.

No material discrepancy.</td></tr>
</table>

Evaluation Item	Implementation Status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof.
	Yes	No	Summary	
methods (such as setting up an English website, designating a person for collection and disclosure of information, implementing a spokesperson system, and publishing the process of investor conferences on the website)? 3. Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		 V	language, and has engaged a spokesperson and an acting spokespersons for information collection and disclosure, and serving as a bridge for external communication. The Company announces and files financial reports in accordance with Article 36 of the Securities and Exchange Act and the relevant regulations and orders issued by the Securities and Futures Bureau.	 No material discrepancy.
VIII. Does the Company have additional important information that is helpful to understand the operation of the corporate governance (including but not limited to the employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, further education of directors and supervisors, implementation of risk management policies and evaluation measures, implementation of customer policies and liability insurance coverage for directors and supervisors)?	V		(I) Employee Benefits and Employee Care: 1. The company has established an Employee Welfare Committee and allocated welfare funds in accordance with the law. 2. For information regarding employee benefits and employee care, please refer to the Labor Relations section of this annual report. (II) Investor Relations: 1. The company has set up an Investor Relations section on its official website, providing a two-way information exchange. 2. The company has established "Internal Handling Procedures for Material Nonpublic Information" to prevent improper disclosure of information and ensure the consistency and accuracy of information disclosed to the public. (III) The company maintains a good relationship with suppliers.	No material discrepancy.

Evaluation Item	Implementation Status (Note 1)			Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof.
	Yes	No	Summary	
			(IV) For details regarding the directors' continuing education, please refer to this annual report. (V) Matters related to directors' and officers' liability insurance have been established and implemented in accordance with the company's bylaws. Important details such as the insured amount, coverage scope, and insurance premiums of the liability insurance are regularly reported to the Board of Directors. (VI) In order to strengthen the oversight and management functions of the board of directors, the company has established "Board of Directors Meeting Rules" in accordance with the "Meeting Rules for Publicly Traded Company Boards of Directors" issued by the competent authority, which shall be followed.	
IX. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies. The Company's General Management Unit is responsible for corporate governance-related matters and putting forth improvement measures based on the unimproved items in the corporate governance evaluation.				

.

(VII) Where the Company has set up a remuneration committee or nomination committee, their composition, responsibilities, and operational status shall be disclosed:

1. Information on the Remuneration Committee members

Identity (Note 1)	Qualification / Name	Has at least five years of relevant working experience and the following professional qualifications	Compliance of independence (Note 2)	Number of other public companies with concurrent position as a Remuneration Committee member
Independent Director (Convener)	LEE,JIH-CHIEN	Education Master, Graduate Institute of International Business Administration College of Business Chinese Culture University PhD (candidate), Graduate Institute of International Business Administration College of Business Chinese Culture University Experience Vice President of Ming Yuan Certified Public Accountants (December 2004 ~ December 2017) Current job 1. Lecturer, Chinese Culture University - Department of International Business Administration (August 2016 -) 2. Director of Ming Yang Enterprise Management Consulting Co., Ltd (June 21, 2016 -) 3. Independent Director, Audit Committee member, Remuneration Committee convener of I-Chiun Precision Industry Co., Ltd. (July 2017 -) 4. Director of Ming-Yuan Enterprise Management Consulting Co., Ltd. (December 2017 -) 5. Director of Ming-Yang Enterprise Management Consulting Co., Ltd. (September 20, 2019 -) 6. Director of Far East Business Co., Ltd. (January 21, 110~)	1. The individual, spouse, and immediate relatives within the second degree of kinship (or using others' names) hold 500,000 shares, accounting for 0.23%. 2. Not serving as a director, supervisor, or employee of companies with specific relationships to the company (referring to provisions 5-8 in Article 6 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Listed or Over-the-Counter Traded Companies). 3. No remuneration has been received from providing business, legal, financial, accounting, or other services to the company or its related enterprises in the past two years.	0
Independent Director (Convener)	KUO,CHUNG-CHIEN	Education Master, College of Business Administration, Chinese Culture University Bachelor, Tatung Institute of	1. The individual, spouse, nor any immediate family members are serving as directors, supervisors, or employees of the	0

		Technology (Tatung University) / Department of Business Administration Experience 1. Over 30 years of experience in securities authorities and securities-related organizations and served as a broker-dealer 2. Awarded the 2nd Top 10 Securities and Futures Talent (June 1997; now renamed as Golden Goblet Award) 3. Awarded Distinguished Alumni by Tatung University (1997) 4. Awarded the 5th Distinguished Alumni of Beipu Elementary School, Hsinchu County (October 2018) (120th anniversary of the school) 5. Has over 20 years of experience serving as a part-time lecturer teaching securities-related courses at universities in Taiwan 6. Previously served as a director and supervisor for several companies 7. Yu Yin Corporation (Publicly Listed Company) Independent Director (September 100 - June 110/6/27) 8. Zhi Fu Car Rental Corporation Supervisor (July 106 - May 109/5/29) Current job 1. Independent Director and Audit Committee convener, Remuneration Committee member of I-Chiun Precision Industry Co., Ltd. (public company) (July 2017 -) 2. Director of Jin-Yuan-San Car Co., Ltd (April 2002 -) 3. Taiwan Securities Association (vice convener of Disciplinary Committee, member of R&D Committee) (September 2016 -) 4. Director, Legal Representative of Fu-Lu-Shou Park Co., Ltd. (June 2014 -) 5. San Jin Integrated	company or its affiliated enterprises. 2. The individual, spouse, and immediate relatives within the second degree of kinship (or using others' names) hold 0 shares, accounting for 0%. 3. Not serving as a director, supervisor, or employee of companies with specific relationships to the company (referring to provisions 5-8 in Article 6 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Listed or Over-the-Counter Traded Companies). 4. No remuneration has been received from providing business, legal, financial, accounting, or other services to the company or its related enterprises in the past two years.	

		Marketing Co., Ltd. Legal Representative Director (August 2022/8/22 - Present)		
Independent Director	CHANG,HSIEN-SUNG	Education Dongfang High School of Industry and Commerce Experience 3. Chairman of Song Lei Precision Industries Co., Ltd. (May 1994 ~ present) Current job 1. Chairman of Song Lei Precision Industries Co., Ltd. (May 1994 ~ present) 2. Independent Director, Audit Committee member, Remuneration Committee member of I-Chiun Precision Industry Co., Ltd. (July 2017 -)	1. The individual, spouse, nor any immediate family members are serving as directors, supervisors, or employees of the company or its affiliated enterprises. 2. The individual, spouse, and immediate relatives within the second degree of kinship (or using others' names) hold 107,922 shares, accounting for 0.05%. 3. Not serving as a director, supervisor, or employee of companies with specific relationships to the company (referring to provisions 5-8 in Article 6 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Listed or Over-the-Counter Traded Companies). 4. No remuneration has been received from providing business, legal, financial, accounting, or other services to the company or its related enterprises in the past two years.	0

2. Information on the operation of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term: July 1, 2020 to June 30, 2022. Total of 2 [A] Remuneration Committee meetings were held during the last year. The qualifications and attendance of the Remuneration Committee members are as follows (2022.1.1–2022.12.31):

Position	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)(Note)	Remarks
Convener	LEE,JIH-CHIEN	4	0	100%	Reelected (2020.7.1)
Member	KUO,CHUNG-CHIEN	4	0	100%	Reelected (2020.7.1)
Member	CHANG,HSIEN-SUNG	4	0	100%	Reelected (2020.7.1)

Other matters required to be recorded:

I. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g. the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

II. If there were resolutions of the remuneration committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

(3) Responsibilities of the Compensation Committee

The Committee shall fulfill the following duties with due care of a prudent manager and submit its recommendations to the Board of Directors for discussion.

A. Establish and periodically review policies, systems, standards, and structures for the evaluation of the performance and compensation of directors, supervisors, and executives.

B. Regularly evaluate and determine the compensation of directors, supervisors, and executives.

(4) Matters subject to resolution by the Compensation Committee.

Compensation Committee	Agenda Content and Subsequent Handling	Decision Result	Company's Handling of Compensation Committee's Opinions
January 13, 2022 4th Session, 5th Meeting	1. Deliberation on the distribution of year-end bonuses for the year 2021 2. Deliberation on the revised version of the "Guidelines for Group Performance Bonus Distribution" P edition	The consensus of all committee members is to approve.	The proposal has been approved by all attending directors at the board meeting.
March 8, 2022 4th Session, 6th Meeting	1. Deliberation on the revised version of the "Guidelines for Group Performance Bonus Distribution" Q edition 2. Deliberation on the distribution of performance bonuses for supervisors for the year 2021 3. Deliberation on the revised version of the "Employee Remuneration Regulations" E edition 4. Deliberation on the distribution of employee remuneration for the year 110 5. Deliberation on changes in	The consensus of all committee members is to approve.	The proposal has been approved by all attending directors at the board meeting.

	positions and salaries for professional managers		
August 10, 2022 4th Session, 7th Meeting	1. Deliberation on the change in position for Vice Chairman LEE,CHUNG-YI 2. Deliberation on changes in positions and salaries for professional managers	The consensus of all committee members is to approve.	The proposal has been approved by all attending directors at the board meeting.
November 9, 2022 4th Session, 8th Meeting	1. Deliberation on the issuance of employee stock options and the number of shares that employees can subscribe to.	The consensus of all committee members is to approve.	The proposal has been approved by all attending directors at the board meeting.

3. Information on Nomination Committee Members and Operations: The company has not established a Nomination Committee, therefore there is no information available.

(V) Promotion of sustainable development and Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Current items	Implementation Status (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Whether the Company establishes the governance framework dedicated to promoting the sustainability and delegates the full-time (part-time) functional units dedicated to promoting the corporate sustainability; has the Board of Directors authorized the senior management to deal with it; and how the Board of Directors supervise it? (To be reported for listed and OTC companies, not applicable for compliance or explanation purposes.)	V		1. The company has established a Sustainability Development Committee authorized by the Board of Directors, with Mr. Wan-Shun Chou, the Chairman, serving as the Chairman of the committee. The committee has one Executive Secretary, and under it, there are functional teams such as Business Management, Sustainable Environment, Green Products, Labor Rights, and Social Engagement. The heads of respective departments serve as members of these functional teams, and one person is assigned as the team leader for each team. 2. The Chairman of the committee regularly reports the progress and execution status to the Board of Directors.	No significant differences.
II. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality? (Note 2) (To be reported for listed and OTC companies, not applicable for compliance or explanation	V		The company examines organizational operations, business relationships, and stakeholder identification processes related to the company's operations, environment, social aspects, and corporate governance. This helps to understand the overall profile of the organization and related impacts, as well as identify key sustainability stakeholders. Based on the organization's overall profile and business relationships, it	No significant differences.

<table>
<tr>
<td>purposes.)</td>
<td></td>
<td></td>
<td>identifies actual and potential impacts on the economy, environment, and people, and conducts significant analysis and risk assessment for the identified issues. This includes risk identification, risk analysis and assessment, risk response and control, and risk monitoring.
<table>
<tr><th>Significant Issues</th><th>Risk Assessment Items</th><th>Explanation</th></tr>
<tr><td>Environment</td><td>Climate Change: Global attention is given to whether companies comply with environmental protection trends or standards to mitigate the occurrence of extreme climate events.</td><td>Annually, we conduct regular reviews of international environmental trends and develop environmental protection measures based on operational needs. We provide internal education, training, and awareness programs to make employees aware of the impacts of climate change. They understand the company's annual environmental priorities and align their work with various environmental policies.</td></tr>
<tr><td>Social</td><td>Human Rights Risks: Conducting employee human rights risk assessments to</td><td>Regarding legal compliance, we ensure that labor policies align with international human rights conventions and local government regulations. For labor</td></tr>
</table>
</td>
<td></td>
</tr>
</table>

				avoid illegal activities and deterioration of labor relations.	relations, we hold regular labor-management meetings where both parties discuss the implementation of human rights policies, labor conditions, policies, and compensation and welfare issues. This promotes transparency and smooth communication between labor and management.	
			Governance	Legal Compliance, Board of Directors' Responsibilities, Stakeholder Communication	Based on the company's actual needs and changes in regulations, we plan relevant training topics for the board of directors and provide information on laws and corporate governance. Through the establishment and effective implementation of internal control systems, we ensure that all employees and operations comply with relevant laws and internal regulations. We establish various communication channels to engage with stakeholders.	

III. Environmental issues (I) Does the Company establish an appropriate environmental management system based on its industrial characteristics?	V		The company has established an appropriate ISO 14001 environmental management system in accordance with the characteristics of the industry. Each year, the system is followed and implemented to effectively control and manage the environmental aspects.	No material discrepancy.
(II) Does the Company endeavor to upgrade the efficient use of available energy, and use environmentally friendly materials?	V		1. The company is committed to promoting and improving sustainable environmental practices. Through education and implementation, the company aims to enhance resource efficiency, achieve energy savings, waste reduction, and minimize environmental impacts. Detailed information will be disclosed in this year's Corporate Social Responsibility Report. 2. The company engages qualified vendors to handle the disposal and recycling of resources and waste, thereby reducing the environmental burden.	No material discrepancy. The sustainability report, which is the company's first-year compilation, is still in progress and is being prepared up until the date of printing the annual report.
(III) Whether the Company assesses the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and takes responsive measures related to these issues?		V	The company will complete the identification and assessment of climate change risks and opportunities in the current year. Management plans will be developed specifically for key risks and opportunities. The management of climate	No material discrepancy. The sustainability report, which is the company's first-year compilation, is still in progress and is being prepared up until the date of printing the annual report.

			change risks and opportunities will be continuously assessed, monitored, and managed by the General Management Department, with regular reporting to the Board of Directors.	
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulate policies for energy conservation, greenhouse gas reduction, water reduction, or other waste management?	V		It also recycles resources, reduces waste, and manages and controls water and power consumption per the ISO14001 environmental management system. However, greenhouse gas emissions have not been collected.	The sustainability report, which is the company's first-year compilation, is still in progress and is being prepared up until the date of printing the annual report.
IV. Social issues (I) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and the International Bill of Human Rights?	V		The Company holds labor-management meetings regularly, in which labor representatives put forth relevant issues for discussion, and notifies all employees of the resolutions adopted at such meetings and implementation progress of the resolutions through the internal network.	No material discrepancy.
(II) Does the Company establish and implement proper employee benefit measures (including the salary, holidays, and other benefits) and reflect the corporate business performance or achievements in the employee remuneration?	V		1. The Company has set out relevant employee welfare measures and a bonus system, and stipulated employee compensation in the Company's Articles of Incorporation to share the operating results with its employees. 2. According to Article 17 of the company's bylaws, after deducting the distribution of profits to employees and directors' remuneration from the annual pre-tax income, and after offsetting any losses, if there is a surplus, it should be allocated for employee remuneration, which	No material discrepancy.

			should not be less than 10 percent, and director remuneration, which should not exceed 3 percent. The employee remuneration can be in the form of stocks or cash, and it requires a resolution passed by a two-thirds majority of the directors present at the board meeting, with a majority of the attending directors in favor, and it should be reported to the shareholders' meeting. The recipients of the employee remuneration, whether in the form of stocks or cash, may include employees of controlled or subsidiary companies who meet certain conditions.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide employees with regular safety and health education?	V		1. The Company performs tests and inspection of work environment every six months, and organizes employee health examination every year, while regularly holding fire safety awareness-increasing activities as per the laws. 2. In addition to establishing a dedicated unit for occupational safety and health in compliance with the law, the company maintains ISO 45001 Occupational Health and Safety Management System certification. Occupational safety and health education and training are provided to new employees, existing staff, and subcontractors to ensure their safety and well-being. 3. The current validity period of the company's ISO 45001:2015 Occupational Health and Safety Management System is from November 6, 2022, to	No material discrepancy.

			October 6, 2023.	
(IV) Does the Company establish an effective career development and training program for employees?	V		The Company has established employee education and training operating procedures, and each unit can organize internal and external training sessions based on the needs at work.	No material discrepancy.
(V) Whether the Company complies with the related laws and international practices with respect to customers' health and safety, customers' privacy, marketing and labeling for its products and services, and adopts related consumers or customers protection policy and complaining procedures?	V		1. The company has obtained ISO 9001 Quality Management System and ISO 14001 Environmental Management System certifications to ensure that products and services comply with relevant global regulations and standards. Customer privacy and data security are protected by the "Privacy Protection Policy." 2. The company has established the relevant "Customer Management Procedures" and provides a contact point for stakeholders on the company website. This facilitates customer service and protects consumer or customer rights and interests.	No material discrepancy.
(VI) Does the Company establish the supplier management policy to require suppliers to comply with relevant regulations on issues of environmental protection, occupational safety and health, or labor rights, and the status of implementation?	V		The Company has established the Supplier Evaluation and Performance Management Procedures, which requires suppliers to comply with the Hazardous Substance Free (HSF) standards and environmental protection laws and regulations. The company has also established a Supplier Social Responsibility Management Procedure. Through raising awareness of supplier social responsibility and signing commitments, as well as regularly assessing suppliers using	No material discrepancy.

			the Supplier RBA Audit Form, the company encourages suppliers to understand the spirit of social responsibility and collaborate with the company's social responsibility management activities, aiming to achieve a green and sustainable supply chain.	
V. Does the Company refer to the international standards or guidelines for report preparation to prepare its sustainability report and other reports that disclose its non-financial information? Have the aforesaid reports been assured or certified by a third-party verification agency?	V		According to the regulations of the "Operating Procedures for Listed Companies to Prepare and File Sustainability Reports" by the Taiwan Stock Exchange, the company has been preparing and filing the Chinese version of the Sustainability Report since 2023. This year marks the first year of preparing the Sustainability Report, which is still in progress as of the printing date of the annual report. The report is prepared in accordance with the General Standard, Industry-specific Standard, and Material Topic Standard issued by the Global Reporting Initiative (GRI). The company has not yet completed the verification and assurance process for Scope 1 and Scope 2 greenhouse gas emissions, therefore no assurance or opinion from a third-party verification entity is available at this time.	The sustainability report, which is the company's first-year compilation, is still in progress and is being prepared up until the date of printing the annual report.
VI. If the Company has established its own sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the principles and their implementation: The company has developed its own Sustainable Development Practices Guidelines based on the Guidelines for Sustainable Development Practices of Listed and OTC Companies. The company also follows the regulations outlined in the "Operating Procedures for Listed Companies to Prepare and File Sustainability Reports" by the				

	Taiwan Stock Exchange in preparing its Sustainability Report. Currently, the company is actively aligning its practices with the guidelines and making progress accordingly.
VII.	Other information material to the understanding of sustainable development: The relevant information will be available on the company's website. The company's website address is http://www.i-chiun.com.tw/.

Note: According to the regulations of the Taiwan Stock Exchange on the preparation and filing of sustainability reports by listed companies, our company is preparing its first Chinese version sustainability report in 2023. The report should be completed and filed by June 30th of the 2023, at the latest, or no later than September 30th of the 2023 year. The sustainability report and its file will be made available on the company's website via a link. As of the printing date of the annual report, the sustainability report is still under preparation.

(VI) Implementation of ethical management and deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof

Evaluation Item	Implementation Status (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof
	Yes	No	Summary	
I. Enactment of ethical management policy and program 1. Does the Company formulate an ethical management policy approved by the board of directors and clearly indicate the ethical management policy and practice in rules and external documents? Are the board of directors and the senior management committed to implementing said policy actively?	V		Our company is committed to conducting business activities based on the principles of fairness, honesty, trustworthiness, and transparency. In order to implement the policy of integrity management and actively prevent dishonest behavior, we have established the "Code of Conduct and Guidelines for Integrity Management" in accordance with the "Integrity Management Guidelines for Listed and OTC Companies" and relevant laws and regulations in the operating jurisdictions of our company and group enterprises. These guidelines provide specific regulations on matters that our employees should pay attention to when carrying out their duties.	No material discrepancy.
2. Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish a prevention program accordingly with the inclusion of the preventive measures against each behavior specified in Article 7 Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?	V		Through the implementation of relevant accounting systems and internal control systems, our company prevents dishonest trading activities. We have also established measures such as the "Employee Code of Conduct" and "Employee Code of Ethics" to regulate various behavioral norms and serve as preventive measures against employee involvement in dishonest behavior.	No material discrepancy.
3. Does the Company specify the operating procedures, behavior guidelines, disciplinary actions for violation, and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company review and modify the program mentioned above regularly?	V		The Company has formulated its “Procedures for Ethical Management and Guidelines for Conduct” and the General Management Unit is the dedicated unit in charge of the amendment, implementation, interpretation, and advisory services with respect to the Procedures and Guidelines, the recording and filing of reports, and the monitoring of	No material discrepancy.

Evaluation Item	Implementation Status (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof
	Yes	No	Summary	
			implementation.	
II. Implementation of ethical corporate management				
1. Does the Company assess if its counterparties' record of ethical conduct and specify the ethical conduct clause in the contracts that it signs with its counterparties?	V		The Company reviews the status of transactions with customers and suppliers from time to time to prevent unethical conduct from occurring.	No material discrepancy.
2. Does the Company establish a dedicated unit under board of directors to promote ethical corporate management and to report on the ethical management policy, prevention program of unethical conduct, and status of supervision to board of directors regularly (at least once a year)?	V		The Company's General Management Unit is responsible for implementing the Company's ethical corporate management.	No material discrepancy.
3. Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels for opinions, and implement them accordingly?	V		The Company has not yet established a policy to prevent conflicts of interest. In the case of a conflict of interest, any employee can file an opinion to the General Management Unit.	No material discrepancy.
4. Does the Company establish an effective accounting system and internal control system to implement ethical management and draft relevant audit plans by the internal audit unit based on the risk assessment results of the unethical conduct? Does the compliance of prevention program for the unethical conduct audited accordingly by the internal audit unit or CPAs appointed?	V		The Company's auditors arrange an audit plan every year and perform audits in line with the plan while reporting to the Audit Committee.	No material discrepancy.
5. Does the Company organize internal and external education and training on ethical corporate management regularly?		V	The Company has not yet organized internal and external education and training on ethical management regularly, but has disclosed the Procedures for Ethical Management and Guidelines for Conduct on its website as a reference for employees and the public.	No material discrepancy.
III. The operation of the whistleblowing system				
1. Does the Company formulate a specific whistleblowing and	V		The Company has adopted the Company's public website and	No material discrepancy.

Evaluation Item	Implementation Status (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof
	Yes	No	Summary	
reward system, and establish an accessible whistleblowing channel, while designating personnel to be responsible for investigating accused parties?			the internal employee suggestion box as channels for whistleblowing, and the Vice Chairman is in charge of accepting reports submitted.	
2. Has the Company established standard operating procedures for investigations on reports, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?	V		The Company has established a mechanism for accepting reports submitted and relevant confidentiality measures.	No material discrepancy.
3. Does the Company take measures to protect whistleblowers from being improperly handled due to whistleblowing?	V		The Company takes appropriate measures to protect whistleblowers and relevant information.	No material discrepancy.
IV. Enhanced information disclosure Does the Company disclose on its website and MOPS the content and effectiveness of implementation of its Ethical Corporate Management Best Practice Principles?	V		The company has disclosed the Procedures for Ethical Management and Guidelines for Conduct and the Employee Codes of Ethical Conduct on its website.	No material discrepancy.
V. Where the company may have establish its own business integrity best-practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and shall elaborate the practice of business integrity and the variations from the aforementioned regulations: None.				
VI. Other information material to the understanding of ethical business operation (e.g., the discussion and amendment to the ethical business best practice principles defined by the Company) The Company's business philosophy is based on the business principle of "doing business with integrity; respect; consistency of words and action."				

(VII) If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched: http://www.i-chiun.com.tw

(VIII) Other important information to increase the understanding of corporate governance: None.

(IX) Matters to be disclosed regarding the status of internal control system:

1. Internal Control System Statement

I-CHIUN PRECISION INDUSTRY CO., LTD.
Internal Control System Statement

Date: March 2, 2023

The following declaration had been made based on the 2022 self-assessment of the Company's internal control system:

I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of the Directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.,), reliable, timely and transparent financial reporting, and regulatory compliance.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective actions once any defects identified.

III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. Criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Under each category are assessment items used in the "Regulations." For more information on such items, refer to the "Regulations."

IV. The Company has adopted the aforementioned criteria to validate the effectiveness of its internal control system design and execution.

V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2022. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.

VI. This declaration constitutes part of the Company's Annual Report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This declaration has been approved by the board of directors of our company on March 2, 2023. Out of the 7 directors in attendance, there were 0 objections, and the rest all agreed with the content of this statement. Therefore, we hereby declare this statement.

I-CHIUN PRECISION INDUSTRY CO., LTD.

Chairman: CHOU,WAN-SHUN Signature

President: CHOU,WAN-SHUN Signature

2. Where CPAs are appointed to review the internal control system, the CPAs' review report shall be disclosed: None.

(X) If there are penalties imposed upon the Company and its employees in accordance with laws, penalties imposed by the Company upon its employees for violating internal control system policy, the Company should state the principal deficiencies, and improvement status: None.

(XI) Important resolutions of the shareholders' meeting and board meetings in the most recent year and as of the date of the publication of the annual report:

1. Important resolutions at shareholders' meetings

Date	Important Resolutions	Subsequent Execution Status
2022.6.1	Approval of the financial statements for the fiscal year 2021.	The annual financial statements for the year 2021 have been approved, and they serve as the basis for the distribution of earnings for 2021.
	Approval of the profit distribution for the fiscal year 2021.	The Chairman has set June 11, 2022 as the record date for the distribution, and the full distribution has been completed on July 11, 2022 (with a cash dividend of 0.5 NT dollars per share).
	Approval of the amendment to the "Articles of Incorporation".	The distribution has been registered and approved by the Ministry of Economic Affairs on June 20, 2022.
	Approval of the amendment to the "Shareholders' Meeting Rules".	It has been announced on the company's website and executed according to the amended rules.
	Approval of the amendment to the "Procedure for Acquisition or Disposal of Assets".	The announcement for June, 2022 has been posted on the company's website, and the revised procedures have been implemented.

2. Important resolutions of the Board of Directors:

DAte	Important Resolutions
2022.1.13	1. Approved the cancellation of the short-term financing limit in the amount of RMB 25 million for One Qian Technology (China) Co., Ltd., a subsidiary of Mega Financial Holding Co., Ltd., Ningbo Branch, and the short-term financing limit in the amount of RMB 15 million for Jiangmen Guoquan Semiconductor Technology Co., Ltd., with a combined limit not exceeding RMB 30 million, as a guarantee case. 2. Approved the cancellation of the financing limit in the amount of USD 1.5 million from Shanghai Bank for Jiangmen Guoquan Semiconductor Technology Co., Ltd., with the company acting as a joint guarantor. 3. Approved the new short-term and medium-to-long-term loan limits in the

	amount of NTD 50 million from Pan Asia Bank for Licheng Optoelectronics, with the company acting as a joint guarantor. 4. Approved the application for credit financing in the amount of USD 1.5 million from Jiangmen Guoquan Semiconductor Technology Co., Ltd. to Mega Financial Holding Co., Ltd., as it merged and transferred to One Qian Technology (China) Co., Ltd., with the company acting as a joint guarantor. 5. Approved the application for credit limits from financial institutions due to the operational needs of the company. 6. Approved the revision of the "Guidelines for Group Performance Bonus Distribution" for the company. 7. Approved the distribution of the year-end bonus for the year 110. 8. Approved the annual plan for the year 111.
2022.3.8	1. Approved the recognition of the endorsement and guarantee balance for the year 2021. 2. Approved the recognition of the report on indirect investments in Mainland China for the year 2021. 3. Approved the recognition of the internal control system statement for the year 2021. 4. Approved the business report and financial statements for the year 2021. 5. Approved the profit distribution plan for the year 2021. 6. Approved the date, venue, and agenda of the shareholders' general meeting for the year 2022. 7. Approved the changes in professional executives of the company. 8. Approved the revision of the "Guidelines for Group Performance Bonus Distribution" for the company. 9. Approved the distribution of managerial performance bonus for the year 2021. 10. Approved the revision of the "Employee Compensation Regulations" for the company. 11. Approved the distribution of employee compensation for the year 2021. 12. Approved the fund lending to One Qian Technology (China) Co., Ltd. 13. Approved the application to Mega Financial Holding Co., Ltd. for a short-term credit limit of several hundred million yuan, extension of derivative financial products, and extension of export bill discounting limit. 14. Approved the establishment of the "Sustainable Development Practices Guidelines" for the company. 15. Approved the amendment of the company's articles of incorporation. 16. Approved the amendment of the company's rules for shareholder meetings. 17. Approved the amendment of the company's procedures for acquiring or disposing of assets. 18. Approved the amendment of the company's corporate governance practices guidelines. 19. Approved the amendment of the company's code of ethics for employees. 20. Approved the amendment of the company's procedures and guidelines for ethical business conduct. 21. Approved the acquisition of leasehold rights for new factory premises by the company. 22. Approved the cash reduction of Yizao Science & Technology Co., Ltd., a subsidiary in Mainland China. 23. Approved the distribution of cash from capital surplus. 24. Approved the payment of director remuneration for the year 2021.
2022.4.25	1. Approved the updated profit distribution plan for the year 110. 2. Approved the distribution of dividends in the form of shares for the year 110. 3. Approved the updated plan for the distribution of cash from capital surplus. 4. Approved the changes to the date, venue, and agenda of the shareholders' general meeting for the year 111. 5. Approved the modification of payment conditions in the housing lease agreement. 6. Approved the amendment of the company's articles of incorporation.
2022.5.6	1. Approved the assessment of the independence and suitability of the company's

	appointed auditors. 2. Approved the appointment of auditors and the allocation of auditor fees for the year 2022. 3. Approved the application for a short-term loan facility of NTD 50 million from Shanghai Commercial Bank for internal financing. 4. Approved the provision of a credit facility of NTD 150 million from Taipei Fubon Bank to One Quan Precision Industrial Co., Ltd., and a financing facility of NTD 50 million for transactions with Licheng Optoelectronics Co., Ltd., with the company acting as a joint guarantor for the financing. 5. Approved the loan facility of USD 1.6 million (or equivalent foreign currency) from the Xiamen Branch of First Bank to I-CHIUN TECHNOLOGY (CHINA) CO., LTD., with the company acting as a joint guarantor for the financing. 6. Approved the extension of the short-term loan facility of USD 1.2 million from China Trust Bank to I-CHIUN TECHNOLOGY (CHINA) CO., LTD., with the company acting as a joint guarantor for the financing.
2022.8.10	1. Approved the application for credit facilities from financial institutions (Chang Hwa Bank, Hua Nan Bank, and Taiwan Cooperative Bank) due to operational needs. 2. Approved the extension of the shared credit facility for One Quan Precision Electronics Industry (China) Co., Ltd. and I-CHIUN TECHNOLOGY (CHINA) CO., LTD. provided by Mega International Commercial Bank. The original limit of USD 2 million has been increased to USD 3 million, with the company acting as a joint guarantor for the financing. 3. Approved the change in positions of Vice Chairman Li Zhongyi to assume additional roles within the company. 4. Approved the changes in positions and remuneration of professional managers within the company. 5. Approved the establishment of a short-term investment limit for the acquisition or disposal of securities.
2022.11.9	1. Approved the audit plan for the year 2023. 2. Approved the application from I-CHIUN TECHNOLOGY (CHINA) CO., LTD., a subsidiary in mainland China, to extend and increase the financing limit with BANK OF COMMUNICATIONS to CNY 180 million. 3. Approved the application from I-CHIUN TECHNOLOGY (CHINA) CO., LTD. to obtain a bill discounting limit of CNY 30 million from Industrial and Commercial Bank of China. 4. Approved the application from I-CHIUN TECHNOLOGY (CHINA) CO., LTD. to obtain a bill discounting limit of CNY 30 million from Bank of China. 5. Approved the application from I-CHIUN TECHNOLOGY (CHINA) CO., LTD. to extend the credit facility limit of USD 2 million from Shanghai Commercial and Savings Bank, with the company acting as a joint guarantor for the financing. 6. Approved the revision of the board of directors' meeting regulations. 7. Approved the revision of the internal procedures for handling significant information within the company. 8. Approved the issuance of employee stock options for the year 2022. 9. Approved the allocation of the number of shares available for subscription to employees regarding the issuance of employee stock options. 10. Approved the company's plan to repurchase its own shares for distribution to employees. 11. Approved the application for a financing limit of CNY 10 million from Industrial and Commercial Bank of China for the mainland subsidiary, I-CHIUN TECHNOLOGY (CHINA) CO., LTD., with Jiangmen Guo Quan Semiconductor Technology Co., Ltd. acting as a joint guarantor for the financing.
2023.1.13	1. Approved the application from the company to extend the comprehensive credit limit of NTD 50 million with Bank SinoPac. 2. Approved the application from the company to extend the (1) short-term loan limit of NTD 5 million and (2) forward letter of credit import financing limit of USD 1.5 million with Cathay United Bank. 3. Approved the funding provided by the company to the investment company

	ADVANCE VENTURE CORPORATION 4. Approved the application from the mainland subsidiary, I-CHIUN TECHNOLOGY (CHINA) CO., LTD., to obtain a short-term bill discounting limit of CNY 10 million from Cathay United Bank, with the company acting as a joint guarantor for the financing. 5. Approved the application from the mainland subsidiary, I-CHIUN TECHNOLOGY (CHINA) CO., LTD., to enter into a "Futures Brokerage Agreement" with Wanguo Futures Co., Ltd. 6. Revised the company's regulations regarding the sixth share repurchase for transfer to employees. 7. Revised the issuance and subscription regulations for employee stock options. 8. Approved the revised version (R edition) of the "Guidelines for Group Performance Bonus Distribution" related to the company. 9. Approved the distribution of the year-end bonus for the year 2022 related to the company. 10. Approved the increase in the limit for acquiring or disposing of short-term investments in securities. 11. Approved the annual plan for the year 2023.
2023.3.2	1. Approval of the endorsement and guarantee balance for the fiscal year 111. 2. Approval of the indirect investment report for conducting business activities in mainland China during the fiscal year 111. 3. Approval of the internal control system statement for the fiscal year 111. 4. Approval of the business report and financial statements for the fiscal year 111 of the company. 5. Approval of the profit distribution plan for the fiscal year 111 of the company. 6. Approval of the cash dividend distribution for the fiscal year 111. 7. Approval of the remuneration for directors and employees of the company for the year 111. 8. Approval of the comprehensive election of directors. 9. Approval of the nomination list for the election of directors (including independent directors). 10. Approval to lift the restrictions on directors' non-compete agreements. 11. Approval of the changes in professional managers within the company. 12. Approval of the date, location, and agenda for the shareholder meeting for the fiscal year 112. 13. Approval of the application to Far Eastern Bank for the extension of a short-term comprehensive credit limit of NT$80 million. 14. Approval of the application to KGI Bank for the extension of a short-term comprehensive credit limit of NT$50 million and financing. 15. Approval of the application to Mega Bank for the extension of a short-term credit limit of NT$300 million, derivative financial products, and export letter of credit. 16. Approval of the extension of the shared credit limit of USD 300 million to I-CHIUN TECHNOLOGY (CHINA) CO., LTD. and I-CHIUN TECHNOLOGY (CHINA) CO., LTD., with the company acting as the guarantor. 17. Approval of the loan of funds from the company to I-CHIUN TECHNOLOGY (CHINA) CO., LTD.

(XII) In the event that any director or supervisor expressed a dissenting opinion regarding any of the important resolutions passed at the Board Meeting during the most recent fiscal year and up to the date on which this Annual Report was printed, and the opinion was recorded or delivered in writing, please provide its main content: None.

(XIII) Summary of the resignation and dismissal of the Company’s Chairman, President, accounting manager, financial manager, internal audit officer, corporate governance officer, and R&D manager in the most recent year and as of the publication date of the annual report: None.

V. Independent Auditor Fee Information

Unit: NTD thousands

Name of accounting firm	Name of CPA	Audit period	Audit professional fees	Non-Audit professional fees	Total	Remarks
PRICEWATERHOUSECOOPERS TAIWAN	FENG,MIN-CHUAN	2022.1.1-2022.12.31	3,950	1,060 (Tax certification, transfer pricing, obsolete inventory of fixed assets, financial and tax differences for the past 3 years and description of independence have been added, conducted due diligence on Advance Venture)	5,010	
	LIN,YA-HUI					

In the case of any of the following circumstances, the following shall be disclosed:

1. If the CPA firm is replaced and the audit fee paid during the year in which the replacement occurs is less than the audit fee paid in the previous year, the amount of the audit fee before and after the replacement and the reason thereof shall be disclosed: None.
2. If the audit fee paid decreased by at least 10% compared with that in the previous year, the amount, proportion, and reason for the decrease of the audit fee shall be disclosed: None.

VI. Information on the Replacement of Independent Auditors: None

VII. Where the Company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed

None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10%.

Where the counterparty of an equity transfer or equity pledged is a related party, the name of the counterparty, the relationship with the Company, directors, supervisors, managers, and shareholders who hold more than 10% of the shares, and the number of shares acquired or pledged shall be disclosed

Changes in the equity of directors, supervisor, managers, and major shareholders

1. Changes in equity:

Unit: Shares

Position (Note 1)	Name	2022		As of March 31, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares

Chairman	CHOU,WAN-SHUN	0	0	0	0
Vice Chairman	LEE,CHUNG-YI	1,044	0	0	0
Director	LIN,WU-CHUN	0	0	0	0
Director	YEH,CHWEI-JING	0	0	0	0
Independent Director	KUO,CHUNG-CHIEN	0	0	0	0
Independent Director	LEE,JIH-CHIEN	344,447	0	0	0
Independent Director	CHANG,HSIEN-SUNG	0	0	0	0
Vice President	HUANG,PEI-FENG	0	0	0	0
Assistant Vice President	TSAI,MIN-CHEN	(6,000)	0	0	0
Assistant Vice President	YANG,PAI-JUNG	2,000	0	0	0
Assistant Vice President	CHEN,CHIH-YUNG	0	0	0	0
Assistant Vice President	LU,TSUNG-WEI	0	0	0	0
Assistant Vice President	HUANG,LI-WEI	0	0	0	0
Assistant Vice President	LEE,CHIA-MING	0	0	0	0
Assistant Vice President	LIU,HSIU-HSING	(5,000)	0	0	0

2. Share transfer information: There are no related parties involved in equity transfers.
3. Information on pledged equity: There are no related parties involved in equity transfers.

IX. Relationship information, if among the Company's top 10 shareholders any one is a related party or a relative within the second degree of kinship of another

April 1, 2024

Name (Note 1)	Own Shareholding		Shares held by spouse or minor children		Total shareholding under other's name		Relationship characterized as spouse or relative of second degree or closer among the top-10 shareholders. (Note 3)		Remarks
	Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of shareholding	Name	Relationship	-
CHOU,WAN-SHUN	21,575,157	9.90%	496,196	0.23%	0	0	LEE,CHUNG-YI	First degree of kinship Second degree of kinship	-
LEE,CHUNG-YI	16,006,661	7.34%	991,747	0.46%	0	0	LEE,CHUNG-YI	Second degree of kinship	-
Ching Lan Co., Ltd. Represent: CHANG CHIEN, HSUEH-YUN	3,530,000	1.62%	0	0	0	0	-	-	-
CHIEN,CHIN-CHEN	2,657,000	1.22%	0	0	0	0	CHIEN,TSO-HAN CHIEN,FENG-YI	First degree of kinship Second degree of kinship	
CHIEN,TSO-HAN	1,420,000	0.65%	0	0	0	0	CHIEN,TSO-HAN CHIEN,FENG-YI	First degree of kinship Second degree of kinship	
CHIEN,FENG-YI	1,303,979	0.60%	0	0	0	0	CHIEN,CHIN-CHEN CHIEN,TSO-HAN	First degree of kinship Second degree of kinship	
CHEN, CHUN-MEI	1,215,549	0.56%	0	0	0	0	-	-	
KAI TAI INVESTMENT CO., LTD. Represent : HUANG, ZHI-TAI	1,200,340	0.55%	0	0	0	0	-	-	
LEE, MAN-ZU	1,123,762	0.52%	0	0	0	0	LEE,CHUNG-YI	Second degree of kinship	
HUANG, SHU-ZHEN	991,747	0.46%	16,006,661	7.34%	0	0	LEE,CHUNG-YI	Spouse	

Note: The shareholding ratio is calculated based on the issued shares of 221,958,579 shares minus treasury shares of 4,000,000 shares, resulting in 217,958,579 shares.

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31,2022 Unit: thousand shares; %

Invested enterprise (Note 1)	Invested by the Company		Held by directors, supervisors, managers, and businesses directly or indirectly controlled		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
MORE FORTUNE PROFITS LIMITED	36,179	100%	0	0	36,179	100%
Ecocera Optronics Co., Ltd.	18,616	70.669%	745	2.829%	19,361	73.498%
Advance Venture Corporation	12,500	55.556%	3,100	13.778%	15,600	69.334%

Note 1: It is a long-term equity investment recognized by the company using the equity method.

Note 2: Directors and managers hold shares of Ecocera Optronics Co., Ltd. as follows: Zhou Wanshun 394,000 shares, Li Zhongyi 351,000 shares.

Note 3: The Chairman directly controls a business holding 3,100,000 shares of Advance Venture Corporation.

Four. Fundraising Status:

I. Share capital and shares

(I) Source of share capital:

1. Type of Share:

Unit: Shares

Type of Share	Authorized share capital			Remarks
	Outstanding stocks	Un-issued shares	Total	
Common Stock	221,958,579	78,041,421	300,000,000	Stocks of listed companies

Note: The outstanding shares include 4,000,000 treasury shares.

2. Formation process of share capital

Year/ Month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Offset by any property other than cash	Others
2001.01	10	56,000,000	560,000,000	56,000,000	560,000,000	Capital increase in cash and capitalization of employee bonus and capital surplus	—	Tai-Cai-Zeng (I) No. 105596 dated January 3, 2001
2001.07	10	61,244,032	612,440,320	61,244,032	612,440,320	Capitalization of earnings, employee bonus, and capital surplus	—	Tai-Cai-Zeng (I) No. 138128 dated June 14, 2001
2001.09	10	62,820,500	628,205,000	62,820,500	628,205,000	Merged with the capital of the Yi-Chan Company	—	Tai-Cai-Zeng (I) No. 144580 dated August 7, 2001
2002.08	10	105,000,000	1,050,000,000	66,050,000	660,650,000	Capitalization of earnings, employee bonus, and capital surplus	—	Tai-Cai-Zeng (I) No. 0910136825 dated July 4, 2002
2003.08	10	105,000,000	1,050,000,000	86,805,720	868,057,200	Capitalization of earnings, employee bonus, and capital surplus, as well as conversion of convertible corporate bonds	—	Jing-Shou-Shang-Zi No. 09201245200, August 13, 2003.
2003.10	10	105,000,000	1,050,000,000	88,014,857	880,148,570	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09201288080, October 8, 2003.
2004.01	10	105,000,000	1,050,000,000	88,197,862	881,978,620	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09301002160, January 8, 2004.
2004.03	10	105,000,000	1,050,000,000	88,341,646	883,416,460	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09301040080, March 10, 2004.
2004.07	10	98,341,646	983,416,460	88,838,361	888,383,610	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09301118210, July 5, 2004.
2004.08	10	150,000,000	1,500,000,000	93,374,956	933,749,560	Capitalization of earnings, employee bonus, and capital surplus	—	Jing-Shou-Shang-Zi No. 09301159590, August 30, 2004.

Year/ Month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Offset by any property other than cash	Others
2004.10	10	150,000,000	1,500,000,000	97,202,271	972,022,710	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09301194750, October 13, 2004.
2005.01	10	150,000,000	1,500,000,000	98,295,785	982,957,850	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09401006710, January 13, 2005.
2005.04	10	150,000,000	1,500,000,000	99,737,444	997,374,440	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09401065060, April 18, 2005.
2005.07	10	150,000,000	1,500,000,000	109,295,765	1,092,957,650	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09401133930, July 19, 2005.
2005.09	10	170,000,000	1,700,000,000	117,434,507	1,174,345,070	Capitalization of earnings, employee bonus, and capital surplus	—	Jing-Shou-Shang-Zi No. 09401170540, September 2, 2005.
2005.09	10	170,000,000	1,700,000,000	121,573,788	1,215,737,880	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09401178850, September 15, 2005.
2006.08	10	170,000,000	1,700,000,000	139,573,788	1,395,737,880	Capital increase in cash	—	Jing-Shou-Shang-Zi No. 09501167730, August 2, 2006.
2006.08	10	200,000,000	2,000,000,000	153,000,000	1,530,000,000	Capitalization of earnings, employee bonus, and capital surplus	—	Jing-Shou-Shang-Zi No. 09501194770, August 31, 2006.
2007.08	10	200,000,000	2,000,000,000	161,600,000	1,616,000,000	Capitalization of earnings and employee bonus	—	Jing-Shou-Shang-Zi No. 09601191570, August 7, 2007.
2008.08	10	200,000,000	2,000,000,000	170,800,000	1,708,000,000	Capitalization of earnings and employee bonus	—	Jing-Shou-Shang-Zi No. 09701216530, August 26, 2008.
2009.09	10	200,000,000	2,000,000,000	179,542,034	1,795,420,340	Capitalization of earnings and employee bonus	—	Jing-Shou-Shang-Zi No. 09801202160, September 2, 2009.
2009.11	10	300,000,000	3,000,000,000	202,204,922	2,022,049,220	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09801272320, November 25, 2009.
2010.03	10	300,000,000	3,000,000,000	207,198,329	2,071,983,290	Corporate bond conversion	—	Jing-Shou-Shang-Zi No. 09901054000, March 22, 2010.
2011.11	10	300,000,000	3,000,000,000	205,696,329	2,056,963,290	Cancellation of treasury stock	—	Jing-Shou-Shang-Zi No. 10001263810, November 22, 2011.
2013.11	10	300,000,000	3,000,000,000	203,196,329	2,031,963,290	Cancellation of treasury stock	—	Jing-Shou-Shang-Zi No. 10201234710, November 18, 2013.
2014.05	10	300,000,000	3,000,000,000	204,582,329	2,045,823,290	Employee stock option	—	Jing-Shou-Shang-Zi No. 10301089610, May 16, 2014.
2014.07	10	300,000,000	3,000,000,000	204,747,329	2,047,473,290	Employee stock option	—	Jing-Shou-Shang-Zi No. 10301146990, July 24, 2014.
2014.11	10	300,000,000	3,000,000,000	204,858,329	2,048,583,290	Employee stock option	—	Jing-Shou-Shang-Zi No. 10301240300, November 24, 2014.

Year/ Month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Offset by any property other than cash	Others
2015.03	10	300,000,000	3,000,000,000	204,896,329	2,048,963,290	Employee stock option	—	Jing-Shou-Shang-Zi No. 10401051700, March 30, 2015.
2015.05	10	300,000,000	3,000,000,000	205,245,329	2,052,453,290	Employee stock option	—	Jing-Shou-Shang-Zi No. 10401091970, May 21, 2015.
2015.08	10	300,000,000	3,000,000,000	205,254,579	2,052,545,790	Employee stock option	—	Jing-Shou-Shang-Zi No. 10401172450, August 17, 2015.
2018.08	10	300,000,000	3,000,000,000	201,958,579	2,019,585,790	Cancellation of treasury stock	—	Jing-Shou-Shang-Zi No. 10701102650, August 15, 2018.
2021.08	10	300,000,000	3,000,000,000	221,958,579	2,219,585,790	Capital increase in cash	—	Jing-Shou-Shang-Zi No. 11001153050, August 31, 2021

3. Information related to the shelf registration: None.

(II) Shareholder structure:

April 1, 2023

Shareholder structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Individual	Foreign institutions and individuals	Total
Number of people	0	1	281	56,390	77	56,749
Number of shares held	0	4,000	8,424,639	205,324,249	4,205,691	217,958,579
Shareholding ratio	0.00%	0%	3.87%	94.20%	1.93%	100.00%

Note 1: The Company’s shares are not held by any entities in mainland China.

Note 2: The shareholding ratio is calculated based on the issued shares of 221,958,579 shares minus the treasury shares of 4,000,000 shares, resulting in 217,958,579 shares.

(III) Shareholding Distribution Status:

April 1, 2023

Shareholding category	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	28,338	1,102,935	0.51%
1,000 to 5,000	22,755	46,079,305	21.14%
5,001 to 10,000	3,003	23,697,746	10.87%
10,001 to 15,000	907	11,626,116	5.33%
15,001 to 20,000	579	10,735,196	4.93%
20,001 to 30,000	442	11,430,235	5.24%
30,001 to 40,000	205	7,224,795	3.32%
40,001 to 50,000	127	5,904,249	2.71%
50,001 to 100,000	235	17,039,906	7.82%
100,001 to 200,000	100	13,757,531	6.31%
200,001 to 400,000	33	9,981,321	4.58%
400,001 to 600,000	11	5,564,268	2.55%
600,001 to 800,000	4	2,789,737	1.28%
800,001 to 1,000,000	1	991,747	0.45%
1,000,001 or more	9	50,033,492	22.96%
Total	56,750	217,958,579	100.00%

Note 1: The Company did not issue preferred stock.

Note 2: The shareholding ratio is calculated based on the issued shares of 221,958,579 shares minus the treasury shares of 4,000,000 shares, resulting in a total of 217,958,579 shares.

(IV) List of Major Shareholders:

April 1, 2023

Share / Name of major shareholders	Number of shares held	Shareholding ratio (%)
CHOU,WAN-SHUN	21,575,157	9.90%
LEE,CHUNG-YI	16,006,661	7.34%
Ching Lan Co., Ltd. Represent: CHANG CHIEN, HSUEH-YUN	3,530,000	1.62%
CHIEN,CHIN-CHEN	2,657,000	1.22%
CHIEN,TSO-HAN	1,420,000	0.65%
CHIEN,FENG-YI	1,303,979	0.60%
CHEN, CHUN-MEI	1,215,549	0.56%
KAI TAI INVESTMENT CO., LTD. Represent : HUANG, ZHI-TAI	1,200,340	0.55%
LEE, MAN-ZU	1,123,762	0.52%
HUANG, SHU-ZHEN	991,747	0.46%

Note: The shareholding ratio is calculated based on the issued shares of 221,958,579 shares minus the treasury shares of 4,000,000 shares, resulting in a total of 217,958,579 shares.

(V) Provide share prices for the past two fiscal year, together with the Company's net worth per share, earnings per share, dividends per share, and related information:

Unit: NTD; Shares

<table>
<tr><th colspan="3">Items</th><th>2021</th><th>2022</th><th>As of March 31, 2023 (Note 8)</th></tr>
<tr><td rowspan="3">Market price per share (Note 1)</td><td colspan="2">Highest</td><td>67.50</td><td>51.80</td><td>30.15</td></tr>
<tr><td colspan="2">Lowest</td><td>16.30</td><td>16.20</td><td>21.35</td></tr>
<tr><td colspan="2">Average</td><td>41.26</td><td>31.28</td><td>26.57</td></tr>
<tr><td rowspan="2">Net worth per share (Note 2)</td><td colspan="2">Before dividend distribution</td><td>18.35</td><td>18.22</td><td>–</td></tr>
<tr><td colspan="2">After dividend distribution</td><td>17.85</td><td>17.82</td><td>–</td></tr>
<tr><td rowspan="2">Earnings per share (EPS)</td><td colspan="2">Weighted Average Shares</td><td>209,355,839</td><td>221,890,456</td><td>–</td></tr>
<tr><td colspan="2">Earnings per share (EPS) (Note 3)</td><td>1.79</td><td>0.47</td><td>–</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividend</td><td>1.79</td><td>0.47</td><td>–</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>Earnings Distribution</td><td>–</td><td>–</td><td>-</td></tr>
<tr><td>Capital Surplus Distribution</td><td>–</td><td>–</td><td>-</td></tr>
<tr><td colspan="2">Accumulated, unpaid dividends(Note 4)</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td rowspan="3">ROI analysis</td><td colspan="2">P/E ratio(Note 5)</td><td>23.05</td><td>66.55</td><td>–</td></tr>
<tr><td colspan="2">P/D ratio(Note 6)</td><td>82.52</td><td>78.20</td><td>–</td></tr>
<tr><td colspan="2">Cash dividend yield(Note 7)</td><td>1.21%</td><td>1.28%</td><td>–</td></tr>
</table>

Note 1: The highest and lowest market prices of the ordinary shares every year are indicated, and the average market prices are calculated for each year based on the market value and volume of each year.

Note 2: Please fill in the number of shares issued at the end of the year and the distribution according to the resolution of the shareholders' meeting of next year.

Note 3: If there is a retroactive adjustment from stock dividends, the pre-adjustment and adjusted surplus per share shall be listed.

Note 4: Dividends that have not been issued in the current year are accrued to the issuer of the annual surplus; the accumulated undistributed dividends of the current year should be disclosed separately.

Note 5: P/E ratio = Average closing price per share for the year / Earnings per share.

Note 6: P/D ratio = Average closing price per share for the year / Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share / Average closing price per share for the year.

Note 8: The net value per share and earnings per share shall be entered with the information verified (reviewed) by a CPA as of the date of publication of the annual report; the remaining fields shall be entered with the data of the current year as of the date of publication of the annual report.

(VI) The Company’s Dividend Policy and Implementation:

1. Dividend policy stipulated in the Company’s Articles of Incorporation:
   (1) According to the current year's pre-tax profits, after deducting the distribution of benefits to employees and directors' remuneration, any remaining balance should be allocated, with no less than 10% allocated for employee remuneration and no more than 3% allocated for director remuneration. Employee remuneration can be in the form of stocks or cash, and such a decision requires a resolution approved by two-thirds or more of the directors present at the board meeting, with the majority of attending directors in favor, and it should be reported to the shareholders' meeting. The recipients of employee remuneration in the form of stocks or cash may include employees of affiliated or subsidiary companies who meet certain conditions.
   (2) In the annual financial statements, if there is net profit after tax for the current period, it should first be used to offset accumulated losses. Then, 10% of the net profit should be set aside as the statutory surplus reserve, unless the accumulated amount of the statutory surplus reserve has reached the paid-up capital, in which case it is no longer required. After that, in accordance with laws, regulations, or regulations from competent authorities, allocations or reversals to special surplus reserves should be made. The remaining profits, combined with undistributed profits from the beginning of the period, form the accumulated distributable profits for shareholders. The board of directors will prepare a profit distribution proposal, and if it involves issuing new shares, it should be submitted for resolution at the shareholders' meeting before distribution.
   (3) In accordance with Article 240, Paragraph 5 of the Company Law, the board of directors is authorized, with the approval of two-thirds or more of the directors present at the meeting and the majority of attending directors, to distribute dividends, bonuses, statutory surplus reserves, or capital surplus reserves, either in whole or in part, in the form of cash. This decision should also be reported to the shareholders' meeting.
   (4) The company operates in the technology industry, which is subject to rapid changes in the business environment. To consider the future funding needs of the company and ensure sound financial planning for sustainable development, it is more suitable to adopt a stable dividend policy. The dividend payout ratio is expected to be above 20%, with cash dividends accounting for over 20% of the total shareholder dividends. However, if the cash dividend per share is lower than 0.1 yuan (inclusive), it will not be distributed and will be replaced with stock dividends.

2. Proposed payment of dividends for the year: Under the Company’s Articles of Incorporation, the Company’s Board meeting held on April 25, 2022 resolved to distribute the bonus of shareholders for NT$77,685,503 at NT$0.35 per share.

(VII) The impact of the stock dividend proposed for the shareholders’ meeting on the Company’s operating performance and earnings per share:

Not applicable (No dividends will be distributed as resolved at the shareholders’ meeting).

(VIII) Remuneration of employees, directors and supervisors:

1. The percentage or range of remuneration to the employees, directors and supervisors are delineated under the 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 covering 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. Accounting treatment for differences between estimated and actual amounts in the provision for employee, director, and supervisor remuneration, as well as the calculation basis for stock-based employee remuneration and actual distribution amounts:

(1) For the fiscal year 2022, after deducting employee and director remuneration from the pre-tax profit, the remaining pre-tax profit is used to offset losses. An amount of NT$ 15,147 thousand is allocated for employee remuneration, which is not less than 10% of the pre-tax profit, and NT$ 14,544 thousand is allocated for director remuneration, which is not more than 3% of the pre-tax profit. Both remunerations are distributed in cash.

(2) In the case of differences between the actual distribution amounts and the estimated amounts, accounting treatment is made based on accounting estimates, and adjustments are recorded in the year of distribution.

3. Resolution of the Board of Directors regarding remuneration distribution:

The employee and director remuneration for the fiscal year 2022, totaling NT$ 15,147 thousand and NT$4,544 thousand, respectively, were approved by the Board of Directors on March 2, 112. Both remunerations were distributed in cash, and there were no differences from the estimated amounts recognized as expenses for the fiscal year.

4. The actual allocation of the remuneration to employee, directors and supervisors in the previous year (including the number, amount and stock price of allocated shares), the deviation between the actual allocation and the estimated figures, if any, and cause and treatment thereof:

(1) Translation: Actual distribution of employee and director remuneration in the previous year:
The actual distribution amounts of employee and director remuneration for year 2021 were NT$ 33,233 thousand and NT$ 9,970 thousand, respectively.

(2) There were no differences between the actual distribution amounts and the recognized amounts for employee and director remuneration.

(IX) Buyback of Treasury Stock of the Company (completed): None.

1. Already executed:

Repurchased share period	the sixth time
Purpose of share repurchase	In order to motivate employees and enhance their solidarity, buy back shares and transfer employees

Share repurchase duration	November 10, 2022 to January 9, 2023
Price range of share repurchase	12.4 yuan to 26.50 yuan
Types and quantities of shares already repurchased	4,000,000 common shares
Amount of shares already repurchased	90,027,683 yuan
Percentage of shares repurchased compared to the planned repurchase quantity (%)	100%
Quantity of shares disposed and transferred	0
Accumulated number of shares held by the company	4,000,000 shares
Percentage of accumulated shares held by the company compared to the total issued shares (%)	1.80%

2. Ongoing: None.

II. Status of issue and private placement of preferred shares

None.

III. Status of issue global depositary receipts

None.

IV. Issue of employee stock warrants

None.

V. Issue of new employee restricted shares

(1) The status and impact on shareholders' equity of outstanding employee stock options that have not reached their vesting period should be disclosed as of the date of the annual report's printing. For privately placed employee stock options, they should be prominently labeled.

Employee Stock Option Certificate Handling Status

As of April 1, 2023

Employee Stock Option Certificate Details (Note 2)	Employee Stock Option Certificate - 2nd issuance in 2023
Declaration Effective Date and Total Units	Effective Date: November 29, 2023
Issued Units	Not yet issued
Remaining Units for Issuance	Issued Units: 0
Number of Subscribed Shares as a Percentage of Total Issued Shares	Remaining Units for Issuance: 5,000,000 units
Exercise Period of Stock Options	Percentage of Subscribed Shares to

	Total Issued Shares: 2.25%
Exercise Method	The exercise period is six years, but not yet issued.
Restricted Exercise Period and Ratio (%)	After two years from the grant of the Employee Stock Option Certificate, the option holder can exercise the stock options according to the following schedule and proportions: Schedule — The cumulative proportion of exercisable stock options is as follows: After two years 50% After three years 75% After four years 100%
Executed Shares Acquired	0
Executed Stock Option Amount	0
Unexercised Quantity of Stock Options	5,000,000 Unit
Exercise Price per Share for Unexercised Options	Not yet issued.
Percentage of Unexercised Quantity to Total Issued Shares	2.25%.
Impact on Shareholders' Equity	The purpose of this issuance is to attract and retain the necessary talents for the company and to motivate and enhance employee morale, in order to create benefits for the company and its shareholders. It is expected to have a positive impact on shareholder equity.

(6) s of the date of printing of the annual report, there are no managers or top ten employees who have obtained employee stock option certificates and their respective subscription details.

VI. Restrictions on Employee Stock Option Exercise

None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies

None.

VIII. Implementation of Fund Usage Plan:

Implementation status of capital utilization plan. :

As of the end of the previous quarter before the printing of the annual report, the previous issuances of securities have been completed and their effects have already been evident, therefore this does not apply.

Five. Overview of Operations

I. The content of business

(I) The scope of business:

1. Main businesses of the Company include:

(1)	CB01010	Mechanical Equipment Manufacturing
(2)	CB01020	Affairs Machine Manufacturing
(3)	CB01030	Pollution Controlling Equipment Manufacturing
(4)	CC01030	Electrical Appliances and Audiovisual Electronic Products Manufacturing
(5)	CC01040	Lighting Equipment Manufacturing
(6)	CC01060	Wired Communication Mechanical Equipment Manufacturing
(7)	CC01070	Wireless Communication Mechanical Equipment Manufacturing
(8)	CC01080	Electronics Components Manufacturing
(9)	CC01110	Computer and Peripheral Equipment Manufacturing
(10)	CQ01010	Mold and Die Manufacturing
(11)	F106030	Wholesale of Molds
(12)	F107190	Wholesale of Plastic Films and Bags
(13)	F113010	Wholesale of Machinery
(14)	F113020	Wholesale of Electrical Appliances
(15)	F113050	Wholesale of Computers and Clerical Machinery Equipment
(16)	F113070	Wholesale of Telecommunication Apparatus
(17)	F113100	Wholesale of Pollution Controlling Equipments
(18)	F119010	Wholesale of Electronic Materials
(19)	F206030	Retail Sale of Molds
(20)	F213010	Retail Sale of Electrical Appliances
(21)	F213030	Retail Sale of Computers and Clerical Machinery Equipment
(22)	F213060	Retail Sale of Telecommunication Apparatus
(23)	F213080	Retail Sale of Machinery and Tools
(24)	F213100	Retail Sale of Pollution Controlling Equipments
(25)	F219010	Retail Sale of Electronic Materials
(26)	F401010	International Trade
(27)	F601010	Intellectual Property Rights
(28)	ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business breakdown:

Unit: NTD thousand

Items \ Year	2022		2021	
	Sales amount	Percentage	Sales amount	Percentage
SMD lead frame(SMD/LED)	2,123,911	40.88%	2,771,804	46.29%
Heat spreader (semiconductor)	1,001,660	19.28%	853,583	14.25%
Direct-lit TV backlight modules	749,451	14.42%	791,862	13.22%
Ceramic substrate	472,836	9.10%	518,180	8.65%
IC lead frame	455,477	8.77%	823,585	13.75%
Others	392,592	7.55%	229,384	3.84%
Total	5,195,927	100.00%	5,988,398	100.00%

Source: Consolidated financial statements for every year audited by the CPAs

3. Current products (services) and items:

Category	Main products
Light-emitting diode (LED) lead frame	Lead frame for SMD, LED, and P/C
Back Light Module	Direct-lit TV backlight modules
Ceramic heat sink substrate	High-power heat sink substrate and heat dissipation module
Semiconductor package heat sink	Heat spreader
Semiconductor IC lead frame	IC lead frame

4. New products and technologies (services) planned to be developed

R&D fields	Research and Development Items	Current R&D progress	Estimated R&D timeline
MOSFET	Development of ultra-high power MOSFET holder (TO-3P)	2021 Q1 Product technology research, process equipment evaluation, and presentation of mold samples experimented in 2021 Q2 2021 Q3 Packaging testing verification 2021 Q4 Completion of process equipment and mass production molds 2022 Q4 Product verification (1-year automotive specification certification) 2023 Q1 Small-scale production verification 2023 Q2 Mass production	Expected mass production in 2023 Q2
Unmanned electric vehicle (Self-driving cars)	External automotive remote sensor bracket (5050)	2021 Q4 Development Specifications and Related Standards 2022 Q1 Completion of experimental mold samples, packaging and testing and reliability verification 2022 Q4 Pass the packaging test verification	Expected mass production in 2023 Q3
5G/Netcom/Automotive	Development of ultra-high-speed continuous plating equipment	2023 Q2 Completed the construction of W12 and W34 copper-plated and silver-plated new lines 2023 Q3 Construction completed L12 nickel-plated palladium-gold new line	Expected mass production in 2023 Q3
5G/Satellite	Development of package heat dissipation system for super large multi-functional areas	2023 gold plated and chiplet product design	Expected complate in 2023 Q3

(II) Industry Overview:

1. Industry status and development

The Company's main products are light-emitting diode (LED) lead frames, direct-lit TV backlight modules, ceramic substrates, and semiconductor heat spreaders, and other components. The LED lead frames are the downstream products of the LED industry. The Company's main lead frame products are SMD LED frames, lamp LED frame; direct-lit TV backlight modules belong to the upstream section of the flat panel display industry chain; heat spreader belongs to the downstream section of the semiconductor industry chain; ceramic substrates, mainly used for high heat dissipation LED packaging substrates, are in the mid-stream section of the LED industry chain. The following is a description of the operational risks in the industries to which the Company's products belong:

(1) LED Industry

According to the latest report "2023 Global LED Lighting Market Analysis - 1H23" by TrendForce, multiple factors have led to a decline in the global LED lighting market size to $61.4 billion in 2022, a decrease of 5% compared to the previous year. Looking ahead to 2023, with the continued promotion of energy-saving renovation projects in Europe, America, Japan, and other regions, LED lighting will enter a replacement peak period.

Users' effective demand for high-quality lighting, human-centric lighting, and smart lighting will also enter a rapid development stage. Additionally, with the opening up of the Chinese market, the global LED lighting market demand is expected to recover. However, considering that the first half of 2023 is still in a rapid destocking phase for terminal lighting products, and the demand may continue to be affected by high inflation, the comprehensive assessment predicts a 4% growth in the global LED lighting market size to $63.8 billion in 2023.

The ongoing Russia-Ukraine war has led to rising raw material prices and inflation, while China's COVID-19 containment policies have resulted in weak consumer market demand and increased inventory of finished goods. According to TrendForce's analysis, the LED market output value in 2022 is expected to decline significantly to $14.214 billion (-19% YoY). Among them, the Mini LED backlight market has grown by over 40%, while general lighting, architectural lighting, agricultural lighting, and UV LED have experienced larger declines.

Although the overall economy is still weak in 2023, and there are considerable uncertainties, it is expected that by the end of the second quarter of 2023, terminal inventory will approach normal levels and drive order development. Therefore, the LED market output value in 2023 is expected to show single-digit growth.

Looking ahead, with the introduction of Micro LED in wearable devices, automotive displays, and large displays, the gradual mass production of Mini LED displays, the continued increase in penetration rate of automotive LEDs, stable growth of HDR/Mini LED automotive displays, increasing demand for energy-efficient agricultural lighting, and further expansion of LED display applications, TrendForce estimates that the LED market output value is expected to grow to $21.013 billion in 2027, with a compound annual growth rate of 8% from 2022 to 2027.

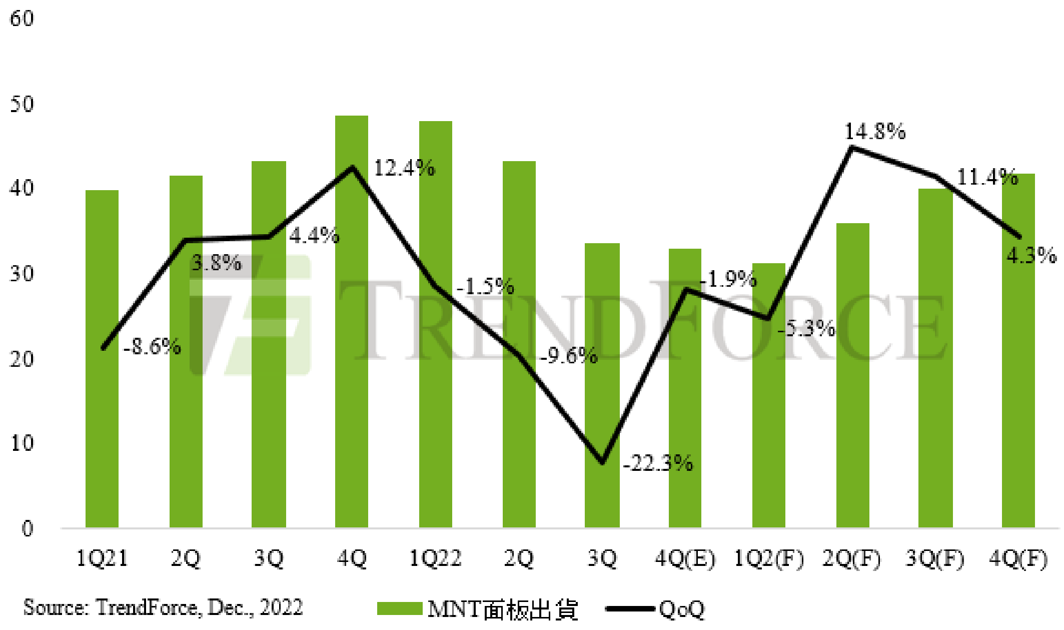
(2) Flat panel display industry

According to TrendForce research, the global monitor panel shipments declined quarter by quarter in 2022 due to the turbulent global political and economic situation. The total shipments for the year were only around 158 million units, a year-on-year decrease of 8.8%. TrendForce's observations reveal that the correction in monitor panel shipments occurred later compared to TV panels and laptop panels. TV panels began correcting in the third quarter of 2021, while laptop panels saw a significant correction in the second quarter of 2022. Monitor panels, however, experienced a substantial correction only in the third quarter of 2022. However, the later the correction occurs, the later the recovery is expected. With inventories still higher than the healthy level in the hands of brands, it is estimated that monitor panel shipments will decline by 5.3% in the first quarter of 2023.

In the second quarter of 2023, as inventories at the terminal channels and brand side gradually return to a healthy level and with the arrival of the traditional peak season in the second half of the year, the momentum of panel restocking is expected to recover to the average shipment level of about 35.7 million units per quarter, which was observed between 2016 and 2019 before the pandemic. Compared to the low shipment base in the first quarter of 2023, monitor panel shipments in the second quarter are expected to show double-digit growth. In the second half of 2023, with the expectation of global inflation easing and increased economic activity following China's reopening, market supply and demand will return to seasonal cycles.

TrendForce analysis indicates that monitor panel shipments have been declining since reaching a peak in the fourth quarter of 2021 and are estimated to reach a shipment trough in the first quarter of 2023. Once the overall supply chain inventory returns to a healthy level and brand purchasing power gradually recovers, monitor panel shipments are expected to increase quarter by quarter. It is projected that the year-on-year shipment decline for the full year of 2023 will converge to 5.8%, reaching 149 million units.

圖、2021~2023年每季監視器面板出貨量預估（單位：百萬片）



(3) Semiconductor industry

Starting from the second half of 2022, the semiconductor industry has been affected by reduced consumer demand, a decline in capacity utilization rates, and has entered a phase of inventory adjustment. The oversupply of consumer ICs and memory, coupled with declining demand, also affects the demand for IC testing and packaging, which is unfavorable for the overall operations of the semiconductor industry in 2023. As the semiconductor market enters a period of inventory adjustment, it is already certain that the economic situation will hit its lowest point in the first half of 2023. Currently, China has gradually lifted its restrictions, and once inventory digestion reaches a certain stage, demand is expected to gradually recover quarter by quarter. The future outlook is optimistic, and it is expected that the Taiwanese semiconductor industry will maintain positive growth in 2023. However, the impact of geopolitical factors will continue to loom over the semiconductor industry in 2023. Countries worldwide are vigorously supporting their domestic semiconductor manufacturing industries and enhancing cooperation with overseas semiconductor companies, attempting to change the distribution landscape and gain control over strategic resources. It is foreseeable that Taiwanese IC design and wafer foundry businesses will face further restrictions in the Chinese mainland market, which will also affect the global layout planning of Taiwanese companies.

2. Correlation between the upstream, midstream and downstream parts of the industry

(1-1) Our country's LED industry structure

LED is a light emitting component made of semiconductor materials. The component has two electrode terminals. When a very small current, with voltage applied, flows between the terminals. The remaining energy is released in the form of light through the combination of electron holes, which is the basic principle of LED. According to its manufacturing process, LEDs can be roughly divided into three stages: upstream epitaxy, midstream chip production, and downstream packaging. In the upstream process, it is mainly to grow multiple layers of multi-material films with different thicknesses on a single chip (or wafer and substrate). The thickness of these films is usually only 10-9 to 10-6m (0.001μ~1μ). The materials currently used belong to III-V compounds, including binary compounds (such as GaAs, GaSb, and GaN), ternary compounds (such as AlxGa1-xAs, AlxGa1-xP, and In1-xGaxAs), and quaternary compounds (such as AlInGaP, InAlGaAs, and AlxGa1-xAsyP1-y). Generally speaking, the materials used and the structure of the epitaxial layer will determine the wavelength, brightness, and quality of LED; thus, its added value is the highest in the entire value chain.

The midstream chip production is based on the requirements for the LED component structure. First, metal deposition and then the metal electrodes at both ends of the LED on the chip through photomask etching and heat treatment are conducted; then, the substrate is thinned, polished, and cut into ultra-small LEDs chips. The process technologies used here include photomask, dry or wet etching, vacuum deposition, and chip cutting.

In downstream packaging, wire bond packaging technology is adopted to fix the LED chips on the lead frame, and then package them into lamp type, digital/character display type, dot matrix type, cluster type, and surface mount type (SMD) for various application markets.

LED industry structure			
LED industry	Upstream	Midstream	Downstream
Process	Raw material → MOCVD machine → epitaxy	Adapter plate → chip cutting → chip test	Chip bonding → wire bonding → packaging
Company	EPISTAR, LEXTAR, GPI		LITEON, EVERLIGHT, LEXTAR, HARVATEK, Advanced Optoelectronic Technology Inc.

Source: Compiled by the Company

(1-2) LED lead frame industry

Upstream	Midstream	Downstream	Relevant applications of products
Copper alloy and nickel-iron alloy	LED lead frame industry (I-CHIUN, Jentech Precision Industrial Co., Ltd., Kenly Precision Industrial Co., Ltd., and SDI Corporation)	LED packaging industry (Lite-On Technology Corp., Everlight Electronics Co., Ltd., Harvatek Corporation, and Advanced Optoelectronic Technology Inc.)	Automotive and industrial products, telecommunications, communications products, computers and peripheral products, consumer electronics, precision instruments, and aerospace industry

The Company's role in the LED industry supply chain is a downstream lead frame supplier for the packaging business. Lead frame, also known as frame or bracket, is one of the three major raw materials in the packaging industry. Lead frames can be divided into three types according to different application areas, namely IC lead frame, LED lead frame, and transistor lead frame. They serve as the medium between chip, LED, or transistor and with printed circuit board.

(2) Flat panel display industry

Upstream	Midstream	Downstream
Materials and key components (Backlight module, color filter, polarizing plate, and glass substrate)	Panel manufacturer	Electronic application products (laptops, TVs, or monitors)

The backlight module of the flat panel display is a component that provides the back light source of a product, and can be applied to various information, communication, and consumer products, such as LCD and scanners. However, the market for light source components for LCD is relatively large, and the LED backlight technology can be divided into two types: direct back-lit or full LED array back-lit and edge LED back-lit. The Company mainly provides direct back-lit modules for flat-screen TVs.

(3) Semiconductor industry

In the semiconductor industry, with IC designers in the upstream. IC design is to present the specifications and functions of customers' or self-developed products through circuit design. In other words, it s the process in which the function of the chip is changed from logic design to wafer design. Then, in the midstream IC manufacturing, wafer manufacturing, and relevant processes and inspection/testing equipment manufacturers collaborate and divide labor. The wafers made in the fab are printed with the basic circuit pattern from the mask. Then, through the process equipment of each stage, such as oxidation, diffusion, etching, deposition, and ion implantation, the circuits and the components on the circuits are fabricated on the wafer. The key to each process lies in the development of advanced process technology and equipment. Finally, in downstream IC packaging, the manufacturers package the chips after wafer is cut with plastic, ceramic, or metal to protect the chips from collision and pollution, allowing them to be assembled easily, to achieve connection and the heat dissipation effect for the electrical properties of the chips and the electronic system. The Company is in the downstream industry in the figure below and engages in the manufacturing of advanced process equipment. The flow chart of the relationship between the upstream and downstream industries is as follows:

Upstream	Midstream	Downstream
IP design/IC design ODM service → IC design	IC wafer manufacturing (production process and testing equipment, photomask, and chemicals)	IC packaging and testing (production process and testing equipment, substrate, and lead frame) → IC modules and IC distribution channels

3. Various product development trends

(1) LED Industry

With the introduction of Micro LED in wearable devices, automotive displays, and large displays, the gradual mass production of Mini LED displays, continued increase in penetration rate of LED in automotive applications, stable growth of HDR/Mini LED automotive displays, growing demand for energy-efficient agricultural lighting, and further expansion of LED display applications, TrendForce estimates that the LED market value is expected to grow to USD 21.013 billion by 2027, with a compound annual growth rate of 8% from 2022 to 2027.

Wearable devices have low requirements for PPI (pixels per inch) and high brightness demands for outdoor markets, making them suitable for the next mass production application of Micro LED after large displays. TrendForce believes that the true appeal of Micro LED combined with Apple Watch lies in the integration of display and sensing components, pushing it to another level and establishing a solid foundation for reshaping the market positioning of the Watch and creating new demands.

Due to weak overall economic conditions, the global automotive market is projected to show only single-digit marginal growth in shipments in 2023. However, advanced technologies and increased penetration rates of intelligent headlights (ADB), logo lamps, ambient lighting, Mini LED taillights, Mini LED/HDR automotive displays, and other advancements are expected to drive the automotive LED market in 2023.

The global inventory of finished display products is expected to be cleared by the second quarter of 2023, coupled with the gradual recovery of the Chinese market, which will boost the visibility of display panel LED orders. However, under the influence of weak economies in Europe and America, the display panel LED market is projected to achieve only single-digit growth in 2023. However, in the long term, the demand for displays in markets such as virtual shooting, remote corporate meetings and education spaces, control rooms, and sports events will contribute to the growth of the display panel LED market.

With the demand for energy-efficient and high-efficiency LED agricultural lighting in greenhouse/vertical farming, and the diversification of crop projects as agricultural lighting technology matures, TrendForce estimates a compound annual growth rate of 11% for the LED agricultural lighting market from 2022 to 2027.

(2) Flat panel display industry

Overall, in early April 2023, the pricing trend for full-size TV panels remains unchanged with a continued increase. Display panels and laptop panels are still maintaining a stable situation, and the key to price adjustments depends on whether the demand strengthens. With panel manufacturers continuing to control capacity utilization and the growing momentum of the Chinese domestic market for TV panel inventory, TV panel prices are expected to continue to rise in April 2023. Display panel prices have stabilized since March 2023, although demand for commercial models is still weak. However, there are signs of strengthening demand for consumer models, especially for certain high-end gaming specifications. After entering the second quarter, laptop panel demand remains conservative due to slow inventory clearance for first-tier brand customers, which suppresses panel prices. The key to whether prices can rise in the future still depends on whether demand begins to significantly strengthen.

In 2023, both the entire display industry and the industry chain enterprises have reached a crucial point for a new start. The display industry needs to achieve "value-added" product application experiences through technological innovation and design application innovation. It needs to explore and tap into new application scenarios and products. At the same time, it also needs to gradually lay the groundwork for technological applications of large-size printed OLED, Micro LED, and other technologies in order to better cope with the arrival of a new competitive cycle.

(3) Semiconductor industry

On the subject of the development of future trends, demand for high logic processing chips, logistics networks, information stations, signal chips, and memory control chips for digital transformation driven by the pandemic and changes worldwide continues to remain strong. In 2022, IoT will focus on the strengthening of virtual-real integration systems through combining tools such as 5G, edge computing and AI in order to extract valuable data from massive data for analysis, achieving the effect of intelligent autonomous predication. At this stage, CPS is being applied in key verticals such as smart manufacturing and smart cities. The real environment is becoming more complex and the consideration of the impact of the interaction between more fields and devices will prompt the deployment scope of expansion digital twins. Supplemented by remote operations such as 3D sensing, VR/AR, etc. IoT technology is expected to construct a full virtual space - Metaverse as its development framework in the coming year. This way, a more intelligent, complete, real-time and safe mirror world is hoped to be created. Furthermore, whether or not the relative consumer market will return to its old pattern as well as China’s third-generation semiconductor development are both indicators that require further observation. Additionally, after a decade of hard work, the industry positioning of the Semiconductor Business Department has moved on to high-end products and high trustworthy quality manufacturers and continues to grow with high-end customers on products that are more challenging with more complexity. Through the interaction with existing high-end packaging customers, we hope to expose to customer groups of more cutting-edge IC design, further allowing us to become part of their supply chain. By doing so, end customers are able to carry out more operations on higher-end and more profitable products, creating a 3-win situation.

4. Industry and market competition

The Company is a domestic LED lead frame manufacturer, and its main competitors include SDI Corporation, Jentech Precision Industrial Co., Ltd., and Kenly Precision Industrial Co., Ltd. In recent years, the lead frame factories of China's companies have gradually risen, which has facilitated the already fierce competition in market prices. Compared with its competitors, the Company has advantages in economies of scale and a steep learning curve in production and R&D. Also, as the Company's technological capability and quality stability have become stronger, it has established long-term partnership with the main domestic LED packaging companies.

Competitors in the direct-lit backlight market include Taiwanese and China's companies. Compared with its competitors, the Company's production technology/quality capabilities are trusted by clients. In addition, the Company has improved its production technology capabilities and continued optimization of automation equipment, so its production efficiency has improved steadily, while strengthening its production advantages to differentiate its quality, technology, and efficiency from other competitors.

(III) Technology and R&D overview:

Successively developed technology or product and the R&D expenses invested in the most recent year up to the publication date.

1. R&D expenses invested in the most recent year up to the publication date:

Unit: NTD thousand

Items	2022	2021
R&D expenses	98,450	97,639
Net revenue	5,195,927	5,988,398
Proportion to total revenue	1.89%	1.63%

Source: Consolidated financial statements audited or reviewed by the CPAs

2. Technologies or products successfully developed in the last year:

Year	R&D outcomes	Description
2017	Developed ultra-thin 0.3t side view product and successfully developed thick and thin heat sink	Developed advanced product technology to surpass competitors in Japan and South Korea; stamping forming through partial or multiple semi-shearing with improved high-speed CNC machining
2018	R&D of Korean mold technologies and successfully developed large thin-film heat sink DoFu	Improved the cutting structure to increase the consistency of bending accuracy; used the electrolytic copper foil design as the material for the precision step cutting process, and created the first composite-layer electroplating production of single-sided units (non-covered jigs and fixtures)
2019	Developed side view 0.4t injection high mold cavity 256 and successfully	Improved production capacity and reduced product costs; changed the production model from one line to three lines, increasing

Year	R&D outcomes	Description
	developed multi-cavity CSP special heat sinks	production capacity by 60%
2020	Developed IC mold structure technology and successfully developed 5G composite boss heat sink	Optimized the stamping structure to improve the accuracy and stability of stamping quality; stamping multi-step and partial microstructure processing to realize that the same set of molds can produce composite bosses and products with different thicknesses, and used specially developed fixtures to achieve partial electroplating of nickel and gold in multiple spots
2021	5G mobile phone (3030) RF bracket	Develop new molds to improve production capacity advantage and reduce product costs.
2022	Thin DPC Heat Dissipation Substrate	Developing a thinner and more efficient heat dissipation substrate

(IV) Long/Short-Term Business Development Plan:

1. Short-term business development plans

(1) Engage in professional division of labor to enhance competitiveness. With Taiwan as the R&D center, it will high value-added products in Taiwan, and the mass production of well-developed products will be carried out in China through the professional division of labor model to reduce production costs and enhances product competitiveness.

(2) Establish various management and control standards, improve personnel efficiency, actively improve quality, enhance product competitiveness, increase productivity, lower production costs, and increase the Company's profits.

2. Long-term business development plans

Strengthen customer development, focus on quality and service stability with the aim of adopting a steady and stable strategy to provide satisfactory services that are recognized and trusted by customers using its technology, so as to win over more international customers and develop higher value-added products.

II. Market and Sales Overview

(I) Market analysis

1. Sales regions for the main products

Unit: NTD thousand

Location \ Year		2022		2021	
		Sales amount	%	Sales amount	%
Export	Americas	167,232	3.22	146,674	2.45
	Europe	7,039	0.13	7,344	0.12
	Asia	4,081,661	78.56	4,431,277	74.00
	Subtotal	4,255,932	81.91	4,585,295	76.57
Domestic sale		939,995	18.09	1,403,103	23.43
Total		5,195,927	100.00	5,988,398	100.00

2. Market share percentage

After looking into the relevant industry statistics, there was no relevant statistics on the production and sales of the Company's main product LED lead frames. However, the aforementioned products are indispensable and critical components for LED, and there is a one-to-one corresponding relationship between the quantity and the final product, so the Company instead adopted the monthly industrial production statistics reports on the sales volume of LED in recent years to estimate the approximate domestic market share of the Company's products:

Items	2022	2021	2020
Total domestic sales of LEDs	30,291,466	41,533,218	38,817,999
I-CHIUN's domestic sales of LED lead frames	1,636,058	2,279,960	2,593,824
I-CHIUN's domestic market share of LED lead frames	5.40%	5.49%	6.68%

Source: Product Statistics (2022) in the Industrial Production, Sales, and Inventory Survey by the Department of Statistics, Ministry of Economic Affairs.

3. Future market supply and demand and growth

Over the past year, the world has continued to be ravaged by the COVID-19 pandemic and the escalating Russia-Ukraine war, which has led to increased energy and commodity prices, exacerbating inflation and weakening the global economy. The ongoing congestion at ports has also caused shortages in the semiconductor industry.

Whether it is 5G servers, electric vehicles, automotive electronics, or increased capital expenditure in the semiconductor industry, these factors will benefit wire bond frames as they are essential components in these products. Therefore, it is expected that in 2023, as the pandemic gradually subsides and regions gradually reopen, the global economy will continue to recover. However, there are still variables in the industry environment due to regional political conflicts and persistent inflation. The global shortage of labor and materials in the past has led to increased downstream inventory, putting pressure on inventory digestion. It is expected that in 2023, the inventory digestion can be smoothly adjusted. Additionally, wire bond frames have advanced technologically and are now comparable in performance to substrate boards, but at a lower price. As a result, many IC applications are expected to shift from substrate boards to wire bond frames, leading to an increase in penetration rate. As long as the shortage problem gradually eases and the automotive market is no longer affected by shortages, wire bond frame manufacturers can expect continued revenue growth in the coming years as 5G-related products and automotive electronics become mainstream.

4. Competitive niche

(1) High quality and stable supply of raw materials

The iron and copper materials used in the Company's main product LED lead frames are mainly supplied by Rong Feng Industrial Co., Ltd., First Copper Technology Co., Ltd., and Hitachi. The electroplated silver plates are supplied by Solar Applied Materials Technology Corp. and Metalor Technologies (Hong Kong) Limited Taiwan Branch. The LED materials for the direct-lit TV backlight modules are supplied by KUNHSIN, YOUMING. As the quality of the raw materials of said suppliers are above the certain level, they have maintained long-term and positive partnerships with the Company due to the stable quality.

(2) Complete process and quick response to customer needs

The production process of the Company's LED lead frame is from mold design → mold grinding and cutting → stamping forming → electroplating → plastic injection → packaging; the direct-lit TV backlight module production process is from B/L components → LED SMT → welding → L/B dispensing→LENS SMT → curing →optical inspection → packaging → warehousing. Every step of the process is based on consistent operations to shorten the production process, so that the Company can quickly respond to changes in customer needs.

(3) Improve production technology and optimize automation equipment

The Company focuses on the improvement of production technology, optimizes automation equipment continuously, strengthens production efficiency and stability of quality so as to obtain customers' trust.

5. Favorable, unfavorable factors and countermeasures for our development vision

(1) Favorable factors

A. The Company's software and hardware equipment, management system, and personnel training have been quite well-developed as intangible assets for business expansion.

B. The Company aims to work with internationally renowned manufacturers in terms of products and future R&D to gradually move from components → OEM → its own finished products.

C. Actively develop thin, short, and small components to meet market demand.

(2) Unfavorable factors

Fierce market competition, declining prices, and high domestic labor wages affect the manufacturing costs, with continuous downward pressure on product prices.

(3) Response strategies:

A. Committed to the development of high value-added products.

B. Introduce foreign labor through legal channels to make up for labor shortage.

C. Increase the automation equipment to reduce the needs for manpower.

D. Move some well-developed products or processes with greater needs for manpower to overseas factories with lower manpower costs for production while providing customer services in the local market in line with the cluster production in the upstream and downstream sections.

(II) Important usages and production processes of the main products

1. Usages of main products:

Main products	Main applications
LED lead frame	Its purpose is to carry semiconductor chip. After the current is conducted via the positive and negative electrodes on the lead frame, the light generated through the combination of electrons and electron holes on the chip is released, and high brightness will be produced through the refraction of the bowl surface on the lead frame as an indispensable critical component for the LED assembly. LED lead frames are used

	for traffic signs, TV backlights, mobile phone light sources, lighting, vehicle lights, infrared rays, etc.
Direct-lit TV backlight modules	Its application includes TV backlight sources to replace traditional CCFL, side-type backlight; the cap lens secondary optical diffusion method is adopted to achieve the consumers' demand for TV picture uniformity and saturation. Compared with the TV side-type backlight, the direct-lit backlight is lower in parts cost and assembly labor cost, which helps increase the market competitiveness. The modules currently are applicable to small and medium-sized to large-sized TVs, from 32-inch/39-inch to 100-inch ones.
Semiconductor heat spreader	Heat dissipation for semi-conductor packaging, semiconductor components, etc.
Ceramic substrate	Consumer products (Flash products), sensing (TOF and structured light products), lighting applications (street lights and projection lights), automotive applications (headlights, daytime running lamps, and fog lights), and UV applications (UV exposure machines, nail machines, and UV sterilizers)

2. Production process of main products:
   A. LED lead frame: Material → stamping → electroplating → cutting → packaging → warehousing
   B. SMD LED lead frame: Material → stamping → electroplating → plastic injection → cutting → packaging → warehousing
   C. Direct type L/B: L/B components → LED SMT → welding → L/B dispensing → LENS SMT → curing → optical inspection → packaging → warehousing
   D. Semiconductor heat spreader: Material → stamping → CNC → electroplating → packaging → warehousing
   E. Ceramic substrate: Material→laser processing→vacuum sputtering→lamination→exposure→developing→copper electroplating→grinding and brushing→surface treatment→thin-film etching→warehousing

(III) Supply of main raw materials

Product	Name of main raw materials	Major suppliers	Place of origin	Supply status
LED and SMD lead frame	LED iron material	RONGFEN, DINGEN	Taiwan, China	Great
	LED copper material	MINCHALI, FIRST COPPER TECHNOLOGY, HITACHI METALS, and Shanghai Nuochang Trading Co., Ltd.	Taiwan, Japan, China	Great
	Chemical plating solution and silver bar	METALOR COATINGS , SOLAR APPLIED MATERIALS, and Shanghai Tongmai Co., Ltd.	Taiwan	Great
	SMD plastic material	WahLee, TRUMP CHEMICAL	Taiwan	Great
Direct-lit TV backlight modules	PCB	XIANG YI , SCALAC INDUSTRIES	China	Great
	LED	KUNHSIN, YOUMING	Taiwan, China	Great
	LENS	TAIWAN INABATA SANGYO CO., LTD., DINGNENG	Japan, China	Great
Semiconductor heat spreader	Copper	Minchali Metal Industry Co., Ltd., First Copper Technology Co., Ltd., Hitachi Metals Taiwan, Ltd.	Taiwan, Japan	Great

(IV) Main suppliers and customers in the last two years:

1. Information on individual sales customers who have accounted for at least 10% of net sales in any of the last two years

Unit: NTD thousand

	2021				2022			
Items	Name	Amount	Percentage of total annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of total annual net sales (%)	Relationship with the issuer
1	A	1,157,355	19.33	None	A	1,061,174	20.42	None
2	B	616,644	10.30	None	B	482,028	9.28	None
	Others	4,214,399	70.37	-	Others	3,652,725	70.30	-
	Net sales	5,988,398	100.00	-	Net sales	5,195,927	100.00	-

Note: As of the printing date of the annual report, the financial report data for the first quarter of year 2023 has not yet been audited and finalized by the accountants.

The individual sales customers who accounted for at least 10% of the Company's total sales in 2021 and 2022 were Company A and Company B. Company B purchased SMD and LED lead frames, direct-lit TV backlight modules, and ceramic substrate products required for LED packaging from the Company; Company A mainly purchased SMD and LED lead frame, and ceramic substrates required for LED packaging from the Company.

2. Information on individual suppliers who have accounted for at least 10% of net purchase in any of the last two years

In 2021, 2022, the Company did not have individual suppliers accounting for at least 10% of its purchases. Except for the increase or decrease in the purchase amount arising from changes in the market supply and demand, there were no major changes in the Company's major suppliers in the last two years.

(V) Production value for the last two years

Unit: thousand, NT$ thousand

Year / Production quantity and value	2022			2021		
Main products (or by segment)	Capacity	Quantity	Value	Capacity	Quantity	Value
SMD lead frame	35,000,000	17,827,773	1,504,147	34,000,000	26,477,716	2,323,904
Direct-lit TV backlight modules	30,000	12,533	608,000	30,000	14,718	680,960
Ceramic substrate	1,000	464	369,492	1,000	603	405,867
Heat spreader (semiconductor)	150,000	99,125	868,745	100,000	79,970	721,007
IC lead frame	30,000,000	22,362,855	484,338	30,000,000	26,164,742	742,815
Total	65,181,000	40,302,750	3,834,722	64,131,000	52,737,749	4,874,553

(VI) Sales value for the last two years

Unti: Kpcs / NT$ thousand

Year / Sales Quantity and Value	2020				2019			
	Domestic sale		Export		Domestic sale		Export	
Main products (or by segment)	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
SMD lead frame	1,636,058	170,527	16,899,954	1,953,384	2,279,960	282,387	22,527,605	2,489,417
Direct-lit TV backlight modules	0	0	12,879	749,451	2	189	14,146	791,673
Ceramic substrate	55	49,074	378	423,762	94	78,835	455	439,345
Heat spreader (semiconductor)	72,825	594,928	23,309	406,732	60,500	603,485	19,204	250,098
IC lead frame	0	0	21,415,150	455,477	0	0	25,537,826	823,585
Others	0	103,926	0	288,666	0	61,345	0	168,039
Total	1,708,938	918,455	38,351,670	4,277,472	2,340,556	1,026,241	48,099,236	4,962,157

III. The number of employees, average years of service, average age, and education distribution in the last two years and as of the publication date of the annual report

Year		2021	2022	As of March 31, 2023
Number of employees	Number of managers	139	134	125
	General employees	395	449	422
	Production staff	1,230	1069	1,085
	Total	1,764	1652	1,632
Average age		35.98	35.98	37.45
Average years of services		4.90	4.41	5.61
Academic degree distribution (%)	Doctorate	0.11	0.20	0.18
	Masters	3.23	2.20	2.52
	Bachelors Degree	32.40	30.32	35.27
	Senior High School	28.34	25.61	27.34
	Below Senior High School	35.92	41.66	34.69

Note: The data for the current year as of the publication date of the annual report shall be entered (employees as in the consolidated financial report).

IV. Information on Environmental Expenditure

Recently, and up until the printing date of the annual report, there have been no losses incurred due to environmental pollution (including compensation and violations of environmental regulations identified through environmental protection inspections). Therefore, there is no need to disclose the date of disposal, disposal reference number, specific regulatory violations, content of violations, estimated amounts, or mitigation measures for current and potential future incidents. Additionally, if it is not possible to reasonably estimate such amounts, it should be stated that it is not reasonably estimable. However, this situation does not apply in this case.

V. Management-union relations

(I) Lists the various employee welfare measures, advanced studies, training, retirement systems and their implementation status, and the agreement and various measures for preserving the interests of employees between the employers and employees:

1. Employee welfare measures:
   (1) Labor Insurance and National Health Insurance: The Company applies for labor insurance and National Health Insurance on the first day of its employees, as required by law, so the employees are protected by labor insurance and National Health Insurance.
   (2) Group insurance: As soon as employees arrive at the Company on the first day of their employment, they will be insured by group insurance and casualty insurance with an additional layer of protection.
   (3) Overseas travel insurance: When employees are on business trips abroad, the Company will always purchase travel insurance fro them, which covers accidental death, accidental injury, and sudden illness.
   (4) Free parking space, free annual health examination, and health care services, such as a medical room, breastfeeding rooms, and on-site medical staff.
   (5) The company has established an Employee Recreational Activity Center, which

includes a social lounge and offers a variety of sports activities.

(6) The company has established an Employee Welfare Committee to enhance the well-being of employees. In accordance with the regulations of the Employee Welfare Fund, the company allocates funds for employee welfare and organizes the Employee Welfare Committee to implement various welfare measures, activities, and manage employee clubs.

2. Training and continuing education

(1) The Company held a total of 205 internal and external courses in 2022. The average employee training hours was 1.24 hours; the total number of trainees was 4,533 with a total of 5,620 man-hours. The total training cost was NT$214,520.

(2) Learning and development:

With the concept of respecting, motivating, and planning for the future, the Company continues to cultivate competitive, responsible, and hardworking talents through the plans below while allowing more people to develop happily.

A. The Company has a well-defined annual plan, as well as a monthly plan management system. With an employee training and development system, featuring one-on-one leadership and guidance and competency qualification certification, employees can continuously learn professional skills and management capabilities in the workplace.

B. Through a goal management and high-performance management system, and a group-based management model, the Company helps new employees to create outstanding performance growth. Either promotion from the entry-level employee, the section chief to (deputy) manager or from engineer to senior engineer, there is a complete roadmap for short-, mid-, and long-term development.

C. With an individual KPI performance evaluation mechanism adopted every month, together with an anomaly management system, the Company keeps abreast of the work progress and performance gaps at any time every day and every week. Also, with a positive two-way quarter performance interviews, the Company manages to solve work problems in a comprehensive and efficient manner while enabling employees to obtain a sense of achievement at work.

(3) Incentive system for profit sharing:

A. Motivate employees to actively put forth creative and new methods through proposal bonuses and proposal adoption bonuses, and grant generous rewards based on the improvement results.

B. Encourage employees to participate in business operations. The Company has a sound and complete employee dividend and shareholding system, and employees can also be shareholders.

C. Encourage employees to create a win-win situation, conduct employee salary adjustments based on annual performance evaluation to link performance with salary and promotion.

D. The amount is based on individual performance, and the year-end bonus is issued as per the annual profit (loss) and personal performance.

3. Retirement policy

The Company has formulated the pension regulations and set up an Supervisory Committee of Labor Retirement Reserve in accordance with the provisions of the Labor Standards Act, responsible for supervising and managing the pension reserve and relevant affairs. Also, the Company contributes pension funds as per the relevant provisions of the

Labor Pension Act.

4. Status of agreements between labor and management

Since the Company was established in 1977, it has maintained a harmonious labor-management relationship, and has never suffered losses due to labor disputes, and it is estimated that there should be no such losses in the future.

5. Protection measures for employees' rights and interests:

In line with the business philosophy of "doing business with integrity, respecting, and consistency of words and action," the Company hopes that its employees will feel happy as a member of the I-CHIUN family and feel the warm and harmonious working atmosphere. In addition to the profit-sharing and incentive system, it has planned a benefit system in line with the needs of employees and their families so as to create harmonious labor-management relations and to take care of employees.

(1) Listen to employees' views: Quarterly labor-management meetings as well as online and offline employee suggestion boxes.

(2) Legal employee care: A sound labor insurance/health insurance system, and a complete pension system.

(3) Medical care and consultation: Free annual health examination for all employees, and a medical room and on-site medical staff.

(4) Sharing the burden on the dual-career family: Childcare subsidies, unpaid parental leave, paternity leave, family care leave, and breastfeeding rooms.

6. Other important agreements: None.

(II) Losses suffered by the Company due to employer/employee conflicts in the recent year up to the date of publication and disclose any estimated expenditures and countermeasures that might occur currently or in the future; reasons why reasonable estimations could not be made should be explained for those that cannot be estimated reasonably:

The specific loss was related to a violation of Article 32, Paragraph 2 of the Labor Standards Act, which resulted in the company being fined NT$420,000 by the New Taipei City Government under the penalty notice number New Taipei City Labor Inspection Letter No. 1114761164. The company has paid the fine within the prescribed deadline. Regarding this incident, the company exceeded the legal working hours due to project deadlines, with the consent of the workers, and has already provided appropriate compensation in accordance with Article 39 of the Labor Standards Act. The financial operations of the company are not significantly affected by this incident. The company will establish a working hours management and monitoring mechanism and provide monthly reports on working hours for the next six months to address the aforementioned issue.

VI. Cyber Security Management

1. Describe the cyber security risk management framework, cyber security policy, specific management plans and cyber security management resources invested:

The Company has formulated the "Information Security Management Rules" to ensure the security of company computer data, systems, equipment and networks. By doing this, the security level of the Company's information operations guarantees the Company's business operations are strengthened and enhanced. The primary contents include: Personnel security management and education and training, computer host security management, information security management, security management of system development and maintenance, network security management, network access security control, handling of the system and network intrusion, device security management, security management of the physical environment, and business continuity operation plan management.

2. Losses, possible impacts and countermeasures as a result of major cyber security incidents in the last year up to the publication date of this annual report, state the reasons if losses cannot be reasonably estimated: None.

VII. Important Contracts: None.

The parties, main content, restrictive clauses, and contract period of supply/sale contracts, technological collaboration contracts, engineering contracts, long-term loan contracts, and other important contracts that will affect shareholders' rights and interests and expired in the last year and are still valid as of the publication date of the annual report:

Contract type	Counterparty	Contract beginning and ending date	Major contents	Restricted Clause
Factory lease	Unity Opto Technology co., Ltd.	2021.10.01-2031.9.30	Lease contract of the Wugu Plant	None
Credit contract	First Commercial Bank	2021.11.19~2024.11.18	Syndicated loan contract with 11 banks (arranged by the First Commercial Bank)	Note
Factory lease	Kuaiyue Industrial Co., Ltd.	2018.7.1-2023.6.30	Lease contract of the plant on the Wuquan 2nd Rd.	None

Note: I-Chiun Precision Industry Co., Ltd. is committed to maintaining the following financial ratios in the semi-annual and annual consolidated financial statements during the contract duration: (1) The current ratio shall not be less than 100%. (2) The debt ratio shall not be higher than 150%. (3) The interest coverage ratio must not be less than 500%. (4) The net worth of tangible assets (total shareholder equity less intangible assets) shall be maintained at NT$2.5 billion (inclusive) or more, and starting from 2023, it shall be maintained at NT$3 billion (inclusive) or more.

Six. Financial Status

I. Condensed Balance Sheet and Statement of Comprehensive Income, and CPAs' Audit Opinion in the Last Five Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income in the Last Five Years:

Consolidated Condensed Balance Sheet—IFRS

Unit: NTD thousand

Items / Year		Financial information for the last five years (Note 1) 2018	2019	2020	2021	2022	Financial Information as of March 31, 2023 (Note 3)
Current assets		3,595,865	3,201,350	3,498,778	5,359,208	4,845,007	-
Property, plant and equipment (Note 2)		2,134,549	1,988,743	1,951,839	1,982,479	1,955,703	-
Intangible assets		3,164	9,077	8,357	14,507	19,948	-
Other Assets (Note 2)		547,906	646,546	614,719	1,131,623	972,769	-
Total assets		6,281,484	5,845,716	6,073,693	8,487,817	7,793,427	-
Current liabilities	Before dividend distribution	2,667,236	2,494,200	1,882,847	2,198,694	1,848,973	-
	After dividend distribution	-	-	-	2,276,379	1,936,156	-
Non-current liabilities		351,211	374,766	1,288,264	2,039,819	1,723,658	-
Total liabilities	Before dividend distribution	3,018,447	2,868,966	3,171,111	4,238,513	3,572,631	-
	After dividend distribution	-	-	-	4,316,198	3,659,814	-
Equity attributable to owners of parent		3,159,709	2,909,118	2,845,127	4,072,226	4,043,079	-
Share capital		2,019,586	2,019,586	2,019,586	2,219,586	2,219,586	-
Capital surplus		1,429,515	1,418,636	1,156,598	1,847,718	1,814,424	-
Retained earnings	Before dividend distribution	(105,484)	(284,213)	(154,040)	222,670	249,280	-
	After dividend distribution	-	-	-	144,985	162,097	-
Other equity		(141,176)	(202,159)	(177,017)	(217,748)	(179,509)	-
Treasury stock		(42,732)	(42,732)	-	-	(60,702)	-
Non-controlling equity		103,328	67,632	57,455	177,078	177,717	-
Total equity	Before dividend distribution	3,263,037	2,976,750	2,902,582	4,249,304	4,220,796	-
	After dividend distribution	-	-	-	4,171,619	4,133,613	-

Note 1: The above financial data for each fiscal year has been audited and certified by the accountants.

Note 2: If there has been an asset revaluation during the fiscal year, the date of the revaluation and the amount of the revaluation increment should be noted.

Note 3: As of the date of the annual report printing, the financial report data for the first quarter of the fiscal year 112 has not yet been audited and finalized by the accountants.

Note 4: The figures mentioned as "allocated" should be filled in accordance with the resolutions of the Board of Directors or the shareholders' meeting of the subsequent fiscal year. However, for the fiscal year 111, it was only proposed by the Board of Directors and has not been resolved by the shareholders' meeting.

Condensed Statement of Comprehensive Income—IFRS

Unit: NTD thousand

Items \ Year	Financial information for the last five years (Note 1)					Financial Information as of March 31, 2022 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	3,988,485	3,665,270	4,197,470	5,988,398	5,195,927	-
Gross profit	337,474	332,262	520,876	1,168,610	578,280	-
Operating profit (or loss)	(193,174)	(209,939)	(47,051)	534,378	(1,490)	-
Non-operating revenues and expenses	67,593	(25,200)	(83,618)	(80,992)	131,802	-
Net profit before tax	(125,581)	(235,139)	(130,669)	453,386	130,312	-
Net profit for the period from continuing operations	(115,374)	(185,540)	(156,591)	383,466	91,956	-
Loss from the discontinued department	-	-	-	-	-	-
Profit (loss) for current period	(115,374)	(185,540)	(156,591)	383,466	91,956	-
Other comprehensive income (loss) this term (net amount after tax)	(27,533)	(63,376)	20,609	(39,377)	41,039	-
Total comprehensive income for current period	(142,907)	(248,916)	(135,982)	344,089	132,995	-
Net profit attributable to owners of parent company	(109,133)	(177,512)	(148,047)	375,767	103,288	-
Net profit belonging to non-controlled equity	(6,241)	(8,028)	(8,544)	7,699	(11,332)	-
Comprehensive income attributable to the owner of the parent company	(136,456)	(238,900)	(127,438)	336,390	144,327	-
Total amount of comprehensive profit (loss) belonging to non-controlled equity	(6,451)	(10,016)	(8,544)	7,699	(11,332)	-
Earnings per share (EPS)	(0.56)	(0.90)	(0.75)	1.79	0.47	-

Note 1: For the year in which the data was not audited by CPAs, it shall be indicated.

Note 2: As of the date of the annual report printing, the financial report data for the first quarter of the year 2023 has not yet been audited and finalized by the accountants.

Standalone Condensed Balance Sheet—IFRS

Unit: NTD thousand

Items / Year		Financial information for the last five years (Note 1)					Financial Information as of March 31, 2022 (Note 3)
		2018	2019	2020	2021	2022	
Current assets		1,662,918	1,656,068	1,859,825	2,756,921	2,553,793	-
Property, plant and equipment (Note 2)		1,035,922	971,326	914,039	873,614	884,031	-
Intangible assets		2,603	6,763	6,985	14,170	16,790	-
Other Assets (Note 2)		2,631,640	2,403,337	2,361,960	3,264,902	3,167,200	-
Total assets		5,333,083	5,037,494	5,142,809	6,909,607	6,621,814	-
Current liabilities	Before dividend distribution	1,840,971	1,785,234	1,051,081	900,092	932,300	-
	After dividend distribution	-	-	-	977,777	1,019,483	-
Non-current liabilities		332,403	343,142	1,246,601	1,937,289	1,646,435	-
Total liabilities	Before dividend distribution	2,173,374	2,128,376	2,297,682	2,837,381	2,578,735	-
	After dividend distribution	-	-	-	2,915,066	2,665,918	-
Share capital		2,019,586	2,019,586	2,019,586	2,219,586	2,219,586	-
Capital surplus		1,429,515	1,418,636	1,156,598	1,847,718	1,814,424	-
Retained earnings	Before dividend distribution	(105,484)	(284,213)	(154,040)	222,670	249,280	-
	After dividend distribution	-	-	-	144,985	162,097	-
Other equity		(141,176)	(202,159)	(177,017)	(217,748)	(179,509)	-
Treasury stock		(42,732)	(42,732)	-	-	(60,702)	-
Total equity	Before dividend distribution	3,159,709	2,909,118	2,845,127	4,072,226	4,043,079	-
	After dividend distribution	-	-	-	3,994,541	3,955,896	-

Note 1 For the year in which the data was not audited by CPAs, it shall be indicated.

Note 2: Where the asset re-appraisal has been conducted in the current year, the date of the re-appraisal and the increase in the value based on the re-appraisal result shall should be indicated.

Note 3 As of the publication date of the annual report, where the companies that are listed in stock market or whose stocks have been traded at the counter of a securities firm have the latest financial data that has been audited or reviewed by a CPA, it shall be disclosed.

Note 4: The said figures after distributions shall be listed based on the resolutions of the shareholder's meeting of the following year.

Note 5: Where the financial data shall be corrected or restated as notified by the competent authority, the corrected or restated figures shall be adopted, and the situation and reasons shall be indicated.

Standalone Condensed Statement of Comprehensive Income—IFRS

Unit: NTD thousand

Items \ Year	Financial information for the last five years					Financial Information as of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	2,194,028	2,019,559	2,184,469	3,009,589	2,725,404	-
Gross profit	169,353	129,723	200,975	492,089	306,993	-
Operating profit (or loss)	(29,120)	(141,956)	(125,094)	149,465	83,650	-
Non-operating revenues and expenses	(82,865)	(81,807)	(173)	293,701	48,131	-
Net profit before tax	(111,985)	(223,763)	(125,267)	443,166	131,781	-
Net profit for the period from continuing operations	(109,133)	(177,512)	(148,047)	375,767	103,288	-
Loss from the discontinued department	-	-	-	-	-	-
Profit (loss) for current period	(109,133)	(177,512)	(148,047)	375,767	103,288	-
Other comprehensive income (loss) this term (net amount after tax)	(27,323)	(61,388)	20,609	(39,377)	41,039	-
Total comprehensive income for current period	(136,456)	(238,900)	(127,438)	336,390	144,327	-
Earnings per share (EPS)	(0.56)	(0.90)	(0.75)	1.79	0.47	-

Note 1: The financial data for the above-mentioned years have all been audited and certified by the accountants.

Note 2:As of the date of the annual report printing, the financial report data for the first quarter of the year 2023 has not yet been audited and finalized by the accountants.

(II) Name of CPAs and Audit Opinions for the Last Five Years

Year	Accounting firm	Name of CPA	Audit Opinion
2018	PRICEWATERHOUSECOOPERS TAIWAN	JUAN LU, MAN-YU, LIN,YA-HUI	Unqualified opinion
2019	PRICEWATERHOUSECOOPERS TAIWAN	JUAN LU, MAN-YU, LIN,YA-HUI	Unqualified opinion
2020	PRICEWATERHOUSECOOPERS TAIWAN	FENG,MIN-CHUAN, LIN,YA-HUI	Unqualified opinion
2021	PRICEWATERHOUSECOOPERS TAIWAN	FENG,MIN-CHUAN, LIN,YA-HUI	Unqualified opinion
2022	PRICEWATERHOUSECOOPERS TAIWAN	FENG,MIN-CHUAN, LIN,YA-HUI	Unqualified opinion

II. Financial analysis for the last five years

Consolidated financial analysis—IFRS

Analyzed Items (Note 3)	Year (Note 1)	Financial analysis for the last five years					As of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of liabilities to assets	48.05	49.08	52.21	49.94	45.84	-
	Long-term capital to property, plant and equipment ratio	169.32	168.52	214.71	317.24	303.95	-
Solvency (%)	Current ratio	134.82	128.35	185.82	243.75	262.04	-
	Quick ratio	102.98	97.08	139.65	166.69	182.59	-
	Interest coverage ratio	(2.48)	(6.00)	(2.64)	11.97	3.09	-
Operational ability	Average collection turnover (times)	2.41	2.41	2.83	3.00	2.38	-
	Average account receivable days	152	152	129	122	153	-
	Inventory turnover (times)	5.88	5.04	5.19	4.20	3.21	-
	Average payable turnover (times)	4.03	5.02	6.53	7.23	7.47	-
	Average days in sales	62	72	70	87	114	-
	Property, plant, and equipment turnover (time)	1.82	1.78	2.13	3.04	2.64	-
	Total assets turnover (times)	0.60	0.60	0.70	0.82	0.64	-
Profitability	Asset return ratio (%)	(1.30)	(2.62)	(2.15)	5.72	1.74	-
	Equity return ratio (%)	(3.50)	(5.95)	(5.33)	10.72	2.17	-
	Pre-tax income to pay-in capital (%) (Note 7)	(6.22)	(11.64)	(6.47)	20.43	5.87	-
	Net profit ratio (%)	(2.89)	(5.06)	(3.73)	6.40	1.77	-
	Earnings per share (NTD)	(0.56)	(0.90)	(0.75)	1.79	0.47	-
Cash flow	Cash flow ratio (%)	8.63	5.00	14.04	(19.61)	55.63	-
	Cash flow adequacy ratio (%)	99.67	86.54	63.24	21.36	38.26	-
	Cash reinvestment ratio (%)	3.54	2.25	4.15	(5.58)	11.95	-
Leverage	Operating leverage	(1.26)	(1.17)	(9.10)	1.90	(321.50)	-
	Financial leverage	0.84	0.86	0.57	1.08	0.02	-

Specify the reasons that caused the changes in the financial ratios in the last two years. (unnecessary if the variation was less than 20%):

1. In terms of debt-servicing ability: In 2022, the decrease in pre-tax earnings led to a decline in the interest coverage ratio.
2. In terms of operating capability: In 2022, the decline in revenue resulted in a decrease in accounts receivable turnover ratio and total asset turnover ratio. The average collection period increased. Additionally, due to increased inventory demand from previous strong performance, the inventory increased. However, the slower inventory turnover rate and increased average days of sales were observed due to the slower sales in the current period.
3. In terms of profitability: In 2022, the decrease in earnings resulted in a decline in various profitability indicators.
4. In terms of cash flow: Due to better operating conditions in previous periods and increased accounts receivable and inventory for stocking purposes, there was a net cash outflow from operating activities. However, in the current period, accounts receivable and inventory decreased, resulting in a net cash inflow from operating activities. As a result, various cash flow ratios increased.
5. In terms of leverage: In 2022, the decline in operating income led to a decrease in various financial leverage indicators.

Note 1: The financial data mentioned above for each year has been audited and verified by the accountant, ensuring its accuracy and reliability.

Note 2: As of the printing date of the annual report, the financial report data for the first quarter of the year 2023 has not yet been audited and finalized by the accountant.

Note 3: At the end of the annual report, the following calculation formula shall be listed:

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities/total assets.
   (2) Long-term capital to property, plant, and equipment = (total equity + non-current liabilities) / net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (current assets – inventories – prepaid expense) / current liabilities
   (3) Interest earned ratio = Earnings before interests and taxes (EBIT) / Interest expenses over this period.
3. Operational ability
   (1) Account receivable (including accounts receivable and notes receivable from operations) turnover = Net sales / Average of accounts receivable (including accounts receivable and notes receivable from operations) balance.
   (2) Average account receivable day = 365 / account receivable turnover.
   (3) Inventory turnover = cost of goods sold / average of inventory.
   (4) Account payable (including account payable and notes payable from operation) turnover = cost of goods sold / average of account payable (including account payable and notes payable from operation) balance.
   (5) Average inventory turnover days = 365 / inventory turnover
   (6) Turnover of property, plant and equipment = net sales amount / average net worth of property, plant and equipment
   (7) Total assets turnover = Net sales / Average total asset value.
4. Profitability
   (1) Return on assets = [After-tax income (loss) + Interest expense × (1 - Tax rate)] / Average total assets.
   (2) Return on equity = after-tax income (loss) / average equity.
   (3) Net profit margin = After-tax income (loss) / Net sales.
   (4) EPS = (income (loss) attributable to owners of parent - dividend from prefer stock) / weighted average outstanding shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash flow of business activities / Current liabilities.
   (2) Cash flow adequacy ratio = Net cash flow for business activities in the 5 most recent years / (Capital expenditure + inventory increase + cash dividends) for the 5 most recent years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities – cash dividend) / (gross property, plant and equipment value + long-term investment + other non-current assets + working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and operating expense) / Operating income (Note 6).
   (2) Financial leverage = Operating income / (Operating income - Interest expenses).

Note 4: For the formula for the earnings per share above, special attention shall be paid to the following matters during calculation:

1. It is based on the weighted average number of ordinary shares rather than the number of outstanding shares at the end of the year.
2. In the case of capital increase in cash or treasury stock trading, the weighted average number of shares during the outstanding period shall be calculated.
3. Where there is a recapitalization of earnings or a capital increase from capital surplus, when the earnings per share for prior years and semi-annual earnings per share are calculated, retrospective adjustments shall be made in proportion to the capital increase, regardless of the issue period for the capital increase.
4. Where the preference shares are non-convertible cumulative preference shares, the dividends for the current year (either paid or not) shall be deducted from the net income after tax, or added to net loss after tax. Where the preference shares are non-cumulative, in the case of net income after tax, the dividend of the preference shares shall be deducted from the net income after tax; in the case of a loss, no adjustment is necessary.

Note 5: Special attention shall be paid to the matters below when cash flow analysis is conducted:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. Where the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preference shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation is deducted.

Note 6: The issuer shall classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, the issuer shall pay attention to their reasonableness and maintain their consistency.

Note 7: Where the Company’s shares have no par value or the par value per share is not NT$10, the calculation of said ratio to paid-in capital shall be calculated based on the ratio of equity attributable to owners of the parent company on the balance sheet.

Standalone financial analysis—IFRS

Analyzed Items (Note 3) \ Year (Note 1)		Financial analysis for the last five years: 2018	2019	2020	2021	2022	As of March 31, 2023 (Note 2)
Financial structure (%)	Ratio of liabilities to assets	40.75	42.25	44.68	41.06	38.94	-
	Long-term capital to property, plant and equipment ratio	337.10	334.83	447.65	687.89	643.59	-
Solvency (%)	Current ratio	90.33	92.76	176.94	306.29	273.92	-
	Quick ratio	61.87	66.50	126.62	190.37	180.03	-
	Interest coverage ratio	(2.46)	(6.61)	(3.06)	17.39	4.35	-
Operational ability	Average collection turnover (times)	2.52	2.39	3.06	3.26	2.48	-
	Average account receivable days	145	153	119	112	147	-
	Inventory turnover (times)	5.08	4.51	4.46	3.44	2.64	-
	Average payable turnover (times)	5.77	6.94	7.88	7.42	7.78	-
	Average days in sales	72	81	82	106	138	-
	Property, plant, and equipment turnover (time)	2.07	2.01	2.32	3.37	3.10	-
	Total assets turnover (times)	0.39	0.39	0.43	0.50	0.40	-
Profitability	Asset return ratio (%)	(1.48)	(2.97)	(2.42)	6.59	1.99	-
	Equity return ratio (%)	(3.40)	(5.85)	(5.15)	10.86	2.55	-
	Pre-tax income to pay-in capital (%) (Note 7)	(5.54)	(11.08)	(6.20)	19.97	5.94	-
	Net profit ratio (%)	(4.97)	(8.79)	(6.78)	12.49	3.79	-
	Earnings per share (NTD)	(0.56)	(0.90)	(0.75)	1.79	0.47	-
Cash flow	Cash flow ratio (%)	10.52	1.37	24.31	(61.85)	58.94	-
	Cash flow adequacy ratio (%)	96.09	76.71	57.88	(0.79)	24.62	-
	Cash reinvestment ratio (%)	4.15	0.57	5.03	(9.10)	7.49	-
Leverage	Operating leverage	(5.68)	(0.69)	(0.92)	2.49	3.26	-
	Financial leverage	0.47	0.83	0.80	1.22	1.89	-

Explanation of the changes in financial ratios over the past two years (Analysis can be skipped if the changes are less than 20%):

1. Debt-servicing ability: In 111, the decrease in pre-tax earnings led to a decline in the interest coverage ratio.
2. Operating efficiency: In 111, there was a decline in revenue and a higher balance of accounts receivable at the end of the previous period. This resulted in a decrease in the accounts receivable turnover ratio and the total asset turnover ratio. Additionally, there was an increase in inventory due to high demand in the previous period, but the current period's decline in revenue resulted in slower inventory turnover and an increase in average days of inventory.
3. Profitability: In 111, there was a decrease in after-tax earnings and a higher balance of accounts receivable at the end of the previous period. This led to a decline in the return on assets ratio. Furthermore, the decrease in current period earnings, along with the previous period's cash increase from additional capital, resulted in an increase in shareholders' equity. As a result, the return on equity ratio also declined. Overall, there was a decline in various profitability indicators.
4. Cash flow: Due to better operating conditions in the previous period, there was an increase in accounts receivable and inventory. This led to net cash outflow from operating activities. However, in the current period, there was a decrease in accounts receivable and inventory, resulting in net cash inflow from operating activities. As a result, all cash flow ratios showed an increase.
5. Leverage: In 111, the decline in operating profit led to a decrease in various financial leverage indicators.

Note 1: The financial data mentioned above for each year has been audited and verified by the accountant, ensuring its accuracy and reliability.

Note 2: As of the printing date of the annual report, the financial report data for the first quarter of the year 2023 has not yet been audited and finalized by the accountant.

Note 3: The calculation formulas in the table above:

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities/total assets.
   (2) Long-term capital to property, plant, and equipment = (total equity + non-current liabilities) / net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (current assets – inventories – prepaid expense) / current liabilities
   (3) Interest earned ratio = Earnings before interests and taxes (EBIT) / Interest expenses over this period.
3. Operational ability
   (1) Account receivable (including accounts receivable and notes receivable from operations) turnover = Net sales / Average of accounts receivable (including accounts receivable and notes receivable from operations) balance.
   (2) Average account receivable day = 365 / account receivable turnover.
   (3) Inventory turnover = cost of goods sold / average of inventory.
   (4) Account payable (including account payable and notes payable from operation) turnover = cost of goods sold / average of account payable (including account payable and notes payable from operation) balance.
   (5) Average inventory turnover days = 365 / inventory turnover
   (6) Turnover of property, plant and equipment = net sales amount / average net worth of property, plant and equipment
   (7) Total assets turnover = Net sales / Average total asset value.
4. Profitability
   (1) Return on assets = [After-tax income (loss) + Interest expense × (1 - Tax rate)] / Average total assets.
   (2) Return on equity = after-tax income (loss) / average equity.
   (3) Net profit margin = After-tax income (loss) / Net sales.
   (4) EPS = (income (loss) attributable to owners of parent - dividend from prefer stock) / weighted average outstanding shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash flow of business activities / Current liabilities.
   (2) Cash flow adequacy ratio = Net cash flow for business activities in the 5 most recent years / (Capital expenditure + inventory increase + cash dividends) for the 5 most recent years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities – cash dividend) / (gross property, plant and equipment value + long-term investment + other non-current assets + working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and operating expense) / Operating income (Note 6).
   (2) Financial leverage = Operating income / (Operating income - Interest expenses).

Note 4: For the formula for the earnings per share above, special attention shall be paid to the following matters during calculation:

1. It is based on the weighted average number of ordinary shares rather than the number of outstanding shares at the end of the year.
2. In the case of capital increase in cash or treasury stock trading, the weighted average number of shares during the outstanding period shall be calculated.
3. Where there is a recapitalization of earnings or a capital increase from capital surplus, when the earnings per share for prior years and semi-annual earnings per share are calculated, retrospective adjustments shall be made in proportion to the capital increase, regardless of the issue period for the capital increase.
4. Where the preference shares are non-convertible cumulative preference shares, the dividends for the current year (either paid or not) shall be deducted from the net income after tax, or added to net loss after tax. Where the preference shares are non-cumulative, in the case of net income after tax, the dividend of the preference shares shall be deducted from the net income after tax; in the case of a loss, no adjustment is necessary.

Note 5: Special attention shall be paid to the matters below when cash flow analysis is conducted:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. Where the inventory decreases at the end of the year, it shall be calculated as zero.

4. Cash dividends include cash dividends on ordinary shares and preference shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation is deducted.

Note 6: The issuer shall classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, the issuer shall pay attention to their reasonableness and maintain their consistency.

III. Audit Committee’s Review Report for the Financial Report for the Latest Year

I-CHIUN PRECISION INDUSTRY CO., LTD.
Audit Committee’s Review Report

The Board prepared the Company’s 2022 Business Report, financial statements (including consolidated financial statements), and Earnings Distribution proposal, of which the financial statements (including consolidated financial statements) have been audited by C.P.A.s FENG,MIN-CHUAN and LIN,YA-HUI of PwC Taiwan with au audit report issued. We have reviewed the above-mentioned Business Report, the financial statements (including consolidated financial statements), and the deficit compensation proposal and found them legitimate; therefore, we are presenting them for your review in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,
2023 Annual Meeting of Shareholders

I-CHIUN PRECISION INDUSTRY CO., LTD.

Audit Committee Convener: KUO,CHUNG-CHIEN

March 2, 2023

IV. Financial report for the last year

Please refer to page 119-197

V. The Company’s standalone financial report for the last year that has been audited by a CPA

Please refer to page 198-266

VI. Where the Company and its affiliates have encountered financial difficulties in the last year and as of the publication date of the annual report, the impact on the Company’s financial position shall be specified

None.

Seven. Review and Analysis of Financial Position and Financial Performance and Risk Matters

I. Financial Position:

Main reasons for significant changes in assets, liabilities, and shareholders' equity items in the last two years and the impact; where the impact is significant, a future response plan shall be specified.

(I) Comparative Analysis of Financial Conditions

Unit: NTD thousand

Year / Items	2022	2021	Difference	
			Amount	%
Current assets	4,845,007	5,359,208	(514,201)	(9.59)
Property, plant and equipment	1,955,703	1,982,479	(26,776)	(1.35)
Intangible assets	19,948	14,507	5,441	37.51
OTHER ASSETS	972,769	1,131,623	(158,854)	(14.04)
Total assets	7,793,427	8,487,817	(694,390)	(8.18)
Current liabilities	1,848,973	2,198,694	(349,721)	(15.91)
Non-current liabilities	1,723,658	2,039,819	(316,161)	(15.50)
Total liabilities	3,572,631	4,238,513	(665,882)	(15.71)
Equity attributable to owners of parent	4,043,079	4,072,226	(29,147)	(0.72)
Share capital	2,219,586	2,219,586	-	-
Capital surplus	1,814,424	1,847,718	(33,294)	(1.80)
Retained earnings	249,280	222,670	26,610	11.95
Other equity	(179,509)	(217,748)	38,239	(17.56)
Treasury stock	(60,702)	0	(60,702)	-
Non-controlling equity	177,717	177,078	639	0.36
Total shareholders' equity	4,220,796	4,249,304	(28,508)	(0.67)

Note: Analysis and explanation will be provided only if the percentage change in the amount exceeds 20% and the amount exceeds NT$10 million.

II. Financial performance:

The material change in operating revenues, operating income, and income before tax during the most recent two fiscal years, provide a sales volume forecast and the basis therefore, and describe the effect upon the Company's financial operations as well as measures to be taken in response.

(I) Comparative analysis of business results

Unit: NTD thousand

	2022	2021	increase (decrease) by monetary amount	Change in Percentage (%)
Net operating income	5,195,927	5,988,398	(792,471)	(13.23%)
Operating costs	4,617,647	4,819,788	(202,141)	(4.19%)
Gross profit	578,280	1,168,610	(590,330)	(50.52%)
Operating expense	579,770	634,232	(54,462)	(8.59%)
Operating profit (loss)	(1,490)	534,378	(535,868)	(100.28%)
Non-operating revenues and expenses	131,802	(80,992)	212,794	(262.73%)
Net profit (loss) before tax	130,312	453,386	(323,074)	(71.26%)
Income tax expense (income)	38,356	69,920	(31,564)	(45.14%)
Net profit (loss) in the current period	91,956	383,466	(291,510)	(76.02%)
Non-controlling equity	11,332	(7,699)	19,031	247.19%
Net profit or loss	103,288	375,767	(272,479)	(72.51%)

(II) Analysis and explanation of the increase and decrease percentages

1. Revenue: The decrease in operating revenue in 2022 compared to 2021 was NTD 792,471 thousand, representing a decline of 13.23%. This was primarily due to the overall market impact of the COVID-19 pandemic, the conflict between Russia and Ukraine, and inflation, leading to a significant decline in demand for main products such as LED wire harnesses, SMD wire harnesses, and IC wire harnesses.
2. Gross profit and operating profit: The decline in gross profit and operating profit was attributed to the decrease in operating revenue. Additionally, the main product, wire harnesses, experienced a decrease in capacity utilization, resulting in increased fixed costs due to idle capacity and higher provisions for obsolete inventory.
3. Non-operating income and expenses: There was an increase in non-operating income in 2022 compared to 2021. This was mainly due to the significant appreciation of the US dollar in 2022, resulting in a substantial increase in foreign exchange gains. Furthermore, there was recognition of impairment losses on equity method investments in 2021.

4. Profit before tax and net profit for the period: The decrease in profit before tax and net profit for the period in 2022 was primarily attributed to the decline in operating revenue and gross profit.
5. Income tax expense: The decrease in profit before tax in 2022 led to a decrease in income tax expense.
6. Non-controlling interests: This was due to losses incurred by subsidiaries where the company does not have a 100% ownership stake.

III. Cash flow:

Analysis and description of cash flow changes in the last year, improvement plan for insufficient liquidity, and cash liquidity analysis for the coming year

(I) Liquidity analysis for the last two years

Items Year	2022	2021	Increase (decrease) %
Cash flow ratio	55.63	(19.61)	383.68
Cash flow adequacy ratio	38.26	21.36	79.12
Cash reinvestment ratio	11.95	(5.58)	314.16

(II) Analysis and explanation of the increase and decrease percentages:

In 2022, there was a significant decrease in accounts receivable and inventory balances compared to 2021. This resulted in a substantial increase in cash inflows from operating activities in 2022, leading to significant increases in cash flow ratios, including cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio.

(III) Analysis of liquidity for the coming year (2023):

Beginning Cash Balance	Estimated Annual Net Cash from Operating Activities	Estimated Annual Cash Outflows	Estimated Cash Surplus	Estimated Cash Deficit	
(1)	(2)	(3)	(1)+(2)-(3)	Financing Plan	Financial Management Activities
1,312,308	1,200,000	1,300,000	1,212,308	—	—

IV. Impact of major capital expenditures in the most recent year on the financial operations:

(I) The utilization of major capital expenditures and sources of funds

Planned project	Actual or Planned Source of Capital	Total Capital	Actual or Expected Capital Expenditure	
			2022	2023
Purchase of machinery equipment and mold equipment	Cash flow of operating activities and financing	371,782	342,541	29,241

(II) Expected potential benefits

The purchase of machinery and mold equipment is mainly aimed at developing new products and fulfilling new orders to meet customer demand. It also involves replacing old equipment and adding new equipment to enhance production efficiency and expand capacity, thereby improving production efficiency and reducing production costs. Additionally, the company will continue to engage in research, design, and manufacturing of various products to achieve sustained business growth.

V. The investment strategy in the most recent year, main causes for profits or losses, improvement plans and investment plans for the coming year:

The company's investment strategy is primarily focused on long-term development needs and financial returns. In the fiscal year 2022, the company incurred an equity method investment loss of NT$48,024 million. This loss was mainly attributed to the overall market demand decline caused by factors such as the COVID-19 pandemic, the Russia-Ukraine conflict, and inflation. In the future, the company will continue to carefully evaluate investment plans from a long-term strategic perspective in order to meet the demand for market capacity expansion and enhance its global competitiveness.

VI. Analysis and assessment of risk matters:

(I) The effect upon the company’s profits/losses of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. In the fiscal year 2022, the company's interest income amounted to NT$13,191 thousand, representing 0.25% of the net revenue. In the fiscal year 2021, the interest income was NT$8,117 thousand, accounting for 0.14% of the net revenue. The interest expenses for the fiscal year 2022 and 2021 were NT$48,921 thousand and NT$34,076 thousand, respectively, accounting for 0.94% and 0.57% of the net revenue. These interest rate fluctuations did not have a significant impact on the company. In the future, the company will monitor interest rate fluctuations closely to mitigate their impact on the financial performance.

2. The impact of exchange rate changes on the Company’s revenue and profit:

In the fiscal year 2022, the company had exchange gains of NT$131,828 thousand, accounting for 2.54% of the net revenue. In the fiscal year 2021, the exchange gains amounted to NT$36,276 thousand, representing 0.61% of the net revenue. The company's exchange rate risk primarily arises from using currencies different from its functional currency in its operational activities and from net investments in foreign operating entities. The company's finance department actively monitors exchange rate fluctuations to stay informed about currency changes. It regularly reviews the balances of foreign currency accounts and estimates foreign currency cash flows to mitigate exchange rate risks. Overall, the company has implemented specific hedging measures to manage the risks associated with exchange rate fluctuations.

3. The impact of inflation on the Company's profit or loss and countermeasures in the future:

In the past year, the global market has been heavily impacted by the ongoing COVID-19 pandemic and the emergence of new variants of the virus. The mainland China region has implemented strict control measures to contain the spread of the virus. Additionally, the escalation of the Russia-Ukraine conflict has led to increased prices of energy and commodities, exacerbating inflationary pressures.

As a company primarily selling products in the Chinese market, our business has also been affected by these circumstances. Our products mainly include consumer electronics, backlighting solutions, lighting products, and automotive applications. However, in the medium to long term, we anticipate potential consumer spending constraints due to inflationary pressures.

To address this situation, we will work closely with our customers and continue to develop cost-competitive products. We will also actively explore specialized niche markets such as 5G, Internet of Things (IoT), artificial intelligence, automation, and automotive sectors. By meeting the demands of value-conscious consumers during times of inflation, we aim to ensure our market share and provide products that offer exceptional value.

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

The Company has established the Operating Procedures for Loaning of Funds to Others, the Operating Procedures for Making of Endorsements/Guarantees, and the Operating Procedures for the Acquisition and Disposal of Assets as the basis for relevant operations. The Company has not engaged in high-risk and high-leverage investment, the loaning of funds to others, and derivatives trading in the last year and as of the publication date of the prospectus. The loaning of funds to others and endorsements/guarantees provided are based on the operating needs of the subsidiaries of the Company, which have been announced and filed as per the regulations of the competent authority.

(III) Future research plan and expected research and development fee:

1. R&D plan for the coming year

Items	Progress	R&D expenses to be invested (Note 1)	Estimated time for mass production
New SMD products New products, such as ceramic substrates Semiconductor (heat spreader) IC lead frame	Continuous development as per the product launch timeline	Around NT$120 million	Undertake mass production as per the development schedule

Note: The estimated further investment in the R&D projects above will be depend on the new application products and customers' needs at an appropriate time.

2. In the future, the Company will continue to stride towards the goal of diversifying product applications while actively developing new products and new technologies for 5G, IoT, AI, automation, and automotive applications so as to expand the customer base in different industries. In the future, it is estimated that the annual R&D expenses will still maintain at 2% of the revenue. The main factors influencing the success of R&D in the future will still depend on whether the relevant technologies can satisfy the needs in the market in time.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

As for the important policy and legal changes announced by the government, there is no significant Influence on the Company's financial business, and the Company's operations are in compliance with the laws and regulations at home and abroad. The Company's personnel also collect information on changes in relevant policies and laws in real time, and provide it to the management as a reference. Thus, the Company can keep abreast of important domestic and foreign policies and legal changes effectively while taking necessary countermeasures actively to mitigate adverse effects. In the last year and as of the publication date of the annual the prospectus, the Company's financial operations had not been affected by major changes in important domestic and foreign policies and laws.

(V) Impact of technological and industrial changes on the Company's financial operations and countermeasures:

The impact of technological changes (including information security risks) and industry shifts on the company's financial operations and the corresponding measures are as follows:

The company possesses an excellent research and development team and is sensitive to innovative technologies in the tech industry, allowing it to fully grasp market development trends. In the future, the company will continue to research and develop new products that are geared towards high gross profit and high added value. Therefore, technological changes do not have a significant impact on the company's financial operations.

In terms of information security, the company has established "Information Security Management Regulations" as a management guideline. It ensures effective control and clearly defines responsibilities and management obligations. The company continues to promote information security management work to ensure the operation of information security management mechanisms.

All information security regulations and systems are based on technical safeguards, with the establishment of application procedures and data security standards that are integrated into the management operating system. By implementing information security monitoring systems and controlling software and hardware equipment, the company prevents external hacking and internal confidential information leaks, ensuring the protection of personal data, internal confidential information, customer data, and supplier data.

(VI) Impact of corporate image changes on corporate crisis management and countermeasures:

The Company has always done things by the book with a positive corporate image. In the last year and as of the publication date of the prospectus, there had been no incident with any impact on the Company’s crisis management due to changes in the corporate image.

(VII) The consolidated subsidiary of the Group, I-Chiun Technology (China) Co., Ltd., was merged with the Group's subsidiary, Jiangmen Guoquan Semiconductor Technology Co., Ltd., effective from January 1, 111. The internal integration has been completed, and the external processes were finalized on November 22, 111. Following the merger, I-Chiun Technology Co., Ltd. and Guoquan Precision Electronics Industry (China) Co., Ltd. hold 65.23% and 34.77% of the equity, respectively. The aforementioned merger is an internal integration within the Group, and the overall resource utilization and integration have generated synergies. There have been no acquisitions of other companies.

(VIII) Expected benefits, potential risks, and measures regarding the expansion of the plant:

As of the latest fiscal year and the date of printing this prospectus, there have been no instances of expanding the plant; therefore, this does not apply.

(IX) The risks associated with any concentration of sales or purchases on certain customers/suppliers, and countermeasures: None.

1. Purchase

   The proportion Company’s purchase from each supplier was less than 10% from 2021 to 2022 without supplier concentration, and the sources of purchases are stable. The Company has maintained a long-term positive partnership with at least two suppliers for each of the most of the raw materials to ensure stable supply, hence no risk of supplier concentration.

2. Sale

   The Company’s sales to each sales customer or a group to which a sales customer belongs from 2021 and 2022 did not account for at least 20% of the net revenue in any of the years. This was mainly because the Company’s products were mainly LED products and lead frame products used in LED-related products. Due to a wide range of applications in the end products, the sales were distributed among different customers. The Company is also committed to developing ceramic heat sink substrates for servers and automotive devices and semiconductor lead frames for semiconductor packaging to expand the customer groups and the base. After assessment, the Company has no risk of customer concentration.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

None.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XII) For any of the Company's directors, supervisors, president, de facto responsible person, or major shareholder holding more than 10% of the shares involved in any litigation, non-litigious proceeding, or administrative dispute that was finalized or pending, with a significant impact on shareholders' equity or the price of securities, the facts in dispute, the amount of the subject matter, the commencement date of the litigation, the main parties involved in the litigation, and the handling situation as of the publication date of the annual report shall be disclosed:

1. In the last two years and up to the publication date of the prospectus, if there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that was finalized or remained pending: None.

2. For the Company's director, supervisor, president, de facto responsible person, or major shareholder with a stake of more than 10%, are they involved with any litigation, non-litigious proceeding, or administrative dispute involving matter that was finalized or remained pending during the most recent two fiscal years and up to the publication date of the prospectus that may have substantial impact upon shareholders' equity or prices for the Company's securities: None.
3. The Company's directors, supervisors, managers, or major shareholders whose shareholding ratio exceeds 10% were involved in the circumstances as stipulated in Article 157 of the Securities and Exchange Act in the last two years and up to the publication date of the prospectus and the Company's current response: None.

(XIII) Other important risks, and mitigation measures being or to be taken: None.

VII. Other important matters

None.

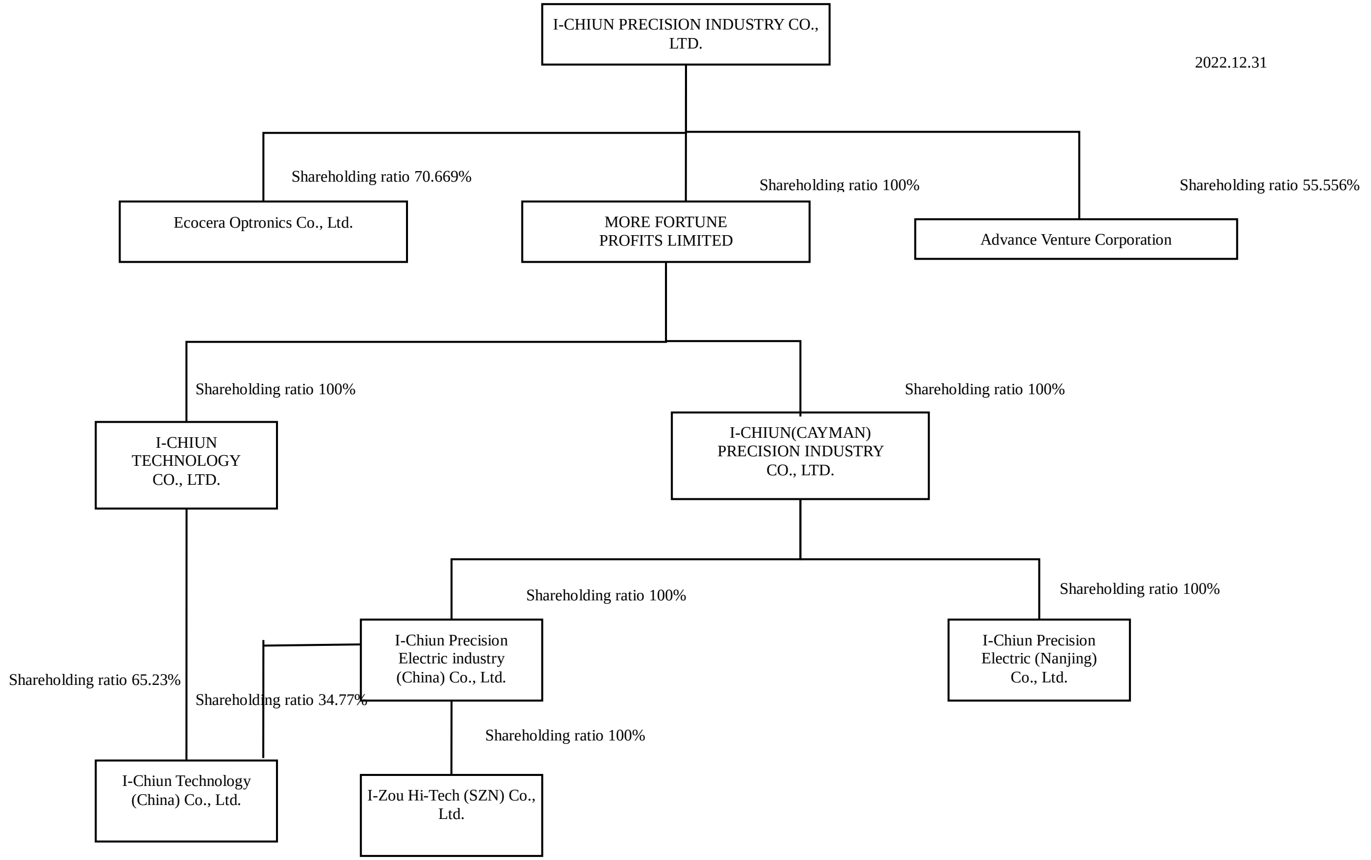
Eight. Special Disclosure:

I. Information on Affiliates

(I) Consolidated business reports of affiliates and consolidated financial statements of affiliates

1. Consolidated Business Report of Affiliates

(1) Organizational chart of affiliates



(2) Details of the relationship between the controlling company and the affiliates

Name of affiliate	Controlling (affiliated) relationship	Controlling (affiliated) relationship	The business of the affiliate and its division of labor
I-Chiun Precision Industry Co., Ltd.	Controlling company	-	Manufacturing and sales of LED lead frames and LCD components
MORE FORTUNE PROFITS LIMITED	Affiliate	Control through shareholding	offshore holding company of I-Chiun Precision Industry Co., Ltd.
I-Chiun (Cayman) Precision Industry Co., Ltd	Affiliate	Control through shareholding	MORE FORTUNE PROFITS LIMITED Offshore holding company
I-Chiun Technology Co., Ltd.	Affiliate	Control through shareholding	MORE FORTUNE PROFITS LIMITED Offshore holding company
I-Zou Hi-Tech (SZN) Co., Ltd.	Affiliate	Control through shareholding	Manufacturing and sales of LED lead frame
I-Chiun Precision Electric industry (China) Co., Ltd.	Affiliate	Control through shareholding	Manufacturing and sales of LED lead frame, LCD components, and TV direct backlight modules
I-Chiun Precision Electric (Nanjing) Co., Ltd.	Affiliate	Control through shareholding	Manufacturing, processing, and trading of mobile communications and electronic components
I-Chiun Technology (China) Co., Ltd.	Affiliate	Control through shareholding	Manufacturing and sales of LED lead frame and TV direct backlight modules
Ecocera Optronics Co., Ltd.	Affiliate	Control through shareholding	Manufacturing and trading of LED ceramic bases
Jiangmen Guoquan Semiconductor Technology Co., Ltd.	Affiliate	Control through shareholding	Trading and manufacturing of semiconductor lead frames

(3) Basic information on affiliates

Unit: NT$ thousand

Company name	Date of Incorporation	Address	Paid-in capital	Shareholding ratio	Principle Business or Products
Yizao Science & Technology (Shenzhen) Co., Ltd.	2000. 4. 11	Songgang Town, Jiangbian Village, Jiangbian Industrial Zone, Bao-an District, Shenzhen City, Guangdong Province	RMB 7,500	100%	Not in operation
I-chiun Precision Electric Industry （china） co., Ltd.	2001. 5. 29	No. 2, Songnan East Road, Shipu, Qiandeng Town, Kunshan City, Jiangsu Province	RMB 24,000	100%	Manufacturing and sales of TV direct-type backlight modules Leasing of investment properties
I-Chiun Precision Electric (Nanjing) Co., Ltd.	2004.11.15	No. 68-6, Suyuan Avenue, Nanjing City Export Manufacture Zone (South), Nanjing City, China	USD7,000	100%	Not in operation

Company name	Date of Incorporation	Address	Paid-in capital	Shareholding ratio	Principle Business or Products
I-Chiun Technology (China) Co., Ltd.	2010.11.29	No. 9, Jin Hui Road, Jiangmen City, Guangdong Province, China	RMB30,000	100%	Manufacturing and sales of LED lead frames, semiconductor wire frames, and investment property leasing.
Ecocera Optronics Co., Ltd.	2011.1.14	No. 303 Sec.2 Nan Shan Road, Neicuo Vil., Luchu Township, Taoyuan County 338, Taiwan R.O.C.	NTD263,423	70.669%	Manufacturing and trading of LED ceramic bases
Advance Venture Corporation	2001.1.2	6F., No. 88-10, Sec. 1, Guangfu Rd., Sanchong Dist., New Taipei City 241 , Taiwan R.O.C.	NTD225,000	55.556%	Manufacture and trading of electronic components

(4) For parties that are presumed to have control and subordinate relationship, the information of the same Shareholders: N/A.

(5) Information on directors, supervisors, and presidents of affiliates

Company name	Position	Name of individual or representative(s)	Shares held	
			Number of shares (shares in thousand)	Shareholding ratio
I-Zou Hi-Tech (SZN) Co., Ltd.	Chairman	CHOU,WAN-SHUN	0 Note 1	100%
	Director	LEE,CHUNG-YI		
	Director	TENG,YU-WEN		
	Supervisor	LIAO,WEI-HSIU		
I-Chiun Precision Electric industry (China) Co., Ltd.	Chairman	CHOU,WAN-SHUN	24,000 Note 2	100%
	Director	CHOU,MENG-HSIEN		
	Director	HUANG,SHU-CHEN		
	Supervisor	YANG,PAI-JUNG		
I-Chiun Precision Electric (Nanjing) Co., Ltd.	Chairman	CHOU,WAN-SHUN	7,000 Note 3	100%
	Director	LEE,CHUNG-YI		
	Director	CHOU,MENG-HSIEN		
	Supervisor	HUANG,SHU-CHEN		
I-Chiun Technology (China) Co., Ltd.	Chairman	CHOU,WAN-SHUN	30,000 Note 4	100%
	Director	LEE,CHUNG-YI		
	Director	CHOU,MENG-HSIEN		
	Supervisor	HUANG,SHU-CHEN		
Ecocera Optronics Co., Ltd.	Chairman	CHOU,WAN-SHUN	0 Note 5	70.669%
	Director	LEE,CHUNG-YI		
	Director	CHOU,MENG-HSIEN		
	Director	CHEN,YUNG-TSANG		
	Independent Director	WANG,CHI-SHENG		
	Independent Director	LI,CHIA-WEI		
	Independent Director	YANG,TAI-NING		
Advance Venture Corporation	Chairman & President	CHOU,WAN-SHUN	0 Note 6	55.556%
	Director	LEE,CHUNG-YI		
	Director	WU,CHING-HUI		
	Supervisor	LIAO,WEI-HSIU		

Note 1: Legal Representative of I-Chiun (Cayman) Precision Industry Co., Ltd: CHOU,WAN-SHUN; LEE,CHUNG-YI; TENG,YU-WEN; LIAO,WEI-HSIU.

Note 2: Legal Representative of I-Chiun (Cayman) Precision Industry Co., Ltd: CHOU,WAN-SHUN; LEE,CHUNG-YI; HUANG,SHU-CHEN, YANG,PAI-JUNG.

Note 3: Legal Representative of I-Chiun (Cayman) Precision Industry Co., Ltd: CHOU,WAN-SHUN; LEE,CHUNG-YI; CHOU,MENG-HSIEN; HUANG,SHU-CHEN.

Note 4: Legal Representative of I-Chiun Technology Co., Ltd.: CHOU,WAN-SHUN; LEE,CHUNG-YI; CHOU,MENG-HSIEN; HUANG,SHU-CHEN.

Note 5: Legal Representative of I-Chiun Precision Industry Co., Ltd.: CHOU,WAN-SHUN; LEE,CHUNG-YI; CHOU,MENG-HSIEN and Legal Representative of LEATEC Fine Ceramics Co., Ltd.: CHEN,YUNG-TSANG.

Note7: Legal Representative of I-Chiun Precision Industry Co., Ltd.: CHOU,WAN-SHUN; LEE,CHUNG-YI and Legal Representative of Unity Opto Technology Co., Ltd.: WU,CHING-HUI

(6) Operating summary of affiliated company

Unit: NT$ thousand

Company name	Capital	Total assets	Total liabilities	Net Value	Operating revenue	Operating profit	Current profit or loss (after tax)	Earnings per share (EPS)
I-Zou Hi-Tech (SZN) Co., Ltd.	33,060	5,549	16	5,533	0	(1,421)	(373)	-
I-Chiun Precision Electric industry (China) Co., Ltd.	759,100	1,573,751	237,768	1,335,983	886,437	22,430	38,158	-
I-Chiun Precision Electric (Nanjing) Co., Ltd.	247,790	33,220	98	33,122	1,592	(2,361)	(1,793)	-
I-Chiun Technology (China) Co., Ltd.	1,267,846	1,971,898	730,491	1,241,407	1,499,521	(89,261)	(93,681)	-
Ecocera Optronics Co., Ltd.	263,423	770,870	343,085	427,785	472,944	17,584	30,070	1.15
Advance Venture Corporation	225,000	114,111	4,055	110,056	15,853	(52,246)	(45,342)	(2.02)

(II) Consolidated financial statements of affiliates: Refer to consolidated statements of the parent and its subsidiaries.

(III) Affiliation report: N/A

II. Any private placement of securities in the most recent year up to the publication of this annual report

None

III. The Shares Held or Disposed of by Subsidiaries in the Most Recent Year up to the Publication of This Annual Report

None

IV. Other Necessary Supplements

None

Nine. Any event that occurred in the last year and up to the publication of this annual report, which significantly affected shareholders' equity or price of securities pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Act: None.

I-CHIUN PRECISION INDUSTRY CO., LTD.

REPRESENTATION LETTER

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2022 (January 1, 2022 - December 31, 2022) pursuant to the Criteria Governing Preparation of Affiliation Report, Consolidated Business Report and Consolidated Financial Statement of Affiliated Enterprises are the same as those to be included into the consolidated financial report of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the said consolidated financial statement of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

Hereby declared by

Company Name: I-CHIUN PRECISION INDUSTRY CO., LTD.

Responsible person: CHOU,WAN-SHUN

March 8, 2023

Independent Auditor's Audit Report

(2023) Cai-Shen-Bao No. 22004386

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

Audit opinion

We have reviewed the accompanying consolidated balance sheets of I-CHIUN PRECISION INDUSTRY CO., LTD. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, based on our audit results and other accountants' audit reports (see the "other matters" paragraph), present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 Group's audit of the consolidated financial statements of 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated 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(13) of the consolidated financial statements; for the uncertainty of accounting estimates and assumptions in evaluation of inventories, please refer to Note 5(2) of the consolidated financial statements; for the description of allowance for inventory valuation losses, please refer to Note 6(5) of the consolidated financial statements. The Group's inventories and allowance for inventory valuation losses on December 31, 2022 were NT$1,504,079,000 and NT$176,634,000, respectively.

The Group'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 Group'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 the discount.

Because the Group's inventories and its allowance for inventory valuation losses has a significant impact on the consolidated 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 Group 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 Group'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 Group'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 Group.

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

For subsidiaries that are included in the group consolidated financial statements, the audit of financial statements involves other auditors in the audit of financial statements that are not group financial statements. Therefore, for the auditor’s opinion on the above-mentioned consolidated financial statements, the subsidiaries’ financial statement amounts are based on the reports of other auditors. As of December 31, 2022 and 2021, the subsidiaries’ total assets of NT$114,111,000 and NT$158,441,000 accounted for 1% and 2% of the total consolidated assets, respectively, while the subsidiaries’ 2022 and 2021 operating revenue of NT$15,853,000 and NT$0 accounted for 0% of consolidated net operating revenue for both years.

Other matter – parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of I-CHIUN PRECISION INDUSTRY CO., LTD. for 2022 and 2021.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and the regulations of IFRS and IAS as well as IFRIC and SIC interpretations as endorsed and issued into effect by the FSC to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

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

Those charged with governance (including audit committee) are responsible for overseeing the Group’s financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit of consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated

financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. 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 Group's consolidated 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

	Asset	Notes	2022/12/31 Amount	%	2021/12/31 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,312,308	17	$ 1,148,776	13
1110	Financial assets at fair value through profit and loss - current	6(2)	124,680	2	5,520	-
1136	Financial assets at amortized cost - current	6(3) and 8	82,175	1	14,775	-
1150	Notes receivable, net	6(4), 8 and 12(2)	141,949	2	175,470	2
1170	Accounts receivable, net	6(4) and 12(2)	1,758,132	22	2,283,629	27
1200	Other receivables		38,863	-	51,402	1
1220	Current income tax assets		94	-	256	-
130X	Inventories	6(5)	1,327,445	17	1,549,180	18
1479	Other current assets - others		59,361	1	130,200	2
11XX	**Total current assets**		4,845,007	62	5,359,208	63
	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	-
1600	Property, plant and equipment	6(6) and 8	1,955,703	25	1,982,479	23
1755	Right-of-use assets	6(7) and 8	449,142	6	508,759	6
1760	Investment property, net	6(9) and 8	212,422	3	227,347	3
1780	Intangible assets		19,948	-	14,507	-
1840	Deferred income tax assets	6(24)	116,379	2	163,057	2
1900	Other non-current assets		166,826	2	208,460	3
15XX	**Total non-current assets**		2,948,420	38	3,128,609	37
1XXX	**Total assets**		$ 7,793,427	100	$ 8,487,817	100

(Continued)

	Liabilities and Equity	Notes	2022/12/31 Amount	%	2021/12/31 Amount	%
	Liability					
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 697,991	9	$ 811,290	10
2120	Financial liabilities at fair value through profit and loss - current	6(11)	-	-	-	-
2130	Contract liabilities - current	6(19)	14,943	-	31,324	-
2150	Notes payable		4,786	-	11,109	-
2170	Accounts payable	7	475,981	6	745,156	9
2200	Other payables	6(12) (16)	323,635	4	508,383	6
2230	Current income tax liabilities		11,426	-	7,584	-
2280	Lease liabilities - current		52,754	1	52,128	1
2320	Long-term borrowings (including due within one year or one operating cycle)	6(13) and 8	261,667	4	25,000	-
2399	Other current liabilities - others		5,790	-	6,720	-
21XX	**Total current liabilities**		1,848,973	24	2,198,694	26
	Non-current liabilities					
2540	Long-term borrowings	6(13) and 8	977,083	13	1,220,000	14
2570	Deferred income tax liabilities	6(24)	299,658	4	308,242	4
2580	Lease liabilities - non-current		340,042	4	392,101	5
2600	Other non-current liabilities		106,875	1	119,476	1
25XX	**Total non-current liabilities**		1,723,658	22	2,039,819	24
2XXX	**Total liabilities**		3,572,631	46	4,238,513	50
	Equity					
	Equity attributable to owners of the parent					
	Share capital	6(16)				
3110	Share capital - common stock		2,219,586	29	2,219,586	26
	Capital surplus	6(17)				
3200	Capital surplus		1,814,424	23	1,847,718	22
	Retained earnings	6(18)				
3310	Legal reserve		22,267	-	-	-
3320	Special reserve		115,330	2	-	-
3350	Retained earnings		111,683	1	222,670	3
	Other equity					
3400	Other equity		(179,509)	(2)	(217,748)	(3)
3500	Treasury stock	6(16)	(60,702)	(1)	-	-
31XX	**Total equity attributable to owners of the parent**		4,043,079	52	4,072,226	48
36XX	**Non-controlling equity**	6(26)	177,717	2	177,078	2
3XXX	**Total equity**		4,220,796	54	4,249,304	50
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 7,793,427	100	$ 8,487,817	100

	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6(19)	$ 5,195,927	100	$ 5,988,398	100
5000	Operating costs	6(5) (9) (23) and 7	(4,617,647)	(89)	(4,819,788)	(80)
5900	Gross profit		578,280	11	1,168,610	20
	Operating expense	6(23)				
6100	Selling expenses		(174,810)	(3)	(176,433)	(3)
6200	Administrative expenses		(247,608)	(5)	(325,384)	(5)
6300	Research and development expenses		(98,450)	(2)	(97,639)	(2)
6450	Expected credit impairment loss	12(2)	(58,902)	(1)	(34,776)	(1)
6000	Total operating expenses		(579,770)	(11)	(634,232)	(11)
6900	Operating (loss) profit		(1,490)	-	534,378	9
	Non-operating revenues and expenses					
7100	Interest revenue		13,191	-	8,117	-
7010	Other revenue	6(20)	40,336	1	18,381	1
7020	Other gains and losses	6(21)	140,608	3	(66,174)	(1)
7050	Finance costs	6(22)	(62,333)	(1)	(41,316)	(1)
7000	Total non-operating income and expenses		131,802	3	(80,992)	(1)
7900	**Net profit before tax**		130,312	3	453,386	8
7950	Income tax expense	6(24)	(38,356)	(1)	(69,920)	(1)
8200	**Current net profit**		$ 91,956	2	$ 383,466	7

(Continued)

	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
	Items that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(14)	$ 3,500	-	$ 1,693	-
8349	Income tax related to items that will not be reclassified to profit or loss	6(24)	(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	1	(50,914)	(1)
8399	Income tax relating to the items that may be reclassified to profit or loss	6(24)	(9,560)	-	10,183	-
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**		$ 132,995	3	$ 344,089	6
	Net income (loss) attributable to:					
8610	Owners of the parent		$ 103,288	2	$ 375,767	7
8620	Non-controlling equity		(11,332)	-	7,699	-
			$ 91,956	2	$ 383,466	7
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 144,327	3	$ 336,390	6
8720	Non-controlling equity		(11,332)	-	7,699	-
			$ 132,995	3	$ 344,089	6
	Earnings per share (EPS)	6(25)				
9750	Basic earnings per share		$ 0.47		$ 1.79	
9850	Diluted earnings per share		$ 0.46		$ 1.79	

2021											
Balance at January 1, 2021		$ 2,019,586	$ 1,156,598	$ -	$ -	($ 154,040)	($ 177,017)	$ -	$ 2,845,127	$ 57,455	$ 2,902,582
Current net profit		-	-	-	-	375,767	-	-	375,767	7,699	383,466
Other comprehensive income for current period		-	-	-	-	1,354	(40,731)	-	(39,377)	-	(39,377)
Total comprehensive income for current period		-	-	-	-	377,121	(40,731)	-	336,390	7,699	344,089
Capital increase in cash	6(16) (17)	200,000	660,000	-	-	-	-	-	860,000	-	860,000
Cost of share-based payment	6(15) (17)	-	31,120	-	-	-	-	-	31,120	-	31,120
Controlling interest in the subsidiary	6(26) (27)	-	-	-	-	-	-	-	-	71,317	71,317
Changes in ownership interests in subsidiaries	6(26)	-	-	-	-	(411)	-	-	(411)	8,841	8,430
Capital increase in cash by subsidiary and advance receipts for ordinary share	6(26)	-	-	-	-	-	-	-	-	31,766	31,766
Balance at December 31, 2021		$ 2,219,586	$ 1,847,718	$ -	$ -	$ 222,670	($ 217,748)	$ -	$ 4,072,226	$ 177,078	$ 4,249,304
2022											
Balance at January 1, 2022		$ 2,219,586	$ 1,847,718	$ -	$ -	$ 222,670	($ 217,748)	$ -	$ 4,072,226	$ 177,078	$ 4,249,304
Current net profit		-	-	-	-	103,288	-	-	103,288	(11,332)	91,956
Other comprehensive income for current period		-	-	-	-	2,800	38,239	-	41,039	-	41,039
Total comprehensive income for current period		-	-	-	-	106,088	38,239	-	144,327	(11,332)	132,995
Earnings appropriation and distribution for 2021:	6(18)										
Allocation for Legal reserve		-	-	22,267	-	(22,267)	-	-	-	-	-
Allocation for Special reserve		-	-	-	115,330	(115,330)	-	-	-	-	-
Cash dividend paid out		-	-	-	-	(77,686)	-	-	(77,686)	-	(77,686)
Cash dividend paid out from capital surplus	6(17) (18)	-	(33,294)	-	-	-	-	-	(33,294)	-	(33,294)
Changes in ownership interests in subsidiaries	6(26)	-	-	-	-	(1,792)	-	-	(1,792)	(5,259)	(7,051)
Capital increase in cash by subsidiary	6(26)	-	-	-	-	-	-	-	-	20,986	20,986
Cash dividend paid out by subsidiary	6(26)	-	-	-	-	-	-	-	-	(3,756)	(3,756)
Treasury shares repurchased	6(16)	-	-	-	-	-	-	(60,702)	(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	$ 177,717	$ 4,220,796

CASH FLOWS FROM OPERATING ACTIVITIES					
Current net profit before tax		$	130,312	$	453,386
Adjustments					
Adjustments to reconcile profit (loss)					
Depreciation expenses	6(6) (7) (9) (23)		476,185		475,413
Amortization expenses	6(23)		4,345		4,098
Expected credit impairment loss	12(2)		58,906		34,776
Net losses on financial assets at fair value through profit and loss	6(21)		20,302		330
Interest expenses	6(22)		62,333		41,316
Interest revenue		(	13,191)	(	8,117)
Dividend revenue	6(20)	(	750)	(	390)
Cost of share-based payment	6(15)		-		33,960
Losses (gains) on disposal of property, plant and equipment	6(21)	(	4,411)		934
Gains arising from lease changes	6(7)		-	(	1,257)
Impairment loss	6(21)		-		34,015
Gains from disposal of investments	6(21)	(	30,173)		-
Changes in operating assets and liabilities					
Net changes in operating assets					
Notes receivable			33,521	(	123,170)
Accounts receivable			465,805	(	843,931)
Other receivables			12,539		6,862
Inventories			221,735	(	801,832)
Other current assets			70,837	(	54,590)
Other non-current assets		(	13,637)	(	16,039)
Net changes in operating liabilities					
Contract liabilities - current		(	16,381)	(	3,986)
Notes payable		(	6,323)	(	10,263)
Accounts payable		(	269,175)		189,815
Other payables		(	116,404)		206,461
Other current liabilities		(	930)	(	9,610)
Other non-current liabilities		(	2,033)	(	6,652)
Cash inflow (outflow) generated from operations			1,083,412	(	398,471)
Interest received			13,191		8,117
Dividends received			750		390
Interest paid	6(28)	(	61,882)	(	41,206)
Income tax paid		(	6,804)		-
Net cash inflow (outflow) from operating activities			1,028,667	(	431,170)

(Continued)

	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in financial assets at amortized cost		($ 71,400)	$ 8,412
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(28)	(410,559)	(472,308)
Proceeds from disposal of property, plant and equipment		25,156	21,417
Price of purchase of intangible assets		(9,786)	(10,248)
Increase (decrease) in other non-current assets		6,169	(3,056)
Acquisition of subsidiary (excluding cash flows used)	6(28)	-	79
Cash outflow from investing activities		(569,709)	(455,704)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in Short-term borrowings	6(29)	(113,299)	427,141
New long-term borrowings	6(29)	40,000	1,230,000
Repayment of long-term borrowings	6(29)	(46,250)	(1,451,996)
Repayment of lease principal	6(29)	(52,168)	(49,220)
Increase (decrease) in other non-current liabilities		976	(6,782)
Cash dividend paid out	6(18)	(110,980)	-
Capital increase in cash	6(16)	-	860,000
Cash dividend paid out by subsidiary	6(26)	(3,756)	-
Cash capital increase by subsidiary - non-controlling interests	6(26)	20,986	31,766
Stock options executed by subsidiary employees		-	4,120
Repurchased treasury shares	6(28)	(49,661)	-
Net cash inflow (outflow) from financing activities		(314,152)	1,045,029
Effect of exchange rate changes on cash and cash equivalents		18,726	(47,896)
Net increase in cash and cash equivalents of the current period		163,532	110,259
Balance of cash and cash equivalents, beginning of period		1,148,776	1,038,517
Balance of cash and cash equivalents, end of period		$ 1,312,308	$ 1,148,776

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated 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 and its subsidiaries (hereinafter collectively referred to as the "Group") are 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, and real estate leasing business.

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 consolidated 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 Group's financial position and financial performance based on the Group'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 Group's financial position and financial performance based on the Group'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 Group's financial position and financial performance based on the Group's assessment.

IV. Summary of Significant Accounting Policies

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

(I) Compliance Statement

The consolidated 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 consolidated financial statements have been prepared at historical cost:
   (1) Financial assets and liabilities at fair value through profit and loss (including derivatives).
   (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 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:
   (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (2) Inter-company transactions, balances, and unrealized gains or losses on transactions within the Group are eliminated. Accounting policies of subsidiaries have been adjusted as necessary and are consistent with the ones adopted by the Group.
   (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
   (4) 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.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Nature of Business	Ownership (%) 2022/12/31	Ownership (%) 2021/12/31	Description
The Company	More Fortune Profits Limited ("MORE FORTUNE")	General investment	100.00	100.00	-
The Company	Ecocera Optronics Co., Ltd.	Manufacturing and trading of LED ceramic bases	70.669	72.036	Note 1
The Company	Advance Venture Corporation	Manufacturing and trading of electronic components	55.556	55.556	Note 3
MORE FORTUNE	I-Chiun (Cayman) Precision Industry Co., Ltd. ("I-CHIUN (CAYMAN)")	General investment	100.00	100.00	-
MORE FORTUNE	I-Chiun Technology Co., Ltd.	General trading business	100.00	100.00	-
I-CHIUN (CAYMAN)	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	100.00	100.00	-
I-CHIUN (CAYMAN)	I-Chiun Precision Electric (Nanjing) Co., Ltd.	Manufacturing, processing, and trading of mobile communications and electronic components, as well as investment property leasing	100.00	100.00	-
I-Chiun Technology Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Trading and manufacturing of LED lead frames and investment property leasing	65.23	100.00	Note 4
I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Zou Hi-Tech (SZN) Co., Ltd.	Manufacturing and trading of LED lead frames	100.00	100.00	Note 2
I-Chiun Precision Electric Industry (China) Co., Ltd.	Jiangmen Guoquan Semiconductor Technology Co., Ltd.	Trading and manufacturing of semiconductor lead frames	-	100.00	Note 4
I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Trading and manufacturing of semiconductor lead frames	34.77	-	Note 4

Note 1: In 2021, with the increase in capital because of the execution of stock options by the Company's employees, the percentage of equity held by the Company was adjusted from 73.454% to 72.036%. Ecocera Optronics Co., Ltd. increased its capital in 2022, and as the Company did not subscribe to its proportionate share, the percentage of equity held by the Company was adjusted from 72.036% to 70.669%.

Note 2: I-CHIUN (CAYMAN) completed the sale of I-Zou Hi-Tech (SZN) Co., Ltd. in August 2021, and sold 100% of its equity to I-Chiun Precision Electric Industry (China) Co., Ltd., and has since changed to I-Chiun Precision Electric Industry (China) Co., Ltd. holds 100% of I-Zou Hi-Tech (SZN) Co., Ltd.

Note 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%.

Note 4: 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 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. hold 65.23% and 34.77% of the shares in said subsidiary, respectively.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different balance sheet dates: None.
5. Significant restrictions: None.
6. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) Translation of foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

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 Group 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.

(V) <u>Classification of current and non-current items of assets and liabilities</u>

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.

(VI) <u>Cash equivalents</u>

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.

(VII) 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 Group'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 Group'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 Group, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(VIII) 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 Group's financial assets measured at amortized cost in accordance with trading conventions are accounted for on the trade date.
3. At initial recognition, the Group 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.
4. The Group has time deposits that do not qualify as cash equivalents. Due to the short holding period, the effect of discounting is not significant and measured at the investment amount.

(IX) 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 Group, the short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(X) Impairment of financial assets

The Group, 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.

(XI) Derecognition of financial assets

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

(XII) Leasing arrangements (lessor)-operating lease

The rental income under operating lease, after any incentives given to the lessee are deducted, is amortized and recognized in current profit and loss using the straight-line method during the lease term.

(XIII) 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.

(XIV) 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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are 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 Group. 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	2 ~ 55 years
Machinery and equipment	1 ~ 20 years
Mold equipment	1 ~ 5 years
Other equipment	1 ~ 11 years

(XV) 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 Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the Group's incremental borrowing interest rate and interest rate implicit in the lease. 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.

(XVI) Investment property

Investment property is recognized at cost, and a cost model is adopted for subsequent measurement. It is depreciated on the straight-line method according to the estimated useful lives of 8–20 years.

(XVII) 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 10 years.

(XVIII) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's 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.

(XIX) Borrowings

Borrowings comprise long-term and short-term borrowings from banks. For the Group, 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.

(XX) 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 Group, the short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXI) Financial liabilities at fair value through profit and loss

1. Refers to financial liabilities that are incurred principally for the purpose of repurchasing it in the near term, and financial liabilities held for trading other than derivative instruments that are designated as hedging instruments under hedge accounting requirements.
2. The Group'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.

(XXII) Derecognition of financial liabilities

The Group's financial liability should be removed from the balance sheet when the obligation specified in the contract is either cancelled or expires.

(XXIII) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability should be offset and the net amount reported when the Group has a legally enforceable right to set off the amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(XXIV) Non-hedge derivatives

The non-hedge derivatives are initially recognized at fair value at the contract signing date and accounted as financial assets or liabilities at fair value through profit or loss, and subsequently measured at fair value, with resulting gains or losses recognized in profit or loss.

(XXV) 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.

(XXVI) 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.

(XXVII) 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 Group calculates current income tax at the rates enacted or substantively enacted at the balance sheet date in countries where the Group 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 consolidated 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws 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.

(XXVIII) Share capital

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.

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.

(XXIX) 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.

(XXX) Revenue Recognition

1. Sales revenue

   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 Group 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 Group 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 Group'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 Group 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.

2. Rental income

   The purpose of the Group's holding of investment property is to earn rental income. The straight-line method is used to recognize the rental income during the lease term.

(XXXI) 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.

(XXXII) Business combination

1. The Group adopts acquisition method for its business combination. The tender offer consideration is calculated based on the fair value of the assets transferred, liabilities assumed or incurred and equity instruments issued, and the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred. The assets acquired and liabilities assumed in a business combination are measured at acquisition-date fair value. On an acquisition-by-acquisition basis, the non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in

the recognized amounts of the acquiree's net identifiable assets. All other components of non-controlling interests are measured at their fair values at the acquisition date.

2. If the aggregate of the value of the consideration transferred, the amount of any non-controlling interest of the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree exceeds the fair value of the identifiable assets acquired and liabilities assumed, the difference is recognized as goodwill at acquisition date. If the fair value of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the value of the consideration transferred, the amount of any non-controlling interest of the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, the difference is recognized as profit or loss at acquisition date.

(XXXIII) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

In the preparation of these consolidated financial statements, the management has exercised its judgement in deciding the Group'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 Group 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 Group 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 Group 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 Group's inventories was NT$1,327,445.

VI. Description of Significant Accounting Titles

(I) Cash and cash equivalents

	2022/12/31	2021/12/31
Cash on hand and working capital	$ 1,816	$ 2,072
Checking account deposits and demand deposits	1,061,741	1,146,704
Time deposit	248,751	-
	$ 1,312,308	$ 1,148,776

1. The Group 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 Group's restricted cash due to the regulations of syndicated loan contracts, deposit guarantees, guarantees for bank acceptance bills, guarantees for customs, are recognized in "financial assets at amortized cost – current" and "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 Group's financial assets measured at fair value through profit and loss were recognized in net (losses) gains on financial assets for 2022 and 2021 were NT$9,871 and (NT$330), respectively.
2. The Group 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
Current items:		
Time deposit	$ 79,846	$ -
Pledged deposit	2,329	14,775
	$ 82,175	$ 14,775
Non-current items:		
Pledged deposit	$ 28,000	$ 24,000

1. The interest income from the Group's financial assets measured at amortized cost for 2022 and 2021 were NT$579 and NT$9, 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 Group's financial assets at amortized cost was in the amount of NT$110,175 and NT$38,775, respectively.
3. The situation in which the Group pledges financial assets measured at amortized cost as collateral, please refer to Note 8 for details.
4. The Group's transaction counterparties are financial institutions with good credit quality, 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 Group did not provide allowance for losses in 2022 and 2021.

(IV) Notes and accounts receivable

	2022/12/31	2021/12/31
Notes receivable	$ 141,949	$ 175,470
Accounts receivable	$ 2,050,452	$ 2,516,257
Less: Allowance for bad debt	(292,320)	(232,628)
	$ 1,758,132	$ 2,283,629

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

	2022/12/31		2021/12/31	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 1,705,421	$ 141,949	$ 2,173,292	$ 175,470
Less than 60 days	79,490	-	119,756	-
61 to 180 days	31,451	-	12,911	-
Over 181 days	234,090	-	210,298	-
	$ 2,050,452	$ 141,949	$ 2,516,257	$ 175,470

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

2. The balances of the Group's accounts receivable and notes receivable are generated from customer contracts. The balance of accounts receivable (including notes receivable) from customer contracts as of December 31, 2022, December 31, 2021, and January 1, 2021 was NT$2,192,401, NT$2,691,727, and NT$1,725,329, respectively.
3. For the Group's pledge notes and accounts receivable as collateral, please refer to Note 8.
4. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were NT$141,949 and NT$175,470, and accounts receivable were NT$1,758,132 and NT$2,283,629, respectively.
5. Information on credit risk of notes and accounts receivable is provided in Note 12(2).

(V) Inventories

	2022/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 779,651	($ 116,770)	$ 662,881
Supplies	48,063	-	48,063
Semi-finished goods	127,157	(10,464)	116,693
Finished good	549,208	(49,400)	499,808
	$ 1,504,079	($ 176,634)	$ 1,327,445

	2021/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 816,715	($ 28,113)	$ 788,602
Supplies	46,206	-	46,206
Semi-finished goods	166,206	(13,331)	152,875
Finished good	599,390	(37,893)	561,497
	$ 1,628,517	($ 79,337)	$ 1,549,180

The cost of inventories recognized in expenses of the current period for the Group:

	2022	2021
Cost of inventories sold	$ 4,245,418	$ 4,710,721
Unamortized fixed production overheads	323,523	199,700
Inventory valuation losses	97,216	11,693
Inventory scrap loss	41,027	52,868
Sale of tailings and scraps income	(107,869)	(173,192)
	$ 4,599,315	$ 4,801,790

(VI) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Others	Total
2022/1/1						
Cost	$ 15,538	$ 919,838	$1,940,704	$ 408,001	$ 981,455	$4,265,536
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(431,757)	(1,109,518)	(231,500)	(591,728)	(2,364,503)
Accumulated impairment	-	-	(16,046)	(174)	(555)	(16,775)
	$ 113,759	$ 488,081	$ 815,140	$ 176,327	$ 389,172	$1,982,479
2022						
Opening balance	$ 113,759	$ 488,081	$ 815,140	$ 176,327	$ 389,172	$1,982,479
Additions	-	-	176,738	37,660	157,384	371,782
Disposals	-	-	(19,949)	(22)	(774)	(20,745)
Reclassification	-	-	95,177	18,905	(114,082)	-
Depreciation expenses	-	(34,007)	(161,674)	(113,542)	(87,147)	(396,370)
Net exchange differences	-	3,556	4,361	2,074	8,566	18,557
Closing balance	$ 113,759	$ 457,630	$ 909,793	$ 121,402	$ 353,119	$1,955,703
2022/12/31						
Cost	$ 15,538	$ 926,843	$2,069,160	$ 379,462	$ 998,015	$4,389,018
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(469,213)	(1,143,609)	(258,060)	(644,334)	(2,515,216)
Accumulated impairment	-	-	(15,758)	-	(562)	(16,320)
	$ 113,759	$ 457,630	$ 909,793	$ 121,402	$ 353,119	$1,955,703

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Others	Total
2021/1/1						
Cost	$ 15,538	$ 913,358	$2,278,015	$ 366,326	$1,026,825	$4,600,062
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(400,106)	(1,525,046)	(180,456)	(620,272)	(2,725,880)
Accumulated impairment	-	-	(19,402)	(175)	(987)	(20,564)
	$ 113,759	$ 513,252	$ 733,567	$ 185,695	$ 405,566	$1,951,839
2021						
Opening balance	$ 113,759	$ 513,252	$ 733,567	$ 185,695	$ 405,566	$1,951,839
Additions	-	2,596	155,502	67,131	184,456	409,685
Acquired in business combination	-	-	36,752	-	-	36,752
Disposals	-	-	(5,455)	(16,166)	(730)	(22,351)
Reclassification	-	7,415	56,555	49,779	(113,749)	-
Depreciation expenses	-	(33,277)	(159,932)	(109,035)	(92,254)	(394,498)
Net exchange differences	-	(1,905)	(1,849)	(1,077)	5,883	1,052
Closing balance	$ 113,759	$ 488,081	$ 815,140	$ 176,327	$ 389,172	$1,982,479
2021/12/31						
Cost	$ 15,538	$ 919,838	$1,940,704	$ 408,001	$ 981,455	$4,265,536
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(431,757)	(1,109,518)	(231,500)	(591,728)	(2,364,503)
Accumulated impairment	-	-	(16,046)	(174)	(555)	(16,775)
	$ 113,759	$ 488,081	$ 815,140	$ 176,327	$ 389,172	$1,982,479

1. The Group's total land revaluation surplus 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 Group'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 Group for property, plant and equipment, please refer to Note 8 for details.

(VII) Leasing arrangements－lessee

1. The assets leased by the Group include land use rights, factory buildings, and company vehicles. The lease contract terms range from 3 to 50 years. The lease contract are negotiated separately and contain various terms and conditions without other major restrictions imposed.
2. The lease terms of the employee dormitories, plant, and offices leased by the Group do not exceed 12 months, and the low-value assets leased 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
Land use rights (Note)	$ 75,391	$ 76,351
Buildings and structures	372,977	431,958
Transportation equipment (company vehicles)	774	450
	$ 449,142	$ 508,759

	2022	2021
	Depreciation expenses	Depreciation expenses
Land use rights (Note)	$ 2,091	$ 2,053
Buildings and structures	58,981	60,447
Transportation equipment (company vehicles)	411	417
	$ 61,483	$ 62,917

Note: The Group has leased land from the government of the People's Republic of China, and the lease term of the land use right obtained is 50 years, which has been paid in full when the lease contract was signed. For information on the collateral provided, please refer to Note 8 for details.

4. In 2022 and 2021, the Group's additions of the right-of-use assets were NT$735 and NT$445,119, 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	$ 13,412	$ 7,240
Expense on short-term lease contracts	5,262	2,821
Expense on leases of low-value assets	387	342
Gains arising from lease changes	-	1,257

6. In 2022 and 2021, the Group's total lease cash outflow was NT$71,229 and NT$59,623, respectively.

(VIII) Leasing arrangements－lessor

1. The assets leased out by the Group are investment property (factory buildings and parking spaces). The lease contract terms are 15 years. The lease contracts are negotiated separately and contain different terms and conditions.
2. The Group recognized rental income (accounted as "operating revenue") of NT$91,739 and NT$90,362 under operating lease contracts for 2022 and 2021, respectively, and none of them were variable lease payments.
3. The analysis of the maturity dates of the lease payments to the Group under operating leases is as follows:

	2022/12/31	2021/12/31
2022	$ -	$ 75,879
2023	80,114	78,654
2024	83,053	81,539
2025	86,110	84,541
2026 and beyond	678,829	666,456
Total	$ 928,106	$ 987,069

(IX) Investment property

	Buildings and structures	
January 1	2022	2021
Cost	$ 384,199	$ 387,118
Accumulated depreciation	(156,852)	(139,898)
	$ 227,347	$ 247,220
January 1 to December 31	2022	2021
Opening balance	$ 227,347	$ 247,220
Depreciation expenses	(18,332)	(17,998)
Net exchange differences	3,407	(1,875)
Closing balance	$ 212,422	$ 227,347
December 31	2022	2021
Cost	$ 389,859	$ 384,199
Accumulated depreciation	(177,437)	(156,852)
	$ 212,422	$ 227,347

1. Rental income and direct operating expenses of investment property:

	2022	2021
Rental income from investment property	$ 91,739	$ 90,362
Direct operating expenses incurred from investment property that generated rental income during the period – depreciation expenses	$ 18,332	$ 17,998

2. The fair values of the investment property held by the Group as of December 31, 2022 and 2021 were NT$404,617 and NT$400,946, respectively. The evaluation is based on the comparative method and the cost method, which belong to Level 3 fair value as the fair value is determined based on a report issued by an independent property appraiser who is not a related party.
3. For information on collateral provided by the Group for investment property, please refer to Note 8 for details.

(X) Short-term borrowings

	2022/12/31	2021/12/31
Borrowings from banks		
Secured loan	$ 173,322	$ 398,264
Credit loan	524,669	413,026
	$ 697,991	$ 811,290
Interest rate range	1.385%~5.142%	1.24%~4.00%

Please refer to Note 8 for details of collateral for short-term borrowings.

(XI) Financial liabilities at fair value through profit and loss

Items	2022/12/31	2021/12/31
Current items:		
Derivative financial liabilities held for trading	$ -	$ -

1. Financial liabilities at fair value through profit and loss are recognized as profit or loss and other comprehensive income:

	2022	2021
Net losses on recognized in profit or loss:		
Derivative financial liabilities held for trading	$ -	$ 3,116

2. The Group’s forward exchange contract is a currency forward to repay the Eurocurrency loan in US dollars. The initial contract period was from March 1, 2021 to February 25, 2022, but the loan was repaid ahead of schedule in December 2021.

(XII) Other payables

	2022/12/31	2021/12/31
Salary and bonus payable	$ 89,209	$ 168,234
Payable on equipment	28,220	108,056
Employees' compensation and directors' remuneration payable	36,155	50,921
Payable on labor and health insurance premiums	11,128	11,093
Others	158,923	170,079
	$ 323,635	$ 508,383

(XIII) Long-term borrowings

Lender	Type of borrowings	Borrowing period	2022/12/31	2021/12/31
Syndicated loan led by First Commercial Bank	Secured loan	2021.11.19~2024.11.19	$ 1,200,000	$ 1,200,000
Shanghai Commercial & Savings Bank, Ltd.	Credit loan	2022.10.17~2025.10.17	20,000	15,000
Mega Bank	Small and medium enterprise credit guarantee fund	2021.1.28~2024.1.28	18,750	30,000
Less: Current portion of long-term borrowings			(261,667)	(25,000)
			$ 977,083	$ 1,220,000
Borrowing facility			$ 1,238,750	$ 1,245,000
Interest rate range			2.1250%~2.3250%	1.7000%~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) To increase the medium-term working capital and repay the loans that are about to be due, the Company took out the loan as the borrower.

   The Company 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.

(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.

(XIV) 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 to the designated account in the name of the Labor Pension Funds Supervisory Committee 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:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2022			
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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2021			
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	
2022/12/31	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Effect on present value of defined benefit obligation	($ 2,798)	$ 3,371	$ 3,347	($ 2,812)

	Discount rate		Future salary increases rate	
2021/12/31	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
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. (1) Effective on July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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 pension costs under the defined contribution pension plans of the Group for 2022 and 2021 were NT$28,073 and NT$26,706, respectively.

(2) The subsidiaries in mainland China make monthly contributions according to a certain percentage of the local employees' total salaries in accordance with the pension system stipulated by the government of the People's Republic of China. In 2022 and 2021, the Group's pension costs recognized as required were NT$22,052 and NT$20,112, respectively. The pension of each employee is managed and arranged by the government. Other than the monthly contributions, the Group has no further obligations.

3. The Company has made additional contributions to the pension reserve for some employees who concurrently serve as directors 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 aforementioned accrued pension liabilities (recognized as "other non-current liabilities") were NT$36,037 and NT$37,237, respectively.

(XV) Share-based payment

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

(1) The Company's 2021 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.

2. The share-based payment arrangement of Ecocera Optronics Co., Ltd. (hereinafter referred to as "ECOCERA OPTRONICS"), a subsidiary of the Company, is as follows:

ECOCERA OPTRONICS' share-based payment arrangement for 2022 and 2021 is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Employee stock option plan	2016.08.23	1,500,000 shares	5 years	2–4 years of service (Note)
Cash capital increase reserved for employee subscription	2021.10.29	500,000 shares	2021.12.02-2022.01.03	Vested immediately

Note: The 50% of an employee's stock options will be vested upon 2 years of service; 75% will be vested upon 3 years; 100% will be vested upon 4 years.

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

(1) The details of the employee stock option plan are as follows:

	2021	
	Quantity (number of shares)	Strike price (NTD)
Outstanding stock options, beginning of period	464,500	$ 10
Stock options executed for the current period	(412,000)	$ 10
Stock options given up for the current period	(52,500)	$ 10
Outstanding stock options, end of period	-	-
Stock options executed, end of period	-	-

A. The weighted average stock price of the stock options executed in 2021 was NT$29.91 at the execution date. There were no outstanding stock options as of December 31, 2022 and 2021.

B. ECOCERA OPTRONICS 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)
Employee stock option plan	2016.08.23	$9.3	$10.0	33.966%	5 years	-	0.45%	$1.91~$2.22

C. The cost incurred in the share-based payment transaction and equity delivery in 2022 and 2021 was both NT$0.

(2) The details of the cash capital increase reserved for employee subscription are as follows:

	2022		2021	
	Quantity (number of shares)	Strike price (NTD)	Quantity (number of shares)	Strike price (NTD)
Outstanding stock options, beginning of period	313,500	$ 30	-	-
Stock options forfeited in the current period	(297,500)	$ 30	500,000	$ 30
Stock options executed for the current period	(16,000)	$ 30	(186,500)	$ 30
Outstanding stock options, end of period	-	-	313,500	-
Stock options executed, end of period	-	-	313,500	-

A. ECOCERA OPTRONICS 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	2021.10.29	$ 36.62	$30.00	40.49%	0.09 years	-	0.2161%	$ 5.68

B. The cost incurred in the share-based payment transaction and equity delivery in 2022 and 2021 was NT$0 and NT$2,840, respectively.

(XVI) 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
Treasury shares repurchased	(2,697)	-
December 31	$ 219,262	$ 221,959

2. Treasury shares

(1) Reasons for shares repurchase and number: (2021: None)

		2022			
Reason for repurchase		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) 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.

(XVII) 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 should 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	Employee stock option	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

(XVIII) 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 when it is distributed through the issuance of new shares, it shall be submitted 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 approval of 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.

(XIX) Operating revenue

	2022	2021
Revenue from customer contracts	$ 5,104,188	$ 5,898,036
Others - rental income	91,739	90,362
	$ 5,195,927	$ 5,988,398

1. The Group's revenue from customer contracts is generated from goods transferred at a certain point in time. Please refer to Note 14 for the breakdown of its revenue.
2. The contract liabilities related to revenue from customer contracts recognized by the Group are as follows:

	2022/12/31	2021/12/31	2021/1/1
Contract liabilities - advance sales receipts	$ 14,943	$ 31,324	$ 35,310

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	$ 31,324	$ 24,096

(XX) Other revenue

	2022	2021
Dividend revenue	$ 750	$ 390
Other revenue	39,586	17,991
	$ 40,336	$ 18,381

(XXI) Other gains and losses

	2022	2021
Net foreign currency exchange gains	$ 131,828	$ 36,276
Gains from disposal of investments	30,173	-
Gains (losses) on disposal of property, plant and equipment	4,411	(934)
Other expenditures	(5,502)	(65,312)
Net losses on financial assets at fair value through profit and loss	(20,302)	(330)
Gains arising from lease changes	-	1,257
Net losses on financial liabilities at fair value through profit and loss	-	(3,116)
Impairment loss	-	(34,015)
	$ 140,608	($ 66,174)

(XXII) Finance costs

	2022	2021
Interest expenses		
Borrowings from banks	$ 48,921	$ 34,076
Lease liabilities	13,412	7,240
	$ 62,333	$ 41,316

(XXIII) Expenses by nature

	2022	2021
Employee benefit expenses		
Wages and salaries	$ 903,286	$ 1,073,245
Labor and health insurance expenses	76,483	70,490
Pension expenses	50,492	47,174
Other personnel expenses	50,650	33,664
Depreciation expenses	476,185	475,413
Amortization expenses on intangible assets	4,345	4,098
	$ 1,561,441	$ 1,704,084

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.

(XXIV) Income Taxes

1. Income tax expense

(1) Income tax expense components:

	2022	2021
Current income tax:		
Current income tax on income	$ 9,368	$ 7,579
Income tax underestimates for prior years	1,154	-
Deferred income tax:		
Initial recognition and reversal of temporary differences	27,834	62,341
Income tax expense	$ 38,356	$ 69,920

(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 (Note)	$ 26,536	$ 98,567
Effect of income tax adjusted according to tax law	1,010	8,700
Unrecognized deferred income tax as a result of temporary differences	(1,202)	1,819
Tax losses unrecognized as deferred income tax assets	10,233	-
Income tax underestimates for prior years	1,154	-
Changes in the assessment of realizability of deferred income tax	625	(39,166)
Income tax expense	$ 38,356	$ 69,920

Note: The tax rate applicable is based on the tax rates applicable to income in relevant countries.

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 income	Effect of exchange rate changes	December 31
Deferred income tax assets:					
Temporary differences:					
Remeasurement of pension	$ 10,029	$ -	($ 700)	$ -	$ 9,329
Differences on translation of foreign operations	27,672	-	(9,560)	-	18,112
Inventory valuation losses	14,205	16,820	-	-	31,025
Unrealized exchange loss	159	37	-	-	196
Others	14,739	(2,524)	-	-	12,215
Tax losses	96,253	(50,751)	-	-	45,502
	163,057	(36,418)	(10,260)	-	116,379
Deferred income tax liabilities:					
Unrealized exchange gains	(156)	(233)	-	-	(389)
Gains on investment in foreign long-term equity	(266,893)	8,817	-	-	(258,076)
Provision for land value increment tax	(41,193)	-	-	-	(41,193)
	(308,242)	8,584	-	-	(299,658)
	($ 145,185)	($ 27,834)	($ 10,260)	$ -	($ 183,279)

	2021				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	December 31
Deferred income tax assets:					
Temporary differences:					
Remeasurement of pension	$ 10,368	$ -	($ 339)	$ -	$ 10,029
Differences on translation of foreign operations	17,489	-	10,183	-	27,672
Inventory valuation losses	12,210	1,995	-	-	14,205
Unrealized exchange loss	2,186	(2,027)	-	-	159
Others	18,534	(3,667)	-	(128)	14,739
Tax losses	91,640	4,613	-	-	96,253
	152,427	914	9,844	(128)	163,057
Deferred income tax liabilities:					
Unrealized exchange gains	-	(156)	-		(156)
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)	(63,255)	-	-	(308,242)
	($ 92,560)	($ 62,341)	$ 9,844	($ 128)	($ 145,185)

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

2022/12/31

Year incurred	Declared/ Approved amount	Unused amount	Unrecognized deferred income tax assets amount	Maturity year
2013	$ 96,629	$ 48,745	-	2023
2014	41,779	41,779	-	2024
2015	44,170	44,170	-	2025
2016	33,810	33,810	-	2026
2020	34,818	34,818		2030
2021	20,715	20,715	-	2031
2022	51,165	51,165	51,165	2032
	$ 605,864	$ 275,202	$ 51,165	

2021/12/31

Year incurred	Declared/ Approved amount	Unused amount	Unrecognized deferred income tax assets amount	Maturity year
2013	$ 96,629	$ 76,308	-	2023
2014	41,779	41,779	-	2024
2015	113,692	44,170	-	2025
2016	33,810	33,810	-	2026
2017	206,267	104,811	-	2027
2018	49,436	49,436	-	2028
2019	27,075	27,075	-	2029
2020	83,161	83,161	-	2030
2021	20,715	20,715	-	2031
	$ 672,564	$ 481,265	$ -	

5. The profit-seeking enterprise income tax returns filed by the Company's and its subsidiaries up to 2020 have been assessed and approved by the tax authority.
6. The Group's investments in China are subject to the income tax rate of 25% according to China's income tax law. However, since I-Chiun Technology (China) Co., Ltd. has applied for preferential corporate income tax rate of 15% for high-tech enterprises.

(XXV) 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 of the parent for current period	$ 103,288	221,891	$ 0.47
Diluted earnings per share			
Net profit attributable to ordinary shareholders of the parent for current period	$ 103,288	221,891	
Effect of dilutive potential ordinary shares			
Employees' compensation	-	835	
Net profit attributable to ordinary shareholders of the parent 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 of the parent for current period	$ 375,767	209,356	$ 1.79
Diluted earnings per share			
Net profit attributable to ordinary shareholders of the parent for current period	$ 375,767	209,356	
Effect of dilutive potential ordinary shares			
Employees' compensation	-	645	
Net profit attributable to ordinary shareholders of the parent for current period plus the effect of potential ordinary shares	$ 375,767	210,001	$ 1.79
Effect of dilutive potential ordinary shares			
Employees' compensation	-	645	
Net profit attributable to ordinary shareholders of the parent for current period plus the effect of potential ordinary shares	$ 375,767	210,001	$ 1.79

(XXVI) Non-controlling equity

	2022		2021	
Opening balance	$	177,078	$	57,455
Attributable to non-controlling interests:				
Net profit (loss) in the current period	(	11,332)		7,699
Non-controlling interests:				
Acquisition of subsidiary		-		71,317
Employee share-based payments of subsidiaries		-		7,372
Capital increase in cash by subsidiary		20,986		31,766
Changes in ownership interests of subsidiaries	(	5,259)		1,469
Cash dividend paid out by subsidiary	(	3,756)		-
Closing balance	$	177,717	$	177,078

1. Ecocera Optronics Co., Ltd., a consolidated subsidiary of the Group, conducted a cash capital increase by issuing new shares on January 10, 2022. The Group did not subscribe in proportion to its shareholding, so the equity held decreased from 72.036% to 70.669%, the non-controlling interests decreased by NT$5,259, and the equity attributable to the owners of the parent company increased by NT$5,259.
2. 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%, and Advance Venture Corporation became one of the Group's subsidiaries. For details, please refer to Note 6(27).

(XXVII) Business combination

1. 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%. Advance Venture Corporation has long been investing and engaging in R&D of Mini LED and Micro LED products, with integrated resources and broad customer base. The Group plans to set the foundation for the development of Micro LED products by the acquisition of Advance Venture Corporation, and strengthen its competitiveness by reduction of capital and R&D investment, with quick expansion of business scale and product lines.

2. The tender offer consideration for the acquisition of Advance Venture Corporation, the fair value of assets acquired and liabilities assumed at acquisition date, and the non-controlling interest's proportionate share of the acquiree's identifiable net assets at acquisition date are as follows:

	110/12/31
Tender offer consideration – Cash	$ 125,000
Non-controlling equity	71,317
	196,317
Fair value of identifiable assets acquired and liabilities assumed	
Cash	125,079
Property, plant and equipment	36,752
Other current assets	1,024
Other non-current assets	3,859
Other payables	(4,412)
Net identifiable assets	162,302
Goodwill	$ 34,015

3. The acquisition of Advance Venture Corporation on December 3, 2021 has contributed to operating revenue and net loss before tax of NT$0 and NT$12,517 respectively. Under the assumption that Advance Venture Corporation has been acquired since January 1, 2021, the Group's operating income and net loss before tax amounted to NT$0 and NT$29,619, respectively.

4. The Group's goodwill is determined by the investments from the operating segments – other segments. The recoverable amounts have been determined based on the value in use, and the value in use is calculated based on the management's estimates of future pre-tax cash flows according to the most recent financial budgets for a maximum of five years. The Group has developed a gross margin budget based on market growth expectations. The pre-tax discount rate of 15.05% reflect the risks that are specific to relevant operating segments. Since the recoverable amount of the Group's asset is less than its carrying amount, the goodwill impairment loss of NT$34,015 was recognized in profit or loss in 2021.

(XXVIII) Additional information on cash flow

1. Operating activities only with partial cash payments:

	2022	2021
Interest expenses	$ 62,333	$ 41,316
Add: Interest payable, beginning of period	1,269	1,159
Less: Interest payable, end of period	(1,720)	(1,269)
Cash paid during the current period	$ 61,882	$ 41,206

2. Investing activities only with partial cash payments:

	2022	2021
Purchase of property, plant and equipment	$ 371,782	$ 409,685
Add: Opening balance of payable on equipment	117,121	54,688
Add: Ending balance of prepayments for equipment (Note)	108,249	157,352
Less: Opening balance of prepayments for equipment (Note)	(157,352)	(32,296)
Less: Ending balance of payable on equipment	(29,241)	(117,121)
Cash paid during the current period	$ 410,559	$ 472,308

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

3. Net of cash acquired from acquisition of subsidiary

	2022	2021
Cash at acquired subsidiaries	$ -	$ 125,079
Less: Tender offer consideration – Cash	-	(125,000)
Net of cash acquired from acquisition of subsidiary	$ -	$ 79

4. 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")

(XXIX) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
111/1/1	$ 811,290	$ 1,245,000	$ 444,229	$ 2,500,519
Changes in cash flow from financing activities	(113,299)	(6,250)	(52,168)	(171,717)
Non-cash changes				
- Lease changes	-	-	735	735
2022/12/31	$ 697,991	$ 1,238,750	$ 392,796	$ 2,329,537

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
2021/1/1	$ 384,149	$ 1,466,996	$ 77,056	$ 1,928,201
Changes in cash flow from financing activities	427,141	(221,996)	(49,220)	155,925
Non-cash changes				
- Lease changes	-	-	416,393	416,393
2021/12/31	$ 811,290	$ 1,245,000	$ 444,229	$ 2,500,519

VII. Related Party Transactions

(I) Names of related parties and relationship

Names of related parties	Relationship with the Group
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

(II) Significant related-party transactions are as follows

1. Purchases

	2022	2021
Purchases of goods:		
－Other related parties	$ 6,385	$ 6,290

There is no significant difference in the transaction price and payment terms in purchases of goods from general companies.

2. Payables to related parties

	2022/12/31	2021/12/31
Accounts payable:		
－Other related parties	$ 3,363	$ 2,299

The amounts payable to related parties mainly come from purchase transactions and are paid in 30-90 days every month from an account opened after the purchase date. The payable does not bear interest.

(III) Information on key management compensation

	2022	2021
Short-term employee benefits	$ 30,555	$ 61,555
Post-employment benefits	438	650
Share-based payment	-	6,344
	$ 30,993	$ 68,549

VIII. Pledged Assets

The Group'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)
Right-of-use assets	60,318	61,007	Collateral for short-term borrowings and borrowing facilities
Buildings and structures	162,888	172,285	Collateral for short-term borrowings and borrowing facilities
Investment property	193,703	204,518	Collateral for short-term borrowings and borrowing facilities
Financial assets at amortized cost - non-current	28,000	24,000	Collateral for long-term borrowings (including current portion)
Financial assets at amortized cost - current	1,436	13,470	Collateral for bank acceptance bills
Financial assets at amortized cost - current	893	1,305	Customs guarantee
Notes receivable	-	6,069	Collateral for bank acceptance bills
	$ 944,754	$ 1,017,368	

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	$ 24,256	$ 122,115

2. In order to obtain borrowing facilities from banks, the amount of the endorsements/guarantees provided by the Group is detailed in 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 (18) for details.

XII. Others

(I) Capital risk management

The Group'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 Group 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 Group with financial institutions, the Group's financial report is required to meet the key performance indicators, please see details in Note 6(13).

(II) Financial Instruments

1. Categories of financial instruments

	2022/12/31	2021/12/31
Financial asset		
Financial assets at fair value through profit and loss	$ 124,680	$ 5,520
Financial assets at amortized cost		
Cash and cash equivalents	$ 1,312,308	$ 1,148,776
Financial assets at amortized cost	110,175	38,775
Notes receivable	141,949	175,470
Accounts receivable	1,758,132	2,283,629
Other receivables	38,863	51,402
Refundable deposit (recognized as "other non-current assets")	12,225	18,394
	$ 3,373,652	$ 3,716,446

	2022/12/31	2021/12/31
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 697,991	$ 811,290
Notes payable	4,786	11,109
Accounts payable	475,981	745,156
Other payables	323,635	508,383
Long-term borrowings (including current portion)	1,238,750	1,245,000
Guarantee deposits received (recognized in other non-current liabilities)	20,961	19,984
Long-term payables (recognized in other non-current liabilities)	1,021	9,065
	$ 2,763,125	$ 3,349,987
Lease liabilities	$ 392,796	$ 444,229

2. Risk management policy

   (1) The Group'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 Group'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 Group'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) Usage of derivatives to avoid financial risks, please refer to Note 6(11).

3. Significant financial risks and degrees of financial risks

   (1) Market risk

   Exchange rate risk

   A. The Group 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 and its subsidiaries. The exchange rate risk arises from future business transactions and assets and liabilities recognized.

   B. The management of the Group 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. Exchange rate risk is measured through highly probable forecast transactions with currencies including USD, EUR and RMB, and the Group uses forward exchange contracts to reduce the impact of currency fluctuations on repayment of loans.

   C. The Group's businesses involve some non-functional currency operations (the

Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). 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)			
Financial asset			
Monetary items			
USD:NTD	$ 39,289	30.710	$ 1,206,565
RMB:NTD	41,836	4.408	184,413
USD:RMB	3,945	6.967	121,153
Financial liabilities			
Monetary items			
USD:RMB	$ 2,394	6.967	$ 73,521
USD:NTD	1,953	30.710	59,977
JPY:NTD	70,661	0.232	16,393

	2021/12/31		
	Foreign currency amount (in thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
Financial asset			
Monetary items			
USD:NTD	$ 40,216	27.680	$ 1,113,179
RMB:NTD	40,370	4.344	175,367
USD:RMB	5,608	6.372	155,229
Financial liabilities			
Monetary items			
USD:NTD	$ 3,897	27.680	$ 107,869
USD:RMB	1,691	6.372	46,807
JPY:NTD	172,784	0.241	41,641

D. As exchange rate fluctuations have a significant influence on the Group's monetary items. The aggregate amount of all exchange gains (including realized and unrealized) were NT$131,828 and NT$36,276 in 2022 and 2021, respectively.

E. Analysis of foreign currency market risk arising from significant foreign exchange fluctuations for the Group:

	2022		
	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%	$ 12,066	$ -
RMB:NTD	1%	1,844	-
USD:RMB	1%	1,212	-
Financial liabilities			
Monetary items			
USD:RMB	1%	$ 735	$ -
USD:NTD	1%	600	-
JPY:NTD	1%	164	-

	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%	$ 11,132	$ -
RMB:NTD	1%	1,754	-
USD:RMB	1%	1,552	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 1,079	$ -
USD:RMB	1%	468	-
JPY:NTD	1%	416	-

Price risk

A. The Group'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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

B. The Group 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 Group's interest rate risk mainly comes from short- and long-term borrowings issued at floating interest rates, exposing the Group to the interest rate risk of cash flow. In 2022 and 2021, the Group's loans taken out at floating interest rates were mainly denominated in NTD, USD, and RMB.

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

C. When the 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$15,494 and NT$16,450 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 Group is the risk of financial loss suffered by the Group 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 Group has established credit risk management from the Group's perspective. 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, each operating entity within the Group 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 Group.

D. The Group 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 Group 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 Group 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 Group' credit conditions and historical loss rate, and adopts a simplified approach to estimate expected credit losses based on loss rates. The Group 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	Total
2022/12/31				
Expected loss rate	100%	0.03%-2.92%	0.03%-95.51%	
Total book value	$ 234,090	$ 977,408	$ 980,903	$ 2,192,401
Loss allowance	$ 234,090	$ 9,556	$ 48,674	$ 292,320
2021/12/31				
Expected loss rate	100%	0.03%~2.41%	0.03%~59.50%	
Total book value	$ 210,298	$ 1,132,136	$ 1,349,293	$ 2,691,727
Loss allowance	$ 210,298	$ 1,132	$ 21,198	$ 232,628

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

Group B: Other customers.

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

	2022	2021
January 1	$ 232,628	$ 198,559
Impairment loss recognized	58,902	34,776
Amounts written off due to being uncollectible	-	(703)
Others	596	-
Effect of exchange rate changes	194	(4)
December 31	$ 292,320	$ 232,628

(3) Liquidity risk

A. Cash flow forecasting is performed by the operating entities of the Group and compiled by finance department. Finance department monitors forecasts of the Group'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 Group does not breach borrowing limits or covenants on any of its borrowing facilities.

B. The remaining cash held by each operating entity will be transferred back to the Group's finance department when it exceeds the working capital required. The Group'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 Group's non-derivative financial liabilities and derivative financial liabilities settled by gross settlement are grouped based on relevant maturity dates; the non-derivative financial liabilities are analyzed 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.

	2022/12/31		2021/12/31	
	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year
Non-derivative financial liabilities:				
Short-term borrowings	$ 704,396	$ -	$ 823,895	$ -
Notes payable	4,786	-	11,109	-
Accounts payable	475,981	-	745,156	-
Other payables	323,635	-	508,383	-
Long-term borrowings (including current portion)	289,106	994,031	25,425	1,276,632
Lease liabilities	64,667	383,496	65,538	446,109
Guarantee deposits received (recognized in other non-current liabilities)	-	20,961	-	19,984
Long-term payable on equipment (recognized in other non-current liabilities)	-	1,021	-	9,065

(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 Group 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. The fair values of the derivatives in which the Group has invested belong to this level.

   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 Group belong to this level.

2. For information on the fair value of investment property measured at cost, please refer to Note 6(9).
3. 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.
4. Financial and non-financial instruments at fair value, the Group 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 Group has classified assets and liabilities according to their nature, and the relevant information is as follows:

2022/12/31	Level 1	Level 2	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 2	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 Group to measure fair value are explained as follows:

A. The closing price of the listed stocks is used by the Group 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.

C. For the evaluation of non-standard and less complex financial instruments, such as swap contracts in a market that is not active, the Group uses valuation techniques widely used by market participants. The inputs used in the valuation models of such financial instruments are usually observable market data.

5. The Group did not have any transfers between the Level 1 and Level 2 fair value in 2022 and 2021.
6. There was not transfer in or out to/from Level 3 fair value of the Group in 2022 and 2021.
7. The Group 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 Group 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.
8. 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

9. The valuation model and valuation parameters are selected by the Group 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

The following information on the investees has been written off when the consolidated financial statements were prepared. The disclosure below is for reference only.

(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 and associates): 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

(I) General information

The Group operates its business and makes decisions by region, so the management also uses this model to identify the segments that shall be reported.

The Group has 3 segments that shall be reported: Segment A, Segment B, and Segment C. Segment A is manufacturing LED-related components in Taipei; Segment B is manufacturing TV- and LED-related components in Kunshan and Jiangmen, China; Segment C is manufacturing ceramic substrate-related components in Taoyuan.

The Group's segments that shall be reported are strategic business units that provide different products and services. Since each strategic business unit requires different technologies and marketing strategies, they are managed separately.

(II) Segment Information

The information on segments that shall be reported provided to the chief operating decision maker is as follows:

2022	Segment A	Segment B	Segment C	Other segments	Adjustment and elimination	Total
Revenue						
Revenue from external customers	$ 2,659,981	$ 1,955,522	$ 472,836	$ 15,849	$ -	$ 5,104,188
Inter-segment revenue	65,423	353,543	108	(5)	(419,069)	-
Revenue from customer contracts	$ 2,725,404	$ 2,309,065	$ 472,944	$ 15,844	($ 419,069)	$ 5,104,188
Others - rental income	$ -	$ 90,147	$ -	$ 1,592	$ -	$ 91,739
Total revenue	$ 2,725,404	$ 2,399,212	$ 472,944	$ 17,436	($ 419,069)	$ 5,195,927
Segment profit (loss)	$ 131,782	($ 52,712)	$ 36,913	($ 47,508)	$ 61,837	$ 130,312
Segment profit (loss) includes:						
Depreciation and amortization	$ 193,494	$ 221,769	$ 56,835	$ 14,787	($ 6,355)	$ 480,530
Interest revenue	$ 1,940	$ 9,859	$ 536	$ 856	$ -	$ 13,191
Interest expenses	$ 39,334	$ 18,734	$ 4,265	$ -	$ -	$ 62,333
Income tax expense	$ 28,493	$ 3,020	$ 6,843	$ -	$ -	$ 38,356
Investment gains accounted for under equity method	($ 61,838)	$ -	$ -	$ 61,838	$ -	$ -
Total segment assets	$ 6,621,814	$ 2,919,377	$ 770,870	$ 152,881	($ 2,671,515)	$ 7,793,427
Total segment liabilities	$ 2,578,735	$ 787,072	$ 343,085	$ 4,169	($ 140,430)	$ 3,572,631

2021	Segment A	Segment B	Segment C	Other segments	Adjustment and elimination	Total
Revenue						
Revenue from external customers	$ 2,909,784	$ 2,470,072	$ 518,180	$ -	$ -	$ 5,898,036
Inter-segment revenue	99,805	525,057	110	-	(624,972)	-
Revenue from customer contracts	$ 3,009,589	$ 2,995,129	$ 518,290	$ -	($ 624,972)	$ 5,898,036
Others - rental income	$ -	$ 88,408	$ -	$ 1,954	$ -	$ 90,362
Total revenue	$ 3,009,589	$ 3,083,537	$ 518,290	$ 1,954	($ 624,972)	$ 5,988,398
Segment profit (loss)	$ 443,166	$ 275,698	$ 41,394	($ 32,075)	($ 274,797)	$ 453,386
Segment profit (loss) includes:						
Depreciation and amortization	($ 220,070)	($ 208,817)	($ 53,997)	($ 5,292)	$ 8,665	($ 479,511)
Interest revenue	$ 690	$ 6,823	$ 36	$ 568	$ -	$ 8,117
Interest expenses	($ 27,041)	($ 9,595)	($ 4,680)	$ -	$ -	($ 41,316)
Income tax benefit	($ 67,399)	($ 7,579)	$ 915	$ 4,143	$ -	($ 69,920)
Investment gains accounted for under equity method	$ 326,299	$ -	$ -	$ -	($ 326,299)	$ -
Total segment assets	$ 6,909,607	$ 3,248,123	$ 847,018	$ 253,541	($2,770,472)	$ 8,487,817
Total segment liabilities	$ 2,837,380	$ 1,145,999	$ 457,483	$ 3,690	($ 206,039)	$ 4,238,513

(III) Segment information reconciliation

Inter-segment sales are carried out in accordance with the fair trade principle. The external revenue reported to the chief operating decision maker is measured in the same way as the revenue recognized in the income statement.

(IV) Information on types of products

The revenue from external customers is from the sales revenue of electronic component products and the rental income of investment property. The breakdown of net income is as follows:

	2022	2021
Lead frame (LED/SMD)	$ 2,123,911	$ 2,771,804
Heat spreader (semiconductor)	1,001,660	853,583
TV backlight module	749,451	791,862
Ceramic substrate	472,836	518,180
IC lead frame	455,477	823,585
Rental income	91,739	90,362
Others	300,853	139,022
	$ 5,195,927	$ 5,988,398

(V) Geographical information

The Group's geographical information is as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
China	$ 3,212,822	$ 1,056,500	$ 3,888,916	$ 1,259,870
Taiwan	939,995	1,688,963	1,043,102	1,663,289
Others	1,043,110	-	1,056,380	-
	$ 5,195,927	$ 2,745,463	$ 5,988,398	$ 2,923,159

(VI) Major customer information

The Group's major customer information is as follows:

	2022		2021	
	Revenue	Segment	Revenue	Segment
B	$ 482,028	Segment A, B and C	$ 616,644	Segment A, B and C
C	1,061,174	Segment A, B and C	1,157,355	Segment A, B and C
	$ 1,543,202		$ 1,773,999	

(The space below intentionally left blank)

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

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.

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., I-Chiun Precision Electric Industry (China) 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. AND ITS SUBSIDIARIES

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	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-Chiun Precision Industry Co., Lx	Stock	I-Energy Corporation	-	Financial assets at fair value through profit and loss - current	84	-	0.18%	-	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. AND ITS SUBSIDIARIES

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	Not applicable	$ 22,683	5%	

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
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. AND ITS SUBSIDIARIES

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. AND ITS SUBSIDIARIES

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 and LED, LCD trading	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 (Note 3)	921,300 (Note 3)	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. AND ITS SUBSIDIARIES
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: 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.

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	$ 2,532,478

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

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.

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

	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)

Code	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

	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

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

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)

(Continued)

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

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	2022 Increase in the current period	2022 Decrease in the current period	2022 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			2021		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	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:

Pledged assets	Book value 2022/12/31		Book value 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

Exchange rate risk

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)			
Financial asset			
Monetary items			
USD:NTD	$ 30,267	30.710	$ 929,500
RMB:NTD	41,836	4.408	184,413
Financial liabilities			
Monetary items			
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)			
Financial asset			
Monetary items			
USD:NTD	$ 33,080	27.680	$ 915,654
RMB:NTD	40,370	4.344	175,367
Financial liabilities			
Monetary items			
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)			
Financial asset			
Monetary items			
USD:NTD	1%	$ 9,295	$ -
RMB:NTD	1%	1,844	-
Financial liabilities			
Monetary items			
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.

Chairman: CHOU,WAN-SHUN