

**PANJIT INTERNATIONAL INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**WITH REPORT OF INDEPENDENT ACCOUNTANTS**

**FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2023 AND 2022**

Address: No.24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City, Taiwan, R.O.C.  
Telephone: 886-7-621-3121

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese financial statements shall prevail.

## **Review Report of Independent Accountants**

To: PANJIT INTERNATIONAL INC.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of PANJIT INTERNATIONAL INC. (the “Company”) and its subsidiaries as of 31 March 2023 and 2022, the related consolidated statements of comprehensive income for the three-month periods ended 31 March 2023 and 2022 and consolidated statements of changes in equity and cash flows for the three-month periods ended 31 March 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 2410, "Review of Financial Statements". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As explained in Note 4, the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflected total assets of NT\$4,867,918 thousand and NT\$3,847,356 thousand, constituting 17% and 13% of the consolidated total assets, and total liabilities of NT\$435,518 thousand and NT\$1,074,985 thousand, constituting 3% and 6% of the consolidated total liabilities as of 31 March 2023 and 2022, respectively; and total comprehensive income of (NT\$58,229) thousand and NT\$304,884 thousand, constituting (30)% and 38% of the consolidated total comprehensive income for the three-month periods ended 31 March 2023 and 2022, respectively. As explained in Note 6. (8), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT\$144,174 thousand and NT\$129,716 thousand as of 31 March 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to (NT\$3,099) thousand and (NT\$5,721) thousand for the three-month periods ended 31 March 2023 and 2022, respectively. The information related to above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by Independent accountants.

## **Qualified Conclusion**

Based on our reviews and the review reports of other independent accountants (please refer to the Other Matter paragraph of our report), except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method and the information been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 31 March 2023 and 2022, and their consolidated financial performance for the three-month periods ended 31 March 2023 and 2022, and their consolidated cash flows for the three-month periods ended 31 March 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

## **Other Matter – Making Reference to the Reviews of Other Independent Accountants**

We did not review the financial statements of certain investment accounted for under the equity method, which reflected the associates and joint ventures under equity method in the amount of NT\$1,587,055 thousand and NT\$3,585,061 thousand, constituting 6% and 12% of consolidated total assets as of 31 March 2023 and 2022, and the related shares of profits from the associates and joint ventures under the equity method of NT\$9,370 thousand and NT \$26,518 thousand, constituting 5% and 4 % of consolidated pretax income for the three-month periods ended 31 March 2023 and 2022, respectively. Those financial statements were reviewed by other independent accountants, whose reports thereon have been furnished to us, and our review results are based solely on the reports of the other independent accountants.

Ernst & Young Taiwan

May 9, 2023

## **Notice to Readers**

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

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES  
Consolidated Balance Sheets  
31 March 2023, 31 December 2022 and 31 March 2022  
(31 March 2023 and 2022 are unaudited)  
(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	31 March 2023		31 December 2022		31 March 2022	
		Amount	%	Amount	%	Amount	%
<b>Current asset</b>							
Cash and cash equivalents	6(1)	\$1,853,735	7	\$3,033,568	10	\$2,047,721	7
Financial assets at fair value through profit or loss - current	6(2)	3,272,006	12	2,993,980	10	4,193,148	14
Notes receivable, net	6(5),6(20)	644,750	2	352,859	1	831,286	3
Trade receivable, net	6(6),6(20)	3,186,770	11	3,360,160	12	4,265,623	15
Trade receivable-related parties, net	6(6),6(20),7	51,380	-	56,700	-	133,369	1
Other receivables, net		156,073	1	146,057	-	130,602	-
Other receivables-related parties, net	7	3,617	-	3,352	-	3,275	-
Inventories, net	6(7)	3,772,146	13	3,754,265	13	2,723,193	9
Prepayments		590,495	2	758,487	3	505,637	2
Other current assets	8	134,528	1	150,376	1	96,135	-
<b>Total current assets</b>		<b>13,665,500</b>	<b>49</b>	<b>14,609,804</b>	<b>50</b>	<b>14,929,989</b>	<b>51</b>
<b>Non-current assets</b>							
Financial assets at fair value through profit or loss - non-current	6(2)	38,707	-	37,485	-	1,062	-
Financial assets at fair value through other comprehensive income - non-current	6(3)	567,038	2	521,889	2	1,297,646	4
Financial assets measured at amortized cost - Non-current	6(4)	26,940	-	26,622	-	26,064	-
Investments accounted for using the equity method	6(8)	2,047,767	7	2,038,347	7	3,983,517	14
Property, Plant, and Equipment	6(9)	7,666,304	27	7,411,293	25	5,637,269	19
Right-of-use assets	6(21)	1,281,983	5	1,296,176	5	1,349,419	5
Intangible assets	6(10),6(11)	1,650,540	6	1,661,358	6	222,844	1
Deferred tax assets		359,945	1	350,643	1	364,752	1
Prepayment for equipments		233,741	1	443,341	2	887,624	3
Refundable deposits	8	531,387	2	637,470	2	645,462	2
Other non-current assets, others	8	131,860	-	132,418	-	29,134	-
<b>Total non-current assets</b>		<b>14,536,212</b>	<b>51</b>	<b>14,557,042</b>	<b>50</b>	<b>14,444,793</b>	<b>49</b>
<b>Total assets</b>		<b>\$28,201,712</b>	<b>100</b>	<b>\$29,166,846</b>	<b>100</b>	<b>\$29,374,782</b>	<b>100</b>
Liabilities and Equity	Notes	31 March 2023		31 December 2022		31 March 2022	
		Amount	%	Amount	%	Amount	%
<b>Current Liabilities</b>							
Short-term borrowings	6(12)	\$3,002,954	11	\$2,769,949	10	\$4,259,392	15
Financial liabilities at fair value through profit or loss - current	6(13)	217	-	-	-	2,860	-
Contractual liabilities - current	6(19)	6,622	-	10,041	-	12,325	-
Notes payable	6(14)	393,690	1	605,905	2	713,967	2
Trade payable		1,228,953	4	1,417,681	5	1,965,576	7
Trade payable-related parties	7	73,703	-	59,068	-	192,712	1
Other payables		2,500,267	9	1,742,971	6	2,467,579	8
Other payables - related parties	7	38,134	-	37,903	-	38,698	-
Current tax liabilities		328,019	1	295,814	1	433,669	1
Lease liabilities - current	6(21),7	52,246	-	52,735	-	52,654	-
Long-term borrowings, current portion	6(16),8	507,000	2	478,875	2	133,146	1
Other current liabilities		97,641	1	76,945	-	22,072	-
<b>Total current liabilities</b>		<b>8,229,446</b>	<b>29</b>	<b>7,547,887</b>	<b>26</b>	<b>10,294,650</b>	<b>35</b>
<b>Non-current Liabilities</b>							
Long-term borrowings	6(16),8	5,410,624	19	6,033,741	21	5,587,788	19
Deferred tax liabilities		93,462	-	91,895	-	77,381	-
Lease liabilities - non-current	6(21),7	312,523	1	321,641	1	350,313	1
Long-term deferred revenue	6(15)	95,019	1	98,807	-	112,986	1
Defined benefit liabilities-non-current		62,718	-	66,945	-	93,680	-
Other non-current liabilities		98,334	1	96,695	-	112,558	-
<b>Total non-current liabilities</b>		<b>6,072,680</b>	<b>22</b>	<b>6,709,724</b>	<b>22</b>	<b>6,334,706</b>	<b>21</b>
<b>Total liabilities</b>		<b>14,302,126</b>	<b>51</b>	<b>14,257,611</b>	<b>48</b>	<b>16,629,356</b>	<b>56</b>
<b>Equity attributable to the parent company</b>							
<b>Capital stock</b>							
Common stock	6(18)	3,828,149	14	3,828,149	13	3,828,149	13
<b>Capital surplus</b>	6(18)	6,016,034	21	6,016,861	21	6,072,280	21
<b>Retained earnings</b>	6(18)						
Legal reserve		505,733	2	505,733	2	328,134	1
Special reserve		717,237	2	717,237	2	717,237	2
Unappropriated earnings		2,115,987	8	3,116,721	11	1,670,543	6
<b>Total retained earnings</b>		<b>3,338,957</b>	<b>12</b>	<b>4,339,691</b>	<b>15</b>	<b>2,715,914</b>	<b>9</b>
<b>Other components of equity</b>		<b>(532,937)</b>	<b>(2)</b>	<b>(552,617)</b>	<b>(2)</b>	<b>(74,604)</b>	<b>-</b>
<b>Treasury stock</b>	6(18)	<b>(16,507)</b>	<b>-</b>	<b>(16,507)</b>	<b>-</b>	<b>(16,507)</b>	<b>-</b>
<b>Total equity attributable to the parent company</b>		<b>12,633,696</b>	<b>45</b>	<b>13,615,577</b>	<b>47</b>	<b>12,525,232</b>	<b>43</b>
<b>Non-controlling interests</b>	6(18)	<b>1,265,890</b>	<b>4</b>	<b>1,293,658</b>	<b>5</b>	<b>220,194</b>	<b>1</b>
<b>Total equity</b>		<b>13,899,586</b>	<b>49</b>	<b>14,909,235</b>	<b>52</b>	<b>12,745,426</b>	<b>44</b>
<b>Total liabilities and equity</b>		<b>\$28,201,712</b>	<b>100</b>	<b>\$29,166,846</b>	<b>100</b>	<b>\$29,374,782</b>	<b>100</b>

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month periods ended 31 March 2023 and 2022

(Expressed in Thousand of New Taiwan Dollars)

Items	Notes	For the three-month periods ended 31 March			
		2023		2022	
		Amount	%	Amount	%
<b>Operating revenue</b>	6(19),7	\$2,862,434	100	\$3,716,138	100
<b>Operating costs</b>	6(7), 6(21),6(22),7	(2,154,176)	(75)	(2,539,087)	(68)
<b>Gross profit</b>		708,258	25	1,177,051	32
<b>Operating expenses</b>	6(20), 6(21), 6(22),7				
Selling expenses		(164,237)	(6)	(170,811)	(5)
General and administrative expenses		(190,779)	(7)	(270,009)	(7)
Research and development expenses		(208,543)	(7)	(132,363)	(3)
Expected credit gains		6,424	-	3,766	-
Subtotal		(557,135)	(20)	(569,417)	(15)
<b>Operating income</b>		151,123	5	607,634	17
<b>Non-operating income and expenses</b>	6(21),6(23),7				
Interest income		32,043	1	29,688	1
Other income		24,679	1	29,320	1
Other gains and losses		17,825	1	91,048	2
Finance costs		(53,694)	(2)	(25,300)	(1)
Share of profit or loss of associates under equity method	6(8)	10,316	-	22,073	1
Subtotal		31,169	1	146,829	4
<b>Pretax income from continuing operations</b>		182,292	6	754,463	21
<b>Income tax expenses</b>	6(25)	(27,309)	(1)	(134,873)	(4)
<b>Profit from continuing operations</b>		154,983	5	619,590	17
<b>Net income</b>		154,983	5	619,590	17
<b>Other comprehensive income (loss)</b>	6(25),(26)				
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		42,873	2	(154,152)	(4)
Income tax related to items that will not be reclassified		(41)	-	12	-
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences arising on translation of foreign operations		(4,416)	-	329,838	9
<b>Total other comprehensive income (loss), net of tax</b>		38,416	2	175,698	5
<b>Total comprehensive income (loss)</b>		\$193,399	7	\$795,288	22
<b>Net income (loss) attributable to:</b>					
Stockholders of the parent		\$130,369	4	\$612,251	17
Non-controlling interests		24,614	1	7,339	-
		\$154,983	5	\$619,590	17
<b>Total comprehensive income attributable to:</b>					
Stockholders of the parent		\$165,291	6	\$789,584	22
Non-controlling interests		28,108	1	5,704	-
		\$193,399	7	\$795,288	22
<b>Earnings per share (NTD)</b>	6(26)				
Basic earnings per share		\$0.34		\$1.60	
Diluted earnings per share		\$0.34		\$1.59	

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the three-month periods ended 31 March 2023 and 2022  
(Expressed in Thousand of New Taiwan Dollars)

Items	Equity Attributable to Parent Company										Non-Controlling Interests	Total Equity
	Capital		Retained earnings			Other Components of Equity			Treasury Stock	Total		
	Common Stock	Capital Surplus	Legal Reserves	Special Reserves	Undistributed Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Others				
Balance as of January 1, 2022	\$3,828,149	\$6,086,155	\$328,134	\$717,237	\$2,204,637	(\$821,558)	\$570,034	(\$413)	(\$16,507)	\$12,895,868	\$215,134	\$13,111,002
Appropriation and distribution of 2021 retained earnings												
Cash dividend	-	-	-	-	(1,146,345)	-	-	-	-	(1,146,345)	-	(1,146,345)
Changes in equity of associates accounted for using the equity method	-	(13,897)	-	-	-	-	-	-	-	(13,897)	-	(13,897)
Net income for the three-month periods ended 31 March 2022	-	-	-	-	612,251	-	-	-	-	612,251	7,339	619,590
Other comprehensive income (loss) for the three-month periods ended 31 March 2022	-	-	-	-	-	\$325,397	(\$148,064)	-	-	177,333	(1,635)	175,698
Total comprehensive income (loss)	-	-	-	-	\$612,251	\$325,397	(\$148,064)	-	-	\$789,584	\$5,704	\$795,288
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	22	-	-	-	-	-	-	-	22	(644)	(622)
Balance as of March 31, 2022	\$3,828,149	\$6,072,280	\$328,134	\$717,237	\$1,670,543	(\$496,161)	\$421,970	(\$413)	(\$16,507)	\$12,525,232	\$220,194	\$12,745,426
Balance as of January 1, 2023	\$3,828,149	\$6,016,861	\$505,733	\$717,237	\$3,116,721	(\$418,846)	(\$133,358)	(\$413)	(\$16,507)	\$13,615,577	\$1,293,658	\$14,909,235
Appropriation and distribution of 2022 retained earnings												
Cash dividend	-	-	-	-	(1,146,345)	-	-	-	-	(1,146,345)	-	(1,146,345)
Changes in equity of associates accounted for using the equity method	-	(827)	-	-	-	-	-	-	-	(827)	-	(827)
Net income for the three-month periods ended 31 March 2023	-	-	-	-	130,369	-	-	-	-	130,369	24,614	154,983
Other comprehensive income (loss) for the three-month periods ended 31 March 2023	-	-	-	-	-	(6,756)	41,678	-	-	34,922	3,494	38,416
Total comprehensive income (loss)	-	-	-	-	130,369	(6,756)	41,678	-	-	165,291	28,108	193,399
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(55,876)	(55,876)
Disposal of equity instruments investments at fair value through other comprehensive income	-	-	-	-	15,242	-	(15,242)	-	-	-	-	-
Balance as of March 31, 2023	\$3,828,149	\$6,016,034	\$505,733	\$717,237	\$2,115,987	(\$425,602)	(\$106,922)	(\$413)	(\$16,507)	\$12,633,696	\$1,265,890	\$13,899,586

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES  
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the three-month periods ended 31 March 2023 and 2022  
 (Expressed in Thousand of New Taiwan Dollars)

Items	For the three-month periods ended 31 March	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net income before tax	\$182,292	\$754,463
<b>Adjustments to reconcile net income (loss) before tax to net cash provided by operating activities:</b>		
Depreciation	209,893	171,870
Amortization	12,069	10,944
Expected credit (gains) losses	(6,424)	(3,766)
Net (gain) on financial assets or liabilities at fair value through profit or loss	(33,621)	(9,418)
Interest expense	53,694	25,300
Interest revenue	(32,043)	(29,688)
Dividend revenue	-	(828)
Share of (profit) of associates accounted for using equity method	(10,316)	(22,073)
(Gain) loss on disposal of property, plant and equipment	316	(1,346)
Gain on disposal of investments accounted for using equity	-	(72,787)
Reversal of impairment loss on non-financial assets	(52)	(58)
Others - Loss on inventory valuation	113,579	45,326
Others - other	(2,475)	(1,577)
Subtotal	304,620	111,899
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(268,076)	(801,730)
Notes receivable	(291,891)	(251,837)
Trade receivable	191,496	(359,974)
Trade receivable-related parties	5,320	7,320
Other receivables	(9,990)	21,215
Other receivables-related parties	(265)	3,249
Inventories	(132,190)	(350,989)
Prepayments	171,803	15,417
Other current assets	15,848	9,184
<b>Changes in operating liabilities:</b>		
Contract liabilities	(3,419)	(4,525)
Notes payable	(212,215)	(40,856)
Trade payable	(188,728)	(80,490)
Trade payable-related parties	14,635	6,462
Other payables	(311,930)	(221,428)
Other payables-related parties	231	(1,858)
Other current liabilities	20,696	4,672
Net defined benefit liabilities-non-current	(5,067)	(12,752)
Subtotal	(1,003,742)	(2,058,920)
Cash generated from operations	(516,830)	(1,192,558)
Interest received	32,043	29,688
Income tax (paid)	(3,592)	(26,006)
Net cash (used in) operating activities	(488,379)	(1,188,876)
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(2,848)	(2,124)
Acquisition of investments accounted for under the equity method	-	(1,959,067)
Proceeds from disposal of investments accounted for under the equity method	-	97,750
Acquisition of property, plant and equipment	(320,839)	(294,648)
Proceeds from disposal of property, plant and equipments	2,231	4,450
Increase in refundable deposits	-	(105,019)
Decrease in refundable deposits	106,083	-
Acquisition of intangible assets	(846)	(9,816)
Increase in other non-current assets	200	-
Decrease in other non-current assets	357	1,077
Increase in prepayments for equipments	(33,996)	(189,552)
Dividends received	-	828
Net cash (used in) investing activities	(249,658)	(2,456,121)
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	231,669	1,032,019
Proceeds from long-term debt	-	1,130,394
Repayments of long-term debt	(595,731)	-
Repayments of lease liabilities	(16,274)	(15,638)
Increase in other non-current liabilities	1,640	5,717
Acquisition of ownership interests in subsidiaries	-	(622)
Interest paid	(49,725)	(21,708)
Net cash (used in) provided by financing activities	(428,421)	2,130,162
Effect of exchange rate changes on cash and cash equivalents	(13,375)	148,849
Net (decrease) increase in cash and cash equivalents	(1,179,833)	(1,365,986)
Cash and cash equivalents at beginning of period	3,033,568	3,413,707
Cash and cash equivalents at end of period	\$1,853,735	\$2,047,721

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

PANJIT INTERNATIONAL INC. (the Company) was incorporated on 20 May 1986, under the Company Act of the Republic of China on Taiwan. The Company's registered address is No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City. The principal activities of the Company are to manufacture, process, assemble and to import and export semiconductors. The Company also assembles, trades and transfers technological advancements of machinery parts. The Company also trades resins and paints for semiconductors.

The Company's shares commenced trading on Taipei Exchange Market (GreTai Securities Market) on 22 December 1999, and then trading on Taiwan Stock Exchange Corporation on 17 September 2001.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the threemonth periods ended 31 March 2023 and 2022 were authorized for issue by the Board of Directors on 9 May 2023.

3. Applicability of new published and revised criteria and their interpretation

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group..

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or joint ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease liability in a sale and leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

- (a) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or investment of assets between investors and their associates or joint ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin.

In addition to the general model, we also offer a specific method for contracts with direct participation characteristics (variable fee approach); and a simplified method for short-term contracts (premium allocation approach).

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, and the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (c), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

#### 4. Summary of material accounting policies

##### (1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended 31 March 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC (TIFRSs).

## (2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“\$”) unless otherwise stated.

## (3) Basis of consolidation

### Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

The total comprehensive income of subsidiaries is attributable to the owners of the parent and to the noncontrolling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) recognizes any surplus or deficit in profit or loss; and
- (f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main Businesses	Percentage of ownership (%)		
			31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
The Company	PAN-JIT ASIA INTERNATIONAL INC.	Investment holding	100.00%	100.00%	100.00%
The Company	Pynmax Technology Co., Ltd.	Manufacture of electronic components and international trade business	94.64% (Note 5)	94.64% (Note 5)	94.63%
The Company	LIFETECH ENERGY INC.	Manufacture and sale lithium iron phosphate battery pack	— (Note 9)	— (Note 9)	81.97% (Note 1)
The Company	AIDE ENERGY EUROPE COÖPERATIE U.A.	Investment holding	100.00% (Note 6)	100.00% (Note 6)	—
The Company	Champion Microelectronic Corp.("CMC")	Research and development, design and manufacture and	30.00% (Note 7)	30.00% (Note 7)	—

Investor	Subsidiary	Main Businesses	Percentage of ownership (%)		
			31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
		technology consultation of power IC, field effect transistors and fast recovery diodes, international trade			
The Company	PANJIT JAPAN Co., Ltd.	Sale of electronic products	— (Note 10)	—	—
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Sale of electronic products	100.00%	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT EUROPE GMBH	Sale of electronic products	100.00%	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT AMERICAS, INC.	Sale of electronic products	95.86%	95.86%	95.86%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT ELECTRONIC (WUXI) CO., LTD.	Manufacture, and process of rectifier	100.00% (Note 2)	100.00% (Note 2)	100.00% (Note 2)
PAN-JIT ASIA INTERNATIONAL INC.	SUMNERGY CO., LTD.	Battery management system research, development, production and sales of technical services	— (Note 8)	— (Note 8)	70.00%
PAN-JIT ASIA INTERNATIONAL INC.	CONTINENTAL LIMITED	Investment holding	100.00%	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	DYNAMIC TECH GROUP LIMITED	Investment holding	100.00% (Note 2)	100.00% (Note 2)	100.00% (Note 2)
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT KOREA CO., LTD.	Sale of electronic products	60.00%	60.00%	60.00%
PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Investment holding and sale of photovoltaic products	94.43%	94.43%	94.43%

Investor	Subsidiary	Main Businesses	Percentage of ownership (%)		
			31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
PYNMAX TECHNOLOGY CO., LTD.	JOYSTAR INTERNATIONAL CO., LTD.	Investment holding	100.00%	100.00%	100.00%
DYNAMIC TECH GROUP LIMITED	MAX-DIODE ELECTRONIC., LTD.(SHENZHEN)	New types of electronics components and semiconductor controlled rectifier sales	100.00%	100.00%	100.00%
CONTINENTAL LIMITED	SUZHOU GRANDE ELECTRONICS CO., LTD.	Chip diodes, transistors and other new electronic semiconductor components and related products, sales of products and provide technical and after-sales service	100.00%	100.00%	100.00%
PANJIT ELECTRONIC (WUXI) CO., LTD	PANJIT Electronics (Beijing) Co., Ltd.	New types of electronic components, Semiconductor controlled rectifier sales	100.00%	100.00%	100.00%
PANJIT ELECTRONIC (WUXI) CO., LTD	PANJIT ELECTRONICS (SHANDONG) CO., LTD.	Manufacture semiconductor wafer for automobile, protection of discrete devices, integrated circuit chip packaged product	70.28%	70.28%	70.28%
PANJIT ELECTRONIC (WUXI) CO., LTD	PANJIT ELECTRONIC (QUFU) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	100.00%	100.00%	100.00%
PANJIT ELECTRONIC (WUXI) CO., LTD	PANJIT SEMICONDUCTOR	New types of electronic components,	100.00%	100.00%	100.00%

Investor	Subsidiary	Main Businesses	Percentage of ownership (%)		
			31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
	(XUZHOU) CO., LTD.	Semiconductor controlled rectifier sales			
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Investment holding and sales	100.00%	100.00%	100.00%
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE ENERGY EUROPE COÖPERATIE U.A.	Investment holding	— (Note 6)	— (Note 6)	100.00% (Note 4)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	JIANGSU AIDE SOLAR ENERGY TECHNOLOGY CO., LTD.	Solar photovoltaic product development, manufacturing, sales, self-agency of goods and technology import and export business	100.00%	100.00%	100.00%
AIDE ENERGY EUROPE COÖPERATIE U.A.	AIDE ENERGY EUROPE B.V.	Investment holding and sales	100.00%	100.00%	100.00%
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Solar power generation and sales of electricity	100.00%	100.00%	100.00%
Champion Microelectronic Corp.	Wisdom Bright Inc.	Investment holding	100.00% (Note 7)	100.00% (Note 7)	—
Champion Microelectronic Corp.	Champion Microelectronic Corp.	International trade business, investment holding and electronic commerce	100.00% (Note 7)	100.00% (Note 7)	—
Champion Microelectronic Corp.	Wisdom Mega Corp.	Investment holding	100.00% (Note 7)	100.00% (Note 7)	—
Wisdom Bright Inc.	Wisdom Toprich Technology Limited	Investment holding	100.00% (Note 7)	100.00% (Note 7)	—
Wisdom Toprich Technology Limited	Great Power Microelectronics Corp.	Electronic products development, product import, export, and wholesale business	100.00% (Note 7)	100.00% (Note 7)	—

- (Note 1) : The Company owned 81.97% of the shares with other subsidiaries, which are consolidated into the Company's financial statements.
- (Note 2) : PAN-JIT ASIA INTERNATIONAL INC. owned 100.00% of the shares with other subsidiaries, which are consolidated into the Company's financial statements.
- (Note 3) : PAN-JIT ASIA INTERNATIONAL INC. owned 91.71% of the shares with other subsidiaries, which are consolidated into the Company's financial statements.
- (Note 4) : AIDE ENERGY (CAYMAN) HOLDING CO., LTD. owned 100% of the shares with other subsidiaries, which are consolidated into the Company's financial statements.
- (Note 5) : The Company acquired the share of PYNMAX Technology Co., LTD which increased the percentage of ownership interests from 94.63% to 94.64%.
- (Note 6) : In April 2022, the Company acquired 100.00% shares of AIDE ENERGY EUROPE COÖPERATIE U.A. from AIDE ENERGY (CAYMAN) HOLDING CO., LTD., and AIDE SOLAR ENERGY (HK) HOLDING LIMITED.
- (Note 7) : In March 2022, the Company acquired 30.00% common shares of CMC. The Company occupied two seats on the board of directors in CMC shareholders' meeting on 27 May 2022. Meanwhile, the representative of the Company was appointed as chairman. On 6 June 2022, the chairman assigned the general manager. Although the percentage of ownership interests in CMC was less than 50%, the Company determined that it has control over CMC. This is due to a combination of factors including the fact that the Company remains the single largest shareholder of CMC since the inception of the investment; the Company could obtain proxies to achieve relative majority in absence of contractual arrangement and the ability of the Company to appoint or approve the key management personnel of CMC who have the ability to direct the related activities.
- (Note 8) : SUMNERGY CO., LTD has completed liquidation and deregistration in November 2022.
- (Note 9) : LIFETECH Energy Inc. has acknowledged the liquidation statements in the third shareholders' meeting in November 2022 and has applied for revoking the registration pending approval by the authority.
- (Note 10) : The company established PANJIT JAPAN Co., Ltd. in Japan in March 2023. However, as of March 31, 2023, the company only completed the establishment registration process, and the company has not yet remitted the share capital.

#### (4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

#### (5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) When the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the

proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period.
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including fixed-term deposits that have maturity within three months from the date of acquisition) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

#### A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a). the Group's business model for managing the financial assets and
- (b). the contractual cash flow characteristics of the financial asset.

##### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a). the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b). the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a). Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b). financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a). the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b). the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of

the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

**B. Impairments of financial assets**

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

#### C. Derecognition of financial assets

A financial asset is derecognized when:

- i. The rights to receive cash flows from the asset have expired
- ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

#### D. Financial liabilities and equity

##### Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

##### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

### Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

### Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

- i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### (9) Derivative instruments

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative.

#### (10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

#### (11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on weighted average cost basis

Finished goods and work in progress – Cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

## (12) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

## (13) Investments accounted for by equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro-rata basis.

When the associate issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the interest in the associate is

reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro-rata basis when the Group disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

#### (14) Property, Plant, and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation,

respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Assets	Useful life
Buildings	1~52 years
Machinery and equipment	1~15 years
Utilities equipment	1~13 years
Transportation equipment	1~10 years
Office equipment	1~10 years
Lease improvements	1~20 years
Other equipment	1~25 years

After initial recognition, items of property, plant, and equipment or any important component are derecognized and recognized as gain or loss if they are disposed of or are not expected to have an inflow of economic benefits due to use or disposal in the future.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. These changes are treated as accounting estimates.

#### (15) Lease

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset;
- and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative

stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

#### Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;

- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

#### Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straightline basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(16) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful life of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software	Technical skills	Other intangible assets	Patents
Useful life	Finite (1 ~ 10 years)	Finite (3 years)	Finite(1 ~ 10 years)	Finite (14 years)
Amortisation method used	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

#### (17) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro-rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

#### (18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the

reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

#### (19) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

#### (20) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

##### Sales of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is diode and rectifier and revenue is recognized based on the consideration stated in the contract.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. However, for some contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to transfers the goods subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, no significant financing component has arisen.

In contracts between the Group and its customers, the period during which the promised goods are delivered to the customer and the customer paid was not more than one year. Therefore, the Group didn't adjust the transaction price for the time value of money.

(21) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(22) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(23) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

#### (24) Share-based payment transactions

The cost of equity-settled transactions between the Group and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted shares issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

## (25) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings of the Company and its domestic subsidiaries is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

#### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the

manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pretax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

## (26) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired, and liabilities assumed are measured at acquisition date fair value.

For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition date fair value. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

##### 5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

## *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (a) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized on the balance sheet cannot be obtained from the active market, the fair value will be determined using evaluation techniques, including income method (such as discounted cash flow model) or market method. Assuming changes will affect the fair value of the reported financial instruments. Please refer to Note 12 for details.

### (b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

### (c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases.

(d) Revenue recognition - sales return and allowance

The Group estimates sales returns and discounts based on historical experience and other known reasons, and uses them as a deduction of operating income when the products are sold. The aforementioned estimates of sales returns and discounts are the cumulative revenue recognized in the major turnaround. The amount is highly probable that it will not occur on the basis of the previous withdrawal. Please refer to Note 6 for details.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(f) Trade receivables—estimation of impairment loss

The Group estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(g) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices may decline. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Notes 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Cash on hand	\$1,119	\$1,020	\$1,039
Checking, demand deposits and time deposits	1,852,616	3,032,548	2,046,682
Total	<u>\$1,853,735</u>	<u>\$3,033,568</u>	<u>\$2,047,721</u>

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

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Mandatorily measured at fair value through profit or loss:			
Financial products– structured deposits	\$110,775	\$—	\$450,600
Funds	2,204,136	2,550,358	3,002,285
Stocks	957	957	37,100
Notes and bills	965,265	460,650	687,000
Convertible bonds	29,275	19,500	17,225
Derivatives not designated as hedging instruments			
Forward exchange agreement and cross currency swap contractst	305	—	—
Total	<u>\$3,310,713</u>	<u>\$3,031,465</u>	<u>\$4,194,210</u>
Current	\$3,272,006	\$2,993,980	\$4,193,148
Non-current	38,707	37,485	1,062
Total	<u>\$3,310,713</u>	<u>\$3,031,465</u>	<u>\$4,194,210</u>

Financial assets at fair value through profit or loss were not pledged.

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

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Equity instrument investments measured at fair value through other comprehensive income – Non-current:			
Listed companies stocks	\$201,795	\$157,684	\$1,018,389
Unlisted companies stocks	365,243	364,205	279,257
Total	<u>\$567,038</u>	<u>\$521,889</u>	<u>\$1,297,646</u>

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets measured at amortized cost-Non-current

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Financial products	\$26,940	\$26,622	\$26,064

Financial assets measured at amortized cost were not pledged.

(5) Notes receivables

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Notes receivables arising from operating activities	\$644,750	\$352,859	\$831,286
Less: loss allowance	—	—	—
Total	<u>\$644,750</u>	<u>\$352,859</u>	<u>\$831,286</u>

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.(20) for more details on loss allowance and Note 12 for details on credit risk management

(6) Trade receivables and Trade receivables-related parties

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Trade receivables	\$4,675,008	\$4,866,504	\$5,687,440
Less: loss allowance	(1,488,238)	(1,506,344)	(1,421,817)
Subtotal	<u>3,186,770</u>	<u>3,360,160</u>	<u>4,265,623</u>
Trade receivables-related parties	<u>51,380</u>	<u>56,700</u>	<u>133,369</u>
Total	<u>\$3,238,150</u>	<u>\$3,416,860</u>	<u>\$4,398,992</u>

Trade receivables were not pledged.

The Group's credit period to customers is usually from 30 days to 120 days for monthly settlement. The total carrying amount as of March 31, 2023, December 31, 2022 and March 31, 2022 were NT\$4,726,388 thousand, NT\$4,923,204 thousand and NT\$5,820,809 thousand, respectively. Please refer to Note 6.(20) for more details on loss allowance of trade receivables for the three-month periods ended 31 March 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	2023.03.31	2022.12.31	2022.03.31
Raw materials	\$1,601,210	\$1,605,552	\$1,237,527
Work in process	495,326	459,375	228,584
Finished goods	1,675,610	1,689,338	1,257,082
Total	<u>\$3,772,146</u>	<u>\$3,754,265</u>	<u>\$2,723,193</u>

In the first quarter of 2023 and 2022, the Group recognized \$2,154,176 thousand and \$2,539,087 thousand, respectively, as cost of inventories, respectively. In addition to inventory costs, the inventory depreciation losses in 2023 and the first quarter of 2022 were respectively \$113,579 thousand and \$45,326 thousand.

No inventories were pledged.

(8) Investments accounted for using the equity method

Investees	2023.03.31		2022.12.31		2022.03.31	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
Zibo Micro Commercial Component Corp.	\$144,174	18.86%	\$147,300	18.86%	\$129,716	19.54%
MILDEX OPTICAL INC.	316,538	29.28%	315,359	29.28%	268,740	29.28%
Alltop Technology Co., Ltd.	1,587,055	19.18%	1,575,688	19.18%	1,633,841	19.17%
CHAMPION MICROELECTRONIC CORP.	—	—	—	—	1,951,220	30.00% (Notes)
	<u>\$2,047,767</u>		<u>\$2,038,347</u>		<u>\$3,983,517</u>	

(Note): In March 2022, the Company acquired 30.00% common shares of CMC. The Company occupied two seats on the board of directors in CMC shareholders' meeting on 27 May 2022. Meanwhile, the representative of the Company was appointed as chairman. On 6 June 2022, the chairman assigned the general manager. Although the percentage of ownership interests in CMC was less than 50%, the Company determined that it has control over CMC. This is due to a combination of factors including the fact that the Company remains the single largest shareholder of CMC since the inception of the investment; the Company could obtain proxies to achieve relative majority in absence of contractual arrangement and the ability of the Company to appoint or approve the key management personnel of CMC who have the ability to direct the related activities.

Information on the material associate of the Group:

Company Name: Alltop Technology Co., Ltd.

Nature of the relationship with the associate: ALLTOP TECHNOLOGY CO., LTD. is in the business of research and development, manufacturing and sale of connectors, primarily for servers, automotive and industrial application. Alltop's future development strategy aligns with the Group's targeted business areas. The Group invests in the company with an aim to integrate the resources of both companies, and expand business areas including servers, laptops, automotive, industrial and networking equipment. This is to create synergies between the two firms and to provide customers with more full-range products and services.

Fair value of the investment in the associate when there is a quoted market price for the investment: Alltop Technology Co., Ltd. is listed entity on the Taipei Exchange (TPEX). The fair value of the investment in Alltop Technology Co., Ltd. accounted for using the equity method amounted to \$1,595,416 thousand as of 31 March 2023.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	<u>2023.03.31</u>
Assets	\$4,018,408
Liabilities	<u>(1,410,654)</u>
Equity	2,607,754
Proportion of the Group's ownership	<u>19.18%</u>
Subtotal	500,167
Goodwill	988,226
Patent	71,908
Others (Note)	<u>26,754</u>
Carrying amount of the investment	<u><u>\$1,587,055</u></u>

(Note) The variance was because the conversion of the convertible bonds into common stocks occurred after acquisition date.

The aggregate financial information of the Group's investments in associates is as follows:

	For the three-month periods ended 31 March	
	2023	2022
Operating revenue	\$82,277	\$118,144
Profit from continuing operations	\$9,370	\$23,546
Other comprehensive income (post-tax)	\$1,997	\$15,482
Total comprehensive income	\$11,367	\$39,028

The Group's investments in ZIBO MICRO COMMERCIAL COMPONENT CORP. are not individually material. The aggregate carrying amount of the Group's interests in ZIBO MICRO COMMERCIAL COMPONENT CORP. is \$144,174 thousand, \$147,300 thousand and \$129,716 thousand as at 31 March 2023, 31 December 2022, and 31 March 2022. The aggregate financial information of the Group's investments in associates is as follows:

	For the three-month periods ended 31 March	
	2023	2022
Loss from continuing operations	(\$3,099)	(\$5,721)
Other comprehensive income (post-tax)	\$—	\$—
Total comprehensive income	(\$3,099)	(\$5,721)

The Group's investments in MILDEX OPTICAL INC. are not individually material. The aggregate carrying amount of the Group's interests in MILDEX OPTICAL INC. is \$316,538 thousand, \$315,359 thousand and \$268,740 thousand as at 31 March 2023, 31 December 2022, and 31 March 2022, respectively. The aggregate financial information of the Group's investments in associates is as follows:

	For the three-month periods ended 31 March	
	2023	2022
Profit from continuing operations	\$4,045	\$1,276
Other comprehensive income (post-tax)	(\$2,866)	\$15,277
Total comprehensive income	\$1,179	\$16,553

The share of the profit or loss of these associates accounted for using the equity method amounted to (\$3,099) thousand and (\$5,721) thousand for the three-month periods ended 31 March 2023 and 31 March 2022, respectively. These amounts were based on unreviewed financial statements of the investees.

The associates had no contingent liabilities or capital commitments, and no pledges as at 31 March 2023, 31 December, 2022, and 31 March, 2022.

(9) Property, Plant, and Equipment

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Owner occupied property, plant and equipment	\$7,585,280	\$7,329,947	\$5,637,269
Property, plant and equipment leased out under operating leases	81,024	81,346	—
Total	<u>\$7,666,304</u>	<u>\$7,411,293</u>	<u>\$5,637,269</u>

I. Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Utilities equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
<b>Cost:</b>										
As at 1 Jan. 2023	\$581,768	\$1,678,591	\$10,114,852	\$17,920	\$185,702	\$157,386	\$67,078	\$1,613,863	\$1,964,143	\$16,381,303
Additions	—	7,073	97,001	—	—	2,202	852	19,371	61,238	187,737
Disposals	—	—	(126,179)	—	—	(87)	—	(483)	—	(126,749)
Transfers	—	24,778	33,713	—	—	—	5,156	1,222	176,515	241,384
Exchange differences	(225)	2,841	15,381	24	—	142	824	2,767	204	21,958
As at 31 Mar. 2023	<u>\$581,543</u>	<u>\$1,713,283</u>	<u>\$10,134,768</u>	<u>\$17,944</u>	<u>\$185,702</u>	<u>\$159,643</u>	<u>\$73,910</u>	<u>\$1,636,740</u>	<u>\$2,202,100</u>	<u>\$16,705,633</u>
<b>Depreciation and impairment:</b>										
As at 1 Jan. 2023	\$—	(\$741,757)	(\$6,787,961)	(\$12,624)	(\$165,538)	(\$111,713)	(\$41,516)	(\$1,190,247)	\$—	(\$9,051,356)
Depreciation	—	(12,975)	(134,733)	(326)	(1,011)	(4,164)	(624)	(27,263)	—	(181,096)
Disposals	—	—	123,923	—	—	86	—	192	—	124,201
Impairment losses	—	—	52	—	—	—	—	—	—	52
Transfers	—	4,557	(326)	—	—	—	(4,669)	—	—	(438)
Exchange differences	—	(2,201)	(6,782)	(15)	—	(96)	(512)	(2,110)	—	(11,716)
As at 31 Mar. 2023	<u>\$—</u>	<u>(\$752,376)</u>	<u>(\$6,805,827)</u>	<u>(\$12,965)</u>	<u>(\$166,549)</u>	<u>(\$115,887)</u>	<u>(\$47,321)</u>	<u>(\$1,219,428)</u>	<u>\$—</u>	<u>(\$9,120,353)</u>

	Land	Buildings	Machinery and equipment	Transportation equipment	Utilities equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
<b>Cost:</b>										
As at 1 Jan. 2022	\$576,743	\$1,435,766	\$8,561,243	\$14,720	\$173,271	\$126,832	\$88,588	\$1,459,110	\$1,423,209	\$13,859,482
Additions	—	852	63,293	2,015	—	740	—	32,558	184,316	283,774
Disposals	—	—	(26,414)	(160)	—	(489)	—	(682)	—	(27,745)
Transfers	—	—	176,544	—	—	—	—	1,344	(25,770)	152,118
Effect of changes in consolidated	—	—	—	—	—	(431)	—	—	—	(431)
Exchange differences	77	22,520	69,810	489	—	1,626	1,823	18,593	5,394	120,332
As at 31 Mar. 2022	<u>\$576,820</u>	<u>\$1,459,138</u>	<u>\$8,844,476</u>	<u>\$17,064</u>	<u>\$173,271</u>	<u>\$128,278</u>	<u>\$90,411</u>	<u>\$1,510,923</u>	<u>\$1,587,149</u>	<u>\$14,387,530</u>
<b>Depreciation and impairment:</b>										
As at 1 Jan. 2022	\$—	(\$656,881)	(\$6,482,618)	(\$10,891)	(\$162,440)	(\$96,438)	(\$60,504)	(\$1,083,666)	\$—	(\$8,553,438)
Depreciation	—	(10,269)	(103,554)	(468)	(689)	(3,251)	(767)	(24,490)	—	(143,488)
Disposals	—	—	23,310	160	—	489	—	682	—	24,641
Impairment loss	—	—	58	—	—	—	—	—	—	58
Transfers	—	—	(403)	—	—	—	—	—	—	(403)
Effect of changes in consolidated	—	—	—	—	—	431	—	—	—	431
Exchange differences	—	(15,966)	(44,874)	(298)	—	(1,366)	(1,273)	(14,285)	—	(78,062)
As at 31 Mar. 2022	<u>\$—</u>	<u>(\$683,116)</u>	<u>(\$6,608,081)</u>	<u>(\$11,497)</u>	<u>(\$163,129)</u>	<u>(\$100,135)</u>	<u>(\$62,544)</u>	<u>(\$1,121,759)</u>	<u>\$—</u>	<u>(\$8,750,261)</u>
<b>Net carrying amount:</b>										
31 Mar. 2023	<u>\$581,543</u>	<u>\$960,907</u>	<u>\$3,328,941</u>	<u>\$4,979</u>	<u>\$19,153</u>	<u>\$43,756</u>	<u>\$26,589</u>	<u>\$417,312</u>	<u>\$2,202,100</u>	<u>\$7,585,280</u>
31 Dec. 2022	<u>\$581,768</u>	<u>\$936,834</u>	<u>\$3,326,891</u>	<u>\$5,296</u>	<u>\$20,164</u>	<u>\$45,673</u>	<u>\$25,562</u>	<u>\$423,616</u>	<u>\$1,964,143</u>	<u>\$7,329,947</u>
31 Mar. 2022	<u>\$576,820</u>	<u>\$776,022</u>	<u>\$2,236,395</u>	<u>\$5,567</u>	<u>\$10,142</u>	<u>\$28,143</u>	<u>\$27,867</u>	<u>\$389,164</u>	<u>\$1,587,149</u>	<u>\$5,637,269</u>

## II. Property, plant and equipment leased out under operating leases

	Land	Buildings	Total
<b>Cost:</b>			
As at 1 Jan. 2023	\$50,515	\$43,859	\$94,374
Exchange differences	—	111	111
As at 31 Mar. 2023	<u>\$50,515</u>	<u>\$43,970</u>	<u>\$94,485</u>
<b>Depreciation and impairment:</b>			
As at 1 Jan. 2023	\$—	(\$13,028)	(\$13,028)
Depreciation	—	(403)	(403)
Exchange differences	—	(30)	(30)
As at 31 Mar. 2023	<u>\$—</u>	<u>(\$13,461)</u>	<u>(\$13,461)</u>
<b>Net carrying amount as at:</b>			
31 Mar. 2023	<u>\$50,515</u>	<u>\$30,509</u>	<u>\$81,024</u>
31 Dec. 2022	<u>\$50,515</u>	<u>\$30,831</u>	<u>\$81,346</u>

Capitalized borrowing costs of construction in progress for the three-month periods ended 31 March 2023 and 2022 are both \$0.

There are no property, plant and equipment under pledge.

## (10) Intangible assets

	Computer software	Technical skills	Other intangible assets	Goodwill	Patents	Total
<b>Cost:</b>						
As at 1 Jan. 2023	\$174,304	\$445	\$167,102	\$1,946,341	\$62,227	\$2,350,419
Additions – acquired separately	500	—	346	—	—	846
Disposals	(408)	—	—	—	—	(408)
Exchange differences	26	2	1,768	(4,282)	—	(2,486)
As at 31 Mar. 2023	\$174,422	\$447	\$169,216	\$1,942,059	\$62,227	\$2,348,371
As at 1 Jan. 2022	\$156,146	\$—	\$156,725	\$576,744	\$—	\$889,615
Additions – acquired separately	8,991	193	632	—	—	9,816
Disposals	(4,000)	—	—	—	—	(4,000)
Transfers	—	—	514	—	—	514
Effect of changes in consolidated entity	(190)	—	—	—	—	(190)
Exchange differences	980	6	3,540	18,817	—	23,343
As at 31 Mar. 2022	\$161,927	\$199	\$161,411	\$595,561	\$—	\$919,098
<b>Amortization and impairment:</b>						
As at 1 Jan. 2023	(\$129,248)	(\$107)	(\$95,504)	(\$458,430)	(\$5,772)	(\$689,061)
Amortization	(7,749)	(38)	(2,978)	—	(1,304)	(12,069)
Disposals	408	—	—	—	—	408
Exchange differences	(25)	—	(966)	3,882	—	2,891
As at 31 Mar. 2023	(\$136,614)	(\$145)	(\$99,448)	(\$454,548)	(\$7,076)	(\$697,831)
As at 1 Jan. 2022	(\$107,113)	\$—	(\$82,573)	(\$481,551)	\$—	(\$671,237)
Amortization	(7,955)	(16)	(2,973)	—	—	(10,944)
Disposals	4,000	—	—	—	—	4,000
Effect of changes in consolidated entity	190	—	—	—	—	190
Exchange differences	(971)	—	(1,831)	(15,461)	—	(18,263)
As at 31 Mar. 2022	(\$111,849)	(\$16)	(\$87,377)	(\$497,012)	\$—	(\$696,254)
<b>Net Carrying Amount:</b>						
31 Mar. 2023	\$37,808	\$302	\$69,768	\$1,487,511	\$55,151	\$1,650,540
31 Dec. 2022	\$45,056	\$338	\$71,598	\$1,487,911	\$56,455	\$1,661,358
31 Mar. 2022	\$50,078	\$183	\$74,034	\$98,549	\$—	\$222,844

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended 31 March	
	2023	2022
Operating costs	\$3,215	\$3,722
Operating expenses	\$8,854	\$7,222

(11) Impairment test on goodwill

Goodwill acquired through business combinations have been allocated to two cash-generating units, which are also reportable and operating segments, for impairment testing as follows:

- (a) Diodes;
- (b) Power IC and components

Carrying amount of goodwill allocated to each of the cash-generating units:

	2023.03.31	2022.12.31	2022.03.31
Diodes	\$102,031	\$102,431	\$98,549
Power IC and components	1,385,480	1,385,480	—
Goodwill	\$1,487,511	\$1,487,911	\$98,549

Diodes

The Group tested goodwill for impairment at the end of the annual financial reporting period and the recoverable amount of the cash-generating units under the Discretionary segment has been determined based on value in use, which is calculated using cash flow projections from the five-year financial budgets approved by management. The cash flow forecast has been updated to reflect changes in demand for related products. In 2022, the pre-tax discount rate used in the cash flow forecast was between 12.34% and 13.38%. The growth rate is approximately equal to the long-term average growth rate of the industry. Based on the results of this analysis, the management believes that the goodwill allocated to this cash-generating unit has not been impaired.

Power IC and Components

The Group tested goodwill for impairment at the end of the annual financial reporting period and the recoverable amount of cash generated under the Power IC and Components segment has been determined based on value in use, which was calculated using cash flow projections from the five-year financial budgets approved by management. The cash flow forecast has been updated to reflect changes in demand for related products. In 2022, the pre-tax discount rate used in the cash flow forecast was 14.32%. The growth rate is approximately equal to the long-term average growth rate of the industry. Based on the results of this analysis, the management believes that the goodwill allocated to this cash-generating unit has not been impaired.

### Key assumptions used in value-in-use calculations

Gross margins – Gross margins are based on operating results and further average values achieved in the years preceding the start of the budget period.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group’s investors on capital, where the cost of liabilities is measured by the interest bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Growth rate estimation - Rates are based on published industry research.

### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the diodes, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

#### (12) Short-term borrowings

Details of the short loans are as follows:

	2023.03.31	2022.12.31	2022.03.31
Unsecured bank loans	\$3,002,954	\$2,769,949	\$4,259,392
Interest rate range	1.50% ~ 5.88%	1.10%~5.67%	0.40%~4.38%
Maturity date	2023.04.06-2024.02.10	2023.01.14-2023.09.22	2022.04.08-2023.02.10

The Group’s unused short-term lines of credits amount to \$10,847,140 thousand, \$10,916,631 thousand and \$6,598,204 thousand as of March 31, 2023, December 31, 2022, and March 31, 2022, respectively.

#### (13) Financial liabilities at fair value through profit or loss - current

	2023.03.31	2022.12.31	2022.03.31
Held for trading:			
Derivatives not designated as hedging Instruments			
Forward exchange agreement and cross currency swap contracts	\$217	\$ —	\$2,860

(14) Notes payable - current

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Notes payable arising from operating activities	\$393,690	\$605,905	\$713,967

(15) Long-term deferred revenue

	For the three-month periods ended 31 March	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$98,807	\$102,150
Addition	—	11,718
Recognized to the statement of comprehensive income	(4,170)	(3,706)
Exchange differences	382	2,824
ending balance	<u>\$95,019</u>	<u>\$112,986</u>

  

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Non-current deferred revenue - related to assets	\$95,019	\$98,807	\$112,986

Government grants have been received for the purchase of certain items of property, plant and equipment and land use right. There are no unfulfilled conditions or contingencies attached to these grants recognized to the statement of comprehensive income.

(16) Long-term borrowings

Details of the long-term loans are as follows:

Lenders	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Syndicated Loans (A) (Note)	\$2,000,000	\$3,700,000	\$1,200,000
Syndicated Loans (B)	33,150	32,720	531,149
Project loans (C)	548,167	585,541	598,000
Project loans (D)	887,500	900,000	900,000
Project loans (E)	1,006,250	1,050,000	1,050,000
Project loans (C)	73,333	78,333	93,333
Unsecured bank loans	1,400,000	200,000	1,390,000
Subtotal	<u>5,948,400</u>	<u>6,546,594</u>	<u>5,762,482</u>
(Less): Due within one year	(507,000)	(478,875)	(133,146)
(Less): Discount on long-term notes	(677)	—	(468)
(Less): Unamortized cost of syndicated loan	(6,527)	(7,552)	(6,090)
(Less): Deferred government grants	<u>(23,572)</u>	<u>(26,426)</u>	<u>(34,990)</u>
Total	<u>\$5,410,624</u>	<u>\$6,033,741</u>	<u>\$5,587,788</u>

  

Interest rates	1.40% ~ 3.60%	1.27%~2.84%	0.65% ~ 1.35%
----------------	---------------	-------------	---------------

(Note): In August 2021, the Company renewed the syndicated loan contract which it entered into in 2018 with 16 financial institutions, including the Land Bank of Taiwan.

(A) On 17 August 2021, the Company entered into a syndicated loan contract with 10 financial institutions and the amount of the loan facility was \$4,200,000 thousand for a period of five years starting from the first day the facility is drawn. The facility must be drawn within three months from the execution date of the contract, otherwise the maturity of the said three-month period shall be deemed the first drawdown day. The extract of terms of the contract as following:

- a. The total amount of the syndicated loan is NT\$4,200,000 thousand.
- b. Terms of the syndicated loan agreement:
  - i. Category 1: Medium-term loan up to \$4,200,000 thousand, which can be used cyclically in accordance with this contract.
  - ii. Category 2: Commercial paper of \$2,940,000 thousand, which can be used cyclically in accordance with this contract.
- c. The total amount of category 1 and category 2 shall not exceed the total amount of the syndicated loan.
- d. Terms of financial ratios:

Within the contract period, the Company is required to calculate annually the financial ratios and agree with assigned threshold based on the figures from audited consolidated financial report. Current ratio (current assets ÷ current liabilities): should not be less than 100%.

  - i. Current ratio (current asset / current liability): higher than 100%.
  - ii. Debt ratio (liability / equity): lower than 200%.
  - iii. Interest coverage ratio  $\left[ \frac{\text{net profit before tax} + \text{interest expense} + \text{depreciation} + \text{amortization}}{\text{interest expense}} \right]$
  - iv. Net worth: higher than NT\$5,300,000 thousand or USD equivalent.

(B) On 16 June 2022, the subsidiary, PAN-JIT ASIA INTERNATIONAL INC., entered into a syndicated loan contract with 11 financial institutions and the amount of the loan facility was US\$80,000 thousand for a period of five years starting from the first day the facility is drawn. The facility must be drawn within three months from the execution date of the contract, otherwise the maturity of the said three-month period shall be deemed the first drawdown day. The extract of terms of the contract are as followings:

- a. The method of this credit case is agreed as follows:

The line of credit of the medium-term loan is US \$80,000 thousand, which can be used as a revolving loan within the credit period.

Terms of financial ratios: Within the contract period, the Company should annually calculate the financial ratios and agree with the assigned figures based on the data from audited consolidated financial report.

- i. Current ratio (current assets ÷ current liabilities): higher than 100%.
- ii. Debt ratio (liability ÷ equity): lower than 200%.
- iii. Interest coverage ratio  $\left[ \frac{\text{net profit before tax} + \text{interest expense} + \text{depreciation} + \text{amortization}}{\text{interest expense}} \right]$  : higher than 2.5 times.
- iv. Equity: higher than NT\$5,300,000 thousand or USD equivalent.

Certain other non-current assets are pledged as first priority security for the secured syndicated loans, please refer to Notes 8 for more details.

(C) On 9 September 2019, the Company entered into a credit agreement with Taishin International Bank in the amount of NT\$600,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan.

The related terms are as following:

Credit line	Credit period	Interest rate	Repayment method
\$400,000	Seven years from the date of first drawdown	In accordance with the twoyear time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
\$200,000	Seven years from the date of first drawdown	In accordance with the twoyear time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(D) On 25 October 2019, the Company entered into a credit agreement with Chang HWA Bank in the amount of NT\$900,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan.

The related terms are as following:

Credit line	Credit period	Interest rate	Repayment method
\$600,000	Seven years from the date of first drawdown	In accordance with the twoyear time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
\$300,000	Seven years from the date of first drawdown	In accordance with the twoyear time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(E) On 1 November 2019, the Company entered into a credit agreement with First Commercial Bank in the amount of NT\$1,500,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit Line	Credit period	Interest rate	Repayment method
\$1,000,000	Seven years from the date of first drawdown	In accordance with the twoyear time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
\$500,000	Seven years from the date of first drawdown	In accordance with the twoyear time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(F) On 21 November 2021, the Company entered into a credit agreement with Land Bank in the amount of NT\$1,000,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

<u>Credit Line</u>	<u>Credit period</u>	<u>Interest rate</u>	<u>Repayment method</u>
\$700,000	Seven years from the date of first drawdown	In accordance with the twoyear time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
\$300,000	Seven years from the date of first drawdown	In accordance with the twoyear time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(17) After-retirement welfare program

Defined contribution plans

Expenses under the defined contribution plan for the three-month periods ended 31 March 2023 and 2022 were \$13,016 thousand and \$12,356 thousand, respectively.

Defined benefit plan

Expenses under the defined benefits plan for the three-month periods ended 31 March 2023 and 2022 were \$840 thousand and \$871 thousand, respectively.

(18) Equities

(a) Common stock

As at 31 March 2023, 31 December 2022 and 31 March 2022, the Company's authorized capital were \$6,000,000 thousand, and issued capital were both \$3,828,149 thousand, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

On 25 October 2021, the Company issued 50,000 thousand units of Global Depository Shares ("GDS") on the Luxembourg Stock Exchange, each representing a unit of ordinary shares of the Company. And totals in new issuance of 50,000 thousand common stock shares, each unit of GDS was priced at USD3.02, equivalent to NT\$84.5. Totals shares amounted to USD151,000 thousand. The rights and obligations of the new shares issued are the same as the original shares. As of March 31, 2023, there were no outstanding shares.

(b)Capital surplus

Items	2023.03.31	2022.12.31	2022.03.31
Additional paid-in capital	\$4,611,840	\$4,611,840	\$4,611,840
Premium on convertible bonds	1,083,418	1,083,418	1,083,418
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	95,779	95,779	165,215
Increase through changes in ownership interests in subsidiaries	8	8	4
Employee stock option	24,527	24,527	24,527
Restricted stocks for employees	694	694	694
Share of changes in net assets of associates accounted and joint ventures for using the equity method	112,617	113,444	99,431
Others	87,151	87,151	87,151
Total	\$6,016,034	\$6,016,861	\$6,072,280

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury stock

To transfer shares to employees, the board of directors resolved to repurchase treasury stock on 23 March 2020. The estimated shares of repurchase were 10,000 thousand with the price range between \$10.54 to \$34.50, from 24 March 2020 to 23 May 2020.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the treasury stock held by the Company were \$16,507 thousand, and the number of treasury stock held by the Company were 700 thousand shares.

(d)Earnings distribution and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues
- b. Offset prior years' operation losses

- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve
- d. Set aside or reverse special reserve in accordance with law and regulations
- e. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

According to the provision of Article 240-5 of the Company Act, the Company should authorize the distributable dividends and bonuses in whole or in part are paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

The policy of dividend distribution approved by the Board should reflect factors such as the operating planning, investment plan, capital budgets, the changes of inner and outer environment. The Company in capital-intensive industries are currently in the stage of expansion. Considering the Company's need for future capital and the long-term financial planning; as well as the shareholders' need for cash inflow, the principle of earning distribution:

The dividend to shareholders should be paid in the form of cash as priority, or in the form of share dividend. Additionally, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to the provision of Article 241 of the Company Act, the Company shall distribute the whole or a part of the statutory surplus reserve and capital surplus to shareholders in new shares or cash according to their shareholding percentage. When cash is distributed, a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company shall be required and reported to the shareholders meeting. When new shares are issued, it shall be submitted to the shareholders' meeting for approval before distribution.

When the Company distributing distributable earnings, it shall set aside to special reserve,

an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The special reserve upon first adoption amounted to \$200,400 thousand as of 1 January 2023 and 2022. Because of unused, disposal or reclassification of related assets, there was no reversal from special reserve to unappropriated earnings during the three-month periods ended of 31 March 2023 and 2022. As of 31 March 2023 and 2022, the special reverse upon first adoption amounted to \$200,400 thousand.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of directors meeting on 10 March 2023 and shareholders’ meeting on 14 July 2022, respectively, are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	\$223,603	\$177,599	\$ —	\$ —
Special reserve	\$ —	\$ —	\$ —	\$ —
Common stock -cash dividend (Note)	\$1,146,345	\$1,146,345	\$3.00	\$3.00

(Note): The Company resolved at the board of directors’ meeting held on 10 March 2023 and 25 March 2022 to distribute the dividends of 2022 and 2021 in form of cash.

Please refer to Note 6.(22) for details on employees’ compensation and remuneration to directors.

(e) Non-controlling interests

	For the three-month periods ended 31 March	
	2023	2022
Beginning balance	\$1,293,658	\$215,134
Profit (loss) attributable to non-controlling interests	24,614	7,339
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	2,340	4,441
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	1,154	(6,076)
Acquisition of additional interest in a subsidiary	–	(644)
Cash dividends from subsidiaries	(55,876)	–
Ending balance	\$1,265,890	\$220,194

(19) Operating revenue

Revenue from contracts with customers

	For the three-month periods ended 31 March	
	2023	2022
Sales of goods	\$2,861,324	\$3,715,528
Other operating revenue	1,110	610
Total	\$2,862,434	\$3,716,138

Analysis of revenue from contracts with customers during the three-month periods ended 31 March 2023 and 2022 are as follows:

(a) Disaggregation of revenue

For the three-month periods ended 31 March 2023:

	Diode	Power IC and components	Solar Energy	Total
Sales of goods	\$2,648,875	\$180,817	\$32,742	\$2,862,434

For the three-month periods ended 31 March 2022:

	Diode	Power IC and components	Solar Energy	Total
Sales of goods	\$3,667,803	\$–	\$48,335	\$3,716,138

(b) Contract balances

Contractual liabilities - current

	2023.03.31	2022.12.31	2022.03.31
Sales of goods	\$6,622	\$10,041	\$12,325

The changes in the balance of contract liabilities of the Group during the three-month periods ended 31 March 2023 and 2022 were due to the fact that some of the performance obligations have been satisfied to be reclassified to increase in revenue and some of the receipts in advance are returned due to unfulfilling performance obligations.

(20) Expected credit gains :

	For the three-month periods ended 31 March	
	2023	2022
Operating expenses - expected credit impairment gain		
Trade receivables	\$6,424	\$3,766

Please refer to Note 12 for more details on credit risk management.

The Group measures the loss allowance of its trade receivables (including note receivables, trade receivables and trade receivables-related parties) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of 31 March 2023, 31 December 2022 and 31 March 2022 are as follows:

The Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is measure by using a provision matrix, details as follows:

As at 31 Mar. 2023

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	\$3,605,424	\$294,213	\$1,977	\$10,119	\$1,459,405	\$5,371,138
Loss rate	—	8.68%	9.21%	30.73%	100.00%	
Lifetime expected credit losses	—	(25,541)	(182)	(3,110)	(1,459,405)	(1,488,238)
Total	\$3,605,424	\$268,672	\$1,795	\$7,009	\$—	\$3,882,900

As at 31 Dec. 2022

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	\$3,383,699	\$410,581	\$10,566	\$130	\$1,471,087	\$5,276,063
Loss rate	–	8.20%	14.19%	62.31%	100.00%	
Lifetime expected credit losses	–	(33,677)	(1,499)	(81)	(1,471,087)	(1,506,344)
Total	\$3,383,699	\$376,904	\$9,067	\$49	\$–	\$3,769,719

As at 31 Mar. 2022

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	\$4,813,206	\$454,538	\$1,655	\$–	\$1,382,696	\$6,652,095
Loss rate	–	8.53%	20.00%	–	100.00%	
Lifetime expected credit losses	–	(38,790)	(331)	–	(1,382,696)	(1,421,817)
Total	\$4,813,206	\$415,748	\$1,324	\$–	\$–	\$5,230,278

(Note): Notes receivable included. The Group's note receivables are not overdue.

The movement in the provision of impairment of trade receivables during the three-month periods ended 31 March 2023 and 2022 are as follows:

	Trade receivables
As at 1 Jan. 2023	\$1,506,344
Additional/(reversal) for the current period	(6,424)
Effect of changes in exchange rate	(11,682)
As at 31 Mar. 2023	\$1,488,238
As at 1 Jan. 2022	\$1,413,581
Additional/(reversal) for the current period	(3,766)
Write off	(6)
Effect of changes in consolidated	(34,664)
Effect of changes in exchange rate	46,672
As at 31 Mar. 2022	\$1,421,817

(21) Lease

Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment and other equipment. The lease terms range from 2 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2023.03.31	2022.12.31	2022.03.31
Land	\$80,828	\$81,273	\$73,644
House and building	216,188	225,467	261,590
Transportation equipment	3,220	3,230	1,253
Other equipment	981,747	986,206	1,012,932
Total	<u>\$1,281,983</u>	<u>\$1,296,176</u>	<u>\$1,349,419</u>

(b) Lease liabilities

	2023.03.31	2022.12.31	2022.03.31
Current	\$52,246	\$52,735	\$52,654
Non-current	312,523	321,641	350,313
Total	<u>\$364,769</u>	<u>\$374,376</u>	<u>\$402,967</u>

Please refer to Note 6.(23)(d) for the interest on lease liabilities recognized during the three-month periods ended 31 March 2023 and 2022 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amount recognized in statement of comprehensive income

Depreciation charge for right-of-use assets

	For the three-month periods ended 31 March	
	2023	2022
Land	\$808	\$671
Buildings	10,085	10,947
Transportation equipment	372	175
Other equipment	17,129	16,589
Total	<u>\$28,394</u>	<u>\$28,382</u>

C. Income and costs relating to leasing activities

	For the three-month periods ended 31 March	
	2023	2022
The expenses relating to short-term leases	\$3,509	\$2,366
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	\$169	\$72
The expenses relating to variable lease payments not included in the measurement of lease liabilities	\$16	\$62
Income from subleasing right-of-use assets	\$429	\$375

D. Cash outflow relating to leasing activities

During the three-month periods ended 31 March 2023 and 2022, the Group's total cash outflows for leases amounting to \$16,274 thousand and \$15,638 thousand, respectively.

E. Other information related to leasing activities

Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(22) The summary table of employee benefits, depreciation and amortization expenses by functions is as follows:

Function Nature	For the three-month periods ended 31 March					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Salaries	\$234,014	\$256,431	\$490,445	\$261,805	\$322,985	\$584,790
Labor and health insurance	\$34,567	\$22,832	\$57,399	\$34,413	\$19,009	\$53,422
Pension	\$7,543	\$6,313	\$13,856	\$8,034	\$5,193	\$13,227
Other employee benefits expenses	\$16,895	\$12,247	\$29,142	\$18,955	\$16,962	\$35,917
Depreciation	\$165,491	\$44,402	\$209,893	\$139,095	\$32,775	\$171,870
Amortization	\$3,215	\$8,854	\$12,069	\$3,722	\$7,222	\$10,944

According to the Company's Articles of Incorporation, 6% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered.

According to Article 235-1 of the Company Act, the Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the three-month periods ended 31 March 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors for the three-month periods ended 31 March 2023 to be 6% and 2%, respectively, recognized as employee benefit expense. As such, employees' compensation and remuneration to directors for the three-month periods ended 31 March 2023 amounted to \$10,356 thousand and \$2,753 thousand, respectively, recognized as employee benefits expense. Based on the profit of the three-month periods ended 31 March 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors for the three-month periods ended 31 March 2022 to be 6% and 2%, respectively, recognized as employee benefit expense. As such, employees' compensation and

remuneration to directors for the three-month ended 31 March 2022 amounted to \$48,248 thousand and \$16,083 thousand, respectively, recognized as employee benefits expense.

A resolution was passed at the board meeting on 10 March 2023 to distribute dividend in cash in the amount of \$137,375 thousand and \$35,000 thousand for the year end 2022. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2022.

(23) Non-operating income and expenses

(a) Interest income

	For the three-month periods ended 31 March	
	2023	2022
Financial asset measured at amortized cost	\$32,043	\$29,688

(b) Other income

	For the three-month periods ended 31 March	
	2023	2022
Rental income	\$1,346	\$379
Dividend income	–	828
Other	23,333	28,113
Total	\$24,679	\$29,320

(c) Other gains or losses

	For the three-month periods ended 31 March	
	2023	2022
Gains (losses) on disposal of property, plant, and equipment	(\$316)	\$1,346
Gains (Losses) on disposal of investments	–	72,787
Foreign exchange gains, net	(14,290)	11,946
Gain on reversal impairment loss	52	58
(Losses) on financial assets / financial liabilities at fair value through profit or loss (Note)	33,621	9,418
Others	(1,242)	(4,507)
Total	\$17,825	\$91,048

(Note): Balances were arising from financial assets and financial liabilities mandatorily measured at fair value through profit or loss.

(d) Financial costs

	For the three-month periods ended 31 March	
	2023	2022
Interest on borrowings from bank	(\$49,297)	(\$21,190)
Interest on lease liabilities	(4,397)	(4,110)
Total	(\$53,694)	(\$25,300)

(24) Components of other comprehensive income

For the three-month periods ended 31 March 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	After-tax amount
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	\$42,873	\$—	\$42,873	(\$41)	\$42,832
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(4,416)	—	(4,416)	—	(4,416)
Total	\$38,457	\$—	\$38,457	(\$41)	\$38,416

For the three-month periods ended 31 March 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	After-tax amount
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	(\$154,152)	\$-	(\$154,152)	\$12	(\$154,140)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	329,838	-	329,838	-	329,838
<b>Total</b>	<b>\$175,686</b>	<b>\$-</b>	<b>\$175,686</b>	<b>\$12</b>	<b>\$175,698</b>

(25) Income tax

Components of the income tax expense (income) for the three-month periods ended 31 March 2023 and 2022 are as follows:

(a) Income tax expense (income) recognized in profit or loss

	For the three-month periods ended 31 March	
	2023	2022
Current income tax expense:		
Current income tax charge	\$35,733	\$144,804
Adjustments in respect of current income tax of prior periods	(644)	(11,446)
Deferred tax expenses:		
Deferred tax expense relating to origination and reversal of temporary differences	(7,745)	2,639
Others	(35)	(1,124)
<b>Total income tax expense</b>	<b>\$27,309</b>	<b>\$134,873</b>

(b) Income tax relating to components of other comprehensive income

	<u>For the three-month periods ended 31 March</u>	
	<u>2023</u>	<u>2022</u>
Deferred income tax expense (income):		
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	\$41	(\$12)

(c) The assessment of income tax returns

As of 31 March 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2019
Pynmax Technology Co., Ltd.	Assessed and approved up to 2020
Lifetech Energy Inc.	Assessed and approved up to 2022 (Note)
Aide Energy (Cayman) Holding Co., Ltd. Taiwan Branch	Assessed and approved up to 2021
Champion Microelectronic Corp.	Assessed and approved up to 2020

(Note): LIFETECH ENERGY INC filed a liquidation report with the tax authorities in November 2022 and has obtained approval for the liquidation as of the financial reporting date, and the liquidation process has not yet been completed.

(26) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the three-month periods ended 31 March	
	2023	2022
(A) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$130,369	\$612,251
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	382,115	382,115
Basic earnings per share (NT\$)	\$0.34	\$1.60
(B) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company and effect of potential common shares (in thousand NT\$)	\$130,369	\$612,251
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	382,115	382,115
Effect of dilution:		
Employee compensation – stock (in thousands)	1,663	1,900
Weighted average number of ordinary shares outstanding after dilution (in thousands)	383,778	384,015
Diluted earnings per share (NT\$)	\$0.34	\$1.59

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements authorized for issue.

#### 7. Related party transactions

The following is a summary of transactions between the Company and related parties during the reporting periods:

##### Name and Relationship of Related Parties

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Zibo Micro Commercial Component Corp.	Associated Enterprises
MILDEX OPTICAL INC.	Associated Enterprises
Mildex OPTOELECTRONICS(XUZHOU) Co., Ltd.	Associated Enterprises
MILDEX OPTICAL USA, INC.	Associated Enterprises
Mr. FANG, MIN-QING etc. of 14 individuals	The management level above Deputy general manager of the Group

(1) Sales

	<u>For the three-month periods ended 31 March</u>	
	<u>2023</u>	<u>2022</u>
Zibo Micro Commercial Component Corp.	\$41,319	\$101,405
Other	10	14
Total	<u>\$41,329</u>	<u>\$101,419</u>

The sales price to the related parties was determined through mutual agreement in reference to market conditions. The collection periods to related parties were month-end 90 days, and non-related parties were month-end 30~120 days. The outstanding payment at the end of the year were not pledged, interest-free and subject to pay in cash.

(2) Purchase

	<u>For the three-month periods ended 31 March</u>	
	<u>2023</u>	<u>2022</u>
Zibo Micro Commercial Component Corp.	<u>\$78,722</u>	<u>\$174,898</u>

The purchase price from the related parties was determined through mutual agreement in reference to market conditions. The payment periods to related parties were the same with other company and were 30~90 days.

(3) Receivables -related parties

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Zibo Micro Commercial Component Corp.	\$51,370	\$56,700	\$133,353
Other	10	–	16
Total	<u>\$51,380</u>	<u>\$56,700</u>	<u>\$133,369</u>

(4) Other receivable - related parties (not loans)

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
MILDEX OPTICAL USA, INC.	\$2,565	\$2,299	\$3,016
MILDEX OPTICAL INC.	1,052	1,053	–
Zibo Micro Commercial Component Corp.	–	–	259
Total	<u>\$3,617</u>	<u>\$3,352</u>	<u>\$3,275</u>

(5) Payables - related parties

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Zibo Micro Commercial Component Corp.	<u>\$73,703</u>	<u>\$59,068</u>	<u>\$192,712</u>

(6) Other payables - related parties (non-loans)

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
MILDEX OPTOELECTRONICS(XUZHOU) CO.,LTD.	\$38,054	\$37,856	\$38,698
Other	80	47	–
	<u>\$38,134</u>	<u>\$37,903</u>	<u>\$38,698</u>

(7) Lease liabilities - related parties

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
MILDEX OPTOELECTRONICS(XUZHOU) CO., LTD.	\$196,408	\$200,121	\$218,773

(8) Rental income

	<u>For the years ended 31 March</u>	
	<u>2023</u>	<u>2022</u>
MILDEX OPTICAL USA, INC.	<u>\$429</u>	<u>\$375</u>

The rental price to the related parties was determined through mutual agreements in reference to market conditions.

(9) Key management personnel compensation

	<u>For the years ended 31 March</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$21,867	\$42,547
Post-employment benefits	179	152
Total	<u>\$22,046</u>	<u>\$42,699</u>

As at 31 March 2023 and 2022, certain key management personnel were joint guarantors for the Group's borrowings from financial institutions.

8. Assets pledged as security

The following assets of the Group have been provided as collateral:

Items	Carrying amount			Secured liabilities details
	2023.03.31	2022.12.31	2022.03.31	
Other current assets	\$16,671	\$24,184	\$24,218	Financial products trade
Other non-current assets	1,024	1,024	5,204	Long-term borrowings, performance guarantee
Refundable deposits	836	834	–	Performance guarantee
Total	<u>\$18,531</u>	<u>\$26,042</u>	<u>\$29,422</u>	

9. Significant contingencies and unrecognized contractual commitments

As of March 31, 2023, and 2022, the Group provided a guaranteed deposit for customs in the amount of NT\$12,563 thousand and NT\$12,000.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) Categories of financial instruments

Financial assets

	2023.03.31	2022.12.31	2022.03.31
Financial assets at fair value through profit or loss:			
Mandatorily measured at Fair value through profit or loss	\$3,310,713	\$3,031,465	\$4,194,210
Financial assets at fair value through other comprehensive income	567,038	521,889	1,297,646
Financial assets measured at amortized cost	6,606,634	7,776,583	8,111,827
Total	<u>\$10,484,385</u>	<u>\$11,329,937</u>	<u>\$13,603,683</u>

Financial liabilities

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Financial liabilities measured at amortized cost:			
Short-term borrowings	\$3,002,954	\$2,769,949	\$4,259,392
Trade and other payables	4,319,679	3,946,538	5,466,044
Long-term borrowings (including current portion)	5,917,624	6,512,616	5,720,934
Lease liabilities	<u>364,769</u>	<u>374,376</u>	<u>402,967</u>
Subtotal	<u>\$13,605,026</u>	<u>\$13,603,479</u>	<u>15,849,337</u>
Financial liabilities at fair value through profit or loss:			
Held for trading	<u>217</u>	<u>-</u>	<u>2,860</u>
Total	<u><u>\$13,605,243</u></u>	<u><u>\$13,603,479</u></u>	<u><u>\$15,852,197</u></u>

## (2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

## (3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

### Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD, EUR, RMB and JPY.

### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps.

### Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

The sensitivity analysis of the change in the risk of exposure :

For the three-month periods ended 31 March 2023

Risk	Change		Sensitivity to gain or loss ( thousand)	Equity attribute (thousand)
Foreign currency	NTD/USD exchange rate +/- 1%	+/-	\$7,594	—
	NTD/EUR exchange rate +/- 1%	-/+	\$1,638	—
	NTD/CNY exchange rate +/- 1%	+/-	\$80	—
	NTD/JPY exchange rate +/- 1%	+/-	\$82	—
Interest Rate	NTD market interest rate +/- 100 basis points	-/+	\$70,981	—
Equity Price	Equity price +/- 10%	+/-	\$319,869	\$56,800

For the three-month periods ended 31 March 2022

Risk	Change		Sensitivity to gain or loss ( thousand)	Equity attribute (thousand)
Foreign currency	NTD/USD exchange rate +/- 1%	+/-	\$4,567	—
	NTD/EUR exchange rate +/- 1%	-/+	\$4,198	—
Interest Rate	NTD market interest rate +/- 100 basis points	-/+	\$79,747	—
Equity Price	Equity securities price +/- 10%	+/-	\$370,652	\$133,475

#### (4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 March 2023, 31 December 2022 and 31 March 2022, trade receivables from top ten customers represent 15%, 14% and 20% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

#### (5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

#### Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Mar. 2023					
Loans	\$3,564,578	\$3,475,212	\$2,047,390	\$–	\$9,087,180
Trade and other payables	\$4,319,679	\$–	\$–	\$–	\$4,319,679
Lease liabilities	\$64,754	\$105,412	\$92,085	\$159,546	\$421,797
As at 31 Dec. 2022					
Loans	\$3,308,611	\$271,007	\$5,877,837	\$–	\$9,457,455
Trade and other payables	\$3,946,538	\$–	\$–	\$–	\$3,946,538
Lease liabilities	\$65,651	\$108,789	\$91,338	\$168,317	\$434,095
As at 31 Mar. 2022					
Loans	\$4,432,230	\$1,962,735	\$3,705,323	\$–	\$10,100,288
Trade and other payables	\$5,466,044	\$–	\$–	\$–	\$5,466,044
Lease liabilities	\$66,580	\$116,443	\$94,566	\$194,343	\$471,932

Derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Mar. 2023					
Forward foreign exchange contracts - inflows	\$78,577	\$-	\$-	\$-	\$78,577
Forward foreign exchange contracts - outflows	(\$78,489)	\$-	\$-	\$-	(\$78,489)
As at 31 Dec. 2022: None.					
As at 31 Mar. 2022					
Forward foreign exchange contracts - inflows	\$273,031	\$-	\$-	\$-	\$273,031
Forward foreign exchange contracts - outflows	(\$275,892)	\$-	\$-	\$-	(\$275,892)

The table above contains the undiscounted cash flows of derivative financial liabilities.

## (6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month periods ended 31 March 2023:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As at 1 Jan. 2023	\$2,769,949	\$6,512,616	\$374,376	\$9,656,941
Cash flows	231,669	(595,731)	(16,274)	(380,336)
Non-cash changes	-	995	6,936	7,931
Foreign exchange movement	1,336	(256)	(269)	811
As at 31 Mar. 2023	\$3,002,954	\$5,917,624	\$364,769	\$9,285,347

Reconciliation of liabilities for the three-month periods ended 31 March 2022:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As at 1 Jan. 2022	\$3,219,218	\$4,584,252	\$403,903	\$8,207,373
Cash flows	1,032,019	1,130,394	(15,638)	2,146,775
Non-cash changes	-	(11,298)	3,207	(8,091)
Foreign exchange movement	8,155	17,586	11,495	37,236
As at 31 Mar. 2022	\$4,259,392	\$5,720,934	\$402,967	\$10,383,293

(7) Fair value of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities is determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- A. The carrying amount of cash and cash equivalents, financial assets measured at amortized cost, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.
- C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- D. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- E. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost is a reasonable approximation of the fair value.

(c) Information about the fair value level of financial instruments

Please refer to Note 12.(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative instruments

The Group's derivative financial instruments include forward currency contracts and option contracts. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 March 2023, 31 December 2022 and 31 March 2022 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The paragraphs below list the information related to forward currency contracts:

	<u>Items</u>	<u>Contract amount (thousand)</u>	<u>Maturity date</u>
<u>As at 31 Mar. 2023</u>			
PAN JIT INTERNATIONAL INC.	Forward currency contract	Sell USD \$1,420	10 April 2023
	Forward currency contract	Sell EUR \$650	19 April 2023~ 9 May 2023
Pynmax Technology Co., Ltd. (Subsidiary)	Forward currency contract	Sell USD 450	08 May 2023
<u>As at 31 Dec. 2022:</u>	None.		
<u>As at 31 Mar. 2022</u>			
PANJIT INTERNATIONAL INC.	Forward currency contract	Sell USD 8,300	13 April 2022~ 21 June 2022
	Forward currency contract	Sell EUR 1,200	29 April 2022~ 9 June 2022

The counterparties of aforementioned derivatives are well-known banks at domestic and abroad, with good credit, so the credit risk is low.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

#### (9) Fair value level

##### (a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization at the end of each reporting period.

##### (b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 Mar. 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Fund	\$-	\$2,204,136	\$-	\$2,204,136
Stocks	\$957	\$-	\$-	\$957
Financial products– structured deposit	\$-	\$-	\$110,775	\$110,775
Convertible Bond	\$-	\$-	\$29,275	\$29,275
Notes	\$-	\$965,265	\$-	\$965,265
Forward currency contract	\$-	\$305	\$-	\$305
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$201,795	\$365,243	\$-	\$567,038
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward currency contracts	\$-	\$217	\$-	\$217

As at 31 Dec. 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Fund	\$-	\$2,550,358	\$-	\$2,550,358
Notes	\$-	\$460,650	\$-	\$460,650
Stocks	\$957	\$-	\$-	\$957
Convertible Bond	\$-	\$-	\$19,500	\$19,500
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$157,684	\$364,205	\$-	\$521,889

As at 31 Mar. 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value				
Financial assets measured at fair value through profit or loss				
Fund	\$–	\$3,002,285	\$–	\$3,002,285
Stocks	\$37,100	\$–	\$–	\$37,100
Financial products– structured deposit	\$–	\$–	\$450,600	\$450,600
Convertible Bond	\$–	\$–	\$17,225	\$17,225
Notes	\$–	\$687,000	\$–	\$687,000
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$1,018,389	\$279,257	\$–	\$1,297,646
Liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss				
Forward currency contract	\$–	\$2,860	\$–	\$2,860

Transfers between Level 1 and Level 2 during the period

During the three-month periods ended 31 March 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements

Changes in recurring fair value at level 3

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	<u>Financial assets measured at fair value through profit or loss</u>	
	<u>Structured deposit</u>	<u>Convertible Bond</u>
Beginning balances as of 1 January 2023	\$–	\$19,500
Total gains and losses recognized for the three-month periods ended 31 Mar. 2023:		
Amount recognized in profit or loss (presented in “other profit or loss”)	–	–
Acquisition/issues	110,779	9,775
Disposal/settlements	–	–
Exchange differences	(4)	–
Ending balances as of 31 March 2023	<u>\$110,775</u>	<u>\$29,275</u>

	Financial assets measured at fair value through profit or loss	
	Structured deposit	Convertible Bond
Beginning balances as of 1 January 2022	\$–	\$–
Total gains and losses recognized for the three-month periods ended 31 March 2022:		
Amount recognized in profit or loss (presented in “other profit or loss”)	–	-
Acquisition/issues	448,292	17,225
Disposal/settlements	–	–
Exchange differences	2,308	–
Ending balances as of 31 March 2022	\$450,600	\$17,225

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	31 Mar. 2023		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$74,181	30.4500	\$2,258,799
EUR	\$3,110	33.1500	\$103,103
RMB	\$1,872	4.4310	\$8,294
JPY	\$36,395	0.2288	\$8,327
<u>Financial liabilities</u>			
Monetary items:			
USD	\$49,243	30.4500	\$1,499,437
EUR	\$8,053	33.1500	\$266,943
RMB	\$72	4.4310	\$318
JPY	\$338	0.2288	\$77

	31 Dec. 2022		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$82,130	30.7100	\$2,522,204
EUR	\$4,169	32.7200	\$136,397
RMB	\$29,963	4.4080	\$132,076
<u>Financial liabilities</u>			
Monetary items:			
USD	\$37,631	30.7100	\$1,155,645
EUR	\$11,449	32.7200	\$374,619
RMB	\$1,159	4.4080	\$5,110

	31 Mar. 2022		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$101,439	28.6250	\$2,903,690
EUR	\$5,438	31.9200	\$173,595
HKD	\$2,751	3.6560	\$10,059
RMB	\$13,314	4.5060	\$59,994
<u>Financial liabilities</u>			
Monetary items:			
USD	\$85,485	28.6250	\$2,447,003
EUR	\$18,589	31.9200	\$593,369
RMB	\$13,980	4.5060	\$62,993

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group's functional currency are various, and hence is not able to disclose the information of exchange gains and losses by each significant assets and liabilities denominated in foreign currencies. The exchange (loss) gains of monetary financial assets and liabilities was (\$14,290) thousand and \$11,946 thousand for the three-month periods ended 31 March 2023 and 2022, respectively.

#### (11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

### 13. Other disclosures

#### (1) Information about significant transactions:

- (a) Financing provided to others: Please refer to Attachment 1.
- (b) Endorsement/Guarantee for others: Please refer to Attachment 2.
- (c) Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures): Please refer to Attachment 3.
- (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock: Please refer to Attachment 4.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock: Please refer to Attachment 5.
- (i) Financial instruments and derivative transactions: Please refer to Note 12(8).
- (j) Business relationships and significant transactions and amount between parent company and subsidiaries and among subsidiaries: Please refer to Attachment 8.

#### (2) Information of investees :

If the issuer directly or indirectly exercises significant influence or control over, or has a joint venture interest in, an investee company not in the Mainland Area, it shall disclose information on the investee company, showing the name, location, principal business activities, original investment amount, shareholding at the end of the period, profit or loss for the period, and recognized investment gain or loss: Please refer to Attachment 6.

#### (3) Information on Investment in Mainland China:

- (a) Information on investment in Mainland China: Please refer to Attachment 7.
- (b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss:
  - i. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to Attachment 4.
  - ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to Attachment 4~5.
  - iii. The amount of property transactions and the amount of the resultant gains or losses: None.
  - iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral

- at the end of the period and the purposes: Please refer to Attachment 2.
- v. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please refer to Attachment 1.
- vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position: none.

(4) Information on Major Shareholders: Attachment 9.

#### 14. Segment Information

For management purposes, the Group is consisted of business units on the basis of product characteristics and services, and has four reportable operating segments as follows:

- (1) Diodes: Manufacture and sale the wafers, power components and control module.
- (2) Power IC and components: research and development, design and manufacture and technology consultation of power IC, field effect transistors and fast recovery diodes.
- (3) Solar: Sales of electricity.
- (4) Others: Lithium battery management system designed and manufactured.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured on the same basis with those in the consolidated financial statements. However financial cost, financial income and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties

	For the three-month periods ended 31 March 2023					
	Diodes	Power IC and components	Solar	Others	Adjustment	Total
Revenue						
External customers	\$2,648,875	\$180,817	\$32,742	\$-	\$-	\$2,862,434
Inter-segment	-	383	-	-	(383)	-
Total revenue	\$2,648,875	\$181,200	\$32,742	\$-	(\$383)	\$2,862,434
Segment profit (loss)	\$119,862	\$33,879	(\$2,618)	\$-	\$31,169	\$182,292

- (a) Inter-segment revenues were eliminated on consolidation.
- (b) The profit for each operating segment did not include non-operating income and expenses in the amount of \$31,169 thousand and income tax expense in the amount of \$27,309 thousand. Segment profit included inter-segment sales of \$0 and non-operating income and expenses

of \$31,169 thousand.

	For the three-month periods ended 31 March 2022					
	Diodes	Power IC and components	Solar	Others	Adjustment	Total
Revenue						
External customers	\$3,667,803	\$–	\$48,335	\$–	\$–	\$3,716,138
Inter-segment	–	–	–	–	–	–
Total revenue	\$3,667,803	\$–	\$48,335	\$–	\$–	\$3,716,138
Segment profit (loss)	\$594,879	\$–	\$12,841	(\$86)	\$146,829	\$754,463

(a) Inter-segment revenues were eliminated on consolidation.

(b) The profit for each operating segment did not include non-operating income and expenses in the amount of \$146,829 thousand and income tax expense in the amount of \$134,873 thousand. Segment profit included inter-segment sales of \$0 and non-operating income and expenses of \$146,829 thousand.

As of 31 March 2023, 31 December 2022 and 31 March 2022, the assets and liabilities of reportable segment information were as follows:

#### Assets by Operating Segments

	Diodes	Power IC and components	Solar	Others	Adjustment	Total
2023.03.31						
Assets	\$16,819,251	\$693,789	\$1,138,058	\$–	\$9,550,614	\$28,201,712
2022.12.31						
Assets	\$16,426,178	\$673,084	\$1,170,538	\$–	\$10,897,046	\$29,166,846
2022.03.31						
Assets	\$17,770,940	\$–	\$1,152,736	\$–	\$10,451,106	\$29,374,782

#### Liabilities by Operating Segments

	Diodes	Power IC and components	Solar	Others	Adjustment	Total
2023.03.31						
Liabilities	\$10,726,205	\$52,338	\$203,150	\$–	\$3,320,433	\$14,302,126
2022.12.31						
Liabilities	\$11,501,440	\$38,572	\$199,583	\$–	\$2,518,016	\$14,257,611
2022.03.31						
Liabilities	\$13,046,448	\$–	\$208,754	\$346	\$3,373,808	\$16,629,356

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)  
(Only reviewed, not verified by generally accepted auditing standards)  
(Unit: NT\$ thousands, unless otherwise indicated)  
Financing provided to others

Attachment 1

No. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related party	Maximum balance for the period	Ending balance (Note 6)	Actual amount provided	Interest rate	Nature of Financing (Note 3)	Amount of sales to (purchases from) counter-party (Note 4)	Reason for Financing (Note 5)	Loss Allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	Note
													Item	Value			
0	PANJIT International Inc.	EC SOLAR C1 SRL	Other receivables	Yes	\$329,700	\$281,775	\$225,420	3.00%	Short-term financing	-	Operating turnover	-	-	-	\$5,053,478	\$5,053,478	(Note 7, 10)
1	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	911,320	899,212	899,212	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,606,285	7,933,827	(Note 8, 10)
1	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT International Inc.	Other receivables	Yes	555,480	548,100	173,565	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,606,285	7,933,827	(Note 8, 10)
2	Suzhou Grande Electronics Co. Ltd.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	427,620	419,479	419,479	3.00%	Short-term financing	-	Operating turnover	-	-	-	1,212,701	1,212,701	(Note 9, 10)
Total						\$2,148,566	\$1,717,676										

(Note 1): The numbering rule is as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2): Accounts receivable from associates, accounts receivable from related parties, shareholder transactions, advance payments, temporary payments... and other items, if they are in the nature of capital loans, must be filled in this form.

(Note 3): The nature of the fund loan should be listed as a business transaction or a short-run financing need.

(Note 4): If the nature of the fund loan is a business transaction, the business transaction amount should be filled in. The business transaction amount refers to the amount of business transactions between the Company that lent the fund and the counterparty in the most recent year.

(Note 5): If the nature of the fund loan is short-run financing, the counterparty's reasons and the purpose for the loan should be specified, such as repayment of borrowings, purchase of equipment, business turnover... etc.

(Note 6): Pursuant to Article 14 Item 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, if a public company submits a capital loan to the Board of Directors for resolutions one by one, although the funds have not yet been allocated, the amount of the board of directors' resolutions should be included in the balance declared to expose the risk; however, if the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. Pursuant to Article 14 Item 2 of the Regulations, if a public company, through the resolution by the board of directors, authorizes the chairman of the board to allocate loans in installments or revolve them within a certain amount and within a one-year period, the capital loan and quota approved by the board of directors should still be used as the balance declared. Although the funds will be repaid thereafter, it is still possible to allocate the loan again, so the capital loan and quota approved by the board of directors should still be used as the balance declared.

(Note 7): For companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others by the Company shall not exceed 40% of the Company's net worth.

(1) PANJIT International Inc.: The net worth is NT\$12,633,696 thousand.

(Note 8): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions. However, the individual loan amount and the total amount of funds loaned to others shall not exceed 50% and 110% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT ASIA INTERNATIONAL INC.: The net worth is USD236,866 thousand, which is converted into NT\$7,212,570 thousand.

(Note 9): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" and "Capital Loan to Others Processing Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,

It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 150% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) Suzhou Grande Electronics Co., Ltd.: The net worth is RMB182,457 thousand, which is converted into NT\$808,467 thousand.

(Note 10): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT\$ thousands, unless otherwise indicated)

Endorsement/guarantee for others

Attachment 2

No. (Note 1)	Endorsor/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided (Note 6)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)	Note
		Company name	Relationship (Note 2)											
0	PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	2	\$12,633,696	\$2,468,800	\$2,436,000	\$2,436,000	-	19.28%	\$12,633,696	Y	N	N	(Note 8)

(Note 1): The numbering rule is as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2): The relationship between endorsement guarantor and the subject of endorsement or guarantee is as follows:

- (1) A company with which the Company has business relationship.
- (2) A subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares.
- (3) The investee company whose parent company and subsidiary hold more than 50% of the common stock.
- (4) For the parent company that directly or indirectly holds more than 90% of its common stock equity through its subsidiaries.
- (5) Mutually guaranteed companies among counterparts based on the need for undertaking projects.
- (6) All capital contributing shareholders make endorsements/guarantees for their jointly invested Company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 3): Information to be filled out: According to the operating procedures of endorsement and guarantee for others, the Company's limit of endorsement/guarantee for individuals and the maximum amount of endorsement/guarantee. In the remarks column, explain the calculation method of the endorsement/guarantee for individuals and the total amount.

(Note 4): Highest amount of outstanding endorsement/guarantee for others in current period.

(Note 5): The amount approved by the Board of Directors should be filled. However, if according to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the Board of Directors has authorized the chairman, it refers to the amount decided by the chairman.

(Note 6): The actual amount spent by the endorsed company within the range of the endorsed guarantee balance.

(Note 7): Y is required only for those who are the listed parent company to endorse the subsidiary, those who are the subsidiary to endorse the listed parent company, and those who are located in the mainland area.

(Note 8): According to the Company's "Procedures for Endorsement and Guarantee", the limit of the endorsement and guarantee for a single enterprise shall not exceed 100% of the Company's net worth (ie, NT\$12,633,696 thousand); The total amount of endorsement and guarantees for enterprises outside the Group shall not exceed 100% of the Company's net worth.

## Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT\$ thousands, unless otherwise indicated)

Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

Attachment 3

Unit: USD, RMB, HKD, EUR thousand

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending Balance					Note (Note 4)
				Units/Shares (thousand shares)	Currency	Book value (Note 3)	Percentage of ownership	Fair value	
PANJIT International Inc.	Public shares								
	Jih Lin Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	717	NTD	63,588	0.70%	63,588	-
	OTC stock								
	Advanced Microelectronic Products, Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,888	NTD	68,159	2.64%	68,159	-
	Sentelic Corporation	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	41	NTD	2,050	0.14%	2,050	-
	Unlisted stock								
	KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	364	NTD	1,865	0.62%	1,865	-
	WELLAN SYSTEM CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	445	NTD	-	1.53%	-	-
PAN JIT Electronics (Wuxi) Co., Ltd.	Unlisted stock(Note 5)								
	Siyang Grande Electronics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	14,674	15.00%	14,674	-
	Wuxi Danchen Intelligent Technology Co., Ltd. (Formerly Wuxi One-Light-For-All Technology Development Co., Ltd.)	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	48	10.00%	48	-
	CHAMPION MICROELECTRONIC CORP.								
	Unlisted stock								
	HC PHOTONICS CORP.	-	Financial assets measured at fair value through profit or loss - non-current	136	NTD	957	0.54%	957	-
	PAN-JIT ASIA INTERNATIONAL INC.								
	Fund								
HYPERION CAPITAL MANAGEMENT LTD.	-	Financial assets measured at fair value through profit or loss - non-current	-	USD	-	-	-	-	
Vertex Growth Fund II	-	Financial assets measured at fair value through profit or loss - non-current	-	USD	178	-	178	-	
Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets measured at fair value through profit or loss - current	-	USD	10,500	-	10,500	-	
Siegfried Supply Chain Finance Fund S.C.A., SICAV-SIF- Series 1	-	Financial assets measured at fair value through profit or loss - current	-	USD	10,321	-	10,321	-	
VTEAM SIEGFRIED SUPPLY CHAIN FINANCE FUND	-	Financial assets measured at fair value through profit or loss - current	-	USD	20,347	-	20,347	-	
Notes									
VTeam Supply Chain Finance Limited	-	Financial assets measured at fair value through profit or loss - current	-	USD	24,000	-	24,000	-	
Wealth management products by financial institution									
ERSTE GROUP BANK AG	-	Financial assets measured at amortized cost-Non-current	-	USD	440	-	440	-	
RAIFFEISEN BANK INTL	-	Financial assets measured at amortized cost-Non-current	-	USD	444	-	444	-	
Shandong PANJIT Electronic Technology Co. Ltd.									
Wealth management products by financial institution									
Structured deposits	-	Financial assets measured at fair value through profit or loss - current	-	RMB	25,000	-	25,000	-	

(continued in next page)

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)  
(Only reviewed, not verified by generally accepted auditing standards)  
(Unit: NT\$ thousands, unless otherwise indicated)  
Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

(continued from previous page)

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending Balance					Note (Note 4)
				Units/Shares (thousand shares)	Currency	Book value (Note 3)	Percentage of ownership	Fair value	
Pynmax Technology Co., Ltd.	Public shares								
	Jih Lin Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	766	NTD	67,998	0.75%	67,998	-
	Unlisted stock								
	HI-VAWT TECHNOLOGY CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,000	NTD	-	6.67%	-	-
	Fund								
	TCB Quantitative Taiwan Fund	-	Financial assets measured at fair value through profit or loss - current	-	NTD	33,138	-	33,138	-
	Taishin Healthcare Fund	-	Financial assets measured at fair value through profit or loss - non-current	-	NTD	18,563	-	18,563	-
JOYSTAR INTERNATIONAL CO., LTD.	Mengluo Venture Capital Limited Partnership Fund	-	Financial assets measured at fair value through profit or loss - non-current	-	NTD	13,762	-	13,762	-
	Convertible Bond								
	Alltop Technology Corp. 5th Domestic Unsecured Convertible Bond	Associates	Financial assets measured at fair value through profit or loss - current	-	NTD	20,728	-	20,728	-
	CHANG WAH ELECTROMATERIALS INC. 5th Domestic Unsecured Convertible Bond	-	Financial assets measured at fair value through profit or loss - current	-	NTD	8,547	-	8,547	-
Wisdom Mega Corp.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets measured at fair value through profit or loss - current	-	USD	5,450	-	5,450	-
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Vteam Siegfried Supply Chain Finance Fund	-	Financial assets measured at fair value through profit or loss - current	-	USD	9,746	-	9,746	-
	Unlisted stock								
AIDE ENERGY EUROPE B.V.	SiFotonics Technologies Co., Ltd	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,040	NTD	123,130	3.87%	123,130	-
	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets measured at fair value through profit or loss - current	-	USD	1,800	-	1,800	-
Jiangsu Aide Solar Technology Co., Ltd.	Vteam Siegfried Supply Chain Finance Fund	-	Financial assets measured at fair value through profit or loss - current	-	USD	9,550	-	9,550	-
	Notes								
PANJIT INTERNATIONAL (H.K.) LTD.	VTeam Supply Chain Finance Limited	-	Financial assets measured at fair value through profit or loss - current	-	USD	7,700	-	7,700	-
	Fund								
PANJIT INTERNATIONAL (H.K.) LTD.	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets measured at fair value through profit or loss - current	-	EUR	1,150	-	1,150	-
	Unlisted stock (Note 5)								
PANJIT INTERNATIONAL (H.K.) LTD.	MOTECH (Suzhou) New Energy Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	30,378	4.61%	30,378	Has been pledged to subsidiaries
	Fund								
PANJIT INTERNATIONAL (H.K.) LTD.	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets measured at fair value through profit or loss - current	-	HKD	8,580	-	8,580	-

(Note 1): The securities mentioned in this attachment refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments."

(Note 2): If the securities issuer is not a related party, this column should be left blank.

(Note 3): Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

(Note 4): The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the foot NOTE if the securities presented herein have such conditions.

(Note 5): It is a limited company, so the number of shares and net worth per share are not available.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT\$ thousands, unless otherwise indicated)

Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock

Attachment 4

Purchaser (seller)	Counter-party	Relationship	Transactions				Situation and reason for difference between transaction condition and common transaction		Notes and accounts receivable(payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance (Note 2)	Percentage of total receivables (payable)	
PANJIT International Inc.	PANJIT Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(\$252,754)	14%	General	Not applicable	Not applicable	\$302,742	15%	(Note 2)
	PANJIT Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	322,308	30%	General	Not applicable	Not applicable	(323,227)	36%	(Note 2)
PAN JIT Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(322,308)	24%	General	Not applicable	Not applicable	323,227	15%	(Note 2)
	PANJIT International Inc.	The Company	Purchase	252,754	22%	General	Not applicable	Not applicable	(302,742)	19%	(Note 2)

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT\$ thousands, unless otherwise indicated)

The receivables from related party to reach NT\$ 100 million or 20% of actually received capital amount:

Attachment 5

The companies that record receivables	Counter-party	Relationship	Ending balance	Turnover rate	Overdue receivables		Amount received in subsequent period	Note
					Amount	Collection status		
PANJIT International Inc.	PAN JIT Electronics (Wuxi) Co., Ltd.	Subsidiaries	\$302,742	3.34	\$77,326	Urging Payment	\$119,078	(Note 2, 3)
Pynmax Technology Co., Ltd.	PANJIT International Inc.	The Company	137,106	2.19	-	-	-	(Note 2, 3)
PAN JIT Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	323,227	3.99	-	-	77,911	(Note 2, 3)

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): The consolidated financial report is prepared and the percentage of ownership is 100% and no allowance for loss is required.

(Note 3): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT\$ thousands, unless otherwise indicated)

Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

Attachment 6

Investor company	Investee Companies (Note 1, 2)	Location	Main business items	Currency	Initial investment		Investment as of March 31, 2023			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	Visira Corporate Services Centre Wickhams Cay II Road Town, Tortola, Vg1110 Virgin Islands, British	Investment holding	NTD	\$7,395,286	\$6,842,505	228,106	100.00%	\$7,150,967	\$35,621	\$74,295	Subsidiaries (Note 4, 5)
	Pymax Technology Co., Ltd.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	Electronic parts and components manufacturing and international trade	NTD	1,069,816	1,069,816	84,493	94.64%	1,782,775	3,413	23,163	Subsidiaries (Note 4, 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	259,523	259,523	16,328	21.01%	227,133	13,814	2,902	
	Alltop Technology Co., Ltd.	3F., No. 102, Sec. 3, Zhongshan Rd., Zhonghe Dist., New Taipei City	Electronic parts and components manufacturing and international trade	NTD	1,482,721	1,482,721	11,315	19.18%	1,587,055	80,987	9,370	(Note 5)
	CHAMPION MICROELECTRONIC CORP.	5 F., No. 11, Yuanqu 2nd Rd., East Dist., Hsinchu City	Electronic parts and components manufacturing and international trade	NTD	1,947,704	1,947,704	23,996	30.00%	1,827,755	30,620	8,656	Subsidiaries (Note 4, 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investment holding	NTD	732,259	732,259	-	100.00%	738,883	(2,805)	(2,805)	Subsidiaries (Note 5)
PAN-JIT ASIA INTERNATIONAL INC.	PANJIT INTERNATIONAL (H.K.) LTD.	Unit 1-5 ,18/F., Wah Wai Centre, No.38-40 Au Pui Wan Street, Fotan, Shatin, New Territories	Sale of electronic	USD	3,330	3,330	24,711	100.00%	4,867	273	273	Sub-subsiadiary (Note 5)
	PAN JIT AMERICAS, INC.	2502 W. Huntington Drive Tempe, AZ 85282	Sale of electronic	USD	16,626	16,626	2,431	95.86%	7,105	104	118	Sub-subsiadiary (Note 4, 5)
	PAN JIT EUROPE GMBH	Otto-Hahn-Str. 285609 Aschheim Germany	Sale of electronic	USD	770	770	-	100.00%	2,203	92	92	Sub-subsiadiary (Note 5)
	CONTINENTAL LIMITED	Visira Corporate Services Centre, Ground Floor NPF Buliding, Beach Road, Apia ,Samoa	Investment holding	USD	10,226	10,226	7,860	100.00%	52,437	(185)	(185)	Sub-subsiadiary (Note 5)
	DYNAMIC TECH GROUP LIMITED	Visira Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia ,Samoa	Investment holding	USD	914	914	1,126	52.22%	312	(2)	(1)	Sub-subsiadiary (Note 5)
	PAN JIT KOREA CO.,LTD.	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	Sale of electronic	USD	288	288	54	60.00%	1,219	57	34	Sub-subsiadiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Investment holding and sale of Photoelectric products	USD	145,868	145,868	246,249	94.43%	(23,479)	148	139	Sub-subsiadiary (Note 5)

(continued in next page)

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)  
(Only reviewed, not verified by generally accepted auditing standards)  
(Unit: NT\$ thousands, unless otherwise indicated)  
Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

(continued from previous page)

Investor company	Investee Companies (Note 1, 2)	Location	Main business items	Currency	Initial investment		Investment as of March 31, 2023			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
Pynmax Technology Co., Ltd.	JOYSTAR INTERNATIONAL CO., LTD.	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Investment holding	NTD	\$536,686	\$536,686	17,522	100.00%	\$481,776	\$7,056	\$7,056	Sub-subsidiary (Note 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	288,852	288,852	6,429	8.27%	89,405	13,814	1,143	
CHAMPION MICROELECTRONIC CORP.	Wisdom Bright Inc.(Wisdom bright)	Republic of Seychelles	Investment holding	NTD	79,505	157,658	2,504	100.00%	83,161	(4,460)	(4,460)	Sub-subsidiary (Note 5)
	Champion Microelectronic Corp.(CMC)	Republic of Seychelles	International trade business, investment holding and electronic commerce	NTD	144,793	144,793	4,500	100.00%	142,711	1,689	1,689	Sub-subsidiary (Note 5)
	Wisdom Mega Corp.(Wisdom Mega)	Republic of Seychelles	Investment holding	NTD	125,250	125,250	4,000	100.00%	123,130	-	-	Sub-subsidiary (Note 5)
JOYSTAR INTERNATIONAL CO., LTD.	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding, Beach Road, Apia ,Samoa	Investment holding	USD	1,029	1,029	1,030	47.78%	286	(2)	(1)	Sub-subsidiary (Note 5)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	Investment holding and sales	USD	36,527	36,527	54,921	100.00%	(22,582)	-	-	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE COÓPERATIE U.A.	AIDE ENERGY EUROPE B.V.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investment holding and sales	EUR	18,620	18,620	2	100.00%	22,288	(86)	(86)	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Viale Andrea Doria 7 Cap 20124 MILANO (MI), Italy.	Sales of solar power plants Electricity produced	EUR	17,000	17,000	- (Note 3)	100.00%	20,925	(51)	(96)	Sub-subsidiary (Note 4, 5)
Wisdom Bright Inc.	Wisdom Toprich Technology Limited (Wisdom Toprich)	Republic of Seychelles	Investment holding	NTD	79,505	157,658	2,504	100.00%	83,161	(4,460)	(4,460)	Sub-subsidiary (Note 5)

(Note 1): If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

(Note 2): If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of "Investee", "Location", "Main business activities", "Initial investment amount" and "Shares held as at March 31, 2022" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the "Note" column.
- (2) The "Net income (loss) of investee company" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Investment income (loss) recognized" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

(Note 3): It is a limited company or a merged company, so there is no number of shares.

(Note 4): The investment gain or loss recognized by the Company include the offset of unrealized gain or loss between associates and the amortization of net equity differences.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)  
(Only reviewed, not verified by generally accepted auditing standards)  
(Unit: NT\$ thousands, unless otherwise indicated)  
Information on investment in mainland China

Attachment 7

Investor company	Investee Companies in Mainland China	Main business items	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 March, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of 31 March, 2023	Accumulated Inward Remittance of Earnings as of Outflow 31 March, 2023
						Outflow	Inflow						
PANJIT International Inc.	Pan Jit Electronics (Wuxi) Co., Ltd.	Rectifier processing and manufacturing	\$828,240	2 PAN-JIT ASIA INTERNATIONAL INC.	\$502,145	\$-	\$-	\$502,145	(\$11,024)	100.00%	(\$11,024) (Note 5)	\$3,437,270 (Note 5)	\$-
	Suzhou Grande Electronics CO., LTD.	Chip diodes, triodes and other new types of electronics Sales of semiconductor components and related products, as well as technology and after service	\$357,466	2 CONTINENTAL LIMITED	344,900	-	-	344,900	(3,257)	100.00%	(3,257) (Note 5)	858,246 (Note 5)	-
	Wuxi ENR Semiconductor Material Technology Co. Ltd. (Formerly Wuxi ENR Semiconductor Materials Technology Co. Ltd.)	Semiconductor packaging materials Manufacturing and sales	\$87,300	2 ENR APPLIED PACKING MATERIAL CORPORATION	9,037	-	-	9,037	-	-	-	-	-
	Max-Diode Electronic., LTD. (Shenzhen)	New types of electronic components, Semiconductor controlled rectifier sales	\$50,671	2 DYNAMIC TECH GROUP LIMITED	47,151	-	-	47,151	(79)	97.44%	(77) (Note 5)	14,258 (Note 5)	-
	Pan Jit Electronics (Beijing) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	\$8,862	3 PAN JIT Electronics (Wuxi) Co., Ltd.	-	-	-	-	(452)	100.00%	(452) (Note 5)	9,386 (Note 5)	-
	Pan Jit Electronics (Shandong) CO., LTD.	Semiconductor wafer manufacturing for automobile And protection of discrete devices, integrated circuit chips And production of packaging products	\$472,876	3 PAN JIT Electronics (Wuxi) Co., Ltd.	-	-	-	-	(1,666)	70.28%	(1,171) (Note 5)	365,035 (Note 5)	-
	Pan Jit Electronics (Qufu) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	\$2,216	3 PAN JIT Electronics (Wuxi) Co., Ltd.	-	-	-	-	278	100.00%	278 (Note 5)	1,374 (Note 5)	-
	PAN JIT SEMICONDUCTOR(XUZHOU) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	\$1,119,449	3 PAN JIT Electronics (Wuxi) Co., Ltd.	-	-	-	-	(39,540)	100.00%	(39,540) (Note 5)	919,454 (Note 5)	-

(continued in next page)

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NTS thousands, unless otherwise indicated)

Information on investment in mainland China

(continued from previous page)

Investor company	Investee Companies in Mainland China	Main business items	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 March, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of 31 March, 2023	Accumulated Inward Remittance of Earnings as of Outflow 31 March, 2023
						Outflow	Inflow						
PANJIT International Inc.	Zibo Micro Commercial Components Corp.	Rectifier diode, rectifier bridge, Electronic devices	\$855,904	3 Suzhou Grande Electronics Co. Ltd.	\$-	\$-	\$-	\$-	(\$16,432)	18.86%	(\$3,099)	\$144,174	\$-
	Jiangsu Aide Solar Energy Technology CO., LTD.	Solar energy product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	\$243,991	2 AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	1,573,193	-	-	1,573,193	(3,186)	94.43%	(3,009) (Note 5)	(1,737,528) (Note 5)	-
Pynmax Technology Co., Ltd.	Max-Diode Electronic., LTD. (Shenzhen)	New types of electronic components, Semiconductor controlled rectifier	\$50,671	2 DYNAMIC TECH GROUP LIMITED	34,806	-	-	34,806	(79)	47.78%	(38) (Note 5)	6,991 (Note 5)	-
CHAMPION MICROELECTRONIC CORP.	Great Power Microelectronics Corp.	Electronic products development, product import, export, and wholesale business	\$83,738	2 Wisdom Toprich Technology Limited	155,417	-	79,170	76,247	(4,460)	100.00%	(4,460) (Note 5)	79,170 (Note 5)	-

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period		Investment amount approved by Investment Review Committee of Ministry of Economy	Investment ceiling in Mainland China according to provisions of Investment Review Committee of Ministry of Economy
PANJIT International Inc.	\$2,476,426	\$3,288,627	(Note 3)
Pynmax Technology Co., Ltd.	\$34,806	\$34,806	(Note 4) \$1,221,134
CHAMPION MICROELECTRONIC CORP.	\$76,247	\$76,247	(Note 4) \$855,787

(Note 1): The methods for engaging in investment in Mainland China include the following:

- (1) Direct investment in Mainland China.
- (2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).
- (3) Other methods.

(Note 2): The investment income (loss) recognized in current period:

- (1) It should be indicated if the investee was still in the incorporation arrangement and had not yet any profit during this period.
- (2) The investment income (loss) were determined based on the following basis,
  - A. The financial report was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
  - B. The financial statements were audited by the auditors of the parent company.
  - C. Others.

(Note 3): Due to the Company's establishment of the operating headquarters, in accordance with the provisions of the law, the amount of investment in mainland China is not limited.

(Note 4): Calculations of investment ceiling in Mainland China are as follows:

Pynmax Technology Co., Ltd.: NTS2,035,223 thousand × 60% = NTS1,221,134 thousand.

CHAMPION MICROELECTRONIC CORP.: NTS1,426,312 thousand × 60% = NTS855,787 thousand.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT\$ thousands, unless otherwise indicated)

Business relationships and significant transactions and amount between parent company and subsidiaries and among subsidiaries

Attachment 8

No. (Note 1)	Name of transaction party	Counter-party	Relationship (Note 2)	Transaction Status (Note 4)			
				Subject	Amount (Notes 5)	Transaction condition	Percentage of total revenue or assets (Note 3)
0	PANJIT International Inc.	Pan Jit Electronics (Wuxi) Co., Ltd.	1	Purchase	\$322,308	The transaction price is based on the average cost and marked on a certain ratio.	11%
				Accounts payable	323,227		1%
				Sales	252,754		9%
				Accounts receivable	302,742		1%
0	PANJIT International Inc.	Pynmax Technology Co., Ltd.	1	Accounts payable	137,106	The transaction price is based on the average cost and marked on a certain ratio.	0%
0	PANJIT International Inc.	EC SOLAR C1 SRL	1	Other receivables	225,420	Based on contract of loans.	1%
1	Suzhou Grande Electronics CO., LTD.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Other receivables	419,479	Based on contract of loans.	1%
2	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Other receivables	899,212	Based on contract of loans.	3%
2	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT International Inc.	2	Other receivables	173,565	Based on contract of loans.	1%
3	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Prepay for goods	473,906	-	2%

(Note 1): The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is "0."

(2) The subsidiaries are numbered in order starting from "1."

(Note 2): Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 3): Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(Note 4): If the transaction amount between parent and subsidiary reaches NT\$100 million or more, it shall be disclosed.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Only reviewed, not verified by generally accepted auditing standards)

(Unit: NT\$ thousands, unless otherwise indicated)

Information on Major Shareholders

Attachment 9

Unit: shares

Name of Major Shareholders	Number of shares	Percentage of ownership (%)
Jinmao Investment Co., Ltd.	52,046,710	13.59%

(Note 1): The major shareholders in this attachment are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the Capital stock recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

(Note 2): If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. 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 their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.