

Stock Code: 2481



強茂股份有限公司
PANJIT International Inc.

FY 2022 Annual Report

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The URL of the information reporting website designated by the FSC: <https://mops.twse.com.tw/>

The website where the Company discloses relevant information about the annual report: <https://www.panjit.com.tw/>.

April 16, 2023

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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry

Global Depositary Receipt

Stock exchange: Luxembourg Stock Exchange

Website: <https://www.bourse.lu/Accueil.jsp>

VI. Company Website: <https://www.panjit.com.tw/>

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Chapter 1 Report to Shareholders

I. Overview of 2022 Business Results

(I) Business plan implementation results

In 2022, consolidated revenue was NT\$13.22 billion, and in 2022, consolidated operating gross profit was NT\$3.99 billion. The Company's 2022 consolidated operating income was NT\$1.63 billion. Based on the above information, the consolidated net profit per share in 2022 is NT\$4.6.

Regarding the cash dividend, the Board of Directors approved the allotment of NT\$3.0 per share.

(II) Budget Execution

The Company did not disclose 2022 financial forecasts, and therefore budget execution is irrelevant.

(III) Financial Income and Expenditure and Profitability Analysis

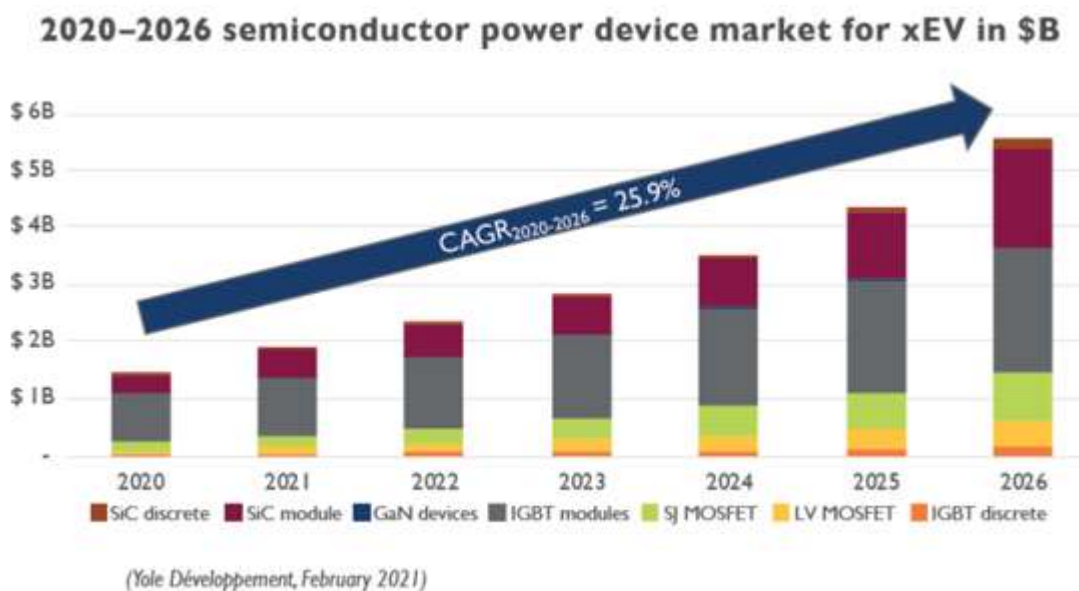
(Parent Company Only)			Units: NT\$ thousands		
Items			2022	2021	Percentage change (%)
Financial revenue and expense	Revenue		8,855,785	8,706,119	1.72
	Operating margin		2,493,179	2,565,755	(2.83)
	Post-tax profit or loss		1,757,631	1,926,975	(8.79)
Profitability	Return on assets (%)		7.76	10.68	(27.34)
	ROE (%)		13.26	19.27	(31.19)
	Proportion to the paid-in capital (%)	Operating profit	26.23	31.61	(17.02)
		Net pre-tax income	50.71	58.30	(13.02)
	Net profit rate (%)		19.85	22.13	(10.30)
	Earnings per share (NT\$)		4.60	5.66	(18.73)

(Consolidated)			Units: NT\$ thousands		
Items			2022	2021	Percentage change (%)
Financial revenue and expense	Revenue		13,227,847	13,861,744	(4.57)
	Operating margin		3,995,837	4,395,638	(9.10)
	Post-tax profit or loss		1,757,904	1,978,030	(11.13)
	Profit attributable to owners of the parent company		1,757,631	1,926,975	(8.79)
Profitability	Return on assets (%)		6.69	9.26	(27.75)
	ROE (%)		12.55	19.43	(35.41)
	Proportion to the paid-in capital (%)	Operating profit	42.61	59.80	(28.75)
		Net pre-tax income	54.63	65.69	(16.84)
	Net profit rate (%)		13.29	14.27	(6.87)
	Earnings per share (NT\$)		4.60	5.66	(18.73)

(IV) Research and Development

PANJIT Group has been providing semiconductor electronic products from semiconductor wafer design, manufacturing to assembly components for more than 30 years. The Company's innovative business unit (IBU) is developing advanced semiconductor discrete device products from upstream to downstream. That is, from Si-Based Semiconductor wafer design, wafer/device manufacturing to assembly, and third-generation compound semiconductors (Compound Semiconductors), such as SiC semiconductor technology development. SiC semiconductors have excellent material properties for the manufacture of high-speed power electronics for automotive, military and other high-end applications.

By 2026, the power semiconductor discrete device market in electric vehicles will reach 6 billion US dollars. The CAGR from 2020 to 2026 is 25.9%. In order to meet the current market trend, electric vehicles play an important role in the development of our company.



PANJIT has developed and released 89 semiconductor power discrete devices, including: HV MOSFETs, MV MOSFETs, SiC SBDs and FREDs.

From the perspective of semiconductor device technology, the fabrication technologies of 600V/650V high-voltage superjunction surface (HV SJ) MOSFET Gen.1, 100V medium voltage shielded grid trench (MV SGT) MOSFET 100V Gen.2, 650V/1200V SiC Schottky diodes (SiC SBDs) Gen.1, and 600V/1200V FREDs Gen.1 have been successfully developed and commercialized.

II. Summary of 2023 Business Plan:

(I) Operation guidelines

Core technologies:

PANJIT continues the development strategy of the medium- and long-term high-power components (MOSFET, IGBT, SiC) and has successively promoted to the market, such as SiC Diode, MV and LV SGT MOSFET and Super Junction MOSFET, which serve as a technical platform for the subsequent development of FST IGBT and SiC MOSFET and expand the target application market. In addition, the 8” Super Junction MOSFET/IGBT) showed stable and high efficiency in the trial production stage. PANJIT will continue to input research and development resources to provide improved high-end product solutions for the given target market.

Market planning:

PANJIT has deeply expanded the automotive market for a long time, providing customers with comprehensive product designs, timely technical support, and rapid solutions. In recent years, the number of new products passing certification has been growing annually, and they have successfully obtained orders from major international manufacturers. In the industrial and power supply markets, we actively cooperate with industry leaders and end customers to establish a layout plan in this field through high-power component solutions. In addition, strategic acquisitions at the beginning of the year provide more diverse solutions and cross-disciplinary cooperation models for future market planning.

(II) Sales Projection and its Basis

Due to the ripple effect of the epidemic, geopolitical turmoil, inflation, and interest rate hikes by central banks in various countries, the overall demand in the consumer market has weakened. Our small signal packaging products are expected to have a conservative growth in sales volume as they undertake applications in the consumer, computer, and home appliance markets; however, in terms of high-power packaging products, as they correspond to industrial control, electric vehicles, and power management, benefiting from various countries' subsidy policies to drive the demand for electric vehicles in the market, their growth momentum will be better than that of small signal packaging products.

(III) Major operation & sales policies

The Company shall strengthen its competitiveness, continue improving in automation and management, and optimize production and deployment efficiency. At the same time, it shall integrate internal and external resources and seek external third-party manufacturers on highly competitive items to create cost competitiveness. In addition, we have injected an international management team to actively enhance our R&D capabilities. We have also acquired Champion Microelectronic Corp. for power control management IC design, and are aiming to be a solution provider to jointly capture the industrial control, electric vehicle and

power management related markets in order to make the company more competitive in the discrete element market.

At the same time, in response to the rapidly changing market, three sales policies were adopted. First, we established a new factory in Xuzhou, China, to expand the sales competitiveness of mature products, covering the existing consumer, power, and networking customer segments and market applications. Secondly, in the automotive area, the Company will target the top 100 global automotive clients and the major automotive electronics customer groups in the capital market, and use new products as a key weapon. Third, PANJIT Group will continue to explore and respond to the development trends and design requirements of higher-end global consumer products, automobiles, green energy and industrial control products, master the Time to Market and continue to develop new products to meet the certification of more world-class automotive electronics manufacturers and industrial instrument manufacturers.

The company will continue to focus on the application needs of various markets. In addition to the consumer electronics industry such as LED TVs, notebooks, tablets, smartphones, wearables, and network communications, we have also continued to strengthen our sales efforts in other applications such as solar junction boxes, solar inverters, energy-efficient lighting and industrial controls, power management, and the electric vehicle and electric vehicle charging device markets in order to increase our overall market share and create higher profit margins.

III. Future development strategies of the Company

In order to continue our investment and strategy in the power semiconductor field and provide more complete power solutions through diversified product lines, PANJIT formulated two major development strategies: firstly, we will continue to cultivate the automotive market and provide solutions for electric vehicle-related applications to closely connect with end-users for stable supply and mutual growth; secondly, in response to the green energy related applications arising from climate change, we will expand our product deployment for charging pile, energy storage system and solar energy. The above two major development axes are planned to respond to the current market demand and future market expansion, so as to achieve the long-term goal of increasing market share and sustainable development.

IV. Impact of the external competitive environment, regulatory environment, and overall business environment

The post-epidemic ripple effect, intensifying geopolitical tensions, inflationary pressures, and interest rate hikes by central banks have created a volatile and volatile market, making the semiconductor discrete components market a more competitive environment. Beside the continue resource investment in the R&D of new high-margin products, the

Company will combine its own and external wafer fab platform with automation in the future to speed up the mass production of new products while improving their quality. In terms of sales competition, adjust product mix to improve gross profit. We shall leverage the advantages of brand channels and e-commerce platform development, plus the out-sourcing practice, to increase the overall product competitiveness.

In addition to complying with relevant laws and regulations, the Company also pays attention to important domestic and foreign policies and statutory changes. We shall immediately develop necessary countermeasures to meet the Company's operational needs. So that the impact on the Company's financial adoption of important policies due to changes in the legal environment at home and abroad can be minimized.

Chapter 2 Company Introduction

I. Date of founding

May 20, 1986

II. Company History

1986	May	The Company was approved to be registered with a capital of NT\$5 million. It was engaged in the import and export trading business of electronic parts.
1988~1992		The new Taiwan dollar has appreciated abruptly. Since the Company is engaged in import and export trading, it has caused a huge reduction in profits. Therefore, with the approval of the shareholders and the Board of Directors, the Company temporarily suspended.
1993	March	The Company resumed operation. Being optimistic about the prospects of the electronics industry, the Company started the business of buying and selling semiconductor rectifiers.
	June	The Company began to research and develop the production of surface mount rectifiers and surge suppressors.
1994	March	The Company developed and mass-produced the surge suppressor (TVS).
	November	The Company increased capital by NT\$ 95 million in cash. After the capital increase, the paid-in capital became NT\$100 million.
1995	July	The Company developed and mass-produced Schottky (SKY) and Zener (ZENER) components.
1996	February	The Company moved to Gangshan for a new plant and started production.
1997	October	The Company increased capital by NT\$29 million in cash, and NT\$70 million through earnings. After the capital increase, the paid-in capital amounted to NT\$199 million. The Company acquired QS-9000 system certification.
1998	April	The Company proceeded with retroactive handling of public issuance. The Company increased capital by NT\$99.5 million in cash, and NT\$59.7 million through earnings. After the capital increase, the paid-in capital amounted to NT\$358.2 million.
	June	The Investment Review Committee approved the Company's investment in PAN-JIT ASIA INTERNATIONAL INC. (BVI). Through PAN-JIT ASIA INTERNATIONAL INC. (BVI), the Company reinvested in PAN-JIT INTERNATIONAL (H.K.) LTD. and set up a processing plant in Shenzhen, Mainland China.
	October	The Company increased capital by NT\$49.8 million in cash. After the

		capital increase, the paid-in capital amounted to NT\$408 million.
1999	August	TPEX's OTC Securities Listing Review Committee approved the Company's listing. The Company increased capital by NT\$81.6 million through earnings, and NT\$40.8 million through capital reserve. After the capital increase, the paid-in capital amounted to NT\$530.4 million.
	December	The Company's stock was officially listed on the OTC.
2000	February	The Company invested in the establishment of PYNMAX Technology CO., LTD to produce upstream epitaxial wafers and Schottky wafers.
	March	The Company established a processing plant for incoming materials in Wuxi, mainland China and started mass production.
	May	The Company established a R&D center in Phoenix, USA, responsible for the market information and R&D of new products.
	July	The Company increased capital by NT\$58,697,600 in cash, and NT\$159.12 million through earnings. After the capital increase, the paid-in capital amounted to NT\$748,217,600.
2001	May	The Company issued convertible corporate bonds in the amount of NT\$900 million.
	September	The Company's stock was officially listed on TaiEx ; The Company increased capital by NT\$149,643,520 through earnings, NT\$74,821,760 through capital reserve, and NT\$12 million through employee bonus. After the capital increase, the paid-in capital amounted to NT\$984,682,880.
2002	September	The Company increased capital by NT\$98,468,290 through earnings, NT\$49,234,140 through capital reserve, and NT\$6,420,000 through employee bonus. After the capital increase, the paid-in capital amounted to NT\$1,138,805,310.
2002	December	The Company issued overseas convertible corporate bonds, and the total amount of issuance was limited to no more than 25 million U.S. dollars.
2003	April	The Company issued first overseas convertible corporate bonds in the amount of NT\$25 million U.S. dollars.
	July	The Company reinvested in Suzhou Grande Electronics Co. Ltd. through PAN-JIT ASIA INTERNATIONAL INC. (BVI).
	October	The Company increased capital by NT\$44,667,820 through earnings, NT\$33,500,860 through capital reserve, and NT\$5,097,000 million through employee bonus. After the capital increase, the paid-in capital amounted to NT\$1,375,304,910.
2004	March	The Company issued second overseas convertible corporate bonds in the amount of NT\$20 million U.S. dollars.
	May	The Company reinvested in Pan-Jit Electronics (Suzhou) Co., Ltd.

		through PAN-JIT ASIA INTERNATIONAL INC. (BVI).
	July	The Company increased capital by NT\$131,952,800 through earnings, NT\$43,984,260 through capital reserve, and NT\$43,984,260 through employee bonus. After the capital reduction, the paid-in capital amounted to NT\$1,677,189,560.
	December	The Company invested in the establishment of Weiquan International Co., Ltd. to engage in the trading of diode products.
2005	January	The Company reinvested in MAX DIODE ELECTRONIC CO., LTD., DYNAMIC TECH GROUP LIMITED, and SHENZHEN WEIQUAN ELECTRONICS CO.,LTD through PAN-JIT ASIA INTERNATIONAL INC. (BVI).
	February	The Company compulsorily redeemed the first domestic convertible corporate bonds and terminated the listing on the OTC.
	May	The Company's subsidiary Mildex Technology Co., Ltd. spun off Mildex Optical Co., Ltd. to engage in the production of PC optical lenses.
	August	The Company increased capital by NT\$98,104,780 through earnings, NT\$65,403,180 through capital reserve, and NT\$853 through employee bonus. After the capital increase, the paid-in capital amounted to NT\$1,849,227,520.
	October	The Company canceled the first repurchased treasury stocks of NT\$2,110,000. After the capital reduction, the paid-in capital amounted to NT\$1,847,117,520.
2006	April	The Company's subsidiary Mildex Optical Co., Ltd. indirectly invested in MILDEX OPTICAL USA, INC. through Mildex Asia.
	September	The Company's subsidiary Mildex Optical Co., Ltd. absorbed and merged its 100%-owned subsidiary Mildex Technology Co., Ltd. By the end of 2006, it had reached 99.67%, and by the end of April 2007, it had held 100% of the shares.
	November	The Company increased capital by NT\$ 200 million in cash and issued the second domestic unsecured conversion corporate bond of NT\$300 million. Mildex Optical Co., Ltd., a subsidiary of the Company, purchased 34.18% of Mildex Asia's equity from Mildex Technology Co., Ltd., and its shareholding ratio reached 100%
2007	July	The Company issued the third domestic unsecured conversion corporate bond of NT\$350 million.
	August	The Company increased capital by NT\$114,108,750 through earnings, NT\$39,499,180 through capital reserve, NT\$14,597,000 through employee bonus, and NT\$100 million in cash.

		The Company's subsidiary Mildex Optical Co., Ltd. is approved for public offering.
	September	The Company's subsidiary Mildex Optical Co., Ltd. acquired 100% of SINANO TECHNOLOGY CORP. through Mildex Asia and indirectly acquire 100% of Yana Technology (Shenzhen) Co., Ltd. Mildex Optical Co., Ltd., a subsidiary of the Company, was registered for emerging market.
	November	The Company acquired 60% of the equity of Jiangsu Aide Solar Technology Co., Ltd. and officially entered the solar energy business.
	December	The Company issues 10,000 units of employee stock option certificates, and the number of shares subscribed for each unit of stock option certificates is 1,000 shares. The total number of new ordinary shares to be issued due to the exercise of the options is 10 million shares.
2008	April	The Company's subsidiary Mildex Optics Co., Ltd. indirectly established a 100% shareholding of NEW POPULAR TECHNOLOGY CO., LTD. through Mildex Technology, and indirectly invested a 51% shareholding in Dongguan Dragon Crown Vacuum Technology Co., Ltd.
	May	The Company acquired 10% equity of AIDE SOLAR TECHNOLOGY CO., LTD. holding a total of 70% shares. At the same time, it participated in a cash capital increase of US\$8,400,000 in proportion to its shareholding.
	June	The Company issued the fourth domestic unsecured conversion corporate bond of NT\$500 million. The Company established PANJIT (Solar Energy) Holding Limited under PAN-JIT ASIA INTERNATIONAL INC. (BVI) and adjusted as a new holding Company for AIDE SOLAR TECHNOLOGY CO., LTD.
	August	The Company increased capital by NT\$260,995,060 through earnings, NT\$78,298,510 through capital reserve, NT\$24,205,000 through employee bonus, and NT\$200 million in cash.
	September	The Company changed the name of PANJIT (Solar Energy) Holding Limited to Aide Solar Energy (HK) Holding Limited.
2009	February	The Company's subsidiary Mildex Optical Co., Ltd. shares are officially listed on the OTC.
	September	The Company compulsorily redeemed the third domestic convertible corporate bonds and terminated the listing.
	November	After the organizational reorganization, the investment structure was changed to PAN-JIT ASIA INTERNATIONAL INC. (BVI) to invest in

		AIDE Energy (Cayman) Holding Co., Ltd., then to invest in Aide Solar Energy (HK) Holding Limited, and then to invest in AIDE SOLAR TECHNOLOGY CO., LTD. Established AIDE Energy (Cayman) Holding Co., Ltd. under PAN-JIT ASIA INTERNATIONAL INC. (BVI), as the main body of Jiangsu Aide's listing in Taiwan. After the organizational reorganization, the investment structure was changed to PAN-JIT ASIA INTERNATIONAL INC. (BVI) to invest in AIDE Energy (Cayman) Holding Co., Ltd., then to invest in Aide Solar Energy (HK) Holding Limited, and then to invest in AIDE SOLAR TECHNOLOGY CO., LTD..
2010	March	In cooperation with the competent authority to promote the full non-physical issuance of marketable securities, the Company's Board of Directors resolved to fully convert the issued physical stocks into non-physical stocks.
	April	The Company compulsorily redeemed the fourth domestic convertible corporate bonds and terminated the listing.
	June	The Company issued the fifth domestic unsecured conversion corporate bond of NT\$500 million.
	September	The Company increased capital by NT\$ 300 million in cash.
	October	The Company acquired 20 million privately placed ordinary shares of MILDEX OPTICAL INC.
2011	April	The Company's subsidiary Mildex Optical Co., Ltd. absorbed and merged its 100%-owned subsidiary Mildex Technology Co., Ltd.
	September	The Company canceled the seventh repurchase of treasury shares amounting to NT\$30 million, after the capital reduction, the paid-in capital amounted to NT\$3,747,856,230.
	October	The Company canceled the eighth repurchase of treasury shares amounting to NT\$30 million, after the capital reduction, the paid-in capital amounted to NT\$3,719,356,230.
2012	July	The Company compulsorily redeemed the fifth domestic convertible corporate bonds and terminated the listing.
2013	June	The Company issued the sixth domestic secured conversion corporate bond of NT\$350 million and the seventh domestic unsecured conversion corporate bond of NT\$150 million.
2014	October	The Company canceled the ninth repurchase of treasury shares amounting to NT\$30 million, after the capital reduction, the paid-in capital amounted to NT\$3,847,161,580.
2015	January	The Company canceled the tenth repurchase of treasury shares amounting to NT\$15 million, after the capital reduction, the paid-in

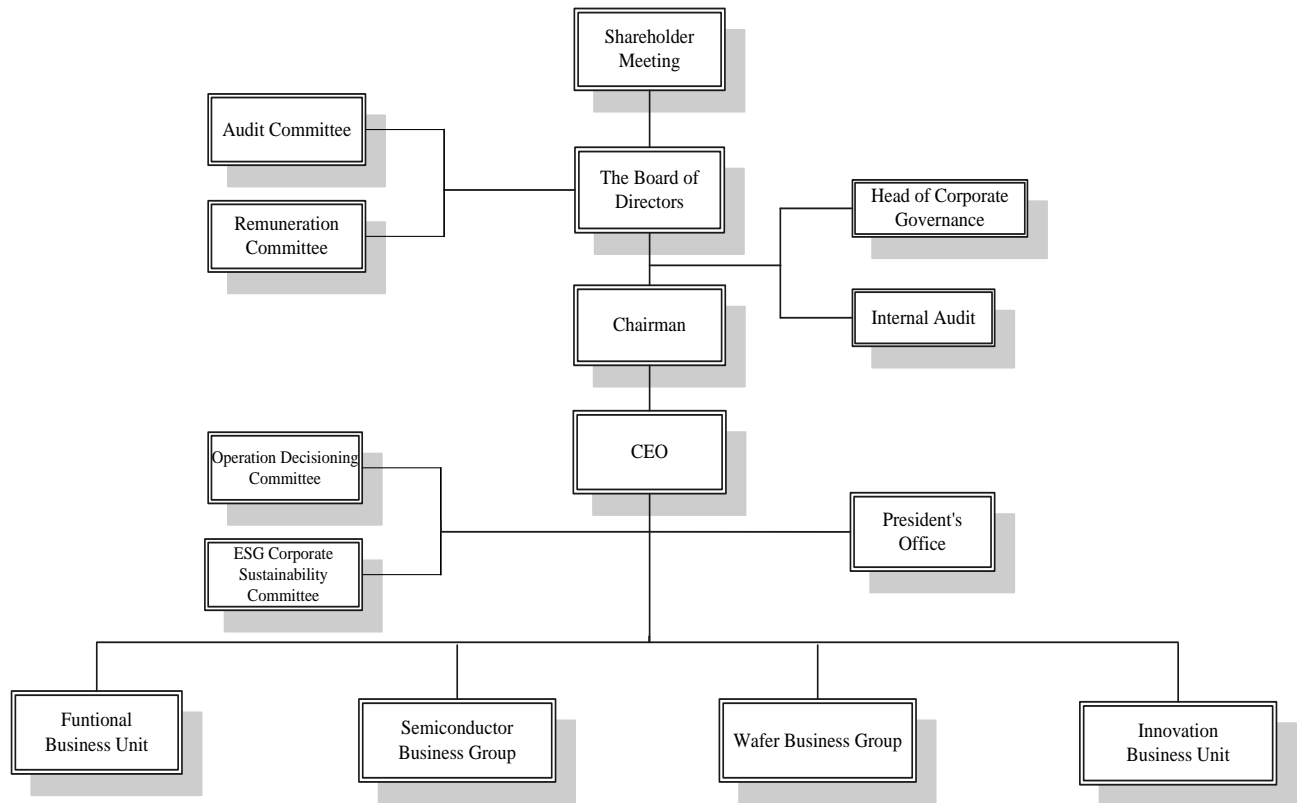
		capital amounted to NT\$3,833,354,890.
2016	January	The Company canceled the eleventh and twelfth repurchase of treasury shares amounting to NT\$380 million, after the capital increase, the paid-in capital amounted to NT\$3,524,482,170. The Company compulsorily redeemed the seventh domestic convertible corporate bonds and terminated the listing.
2016	August	The Company compulsorily redeemed the sixth domestic convertible corporate bonds and terminated the listing.
2018	January	AIDE SOLAR TECHNOLOGY CO., LTD. has not seen any improvement in its operating performance. The board of directors has decided to reduce the operating scale after considering the overall operating conditions and planning for the future vision. Therefore, in accordance with the International Accounting Standards (IAS) No. 36 Bulletin, the total amount of financial and non-financial assets of AIDE SOLAR TECHNOLOGY CO., LTD. is set aside for impairment losses of approximately NT\$1,285 million.
2018	October	In order to assist the Company's subsidiary Mildex Optical Co., Ltd. to introduce strategic investors, the Company sold some of the shares of Mildex Optics held to strategic investors and lost control of Mildex Optics.
2021	July	After the capital increase, the paid-in capital amounted to NT\$369,794,360. After the capital increase, the paid-in capital amounted to NT\$3,328,149,270.
2021	March	The Company acquired 19.97% of the equity of Alltop Technology Co., Ltd. (stock code: 3526) through a public acquisition.
2021	November	The Company handled the cash capital increase, issued ordinary shares, and participated in the issuance of Global Depositary Receipt of NT\$500 million. After the capital increase, the paid-in capital amounted to NT\$3,828,149,270.
2022	March	The Company acquired 30.00% of the equity of Champion Microelectronic Corp. (stock code: 3257) through a public acquisition.

Chapter 3 Corporate Governance Report

I. Organization

(I) Organization Chart

April 16, 2023



(II) Department Functions

Departments	Main Responsibility
Operation Decisioning Committee	Strengthen operational strategy and decision-making efficiency. To guide and review the group's overall growth strategy to enhance the overall practice of PANJIT Group's sustainable operation,
ESG Corporate Sustainability Development Committee	Formulate and review ESG strategies and specific actions, and at the same time fully integrate the resources of PANJIT Group in environment, Social responsibility, and governance, so as to implement the concept of sustainable development of the enterprise.
President's Office	Assist the President to implement business and assist in the formulation, review and business performance analysis of business plans.
Functional Business Unit	It covers the group finance, accounting, information, human resources and other units to assist and support the management and growth of the various business units of the Group

Departments	Main Responsibility
Semiconductor Business Group	Responsible for business operation management, market development, product manufacturing, manufacturing technology development and integration of production and services for semiconductor global customers
Wafer Business Group	Responsible for business operation management, market development, product manufacturing, manufacturing technology development and integration of production and services for wafer global customers
Innovation Business Unit	Responsible for new business development evaluation, R&D and management
Internal Audit	Formulate and improve the Company's internal control system, plan and implement the auditing operations of the Company's various systems, report regularly and track improvements

II. Information on the Company's Directors, Supervisors, President, Vice Presidents, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

(I) Directors and Supervisors

1. Directors and Supervisors (A)

April 16, 2023; Unit: share

Title (Note 1)	Nationality or Registration Location	Name	Gender Age (Note 2)	Date of Appointmentl. Date of founding	Term of Office	at Appointment Shares Held		at Present Number of Shares Held		Spouse & minor shareholding Shares		Shares Held in the Name of Other Persons		Major experience/ academic background	Positions concurrently held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relatives:			Remark (Note 3)
						Number of shares	Share- holding %	Number of shares	Share- holding %	Number of shares	Share- holding %	Number of shares	Share- holding ratio			Position title	Name	Relation	
Chairman	Republic of China	FANG, MIN- QING	Male 61-70 years old	2020/6/12	Three years	8,522,888	2.56%	8,522,888	2.23%	3,903,560	1.02%	0	0.00%	Department of Mechanical Engineering, Cheng Shiu Technical College Chairman of Kun Hexing Brick Manufacturing Co., Ltd.	Note I	Directors	FANG, MIN- ZONG	Elder Brother	Note VII
Directors	Republic of China	ZHONG, YUN-HUI	Male 71-80 years old	2020/6/12	Three years	2,778,319	0.83%	2,225,319	0.58%	0	0.00%	0	0.00%	Department of Electronic Engineering, China Technical College Plant Manager of Rectron	Note II	None	None	None	
Directors	Republic of China	Jinmao Investment Co., Ltd.	Male 61-70 years old	2020/6/12	Three years	49,076,710	14.75%	52,046,710	13.60%	0	0.00%	0	0.00%	None	None	None	None	None	
		Representative: FANG, MIN- ZONG				2,554,629	0.77%	2,554,629	0.67%	9,393,480	2.45%	0	0.00%	Department of Civil Engineering, Cheng Shiu Technical College Chairman of Mildex Technology Co., Ltd.	Note III	Chairman	FANG, MIN- QING	Younger Brother	
Directors	Republic of China	Jinmao Investment Co., Ltd.	Male 61-70 years old	2020/6/12	Three years	49,076,710	14.75%	52,046,710	13.60%	0	0.00%	0	0.00%	None	None	None	None	None	
		Representative: LIN, HONG- GUANG (Took office on September 1, 2022)				0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Business Administration, Brock College, City University of New York Director and Certified Public Accountant of Ernst & Young Taiwan	Note IV	None	None	None	

Title (Note 1)	Nationality or Registration Location	Name	Gender Age (Note 2)	Date of Appointmentl. Date of founding	Term of Office	at Appointment Shares Held		at Present Number of Shares Held		Spouse & minor shareholding Shares		Shares Held in the Name of Other Persons		Major experience/ academic background	Positions concurrently held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relatives:			Remark (Note 3)
						Number of shares	Share- holding %	Number of shares	Share- holding %	Number of shares	Share- holding %	Number of shares	Share- holding ratio			Position title	Name	Relation	
Independ ent Directors	Republic of China	FAN, LIANG- FU	Male 71-80 years old	2020/6/12	Three years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Chemical Engineering, Oklahoma State University, USA Chief Operating Officer of Hanyang Semiconductor Co., Ltd.; Vice President of LAM Research, USA, Factory Director of TI, USA, Vice President of HERMES- MICROVISION, INC., Vice President of Hermes- Epitek Corporation	Vice President of Hermes- Epitek Corporation, Chairman and President of Genese Intelligent Technology	None	None	None	
Independ ent Directors	Republic of China	CHEN, YI- CHENG	Male 51-60 years old	2020/6/12	Three years	9,975	0.00%	9,975	0.00%	0	0.00%	0	0.00%	Master of Finance and Management, Sun Yat- Sen University Vice President of Finance, FENG SHEHG ENTERPRISE COMPANY; Vice President of F&A and Spokesperson, Asia Vital Components Co., Ltd	Note V	None	None	None	
Independ ent Directors	Republic of China	CHEN, SHI- ZHEN	Male 51-60 years old	2020/6/12	Three years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Law, Soochow University Attorney of Lee and Li, Attorneys-at-Law, attorney of Throne Intellectual Property Office and Legal Advisor of Chang Gung Medical Foundation Legal Person Industry-University Cooperation Center	Note VI	None	None	None	

- Note 1: For institutional shareholders, the title of the institutional shareholder as well as the name of the representative shall be indicated (If it is a representative of a institutional shareholder, the name of the institutional shareholder shall be indicated). The following table should be filled out.
- Note 2: Please list the actual age, and it must be expressed in intervals, such as 41-50 years old or 51-60 years old.
- Note 3: If the chairman of the Board and the President or their equivalent (chief manager) are the same person, each other's spouse or a relative of the first degree of kinship, the reason, reasonableness, necessity and response measures (e.g., increase in the number of independent directors, and more than half of the directors do not concurrently serve as employees or managers) shall be stated.
- Note I: Chairman and President of the Company; Chairman and President of Pynmax Technology Co., Ltd; Director of JOYSTAR INTERNATIONAL CO., LTD.; Director of PANJIT ASIA INTERNATIONAL INC.; Director of PAN JIT AMERICAS, INC.; Chairman and President of PanJIT Electronics (Wuxi) Co., Ltd.; Director of PanJIT Electronics (Beijing) Co., Ltd.; Chairman of PANJIT ELECTRONICS (SHANDONG) CO., LTD.; Chairman and President of PAN-JIT INTERNATIONAL (H.K.) LTD.; Director of Suzhou Grande Electronics Co. Ltd.; Director of CONTINENTAL LIMITED; Director of PAN JIT EUROPE GMBH; Director of DYNAMIC TECH GROUP LIMITED; President of SHENZHEN WEIQUAN ELECTRONICS CO.,LTD;; Chairman of PANJIT Semiconductor (Xuzhou) Co., LTD; Director of MILDEX OPTICAL INC.; Director of MILDEX OPTICAL USA, INC.; Supervisor of Jinmao Investment Co., Ltd.
- Note II: Chairman of SHENZHEN WEIQUAN ELECTRONICS CO.,LTD; Director of MILDEX OPTICAL INC.; Director of PANJIT Semiconductor (Xuzhou) Co., Ltd.; CEO of Siyang Grande Electronics Co., Ltd.
- Note III: Corporate Director Representative of Pynmax Technology Co., Ltd.; Director of PAN JIT AMERICAS, INC.; Director of PanJit Electronics (Wuxi) Co., Ltd.; Director of PanJit Electronics (Beijing) Co., Ltd.; Director of Suzhou Grande Electronics Co. Ltd.; Vice Chairman of SHENZHEN WEIQUAN ELECTRONICS CO.,LTD; Chairman and President of Aide Energy (CAYMAN) Holding Co., Ltd.; Chairman, Director and President of Aide Solar Energy (HK) Holding Limited; Partner of AIDE Energy Europe Coöperatie U.A.; Director of AIDE ENERGY EUROPE B.V.; Chairman of EC Solar C1 SRL; Director of PANJIT Semiconductor (Xuzhou) Co., Ltd.; Chairman of Champion Microelectronic Corp.; Chairman of Wisdom Mega Corp.; Director of Champion Microelectronic Corp.; Director of Wisdom Bright Inc.; Director of Wisdom Toprich Technology Limited; Director of Great Power Microelectronics Corp., Chairman of Mildex Optics Co., Ltd.; Director of MILDEX ASIA Co.,LTD. ; Chairman of MILDEX OPTICAL USA, INC.; Chairman and President of Mildex Technology (Wuxi) Co., LTD.; Director of SINANO TECHNOLOGY CORP.; Chairman and President of MILDEX OPTICAL INC.; Director of MILDEX TECHNOLOGY HOLDING (CAYMAN) CO.,LTD.; Director of JUMPLUS CO.,LTD.; Corporate Director Representative of ALLTOP TECHNOLOGY CO., LTD.; Corporate Director Representative of EVER OHMS TECHNOLOGY CO., LTD.; Chairman of Jinmao Investment Co., Ltd.; Corporate Director Representative of Zhaorongjing Biomedical Co., Ltd.
- Note IV: Supervisor of Union Mechatronic Inc.; Chairman of Ernst & Young Cultural and Educational Foundation; Independent Director of O-Bank; Corporate Director Representative of GLOBE UNION INDUSTRIAL CORP.; and Director of the private Taichung Jumei Social Welfare Charity Foundation
- Note V: Board Director and Vice President of Asia Vital Components Co., Ltd.; Director of Sentelic Corporation; Director of SHENG-SHING CORP.; Corporate Director Representative of Rayney International LTD.; Corporate Director Representative of Hongye Investment Co., Ltd.; Corporate Director Representative of ZIMAG TECHNOLOGY CO., LTD.; Chairman of Licheng Investment Co., Corporate Director Representative of FOSITEK CORP.; Supervisor of SteadyBeat Technology Corporation
- Note VI: Chief Legal Officer and Vice President of SYSTEX Corporation; Independent Director of HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.; Supervisor of ONATION CORPORATION; Corporate Director Representatives of Syswiser Technology Corporation, Syslink Corporation, Top Information Technologies Co., Ltd., Smartsys Technology Corporation; DAWNING TECHNOLOGY INC., and Taifon Computer Company Limited
- Note VII: Due to operational and management needs, the Company's chairman holds the concurrent position as the President to enhance the overall operating efficiency and decision execution. However, in order to improve the supervisory function of the Board of Directors, strengthen the management function, and conform to the spirit of corporate governance, the Company has the following specific measures:
- (1) Implementing BoD diversification policy: Board members shall have academic experience and expertise in accounting, law, semiconductor and other fields
 - (2) Setting up functional committees: Functional committees such as Audit Committee and Remuneration Committee shall assist the Board of Directors in major decisions
 - (3) Enhance the independence of the Board of Directors: The Board of Directors resolved on April 7, 2023 to re-elect all directors at 2023 Regular Shareholder's Meeting, increasing the original three independent directors to four, and the list of candidates proposed by the Board of Directors does not include more than half of the directors who are also employees or managers, which is in compliance with the "Important Points for the Establishment and Exercise of Powers and Functions of the Board of Directors of Listed Companies".

1-1 Major shareholders of institutional shareholders

April 16, 2023

Name of institutional shareholder (Note 1)	Major shareholders of Legal Person shareholders (Note 2)	
Jinmao Investment Co., Ltd.	CHEN, CHUN-MIN	15 %
	FANG, MIN-QING	15 %
	CAI, LI-XIANG	10 %
	FANG, HONG-RONG	10 %
	YAN, QING	10 %
	FANG, MIN-ZONG	10 %
	ZHUANG, GUO-CHEN	6 %
	SILIGOLD TECHNOLOGY INC.	5 %
	FANG, SHU-YA	5 %
	FANG, SHU-LING	5 %
	FANG, SHU-QI	5 %

Note 1: If the directors or supervisors are a representative of a corporate shareholder, the name of the corporate shareholder shall be indicated.

Note 2: Fill in the name of the major shareholder of the corporate shareholder (the shareholding ratio accounts for the top ten) and its shareholding ratio. If its major shareholder is a corporate, the following table should be filled out.

Note 3: If a corporate shareholder is not a company or an institute, the name of the shareholder and shareholding ratio that should be disclosed in the previous disclosure is the name of the investor or donor (Please refer to the announcement of the Judicial Yuan for inquiries) and the ratio of capital contribution or donation. Donors who have passed away are marked "deceased".

1-2 Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders

April 16, 2023

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	
SILIGOLD TECHNOLOGY INC.	CAI, MING-HUI	50%
	ZHUANG, GUO-CHEN	50%

Note 1: If the major shareholder in the table above is a corporate shareholder, the name of the corporate shareholder shall be indicated.

Note 2: Fill in the name of the major shareholder of legal person shareholder (the shareholding ratio accounts for the top ten) and its shareholding ratio.

Note 3: If a corporate shareholder is not a company or an institute, the name of the shareholder and shareholding ratio that should be disclosed in the previous disclosure is the name of the investor or donor (Please refer to the announcement of the Judicial Yuan for inquiries) and the ratio of capital contribution or donation. Donors who have passed away are marked "deceased".

2. Directors and Supervisors (B)

2-1 Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

Criteria Name	Professional qualifications and experience (Note 1)	Status of Independence (Note 2)	Currently serving as an independent director in other public companies
Chairman FANG, MIN-QING	He currently serves as President and Chairman of the Board of Directors of the Company, can provide extensive knowledge and management experience in the semiconductor industry in terms of operation and management, and has more than five years of working experience required for the company's business, and undergoes no matters under the provisions of Article 30 of the Company Act.	Chairman FANG, MIN-QING concurrently serves as President of the Company and a director or employee of an affiliated company. Acted as the supervisor of Jinmao Investment Co., Ltd., the corporate director of the Company. Himself and the spouse hold 3.25% of the Company's total issued shares. Both of them are the top ten shareholders of the Company. Young brother of Director FANG, MIN-ZONG	None
Directors ZHONG, YUN-HUI	He currently serves as President of Siyang Grande Electronics Co., Ltd., can provide extensive knowledge and management experience in the semiconductor industry in terms of operation and management, and has more than five years of working experience required for the company's business, and undergoes no matters under the provisions of Article 30 of the Company Act.	Director ZHONG, YUN-HUI also serves as a director of the Company's affiliated companies. Himself hold 0.58% of the Company's total issued shares.	None
Directors Representative of Jinmao Investment Co., Ltd.: FANG, MIN-ZONG	He currently serves as Chairman of MILDEX OPTICAL INC (stock code: 4729) and Chairman of Champion Microelectronic Corp. (stock code: 3257), has more than five years of work experiences required by the company's business, and undergoes no matters as stated in Article 30 of the Company Act.	Chairman FANG, MIN-ZONG concurrently serves as the employed by manager of the Company and a director or employee of an affiliated company. Acted as the Responsible person of Jinmao Investment Co., Ltd., the corporate director of the Company. Himself and the spouse hold 3.12% of the Company's total issued shares. The spouse is the top ten shareholders of the Company. Chairman and President, FANG, MIN-QING, is the younger brother.	None

Criteria Name	Professional qualifications and experience (Note 1)	Status of Independence (Note 2)	Currently serving as an independent director in other public companies
Directors Representative of Jinmao Investment Co., Ltd.: LIN, HONG- GUANG (Took office on September 1, 2022)	He has a master's degree in business administration from Brock University in New York. He used to be a certified public accountant and director of Ernst & Young. He has more than 20 years of audit work experience. During his tenure as a director of the company, he provided advice and guidance on finance, taxation, auditing and business analysis. He currently serves as an independent director of O-Bank (stock code: 2897) and has not violated the provisions of Article 30 of the Company Law.	Director LIN, HONG-GUANG does not concurrently serve as a director, supervisor or employee of the Company's affiliated companies and does not hold any shares of the Company.	1
Independent director CHEN, YI- CHENG	He has a master's degree in Finance and Management from Sun Yat-Sen University and has been engaged in accounting work for many years. He has been the director of the Finance and Accounting Department since Asia Vital Components Co., Ltd. (stock code: 3017) was listed on September 27, 1991 (later he was promoted to vice president). He has over 20 years of financial and accounting work experience in listed companies and has the experiences in the operational judgment, accounting and financial analysis, business management, industry experience, international market, leadership, decision-making ability, etc. He meets the requirement of having accounting or financial expertise as a member of the Audit Committee and is currently the convener of the Audit Committee and the Compensation Committee of the Company.	Independent director Chen, YI-CHENG, his spouse, or relatives within the second degree do not act as the director, supervisor or employee of the Company or its affiliated companies; except for 9,975 shares of the Company that he held (according for 0.00% of the total shares issued by the Company), his spouse and relatives within the second degree of kinship do not hold the shares of the Company or serve as a director, supervisor or employee of a company that has a specific relationship with the Company. He has not provided the business, legal, financial, accounting and other services to the Company or its affiliates over the past two years.	None

Criteria Name	Professional qualifications and experience (Note 1)	Status of Independence (Note 2)	Currently serving as an independent director in other public companies
Independent director FAN, LIANG-FU	He has the Master of Chemical Engineering, Oklahoma State University, USA. Acted as Vice President of Hermes Microvision Technology Co., Ltd. from 2004 to 2012. Currently serves as Vice President of Hermes-Epitek Corporation. He has more than five years of work experience required by the Company's business. During his tenure as an independent director of the Company, he provided rich knowledge and management experience in the semiconductor industry.	Independent director FAN, LIANG-FU, his spouse, or relatives within the second degree do not act as the director, supervisor or employee of the Company or its affiliated companies; he, his spouse and relatives within the second degree of kinship do not hold the shares of the Company or serve as a director, supervisor or employee of a company that has a specific relationship with the Company. He has not provided the business, legal, financial, accounting and other services to the Company or its affiliates over the past two years.	None
Independent director CHEN, SHI-ZHEN	He has the Master of Law, Soochow University. Passed the 2003 Special Vocational and Technical Personnel Higher Examination for Lawyers, and have a lawyer's certificate. Previous Attorney of Lee and Li, Attorneys-at-Law. Currently Attorney of Throne Intellectual Property Office. He currently serves as the Chief Legal Officer and Vice President of SYSTEX Corporation (stock code: 6214). He has at least five years of work experience required for the company's business. During his tenure as an independent director of the company, he provided advice on the legal strategy, compliance, and management decision-making.	Independent director CHEN, SHI-ZHEN, his spouse, or relatives within the second degree do not act as the director, supervisor or employee of the Company or its affiliated companies; he, his spouse and relatives within the second degree of kinship do not hold the shares of the Company or serve as a director, supervisor or employee of a company that has a specific relationship with the Company. He has not provided the business, legal, financial, accounting and other services to the Company or its affiliates over the past two years.	1

Note 1: Professional qualifications and experience. Describe the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or finance expertise, they should state their accounting or finance background and work experience. States none of the in the paragraphs of Article 30 of the Company Act applies.

Note 2: Independent directors shall state that they meet the circumstances of independence, including but not limited to whether I, my spouse, or relatives within the second degree act as directors, supervisors or employees of the Company or its affiliated companies; The number and proportion of the Company's shares held by the person, spouse, relatives within the second degree of kinship (or in the name of others); Whether to serve as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Obeyed); The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

2-2 Board Diversity and Independence

2-2-1 Board Diversity:

In order to enhance the functions of the board of directors and improve the structure of the board of directors, the Company has formulated the "Board Diversity Policy". We also select members with diverse backgrounds and perspectives based on the Company's operation, business model and development needs. Please refer to pages 56 to 59 of the annual report for the specific management objectives and achievement of the diversity policy of the Board of Directors of the Company and the implementation of the diversity policy.

2-2-2 Independence of the Board of Directors:

The Company has set up seven director seats in accordance with the provisions of the Company's articles of association, including three independent directors, accounting for 42.86% of the seats on the board of directors. The board members, Chairman FANG, MIN-QING and Director FANG, MIN-ZONG, have employee status and have kinship within the second degree, accounting for 28.57% of the seats on the board of directors. Therefore, there is no circumstance specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(II) President, Vice President, Senior Managers, Heads of Departments and Branches

April 16, 2023; Unit: share

Position title (Note 1)	Nationality	Name	Gender	Date of appointment	Shares Held		by spouse or minor children Shares Held		Shares Held in the Name of Other Persons		Major Work (Academic) Experience (Note 2)	Concurrent as Positions in other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Remark (Note 3)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Position title	Name	Relation	
President	Republic of China	FANG, MIN-QING	Male	1994.12.03	8,522,888	2.23%	3,903,560	1.02%	0	0.00%	Department of Mechanical Engineering, Cheng Shiu Technical College Chairman of Kun Hexing Brick Manufacturing Co., Ltd.	Note I	None	None	None	Note IV
Chief Operating Officer	Republic of China	CHEN, ZUO-MING	Male	2018.08.15	0	0.00%	441	0.00%	0	0.00%	Master of Business Management, Sun Yat-Sen University President of Greater China Business, Yageo Co., Ltd.	Note II	None	None	None	
Vice President	Germany	KOENIG ROLAND HERBERT	Male	2019.02.11	0	0.00%	0	0.00%	0	0.00%	'MSc. in Chemistry, Ludwig-Maximilians-University, Munich, Germany 'Nexperia GmbH, Hamburg, Germany, Director -Head of Global Customer Care 'NXP Semiconductors Germany GmbH, Hamburg, Germany, Director - Head of Quality Complaints BL General Applications	None	None	None	None	
Vice President	Republic of China	YANG, ZHAO-QUAN	Male	2017.10.01	15,475	0.00%	0	0.00%	0	0.00%	Wichita State University (Bachelor of Marketing and Business Administration), Friends University MBA study Senior Marketing Manager of IBU and SBU, PANJIT INTERNATIONAL INC.	None	None	None	None	

Position title (Note 1)	Nationality	Name	Gender	Date of appointment	Shares Held		by spouse or minor children Shares Held		Shares Held in the Name of Other Persons		Major Work (Academic) Experience (Note 2)	Concurrent as Positions in other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Remark (Note 3)
					Number of shares	Shareholding %	Number of shares	Sharehold ing %	Number of shares	Sharehold ing %			Position title	Name	Relation	
Vice President	Malaysia	Chiew Teo Ann	Male	2019.03.11	0	0.00%	0	0.00%	0	0.00%	B Cs (Electronics Eng), Hanyang Universty, Seoul Manufacturing Director, Osram Opto Semiconductor(M)Sdn Bhd Operations Director, Infineon Technologies(M)Sdn Bhd	None	None	None	None	
Vice President	Republic of China	LIN XI	Male	2022. 05.10	1,000	0.00%	25,000	0.01%	0	0.00%	Master of Industrial Engineering, National Tsing Hua University Senior Manager of Actron Technology Corporation	None	None	None	None	
Chief Strategy Officer	Republic of China	LI, XUE-HAN	Male	2018.04.09	0	0.00%	0	0.00%	0	0.00%	Master of George Washington University, USA Alcatel Asia Pacific Chief Financial Officer; Zyxel European Chief Operating Officer; Vice President of Hermes Microvision Technology Co., Ltd.; President of LIEN CHANG ELECTRONIC ENTERPRISE CO., LTD.	Corporate Director Representative of Pynmax Technology Co., Ltd.	None	None	None	
Chief Accounting Officer (Accounting Supervisor, Head of Corporate Governance)	Republic of China	XIE, BAI-CHENG	Male	2010.09.01	0	0.00%	0	0.00%	0	0.00%	Master's Degree at the Accounting Institute of Chung Cheng University Senior Manager of Auditing, Ernst & Young Taiwan	Note III	None	None	None	

Position title (Note 1)	Nationality	Name	Gender	Date of appointment	Shares Held		by spouse or minor children Shares Held		Shares Held in the Name of Other Persons		Major Work (Academic) Experience (Note 2)	Concurrent as Positions in other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Remark (Note 3)
					Number of shares	Shareholding %	Number of shares	Sharehold ing %	Number of shares	Sharehold ing %			Position title	Name	Relation	
Chief Financial Officer (Financial supervisor)	Republic of China	SHEN, YING-XIU	Female	1999.05.04	164,504	0.04%	2,285,710	0.60%	0	0.00%	Master's Degree at the Research Institute, University of Texas, USA Yufu Securities Commissioner	Supervisor of Pynmax Technology Co., Ltd.	None	None	None	

Note 1: President, Vice President, Senior Managers, Heads of Departments and Branches shall be included. And any position equivalent to President, Vice President, or Senior Managers, regardless of job title, should also be disclosed.

Note 2: Experience relevant to the current position. If one has worked in an audit firm or related company during the previous disclosure period, one should state the job title and the responsible position.

Note 3: If the Chairman of the Board and the President or their equivalent (chief manager) are the same person, each other's spouse or a relative of the first degree of kinship, the reason, reasonableness, necessity and response measures (e.g. increase in the number of independent directors, and more than half of the directors do not concurrently serve as employees or managers) shall be stated:

Note I: Please refer to Note 1 on page 16 of this annual report.

Note II: President of PAN-JIT Semiconductor (Xuzhou) Co., Ltd., Corporate Director Representative of Champion Microelectronic Corp., and Director of Great Power Microelectronics Corp.

Note III: Supervisor of Pynmax Technology Co., Ltd.; Supervisor of PanJit Electronics (Wuxi) Co., Ltd.; Supervisor of PanJit Electronics (Beijing) Co., Ltd.; Supervisor of PANJIT ELECTRONICS (SHANDONG) CO., LTD.; Supervisor of PanJit Electronics (Qufu) Co., Ltd.; Supervisor of Suzhou Grande Electronics Co. Ltd.; Director of Aide Energy (CAYMAN) Holding Co., Ltd. Director of Zibo Micro Commercial Components Corp.

Note IV: Please refer to Note 7 on page 16 of this Annual Report.

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

(I) Remuneration to Directors and Independent Directors

Units: NT\$ thousands

Job title	Name	Directors' remuneration								Percentage of the total sums of A, B, C and D to net income after text (Note 10)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income (%) (Note 10)		Compensation paid to directors from an investee company other than the Company's subsidiaries or parent company. (Note 11)
		Base compensation (A) (Note 2)		Severance pays and pension (B)		Directors' compensation (C) (Note 3)		Business execution expenses (D) (Note 4)				Salaries, bonuses, and special expenses (E) (Note 5)		Severance pays and pension (Note 6)		Employee compensation (D) (Note 6)						
		The Company	All companies listed in this financial report. (Note 7)	The Company	All companies listed in this financial report. (Note 7)	The Company	All companies listed in this financial report. (Note 7)	The Company	All companies listed in this financial report. (Note 7)	The Company	All companies listed in this financial report	The Company	All companies listed in the financial statements (Note 7)	The Company		All Companies listed in this financial report. (Note 7)		The Company	All companies listed in this financial report			
		Cash Amount	Number of shares	Cash Amount	Stock Amount																	
Directors	FANG, MIN-QING	0	1,387	0	0	9,526	9,526	260	280	9,786 0.56%	11,193 0.64%	11,410	26,331	194	194	8,586	0	8,986	0	29,976 1.71%	46,704 2.66%	4,716
	ZHONG, YUN-HUI																					
Corporate Director Representative	FANG, MIN-ZONG																					
	LIN, HONG-GUANG (Took office on September 1, 2022)																					
	ZHAN, WEN-XIONG (Resigned on March 16, 2022)																					
Corporate Director	Jinmao Investment Co., Ltd.	0	0	0	0	22,474	22,474	0	0	22,474 1.28%	22,474 1.28%	0	0	0	0	0	0	0	0	22,474 1.28%	22,474 1.28%	0
Independent Directors	CHEN, YI-CHENG	0	0	0	0	3,000	3,000	230	230	3,230 0.18%	3,230 0.18%	0	0	0	0	0	0	0	0	3,230 0.18%	3,230 0.18%	0
	FAN, LIANG-FU																					
	CHEN, SHI-ZHEN																					

- Description of the policies, systems, standards and structure of the remuneration packages of independent directors and their correlations with the amount of remuneration paid, taking into account their responsibilities, risks and time commitment:
The remuneration payment policy for independent directors of the company is determined by the board of directors in accordance with Article 16 of the company's articles of association, taking into account the usual standards of the industry, and in accordance with the independent director remuneration standard determined by the board of directors on May 10, 2022, each person shall receive a fixed amount of director remuneration per year.
- In addition to those disclosed in the above table, the remuneration received by the directors of the Company in the most recent year for providing services (such as serving as a consultant for non-employees of the parent company / all companies listed in the financial report / transfer investment enterprises, etc.): None.

(Note) As of the date of publication of the annual report, the director's remuneration and employee's remuneration for directors and employees concurrently serving as directors listed in this table have not been resolved by the board of directors. Therefore, the proposed distribution amount for this year is calculated based on the proportion of the actual distribution amount from last year.

Range of remuneration

Range of remuneration paid. Range of remuneration of director	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies listed in the financial statements (Note 9) H	The Company (Note 8)	Parent company and all reinvested businesses (Note 9) I
Less than NT\$1,000,000	FANG, MIN-ZONG, ZHAN, WEN-XIONG, LIN, HONG-GUANG	ZHAN, WEN-XIONG, LIN, HONG-GUANG	ZHAN, WEN-XIONG, LIN, HONG-GUANG	ZHAN, WEN-XIONG, LIN, HONG-GUANG
NT\$1,000,000 (inclusive) - 2,000,000 (exclusive)	CHEN, YI-CHENG, FAN, LIANG-FU, CHEN, SHI-ZHEN, ZHONG, YUN-HUI	CHEN, YI-CHENG, FAN, LIANG-FU, CHEN, SHI-ZHEN, , ZHONG, YUN-HUI, FANG, MIN-ZONG	CHEN, YI-CHENG, FAN, LIANG-FU, CHEN, SHI-ZHEN, ZHONG, YUN-HUI	CHEN, YI-CHENG, FAN, LIANG-FU, CHEN, SHI-ZHEN, ZHONG, YUN-HUI
NT\$2,000,000 (inclusive) - 3,500,000 (exclusive)	None	None	None	None
NT\$3,500,000 (inclusive) - 5,000,000 (exclusive)	None	None	None	None
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	FANG, MIN-QING	FANG, MIN-QING	FANG, MIN-ZONG	None
NT\$10,000,000 (inclusive) - 15,000,000 (exclusive)	None	None	None	None
NT\$15,000,000 (inclusive) - 30,000,000 (exclusive)	Jinmao Investment Co., Ltd.	Jinmao Investment Co., Ltd.	FANG, MIN-QING, Jinmao Investment Co., Ltd.	FANG, MIN-QING, FANG, MIN-ZONG, Jinmao Investment Co., Ltd.
NT\$30,000,000 (inclusive) - 50,000,000 (exclusive)	None	None	None	None
NT\$50,000,000 (inclusive) - 100,000,000 (exclusive)	None	None	None	None
NT\$100,000,000 and above	None	None	None	None
Grand total	9 people	9 people	9 people	9 people

Note 1: The names of the Directors shall be listed separately (For corporate shareholders, the title of the corporate shareholder as well as the name of the representative shall be indicated), and the names of the general Directors and independent Directors shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If the

director is also the President or Vice President, please fill in this form and the following table (3-1), or table (3-2-1) and (3-2-2).

- Note 2: Refers to the remuneration of directors in the most recent fiscal year (including directors' salary, job bonus, severance payment, various bonuses, incentives, etc.).
- Note 3: It refers to bonus distributed to directors upon approval by the Board of Directors in the most recent fiscal year.
- Note 4: It refers to business expenses paid to directors in the most recent fiscal year (including transport, special expenses, various allowances, accommodation, and provision of physical items such as vehicles) If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation.
- Note 5: Remuneration for directors concurrently holding positions (including President, Presidents, vice presidents, other managerial officers, or employees) in the Company shall include salaries, job remuneration, severance pay, various bonuses, rewards, transportation allowance, special expenses, various allowances, accommodation, and provision of physical items such as vehicles. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Salary expenses recognized under IFRS 2 - "Share-based Payment", including employee stock warrant, new restricted employee shares, and participation in subscription of stocks in cash capital increase, shall also be included in the calculation of remuneration.
- Note 6: Refers to those who have received employee remuneration (including stocks and cash) from concurrent directors (including concurrently serving as President, Vice President, other managers and employees) in the most recent fiscal year. The amount of employee remuneration approved by the Board of Directors in the most recent fiscal year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached table 1-3 shall be filled out.
- Note 7: The total amount of remuneration paid to directors of the Company by all companies (including the Company) as listed in the financial statements shall be disclosed.
- Note 8: The name of individual director shall be disclosed in the remuneration ranges to which the amount of remuneration paid to individual director by the Company correspond, respectively.
- Note 9: The name of individual director shall be disclosed in the remuneration ranges to which the amount of remuneration paid to individual director by all the companies (including the Company) listed in the financial statements correspond, respectively.
- Note 10: Net income refers to that in the latest parent-only or individual financial statements.
- Note 11: a. Remuneration received by the president and vice presidents of the Company from investee companies other than subsidiaries or parent company shall be specified (If none, please fill in "None").
- b. If the directors of the Company receive remuneration from investee companies other than subsidiaries or parent company, the remuneration received by the directors of the Company from investee companies other than subsidiaries or parent company shall be included in Column E in the Remuneration Range Table, and the column heading shall be changed to "Parent company and all investee companies."
- c. Remuneration in this case refers to remuneration, bonuses (including employee, director, or supervisor bonuses), and allowances received by the directors of the Company as the directors, supervisors, or managerial officers of invested companies other than subsidiaries or parent Company.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation.

(II) Remuneration for the President and Vice Presidents

Units: NT\$ thousands

Position title	Name	Salary (A) (Note 2)		Severance pays and pension (B)		Bonuses and special expenses (C) (Note 3)		Employee compensation (D) (Note 4)				Percentage of the total sums of A, B, C and D to net income after text (%) (Note 8)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company. (Note 9)
		The Company	All companies listed in this financial report. (Note 5)	The Company	All companies listed in this financial report. (Note 5)	The Company	All companies listed in this financial report. (Note 5)	The Company		All Companies listed in this financial report. (Note 5)		The Company	All companies listed in this financial report	
								Cash Amount	Number of shares	Amount of cash	Number of shares			
President	FANG, MIN-QING	29,463	41,348	517	517	9,355	15,468	12,762	0	13,162	0	52,097 2.96%	70,495 4.01%	44
Vice President (Chief Operating Officer)	CHEN, ZUO-MING													
Vice President	Koenig Roland Herbert													
Vice President	YANG, ZHAO-QUAN													
Vice President	Chiew Teo Ann (Note 1)													
Vice President	LIN XI (Note 2)													
Chief Strategy Officer	LI, XUE-HAN													

*Regardless of job title, all positions equivalent to President or Vice President (for example: president, chief executive officer, director... etc.) should be disclosed.

(Note)As of the date of publication of the annual report, the employee compensation received by individual managers listed in this table has not been resolved by the board of directors.

Therefore, the proposed distribution amount for this year is calculated based on the proportion of the actual distribution amount from last year.

(Note 1) Vice President Chiew Teo Ann was promoted to the position on January 14, 2022.

(Note 2) Vice President LIN XI took office on May 10, 2022.

Range of remuneration

Range of remuneration paid to the president and vice presidents	Name of President and Vice Presidents	
	The Company (Note 6)	Parent company and all reinvested businesses (Note 7) E
Less than NT\$1,000,000	None	None
NT\$1,000,000 (inclusive) - 2,000,000 (exclusive)	None	None
NT\$2,000,000 (inclusive) - 3,500,000 (exclusive)	None	None
NT\$3,500,000 (inclusive) - 5,000,000 (exclusive)	LIN XI, YANG, ZHAO-QUAN	LIN XI, YANG, ZHAO-QUAN
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	LI, XUE-HAN, CHEN, ZUO-MING, CHIEW TEO ANN, KOENIG ROLAND HERBERT	CHIEW TEO ANN, KOENIG ROLAND HERBERT
NT\$10,000,000 (inclusive) - 15,000,000 (exclusive)	FANG, MIN-QING	LI, XUE-HAN
NT\$15,000,000 (inclusive) - 30,000,000 (exclusive)	None	FANG, MIN-ZONG, CHEN, ZUO-MING
NT\$30,000,000 (inclusive) - 50,000,000 (exclusive)	None	None
NT\$50,000,000 (inclusive) - 100,000,000 (exclusive)	None	None
NT\$100,000,000 and above	None	None
Grand total	7 people	7 people

Note 1: The names of the President and Vice President shall be listed separately, and the names of the President and Vice President shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If the director is also the President or Vice President, please fill in this form and the above table (1-1), or (1-2-1) and (1-2-2).

Note 2: Salary, job allowance, and severance pay paid to the president and vice presidents in the most recent fiscal year.

Note 3: It includes the number of various bonuses, rewards, transport fees, special expenses, various allowances, accommodation, provision of physical items such as vehicles, and other types of remuneration for President, Presidents, and vice presidents in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Salary expenses recognized under IFRS 2 - "Share-based Payment", including employee stock warrant, new restricted employee shares, and participation in subscription of stocks in cash capital increase, shall also be included in the calculation of remuneration.

Note 4: The names of the Directors shall be listed separately, and the names of the general Directors and independent Directors shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached table 1-3 shall be filled out.

Note 5: Total remuneration in various items paid out to this Company's President, Presidents and vice presidents by all companies (including this Company) listed in the consolidated statement shall be disclosed.

Note 6: The name of President, Presidents, and vice presidents shall be disclosed in the remuneration ranges to which the amount of remuneration paid to President, each President and each vice president by the Company correspond, respectively.

Note 7: The name of President, Presidents, and vice presidents shall be disclosed in the remuneration ranges to which the amount of remuneration paid to President, each President and each vice president by all the companies (including the Company) listed in the financial statements correspond, respectively.

Note 8: Net income refers to that in the latest parent-only or individual financial statements.

Note 9: a. Remuneration received by the president and vice presidents of the Company from invested companies other than subsidiaries or parent company shall be specified (If none, please fill in "None").

(III) Names of managerial officers who receive employee bonus, and distribution of employee bonus

Units: NT\$ thousands

	Position title (Note 1)	Name (Note 1)	Number of shares	Amount of cash	Grand total	Ratio of total amount to net income (%)
Managerial Officer	President	FANG, MIN-QING	0	14,878	14,878	0.85%
	Vice President (Chief Operating Officer)	CHEN, ZUO-MING				
	Vice President	Koenig Roland Herbert				
	Vice President	YANG, ZHAO-QUAN				
	Vice President	Chiew Teo Ann (Promoted on January 14, 2022)				
	Vice President	LIN XI (Took office on May 10, 2022)				
	Chief Strategy Officer	LI, XUE-HAN				
	Chief Accounting Officer (Accounting Supervisor, Head of Corporate Governance)	XIE, BAI-CHENG				
	Chief Financial Officer (Financial supervisor)	SHEN, YING-XIU				

(Note) As of the date of publication of the annual report, the employee compensation received by individual managers listed in this table has not been resolved by the board of directors. Therefore, the proposed distribution amount for this year is calculated based on the proportion of the actual distribution amount from last year.

Note 1: Individual names and titles should be disclosed. However, the profit distribution can be revealed in a summary.

Note 2: The names of the managerial officers shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year. Net income refers to that for the most recent fiscal year; where the IFRS Standards are adopted, net income refers to that in the latest parent-only or individual financial statements.

Note 3: Based on 2003.03.27 Tai-Cai-Zheng-San-Zi No. 0920001301 Letter, the scope of applicable managers is as follows:

- (1) President and equivalent
- (2) Vice President and equivalent
- (3) Associate Manager and equivalent
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other persons who have the right to manage affairs and sign for the Company

Note 4: If the director, President and Vice President receive employee compensation (including stocks and cash), in addition to table 1-2, this table should be filled out.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent Company only financial reports or individual financial reports, as paid by this Company and by each other Company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, Presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

Position title	2022		2021	
	The Company	All companies listed in this financial report	The Company	All companies listed in this financial report
Directors	6.13%	8.13%	5.82%	7.73%
Presidents and Vice Presidents				

1. Analysis of the proportion of the total remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, president and vice presidents in the net profit after tax of parent Company only or individual financial reports in the most recent two fiscal years:
 - (1) In terms of the total amount of remuneration paid, the total amount of remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, the presidents and vice presidents in 2022 was NT\$107,777 thousands and NT\$142,903 thousands. Compared with NT\$112,200 thousands and NT\$148,981 thousands in 2021, a decrease of NT\$4,423 thousands and NT\$6,078 thousands respectively. The main reason is that the Company's profit in 2022 decreased compared with that in 2021 and that the remuneration of directors, employee remuneration and bonuses of the presidents and vice presidents were adjusted based on the Company's operating performance.
 - (2) In terms of the difference in proportions, the total remuneration paid by the Company and all companies in the 2022 consolidated statement to the Company's directors, the president and vice presidents accounted for 6.13% and 8.13% of the net profit of individual financial reports after tax, an increase of 5.82% and 7.73% over 2021. The main reason is that two vice presidents were employed in 2022 and the fixed salary ratio in the salary structure of the president and vice presidents is relatively high, so although the total remuneration of the aforementioned managers has decreased compared to the previous year, but the proportion of their total salary to net profit after tax has slightly increased.
2. Policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its connection to business performance and future risk exposure:
 - (1) Directors:

The Company's directors remuneration is in accordance with the Article of Association, Article 16: "The remuneration of all directors, regardless of profit or loss, may be agreed upon by the authorized board meeting according to the usual standards of the industry" and Article 19: "If the Company makes profits during the year, no more than 2% should be

proposed for directors remuneration. The proposal shall be drafted and reviewed by the Remuneration Committee in consideration of the participation in the Company's operations, contribution value and overall, Company operating performance.

The Company conducts performance assessment on board members every year in accordance with the "Board of Directors and Functional Committee Performance Assessment Measures". It is incorporated to evaluate individual performance achievement and contribution to company performance and served as referencing basis. Directors' performance appraisal indicators include six major aspects: mastery of company goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relation management and communication, directors' professional and continuing education, and internal control.

(2) Presidents and Vice Presidents:

The salary and compensation of the Company's President and Vice President refer to the common level of the industry's payment level and consider the time invested by the individual, the responsibilities, degrees of achieving personal goals, performance in other positions, the Company's salary and compensation to the same position in recent years, and the Company's overall operating conditions, etc. Also, the Company's Articles of Association, Article 19: "If the Company makes a profit during the year, no less than 6% shall be allocated for employee compensation" shall be followed.

The Company's remuneration process has taken into account the performance evaluation results of the President and Vice Presidents. Evaluation indicators include financial indicators (such as the Company's revenue achieving rate, etc.) and non-financial indicators (such as practice of the Company's five core values and operational management capabilities, etc.)

The performance assessment and remuneration of the directors, president, and vice president of the Company are reviewed by the Remuneration Committee and submitted to the Board of Directors for discussion, and review the remuneration system on time based on the actual operating conditions and relevant laws and regulations, to seek sustainable the Company's balanced control of operation and risks.

IV. The state of the Company's implementation of corporate governance

(I) Operation of the Board of Directors

A total of 8 (A) Board of Directors' meeting were held in the most recent fiscal year with the following attendance records from directors:

Position title	Name (Note 1)	Actual presence (attendance) Times B	Delegated presence Times	Rate of Attendance in Person (%) [B/A] (Note 2)	Remark
Chairman	FANG, MIN-QING	8	0	100.00%	
Directors	ZHONG, YUN-HUI	6	0	75.00%	
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	8	0	100.00%	
Directors	Jinmao Investment Co., Ltd. Representative: LIN, HONG-GUANG	2	0	100.00%	Took office on September 1st, 2022, attending the meeting of the board of directors for 2 times in total during his tenure
Directors	Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG	2	0	100.00%	Resigned on March 16, 2022, attending the meeting of the board of directors for 2 times in total during his tenure
Independent director	CHEN, YI-CHENG	8	0	100.00%	
Independent director	FAN, LIANG-FU	7	1	87.50%	
Independent director	CHEN, SHI-ZHEN	8	0	100.00%	

Other mandatory items:

- If any of the following applies to the operation of Board of Directors, the date and session of the Board of Directors' meeting, the content of proposals, independent directors' opinions and the Company's actions in response to independent directors' opinions shall be stated.
 - Items listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee; the provision of Article 14-3 shall not apply according to the provision of Article 14-5.
 - Other than the matters mentioned above, other resolutions on which the independent directors have dissenting or reserved opinions: None.

2. With regard to the recusal of independent directors from voting due to conflict of interests, the name of independent directors, the content of proposals, reasons for recusal due to conflict of interests and participation in voting shall be stated:

Board date	Name of director	Proposal	Reasons for Recusal	Participation in Voting
January 14, 2022	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	Proposal of 2021 Q4 managerial performance bonus of the Company	When discussing the 2021 Q4 managerial performance bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 5 directors present)
January 14, 2022	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	Proposal of the Company's 2021 Managerial Officers Annual Bonus	When discussing the annual bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 5 directors present)
May 10, 2022	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	Proposal of 2022 Q1 managerial performance bonus of the Company	When discussing the 2022 Q1 managerial performance bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 5 directors present)

Board date	Name of director	Proposal	Reasons for Recusal	Participation in Voting
May 10, 2022	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	Proposal of 2021 employee bonus amount to the Company's managerial officers.	When discussing the amount of 2021 employee bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 5 directors present)
May 10, 2022	Chairman FANG, MIN-QING Director ZHONG, YUN-HUI Director FANG, MIN-ZONG Independent director CHEN, YI-CHENG Independent director FAN, LIANG-FU Independent director CHEN, SHI-ZHEN	Approval of 2021 director bonus distribution plan	When discussing the remuneration for directors, the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING, Director ZHONG, YUN-HUI, Director FANG, MIN-ZONG, Independent director CHEN, YI-CHENG, Independent director FAN, LIANG-FU, and Independent director CHEN, SHI-ZHEN have avoided conflict of interest and there were 5 directors present)
August 10, 2022	Chairman FANG, MIN-QING Director FANG, MIN-ZONG	Withdrawal of the Company's Manager's "Employee Stock Ownership Trust"	When discussing the amount of the deposits and rewards of the "employee shareholding trust" for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-QING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 5 directors present)

(III) Assessment of the Board of Directors and various functional committees:

Assessment Cycle	Assessment Period	Assessment Scope	Assessment Method	Assessment content
Once a year	January 1, 2022 To December 31, 2022	Board performance assessment	Board of directors' self-assessment	<ol style="list-style-type: none"> 1. The degree of participation in the Company's operations 2. Improvement in the quality of decision making by the Board of Directors 3. The composition and structure of the Board of Directors 4. Election and continuing education of the Directors 5. Internal controls
		Performance assessment of individual board members	Board member self-assessment	<ol style="list-style-type: none"> 1. Their grasp of the Company's goals and missions 2. Their recognition of director's duties 3. Their degree of participation in the Company's operations 4. Their management of internal relationships and communication 5. Their professionalism and continuing professional education 6. Internal controls
		Performance assessment of functional committees (Audit Committee, Remuneration Committee)	Self-assessment of functional committees	<ol style="list-style-type: none"> 1. The degree of participation in the Company's operations 2. Their recognition of the duties of the functional committee 3. Improvement in the quality of decision making by the functional committee 4. The composition of the functional committee, and election and appointment of committee members 5. Internal controls

IV. Goals for enhancing the functions of the Board of Directors (such as establishing an Audit Committee or increasing information transparency) for the current year and most recent fiscal year as well as the assessment of the actions implemented:

1. The operation of the board of directors is carried out in accordance with the Company's "Regulations of Procedures for the Board of Directors".
2. In order to improve the structure of the board of directors, the Company has formulated the "Board Diversity Policy" in accordance with the "Code of Practice on Governance of Listed Companies".
3. In order to enhance the functions of the board of directors and strengthen the operation efficiency of the board of directors, the "Measures for the Performance Evaluation of the Board of Directors and Functional Committees" has been formulated. In accordance with the regulations, the internal board performance

evaluation shall be carried out at least once a year and report the evaluation results to the board of directors.

4. In order to assist directors in performing their duties and enhance the effectiveness of the board, "Standard Operating Procedures for Handling Directors' Requests" has been established.
5. In order to strengthen the corporate governance function and improve information transparency, the Company will announce the resolutions of the board of directors on the Company's website after the board of directors for investors to inquire.
6. The Company has completed the establishment of independent directors and audit committee on June 13, 2017, according to regulations.
7. The Company has completed the establishment of the corporate governance director on November 11, 2020.
8. The Company has renewed the directors' and managers' liability insurance on March 8, 2023, to strengthen the Company's risk management and protect the rights and interests of shareholders.

Note 1: If the directors and supervisors are legal persons, the names of the legal person shareholders and their representatives shall be disclosed.

- Note 2: (1) If directors or supervisors resign before the end of the year, the date of resignation should be included in the notes. The actual attendance (%) shall be calculated based on the number of meetings held by the Board of Directors and the actual presence (attendance) during the term of service.
- (2) In case any seat of director or supervisor has been re-elected before the end of the year, both the previous and current director or supervisor shall be filled, and the Remarks column shall indicate whether a director or supervisor was from a previous term, new, or re-appointed, and the date of re-election. The director's percentage of attendance in person (%) shall be calculated based on the number of Board of Directors' Meetings held and the actual attendance in person during his/her term of office.

(II) Operation of Audit Committee

The Audit Committee held 7 meetings (A) in the most recent fiscal year. The attendance of independent directors is as follows:

Position title	Name	Attendance in person (B)	Attendance by proxy	Percentage of attendance in person (%) (B/A) (Note 1, 2)	Remark
Convener	CHEN, YI-CHENG	7	0	100.00%	
Committee member	FAN, LIANG-FU	6	1	85.71%	
Committee member	CHEN, SHI-ZHEN	7	0	100.00%	

Other mandatory items:

- I. If any of the following applies to the operations of the Audit Committee, the audit committee meeting date, period, content of proposals, independent directors' objections, reservations or major recommendations, the results of the audit committee's resolutions, and the Company's handling of the audit committee's opinions should be stated.

(I) Items listed in Article 14-5 of the Securities and Exchange Act:

Audit committee Session & date	Proposal	Audit committee Voting results	Corporation's responses to the comments of the Audit Committee
The second term The 10th February 14, 2022	1. The Company intends to publicly acquire the common shares of Champion Microelectronic Corp. 2. The lending funds structure adjustment. 3. Assignment of creditor's rights between subsidiaries of the group.	All Members present voted in favor of the resolution without objections in Audit Committee meeting held on February 14, 2022.	All Directors present voted in favor of the resolution without objections.
The second term The 11th March 25, 2022	1. 2021 Business Report and Financial Report of the Company 2. 2021 Profit Distribution of the Company. 3. Independence evaluation and appointment and remuneration of certified accountants of the Company. 4. The lending funds structure adjustment. 5. Assignment of creditor's rights between subsidiaries of the group. 6. Investment structure adjustment. 7. The Company's subsidiary intends to apply for a joint bank credit line and apply to the Company for an endorsement guarantee. 8. Changes to the Funds Utilization Plan of the Company's 2021 Issuing Common Stock for Cash and Issuing Global Depositary Receipt. 9. The Company's cancellation of the investment in the mainland through	All Members present voted in favor of the resolution without objections in Audit Committee meeting held on March 25, 2022.	All Directors present voted in favor of the resolution without objections.

	the capital increase of PAN-JIT ASIA INTERNATIONAL INC. 10. Review of 2021 "Internal Control System" and "Statement on Internal Control System." 11. Amendment to the "Procedure for Acquisition and Disposal of Assets" of the Company.		
The second term The 12th May 3, 2022	1. Handle the cash capital increase through private common stock.	All Members present voted in favor of the resolution without objections in the Audit Committee meeting held on May 3, 2022.	All Directors present voted in favor of the resolution without objections.
The second term The 13th May 10, 2022	1. 2022 Q1 Financial Statements of the Company	All Members present voted in favor of the resolution without objections in the Audit Committee meeting held on May 10, 2022.	All Directors present voted in favor of the resolution without objections.
The second term The 14th August 10, 2022	1. 2022 Q2 Financial Statements of the Company 2. Revocation of the approved but unused endorsement and guarantee amount to the subsidiary. 3. Revoke the approved capital increase of PAN-JIT ASIA INTERNATIONAL INC. that has not yet been implemented. 4. Amendment to the Company's "Operational Procedures for External Investment".	All Members present voted in favor of the resolution without objections in the Audit Committee meeting held on August 10, 2022.	All Directors present voted in favor of the resolution without objections.
The second term The 15th November 9, 2022	1. 2022 Q3 Financial Statements of the Company 2. The internal audit plan to be implemented in 2023. 3. Amendments to and formulation of regulations, the "Internal Control System" and the "Implementation Rules for Internal Audit". 4. The Company loans to its subsidiaries.	All Members present voted in favor of the resolution without objections in the Audit Committee meeting held on November 9, 2022.	All Directors present voted in favor of the resolution without objections.
The second term The 16th November 25, 2022	1. Disposal of investments	All Members present voted in favor of the resolution without objections in the Audit Committee meeting held on November 25, 2022.	All Directors present voted in favor of the resolution without objections.

None of the above proposals has any dissenting opinions, reservations or major suggestions issued by independent directors.

(II) Except the aforementioned matters, other resolutions approved by two-thirds or more of all the directors but yet to be approved by the Audit Committee: None.

II. Execution process where the independent director abstains from begin a stakeholder, the name of the director, the content of proposal, the reason of abstinence and the results of the voting should be stated: None.

III. Communication among Independent Directors, internal audit Supervisors, and CPAs (including important matters, methods, and results of the Company's finance and operations):

1. Communication between independent directors and Internal Auditing Officer:

The internal audit Director of the Company quarterly reported the audit reports to independent directors in the Audit Committee meetings, communicating the results of the audit report.

Auditing officer Meeting date	Content of the communication	COMMUNICATION METHODS	Results
The second term The 11th March 25, 2022	1. 2021 Q4 internal audit report. 2. Review of 2021 "Internal Control System" and "Statement on Internal Control System."	Attend to reports and discuss related issues	It has been reported or approved by the Audit Committee.
The second term The 13th May 10, 2022	1. 2022 Q1 internal audit report.	Attend to reports and discuss related issues	It has been fully communicated and reported at the Audit Committee.
The second term The 14th August 10, 2022	1. 2022 Q2 internal audit report.	Attend to reports and discuss related issues	It has been fully communicated and reported at the Audit Committee.
The second term The 15th November 9, 2022	1. 2022 Q3 internal audit report. 2. The internal audit plan to be implemented in 2023. 3. Amendments to and formulation of regulations, the "Internal Control System" and the "Implementation Rules for Internal Audit".	Attend to reports and discuss related issues	It has been reported or approved by the Audit Committee.

*The above communication matters have been submitted to the report of the board of directors or passed the resolution on the same day after the audit committee report or deliberation.

2. Communication between independent directors and CPAs:

In addition to discussions with independent directors on matters such as the review and audit results of the quarterly financial statements in the audit committee every year, the certified accountants of the Company also participate in the audit committee and the board of directors from time to time to provide professional consultation and suggestions for the decision-making of the Company's major resolutions.

CPA Meeting date	Content of the communication	COMMUNICATION METHODS	Results
The second term The 11th March 25, 2022	2021 Business Report and Financial Report of the Company	Attend to consult, discuss, and recommend on the related issues.	It has been fully communicated and approved by the Audit Committee and Board of Directors.
The second term The 13th May 10, 2022	2022 Q1 Financial Statements of the Company	Attend to consult, discuss, and recommend on the related issues.	It has been fully communicated and approved by the Audit Committee and Board of Directors.

The second term The 14th August 10, 2022	2022 Q2 Financial Statements of the Company	Attend to consult, discuss, and recommend on the related issues.	It has been fully communicated and approved by the Audit Committee and Board of Directors.
The second term The 15th November 9, 2022	2022 Q3 Financial Statements of the Company	Attend to consult, discuss, and recommend on the related issues.	It has been fully communicated and approved by the Audit Committee and Board of Directors.

4. The annual work focus of the Audit Committee of the Company:

1. The operation of the audit committee of the Company focuses on the supervision of the following matters:
 - (1) Fair representation of the Company's financial statements.
 - (2) Selection (dismissal), remuneration, independence and performance of certified accountants.
 - (3) Effective implementation of internal control
 - (4) Relevant laws and regulations shall be followed.
 - (5) Management and control of existing or potential risks of the Company.
2. The main functions and powers of the Audit Committee of the Company are listed as follows:
 - (1) Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - (2) Assessment of the effectiveness of an internal control system.
 - (3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
 - (4) A matter bearing on the personal interest of a director.
 - (5) A material asset or derivatives transaction.
 - (6) A material monetary loan, endorsement, or provision of a guarantee.
 - (7) The offering, issuance, or private placement of any equity-type securities.
 - (8) The hiring, discharge, or compensation of an attesting CPA.
 - (9) The appointment or discharge of a financial, accounting, or internal audit officer.
 - (10) The annual financial report signed or stamped by the chairman, manager and accounting supervisor, and the second quarter financial report that must be verified and certified by an accountant.
 - (11) Any other material matter so required by the competent authority.

Note 1: If independent directors resign before the end of the year, the date of resignation should be included in the notes. The actual attendance (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual presence during the term of service.

Note 2: If independent directors are re-elected before the end of the year, new and former independent directors shall be listed accordingly, and the "Remark" column shall indicate whether the status of an independent director is "Former", "New" or "Re-elected" and the date of re-election. Percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

(III) Implementation of corporate governance, discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and disclose on the public information observatory.	No differences
II. Shareholder structure and shareholders' rights and interest				
(I) Has the Company established an internal operating procedure for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	✓		(I) The Company has formulated the "Measures for Handling Suggestions and Representations of Stakeholders" to handle matters such as shareholders' suggestions and implement them in accordance with the procedures.	No differences
(II) Does the Company maintain a list of major shareholders who have actual control over the Company and persons who have ultimate control over the major shareholders?	✓		(II) In accordance with Article 25 of the Securities and Exchange Act, the Company reports monthly on the Market Observation Post System website the changes in the shareholdings of insiders, including directors, managers and shareholders whose shares exceed 10%.	No differences
(III) Has the Company established and implemented risk control and firewall mechanisms among its	✓		(III) The Company has formulated the "Regulations Related to Financial Business	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
<p>affiliated companies?</p> <p>(IV) Has the Company formulated internal regulations that prohibit insiders of the Company from trading securities using undisclosed information in the market?</p>	✓		<p>between Related Parties" and "Administrative Measures for Subsidiaries" to implement risk control with related enterprises.</p> <p>(IV) The Company has formulated "internal material information processing procedures" and "prevent insider trading management procedures" to avoid improper disclosure of information and to prohibit insiders such as company directors or employees from using undisclosed information on the market to trade the Company's securities for profit.</p>	No differences
<p>III. Composition and responsibilities of Board of Directors</p> <p>(I) Does the board of directors formulate a diversity policy, specific management objectives and implement them?</p>	✓		<p>(I) In order to enhance the functions of the board of directors and improve the structure of the board of directors, the Company has formulated the "Board Diversity Policy". We also select members with diverse backgrounds and perspectives based on the Company's operation, business model and development needs. The 7 members of the current board of directors of the Company are composed of industry professionals with professional backgrounds, skills and industrial experience in semiconductor industry, taxation and</p>	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
(II) Has the Company voluntarily established other functional committees, other than the Remuneration Committee and Audit Committee that are established in accordance with the law?		✓	<p>accounting, and law. Please refer to pages 14-15 of this annual report). All were male Taiwanese, with an average age of about 64. Please refer to Note 2. for the specific management objectives and implementation of the Company's Board of Directors Diversity Policy.</p> <p>(II) The Company has not voluntarily established other functional committees, other than the Remuneration Committee and Audit Committee that are established in accordance with the law.</p>	<p>The Company will continue to evaluate and cooperate with the Company's needs and the regulations of the competent authorities.</p> <p>No differences</p>
(III) Did the Company stipulate regulations for assessing the performance of the Board and the process of assessment, conduct performance appraisals on an annual basis on a regular basis, and submit the results of the performance appraisal to the Board? Are the results used as reference for the remuneration of individual Directors and the nomination for re-appointment?	✓		<p>(III) On November 11, 2016, the board of directors of the Company passed the "Measures for the Performance Evaluation of the Board of Directors", and since 2016, at the end of each year, the performance evaluation of the board of directors of the current year will be implemented.</p> <p>In addition, in line with the planning content of the new version of the corporate governance blueprint of the competent authority, and the revision of the Securities and Exchange Law and its related sub-laws, on January 25, 2019, the Board of Directors approved the revision of</p>	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			<p>the "Measures for the Performance Evaluation of the Board of Directors", which was renamed as "Performance Evaluation of the Board of Directors and Functional Committees".</p> <p>Please refer to page 36 of this annual report for the implementation of the evaluation by the Board of Directors and various functional committees.</p> <p>The most recent (2022) board performance assessment results are described as follows:</p> <p>Overall board performance assessment:</p> <p>The score is 98.78, which shows that the overall operation of the board of directors of the Company is still perfect, which is in line with the spirit of corporate governance.</p> <p>Performance assessment of individual board members:</p> <p>The overall average score is 98.3, and the assessment results show that the directors of the Company have positive comments on the efficiency and effectiveness of the operation of various assessment indicators.</p> <p>The aforementioned performance assessment results were reported to the Board of Directors on March 10, 2023.</p>	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		(IV) The general manager's office of the Company follows the "Professional Ethics Bulletin" No. 10, evaluation items that affect the independence of accountants and Article 47 of the "Accountant Law", not to undertake the evaluation project of the financial report sign-off work, and formulates the "Accountant Independence Assessment Form" to assess the independence of accountants every year, and to ask the accountant to issue a statement of independence and provide audit quality index information (AQIs) information, and submit them to the audit committee and the board of directors to discuss the independence and suitability of the accountant. The latest assessment of the independence of certified accountants was discussed and approved by the Audit Committee and the Board of Directors on March 10, 2023. For the independent assessment items and assessment results of accountants, please refer to Note 3.	No differences
IV. Does the TWSE/TPEX listed company have a suitable and appropriate number of corporate governance personnel and appoint a corporate	✓		The Company designates the President's office as a special unit, responsible for corporate governance related affairs. It is supervised by the corporate	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
governance officer to be in charge of corporate governance related matters (including but not limited to supplying information requested by the directors and supervisors for the execution of their duties, assisting the directors and supervisors in compliance with legal regulations, handling matters related to board meetings and shareholders' meetings and preparing minutes of board meetings and shareholders' meetings)?			<p>governance supervisor. The main business responsibilities and promotion of this unit are described as follows:</p> <p>I. Plan and implement the convening of the board of directors and various functional committees (including remuneration committee, audit committee, etc.), including scheduling the agenda, sending the meeting notice at least seven days before the meeting. In order to provide sufficient discussion information for members to understand the content of the proposal and send minutes of proceedings within 20 days after the meeting, so that members can know the results of each resolution.</p> <p>II. Plan and implement the annual shareholders' meeting, including registering the date of the shareholders' meeting within the prescribed time limit. It includes also the preparation of the meeting notice, handbook, annual report, and meeting minutes within statutory deadlines, as well as changing registration after amendment of the articles of association or re-election of the Board of Directors.</p> <p>III. Plan and execute board and distribute the "Self-</p>	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			<p>assessment Form for Board Member Performance Evaluation" to all directors to fill in. According to the actual operation of the board of directors, the "Board of Directors Operation Performance Evaluation Form" will be graded for each evaluation item, and the results of the board of directors' performance evaluation will be compiled and reported to the board of directors.</p> <p>IV. Strengthen information transparency and improve shareholders' rights and interests. It includes announcing the Company's important financial business information on the website designated by the competent authority, meeting the information needs of stakeholders in a timely manner. Set up and maintain an investor zone on the Company's website to enhance the transparency of information disclosure and provide accurate and detailed information to the public.</p> <p>V. Establish and maintain communication channels for stakeholders: The Company formulated "Stakeholder Suggestions and Appeal Management Measures". And set up the stakeholder's advice and complaint service</p>	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			<p>window on the Company's website to serve as a complaint channel for stakeholders when their rights and interests are infringed. In order to promote the full communication between the Company and employees, customers, suppliers, investors and other stakeholders. And report the complaints received through the "Stakeholders' Suggestions and Complaints Service Window" and their follow-up handling in the quarterly audit committee.</p> <p>VI. Continue to pay attention to the corporate governance norms announced by the competent authorities. The Company develops and plans an appropriate organizational structure and company system.</p> <p>VII. Continue to provide relevant information on continuing education courses for directors and assist in registration and other related tasks.</p> <p>VIII. Evaluate and purchase suitable director and manager liability insurance and report the insurance-related content to the board of directors.</p> <p>IX. Report to the board of directors the results of their review of the qualifications of independent directors.</p>	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on material corporate social responsibility (CSR) issues?	✓		<p>The Company has set up a special area for stakeholders on the Company's website. In addition, a complaint mailbox and a complaint window are set up in this area as a communication channel with stakeholders. Respond appropriately to important corporate social responsibility issues of concern to stakeholders such as employees, customers, suppliers, investors, and community residents.</p> <p>The identity of the stakeholders, issues of concern, communication channels and response methods identified by the Company should be reported to the board of directors at least once a year.</p>	No differences
VI. Does the Company commission a professional shareholder services agency to handle shareholders meetings and other relevant affairs?	✓		The Company has commissioned a professional stock affair agency to manage Shareholders meetings and other relevant affairs.	No differences
VII. Information disclosure				
(I) Has the Company established a website to disclose information on financial operations and corporate governance?	✓		(I) The Company established a website (www.panjit.com.tw) to disclose information on financial operations and corporate governance.	No differences
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific	✓		(II) The Company has an English website, and a designated person is responsible for the collection and disclosure of company	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
<p>personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?</p> <p>(III) Has the Company published and report its annual financial report within two months after the end of a fiscal year and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</p>		✓	<p>information. And set up a spokesperson and proxy spokesperson system in accordance with the law; In addition, the Company's website also has a special area for legal person briefings, and the relevant information of the legal person will be placed on the Company's website.</p> <p>(III) The Company's 2022 financial report was approved by the board of directors on March 10, 2023, and the announcement was completed within the prescribed time limit. The financial report from the first quarter to the third quarter of 2022 and the operating conditions of each month are all completed within the prescribed time limit.</p>	The Company will continue to evaluate and cooperate with the Company's needs and the regulations of the competent authorities.
VIII. Does the Company provide other important information that can help establish a better understanding of the state of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education among directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer	✓		<p>I. Employee rights and employee care: The company has always treated its employees with honesty and integrity and followed the relevant labor laws and regulations to protect the legal rights of employees and established a good relationship of mutual trust and reliance with employees through a welfare system and a good education and training system to stabilize their lives.</p>	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
policies, and purchase of liability insurance for directors and supervisors of the Company)?			<p>II. Investor Relations: The Company has established a system of spokespersons and deputy spokespersons to handle investors' proposals and other issues.</p> <p>III. Supplier Relations: The Company has always maintained a good relationship with the suppliers.</p> <p>IV. Stakeholders' Rights: Stakeholders can communicate with the Company and put forward suggestions through the special mailbox for suggestions and complaints to safeguard their legitimate rights and interests.</p> <p>V. Continuing Education and Training of Directors: All directors of the Company have academic backgrounds and practical experiences in business management applicable to the business scope of the Company and continue to study according to actual needs, please refer to Note 4.</p> <p>VI. Implementation of risk management policies and risk measurement standards: Various internal regulations are formulated in accordance with the law, and various risk</p>	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			<p>management and assessment are carried out.</p> <p>VII. Implementation of customer policies: The Company maintains a stable and good relationship with its customers to create profits for the Company.</p> <p>VIII. The Company purchases liability insurance for directors: The Company has renewed the director's and managers' liability insurance on March 8, 2023.</p> <p>IX. Situation of training of corporate governance supervisor, accounting supervisor and audit supervisor: please refer to Note 4.</p> <p>X. Circumstances of obtaining the relevant certificates and licenses specified by the competent authority for the personnel related to the transparency of financial information of the Company: The Company's accounting supervisor has the certificate of accountant of the Republic of China.</p> <p>XI. In order to prevent insider trading, protect investors and safeguard the rights and interests of the Company, the Company implements the following measures:</p>	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			<p>(1) Formulate "internal material information processing procedures" and "prevent insider trading management procedures" and other related regulations and prohibit insiders such as company directors from using undisclosed information on the market to buy and sell securities for profit, in order to maintain the fairness of market transactions.</p> <p>(2) Conduct education and training on "prohibition of insider trading" for directors and managers every year. The course contents include: "Requirements for Insider Trading", "Punishments for Violating Insider Trading", "How to Avoid Accidental Insider Trading" and other topics.</p> <p>(3) To conduct quarterly publicity to directors and managers on "Insider Shareholding Changes Violating the Violation of Securities and Exchange Law".</p>	
IX. Improvements made in the most recent fiscal year in response to the results of corporate governance assessment conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and prioritized matters and measures to be improved upon for matters that have not been improved.				

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
In accordance with the results of the eighth (2022) corporate governance assessment released by the Securities and Futures Institute of Taiwan Corporate Governance Association, present the improvement and priorities and measures in the future as follows:				
Metric category	Question number and index content (or overview)			Improvements and future enhancement priorities and measures
Implementation of Corporate Social Responsibility	Question number: 4.4 Indicator content: Does the company prepare its ESG Report in accordance with the GRI guidelines issued by the Global Reporting Initiative and upload the report on the public information observatory and the Company's website before the end of September.			The Company has planned to prepare a sustainability report in accordance with the GRI standards issued by the Global Sustainability Reporting Institute (GRI) before the end of September 2023 and obtain third-party verification and upload the English and Chinese versions of the report on the public information observatory and the Company's website.
	Question number: 4.5 Indicator content: Has the ESG Report prepared by the Company obtained third-party verification?			
	Question number: 4.7 Indicator content: does the Company upload the English version of the ESG Report to the public information observatory and the Company's website?			
	Question number: 4.18 Indicator content: Does the Company disclose information on corporate governance, strategies, risk management, indicators and targets for climate related risks and opportunities in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD)?			The Company has planned in the 2023 sustainability report to disclose information on corporate governance, strategies, risk management, indicators and targets for climate related risks and opportunities in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD)?

Note 1: No matter whether you tick “Yes” or “No”, the operation status should be stated in the summary description field.

Note 2: The specific management objectives and achievement of the diversity policy of the Board of Directors of the Company and the implementation of the diversity policy are as follows:

(1) The specific management objectives and achievement of the Board Diversity Policy:

Management goals	Achievement	Description
The number of directors who are employees of the Company should not exceed one-third of the number of directors	Achieved	Only two of the seven members of the Company's current Board of Directors are employees of the Company (28.6%), which does not exceed one-third of the number of directors.
Talents with different professional backgrounds, skills and industry experience are recruited	Achieved	The directors of the Company consist of industry professionals with professional backgrounds, skills and industry experience in the semiconductor industry, finance and accounting, and law.
Age distribution is even.	Achieved	Among the seven members of the Board of Directors of the Company, there are two directors aged under 60 (28.6%), three directors aged between 61 and 70 (42.8%) and two directors aged 71 or above (28.6%), and there is no concentration of more than 50% of directors in terms of age distribution.
The consecutive term of independent directors should not exceed three consecutive terms	Achieved	The consecutive terms of the three independent directors of the current board of directors of the Company have not exceeded three consecutive terms

(2) The Board Diversity Policy is disclosed on the Company's website and annual report.

Aspect 1: Basic Components

Position title	Name	Nationality	Gender	Concurrent Employees of the Company	Distribution of independent directors' seniority			Age distribution of directors		
					Less than 3 years	3-9 years	9 years or more	51-60 years old	61-70 years old	71 years old or above
Chairman	FANG, MIN-QING	Republic of China	Male	✓	Not applicable				✓	
Directors	ZHONG, YUN-HUI	Republic of China	Male		Not applicable					✓
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	Republic of China	Male	✓	Not applicable				✓	
Directors	Representative of Jinmao Investment Co., Ltd.: LIN, HONG-GUANG (Took office on September 1, 2022)	Republic of China	Male		Not applicable				✓	
Independent director	CHEN, YI-CHENG	Republic of China	Male			✓		✓		
Independent director	FAN, LIANG-FU	Republic of China	Male			✓				✓
Independent director	CHEN, SHI-ZHEN	Republic of China	Male		✓			✓		

Aspect 2: Background Experience

Position title	Name	Professional background	Professional skills			Industrial experience		
			Business decision and management	Financial analysis and decision	Legal practice	Manufacturing industry	Financial and tax affairs services	Legal affair service
Chairman	FANG, MIN-QING	✓	✓			✓		
Directors	ZHONG, YUN-HUI	✓	✓			✓		
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	✓	✓			✓		
Directors	Representative of Jinmao Investment Co., Ltd.: LIN, HONG-GUANG (Took office on September 1, 2022)	✓	✓	✓			✓	
Independent director	CHEN, YI-CHENG	✓		✓		✓		
Independent director	FAN, LIANG-FU	✓	✓			✓		
Independent director	CHEN, SHI-ZHEN	✓			✓			✓

Aspect 3: overall ability

Position title	Diversified core Items Name of director	Operational judgment	Accounting and finance analytical abilities	Management ability	Crisis management capabilities	Industry knowledge	International market perspective	Leadership	Decision-making capacity
Chairman	FANG, MIN-QING	✓	*	✓	✓	✓	✓	✓	✓
Directors	ZHONG, YUN-HUI	✓	*	✓	✓	✓	✓	✓	✓
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	✓	*	✓	✓	✓	✓	✓	✓
Directors	Representative of Jinmao Investment Co., Ltd.: LIN, HONG-GUANG (Took office on September 1, 2022)	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	CHEN, YI-CHENG	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	FAN, LIANG-FU	✓	*	✓	✓	✓	✓	✓	✓
Independent director	CHEN, SHI-ZHEN	✓	*	✓	✓	✓	✓	✓	✓

(Note) * means partial ability.

Note 3: The Company's accountant independence assessment items are summarized as follows:

Assessment Item	Assessment Result	Whether it meets the required independence
A: "Professional Ethics Bulletin" No. 10, evaluation items that affect the independence of accountants:		
1. According to Article 8 of the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China, No. 10, whether the independence of the evaluated object is affected by "self-interest"	No	Yes
2. According to Article 9 of the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China, No. 10, whether the independence of the evaluated object is affected by the "self-assessment"	No	Yes
3. According to Article 10 of the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China, No. 10, whether the independence of the evaluated object is affected by the "defense"	No	Yes
4. According to Article 11 of No. 10 of the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China, whether the independence of the evaluated object is affected by "familiarity"	No	Yes
5. According to Article 12 of the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China, No. 10, whether the independence of the evaluated object is affected by "coercion"	No	Yes
B. Article 47 of the "Accountant Law", shall not undertake the evaluation items of the financial report sign-off work:		
1. Whether the evaluated object is employed by the Company as a regular job, receives a fixed salary, or serves as a director or supervisor.	No	Yes
2. Whether the subject has been a director, supervisor, manager of the Company or an employee who has a significant influence on the Company and has left the Company for less than two years.	No	Yes
3. Whether the assessed object has a spouse, direct blood relative, direct in-law or second relative with the person in charge or manager of the Company.	No	Yes
4. Whether the subject himself or his spouse or minor children has any relationship with the Company to invest or share financial interests.	No	Yes
5. Whether the subject himself or his spouse or minor children has a loan with the Company.	No	Yes
6. Whether the subject of the evaluation is the Company performing management consulting or other non-visa business, and it is sufficient to affect independence.	No	Yes
7. Whether the subject under evaluation has any circumstance that does not comply with the business event competent authority's rotation of accountants, handling of accounting affairs on behalf of others, or other circumstances that may affect independence.	No	Yes

Note 4: Situation of further education for directors, accounting supervisors and audit supervisors:

Position title	Name	Training date	Organizer	Curriculum	Course hours
Chairman	FANG, MIN-QING	October 7, 2022	Taiwan Stock Exchange Corporation	Release of 2022 Reference Guide for Independent Directors and Audit Committee on the Exercise of Powers and Functions and Publicity among Directors and Supervisors	3
		October 12, 2022	Securities and Futures Institute of Taiwan Corporate Governance Association	2022 Annual Insider Equity Transaction Legal Compliance Publicity Seminar	3
Directors	ZHONG, YUN-HUI	October 12, 2022	Securities and Futures Institute of Taiwan Corporate Governance Association	2022 Annual Insider Equity Transaction Legal Compliance Publicity Seminar	3
		November 11, 2022	Securities and Futures Institute of Taiwan Corporate Governance Association	OTC Listed Companies - Derivatives Trading Strategies and Market Outlook Seminar	3
	FANG, MIN-ZONG	March 10, 2022,	Taiwan Corporate Governance Association	Corporate Governance and Responsible Persons' Legal Compliance Duties	3
		March 10, 2022	Taiwan Corporate Governance Association	Responsible Persons' Duties and Liabilities under Securities and Exchange Act	3
	LIN, HONG-GUANG	March 16, 2022	Taiwan Corporate Governance Association	Fair Treatment of Customers	1
		March 16, 2022	Taiwan Corporate Governance Association	Integrity management	1
		March 29, 2022	Securities and Futures Institute of Taiwan Corporate Governance Association	Directors and Supervisors' Breach of Fiduciary Duty	3
		April 18, 2022	Taiwan Corporate Governance Association	Challenge of Global Net Zero: How corporate executives lead low carbon & ESG transition plan?	3
		May 4, 2022	Taiwan Corporate Governance Association	Case Study on Money Laundering Prevention in Banking Industry	1
		September 5, 2022	Securities and Futures Institute of Taiwan Corporate Governance Association	Case Study on Anti Money Laundering in Banking Industry	3
Independent director	CHEN, YI-CHENG	June 29, 2022,	Taiwan Corporate Governance Association	Knowing, Facing, and Responding to CFC	3
		July 27, 2022	Securities and Futures Institute of Taiwan Corporate Governance Association	From CSR to ESG Corporate Management Mentality	3
		August 5, 2022	Taiwan Corporate Governance Association	M&A Practice and Tax Regulations in Biotechnology Industry	3

Position title	Name	Training date	Organizer	Curriculum	Course hours
	CHEN, SHI-ZHEN	September 20, 2022	Taiwan Corporate Governance Association	Build enterprises sustainable competitiveness	3
		September 20, 2022	Taiwan Corporate Governance Association	Intellectual Property Risks and Opportunities in the Metaverse	3
	FAN, LIANG-FU	July 27, 2022	Taiwan Stock Exchange and Taipei Exchange	Publicity Meeting of Sustainable Development Path Map Industry Theme	2
		September 29, 2022	Taiwan Stock Exchange Corporation	Release of 2022 Reference Guide for Independent Directors and Audit Committee on the Exercise of Powers and Functions and Publicity among Directors and Supervisors	3
		October 19, 2022	Securities and Futures Institute of Taiwan Corporate Governance Association	2022 Annual Insider Equity Transaction Legal Compliance Publicity Seminar	3
Head of Corporate Governance	XIE, BAI-CHENG	May 23, 2022	Accounting Research and Development Foundation	Legal Liability and Practical Case Analysis of "Trade Secret Protection"	3
		June 21, 2022	Accounting Research and Development Foundation	Fiscal Issues and Tax Governance Practices for Foreign Investment by Taiwan Businessmen	3
		June 30, 2022	Accounting Research and Development Foundation	The Latest "ESG sustainability" and "Self-Preparation of Financial Statements" Related Regulations Development and Internal Control Management Practices	6
Accounting Supervisor	XIE, BAI-CHENG	April 28, 2022-April 29, 2022	Accounting Research and Development Foundation	Continuing Development Course of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Auditing officer	FANG, SHU-YING	April 11, 2022	The Institute of Internal Auditors-Chinese Taiwan	Analysis of the rules and practices of capital lending, endorsement guarantee and acquisition of disposable assets	6
		April 25, 2022	The Institute of Internal Auditors-Chinese Taiwan	Exploring the impact of ESG risks on the internal control system of enterprises under the ESG wave and countermeasures	6

(IV) If the Company has set up a Remuneration Committee, it shall disclose its constitution, duties and operations.

1. Information on the members of the Remuneration Committee

April 16, 2023

Category of identity	Criteria	Professional qualifications and experience	Status of Independence	Number of salary and Remuneration Committee memberships concurrently held in other public companies
	Name			
Independent director (Convener)	CHEN, YI-CHENG	Please refer to “Disclosure of Professional Qualifications of Directors and Supervisors and Disclosure of Independence of Independent Directors” on pages 15 of the annual report.		None
Independent director	FAN, LIANG-FU			None
Independent director	CHEN, SHI-ZHEN			1

2. Operations of the Remuneration Committee:

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

(2) Duration of the current term of service: June 12, 2020, until June 11, 2023, a total of 4 Remuneration Committee meetings (A) were held in the most recent fiscal year, members qualifications and attendance as follow:

Position title	Name	Attendance in person Times (B)	Delegated presence Times	Percentage of attendance in person (%) (B/A) (Notes)	Remark
Convener	CHEN, YI-CHENG	4	0	100%	
Committee member	FAN, LIANG-FU	4	0	100%	
Committee member	CHEN, SHI-ZHEN	4	0	100%	

Other mandatory items:

- I. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions from the Remuneration Committee by the Company shall be disclosed (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the discrepancies and related reasons shall be stated): None.
- II. If members of the Remuneration Committee have any dissenting opinion or qualified opinion on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: None.

III. The annual report reveals the Remuneration Committee's agenda and resolution, and the Company's decisions on committee members' recommendations.

compensation committee Session & date	Proposal	Voting results	The Company's actions in response to the opinions of the Remuneration Committee
The 8th meeting of the 4th term January 14, 2022	<ol style="list-style-type: none"> 1. The Company's 2021 Q4 managerial performance bonus. 2. Proposal of the Company's 2021 Managerial Officers Annual Bonus. 3. Proposal of salary increase for the Company's managerial officers 4. Proposal of 2021 remuneration and performance assessment for the Company's managerial officers 5. Proposal of 2021 remuneration and performance assessment for the Company's directors 6. Proposal of dismissal of the Company's managers. 	All members present voted in favor of the resolution without objections on 2022/01/14 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 9th meeting of the 4th term March 25, 2022	<ol style="list-style-type: none"> 1. Proposal of 2021 director bonus distribution plan. 	All members present voted in favor of the resolution without objections on 2022/03/25 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 10th meeting of the 4th term May 10, 2022	<ol style="list-style-type: none"> 1. Proposal of the Company's 2022 Q1 managerial performance bonus. 2. Proposal of 2021 employee bonus amount to the Company's managerial officers. 3. Proposal of 2021 director bonus distribution plan. 4. Proposal of adjustment to the remuneration of independent directors of the Company. 	All members present voted in favor of the resolution without objections on 2022/05/10 Remuneration Committee meeting. (Notes)	All Directors present voted in favor of the resolution without objections.

compensation committee	Proposal	Voting results	The Company's actions in response to the opinions of the Remuneration Committee
The 11th meeting of the 4th term August 10, 2022	1. Proposal of the "Employee Stock Ownership Trust" the company intended to implement. 2. Proposal of withdrawal of the Company's Manager's "Employee Stock Ownership Trust" 3. Proposal of 2022 Q2 manager performance bonus of the Company	All members present voted in favor of the resolution without objections in the Remuneration Committee meeting held on August 10, 2022.	All Directors present voted in favor of the resolution without objections.
The 12th meeting of the 4th term January 13, 2023	1. Proposal of the Company's 2022 Managerial Officers Annual Bonus 2. Proposal of 2022 remuneration and performance assessment for the Company's managerial officers 3. Proposal of 2022 remuneration and performance assessment for the Company's directors	All members present voted in favor of the resolution without objections in the Remuneration Committee meeting held on January 13, 2023.	All Directors present voted in favor of the resolution without objections.

(Notes) When discussing the remuneration for directors in the meeting, the relevant stakeholders (convenor CHEN, YI-CHENG, member FAN, LIANG-FU, member CHEN, SHI-ZHEN) have avoided conflict of interest in accordance with regulations. The proposal was approved without objection after consulting all the members present by the (acting) chairman (convenor CHEN, YI-CHENG, FAN, LIANG-FU, and member CHEN, SHI-ZHEN have avoided conflict of interest and there were 2 members present).

IV. The main functions and powers of the Remuneration Committee of the Company are listed as follows:

1. Regularly review the "Organizational Regulations of the Remuneration Committee" and propose amendments.
2. Formulating and regular review of the Company's directors and managers' annual and long-term performance targets and remuneration policies, systems, standards and structures.
3. Regularly evaluate the achievement of the performance goals of the directors and managers of the Company and determine the content and amount of their individual salaries.

Note: (1) Where a member of the Remuneration Committee resigns before the end of the fiscal year, the "Remark" column shall be filled with the member's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(2) If Remuneration Committee are re-elected before the end of the year, new and former Remuneration Committee shall be listed accordingly, and the "Remark" column shall indicate whether the status of a member is "Former", "New" or "Re-elected" and the date of re-election. Percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(V) The implementation of the promotion of sustainable development and the differences and reasons from the code of practice for sustainable development of TWSE/TPEX companies:

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
I. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	✓		<p>On March 1, 2022, the Company established the ESG Corporate Sustainability Committee, which includes the Environmental Sustainability Promotion Group, the Social Responsibility Promotion Group, and the Sustainability Governance Promotion Group. The committee is chaired by the general manager, and representative members of each promotion group are selected from among the business unit heads.</p> <p>The ESG Corporate Sustainability Committee is responsible for defining and developing the company's sustainability strategy, goals and related management guidelines, leading the sustainability team to propose and implement specific promotion plans, and continuously deepening and realizing the vision of corporate sustainability, and reporting to the Board of Directors on the promotion of sustainability at least once a year.</p> <p>When necessary, the board of directors will make recommendations and supervise the implementation of the management policies, strategies and objectives of the corporate sustainability development committee, as well as the formulation and implementation of measures.</p>	No differences

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
II. The Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies? (Note 2)	✓		In order to implement the company's sustainability governance obligations and to grasp potential internal and external risks in its operations, the Company has formulated risk management measures and established an ESG Corporate Sustainability Committee to grasp corporate risks and reduce negative impacts. In addition, the Company refers to domestic and foreign sustainability standards and norms (GRI, SASB, TCFD, etc.) and communication issues with internal and external stakeholders, and summarize sustainability issues covering environmental, social, and corporate governance aspects. Through discussions between ESG Enterprise Sustainability Committee members and sustainability consultants, we evaluate the actual and potential impact of each sustainability issue on stakeholders and company operations, and based on the identification results, develop corresponding risk management policies and guidelines, and take specific preventive measures to reduce the impact of related risks, strengthen risk management, and lay the foundation for the sustainable development and operation of the enterprise.	No differences
III. Environmental Issues (1) Has the Company referred to the nature of its industry to establish a suitable environmental	✓		In promoting the management of the environment and hazardous substances, the Company continues to obtain ISO 14001 (validity: January 25, 2022-January 5, 2025) and IECQ QC080000 (validity: September 29, 2022-September 4, 2025) certification.	No differences

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
management system (EMS)?				
(2) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		<p>In order to improve the utilization efficiency of resources and reduce the environmental load, the measures adopted by the Company and their achievements are as follows:</p> <p>1. Electronic waste and waste solution recycling: The Company entrusts professional e-waste recycling and processing manufacturers to carry out e-waste and waste solution recycling:</p> <p>(1) Electronic waste: high-purity precious metals gold and silver can be refined after the recycling of wafer waste. The reprocessing volume in 2022 and 2021 will be 1,594 kg and 2,024.1 kg, respectively.</p> <p>(2) Waste solution recovery: After the waste acid liquid containing heavy metals produced in the process is reprocessed, it can be made into industrial raw material nickel sulfate, and the reprocessed raw material can be recycled and reused. The reprocessing volume in 2022 and 2021 will be 28.51 ton and 5.34 ton, respectively.</p> <p>(3) Waste rubber is reused to make hollow bricks, so that waste can be recycled and reused to reduce the impact on the environment.</p> <p>2. sludge reduction The Company introduced a sludge dryer in 2019. The sludge produced by the process is firstly reduced in sludge and then entrusted to a qualified waste removal and treatment industry for final disposal. The</p>	No differences

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			<p>sewage separated during the drying process will enter the Company's wastewater. The treatment system is processed to meet the discharge water discharge standard, and the sludge treatment capacity in 2022 and 2021 will be 83.78 metric tons and 102.75 metric tons respectively.</p> <p>3. Wastewater reclamation The Company's process wastewater is discharged after in-plant wastewater treatment, and is managed according to the drainage characteristics. In this way, in addition to increasing the recovery rate of water, some waste acid liquids, organic waste liquids, etc. still have economic value for recycling. Separate diversion can not only reduce the dosing amount of wastewater treatment, but also reduce the difficulty and environmental load of back-end waste treatment. The reprocessing recovery volume in 2022 and 2021 will be 82,177 ton and 80,512 ton, respectively.</p> <p>4. Green power generation The Company's staff dormitories and some of the factory roofs are equipped with solar panels, with a total installation capacity of about 154.63KW. The electricity it generates is supplied to the dormitory for use and sold to Taipower. The electricity sales in 2022 and 2021 will be 163,584 kWh and 171,636 kWh, respectively.</p>	
(3) Has the Company assessed the current	✓		The Company evaluates and identifies climate change risks and opportunities based on the Task Force on Climate related Financial	No differences

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
and future potential risks and opportunities of climate change for the Company, and taken relevant countermeasures?			Disclosures (TDFD) and the disclosure recommendations for climate related information of listed and OTC companies in Schedule 2 of the Taiwan Stock Exchange's "Regulations Governing the Preparation and Filing of Continuing Reports by Listed Companies". The ESG Corporate Sustainability Committee members and sustainability advisors discuss in meetings and take stock of transformation risks (policy and regulations, technology, market, reputation), physical risks (immediate, long-term) and sources of opportunities, define scenarios and conduct risk identification for each issue, and formulate relevant risk response measures based on the assessed risks and opportunities.	
(4) Has the Company the calculated the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and established the policies with regard to greenhouse gas reductions, water consumption, and	✓		<p>The impact of climate change on the environment has become the focus of the world's attention. The Company has also actively invested in energy conservation and waste reduction to reduce carbon emissions. Since 2011, it has implemented a greenhouse gas emission inventory in accordance with ISO14064-1.</p> <p>In line with the Ministry of Economic Affairs' "Energy Conservation Targets and Execution Plan Regulations for Energy Users", the Company promotes energy conservation plans and expects to achieve the goal of achieving an average annual electricity saving rate of more than 1% from 2015 to 2024. In 2022, the Company achieved an average annual energy saving rate of 1.62% and reduced carbon emissions of about 524,115.59 kg/CO2e by replacing low efficiency air compressors with high efficiency air compressors, adding variable frequency control for cooling tower fans,</p>	No differences

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
waste management?			<p>replacing cooling tower heat sink materials, and installing solar power generation systems.</p> <p>In addition to purchasing relevant pollution prevention and control equipment to reduce the impact of factory operations on the environment. In terms of improving the utilization efficiency of various resources, implement paperless administrative operations, including: issuing electronic invoices, adopting electronic sign-off system for internal administrative procedures, and promoting the reuse of recycled paper. In order to reduce paper consumption and achieve the purpose of energy saving and carbon reduction; In addition, promote employees to participate in activities of garbage sorting and recycling of recyclable resources; Regarding waste management, there are "Waste Management Operation Procedures" in order to ensure that the waste generated by the Company's various activities or operations can be properly collected, removed and disposed of in compliance with relevant government regulations.</p>	

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies																																						
	Yes	No	Summary and Explanation																																							
			<p>The Company's greenhouse gas emissions, water consumption and waste statistics for the last two years are listed below:</p> <p>1. Greenhouse gases (data coverage - Gangshan plant):</p> <div> <div>Emission unit: ton</div> <table> <tr> <th>Fiscal year</th> <th>Revenue (NT\$ million)</th> <th>Items</th> <th>Direct Emissions</th> <th>Energy Indirect Emissions Emission Volume</th> <th>Additional Indirect Emissions Emission Volume</th> </tr> <tr> <td rowspan="2">2022</td> <td rowspan="2">8,856</td> <td>Emission volume</td> <td>1,437.4402</td> <td>25,242.3199</td> <td>249.689</td> </tr> <tr> <td>Intensity</td> <td>0.1623</td> <td>2.8503</td> <td>0.0282</td> </tr> <tr> <td rowspan="2">2021</td> <td rowspan="2">8,706</td> <td>Emission volume</td> <td>1,479.683</td> <td>25,063.263</td> <td>394.890</td> </tr> <tr> <td>Intensity</td> <td>0.1700</td> <td>2.8788</td> <td>0.0454</td> </tr> </table> <p>(Note 1) Greenhouse gas emission intensity: greenhouse gas emissions (tons)/revenue (NT\$ million)</p> <p>(Note 2) The above information is the result of the Company's own inventory.</p> <p>2. Water consumption (data coverage - Gangshan plant):</p> <div> <div>Water consumption: units</div> <table> <tr> <th>Fiscal year</th> <th>Revenue (NT\$ million)</th> <th>Water Consumption</th> <th>Intensity</th> </tr> <tr> <td>2022</td> <td>8,856</td> <td>301,439</td> <td>34</td> </tr> <tr> <td>2021</td> <td>8,706</td> <td>357,969</td> <td>41</td> </tr> </table> <p>(Note) Water consumption intensity: water consumption (kWh) / revenue (NT\$ million)</p> </div> </div>	Fiscal year	Revenue (NT\$ million)	Items	Direct Emissions	Energy Indirect Emissions Emission Volume	Additional Indirect Emissions Emission Volume	2022	8,856	Emission volume	1,437.4402	25,242.3199	249.689	Intensity	0.1623	2.8503	0.0282	2021	8,706	Emission volume	1,479.683	25,063.263	394.890	Intensity	0.1700	2.8788	0.0454	Fiscal year	Revenue (NT\$ million)	Water Consumption	Intensity	2022	8,856	301,439	34	2021	8,706	357,969	41	
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Current project	Implementation Status (Note 1)					Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies																											
	Yes	No	Summary and Explanation																														
			<div>3. Waste (data coverage - Gangshan plant):</div> <div>Waste unit: ton</div> <table><tr><th>Fiscal year</th><th>Revenue (NT\$ million)</th><th>Items</th><th>General Industrial waste</th><th>Hazardous Industrial waste</th><th>Total</th></tr><tr><td rowspan="2">2022</td><td rowspan="2">8,856</td><td>Weight</td><td>250.0075</td><td>81.019</td><td>331.0265</td></tr><tr><td>Intensity</td><td>0.0282</td><td>0.0091</td><td>0.0374</td></tr><tr><td rowspan="2">2021</td><td rowspan="2">8,706</td><td>Weight</td><td>326.68</td><td>68.42</td><td>395.10</td></tr><tr><td>Intensity</td><td>0.0375</td><td>0.0079</td><td>0.0454</td></tr></table> <div>(Note 1) Waste intensity: weight (tons)/revenue (NT\$ million)</div> <div>(Note 2) The above information is mainly based on the information reported to EPD.</div>				Fiscal year	Revenue (NT\$ million)	Items	General Industrial waste	Hazardous Industrial waste	Total	2022	8,856	Weight	250.0075	81.019	331.0265	Intensity	0.0282	0.0091	0.0374	2021	8,706	Weight	326.68	68.42	395.10	Intensity	0.0375	0.0079	0.0454	
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<div>IV. Social Issues</div> <div>(I) Has the Company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?</div>	✓		<div>The Company had obtained SA8000 certificate in 2014, In accordance with the requirements of SA8000, international conventions, the United Nations Declaration and other international standards on corporate social responsibility, as well as domestic labor-related laws and regulations, the "Corporate Social Management Manual" has been formulated. Formulate vision and policies for corporate social responsibility, Its contents include: compliance with laws and regulations, energy conservation and waste reduction, risk mitigation, respect for human rights, disciplinary responsibility, and continuous improvement.</div> <div>In terms of human rights management, the Company has actively introduced the "Responsible Business Alliance Code of Conduct" (RBA)</div>				No differences																										

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			since 2019, and is assisted by professional consultants in counseling and providing education and training, in order to ensure that employees are provided with a safe working environment and that employees are respected and dignity. Please refer to Note 3. for the specific measures taken by the Company to promote human rights.	
(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		<p>1. Employee compensation:</p> <p>(1) Under the premise of external competition, internal fairness and legality, we provide a diversified, reasonable and market competitive compensation system, and link it to the company's operational performance, including: performance bonus for achieving operational targets, year-end bonus, and employee compensation bonus, etc., in order to attract, retain, develop and motivate employees with the concept of sharing profits with them.</p> <p>(2) The Company clearly stipulates in the articles of association that if the Company has a profit in the year, in addition to the accumulated loss, it should be reserved in advance to make up the additional amount, and will be allocated not less than 6% of the pre-tax net profit as employee compensation.</p> <p>2. Workplace diversity and equality:</p> <p>The Company is committed to the implementation of work equality and a friendly working environment that is diverse and inclusive. All employees regardless of gender are entitled to equal pay for equal work</p>	No differences

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies									
	Yes	No	Summary and Explanation										
			<p>and equal opportunities for promotion.</p> <p>In 2022, the female employees in the Company accounts for 65%, and female supervisors account for 41%.</p> <table><tr><th>Items</th><th>Staff</th><th>Manager</th></tr><tr><td>Number of women / total</td><td>836 / 1,280</td><td>108 / 261</td></tr><tr><td>Percentage</td><td>65%</td><td>41%</td></tr></table> <p>3. Vacation system: The Company's leave system complies with the laws and regulations of the state on leave and work. According to the actual situation, the employees are free to plan their personal arrangements and vacations, and an exclusive paid happy birthday leave for employees is provided to achieve compliance with the laws and regulations and a balanced arrangement of employees' lives.</p> <p>4. Other welfare policies: Please refer to pages 143-144 of the Annual Report.</p>	Items	Staff	Manager	Number of women / total	836 / 1,280	108 / 261	Percentage	65%	41%	
Items	Staff	Manager											
Number of women / total	836 / 1,280	108 / 261											
Percentage	65%	41%											
(III) Has the Company provided employees with safe and healthy work environments as well as regular classes on health and safety?	✓		<p>1. Measures for employee safety and healthy working environment: In terms of promoting occupational health and safety, in addition to continuing to maintain the ISO45001 (validity period: February 2, 2022-February 2, 2025) and TOSHMS system, the factory also has nurses and outsourced occupational medicine physicians stationed in the factory. The factory cooperates with doctors from E-Da Hospital, Tainan Madou Xinlou Hospital, and Xiangquan Clinic to carry out health promotion and</p>	No differences									

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies																					
	Yes	No	Summary and Explanation																						
			<p>management, conduct regular employee health checks, provide psychological counseling, and organize education and training on fire prevention and occupational safety and hygiene.</p> <p>2. Employee safety and health education policy and its implementation in 2022:</p> <table><tr><th>Items</th><th>Number of participants</th><th>Man hour</th></tr><tr><td>Occupational Safety and Health General Course</td><td>978</td><td>3,044.5</td></tr><tr><td>ISO14001 and ISO45001 Internal Auditor Training</td><td>82</td><td>492</td></tr><tr><td>Factory emergency evacuation training course</td><td>Whole plant</td><td>0.5 Hour / person</td></tr><tr><td>Hazard Communication and Chemical Spill Handling Drill</td><td>86</td><td>199</td></tr><tr><td>Practical operation of fire extinguisher on-the-job education and training</td><td>197</td><td>197</td></tr><tr><td>ERT area fire marshalling drill</td><td>20</td><td>160</td></tr></table> <p>3. Employee occupational disaster situation and related improvement measures in 2022:</p> <p>In 2022, there were 4 occupational accidents in the factory, and 4 people were injured due to temporary disability (accounting for 2.6% of the total number of employees), and the total number of days lost was 15 days. Due to the occupational disasters caused by the factory floor this</p>	Items	Number of participants	Man hour	Occupational Safety and Health General Course	978	3,044.5	ISO14001 and ISO45001 Internal Auditor Training	82	492	Factory emergency evacuation training course	Whole plant	0.5 Hour / person	Hazard Communication and Chemical Spill Handling Drill	86	199	Practical operation of fire extinguisher on-the-job education and training	197	197	ERT area fire marshalling drill	20	160	
Items	Number of participants	Man hour																							
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Factory emergency evacuation training course	Whole plant	0.5 Hour / person																							
Hazard Communication and Chemical Spill Handling Drill	86	199																							
Practical operation of fire extinguisher on-the-job education and training	197	197																							
ERT area fire marshalling drill	20	160																							

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies									
	Yes	No	Summary and Explanation										
			year (3 unsafe personnel actions and 1 case of unsafe environment), the Company has requested improvement and strengthened advocacy for unsafe actions of personnel; in an unsafe environment, personnel may trip over the grounding wire, and the equipment unit will reinforce all lines in parallel throughout the factory to reduce the risk of harm. In addition, the Company continues to carry out a monthly theme-based publicity for occupational disasters outside the factory - commuting traffic accidents to strengthen the traffic safety awareness of colleagues.										
(IV) Has the Company established effective career competence training plan for its employees?	✓		<div>Each department of the Company proposes an annual training plan in accordance with the training procedures, and provides various trainings for the functional gaps of managers and colleagues at all levels and future development plans from the plan.</div> <div>The implementation of the 2022 training plan is as follows:</div> <table><tr><th>Items</th><th>Onboard training</th><th>Professional development</th></tr><tr><td>Number of participants</td><td>255</td><td>3,542</td></tr><tr><td>Man hour</td><td>1,530</td><td>14,168</td></tr></table>	Items	Onboard training	Professional development	Number of participants	255	3,542	Man hour	1,530	14,168	No differences
Items	Onboard training	Professional development											
Number of participants	255	3,542											
Man hour	1,530	14,168											
(V) Does the Company comply with relevant laws and international standards, and formulate relevant	✓		The Company and its subsidiaries are component suppliers. The main sales customers are assembly foundries and do not sell directly to consumers. However, in order to protect the rights and interests of sales customers, the Company has set up a contact window for each of the Group's operating bases, distributors and agents on the official website. Handle issues related	No differences									

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
consumer or customer rights protection policies and grievance procedures for issues such as customer health and safety, customer privacy, marketing and labelling of products and services?			to customer rights complaints, so as to handle customer complaints in a fair and timely manner. In addition, the Company has formulated the "Administrative Measures for Suggestions and Complaints of Stakeholders", And set up the stakeholder's advice and complaint service window on the Company's website to serve as a complaint channel for stakeholders when their rights and interests are infringed.	
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	✓		The Company has formulated the "Supplier Evaluation, Guidance and Development Procedures" to regularly manage, evaluate and track suppliers' improvement. The specific management measures are briefly described as follows: 1. Vendor assessment: (1) Environmental protection: Suppliers with high risk and medium risk are required to provide a test report issued by a third-party verification agency if they are evaluated according to the "Supplier No Hazardous Substance Management System". (2) Labor human rights: The evaluation is carried out according to the "Supplier Corporate	No differences

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			<p>Social Responsibility Evaluation Report Form". The evaluation content covers issues such as occupational safety and health, and labor rights to ensure that suppliers meet the Company's requirements for the CSR corporate social responsibility system.</p> <p>2. Vendor audit: The Company arranges the audit method and audit frequency according to the supplier's risk level, transaction frequency and scale, and quality status.</p> <p>3. Coaching improvement and tracking: (1) The Company will provide supplier guidance and improvement suggestions for the deficiencies seen in the audit process and keep track of its improvement. (2) If the supplier still fails to improve after a certain period of counseling, or there is a major hazard to environmental safety, labor violations, or violation of the relevant regulations on the management of chemical substances, the Company will propose to stop the procurement or cancel the supplier qualification in accordance with internal regulations.</p>	

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
V. Did the Company, following internationally recognized guidelines, prepare and publish reports such as its Sustainability report to disclose non-financial information of the Company? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?	✓		The Company will cooperate with the competent authorities to issue the 2022 annual ESG Report in September 30, 2023 and obtain a conclusive opinion from a third party verification unit.	No differences
VI. Where the Company has stipulated its own Best Practices on CSR according to the Sustainability Best Practice Principles for TWSE/TPEX Listed Companies, please describe any gaps between the prescribed best practices and actual activities taken by the Company: The Company's "Code of Practice for Corporate Social Responsibility" was approved by the board of directors in March 2015. On March 25, 2022, the board of directors approved the revision of the code and changed its name to "Code of Practice for Sustainable Development". The code reviews the implementation and improves accordingly, and there is no difference in implementation so far.				

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
VII. Any important information useful for understanding the state of Sustainability operations:				
(I) The main promotion actions of the three promotion groups of ESG Enterprise Sustainable Development Committee this year are as follows :				
1. The Environmental Sustainability Promotion Group :				
(1) Promote greenhouse gas inventory and carbon footprint inventory of key products.				
(2) Promote the use of renewable energy.				
(3) Continuously implement water and electricity conservation measures based on goals.				
2. The Social Responsibility Promotion Group :				
(1) Donated NT\$5,000 each month to four elementary schools in the Okayama District of Kaohsiung City for for nutritious lunch subsidies or for improving teaching resources.				
(2) Donated NT\$50,000 each quarter to “House of the Little Angels” to help take care of infants and vulnerable groups who have lost their family or suffered family changes.				
(3) Supported local social welfare organizations in Kaohsiung by subscribing to the charity popsicles of total 2,000 made by "Exist for Love", so that disadvantaged partners can affirm the value of life in their own capacity.				
(4) Gathered corporate volunteers and Kaohsiung University of Science and Technology to organize the "Little Superman Club" at Qianfeng Elementary School in Kaohsiung's Gongshan District to provide a variety of interactive programs for students.				
(5) Organized the "I Plant Trees for a Loving Earth" tree planting activity in Kaohsiung Kajia Wetland Park and planted total 700 trees to implement ecological conservation.				
(6) Promoted 'Monthly Healthy Veggie Day' to reduce meat consumption and carbon emissions through vegetarian meals.				
(7) Provided all colleagues with Eco-friendly bowls / bags, and launch "Eco-friendly Tableware Dining Collection and Delivery" activity, reduce plastic waste and love the Earth.				
(8) Call on colleagues to support the "Earth Hour" campaign and promote the concept of energy saving and carbon reduction through practical actions, in order to implement the energy saving and environmental awareness in daily life.				

Current project	Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
<p>(9) Organized blood donation activities.</p> <p>(10) Donated 300 residential fire alarm systems to local fire departments and work with the community to promote fire safety.</p> <p>(11) Participate in humanitarian relief and emergency relief through donating social groups when needed.</p> <p>In 2022, the Company spent a total of NT\$1,800,000 on public welfare.</p> <p>3.The Sustainability Governance Promotion Group :</p> <p>(1) Strengthen the functions of the board of directors and assist all directors in completing at least 6 hours of continuous training courses per person.</p> <p>(2) To enhance the independence of the board of directors, it is planned to conduct a comprehensive re-election of directors at the 112 shareholders' regular meeting, with the number of independent directors increasing from three to four.</p> <p>(3) To improve information transparency, a total of three Investor Conference were held.</p> <p>(4) Initiate the preparation of the sustainability report.</p> <p>(II) Employee care:</p> <ul style="list-style-type: none">• Provide employees with diverse and smooth communication channels. The Company received 2 employee suggestions and complaints in 2022. All relevant cases have special personnel investigating and mediating, and reporting the follow-up handling situation at the labor-management and corporate social responsibility meeting.• The Company implements the following projects to promote the physical and mental health of employees:				
	Project name	Project detail		Implementation effectiveness
	Maternal Health Protection Program	Provide maternal health protection for employees who are pregnant and one year after childbirth. The content of the plan includes: assessment of work and individual hazards, risk control of protection plans, health guidance, adjustment or replacement of work content, adjustment of working hours, education and training and health protection measures		In 2022, a total of 18 pregnant women received the Maternal Health Protection Plan

Current project		Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
		Yes	No	Summary and Explanation	
	Health risk assessment and management			1. Anomaly tracking and health education of new and incumbent employees' health check data 2. Graded management of statutory special health inspections 3. If the health check data is abnormal, follow the doctor's advice to carry out tracking and health education management	In 2022, a total of about 150 employees participated in the health risk assessment and management plan
	Health promotion			1. Organize blood donation activities. 2. Provide health information and post it on the bulletin board.	In 2022, a total of 148 people participated in blood donation activities.
	Biological Hazard Control and Response			Get the influenza vaccination once a year to avoid influenza cluster infection.	In 2022, because the number of people who signed up for public-funded vaccinations was insufficient, the standard for the number of people to provide in-plant vaccination services stipulated by the health center, so it was to publicize influenza vaccination for all employees.
	Weight management			Promote the concept of healthy weight loss, establish a correct attitude towards life and diet, and help colleagues to effectively manage their own health	The 2022 annual weight loss class uses propaganda to convey the correct concept of weight loss. A total of 25 employees participated, and they have successfully lost 72 kilograms.
	Employee health check			1. Physical examination of new recruits 2. Regular health check of incumbents	In 2022, a total of about 1,048 on-the-job staff participated in employee

Current project		Implementation Status (Note 1)			Discrepancies between its implementation and the Corporate Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
		Yes	No	Summary and Explanation	
				3. Special health check for special operators	health examinations, of which 268 colleagues received special health examinations
	Doctor on-site service			1. Provide health consultation and conduct health education, tracking and health management for employees with abnormal health examination results 2. Site visit plan: identify and evaluate the work hazards of the on-site unit (for example, prevent human hazards and avoid repetitive musculoskeletal injuries, etc.), And put forward improvement plans and suggestions.	1. In 2022, a total of about 120 employees received health consultation and health management services from resident doctors 2. Physicians in the factory conduct on-site visits once a month, and evaluate the results of the visits and discuss improvement plans in the following month. In 2022, a total of 9 on-site visit plans for production line stations were completed.
	Quit smoking activities			Promote the concept of smoking harm, provide smoking cessation referral line or smoking cessation clinic	Tobacco harm prevention and smoking cessation propaganda to all colleagues in the factory

Note 1: If "Yes" is checked in the execution situation. Please specify in detail the important policies, strategies, measures and implementations adopted; If you tick "No" for the implementation, please explain the difference and reasons in the column "Differences and Reasons from the Code of Practice for Sustainable Development of Listed OTC Companies". And explain the plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.

Note 3: The Company's specific measures for the promotion of human rights are as follows:

Items	Specific measures
Prohibition of forced labor	Strictly abide by local laws and regulations and comply with the requirements of corporate social responsibility formulated by the Company. And formulate a procedural book prohibiting forced labor, implement the relevant norms for the implementation of the procedural book. Do not force or coerce anyone to engage in involuntary labor.
Prohibition of child labor	In accordance with corporate social responsibility and relevant human rights declarations, formulate procedures for the prohibition of child labor, and implement relevant norms in the implementation procedures. The Company also strictly requires that only those who are over 18 years old apply for the Company's work. Employees who are subsequently hired will undergo two-factor authentication to ensure the implementation of relevant procedures.
Prohibit discrimination	In accordance with the requirements of corporate social responsibility and local laws and regulations, formulate management procedures related to non-discrimination, and implement relevant norms in the implementation procedures. Not to discriminate against any person based on any factors that may cause discrimination (such as race, party, constellation, blood type, etc.) in accordance with the procedures. And modify related work forms and processes, and do our best to provide non-discriminatory work processes and environments.
Provide a safe working environment	According to the working environment of employees, improve the software and hardware and continuously revise and improve the relevant management procedures. It also implements four major protection plans for labor health (maternal health protection, unlawful violations in the execution of duties, abnormal workload, and human-induced hazards) to protect all laborers and provide a safer working environment.
Assist employees with physical and mental health/work-life balance	Provide a variety of employee activities (such as: general manager's quarterly coffee time, whole factory employee travel, whole factory annual regular health check, fixed occupational medicine doctor stationed in the factory), based on employees' health needs, care for colleagues; set up exclusive breastfeeding space and signed a special kindergarten, so that employees can work without worries; set a paid "employee exclusive happy birthday leave"; and try our best to create a work-life balance work environment.
Corporate Social Responsibility Education and Training - All newcomers and the whole factory	The training of new recruits for each new recruit should include complete training related to labor (such as: prohibition of discrimination, prohibition of forced labor, etc.), workplace safety and hygiene environment training, health promotion instructions, workplace anti-bullying, anti-sexual harassment, etc. Let all personnel clearly understand the Company's regulations when they enter the office; In addition, corporate social responsibility training is carried out for department heads, through the description of diversity, let the supervisor more clearly understand the relevant regulations. Supervisors and colleagues work together to achieve a win-win situation for enterprises and labor, and together they are part of corporate social responsibility.

(VI) The state of performance of ethical operation and its differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and its reasons:

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
I. Formulating ethical corporate management policies and programs				
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	✓		(I) The Company has established the "Integrity Management Code" and has been approved by the board of directors. The aforementioned measures are disclosed on the Company's website and public information observatory, expressing the policies and practices of honest management. The Company has also formulated the "Corporate Social Responsibility Policy (Guideline)", which expressly expresses the Company's belief in clean operation and fair trade in the policy (guideline).	No differences
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		(II) In order to prevent dishonest acts, the Company has formulated relevant preventive measures, including the formulation of "Procedures and Conduct Guidelines for Integrity Management" for employees to follow, the design of an effective accounting system and internal control system to prevent acts with potentially higher risk of dishonesty, and the establishment of a reporting mechanism to detect dishonest acts, etc. The scope of these measures covers the preventive measures for acts under paragraph 2 of Article 7 of the	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
(III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	✓		"Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". (III) In order to actively prevent dishonest behavior, the Company has formulated regulations such as "Integrity Management Operation Procedures and Behavior Guidelines", "Stakeholders' Suggestions and Complaints Management Measures", etc. Specifically regulate the matters that the personnel of the Company should pay attention to when carrying out business, as well as the punishment and appeal system in the event of violations. The specialized unit shall handle the revision, implementation, interpretation, consulting services, registration and filing of notification contents and other related operations and supervise the implementation of the aforementioned regulations, and review and revise them regularly.	No differences
II. Implementing ethical corporate management (I) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?	✓		(I) In addition to assessing their integrity records, the Company also requires the signing of the "Supplier Incorruptibility and Anti-Bribery Commitment". And the signed contract also stipulates the terms of integrity and morality, and states the responsibility for breach of contract.	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		<p>(II) The Company designates the President's Office to coordinate relevant units to build an "Integrity Management Promotion Team" depending on the business contents, to be responsible for formulating policies on integrity management and prevention of dishonest practices and monitoring the implementation of such policies, and to report to the Board of Directors at least once a year.</p> <p>The Company's 2022 integrity management promotion situation is as follows:</p> <ol style="list-style-type: none"> 1. Continue to promote and supervise the signing of the Anti-Bribery Commitment. 2. Implement the management and maintenance of the special e-mail mailbox for appeals and the handling of appeal cases. 3. Conduct online education and training on "prohibition of insider trading" for all directors and managers, The course contents include: "Requirements for Insider Trading", "Punishments for Violating Insider Trading", "How to Avoid Accidental Insider Trading" and other topics. The duration of the course is 45 minutes, with a total of 16 participants. 	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
(III) Has the Company established policies to prevent conflicts of interest, provided an appropriate channel for reporting such conflicts and implemented them?	✓		<p>The aforementioned performance assessment results were reported to the Board of Directors on March 10, 2023.</p> <p>(III) The Company has special e-mail mailboxes for complaints as a channel for representation. In addition, the supervisors of the administrative management units are responsible for the processing of file-building projects, and the auditing office cooperates with the legal affairs office to track the progress, so as to deal with the complaints in a fair and timely manner.</p>	No differences
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		<p>(IV) The Company has established an effective accounting system and internal control system to prevent behaviors with potential high risk of dishonesty. The internal audit unit prepares an annual audit plan based on the risk assessment results, performs audits accordingly, and reports audit results to the Audit Committee and the Board of Directors on a regular basis.</p>	No differences
(V) Does the Company regularly hold internal and external training related to ethical corporate management?	✓		<p>(V) In addition to regular education and training on Sustainability and integrity management when new recruits arrive, the Company also holds regular integrity management publicity seminars</p>	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			to demonstrate the Company's determination to operate with integrity.	
III. Implementation of the Company's whistleblowing system				
(I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?	✓		(I) In the "Guidelines for Operational Procedures and Behaviors of Integrity Management" formulated by the Company, it clearly defines the reporting and reward system, reporting channels, and designated personnel for acceptance. All reports of dishonest conduct or misconduct shall be handled in accordance with these regulations.	No differences
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		(II) In the "Guidelines for Operational Procedures and Behaviors of Integrity Management" formulated by the Company, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms. All reports of dishonest conduct or misconduct shall be handled in accordance with these regulations.	No differences
(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	✓		(III) The "Guidelines for Operational Procedures and Behaviors of Integrity Management" formulated by the Company clearly stipulates measures to protect whistleblowers from being improperly dealt with due to whistleblowing. All reports of dishonest conduct or misconduct shall be handled in accordance with these regulations.	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
IV. Enhancing information disclosure (I) Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities upon its official website or Market Observation Post System (MOPS)?	✓		The Company has disclosed the content and effectiveness of its ethical corporate management best practice principles on its website and the Market Observation Post System (MOPS) and disclosed the Company's performance of integrity management and the measures taken in the annual report of the shareholders' meeting and the Company's website.	No differences
V. If the Company has formulated its own principles of integrity operation based on "Code of Integrity Practice Rules for TWSE/TPEX Listed corporations", please state the difference between its principles and its operation: No difference. Based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", the Company has set up "Ethical Corporate Management Best Practice Principles". All operating activities are carried out in accordance with this code, and there is no difference.				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles) 1. In order to implement the business philosophy of honest management, the Company has formulated the "Administrative Measures for Suggestions and Complaints of Stakeholders". And set up the stakeholder's advice and complaint service window on the Company's website to serve as a complaint channel for stakeholders when their rights and interests are infringed. 2. On August 8, 2019 and January 17, 2020, the board of directors of the Company approved the revision of the "Integrity Management Code" and "Integrity Management Operating Procedures and Behavior Guidelines", which were reported at the 2020 Annual General Meeting of Shareholders. 3. On August 12, 2020, the board of directors of the Company approved the revision of the "Code of Ethics and Conduct" and reported it at the 2021th Annual General Meeting of Shareholders.				

Note 1: No matter whether you tick "Yes" or "No", the operation status should be stated in the summary description field.

- (VII). If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched.
1. The Company has established the corporate governance best practice principles and other relevant regulations, as follows:
 - (1) Ethical Corporate Management Best Practice Principles
 - (2) The Company's "Procedures for Ethical Management and Guidelines for Conduct".
 - (3) Code of Ethical Conduct
 - (4) Sustainable Development Code of Practice
 - (5) Operational specifications related to financial business between related parties
 - (6) Organizational Rules of the Remuneration Committee
 - (7) Key points of executive training for directors
 - (8) Suggestions from stakeholders and methods for handling complaints
 - (9) Procedures for preventing insider trading management
 - (10) The Board Diversity Policy is disclosed on the Company's website and annual report.
 - (11) The performance evaluation method of the board of directors and functional committees
 - (12) Corporate Governance Best Practice Principles
 - (13) Rules on the scope of duties of independent directors
 - (14) Organizational Rules of Audit Committee
 - (15) Standard operating procedures for handling directors' requests
 2. Inquiry method:

You can go to the Public Information Observatory (<https://mops.twse.com.tw/>) under "Corporate Governance" under "Determine the Rules and Regulations of Corporate Governance" or the Company's website (<https://www.panjit.com.tw/>) "Major Internal Policies" under "Corporate Governance" in "Investors".
- (VIII) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed: None
- (IX) The section on the state of implementation of the Company's internal control system shall furnish the following:
1. Statement on Internal Control System: detailed in Appendix IV.
 2. If a CPA has been hired to carry out a special audit of the internal control system, please furnish the CPA audit report: None.
- (X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, for any sanctions imposed in accordance with the law upon the Company or its internal personnel, or any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, of which the penalty may significantly affect the shareholders' interests or the security prices, the penalty details, principal deficiencies, and the state of any efforts to make improvements shall be disclosed: None.
- (XI) Material resolutions of a shareholders meeting or a Board Meeting during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report.

1. Major resolutions of the Shareholders Meeting

Date of meeting	Major Resolutions of the Board of Directors	Implementation Status
June 14, 2022	<ol style="list-style-type: none"> 1. Approval of FY2021 Business Report and Financial Statements 2. Approval of FY2021 Earnings Distribution. 3. Changes to the Funds Utilization Plan of the Company's 2021 Issuing Common Stock for Cash and Issuing Global Depositary Receipt. 4. Amendment to the Company's "Procedure for Acquisition and Disposal of Assets". 5. Amendment to the Company's Articles of Incorporation. 6. Amendment to the Company's "Rules of Procedure for Shareholder Meetings". 7. To approve the proposal of the Company's "Method of Election of Directors". 8. To approve issuance of new common shares for cash in private placement. 	<ol style="list-style-type: none"> 1. Completed. 2. Cash dividends are distributed at NT\$3 per share; according to the authorization of the board of directors, the chairman has set July 11, 2022 as the ex-dividend base date, and cash dividends was fully distributed on August 1, 2022. 3. The execution of the changed fund utilization plan has been completed. 4. On June 16, 2011, it was announced and uploaded to the Market Observation Post System and the company's website, and handled in accordance with the revised procedures. 5. On June 27, 2022, the change was registered with the approval of the Ministry of Economic and announced on the official website of the Company. 6. It has been handled in accordance with the revised procedures and announced on the Company's website. 7. It has been handled in accordance with the revised procedures and announced on the Company's website. 8. Not executed yet. The Company's board of directors approved on March 10, 2023 that the private placement common shares that were not completed within the deadline will be suspended from June 13, 2023.

2. Important resolutions of the Board of Directors

Date of meeting	Major resolutions of the Shareholders Meeting
January 14, 2022	<ol style="list-style-type: none"> 1. Approved the 2021 Business Plan. 2. Approved the application for comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 3. Approved the cancellation of 2021 comprehensive credit line, foreign exchange comprehensive line and financial product transaction line approved but not used. 4. Approved the application for a negative commitment letter. 5. Approved the Company's 2021 Q4 performance bonus for managerial officers. 6. Approved the annual bonus for the Company's managerial officers in 2021. 7. Approved the salary adjustment for the Company's managerial officers. 8. Approved the Company's 2021 annual manager salary remuneration and performance assessment proposal. 9. Approved the Company's 2021 director remuneration and performance assessment. 10. Approved the dismissal of the Company's managerial officers
February 14, 2022	<ol style="list-style-type: none"> 1. Approved the Company's public acquisition of common shares of Champion Microelectronic Corp. 2. Approved the application for performance bond from a financial institution. 3. Approved the lending funds structure adjustment. 4. Approved the transfer of creditor's rights between the Company's subsidiaries.
March 25, 2022	<ol style="list-style-type: none"> 1. Approved the 2021 director's bonus distribution plan. 2. Approved the 2021 director's and employee bonus distribution plan. 3. Approved the Company's 2021 business report and financial statements. 4. Approved the Company's 2021 profit distribution. 5. Approved the independent evaluation and appointment and remuneration of the Company's certified public accountant. 6. Approved the lending funds structure adjustment. 7. Approved the transfer of creditor's rights between the Company's subsidiaries. 8. Approved the investment structure adjustment proposal. 9. Approved the Company's subsidiary to apply for a joint bank credit line, apply to the Company for an endorsement guarantee. 10. Approved the application for comprehensive credit line, foreign exchange comprehensive line and financial product transaction line. 11. Approved Changes to the Funds Utilization Plan of the Company's 2021 Issuing Common Stock for Cash and Issuing Global Depositary Receipt. 12. Approved the Company's cancellation of the investment in the mainland through the capital increase of PAN-JIT ASIA INTERNATIONAL INC. 13. Approved the 2021 effectiveness review of the internal control system and "Statement on Internal Control System". 14. Approved the amendments to the Company's rules and regulations. 15. Approved the amended "Procedure for Acquisition and Disposal of Assets" of the Company.

Date of meeting	Major resolutions of the Shareholders Meeting
	16. Approved the amendments to the Company's Articles of Incorporation. 17. Approved the Amendments to the Rules of Procedure for Shareholder Meetings 18. Approved the amendment to the Company's "Measures for the Election of Directors". 19. Approved the relevant matters for convening the Company's 2022 annual general meeting.
May 3, 2022	1. Approved cash capital increase private common stock proposal. 2. Approved the relevant matters for convening the Company's 2022 annual general meeting (newly added shareholder's annual general meeting).
May 10, 2022	1. Approved the 2022 Q1 Financial Statements of the Company 2. Approved the application for new or increasing comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 3. Approved the Company's 2022 Q1 performance bonus for managerial officers. 4. Approved the 2021 employee's bonus distribution plan. 5. Approved the 2021 director's bonus distribution plan. 6. Approved the remuneration adjustment of independent directors of the Company.
August 10, 2022	1. Approved the 2022 Q2 Financial Statements of the Company 2. Approved the revocation of the approved and unused endorsement guarantee amount for the subsidiary. 3. Approved the revocation of the approved but unimplemented capital increase of PAN-JIT ASIA INTERNATIONAL INC. 4. Approved the application for comprehensive credit line, foreign exchange comprehensive line and financial product transaction line. 5. Approved the amendment to the "Procedures for External Investment" of the Company. 6. Approved the Company's proposed implementation of the "Employee Stock Ownership Trust". 7. Approved the proposal of withdrawal of the Company's Manager's "Employee Stock Ownership Trust". 8. Approved the Company's 2022 Q2 performance bonus for managerial officers.
November 9, 2022	1. Approved the 2022 Q3 Financial Statements of the Company 2. Approved the internal audit plan that the Company expects to implement in 2023 3. Approved the amendment and formulation of the Company's rules and regulations, internal control system and internal audit implementation rules. 4. Approved the Company's loans to its subsidiaries. 5. Approved the application for comprehensive credit line, foreign exchange comprehensive line and financial product transaction line.
November 25, 2022	1. Approved the disposal of the investment.
January 13, 2023	1. Approved the Company's 2023 business plan. 2. Approved the provision of non- assurance services by Ernst & Young and its affiliates. 3. Approved the cancellation of the comprehensive credit line, foreign exchange comprehensive line and financial product transaction line approval of by the Board of

Date of meeting	Major resolutions of the Shareholders Meeting
	<p>Directors in 2022 but not used.</p> <ol style="list-style-type: none"> 4. Approved the application for the lending loan to the subsidiary from the Company. 5. Approved the Company's 2022 annual bonus for managerial officers. 6. Approved the Company's 2022 annual manager salary remuneration and performance assessment proposal. 7. Approved the Company's 2022 directors' remuneration and performance assessment.
March 10, 2023	<ol style="list-style-type: none"> 1. Approved the 2022 annual directors' bonus distribution plan. 2. Approved the appropriation of directors' and employees' remuneration for the year 2022 of the Company. 3. Approved the business report and financial statements for the year 2022 of the Company. 4. Approved the Company's 2022 profit distribution. 5. Approved the independent evaluation and appointment and remuneration of the Company's certified public accountant. 6. Approved the application for comprehensive credit line, foreign exchange comprehensive line and financial product transaction line. 7. Approved the proposal for the 2022 "Statement on Internal Control System". 8. Approved the amendment to the "Corporate Governance Best Practice Principles". 9. Approved the amendment of the Company's "Code of Practice for Sustainable Development". 10. Approved the amendment to the "Key points of executive training for directors". 11. Approved the amendment to the "Regulations Related to Financial Business between Affiliated Enterprises". 12. Approved the suspension of the capital increase through private common stock approved at the 2022 Annual Regular Shareholders' Meeting. 13. Approved the election of directors of the Company. 14. Approved the nomination and review of candidates for director (including independent director). 15. Approved lifting non-competition restrictions for Directors. 16. Approved the relevant matters for convening the Company's 2023 regular shareholders' meeting. 17. Approved the nominations of candidates for directors (including independent directors) from shareholders holding more than 1% of the shares through the regular shareholders' meeting.
April 7, 2023	<ol style="list-style-type: none"> 1. Approved the amendment to the election of directors of the Company. 2. Approved the amendment to the nomination and review of the list of candidates for director (including independent director). 3. Approved lifting non-competition restrictions for Directors. 4. Approved the amendment to the Regular Meeting of Shareholders to accept nominations of candidates for directors (including independent directors) from shareholders holding 1% or more of the shares.

(XII) Where, during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XV) Any resignation or dismissal of the Company's chairperson of the board, President, accounting manager, financial executive, internal audit manager, and R&D executive in the most recent fiscal year up to the publication date of this report: None.

V. Information on certified public accountant Professional Fees

Unit: NTD Thousand Dollars

Name of accounting firm	Name of certified public accountant	Audit period	Audit fee	Non-audit fee	Remarks
Ernst & Young Taiwan	CHEN, ZHENG-CHU	January 1-December 31, 2022	7,790	200	1. Tax certification fee: NT\$120 thousand
	FU, WEN-FANG				2. Salary information inspection service fee of NT\$50 thousands for non-supervisor employees 3. Business registration service fee: NT\$30 thousand

Note: If the Company has replaced the CPAs or accounting firm in the current year, the audit period shall be listed separately, and the reason for replacement shall be stated in the Remark column. Non-audit public fees and should be annotated to explain its service content

- (I) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.
- (II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: Not applicable.

VI. Information on Replacement of certified public accountant:

(1) Regarding the former certified public accountant

Date of Replacement	March 26, 2021		
Reasons for Replacement and explanations	In line with the adjustment of the internal work of the firm, since the first quarter of 2021, it has been replaced by CPA CHEN, ZHENG-CHU and CPA FU, WEN-FANG		
Whether the appointer terminates the appointment or the certified public accountants reject the appointment	Client	CPA	Appointer
	Condition		
	Terminate the Appointment	Not applicable	Not applicable
	Reject (Continue) the Appointment	Not applicable	Not applicable
The audit reports which were other than "Unqualified Opinion" in the recent two years, and the reasons	None		
Different opinions from the issuer	Presence		Accounting principles or practices
			Disclosure of financial statements
			Scope or procedure of audit
			Others
	None	✓	
	Discription		
Other Matters Other Disclosures (Items that shall be Disclosed in accordance with Item 1-4 to 1-7 of Paragraph 6, Article 10)	None		

(2) Regarding the successor certified public accountants

Name of accounting firm	Ernst & Young Taiwan
Name of CPA	CPA CHEN, ZHENG-CHU and CPA FU, WEN-FANG
Date of Appointment	March 26, 2021
Issues and results of consultations on possible issuance of opinions on financial reporting in respect of accounting treatment or accounting principles for specific transactions prior to appointment	None
Written views from the successor certified public accountant regarding the matters on which the Company did not agree with the former certified public accountant.	None

(3) Former CPAs' reply to Item 1 and Item 2-3, Paragraph 6, Article 10 of this Principle: Not applicable

VII. Company Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm:

None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests
(during the most recent fiscal year or during the current fiscal year up to the date of
publication of the annual report) by a director, supervisor, managerial officer, or
shareholder with a stake of more than 10 percent during the most recent fiscal year
or during the current fiscal year up to the date of publication of the annual report

(I) Share changes by directors, supervisors, managers, and major shareholders

unit: shares

Position title (Note 1)	Name	FY2022		For the current year up to April 16 in the current fiscal year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman and President	FANG, MIN-QING	0	0	0	0
Directors	ZHONG, YUN-HUI	(85,000)	0	0	0
Corporate Director	Jinmao Investment Co., Ltd.	1,150,000	(3,000,000)	400,000	0
Corporate Director Representative	LIN, HONG-GUANG (Took office on September 1, 2022)	0	0	0	0
Corporate Director Representative	ZHAN, WEN-XIONG (Resigned on March 16, 2022)	0	0	-	-
Corporate Director Representative	FANG, MIN-ZONG	0	0	0	0
Independent director	CHEN, YI-CHENG	0	0	0	0
Independent director	FAN, LIANG-FU	0	0	0	0
Independent director	CHEN, SHI-ZHEN	0	0	0	0
Chief Strategy Officer	LI, XUE-HAN	0	0	0	0
Vice President (Chief Operating Officer)	CHEN, ZUO-MING	0	0	0	0
Vice President	KOENIG ROLAND HERBERT	0	0	0	0
Vice President	YANG, ZHAO-QUAN	0	0	0	0
Vice President	LIN XI (Took office on May 10, 2022)	0	0	0	0
Vice President	CHIEW TEO ANN (Promoted from Senior Manager to Vice President on January 14, 2022)	0	0	0	0
Chief information	YANG, WU-ZHONG	0	0	-	-

Position title (Note 1)	Name	FY2022		For the current year up to April 16 in the current fiscal year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
officer	(Dismissed on January 14, 2022)				
Senior Associate Manager	MYOUNG HO LEE (Dismissed on January 14, 2022)	0	0	-	-
Chief Financial Officer (Financial supervisor)	SHEN, YING-XIU	0	0	0	0
Chief Accountant (Accounting Supervisor, Corporate Governance Supervisor)	XIE, BAI-CHENG	0	0	0	0
Major shareholders	Jinmao Investment Co., Ltd.	1,150,000	(3,000,000)	400,000	0

Note 1: Shareholders holding more than 10% of the Company's total shares should be marked as major shareholders and listed separately.

Note 2: Where the counterparty for equity transfer or pledge is a related person, the following form should be filled out.

Note 3: For directors and managers who took office or dismissed during 2022 and 2023, the number of shares held or pledged shares increased (decreased) based on the number of shares on the day they took office or dismissed.

(II) Where the counterparty for equity transfer is a related person: None.

(III) Where the counterparty of equity pledged is a related party: None.

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

April 16, 2023; Unit: share

NAME (NOTE 1)	SELF SHARES HELD		BY SPOUSE OR MINOR CHILDREN SHARES HELD		IN THE NAME OF OTHER PERSONS SHARES HELD COMBINED		Title or name and relationship of the 10 largest shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (NOTE 3)		REMARK
	Number of shares	Share- holding %	Number of shares	Share- holding ratio	Number of shares	Share- holding %	Name (or Name)	Relation	
Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	52,046,710	13.60%	0	0.00%	0	0.00%	FANG, MIN- ZONG FANG, MIN- QING CAI, LI- XIANG CHEN, CHUN- MIN	Note 4 Note 4 Note 6 Note 5	
	2,554,629	0.67%	9,393,480	2.45%	0	0.00%	Jinmao Investment Co., Ltd. FANG, MIN- QING CAI, LI- XIANG CHEN, CHUN- MIN	Note 4 Younger Brother Sister-in- law Wife	
CHEN, CHUN-MIN	9,393,480	2.45%	2,554,629	0.67%	0	0.00%	Jinmao Investment Co., Ltd. FANG, MIN- ZONG FANG, MIN- QING CAI, LI- XIANG	Note 5 Husband Brother in law Sister-in- law	
FANG, MIN-QING	8,522,888	2.23%	3,903,560	1.02%	0	0.00%	Jinmao Investment Co., Ltd. FANG, MIN- ZONG CHEN, CHUN- MIN CAI, LI- XIANG	Note 4 Elder Brother Elder sister-in- law Wife	

NAME (NOTE 1)	SELF SHARES HELD		BY SPOUSE OR MINOR CHILDREN SHARES HELD		IN THE NAME OF OTHER PERSONS SHARES HELD COMBINED		Title or name and relationship of the 10 largest shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (NOTE 3)		REMARK
	Number of shares	Share- holding %	Number of shares	Share- holding ratio	Number of shares	Share- holding %	Name (or Name)	Relation	
Taifong Investment Co., Ltd. Representative: YAN, QING	6,969,935	1.82%	0	0.00%	0	0.00%	None	None	
	1,454,400	0.38%	43,500	0.01%	0	0.00%	None	None	
The American JPMorgan Chase Bank Taipei Branch is entrusted with Investment account of the Vanguard Emerging Markets Stock Index Fund	5,522,740	1.44%	0	0.00%	0	0.00%	None	None	
The American JP Morgan Chase Bank Taipei Branch is entrusted with the investment account of the Advanced Stars International Stock Index Fund as part of the advanced Stars fund series.	5,048,398	1.32%	0	0.00%	0	0.00%	None	None	
Citigroup (Taiwan) Commercial Bank is entrusted with investment account of Norway's central bank	3,988,500	1.04%	0	0.00%	0	0.00%	None	None	
CAI, LI-XIANG	3,903,560	1.02%	8,522,888	2.23%	0	0.00%	Jinmao Investment Co., Ltd. FANG, MIN- ZONG CHEN, CHUN- MIN FANG, MIN- QING	Note 6 Brother- in-law Sister-in- law Husband	
TU, SHUI-CHENG	2,955,000	0.77%	-	-	-	-	None	None	Note 7
Standard Chartered Bank is entrusted with the ETF investment account of core MSCI of ISHARES in emerging market	2,874,200	0.75%	0	0.00%	0	0.00%	None	None	

Note 1: The 10 largest shareholders shall be listed. For corporate shareholders, the title of the corporate shareholder as well as the name of the representative shall be indicated.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in their own name, spouse, minor children or in the name of others.

Note 3: Shareholders to be disclosed in the preceding item shall include corporates and natural persons. Relationships between shareholders shall be disclosed according to the financial reporting standards used by the issuer.

Note 4: They are the chairman of the Company (FANG, MIN-ZONG) and the supervisor (FANG, MIN-QING)

Note 5: The chairman of the Company (FANG, MIN-ZONG) and the supervisor (FANG, MIN-QING) are his husband or his brother-in-law.

Note 6: The Company's chairman (FANG, MIN-ZONG) and supervisor (FANG, MIN-QING) are his brother-in-law or his husband.

Note 7: The shareholder is not an insider of the Company, therefore, there is no information about the shares held by his spouse and minor children and the shares held in the name of others in aggregate.

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

December 31, 2022. Unit: shares; %

Reinvestment in other companies (Notes)	Investments of the Company		Investment by directors/supervisors/managers and by companies directly or indirectly controlled by the Company		Total investments	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
PAN-JIT ASIA INTERNATIONAL INC.	210,106,493	100.00%	0	0.00%	210,106,493	100.00%
Pynmax Technology Co., Ltd.	84,492,784	94.64%	8,399	0.01%	84,501,183	94.65%
Mildex Optical Inc.	16,327,867	21.01%	6,936,433	8.92%	23,264,300	29.93%
Alltop Technology Co., Ltd.	11,315,009	19.18%	0	0.00%	11,315,009	19.18%
Champion Microelectronic Corp.	23,996,000	30.00%	0	0.00%	23,996,000	30.00%
Aide Energy Europe Coöperatie U.A. (Note 1)	-	100.00%	-	0.00%	-	100.00%

Note: The Company adopts the equity method for long-term investment.

Note 1: As a partnership company, there are no shares available.

Chapter 4 Financing Status

I. Capital and Shares

(I) Source of Equity

1. Share type:

April 16, 2023; Unit: share

Type of shares	Authorized capital			Remarks
	Outstanding shares (note)	Un-issued shares	Total	
Ordinary shares	382,814,927	217,185,073	600,000,000	

Note: TaiEx listed company stocks

2. Formation of share capital:

April 16, 2023

Month/ Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT\$ thousands)	Number of shares (thousand shares)	Amount (NT\$ thousands)	Capital stock stock	Capital increase by assets other than cash	Others
May, 1986	1000	5	5,000	5	5,000	Note (1)	None	None
Dec., 1994	1000	100	100,000	100	100,000	Note (2)	None	None
Oct., 1997	10	19,900	199,000	19,900	199,000	Note (3)	None	None
Jul., 1998	10	35,820	358,200	35,820	358,200	Note (4)	None	None
Dec., 1998	10	55,740	557,400	40,800	408,000	Note (5)	None	None
Aug., 1999	10	70,000	700,000	53,040	530,400	Note (6)	None	None
Jul., 2000	10	111,000	1,110,000	74,821.8	748,218	Note (7)	None	None
Sept., 2001	10	160,000	1,600,000	98,468.3	984,683	Note (8)	None	None
Sept., 2002	10	210,000	2,100,000	113,880.5	1,138,805	Note (9)	None	None
Jul., 2003	10	210,000	2,100,000	124,406.4	1,244,064	Transformation from corporate bond	None	None
Sept., 2003	10	210,000	2,100,000	137,530.5	1,375,305	Note (10)	None	None
Jan, 2004	10	210,000	2,100,000	140,888.4	1,408,884	Transformation from corporate bond	None	None
Mar., 2004	10	210,000	2,100,000	148,825.2	1,488,252	Transformation from corporate bond	None	None

Month/ Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT\$ thousands)	Number of shares (thousand shares)	Amount (NT\$ thousands)	Capital stock stock	Capital increase by assets other than cash	Others
Jul., 2004	10	280,000	2,800,000	167,719.0	1,677,190	Note (11)	None	None
Aug., 2005	10	280,000	2,800,000	184,922.8	1,849,228	Note (12)	None	None
Nov., 2005	10	280,000	2,800,000	184,711.8	1,847,118	Treasury stocks write-off	None	None
Apr., 2006	10	280,000	2,800,000	194,168.3	1,941,683	Transformation from corporate bond	None	None
Jul., 2006	10	280,000	2,800,000	195,681.3	1,956,813	Transformation from corporate bond	None	None
Jan., 2007	10	280,000	2,800,000	215,698.5	2,156,985	Note (13)	None	None
Apr., 2007	10	280,000	2,800,000	222,324.9	2,223,249	Transformation from corporate bond	None	None
Jul., 2007	10	280,000	2,800,000	224,600.8	2,246,008	Transformation from corporate bond	None	None
Aug., 2007	10	280,000	2,800,000	241,421.2	2,414,212	Note (15)	None	None
Oct., 2007	10	500,000	5,000,000	257,054.3	2,570,543	Note (14)	None	None
Jan., 2008	10	500,000	5,000,000	260,995.1	2,609,951	Transformation from corporate bond	None	None
Aug., 2008	10	500,000	5,000,000	296,966.9	2,969,669	Note (16)	None	None
Oct., 2008	10	500,000	5,000,000	316,966.9	3,169,669	Note (17)	None	None
Oct., 2009	10	500,000	5,000,000	317,445.4	3,174,454	Transformation from corporate bond	None	None
Jan., 2010	10	500,000	5,000,000	326,335.3	3,263,353	Transformation from corporate bond	None	None
Apr., 2010	10	500,000	5,000,000	331,732.4	3,317,324	Transformation from corporate bond	None	None
Jul., 2010	10	500,000	5,000,000	340,614.4	3,406,144	Transformation from corporate bond Employee stock	None	None

Month/ Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT\$ thousands)	Number of shares (thousand shares)	Amount (NT\$ thousands)	Capital stock stock	Capital increase by assets other than cash	Others
						option		
Oct., 2010	10	500,000	5,000,000	370,614.4	3,706,144	Note (18)	None	None
Nov., 2010	10	500,000	5,000,000	370,727.1	3,707,271	Transformation from corporate bond Employee stock option	None	None
Jan., 2011	10	500,000	5,000,000	372,854.8	3,728,548	Transformation from corporate bond Employee stock option	None	None
May, 2011	10	500,000	5,000,000	377,150.1	3,771,501	Transformation from corporate bond Employee stock option	None	None
Aug., 2011	10	500,000	5,000,000	377,785.6	3,777,856	Transformation from corporate bond	None	None
Sept., 2011	10	500,000	5,000,000	374,785.6	3,747,856	Treasury stocks write-off	None	None
Oct., 2011	10	500,000	5,000,000	371,935.6	3,719,356	Employee stock option Treasury stocks write-off	None	None
Apr. 2014	10	500,000	5,000,000	382,726.9	3,827,269	Transformation from corporate bond	None	None
Jul., 2014	10	500,000	5,000,000	385,675.7	3,856,757	Transformation from corporate bond	None	None
Oct., 2014	10	500,000	5,000,000	387,716.2	3,877,162	Transformation from corporate bond	None	None
Nov., 2014	10	500,000	5,000,000	384,716.2	3,847,162	Treasury stocks write-off	None	None
Mar., 2015	10	500,000	5,000,000	383,335.5	3,833,355	Transformation from corporate bond Treasury stocks write-off	None	None
May, 2015	10	500,000	5,000,000	388,158.0	3,881,580	Transformation from corporate bond	None	None

Month/ Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT\$ thousands)	Number of shares (thousand shares)	Amount (NT\$ thousands)	Capital stock stock	Capital increase by assets other than cash	Others
Aug., 2015	10	500,000	5,000,000	388,991.4	3,889,914	Transformation from corporate bond	None	None
Feb., 2016	10	500,000	5,000,000	352,448.2	3,524,482	Transformation from corporate bond Treasury stocks write-off	None	None
Apr., 2016	10	500,000	5,000,000	363,598.8	3,635,988	Transformation from corporate bond	None	None
Aug., 2016	10	500,000	5,000,000	364,148.5	3,641,485	Transformation from corporate bond	None	None
Oct., 2016	10	500,000	5,000,000	369,794.4	3,697,944	Transformation from corporate bond	None	None
Aug., 2019	10	600,000	6,000,000	332,814.9	3,328,149	Cash capital reduction	None	None
Nov., 2021	10	600,000	6,000,000	382,814.9	3,828,149	Common Stock for Cash and Issuing Global Depositary Receipt	None	None

- Note: (1) The share capital at the time of its establishment in May 1986 was NT\$5,000,000.
- (2) In December 1994, the Department of Commerce of the Ministry of Economic Affairs approved the capital increase of NT\$95,000,000 in cash as approved by (84) Shang No. 100006.
- (3) In October 1997, the Ministry of Economic Affairs Department of Commerce approved par value change to NT\$10, capital increase of NT\$29,000,000 in cash and NT\$70,000,000 through earnings. (1997.10.29 Jing (86) Shang No. 120510)
- (4) In April 1998, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT\$99,500,000 in cash and NT\$59,700,000 through earning at a par value of NT\$10 and a total of 15,920,000 new shares. (Tai-Cai-Zheng (I) No. 30874)
- (5) In October 1998, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT\$49,800,000 in cash at a par value of NT\$10 and a total of 4,980,000 new shares. (1998.10.31 (87) Tai-Cai-Zheng (I) No. 91485)
- (6) In August 1999, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT\$81,600,000 through earnings and NT\$40,800,000 through capital reserve at a par value of NT\$10 and a total of 12,240,000 new shares. (1999.8.20 (88) Tai-Cai-Zheng (I) No. 76284)
- (7) In April 2000, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT\$159,120,000 through earnings and NT\$58,697,600 in cash at a par value of NT\$10 and a total of 21,781,760 new shares. (2000.4.12 (89) Tai-Cai-Zheng (I) No. 30271)(2000.5.3 (89) Tai-Cai-Zheng (I) No. 38406)
- (8) In August 2001, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT\$149,643,520 through earnings, NT\$74,821,760 through capital reserve, and NT\$12,000,000 through employee bonus at a par value of NT\$10 and a total of 23,646,528 new shares. (2001.8.27 (90) Tai-Cai-Zheng (I) No. 153914)

- (9) In June 2002, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT\$98,468,290 through earnings, NT\$49,234,140 through capital reserve, and NT\$6,420,000 through employee bonus at a par value of NT\$10 and a total of 15,412,243 new shares. (2002.6.28 (91) Tai-Cai-Zheng (I) No. 910135577)
- (10) In July 2003, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT\$44,667,820 through earnings, NT\$33,500,860 through capital reserve, and NT\$5,097,000 through employee bonus at a par value of NT\$10 and a total of 8,326,568 new shares and transferred 4,797,517 shares from convertible corporate bond.. (2003.7.4 Tai-Cai-Zheng (I) No. 920129806)
- (11) In June 2004, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT\$131,952,800 through earnings, \$43,984,260 through capital reserve, and NT\$11,474,000 through employee bonus at a par value of NT\$10 and a total of 18,741,106 new shares and transferred 152,631 shares from convertible corporate bond. (2004.6.8 Tai-Cai-Zheng (I) No. 930125243)
- (12) In July 2005, the Financial Supervisory Commission approved a capital increase of NT\$98,104,780 through earnings, \$65,403,180 through capital reserve, and NT\$8,530,000 through employee bonus at a par value of NT\$10 and a total of 17,203,796 new shares. (2005.7.5 Jin-Guan-Zheng (I) No. 0940127020)
- (13) In October 2006, the Financial Supervisory Commission approved a capital increase of NT\$200,000,000 in cash at a par value of NT\$10 and a total of 20,000,000 new shares and 17,241 transferred share from convertible corporate debt. (2006.10.17 Jin-Guan-Zheng (I) No. 0950146573)
- (14) In October 2007, the Financial Supervisory Commission approved a capital increase of NT\$100,000,000 in cash at a par value of NT\$10 and a total of 10,000,000 new shares and 5,633,075 transferred share from convertible corporate debt. (2007.6.15 Jin-Guan-Zheng (I) No. 0960029324)
- (15) In July 2007, the Financial Supervisory Commission approved a capital increase of NT\$114,108,750 through earnings, \$39,499,180 through capital reserve, and NT\$14,597,000 through employee bonus at a par value of NT\$10 and a total of 16,820,493 new shares. (2007.7.3 Jin-Guan-Zheng (I) No. 0960033639)
- (16) In July 2008, the Financial Supervisory Commission approved a capital increase of NT\$260,995,060 through earnings, \$78,298,510 through capital reserve, and NT\$20,425,000 through employee bonus at a par value of NT\$10 and a total of 35,971,857 new shares. (2008.7.1 Jin-Guan-Zheng (I) No. 0970032540)
- (17) In May 2008, the Financial Supervisory Commission approved a capital increase of NT\$200,000,000 in cash at a par value of NT\$10 and a total of 20,000,000 new shares. (2008.5.15 Jin-Guan-Zheng (I) No. 09700196561)
- (18) In May 2010, the Financial Supervisory Commission approved a capital increase of NT\$300,000,000 in cash at a par value of NT\$10 and a total of 30,000,000 new shares. (2010.5.26 Jin-Guan-Zheng-Fa No. 0990025195)
- (19) In September 2021, the Financial Supervisory Commission approved a capital increase with a total of 50,000,000 to 60,000,000 new shares and 10 transferred share from convertible corporate debt. (Jin-Guan-Zheng No. 1100357515)

3.General information about the reporting system: Not applicable.

(II) Shareholder structure

April 16, 2023; Unit: share ; %

Qty. Shareholder structure	Government agency	Financial institution	Others Institutional investor (Note 1)	Individual investor	Foreign institutions & individuals	Total
Number of people	0	5	237	76,121	200	76,563
Number of Shares Held	0	3,293,087	66,023,533	276,310,519	37,187,788	382,814,927
Shareholding ratio	0	0.86	17.25	72.18	9.71	100.00

Note: Primary listed (counter) companies and emerging cabinet companies should disclose their mainland-owned shareholding ratios; Mainland capital refers to the people, legal persons, organizations, other institutions of the Mainland area, or companies investing in the third area as stipulated in Article 3 of the Mainland Area People's Investment Permitting Regulations in Taiwan.

Note 1. The number of shares held by other legal persons includes the 700,000 shares of the Company that have been repurchased.

(III) Shareholding distribution status

1. Ordinary share

At par value of NT\$10

April 16, 2023; Units: shares

Shareholding grading	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 - 999	17,836	2,742,069	0.72
1,000 - 5,000	50,512	95,980,319	25.07
5,001 - 10,000	4,909	38,722,731	10.12
10,001 - 15,000	1,197	15,461,878	4.04
15,001 - 20,000	792	14,706,356	3.84
20,001 - 30,000	528	13,623,342	3.56
30,001 - 40,000	233	8,409,606	2.20
40,001 - 50,000	135	6,401,828	1.67
50,001 - 100,000	237	17,234,213	4.50
100,001 - 200,000	78	11,121,626	2.91
200,001 - 400,000	54	14,840,485	3.88
400,001 - 600,000	10	4,935,164	1.29
600,001 - 800,000	12	8,629,195	2.25
800,001 - 1,000,000	8	7,270,355	1.90
Over 1,000,001			
Grading according to the actual situation	22	122,735,760	32.05
Total	76,563	382,814,927	100.00

(Note) The shareholding classification of 600,001 to 800,000 includes 700,000 shares of the Company that have been bought back.

2. Preferred share: None.

- (IV) List of major shareholders : List all shareholders with a stake of 5 percent or greater, if less than ten shareholders, disclose the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list.

April 16, 2023; Unit: share

Shares	Number of	Shareholding
Name of substantial shareholders	Shares Held	ratio
Jinmao Investment Co., Ltd.	52,046,710	13.60%
CHEN, CHUN-MIN	9,393,480	2.45%
FANG, MIN-QING	8,522,888	2.23%
Taifong Investment Co., Ltd.	6,969,935	1.82%
The American JPMorgan Chase Bank Taipei Branch is entrusted with Investment account of the Vanguard Emerging Markets Stock Index Fund	5,522,740	1.44%
The American JP Morgan Chase Bank Taipei Branch is entrusted with the investment account of the Advanced Stars International Stock Index Fund as part of the advanced Stars fund series.	5,048,398	1.32%
Citigroup (Taiwan) Commercial Bank is entrusted with investment account of Norway's central bank	3,988,500	1.04%
CAI, LI-XIANG	3,903,560	1.02%
TU, SHUI-CHENG	2,955,000	0.77%
Standard Chartered Bank is entrusted with the ETF investment account of core MSCI of ISHARES in emerging market	2,874,200	0.75%

(V) Share prices for the past two fiscal years, with company net worth per share, earnings per share, dividends per share, and related information

Fiscal year		2021	2022	As of March 31, 2023 (Note 8)
Items				
Market price per share (Note 1)	Highest	125.00	114.00	74.40
	Lowest	39.60	48.95	57.80
	Average	88.87	82.68	69.34
Net worth per share (Note 2)	Before allocation	33.69	35.57	(Note 10, 11)
	After allocation	30.69	32.57 (Note 9)	
Earnings per share	Weighted average number of shares (1000 shares)	340,448	382,115	
	Earnings per share (Note 3)	5.66	4.60	
Stock dividend per share	Cash dividend	3.00	3.00	
	Stock grants	Stock dividend from earnings	0	
		Stock dividend from capital reserve	0	
	Accumulated dividends unpaid (Note 4)		0	
Return on investment analysis	Price earnings ratios (Note 5)		14.07	
	Price to dividend ratio (Note 6)		26.54	
	Dividend yield ratio (Note 7)		0.04	

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market prices of common stocks in each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Please refer to the number of issued shares at the end of the year and fill in the information according to the resolution of the board of directors or the shareholders' meeting of the following year.

Note 3: If retrospective adjustment is required due to free allotment, etc., the earnings per share before and after adjustment shall be listed.

Note 4: If the conditions for the issuance of equity securities stipulate that the undistributed dividends in the current year shall be accumulated and distributed in the year with surplus, the accumulated and unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price/earnings ratio = Average closing price per share for the year/Earnings per share

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

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

Note 8: The net value per share and earnings per share should be filled with the information checked (reviewed) by the accountants in the most recent quarter up to the printing date of the annual report; other fields should be filled with the information of the current year up to the printing date of the annual report.

Note 9: The cash dividend distribution proposal for 2022 has been approved by the board of directors and is planned to be reported at the 2023 Annual Regular Shareholders' Meeting.

Note 10: There is no distribution of surplus in cash and free allotment as resolved by the board of directors and shareholders' meeting respectively.

Note 11: As of the date of the annual report, the financial information for the most recent quarter has not been reviewed by the accountants.

(VI) Company's dividend policy and implementation thereof

1. Dividend policy stipulated in the Company's articles of association:

If there is a surplus in the Company's annual final accounts, the Company should accrue for taxes and make up for accumulated losses first, then withdraw 10% as a legal reserve and the special surplus reserve under the regulations of the competent authority. Afterward, the Board of Directors shall draft a surplus distribution proposal for the balance. When new shares are issued, they shall be distributed after a resolution of the shareholders meeting.

In accordance with Article 240, Paragraph 5 of the Company Act, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to assign all or part of the dividends and bonuses payable. The resolutions shall be reported to the shareholders meeting.

The Company's dividend policy is determined by the Board of Directors based on operating plans, investment plans, capital budgets, and changes in internal and external environments. The Company's business is a capital-intensive industry and is currently in the stage of operational growth. Considering the Company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, the principles of surplus distribution are as follows: The balance to be distributed for the current year is given priority to cash dividends and can also be distributed to shareholders in the form of stock dividends, but the total amount of cash dividends shall not be less than 10% of the total amount of dividends paid to shareholders.

In accordance with Article 241 of the Company Act, the Company will issue all or part of the statutory surplus reserve and capital reserve as new shares or cash in proportion to the shareholders' original shares. When cash is assigned, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to make a resolution and report to the shareholders meeting. When new shares are issued, they shall be distributed after a resolution of the shareholders meeting.

2. The situation of the proposed dividend distribution at the shareholders meeting:

The Company's 2022 net profit after tax of NT\$1,757,631,113, plus the opening undistributed surplus of NT\$880,693,305, NT\$36,787,282 of the difference between the actual acquisition or disposal price of the subsidiary and the carrying amount, and

dispose of equity instruments measured at fair value through other comprehensive income of NT\$420,435,084 and 2022 other comprehensive income (re-measurement of defined benefit plan) of NT\$ 21,174,438, the total surplus available for distribution is NT\$3,116,721,222. Excluding the legal reserve of NT\$223,602,792, it is proposed to distribute a dividend of NT\$3 per share to shareholders. All payments will be made in cash, with a total amount of NT\$1,146,344,781.

The aforementioned cash dividend distribution has been approved by the Board of Directors of the Company, and it is planned to submit a report to the 2023 Annual General Meeting of Shareholders in accordance with the Articles of Association.

3. Significant changes in expected dividend policy: none

(VII) The proposed free share allotment of the shareholders meeting on the Company's business performance and per share impact of earning

There is no free allotment proposed at the shareholders meeting, so it is not applicable.

(VIII) The distribution of employee and director remunerations

1. The percentages or ranges with respect to employee and director remuneration, as set forth in the Company's articles of incorporation.

After annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. But the Company shall reserve a portion of profit to offset accumulated losses, if any. The aforementioned employee compensation can be made in stock or cash. Its subjects may include employees of controlling or associates that meet certain conditions which are set by the Board of Directors.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The recognition is based on the Company's Articles of Association which stipulates in Article 19 that, "after annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. But the Company shall reserve a portion of profit to offset accumulated losses, if any..." It is required to estimate. The estimated remuneration of staff and directors is recognized as salary expense in the current period. If the Board of Directors

decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual allotted amount by the Board of Directors, it is recognized as gain or loss in the following year .

3. Information on any approval by the Board of Directors of distribution of compensation:

- (1) The amount of employee compensation and directors' compensation distributed in cash or stocks:

The Board of Directors resolved to appropriate NT\$35,000,000 (1.66%) for directors' remuneration and NT\$137,375,000 (6.50%) for employees' remuneration, based on the profit of NT\$2,113,459,388 for 2022, after deducting the pre-retained indemnity amount, all of which were paid in cash.

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

The Board of Directors does not propose to distribute employee remuneration by stocks, so it is not applicable.

4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

	Previous fiscal year (2021)			
	Actual allotment	Board of Directors Proposed allotment	Variance	Reasons for differences
1. Cash compensation for employees	NT\$145,548,038	NT\$145,548,038	NT\$0	Not applicable
2. Employee stock compensation				
(1) Number of shares	0 shares	0 shares	0 shares	
(2) Amount	NT\$0	NT\$0	NT\$0	
(3) stock price	NT\$0	NT\$0	NT\$0	
3. Directors' remuneration	NT\$48,516,011	NT\$48,516,011	NT\$0	

(IX) Share repurchases:

1. Those who have completed the execution

April 16, 2023

Buyback terms	The 1st (term)	The 2nd (term)	The 3rd (term)	The 4th (term)	The 5th (term)
Buyback purpose	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Buyback time	2002/7/26 To 2002/9/25	2003/1/22 To 2003/3/21	2004/5/19 To 2004/7/18	2005/5/3 To 2005/7/2	2006/6/13 To 2006/8/12
Buyback prices	17.1 - 36.9	16.0 - 37.5	19.6 - 53	11.2 - 30.36	8.90 - 23.95
Type and quantity of shares bought back	Common stock: 211,000 shares	Common stock: 2,000,000 shares	Common stock: 2,000,000 shares	Common stock: 2,000,000 shares	Common stock: 2,000,000 shares
The bought-back quantity accounts for the scheduled buy-back quantity Ratio (%)	10.55%	100.00%	100.00%	100.00%	100.00%
Amount of shares bought back	NT\$4,837,573 (Fee included)	NT\$45,445,789 (Fee included)	NT\$53,743,150 (Fee included)	NT\$32,587,050 (Fee included)	NT\$25,797,190 (Fee included)
Number of shares cancelled and transferred	211,000 shares	2,000,000 shares	2,000,000 shares	2,000,000 shares	2,000,000 shares
The cumulative number of shares held in the Company	0 shares	0 shares	0 shares	0 shares	0 shares
The cumulative number of shares held in the Company accounted for Ratio of total issued shares (%)	0.00%	0.00%	0.00%	0.00%	0.00%

Buyback terms	The 6th (terms)	The 7th (terms)	The 8th (terms)	The 9th (terms)	The 10th (terms)
Buyback purpose	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Buyback time	2006/8/31 To 2006/10/30	2008/7/3 To 2008/9/2	2008/9/8 To 2008/11/7	2011/8/30 To 2011/10/29	2011/12/1 To 2012/1/31
Buyback prices	9.00 - 21.75	13.65 - 41.60	12.05 - 32.40	12.50 - 36.95	8.75 - 23.30
Type and quantity of shares bought back	Common stock: 3,000,000 shares	Common stock: 3,000,000 shares	Common stock: 3,000,000 shares	Common stock: 3,000,000 shares	Common stock: 1,500,000 shares
The bought-back quantity accounts for the scheduled buy-back quantity Ratio (%)	100.00%	100.00%	100.00%	30.00%	30.00%
Amount of shares bought back	NT\$42,412,379 (Fee included)	NT\$62,805,907 (Fee included)	NT\$52,033,225 (Fee included)	NT\$50,114,346 (Fee included)	NT\$24,248,643 (Fee included)
Number of shares cancelled and transferred	3,000,000 shares	3,000,000 shares	3,000,000 shares	3,000,000 shares	1,500,000 shares
The cumulative number of shares held in the Company	0 shares	0 shares	0 shares	0 shares	0 shares
The cumulative number of shares held in the Company accounted for Ratio of total issued shares (%)	0.00%	0.00%	0.00%	0.00%	0.00%

Buyback terms	The 11th (term)	The 12th (term)	The 13th (term)
Buyback purpose	To maintain corporate credit and shareholders' equity	To maintain corporate credit and shareholders' equity	Transfer of shares to employees
Buyback time	2015/9/24 To 2015/11/23	2015/11/11 To 2016/1/10	2020/3/24 To 2020/5/23
Buyback prices	6.72 - 14.34	8.37 - 19.08	10.54 - 34.50
Type and quantity of shares bought back	Common stock: 20,000,000 shares	Common stock: 18,000,000 shares	Common stock: 700,000 shares
The bought-back quantity accounts for the scheduled buy-back quantity Ratio (%)	100.00%	100.00%	7.00%
Amount of shares bought back	\$246,547,489 (Fee included)	\$263,515,489 (Fee included)	\$16,507,418 (Fee included)
Number of shares cancelled and transferred	20,000,000 shares	18,000,000 shares	0 shares
The cumulative number of shares held in the Company	0 shares	0 shares	700,000 shares
The cumulative number of shares held in the Company accounted for Ratio of total issued shares (%)	0.00%	0.00%	0.21%

2. Those who are still in execution: None.

II. Corporate bond

None.

III. Preferred shares

None.

IV. Overseas depositary receipt

Items		Date of issuance (execution) (Note 2)	2021/10/25
Date of issuance (execution)		2021/10/25	
Issuance and Trading Location		Luxembourg Stock Exchange	
Total amounts issued		\$ 151,000,000	
Issuance unit price		\$ 3.02	
Total number of units issued		50,000,000 Unit(s)	
Recognizing Sources of Securities		Ordinary shares of the Company	
Amount of Commended Securities		50,000,000 shares	
Rights and Obligations of Depositary Receipt Holders		<p>The rights and obligations of the holders of overseas depositary receipts shall be handled in accordance with the relevant laws and regulations of the Republic of China and the relevant provisions of the depositary deed. The main stipulations of the depositary deed are as follows:</p> <p>(1) Exercise of voting rights Unless otherwise provided by laws and regulations, holders of overseas depositary receipts may exercise the voting rights of PanJIT's ordinary shares recognized by their overseas depositary receipts in accordance with the depositary agreement and the laws and regulations of the Republic of China.</p> <p>(2) Dividend distribution, preemptive rights for new shares and other rights Unless otherwise stipulated in the depositary deed, holders of overseas depositary receipts shall, in principle, enjoy the same rights of dividend distribution and other rights to share shares as shareholders of PanJIT's ordinary shares.</p>	
Trustee		None	
Depository institution		CitiBank, N.A.	
Custodian		First Commercial Bank	
Outstanding balance		Fully redeemed	
Apportionment method of related expenses during the issuance and existence period		The relevant expenses during the issuance and existence period shall be borne by the issuing company	
Important stipulations of depositary deed and custody deed		Please refer to the Company's prospectus and depositary deed	
Per unit market price	2022	Highest	\$ 3.8945
		Lowest	\$ 1.55
		Average	\$ 2.5045

Date of issuance (execution) (Note 2)		2021/10/25	
Items (Note 3)	As of March 31, 2023	Highest	\$ 2.38
		Lowest	\$ 1.92
		Average	\$ 2.21

Note 1: The handling of overseas depositary receipts includes public offering and private placement of overseas depositary receipts. The public offering overseas depositary receipts in process refer to those that have been approved by the Association; the private placement overseas depositary receipts that are in process refer to those that have been approved by the board of directors.

Note 2: The number of fields is adjusted according to the actual number of transactions.

Note 3: For those who have participated in the issuance of overseas depositary receipts, the relevant market price of the overseas depositary receipts in the most recent year and as of the date of publication of the annual report shall be listed. In addition, if there are multiple transaction locations for foreign depositary receipts, they shall be listed separately according to the transaction locations.

V. Employee stock warrant

None.

VI. Issuance of new shares in connection with the merger or acquisition of other companies

None.

VII. Implementation of capital utilization plan

2021 issuing common stock for cash and issuing global depositary receipt:

(I) The Plan

1. The contents of the previous change plans and the benefits before and after the change:

Unit: NT\$ thousands

Application of funds Items	Before		After	
	Amount	Expected possible benefits	Amount	Expected possible benefits
Repay bank loan	931,000	In 2021, it can save about NT\$1,148 thousand in interest expenses, and about NT\$6,832 thousand in interest expenses in the following years	931,000	Same As Before
Foreign currency for material purchase	4,269,000	If the Company's current average borrowing rate for purchasing materials in foreign currency is 0.734%, it can save NT\$31,332 thousand in interest expenses in the future.	3,297,000	If the Company's current average borrowing rate for purchasing materials in foreign currency is 0.83%, it can save NT\$27,356 thousand in interest expenses each year in the future.
Investment in overseas subsidiaries	420,000	The investment income recognized by the Company in accordance with the	-	The original purpose of using funds was to increase capital in overseas subsidiaries to

Application of funds Items	Before		After	
	Amount	Expected possible benefits	Amount	Expected possible benefits
(PAN JIT ELECTRONICS (WUXI)CO.,LTD)		shareholding ratio in each year from 2022 to 2026 will be US\$1,255 thousand, 2,844 thousand, 4,106 thousand, 4,603 thousand, and 4,603 thousand, respectively.		meet their capital expenditure needs, and now the overseas subsidiaries use their own funds to support
Investment in overseas subsidiaries (PAN JIT Semiconductor (Xuzhou) Co., LTD)	980,000	The investment income recognized by the Company in accordance with the shareholding ratio in each year from 2022 to 2027 is US\$3,773 thousand, 5,965 thousand, 7,163 thousand, 6,879 thousand, 6,603 thousand, and 6,334 thousand, respectively.	-	

2. Reasons of change

Due to the recent domestic and foreign political and economic situation and the rapid changes in the capital market, the actual funds raised in this case are US\$151,000 thousand (equivalent to NT\$4,228,000 thousand), which is higher than the originally planned capital requirement of US\$235,714 thousand (equivalent to NT\$6,600,000 thousand). After evaluating the business strategy, and considering the flexibility of the use of funds and market changes, it is planned to change the use of funds to repay bank loans and purchase materials in foreign currencies, and adjust the progress of fund use. This change in the capital utilization plan was approved by the board of directors on March 25, 2022, and was proposed to be approved at the 2022 Annual General Meeting of Shareholders.

(II) Implementation Status:

As of the quarter before the publication date of the annual report, the implementation situation and the comparison with the original estimated benefit:

Unit: NT\$ thousands

Items	Implementation status		As of As of March 31, 2023	Reasons behind or ahead of schedule and improvement plan	Benefit evaluation
Repay bank loan	Amount paid	Planned	931,000	Completed as planned in the first quarter of 2022	The repayment of bank loans and foreign currency purchase payments can save approximately NT\$6,832 thousand and NT\$27,356 thousand in interest expenses in subsequent years, respectively. The benefits of saving interest expenses and reducing financial burden should be reasonable and obvious.
		Actual	931,000		
	Progress (%)	Planned	100.00%		
		Actual	100.00%		
Foreign currency for material purchase	Amount paid	Planned	3,297,000	Completed as planned in the third quarter of 2022	
		Actual	3,297,000		
	Progress (%)	Planned	100.00%		
		Actual	100.00%		

Chapter 5 Operation Summary

I. Business content

(I) Business scope

1. The main content of the business:

The Company and its subsidiaries are divided into different operating departments according to the different industrial attributes of manufacturing and selling products.

The main business contents of each operating department are as follows:

(1) Diode business group: engaged in the manufacturing and sales of wafers, power components and control modules.

(2) Power integrated circuits and components: R&D, manufacturing and sales of power integrated circuits, field-effect transistors and fast recovery diodes, as well as technical consulting and import/export trade.

The above is the business scope of our subsidiary, Champion Microelectronic Corp. (stock code: 3257). Please refer to the annual report prepared by Champion Microelectronic for relevant information.

(3) Solar business group: Sales of electricity from solar power stations.

2. Proportion of operating business:

Units: NT\$ thousands

Product category	FY2022	
	Sales Amount	Sales ratio (%)
Rectifier diodes	11,859,821	89.66%
Others (Note)	1,368,026	10.34%
Total	13,227,847	100.00%

Note: Including power integrated circuits and components, the income from solar power plant power generation... etc. Due to the large number of product items, it is listed as other.

3. The Company's current commodity items:

Operating Segments	Main products:
Diode business group	Rectifier diodes, surge suppressors, small signal components, transistors, wafers, chips
Power integrated circuits and components	Power IC/Power Management IC, High/Low Voltage Power Field Effect Transistors (HV SJ /LV SGT MOSFET), PFC Stage Power Diodes (PFC Diodes)
Solar energy business group	Sales of electricity from solar power stations

4. New products planned to be developed:

Here is an explanation of the planned new products for the main sales product - rectifier diodes:

(1) Silicon-based power devices and advanced discrete devices:

- A. High-Voltage Super-Junction Mosfets:
 - HV SJ MOSFETs 600V/650V Gen.1.5-Easy
 - HV SJ MOSFETs 600V/650V Gen.1.5-FR
 - HV SJ MOSFETs 600V/650V Gen.2-EASY
 - HV SJ MOSFETs 600V/650V Gen.2-FR
- B. Middle Voltage Shielded-Gate Trench MOSFETs:
 - MV SGT MOSFET 100V Gen.2
 - MV SGT MOSFETs 80V Gen.2-SL
 - MV SGT MOSFETs 80V Gen.2-LL
 - MV SGT MOSFETs 60V Gen.2
 - MV SGT MOSFETs 40V Gen.2
 - MV SGT MOSFETs- Vehicle AU
- C. Fast Recovery Epitaxial Diodes (FREDs)
 - FREDs 650V/1200V Gen.2
- D. Field-Stop Trench, FST, IGBTs
 - FST IGBTs 650V/1200V Gen.1
 - FST IGBTs 650V/1200V Gen.2

(2) 3rd generation semiconductor, silicon carbide, high-speed power silicon carbide devices:

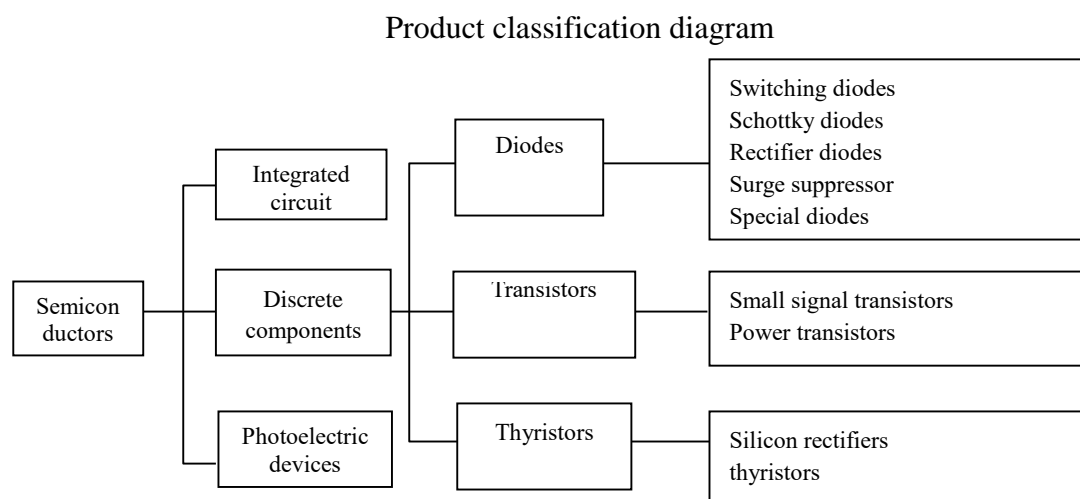
- A. Silicon Carbide Schottky Barrier Diodes (SiC SDBs)
 - SiC SBDs 650V/1200V Gen.2
 - SiC SBDs 650V/1200V/1700v Gen.3
- B. Silicon Carbide MOSFETs
 - SiC MOSFET 1200V Gen.1
 - SiC MOSFET 650V Gen.1
 - SiC MOSFET 1200V Gen.2
- C. Gallium Nitride High- Electron-Mobility Transistors (GaN HEMTs)
 - GaN E-HEMTs 650V

(II). Market summary

Here is an explanation of the industry status

1. Current status and development of the industry

Discrete devices are one of semiconductors, and their functions are mainly current amplification, power protection and power management. Discrete components can be divided into three categories: Transistors, Diodes, and Thyristons according to their performance.



Source of data: Institute of Electronics, ITRI

The development of the discrete component industry. Before the 2010s, European, American, and Japanese manufacturers relied on their own component technology development, perfect manufacturing production and quality management capabilities, and made good use of their own brand marketing channels to divide up the overall discrete component market for a long time. The share is about 70%. In contrast, Taiwanese manufacturers are slightly weak in technology and marketing because they started out as OEMs, and their market share is only about 10%.

In recent years, factories in Europe, the United States and Japan have faced fierce market cost competition, as well as policy subsidies from specific countries, and have readjusted their operating models, which in turn led to a wave of consolidation. For example, Infineon acquired International Rectifier in 2015 to expand some of its channels and product lines; NXP sold its discrete business to a Chinese company to establish Nexperia in 2016; Littelfuse merged with IXYS in the second half of 2017; in 2018, Micro Chip acquired Miscosemi to integrate separated semiconductors in the aviation, defense, and communication markets; and Diodes Inc acquired Lite-On in 2020, which undoubtedly announced the direction of international majors towards discrete high power semiconductors and

highlighted the trend of integration of international majors into the high power discrete semiconductor market.

In recent years, the geopolitical and epidemic impacts have brought about a niche for Taiwan-related manufacturers. The Taiwan factory mainly produces surface mount and other high value-added products, including metal oxide semiconductor transistors (MOSFETs), third-generation compound semiconductors (SiC), Schottky, Surge Suppressor (TVS) and Electrostatic Protection (ESD) and other fields. And a few low-priced product lines, such as STD Rectifier and Fast Rectifier, are transferred to mainland China where labor costs are lower. Even some manufacturers are worried about the impact of Sino-US trade, and they have not ruled out moving production capacity back to Taiwan or expanding production capacity equipment in Southeast Asia.

2. The relationship between the upper, middle and lower reaches of the industry

The industrial structure of discrete components can be divided into: upstream wafer raw materials, midstream wafer manufacturing, packaging and testing, and downstream applications.

Upstream raw materials mainly include wafers/epi wafers, precious metals, non-ferrous metals, aluminum alloys, non-metals, etc. Among them, Taiwan can be partially self-sufficient in wafers/epi wafers, while other precious metals such as gold, silver, platinum and some non-ferrous metals need to be imported.

Midstream wafer manufacturing and packaging testing, mainly 4"/6"/8" wafer manufacturing and back-end packaging and testing.

In terms of downstream applications, it covers a wide range of industries including: information, communication, consumer electronics, aerospace, medical, automotive, industrial control, energy and energy storage. The demand for discrete components in these markets continues to increase year after year and directly affects the growth prospects for discrete components.

3. Various development trends of products

With the development of science and technology, in response to the needs of various circuit designs, discrete components have been developing towards diversification in recent years. For example, for high-voltage current applications such as electro-mechanical equipment, it needs to be equipped with high-power components suitable for higher voltage tolerance for voltage regulation and rectification. For electronic information products, separate components with smaller size and higher precision are required for protection.

Due to the increasing popularity of broadband networks, 5G has been determined to enter the first year of commercialization in 2019, which has indeed increased the demand for discrete components suitable for high-frequency and low-interference communication equipment. Secondly, the electronic design of new energy vehicles in Europe, the United States, Japan and China can be interconnected because various electronic products gradually built a compatible interface, attaching more attention to the current regulation and function protection.

The electrical function of discrete components is, in fact, determined from the wafer manufacturing stages. Product characteristics are closely related to the wafer process. In order to achieve one-stop design and production efficiency, many manufacturers have adopted an upward process integration model, including scaling across into wafers and even epitaxial wafer fabrication processes.

There is no doubt that such upwardly integrated wafer manufacturing has considerable advantages in raw material costs. And because of the mastery of the wafer process, chips with different electrical properties can be produced according to different product requirements. This makes the production schedule more flexible and effectively and improves the utilization of machine capacity.

If classified according to packaging methods, discrete components range from traditional Axial packaging, power packaging (TO type), Bridge packaging, to the recent trend towards very small surface mount DSN, WLCSP, SMD, DFN and QFN packaging development.

As for product development, the lowest level of technology from the general standard products, towards the higher level of technology, high voltage type, fast type and Schottky high power rectifier diode direction, such as: MOSFETs (Metal Oxide Semiconductor Field-Effect Transistor) focus on Shielded Gate design technology, reduce the on-resistance, with high thermal conductivity, high life of the third generation compound semiconductor SiC SBD (Silicon Carbide Schottky Wide Energy Gap Diode), SiC MOSFET (Silicon Carbide Metal Oxide Semiconductor Transistor) and IGBT (Insulated Gate Bipolar Transistor).

4. Product competition

At present, the main domestic and listed companies that produce discrete components are Taiwan Semiconductor Co., Ltd., Advanced Power Electronics Co., Ltd., Sinopower Semiconductor Inc., Niko Semiconductor Co. Ltd., Amazing Microelectronic Corp. and uPI Semiconductor Corp., etc., and foreign

manufacturers include Infineon, STMicroelectronics, ROHM, VISHAY, Diodes Inc., Onsemi and Nexperia, and the mainland manufacturers include Hangzhou Silan Microelectronics Co., Ltd., Yangzhou Yangjie Electronic Technology Co., Ltd., Wuxi NCE Power Co., Ltd., Jiangsu Jiejie Microelectronics Co., Ltd., etc. As mentioned above, large international manufacturers such as Europe, America and Japan have gradually reduced the production of discrete components under the pressure of cost, or changed them to outsourced OEMs, and then turned to other high-tech semiconductor product lines such as ICs and memory.

Looking at the overall semiconductor industry, discrete components belong to relatively mature process technology and relatively low barriers to entry. To obtain continuous trust from customers and the market, ensure product quality reaches a certain level, save production costs and increase gross profit margin, it has become a top priority for manufacturers. In view of the rapid development of the industry, PANJIT Semiconductor Business Group will focus more on forward-looking market changes in the future, join international talent teams, actively integrate relevant resources of the group, establish a Taipei operation center and strive for sustainable and stable growth.

(III). Overview of technology and research and development

1. R&D expenses invested in the most recent fiscal year and as of the printing date of the annual report

Units: NT\$ thousands

Items	FY2022
R&D expenses	719,208
Percentage of net sales	5.44%

2. Technologies or products that have been successfully developed in the most recent fiscal year and as of the publication date of the annual report

PANJIT has been committed to the market and product component technology development of advanced semiconductor discrete devices. In recent years, relying on the advantages of self-developed semiconductor chips and packaging, silicon-based semiconductor power components, such as Metal-Oxide-Semiconductor Field-Effect Transistor (Si Power MOSFETs), Insulated-Gate Bipolar Transistors (IGBTs), Fast Recovery Epitaxial Diodes (FREDs); and Third-Generation Semiconductors (also known as "Wide Bandgap Semiconductors") Silicon Carbide (SiC) high-speed and high-power components, such as SiC SBDs, SiC MOSFETs, etc. Various advanced products are developed.

PANJIT has successfully released a number of semiconductor power discrete device products, which are listed as follows:

(1) Silicon-based power devices and advanced discrete semiconductor components:

A. High Voltage Super Junction MOSFETs: Super Junction (SJ, MOSFETs) Technology

HV SJ MOSFET - 600V/650V Gen1.5: 28 products released

Gen1.5 FR: 1 product released

HV SJ MOSFETs- 600V/650V, Gen. 2: Prototype

HV SJ MOSFET- 600V/650V Gen1.5, Gen.2: Under development

B. Medium Voltage Shielded-Gate Trench MOSFETs (SGT, MOSFETs):

MV SGT MOSFET: 40V/ 60V / 80V / 100V Gen.2: Under development

C. High-speed recovery epitaxial diodes (FREDs)

FREDs 600V/1200V Gen.1: 37 products released

FREDs 600V / 1200V Gen.2: Prototype, confirmed wafer fabrication process and prototype verification

FREDs 600V / 1200V Gen.1, Gen.2: Under development

D. Insulated Grid Bipolar Transistors (IGBTs):

FST IGBT 650V/1200V Gen.1: Prototype, confirmed wafer fabrication process and prototype validation

FST IGBT 650V / 1200V Gen.1: Under development

(2) 3rd generation semiconductor, silicon carbide, high-speed power silicon carbide devices:

A. Silicon carbide Schottky diodes (SiC SDBs)

SiC SBDs 650V/1200V Gen.1: 31 products released

SiC SBD 650V/1200V Gen.2: Prototype, confirmed wafer fabrication process and prototype validation

SiC SBDs 650V/1200V Gen. 1: Under development

B. Silicon Carbide MOSFETs

SiC MOSFETs 650V/1200V Gen.1: Prototype

SiC MOSFET 650V/1200V Gen. 1: Under development

(IV) The Company's long- and short-term business development plans.

Here is an explanation of the important use and production process of the main product - rectifier diodes

1. Short-term business development plan

Looking at the future development of the separation device industry, the growth is driven by the explosive growth of global demand for electric vehicle related charging devices, mainly in markets such as the Internet of Vehicles, robotics, servers, and artificial intelligence. The company grasps trends and adapts to the needs of different customers. In addition to making full use of external resources to

meet the needs of our customers in the consumer market, the Company is also actively investing in research and development of discrete components for automotive, industrial control, electric vehicles, and charging devices, etc. We are striving to become strategic partners with international manufacturers of top-tier brands in Europe, the United States, Japan, and China, and to obtain certification from international and Chinese automakers so that our operations can grow sustainably and steadily.

2. Long-term business development plan

The company has recruited an international team and has its technology deployment in Silicon Valley, Korea and Taiwan to meet the huge business opportunities arising from the explosive growth of global demand for electric vehicle-related charging devices and the high development of vehicle networking, robots, servers and artificial intelligence. The Company set up a Japan office to deepen the Japanese market, establish strategic partners, use more marketing channels to showcase our brand and products, increase Japanese customers' awareness and familiarity with our products and services, and increase the adhesion of Japanese customers.

II. Market, production and sales summary

(I) Market Analysis

1. Sales area of main products

Units: NT\$ thousands

Sales territories \ Fiscal year		2021		2022	
		Amount	%	Amount	%
Export to	Asia	11,618,931	83.82	10,481,890	79.24
	America	373,576	2.70	558,407	4.22
	Europe	960,059	6.93	1,144,933	8.66
	Others	52,946	0.38	42,386	0.32
Subtotals		13,005,512	93.83	12,227,616	92.44
Domestic		856,232	6.17	1,000,231	7.56
Total		13,861,744	100.00	13,227,847	100.00

2. Market share

Here is an explanation of the market share

At present, the listed and OTC companies that produce diodes in China are mainly Taiwan Semiconductor, Dewei Technology, Hongyang-KY and Amazing Microelectronics. The sales value shares of the Company and the aforementioned companies in the global diodes are listed as follows:

Unit: NT\$ millions

Fiscal year		2021	2022
Items			
Global Diode Sales Value		833,168.00	1,047,149.58
PANJIT	Sales	13,597.79	12,765.46
	Market share (%)	1.63	1.22
Taiwan Semiconductor Co., Ltd.	Sales	6,286.59	7,793.24
	Market share (%)	0.75	0.74
Eris Technology Corp.	Sales	2,056.72	2,177.62
	Market share (%)	0.25	0.21
Hy Electronic (Cayman) Limited	Sales	2,102.79	1,220.49
	Market share (%)	0.25	0.12
Amazing Microelectronic Corp.	Sales	4,141.98	2,811.26
	Market share (%)	0.50	0.27

Source of data: Global Diode Sales Value: World Semiconductor Trade Statistics("WSTS")

Sales value of each company: It is estimated based on the consolidated revenue announced by the Taiwan Stock Exchange Stock Market Observatory

Note: Because the revenue details of rectifier diode products of various companies are different and have not been announced. Therefore, the calculation of market share can only be estimated based on its announced consolidated revenue.

3. The supply and demand situation and growth potential of the market in the future

This is to explain the future supply and demand situation and growth of the market with respect to the main sales product - rectifier diodes

From the perspective of the discrete component industry, its application ranges all kinds of electrical and electronic products, including various consumer electronics products, PCs, communications, automotive markets, etc. Its market size is closely related to the number of newly developed IC products and the output of chip production plants. The shipment volume of the terminal application market and the overall semiconductor market will both affect the prosperity of this industry.

In terms of overall semiconductor market sentiment, as global inflation become more severe, consumers are beginning to readjust their disposable spending priorities, including lower spending on travel, leisure and entertainment, which has also had an impact on the semiconductor industry. The World Semiconductor Trade Statistics (WSTS), the world's leading semiconductor vendor organization, has released a new report estimating that the semiconductor market size will decrease by 4.1% year-over-year to US\$556.5 billion in 2023.

According to research firm Gartner, the semiconductor market has become polarized between consumer-driven and enterprise-driven markets. Consumer-driven markets are weak mainly due to inflation and rising interest rates resulting in lower disposable income, which makes consumer electronics demand weak; while enterprise-driven markets, such as enterprise networking, enterprise computing, industrial, medical and commercial transportation, despite the current macroeconomic slowdown, but still be relatively resilience.

IC Insights believes that due to the cyclical nature of the semiconductor market, the report sees stronger growth in the next three years following the market decline in 2023, with semiconductor sales expected to climb to NT\$843.6 billion by 2026, representing a compound annual growth rate of 6.5%.

The following is an analysis of the supply, demand and growth potential of the main terminal application markets of the industry:

In terms of smartphones, in 2022, the smartphone industry was dragged down by the epidemic and inflation factors, and it was not easy to de-stock the channels and economic headwinds impacted sales volume. The research predicts that with the completion of the correction of the inventory level in the channel, sales will pick up in the second quarter of this year at the earliest. TrendForce forecasts that smartphone inventory will return to a healthy level in Q2 2023 and production performance will improve. However, because the general environment is not free from inflationary pressure and international geopolitical conflicts, smartphone production growth in 2023 is still limited, with an estimated annual growth rate of only a low single-digit percentage (about 1% to 3%).

According to DIGITIMES Research Center's analysis of supply chain information, regional market conditions and global political and economic trends, it is estimated that in the next five years, the negative impact of the epidemic, the war in Russia, the U.S. interest rate increase and global inflation will diminish year by year, while the 5G replacement wave and the trend of feature phone users in emerging markets switching to low-cost smartphones will continue. The annual shipment growth rate is estimated to be 2% to 9%, with a compound annual growth rate (CAGR) of 4.8%.

In terms of notebook computers, since the beginning of 2023, the global demand for laptop business models and consumer models has continued to shrink. The former market demand has shrunk due to weak global labor market demand, making it difficult to improve the purchasing momentum of business models; the

decline in market demand for the latter is due to "sustained inflation" and "insufficient replacement of mobile phones," which suppress consumer demand for laptop products. According to TrendForce, in 2022, there were only about 186 million units, a decrease of 24.5% annually. Looking ahead to 2023, the world is still monopolized by the political and economic uncertainty, with an estimated annual decrease of about 7.8% and a shipment of only 171 million units.

In terms of personal computers, the global demand for consumer electronics has frozen rapidly, impacting the performance of laptop shipments. Gartner announced last year's personal computer shipment performance, in addition to the largest quarterly decline in the fourth quarter on record, annual shipments also fell 16.2% to 286.2 million units, falling below the 300 million units. Gartner pointed out that the notebook market by the global economic recession, inflation, rising interest rates and other expected psychological, resulting in low consumer motivation to buy new machines, and consumers in the past epidemic period also purchased new PC devices in advance, the enterprise business PC market is also affected by the economic slowdown, and believes that the situation is worsening and enterprises are delaying the purchase of new PCs, fearing that the commercial market is expected to resume growth only in 2024.

In the automotive market, the automotive industry is still facing a shortage of semiconductors compared to consumer electronics, which is expected to rebalance its inventory to a healthier level in the first half of 2023. With the rapid development of emerging applications such as electric vehicles, leading automotive semiconductor companies are actively developing and manufacturing GaN and SiC technologies in the face of the future demand for higher performance in power semiconductors. In addition, as the number of semiconductors required per vehicle increases dramatically due to smart and self-driving, automotive companies are beginning to collaborate with semiconductor manufacturers to develop chips in order to control the product development path and maintain a stable supply chain. According to Gartner, the global automotive semiconductor market will reach NT\$61.4 billion in revenue in 2022, up 14.5% from the previous year. Automotive semiconductors have the highest growth momentum among all end-use applications with a CAGR of 13.0% from 2021-2026, higher than 5.6% of total semiconductors. Among them, ADAS, automotive HPC, and EV/HEV applications are the main driving forces for growth.

4. Competitive strength

Here is an explanation of the competitive strength

(1) Excellent quality and brand

The Company has always adhered to excellent quality, and accumulated many years of skilled technology and experience. Not only has established a good reputation and reputation, but also obtained ISO9001, OHSAS-18001, ISO14001 and ISO/IATF16949, IECQ QC080000, ESDS20.20 quality certification, and as a member of the Electronic Industry Citizenship Coalition (EICC).

(2) Rich experience in manufacturing technology

The Company's management team, adhering to the concept of sustainable enterprise management, continues to invest in research and development and equipment. With R&D and process teams in various professional fields, they have accumulated many years of experience in professional semiconductor manufacturing technology, focusing on improving production efficiency, which helps to simplify and even optimize the process. In addition, by putting advanced equipment into production automation, it not only reduces production costs, but also improves product quality, thereby effectively enhancing operational efficiency and market competitiveness.

In addition, in recent years, the Company has been actively investing in fully automated surface-mounted discrete component production equipment, as well as optimizing production control systems, such as introducing MES. All these investments can effectively increase unit production and help to greatly reduce the rate of defective product quality. At present, the Company's overall non-performing rate can maintain a world-class level of less than 5PPM (five parts per million).

(3) Complete product line

The Company also produces a variety of separate components with different uses and specifications, which can meet the needs of customers for one-time purchase. Therefore, the customer base covers all kinds of electronic companies, so it is not limited by the changes in the prosperity of a single downstream industry. It is also an important niche for market competition because it provides a complete product line to customers.

(4) Control of raw material cost

In general discrete component factories, the production process is only

packaging. Only companies with a larger scale can step into the diffusion of wafers and even the process of epitaxy. If it is only the packaging process, the Company is just a simple processing factory, and the profit margin is limited to the processing revenue. If the process involves the diffusion of the wafer, the control of the cost of raw materials becomes active. As long as the Company purchases plain chips with more general specifications, the Company will produce chips according to different product requirements. Not only can the cost of raw materials be further reduced, but the production schedule can also flexibly cope with market changes, and the control over the sales of raw materials and finished products is more direct and effective.

(5) New product development

In response to the market demand for smart phones, tablet PCs and related peripheral products, the Company's current development of related ESD protection components is available. In particular, the adoption of USB3.0/3.1 and HDMI x is becoming more and more mature in the market. The Company continues to develop related HI PIN COUNT components to meet customer needs.

In terms of product portfolio, with the current company has a variety of PACKAGE mass production advantages, such as SMD and DFN thinning series. In addition to the existing Schottky diodes, switching diodes, glass capped diodes, ESD protection components and MOSFET transistors of the series continue to expand, in response to the future needs of customers in energy saving, the company's product development will also be low forward voltage Schottky diodes and high-power low ON-resistance MOSFET transistor development, in order to meet the future needs of customers and efforts.

The insulated gate bipolar IGBTs used in motor drives, inverters and electric vehicle inverters have been developed by major foreign manufacturers, and the company has developed special processes to match the technology of the major foreign manufacturers. The third-generation compound semiconductor SiC MOSFT, a new generation material enables electronic design to reduce the overall cost of electronic products and increase reliability and life, opening the door to industrial control and automotive fields.

5. Advantages, disadvantages and countermeasures of development prospects

This article explains the advantages, disadvantages and countermeasures of the development prospect with respect to the main sales product - rectifier diodes

(1) Positive drivers

- A. With the impact of Covid-19, the recovery of semiconductor industry such as integrated circuit is also driving the demand for discrete components. According to OMDIA's market forecast, the automotive, medical electronics, electric vehicle, industrial control, and high-efficiency computing industries continue to grow, so the Company is well positioned to grow in this direction.
- B. The establishment of e-commerce platform enables end customers to purchase online and expand the fundamental group of customers.
- C. Large manufacturers of discrete components in Europe and the United States, such as VISHAY and Onsemi, have increased the search for external resources under consideration of production costs, including the opportunity for manufacturers in Taiwan to seek OEM foundry. And this is actually the potential customer base of PANJIT semiconductor business group, or a product line opportunity point that can be derived.
- D. The Company sells its own brand in Europe, America and Taiwan, and is widely recognized and adopted by world-class manufacturers. The Company obtained ISO-9002 certification in 1996 and IATF16949 (QS-9000) certification in 1997, which is a very strict quality standard, and make the quality image of the company's products comparable to world-class manufacturers

(2) Unfavorable factors and countermeasures

- A. There is a trend of labor shortage in Taiwan

Countermeasures: In order to reduce the dependence on manpower and improve the quality, the Company has been committed to the automation of production equipment for many years, with good results. In addition, the introduction of foreign workers also solves part of the problem of insufficient production manpower.

- B. Market competition is becoming increasingly fierce

Countermeasures: Strengthen automated production and actively develop markets to win orders, so as to increase production scale and reduce production costs; And take advantage of the increase in scale to make purchase bargaining

and payment terms more favorable. At the same time, we are developing new products with high added value and increasing the proportion of new product production in order to improve our overall gross profit margin.

(II) Usage and manufacturing processes for the Company's main products.

Here is an explanation of the important use and production process of the main product - rectifier diodes

1. Usage of the Company's main products.

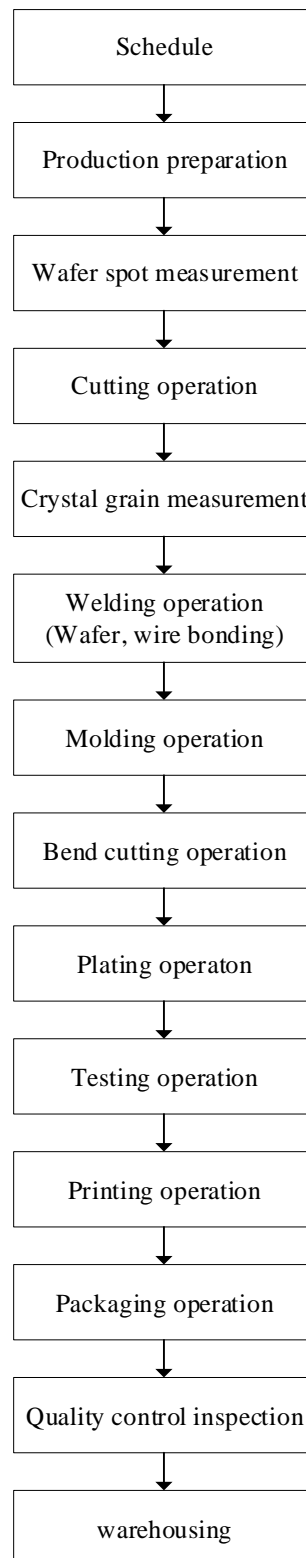
Separate components are mainly used to provide power rectification, protection and switching of various electronic products, and are indispensable components in the circuits of various electronic products. The Company produces a complete range of products, which are widely used in various electronic products. Its application fields can be slightly divided as follows:

- (1) Computers: terminals, motherboards, desktop computers, notebooks and tablet PCs, etc.
- (2) Communication: fax machines, switches, telephone systems, set-top boxes, mobile phones, routers, satellite antennas, Ethernet power supply and 5G base stations, etc.
- (3) Consumer electronics: monitors, printers, multi function product, digital cameras, wearable devices, game console monitors and computer monitors, etc.
- (4) Automotive: automotive instrumentation, automotive rectifier, ignition system, ABS, airbag, automotive audio-visual system, satellite navigation system, electric vehicle charging pile, electric vehicle on-board charger, 48V electrical system and water pump, etc.
- (5) Green energy: electronic ballast, uninterruptible power system, inverter, solar module wiring box, inverter and wind power generation, etc.
- (6) Home appliances: TVs, washing machines, air conditioning systems and refrigerators, etc.
- (7) Power supply: switching power supply and fast charging power supply for various electronic products.
- (8) Industrial control: electric tools, spot welding machines, motor drives, etc.

2. Manufacturing processes for the Company's main products.

Assembly process flow chart

Product line (SOD, SOT, MOS)



(III) Supply situation for the Company's major raw materials.

The Company's production plants at home and abroad have long-term and stable cooperative relations with third-party factories and raw material suppliers. Therefore, suppliers can provide supply at the most competitive price and method, so that the Company can maintain its advantage in product cost and provide customers with the best service.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. Information of major suppliers in the last two fiscal years:

In 2021, due to the strong market demand for small signal products, the Group could not meet the demand with its own production capacity in the short term, so the proportion of purchased finished goods increased. The market demand has slowed down this year, so the purchase of outsourced finished products has returned to normal levels.

Units: NT\$ thousands

Items	2021				2022			
	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer
1	Company A	719,772	10.04%	None	Company A	291,804	4.03%	None
2	Others	6,446,337	89.96%		Others	6,955,543	95.97%	
	Net purchase	7,166,109	100.00%		Net purchase	7,247,347	100.00%	

Note 1: List the names of suppliers who have purchased more than 10% of the total purchases in the last two years, as well as the purchase amount and proportion. However, because the contract stipulates that the name of the supplier or the transaction object shall not be disclosed as an individual and not a related person, the code name can be used.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

2. Information on major sales customers in the last two fiscal years:

The main sales customers in 2022 and 2021 are not much different.

Units: NT\$ thousands

Items	2021				2022			
	Name	Amount	Percentage of annual net sales (%)	Relation with the issuer	Name	Amount	Percentage of annual net sales (%)	Relation with the issuer
1	Others	13,861,744	100.00%		Others	13,227,847	100.00%	
	Net sales	13,861,744	100.00%		Net sales	13,227,847	100.00%	

Note 1: List the names of customers who have more than 10% of the total sales in the last two years and their sales amount and proportion. However, because the contract stipulates that the name of client or the transaction counterparty shall not be disclosed as an individual and not a related person, the code name can be used.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

(V) An indication of the production volume for the 2 most recent fiscal years.

Units: NT\$

thousands

Product Volume Value Main products: (Or segments)	Fiscal year	2021			2022		
		capacity	Production Quantity	Production value	capacity	Production Quantity	Production value
Rectifier diodes		23,698KK	22,374KK	6,989,804	22,851KK	19,533KK	6,990,975
Total				6,989,804			6,990,975

Note 1: Production capacity refers to the amount that the Company can produce under normal operation using existing production equipment after taking into account factors such as necessary shutdowns and holidays.

Note 2: If the production of each product is substitutable, the production capacity may be calculated on a consolidated basis, and an explanation should be attached.

Note 3: Production capacity and output are self-produced parts.

(VI) An indication of the volume of units sold for the 2 most recent fiscal years.

Units: NT\$ thousands

Product Volume Value Main products: (Or segments)	Fiscal year	2021				2022			
		Domestic		Export		Domestic		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Rectifier diodes		2,350KK	848,226	29,262KK	11,434,120	1,712KK	780,473	23,844KK	11,079,348
Others		-	68,398	-	1,511,000	-	216,050	-	1,151,976
Total			916,624		12,945,120		996,523		12,231,324

III. Employee information in the two most recent fiscal years up to the publication date of this annual report:

Fiscal Year		2021	2022	As of As of March 31, 2023
Employee - Number of People Quantity	Administrative Staff	168	208	203
	Technical Staff	1,058	1,189	1,225
	Operators	1,663	1,569	1,529
	Total	2,889	2,966	2,957
Average Age		36.59 years old	37.10 years old	37.25 years old
Average Years Of Service		6.21 years	6.86 years	7.00 years
Educational Distribution Ratio	PhD	0.21%	0.20%	0.20 %
	Master	5.26%	6.37%	6.43 %
	University/College	43.89%	46.87%	47.35 %
	High School	37.56%	32.50%	31.48 %
	High School And Lower	13.08%	14.06%	14.54 %

IV. Environmental protection expenditure

In the most recent year and as of the date of publication of the annual report, the current and future estimated amount of losses due to environmental pollution and countermeasures:

Company Name	Disposal date	Disposal Fine document number	Violation Regulation details	Violation Regulation content	Fine detail	The current and future estimated amount of losses due to environmental pollution and countermeasures
PAN JIT ELECTRONICS (WUXI) CO.,LTD	2022.2.16	Xi-xin-huan Penalty Judgment [2021] No. 240	Article 10 of the Law of the People's Republic of China on the Prevention and Control of Water Pollution	The discharge of water pollutants shall not exceed the national or local water pollutant discharge standards and the total discharge control standards for key water pollutants	A fine of RMB 207,000	The violation was accidental. After internal investigation, it was caused by the inflow of cleaning water in the restaurant into the rainwater pipe. The Company has strengthened internal training and education, and strengthened restaurant operation standards to prevent such incidents from happening again.

V. Labor relations:

- (I) Any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee welfare measures and their implementation:

- (1) Establish an employee welfare committee and regularly organize employee travel, provide wedding and funeral subsidies, scholarships, condolences for injuries and illnesses, gifts for three festivals, and group insurance for employees' major
- (2) Labor insurance, health insurance, various maternity, injury, medical treatment, disability, old age, death and other benefits and payments shall be handled in accordance with relevant labor laws and
- (3) Add an exclusive employee happy birthday leave, allowing employees to arrange paid birthday leave on their own. Provide 2 days of annual corporate volunteer leave for employees to participate in volunteer activities organized by the company.
- (4) Establish a stock ownership trust for employees. Based on the employees' monthly withdrawals, the Company will allocate incentive payments to the trust, and encourage employees to increase their savings by purchasing the Company's stock through the trust mechanism, so as to encourage them to create and share good performance with the Company.

2. Advanced education system and its implementation:

Reward employees for further education, set up a scholarship system, and issue different language allowances for English certification.

3. The training system and its implementation:

- (1) Put forward education and training needs according to departments. And according to the Company's development goals and strategies to prepare an annual education and training plan, and then implement and review accordingly. And evaluate the effectiveness of employees, and make corrections when it is inappropriate.
- (2) The training courses for the improvement and improvement of the management functions of the department heads are held in a special way to strengthen the organization and
- (3) In order to strengthen the thinking and management skills of team members, provide relevant latest management information related books, newspapers and e-newsletters, so that relevant team members can learn and obtain the latest management information in a timely
- (4) 2022 annual staff training and training expenses are about NT\$4,800,000. The training and training hours and course content statistics are as follows:

Course category	Total hours	Course category	Total hours
Business management	120	Quality system	1,966
Financial accounting	150	Industrial safety and environmental safety	4,590
Information technology	354	Human resources general affairs	184
Production engineering	5,166	R&D design	1,840
Others	1,328		

(Note) The number of class hours is the combined statistics of internal and external training

4. Retirement system and its implementation:

Since July 1, 1995, the Company has chosen to apply the labor pension regulations according to the proportion specified by the regulations (6% of the monthly salary paid by the labor pension monthly payment scale), and the monthly payment is made. Pay the new labor pension.

For senior employees of the old pension system, according to the ratio stipulated in Article 56, Paragraph 1 of the Labor Standards Act (2% of the total monthly salary of the labor), the labor retirement reserve shall be allocated monthly to a special account for storage.

In addition, from 2016 onwards, for those who meet the retirement requirements of Article 53 or 54 of the Labor Standards Act in the current year, the full amount of pension is allocated to the special account for labor retirement reserves. The calculation of pension is based on the employee's past six months. The average salary (full salary plus overtime pay) is calculated.

The 2022 legacy employee pension has been fully contributed by the end of March.

5. The labor-management agreement and various employee rights protection measures:

Any new or revised measures related to labor-management relations of the Company and its subsidiaries have been fully communicated by both parties, so there is no dispute.

The Company has established the "Corporate Social Responsibility Communication Management Procedure" in the RBA system, which specifies the channels and procedures for employee complaints and complaints. And has a special unit to accept appeal cases. In addition, the "Measures for the Management of Stakeholders' Suggestions and Complaints" has also been formulated. And set up a special area for stakeholders on the Company's website to provide a complaint mailbox as a channel for employees to protect their rights and interests.

- (II) Any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken:

Disposal date	Fine document number	Violation Regulation details	Violation Regulation content	Fine detail	The current and future estimated amount of losses due to environmental pollution and countermeasures
June 21, 2022	Gaoshi Lao Tiao Zi No. 11134709400	Article 32 (2) of the Labor Standards Act	Extending working hours beyond statutory requirements	A fine of NT\$100,000	1.To explain the working hours (customer requirements, RBA planning working hours) and request the relevant units to comply with the relevant overtime working hours and working hours regulations. 2. Supervisors can keep track of staff attendance and overtime real-time information through HRM system. 3. The HR unit will provide monthly statistics on overtime hours and add a note on overtime work requirements.

VI. Information security:

(I) Information security risks and countermeasures:

As the Company increasingly relies on systematization in its operations and often performs various businesses through the Internet, information security has become an unavoidable challenge. With the frequent occurrence of information security incidents in major companies around the world, information security threats such as hacking, social engineering, website hacking, and computer viruses are increasing day by day. The Company also actively enhances information security protection capabilities and establishes an effective information security management mechanism. Its purpose is not only to avoid waste and loss of company resources and to prevent damage to goodwill or image, but also to improve the operation process and improve the operation efficiency as a positive goal. The Company's management structure, policies and countermeasures related to information security are as follows:

1. information security management framework:

In 2022, the Company established the Information Security Action Group which is composed of 6 members and held 12 information security meeting in 2022. The group is responsible for planning, implementing and promoting information security management issues, promoting information security awareness and regularly reviewing information security policies under the Group's information business. In addition, the audit office is used as the audit unit for information security supervision. If any deficiencies are found in the audit, the audited unit will be required to propose relevant improvement plans and report to the board of directors, and regularly track the improvement results to reduce internal information security risks.

2. Information security policy:

- (1) Formulate management regulations related to information security to ensure the confidentiality, integrity and availability of the information assets to which it belongs, so as to provide an information environment for the continuous operation of the Company's business.
- (2) Regularly evaluate the impact of various man-made and natural disasters on the Company's information assets. And formulate disaster countermeasures and disaster recovery plans for important information assets and key businesses to ensure the continuous operation of the Company's business.
- (3) Publicize the importance of information security and various possible security risks to all colleagues, so as to improve employees' information security awareness.

- (4) All colleagues and suppliers who use or link the Company's information system are required to abide by the Company's information security regulations.

3. Information security specific management plan:

The Company takes strengthening the hardware and software prevention mechanism as the main axis of responding to information security risks. Prioritize strengthening cybersecurity, infrastructure protection, and disaster recovery. The control measures for information security are as follows:

- (1) System backup and backup: establish a backup mechanism and off-site backup storage for the Company's important systems, and schedule an annual backup drill for contingency operations.
- (2) Network security: Build exclusive enterprise-grade wired and wireless networks and bind computers to effectively control network usage. Control employees' Internet access and implement switching mechanisms to avoid virus infection or Trojan horse attacks via the Internet.
- (3) Mail control: establish a spam filtering and anti-blocking system, And continue to publicize email social engineering attacks related information, and conduct email click-through detection from time to time.
- (4) Security Scanning and Virus Protection: Assign a special person to scan the Company's external host for weaknesses quarterly, and carry out system weakness repair operations.
- (5) Build an information security and anti-virus system, and adopt third-party information security solutions. When a hacker attack or system poisoning is suspected, the system administrator will be notified by email.
- (6) Control the installation of personal computer software and prevent unauthorized use of software.
- (7) In terms of user endpoint security protection, in addition to building an antivirus system and delivering system updates through Windows, the Company's server host and client computers can be repaired in real time.

4. Invest in the resources of Zitong safety management:

The Company's vision of information security is to build a strict and effective information security defense network. Since 2020, considerable resources will be invested every year to reduce the risk of business interruption caused by information security issues, and it is expected to become an enterprise with outstanding performance in information security maturity. In order to strengthen the information security protection capability, the Company's relevant information security policies

are as follows:

- (1) Conduct two email social tests every year, and use various phishing letters to test and strengthen the information security awareness of colleagues.
 - (2) Purchase a vulnerability scanning tool to scan and detect security vulnerabilities at least half a year, and improve the major risks and high-risk items in the detection results.
 - (3) Promote information security policies through screen savers and promotional videos. Released the information security publicity emails 10 times in 2022.
 - (4) Disable the USB flash drive access function throughout the Company to prevent information security incidents from jeopardizing business operations.
 - (5) Introduce multi-factor authentication to protect accounts from hackers.
- (II) In the most recent year and as of the publication date of the annual report, the losses, possible impacts and countermeasures due to major information security incidents:
- None.

VII. Important Contracts:

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year.

Corporation	Contract nature	Client	Indenture Starting date of lease	Main content	Restrictions
PANJIT International Inc.	Syndicated loans	Land bank and a total of 10 financial institutions	2021/08/17 ~ 2026/08/17	Syndicated loan line of NT\$4.2 billion.	Before the debts are fully repaid during the duration of the contract, the Company's annual consolidated financial statements must maintain: a. The current ratio must not be less than 100% b. The debt ratio shall not be higher than 200% c. The interest coverage ratio must not be less than 2.5 times d. The net worth shall not be less than NT\$5.3 billion or its equivalent in US dollars.
	Loan and Credit Agreement for Taiwanese Businessmen Returning to Taiwan for Investment Projects	Taishin Bank	2019/12/6 ~ 2026/12/5	Credit Line A: The mid-term loan amount is NT\$600 million.	No restrictive covenants
		Chang Hwa Bank	2020/1/16 ~ 2027/1/15	Credit Line A: The mid-term loan amount is NT\$900 million.	No restrictive covenants
		First Commercial Bank	2020/1/16 ~ 2027/1/15	Credit Line A: The mid-term loan amount is NT\$1.5 billion.	No restrictive covenants
		Land bank	2020/2/27 ~ 2026/11/15	Credit Line A: The mid-term loan amount is NT\$1.0 billion.	No restrictive covenants
PAN-JIT ASIA INTERNATIONAL INC.	Syndicated loans	First Commercial Bank and a total of 11 financial institutions	111.06.28 ~ 116.06.28	Signed a syndicated loan of USD 80,000 thousand	Throughout the credit period, Pan-JIT Co., Ltd.'s annual and semi-annual consolidated financial statements must maintain: a. The current ratio must not be less than 100% b. The debt ratio shall not be higher than 200% c. The interest coverage ratio must not be less than 2.5 times d. The net worth shall not be less than NT\$5.3 billion.

Chapter 6 Financial Summary

I. Condensed balance sheet and statement of comprehensive income in the five most recent fiscal years

(I) Condensed balance sheet and statement of comprehensive income - International Financial Reporting Standards (IFRS)

1. Condensed balance sheet (consolidated) - International Financial Reporting Standards (IFRS)

Units: NT\$ thousands

Fiscal year Items		Financial statements for the past five fiscal years (Note 1)				
		2018	2019	2020	2021	2022
Current asset		7,859,846	8,477,139	9,702,274	14,535,039	14,609,804
Property, Plant and equipment (Note 2)		5,279,567	3,165,965	3,691,739	5,306,044	7,411,293
Right-of-use assets		-	1,349,181	1,348,980	1,347,255	1,296,176
Intangible assets		332,043	328,967	253,937	218,378	1,661,358
Other assets (Note 2)		2,278,980	2,100,844	2,761,088	5,246,073	4,188,215
Total assets		15,750,436	15,422,096	17,758,018	26,652,789	29,166,846
Current Liabilities	Before distribution	4,876,304	5,044,193	5,268,736	8,245,623	7,547,887
	After distribution	5,061,201	5,393,649	5,766,908	9,391,968	8,694,232
Non-current Liabilities		4,191,598	4,004,032	5,242,550	5,296,164	6,709,724
Liabilities Total amount	Before distribution	9,067,902	9,048,225	10,511,286	13,541,787	14,257,611
	After distribution	9,252,799	9,397,681	11,009,458	14,688,132	15,403,956
Equity attributable to owners of parent company	Before distribution	6,515,838	6,248,695	7,099,421	12,895,868	13,615,577
	After distribution	6,330,941	5,899,239	6,601,249	11,749,523	12,469,232
Capital stock		3,697,944	3,328,149	3,328,149	3,828,149	3,828,149
Capital surplus		2,196,674	2,202,946	2,196,674	6,086,155	6,016,861
Retained earnings	Before distribution	1,146,252	1,434,837	1,972,194	3,250,008	4,339,691
	After distribution	961,355	1,085,381	1,474,022	2,103,663	3,193,346
Other equities		(525,032)	(717,237)	(381,089)	(251,937)	(552,617)
Treasury stock		-	-	(16,507)	(16,507)	(16,507)
Non-controlling interests		166,696	125,176	147,311	215,134	1,293,658
Total equity	Before distribution	6,682,534	6,373,871	7,246,732	13,111,002	14,909,235
	After distribution	6,497,637	6,024,415	6,748,560	11,964,657	13,762,890

* If the Company prepares an parent company only financial report, it shall separately prepare a condensed balance sheet and a statement of comprehensive income for the individual for the most recent five fiscal years.

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: The financial information of each year has not been revalued asset.

Note 3: The cash dividend distribution proposal for 2022 has been approved by the board of directors and is planned to be reported at the 2023 Annual Regular Shareholders' Meeting.

Note 4: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

2. Condensed statement of comprehensive income (consolidated) - International Financial Reporting Standards (IFRS)

Units: NT\$ thousands

Fiscal year Items	Financial statements for the past five fiscal years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	11,365,605	9,142,650	10,485,100	13,861,744	13,227,847
Gross profit	2,537,743	1,921,610	2,446,772	4,395,638	3,995,837
Operating profit and loss	932,455	628,410	992,083	2,289,422	1,631,073
Non-operating income and expenses	20,261	(27,838)	39,051	225,454	460,269
Net profit before tax	952,716	600,572	1,031,134	2,514,876	2,091,342
Profit from continuing operations	842,531	503,012	900,541	1,978,030	1,757,904
Loss from discontinued operation	0	0	0	0	0
Net income (loss)	842,531	503,012	900,541	1,978,030	1,757,904
Other Comprehensive Income (Net amount after tax)	(326,531)	(209,208)	348,788	186,633	216,970
Total comprehensive income	516,000	293,804	1,249,329	2,164,663	1,974,874
Profit, attributable to owners of parent	891,741	530,209	897,435	1,926,975	1,757,631
Profit attributable to non-controlling interests	(49,210)	(27,197)	3,106	51,055	273
Comprehensive income, attributable to owners of parent	739,442	333,031	1,226,597	2,110,038	1,898,561
Comprehensive income, attributable to non-controlling interests	(223,442)	(39,227)	22,732	54,625	76,313
Earnings per share	2.41	1.50	2.70	5.66	4.60

* If the Company prepares a parent company only financial report, it shall separately prepare a condensed balance sheet and a statement of comprehensive income for the individual for the most recent five fiscal years

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: The loss of the suspended business unit is presented as the net amount after deducting income tax.

Note 3: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

3. Condensed balance sheet (parent company only) - International Financial Reporting Standards (IFRS)

Units: NT\$ thousands

Fiscal year Items		Financial statements for the past five fiscal years (Note 1)				
		2018	2019	2020	2021	2022
Current asset		3,616,515	2,989,914	3,741,049	5,464,124	6,285,997
Property, Plant and equipment (Note 2)		1,805,856	1,892,469	2,524,877	3,957,765	4,744,750
Right-of-use assets		-	6,894	27,837	22,612	7,170
Intangible assets		44,450	51,975	77,792	97,127	82,278
Other assets (Note 2)		6,632,075	7,149,702	8,253,162	12,938,292	13,937,243
Total assets		12,098,896	12,090,954	14,624,717	22,479,920	25,057,438
Current Liabilities	Before distribution	3,216,970	3,220,923	3,802,991	5,345,899	5,271,712
	After distribution	3,401,867	3,570,379	4,301,163	6,492,244	6,418,057
Non-current Liabilities		2,366,088	2,621,336	3,722,305	4,238,153	6,170,149
Liabilities Total amount	Before distribution	5,583,058	5,842,259	7,525,296	9,584,052	11,441,861
	After distribution	5,767,955	6,191,715	8,023,468	10,730,397	12,588,206
Equity attributable to owners of parent company	Before distribution	6,515,838	6,248,695	7,099,421	12,895,868	13,615,577
	After distribution	6,330,941	5,899,239	6,601,249	11,749,523	12,469,232
Capital stock		3,697,944	3,328,149	3,328,149	3,828,149	3,828,149
Capital surplus		2,196,674	2,202,946	2,196,674	6,086,155	6,016,861
Retained earnings	Before distribution	1,146,252	1,434,837	1,972,194	3,250,008	4,339,691
	After distribution	961,355	1,085,381	1,474,022	2,103,663	3,193,346
Other equities		(525,032)	(717,237)	(381,089)	(251,937)	(552,617)
Treasury stock		0	0	(16,507)	(16,507)	(16,507)
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	6,515,838	6,248,695	7,099,421	12,895,868	13,615,577
	After distribution	6,330,941	5,899,239	6,601,249	11,749,523	12,469,232

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: The financial information of each year has not been revalued asset.

Note 3: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

Note 4: The cash dividend distribution proposal for 2022 has been approved by the board of directors and is planned to be reported at the 2023 Annual Regular Shareholders' Meeting.

4. Condensed statement of comprehensive income (parent company only) -
International Financial Reporting Standards (IFRS)

Units: NT\$ thousands

Items \ Fiscal year	Financial statements for the past five fiscal years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	6,837,612	5,941,910	6,710,919	8,706,119	8,855,785
Gross profit	1,479,693	1,209,113	1,335,827	2,565,755	2,493,179
Operating profit and loss	789,638	544,938	493,790	1,209,920	1,004,206
Non-operating income and expenses	159,763	65,873	449,634	1,021,817	936,878
Net profit before tax	949,401	610,811	943,424	2,231,737	1,941,084
Profit from continuing operations	891,741	530,209	897,435	1,926,975	1,757,631
Loss from discontinued operation	0	0	0	0	0
Net income (loss)	891,741	530,209	897,435	1,926,975	1,757,631
Other Comprehensive Income (net amount after tax)	(152,299)	(197,178)	329,162	183,063	140,930
Total comprehensive income	739,442	333,031	1,226,597	2,110,038	1,898,561
Profit, attributable to owners of parent	891,741	530,209	897,435	1,926,975	1,757,631
Profit attributable to non-controlling interests	0	0	0	0	0
Comprehensive income, attributable to owners of parent	739,442	333,031	1,226,597	2,110,038	1,898,561
Comprehensive income, attributable to non-controlling interests	0	0	0	0	0
Earnings per share	2.41	1.50	2.70	5.66	4.60

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: The loss of the suspended business unit is presented as the net amount after deducting income tax.

Note 3: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

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

Fiscal year	Name of accounting firm	Name of CPA	Opinion
2018	Ernst & Young Taiwan	CHEN, ZHENG-CHU, LI, FANG-WEN	Unqualified opinion with emphasis of matter paragraph
2019	Ernst & Young Taiwan	CHEN, ZHENG-CHU, TU, JIA-LING	Unqualified opinion with emphasis of matter paragraph
2020	Ernst & Young Taiwan	CHEN, ZHENG-CHU, TU, JIA-LING	Unqualified opinion
2021	Ernst & Young Taiwan	CHEN, ZHENG-CHU, FU, WEN-FANG	Unqualified opinion
2022	Ernst & Young Taiwan	CHEN, ZHENG-CHU, FU, WEN-FANG	Unqualified opinion

II. Financial analysis in the five most recent years

(I) Financial analysis (consolidated) - International Financial Reporting Standards (IFRS)

Fiscal year Items of analysis		Financial analysis of the recent five fiscal years (Note 1)					As of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to Asset Ratio	57.57	58.67	59.19	50.81	48.88	Not applicable
	Proportion of long-term capitals to property, plant, and equipment	205.97	229.85	247.77	276.66	248.28	
Debt service ability (%)	Current ratio	161.18	168.06	184.15	176.28	193.56	
	Quick ratio	116.84	133.37	150.97	145.08	139.30	
	Interest coverage ratio	7.75	8.10	13.77	27.01	16.14	
Operate	Receivables turnover (cycle)	2.88	2.62	2.87	3.25	3.14	
	Average collection days	127	139	127	112	116	
	Inventory turnover ratio (cycle)	4.17	3.95	4.94	4.69	2.98	
	Payables turnover (cycle)	4.62	4.45	4.21	3.75	3.64	
	Average days of sales	88	92	74	78	122	
	Property, plant, and equipment turnover (cycle)	1.95	1.87	2.19	2.37	1.72	
	Total assets turnover (cycle)	0.64	0.59	0.63	0.62	0.47	
Profitability	Return on asset (%)	5.38	3.66	5.82	9.26	6.69	
	Return on equity (%)	12.11	7.71	13.22	19.43	12.55	
	Ratio of net income before tax to paid-in capital (%) (Note 7)	25.76	18.05	30.98	65.69	54.63	
	Profit margin (%)	7.41	5.50	8.59	14.27	13.29	
	Earnings per share (NT\$)	2.41	1.50	2.70	5.66	4.60	
Cash flow	Cash flow ratio (%)	37.64	14.71	33.71	12.57	23.59	
	Allowable cash flow ratio (%)	147.52	151.20	155.44	89.76	63.06	
	Cash reinvestment ratio (%)	9.27	3.18	7.09	2.04	2.22	
Leverage year	Operating leverage	4.31	5.20	3.59	2.24	3.21	
	Financial leverage	1.18	1.16	1.09	1.04	1.09	

Please explain the reasons for changes in various financial ratios in the last two years. (If the changes does not reach 20%, the analysis can be exempted)

1. Interest coverage ratio: Decrease compared to the same period last year, mainly due to the high cost of capital as the central bank continues to raise interest rates.

2. Inventory turnover ratio and average sales days: Inventory turnover ratio decreased and average sales days increased compared to the same period last year, mainly due to the global economy facing the impact of successive central bank interest rate hikes and de-stocking, resulting in a sluggish consumer market and weakened demand from the diode.
3. The turnover rate of real property, plant and equipment: decrease compared to the same period last year, mainly due to the acquisition of 30% equity of Champion Microelectronic Corp. (hereinafter referred to as Champion) in this year. The merger with substantial control and the addition of 8-inch wafers and other equipment in the diode department have led to an increase in property, plant and equipment in this period.
4. Total assets turnover rate and return on assets: decrease compared to the same period last year was due to the increase in total assets as a result of the acquisition of new goodwill and patent rights of Champion during the year, in addition to the increase in property, plant and equipment as mentioned in paragraph 3.
5. Return on equity: decrease compared to the same period last year, the reason for which is mainly due to the increase in non-controlling interest as a result of the acquisition of 30% equity interest in our subsidiary, Champion, in the current year compared to the previous period.
6. Cash flow ratio: The increase over the same period last year was mainly due to the increase in cash inflow from operating activities as a result of the reduction in the mandatory financial assets backed by profit or loss at fair value.
7. Cash flow fair ratio: The decrease compared to the same period last year was mainly due to the increase in expenses for the above items inventories, property, plant and equipment, acquisition of Champion and cash dividends.
8. Operating leverage: The increase compared to the same period last year was mainly due to the decrease in operating revenues, which resulted in an increase in the burden of fixed costs and expenses compared to the previous period.

* If a company prepares an individual financial report, it shall also prepare an analysis of the individual financial ratio of the Company.

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

Note 3: Calculation formula:

1. Financial structure

(1) Debt ratio = Total liabilities/Total assets

(2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment

2. Debt service ability

(1) Current ratio = Current assets/Current liabilities

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities

(3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses

3. Operating ability

(1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)

(2) Average days for cash receipts = 365/Accounts receivable turnover

(3) Inventory turnover rate = Cost of sales/Average inventory

(4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)

(5) Average days for sale of goods = 365/Inventory turnover

(6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment

(7) Total asset turnover rate = Net sales/Average total assets

4. Profitability

- (1) Asset return ratio = $[\text{Profit or loss after tax} + \text{Interest expenses} \times (1 - \text{Tax rate})] / \text{Average total assets}$
- (2) Equity return ratio = $\text{Profit or loss after tax} / \text{Average total equity}$
- (3) Net profit ratio = $\text{Profit or loss after tax} / \text{Net sales}$
- (4) Earnings per share = $(\text{Income attributable to owners of parent company} - \text{Preferred shares dividends}) / \text{Weighted average number of shares issued (Note 4)}$

5. Cash flow

- (1) Cash flow ratio = $\text{Net Cash flow from operating activities} / \text{Current liabilities}$
- (2) Cash flow sufficiency ratio = $\text{Net cash flow from operating activities for the most recent five years} / (\text{Capital expenditures} + \text{Inventory increment} + \text{Cash dividends}) \text{ for the most recent five years}$
- (3) Cash reinvestment ratio = $(\text{Net cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross property, plant, and equipment} + \text{Long-term investment} + \text{Other non-current assets} + \text{Working capital}) \text{ (Note 5)}$

6. Leverage:

- (1) Operating leverage = $(\text{Net operating revenue} - \text{Variable operating costs and expenses}) / \text{Operating income (Note 6)}$
- (2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expenses})$

Note 4: The financial information of each year has been verified and certified by an accountant.

1. Based on the weighted average number of ordinary shares, not the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated considering its circulation period.
3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per share in previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If the preferred stock is of a non-cumulative nature, if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 5: Cash flow analysis should pay special attention to the following matters when measuring:

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

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If there are estimates or subjective judgments involved, they should pay attention to their rationality and maintain consistency.

Note 7: The Company's stocks have no denomination or the denomination per share is not NT\$10. The calculation of the ratio of paid-in capital in the previous issue will be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

(2) Financial analysis (parent company only) - International Financial Reporting Standards (IFRS)

Fiscal year Items of analysis		Financial analysis of the recent five fiscal years (Note 1)					As of March 31, 2023 (Note 2)	
		2018	2019	2020	2021	2022		
Financial structure (%)	Debt to Asset Ratio	46.15	48.32	51.46	42.63	45.66	Not applicable	
	Proportion of long-term capitals to property, plant, and equipment	491.84	468.70	423.93	430.46	416.37		
Debt service ability (%)	Current ratio	112.42	92.83	98.37	102.21	119.24		
	Quick ratio	76.36	62.22	73.30	73.54	79.01		
	Interest coverage ratio	15.85	11.97	18.26	33.45	19.00		
Operate	Receivables turnover (cycle)	3.70	3.33	3.69	3.88	3.97		
	Average collection days	99	110	99	94	92		
	Inventory turnover ratio (cycle)	5.22	4.67	5.99	5.25	3.63		
	Payables turnover (cycle)	4.53	5.50	7.55	6.46	6.13		
	Average days of sales	70	78	61	70	101		
	Property, plant, and equipment turnover (cycle)	3.89	3.21	3.01	2.67	2.03		
	Total assets turnover (cycle)	0.57	0.49	0.50	0.47	0.37		
Profitability	Return on asset (%)	7.83	4.75	7.05	10.68	7.76		
	Return on equity (%)	14.25	8.31	13.45	19.27	13.26		
	Ratio of net income before tax to paid-in capital (%) (Note 7)	25.67	18.35	28.35	58.30	50.71		
	Profit margin (%)	13.04	8.92	13.37	22.13	19.85		
	Earnings per share (NT\$)	2.41	1.50	2.70	5.66	4.60		
Cash flow	Cash flow ratio (%)	20.74	28.33	16.43	6.28	3.91		
	Allowable cash flow ratio (%)	67.65	59.76	56.61	38.07	24.84		
	Cash reinvestment ratio (%)	5.12	5.59	1.81	(0.75)	(3.84)		
Leverage year	Operating leverage	2.90	3.62	3.97	2.46	3.19		
	Financial leverage	1.09	1.11	1.12	1.06	1.12		
Please explain the reasons for changes in various financial ratios in the last two years. (If the changes does not reach 20%, the analysis can be exempted)								
1. Interest coverage ratio: Decrease compared to the same period last year, mainly due to the high cost of capital as the central bank continues to raise interest rates.								

2. Inventory turnover rate and average sales days: Inventory turnover rate decreased and average sales days increased compared to the same period last year, mainly due to the global economy facing the impact of successive central bank interest rate hikes and de-stocking, resulting in a sluggish consumer market and weakened demand from the diode.
3. Turnover of property, plant and equipment: The decrease compared to the same period last year was mainly due to the increase in property, plant and equipment as a result of the addition of 8-inch wafers and other equipment in the diode division this year.
4. Total assets turnover rate and return on assets: The decrease compared to the same period last year was due to the increase in property, plant and equipment as mentioned above and the increase in total assets due to the acquisition of 30% equity interest in Champion Microelectronic Corp (hereinafter referred to as Champion).
5. Return on equity: Decrease compared to the same period last year, mainly due to the decrease in profit in the current period compared to the previous period.
6. Cash flow ratio: The decrease compared to the same period last year was mainly due to the decrease in cash inflow from operating activities as a result of weaker demand for diodes in the sluggish consumer market during the period.
7. Cash flow fair ratio: The decrease compared to the same period last year was mainly due to the increase in expenses for the above items inventories, property, plant and equipment, long-term investments and cash dividends.
8. Cash reinvestment ratio: The increase over the same period last year was mainly due to the increase in cash dividends paid and the acquisition of Champion, which resulted in an increase in investments accounted for by the equity method.
9. Operating leverage: The increase compared to the same period last year was mainly due to the decrease in operating revenues, which resulted in an increase in the burden of fixed costs and expenses compared to the previous period.

Note 1: The financial information of each year has been verified and certified by an accountant.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

Note 3: Calculation formula:

1. Financial structure

(1) Debt ratio = Total liabilities/Total assets

(2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment

2. Debt service ability

(1) Current ratio = Current assets/Current liabilities

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities

(3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses

3. Operating ability

(1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)

(2) Average days for cash receipts = 365/Accounts receivable turnover

(3) Inventory turnover rate = Cost of sales/Average inventory

(4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)

(5) Average days for sale of goods = 365/Inventory turnover

(6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment

(7) Total asset turnover rate = Net sales/Average total assets

4. Profitability

- (1) Asset return ratio = $[\text{Profit or loss after tax} + \text{Interest expenses} \times (1 - \text{Tax rate})] / \text{Average total assets}$
- (2) Equity return ratio = $\text{Profit or loss after tax} / \text{Average total equity}$
- (3) Net profit ratio = $\text{Profit or loss after tax} / \text{Net sales}$
- (4) Earnings per share = $(\text{Income attributable to owners of parent company} - \text{Preferred shares dividends}) / \text{Weighted average number of shares issued (Note 4)}$

5. Cash flow

- (1) Cash flow ratio = $\text{Net Cash flow from operating activities} / \text{Current liabilities}$
- (2) Cash flow sufficiency ratio = $\text{Net cash flow from operating activities for the most recent five years} / (\text{Capital expenditures} + \text{Inventory increment} + \text{Cash dividends}) \text{ for the most recent five years}$
- (3) Cash reinvestment ratio = $(\text{Net cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross property, plant, and equipment} + \text{Long-term investment} + \text{Other non-current assets} + \text{Working capital}) \text{ (Note 5)}$

6. Leverage:

- (1) Operating leverage = $(\text{Net operating revenue} - \text{Variable operating costs and expenses}) / \text{Operating income (Note 6)}$
- (2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expenses})$

Note 4: The financial information of each year has been verified and certified by an accountant.

1. Based on the weighted average number of ordinary shares, not the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated considering its circulation period.
3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per share in previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If the preferred stock is of a non-cumulative nature, if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 5: Cash flow analysis should pay special attention to the following matters when measuring:

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

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If there are estimates or subjective judgments involved, they should pay attention to their rationality and maintain consistency.

Note 7: The Company's stocks have no denomination or the denomination per share is not NT\$10. The calculation of the ratio of paid-in capital in the previous issue will be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

- III. Audit Committee Report for the most recent fiscal year's financial statement:** Detailed in Appendix I.
- IV. Financial statements in the most recent fiscal year (consolidated):** Detailed in Appendix II.
- V. The Company's parent company only financial statements audited and attested by CPAs in the most recent fiscal year:** Detailed in Appendix III.
- VI. In the most recent fiscal year and up to the date of publication of the annual report, any financial difficulties experienced by the Company or its affiliates and how said difficulties will affect the Company's financial situation:** None.

Chapter 7 Review and Analysis of Financial Condition and Performance and Relevant Risk Events

I. Financial Position:

The main reasons for the significant changes in assets, liabilities and shareholders' equity in the last two years and their effects

Units: NT\$ thousands

Items	Fiscal year	2022	2021	Variance	
				Amount	%
Current asset		14,609,804	14,535,039	74,765	0.51
Property, Plant, and Equipment		7,411,293	5,306,044	2,105,249	39.68
Right-of-use assets		1,296,176	1,347,255	(51,079)	(3.79)
Intangible assets		1,661,358	218,378	1,442,980	660.77
Other assets		4,188,215	5,246,073	(1,057,858)	(20.16)
Total assets		29,166,846	26,652,789	2,514,057	9.43
Current Liabilities		7,547,887	8,245,623	(697,736)	(8.46)
Non-current Liabilities		6,709,724	5,296,164	1,413,560	26.69
financing activities		14,257,611	13,541,787	715,824	5.29
Equity attributable to owners of parent company		13,615,577	12,895,868	719,709	5.58
Capital stock		3,828,149	3,828,149	-	-
Capital surplus		6,016,861	6,086,155	(69,294)	(1.14)
Retained earnings		4,339,691	3,250,008	1,089,683	33.53
Other equities		(552,617)	(251,937)	(300,680)	(119.35)
Treasury stock		(16,507)	(16,507)	-	-
Non-controlling interests		1,293,658	215,134	1,078,524	501.33
Total equity		14,909,235	13,111,002	1,798,233	13.72

1. Analysis and explanation of the increase and decrease ratio:
 - (1) The increase in the property, plant, and equipment over the same period last year was mainly due to the acquisition of 30% equity of Champion Microelectronic Corp. (hereinafter referred to as Champion) in this year, the merger with substantial control and the addition of 8-inch wafers and other equipment in the diode division.
 - (2) The increase in intangible assets over the same period last year was mainly due to the acquisition of Champion this year, which added NT\$1,447,407 thousand of goodwill and patent rights.
 - (3) The decrease in other assets over the same period last year was mainly due to the disposal of shares of Mosel (stock code: 2342), which resulted in a decrease of NT\$849,015 thousand in Non-current financial assets at fair value through other comprehensive income.
 - (4) The increase in non-current liabilities over the same period last year was mainly due to the increase in long-term loans of NT\$1,481,947 thousand this year.
 - (5) The increase in retained earnings over the same period last year was mainly due to the stable profit of the diode division and the gain of NT\$420,435 thousand from the disposal of shares of Mosel (stock code: 2342).
 - (6) The decrease in other equity over the same period last year was mainly due to the disposal of shares of Mosel (recorded as non-current financial assets at fair value through other comprehensive income), the valuation benefit of which was transferred to retained earnings.
 - (7) The increase in non-controlling interests over the same period last year was mainly due to the acquisition of 30% equity interest in Champion, a subsidiary during the year.
2. Influence: no significant influence.
3. Future countermeasures: None.

II. Financial Performance

(1) The main reasons for the major changes in operating income, net operating profit and net profit before tax in the last two years

Units: NT\$ thousands

Items \ Fiscal year	2022	2021	Increase (decrease) amount	Variable proportion
Operating revenue	13,227,847	13,861,744	(633,897)	(4.57)
Operating cost	9,232,010	9,466,106	(234,096)	(2.47)
Gross profit	3,995,837	4,395,638	(399,801)	(9.10)
Operating expense	2,364,764	2,106,216	258,548	12.28
Operating income (loss)	1,631,073	2,289,422	(658,349)	(28.76)
Non-operating income and expenses	460,269	225,454	234,815	104.15
Profit before tax	2,091,342	2,514,876	(423,534)	(16.84)
Net income (loss) of continuing operations	1,757,904	1,978,030	(220,126)	(11.13)
Net Income (Loss)	1,757,904	1,978,030	(220,126)	(11.13)
Other comprehensive income of the current period (net amount after tax)	216,970	186,633	30,337	16.25
Total comprehensive income	1,974,874	2,164,663	(189,789)	(8.77)
Profit attributable to owners of the parent company	1,757,631	1,926,975	(169,344)	(8.79)
Profit attributable to non-controlling interests	273	51,055	(50,782)	(99.47)
Total comprehensive income attributable to owners of the Company	1,898,561	2,110,038	(211,477)	(10.02)
Total comprehensive income attributable to non-controlling interests	76,313	54,625	21,688	39.70
Earnings per share	4.60	5.66	(1.06)	(18.73)

Analysis and explanation of the increase and decrease ratio:

1. The decrease in operating income (loss) over the last year was mainly due to the impact of inflation, continued weak demand for consumer electronics, and the impact of the zero clearing policy in China on the supply chain.
2. The increase in non-operating income and expenses over the last year was mainly due to the increase in net foreign currency exchange gain of NT\$132,194 thousand arising from the fluctuation of exchange rate in the international situation and the increase in investment income of

- NT\$72,920 thousand caused by the disposal of some investments under the equity method.
3. The decrease in net income attributable to non-controlling interests over the last year was mainly due to the decrease in net income of non-controlling interests resulting from the liquidation of subsidiaries in other divisions and the elimination of losses arising from their assets and liabilities during the year.
 4. The increase in total comprehensive gain and loss attributable to non-controlling interests over the last year was mainly due to the decrease of NT\$50,782 thousand in net income from non-controlling interests and the increase of NT\$95,449 thousand in exchange rate fluctuations due to the Russia-Ukraine War and geopolitical tensions, which resulted in the increase of NT\$95,449 thousand in the benefit of exchange differences on the translation of financial statements of foreign operating institutions compared to last year.

(II) The expected sales volume and its basis, as well as the possible impact on the Company's future financial business and its response plan:

The expected sales volume is mainly based on the consideration of the future and the estimated market demand will grow. For relevant market research and analysis, please refer to the future supply and demand situation and growth potential of the market (see page 132 of this annual report for details).

III. Cash flow:

(I) Analysis and explanation of changes in cash flow in recent years

Units: NT\$ thousands

Open cash balance	Annual net cash flow (out) inflow from operating activities	Net cash inflow (outflow)	Effect of Exchange Rate Changes	Cash surplus (Insufficient) amount	Remedial measures for the shortfall in cash	
					Investment Program	Financial Planning
3,413,707	1,780,429	(2,386,484)	225,916	3,033,568	None	None

Analysis of changes in cash flow this year:

1. Net cash inflow from operating activities was NT\$1,780,429 thousand, mainly due to the stable profit of the diode division.
2. Net cash outflow from investing activities of NT\$2,176,431 thousand was mainly due to a cash outflow of NT\$997,574 thousand from the acquisition of Champion, a cash outflow of NT\$1,248,453 thousand from the acquisition of property, plant and equipment, and a cash inflow of NT\$734,294 thousand from the disposal of non-current financial assets at fair value through other comprehensive income.
3. The net cash outflow from financing activities was NT\$210,053 thousand, mainly due to the cash inflow from long-term loans of NT\$1,884,954 thousand, the cash outflow from short-term loans of NT\$452,310 thousand and the cash outflow from cash dividends of NT\$1,146,345 thousand.

To sum up, after the cash flow (outflow) of the current period is added to the impact of exchange rate, the net cash outflow for the year is NT\$380,139 thousand.

(II) Improvement plan for insufficient liquidity: none

(III) Cash flow analysis

Units: NT\$ thousands

Beginning of the period cash balance	Estimated full-year net cash flow from operating activities	Estimated full-year net cash flow	(Insufficient) quantity of estimated balance of cash	Remedial measures for the anticipated shortfall in cash	
				Investment Program	Funding Program
3,033,568	2,344,000	(1,500,000)	3,877,568	None	None
estimated future Cash flow					
Cash inflow from operating activities for the coming year is expected to be approximately NT\$2,344,000 thousand, while cash outflow from the purchase of machinery and equipment for the coming year is expected to increase by approximately NT\$1,500,000 thousand, leaving a cash balance of NT\$3,877,568 thousand at the end of the period. There was no cash shortage.					

IV. Impact of material expenditures on the Company's finances and operations in the most recent fiscal year

The source of funds for the major capital expenditures of the Company and its subsidiaries in the most recent year is mainly the net cash inflows from operating activities, which are matched with some bank borrowings; and the benefits of capital expenditures have been shown in the growth of operating profits, so the overall financial impact of the Company is The business has a positive impact.

V. Investment policies in other companies, the main reasons for profit/losses, improvement plan, and investment plans for the upcoming year

Items	Explanation	Investment policy	reason for profit or loss	Improvement Plan	Investment plan in the coming year
Diode business group Including: Pynmax Technology Co., Ltd.; Joystar International Co., Ltd.; Pan-Jit Asia International Inc.; Pan Jit Americas, Inc.; Pan Jit Electronics (Wuxi)Co.,Ltd; Pan Jit Electronics (Beijing) Co., Ltd; Panjit Electronics (Shandong) Co., Ltd.; Panjit Electronics(Qufu)Co.,Ltd; Pan-Jit International (H.K.) Ltd.; Pan Jit Semiconductor (Xuzhou) Co., Ltd ; Continental Limited; Panjit Europe Gmbh; Panjit Korea Co.,Ltd; Dynamic Tech Group Limited; Shenzhen Weiquan Electronics Co.,Ltd; Panjit Electronics (Shandong) Co., Ltd.		Continue brand cultivation and cost saving, strengthen investment resources, improve the speed of new product development and product quality, and take advantage of packaging production capacity and quality advantages to win international manufacturers of first-line brands in Europe, the United States, Japan and China.	The profit was mainly due to the steady growth of market demand for discrete components.	None	Will depend on the Company's operating conditions
Power integrated circuits and components Including: Champion Microelectronic Corp., Wisdom Mega Corp., Champion Microelectronic Corp., Wisdom Bright Inc., Wisdom Toprich Technology Limited., Great Power Microelectronics Corp		Continue to develop our core technologies and actively expand the application of next-generation semiconductor products.	The profit was mainly due to the growth in demand for personal computers and the increased adoption of related products such as servers, workstations, TVs and game consoles.	None	Will depend on the Company's operating conditions
Solar energy business group Including: Aide Energy (Cayman)Holding Co.,Ltd; Aide Solar Energy (Hk) Holding Limited; Aide Energy Europe Coöperatie U.A.; Aide Energy Europe B.V.; Ec Solar C1 Srl; Aide Solar Technology Co., Ltd.		The business group only solar power plant - EC Solar C1 SRL is still in operation. Its primary manufacturing plant- Aide Solar Technology Co., Ltd., has been shut down.	The profit was mainly due to the stable profit of the solar power plant - EC Solar C1 SRL.	None	No further investment plans

VI. Risk:

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

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

Units: NT\$ thousand

Items	Profit and loss influence		Future countermeasures
	Subject	2022	
Interest rate	Financial costs	138,090	Regularly evaluate bank borrowing rates, in addition to closely contacting banks to obtain more favorable borrowing rates, and adopting forward rate contracts for hedging risks as needed.
Exchange rate	Net foreign exchange (loss) gain	160,010	Pay close attention to the exchange rate trend, take the risk aversion action as much as possible for the net position of foreign currency assets and liabilities, and control the exchange profit and loss within a reasonable range.

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

Under the government's policy of stabilizing the financial market order and keeping prices stable, the operations and profit and loss in 2022 and up to the date of publication of the annual report are limited by inflation; In the future, we will continue to pay close attention to the development of the economic situation, increase the Company's revenue and reduce the impact of inflation.

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

1. The Company and its subsidiaries do not engage in high-risk and high-leverage investments.
2. The Company's and its subsidiary's policy on loan to others and endorsement guarantee is handled in accordance with the Company's capital loan to others

operating procedures and the relevant regulations of the endorsement guarantee method.

3. The policy of the Company and its subsidiaries' derivatives trading is implemented in accordance with the Company's derivatives trading procedures, with hedging transactions as the main trading method.

(III) R&D work to be carried out in the future, and further expenditures expected for R&D work

Through forward-looking thinking, combined with industry trends and market trends, the Company will invest more in research and development in the next few years to enhance the advantages and market competitiveness of various products. The following is a description of the future R&D plan and estimated R&D expenses for the main sales product - rectifier diodes:

1. Future R&D plan:

(1) HV MOSFETs:

In order to improve device efficiency, RDS-ON and Capacity are reduced by techniques such as trench structure design, such as Ciss, Coss, Crss. It can speed up the switching speed. In addition, due to such high-voltage power components, it will be applied to power systems or charging facilities. The design of component structure, packaging materials, heat conduction path design, and enhancing thermal conductivity/reducing thermal dissipation within the component are also the focus of research and development.

(2) MV MOSFETs:

The main research and development direction of such medium-voltage power application components is the same as that of HV MOSFETs. In addition, due to the increasing demand for automotive/electric vehicle (Automotives/EVs) applications, the development of automotive-grade MV MOSFETs is also a key R&D target. In addition, emphasis will be placed on further reducing Rsp and improving Switch Performance (FOM).

(3) IGBTs :

This device is a high-speed power device that integrates the advantages of MOSFET and Bipolar Junction Transistor (BJT) applications, mainly using Field-stop Trench technology. Designed with High Density Trench Cells and Optimization Of Field-Stop Layer. The purpose is to obtain a higher power gain than the current BJT and minimize its switching loss minimization at very high switching frequencies.

(4) FREDs:

The second-generation product was developed to further optimize the switching speed and forward voltage. And develop IGBT Co-Package FRED

products to expand the scale of existing FRED products.

(5) SiC SBDs:

Under high frequency switching, the key goal of research and development is to minimize its switching loss minimization.

(6) SiC MOSFETs:

Silicon carbide (SiC) is a semiconductor material with wide Bandgap Semiconductors, which is resistant to high pressure and has High Electron Mobility. For high-frequency, high-pressure, high-temperature applications, such as electric vehicles, green energy, etc., it often comes out on top. Its component structure design and exclusive process development are the focus of research and development.

(7) GaN HEMTs:

Gallium Nitride GaN is a wide-gap Compound Semiconductor material. It has a special polarization effect, such as Piezoelectric Polarization and Spontaneous Polarization. In the absence of dopants, the polarization effect enables the AlGaN/GaN heterostructure to form Two Dimensional Electron Gases (2DEG) near the interface. Taking advantage of 2 DEG, the fabricated electron mobility transistor Enhancement-Mode High Electron Mobility Transistor (HEMT), which speed is much higher than that of MOSFET. Currently cooperating with GaN HEMTs professional units, PanJIT will design its component structure and apply for an invention patent to pave the way for the future development of near-term products.

2. Estimated R&D expenses:

Unit: NT\$ thousands

Product line	Planned development items	Estimated investment in R&D expenses
HV MOSFETs (Super Junction Technology)	HV SJ MOSFET 600V Gen.1.5-FR	1,300
	HV SJ MOSFET 600V Gen.2-Easy, FR	11,773
MV MOSFETs (Shielded-Gate Technology)	MV SGT MOSFET 100V Gen.2-SL, LL	45,016
	MV SGT MOSFET 80V Gen.2- SL, LL	24,894
	MV SGT MOSFET 60V Gen.2	30,876
	MV SGT MOSFET 40V Gen.2	10,227
FREDs	FRED 1200V/650V Gen.2	11,239
IGBTs (Field-stop Trench Technology)	FST- IGBT 1200V Gen.1	20,082
	FST-IGBT 650V Gen.1	16,980
SiC SDBs	SiC SDBs 1200V/650V G2	14,175
SiC MOSFETs	SiC MOS 1200V/650V G1	33,203

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

In addition to complying with relevant laws and regulations, the Company and subsidiaries also pays attention to important domestic and foreign policies and statutory changes. Therefore, in the most recent year and as of the publication date of the annual report, the Company and its subsidiaries have not had any significant impact on the Company's financial business due to changes in important domestic and foreign policies and laws.

- (V) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response

This is to explain the impact of technological changes and industrial changes on the Company's financial business and corresponding measures with regard to the main product - rectifier diode

Diode rectifier is an indispensable and important part for converting alternating current into direct current. Therefore, rectifier diodes can be regarded as the cornerstone of the electronics industry. Therefore, with the change of technology and industry, the market demand for rectifier diodes is increasing day by day. In addition, the Company has a complete product line and actively invests in research and development to develop various high-performance high-power rectifier diodes to meet market trends and improve the Company's competitiveness. Therefore, technological changes and industry changes will have a positive impact on the financial business.

- (VI) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response:

The Company and its subsidiaries have always adhered to the business philosophy of integrity, law-abiding and fulfilling social responsibilities. Therefore, the Company's corporate image has always been good. In the recent year and up to the date of publication of the annual report, there has been no major event affecting the change of the Company's corporate image.

- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

The Company and its subsidiaries have not carried out merger and acquisition plans

in the most recent year and as of the date of publication of the annual report.

- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The expansion of the plant of the Company and its subsidiaries is based on a prudent assessment of existing production capacity and future operational growth. Significant capital expenditures are submitted to the board of directors for deliberation, and investment benefits and possible risks have been duly considered.

- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

This is to explain the risks and countermeasures faced by the purchase or sales concentration of the main product-rectifier diodes

There is no excessive concentration of sales. The purchases are concentrated in the subsidiaries within the group, mainly because the Company is committed to the vertical integration of upstream and downstream. The companies in the group adopt the method of division of labor and cooperation, specialize in the production of different product lines, and provide them to the companies in the group for sales. In order to achieve the maximum complementary effect of product lines between Group companies, and then enhance product competitiveness and company profitability. In addition, if the product scheduling between groups is excluded, the Company's purchase customers are not excessively concentrated, so the risk of purchase concentration should be small.

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

In the most recent fiscal year and as of the publication date of the annual report, the Company and its subsidiaries did not have directors, supervisors or major shareholders holding more than 10% of the shares transferred or replaced in large quantities.

- (XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

In the most recent year and as of the date of publication of the annual report, there has been no change in the management rights of the Company.

(XII) In the most recent year and as of the date of publication of the annual report, the Company and its directors, general managers, substantive persons in charge, major shareholders holding more than 10% of the shares, and affiliated companies have been judged to determine or not in respect of litigation or non-litigation events. In the case of a major lawsuit, non-litigation or administrative dispute, the result of which may have a significant impact on shareholders' rights and interests or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the lawsuit, the main parties involved in the lawsuit and the handling situation shall be disclosed:
None

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

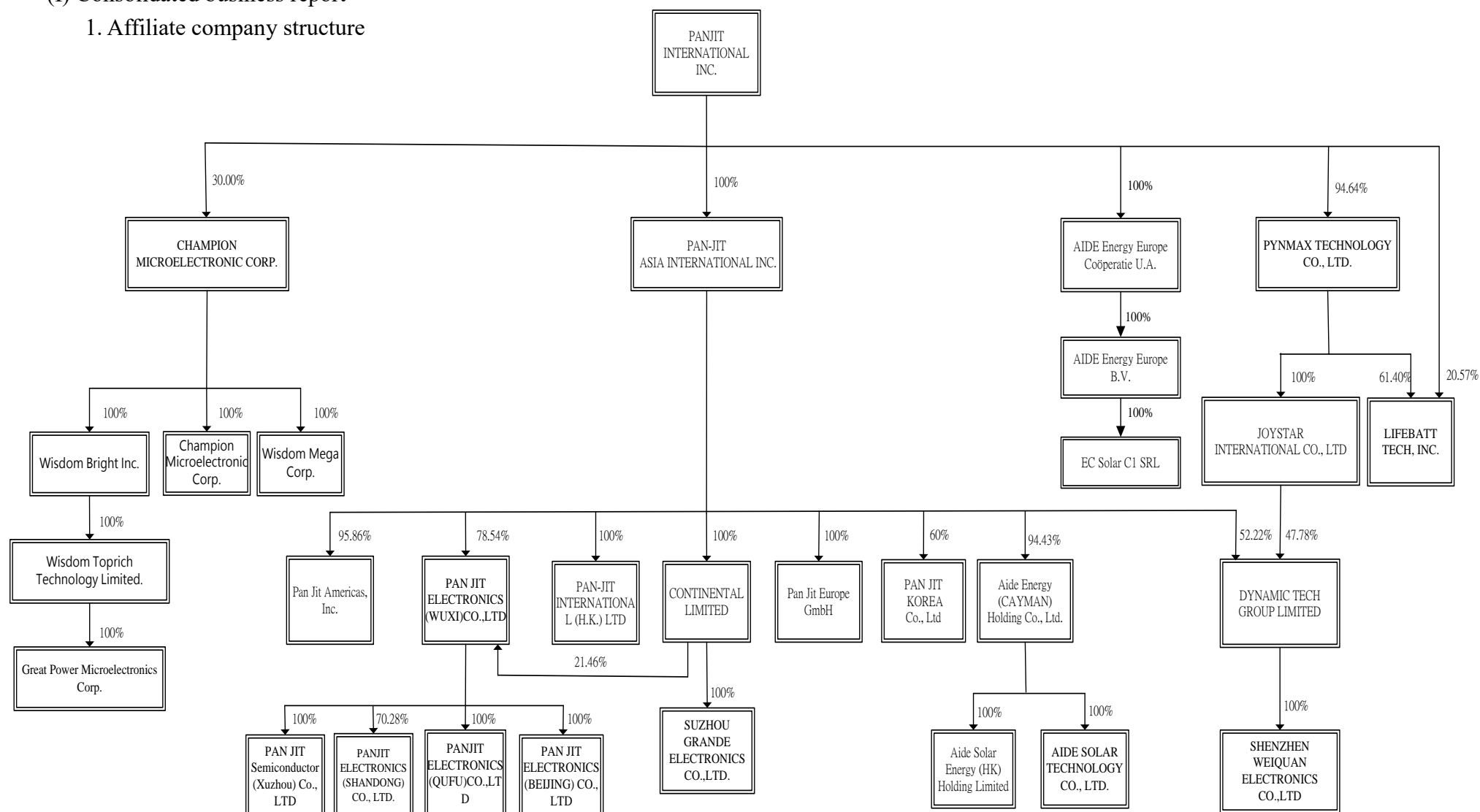
VII. Other important matters : None.

Chapter 8 Special Notes

I. Information on associates

(I) Consolidated business report

1. Affiliate company structure



2. Basic information of each affiliated enterprises

Units: NT\$ thousands

Company name	Date of founding	Address	Paid-in capital	Main business or production items
Pynmax Technology Co., Ltd.	2000.02.25	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	NTD 892,800	Electronic component manufacturing and international trade
JOYSTAR INTERNATIONAL CO., LTD.	2006.06.06	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	USD 17,522	Investing
PAN-JIT ASIA INTERNATIONAL INC.	1998.01.06	Vistra Corporate Services Centre Wickhams Cay II Road Town, Tortola, Vg1110 Virgin Islands, British	USD 210,106	Investing
PAN JIT AMERICAS, INC.	2000.08.08	2507 W ERIE DR #101, TEMPE, AZ 85282, USA	USD 19,050	Electronics trade
PAN JIT ELECTRONICS (WUXI) CO., LTD	1999.12.21	No.8, Hanjiang Road, Wuxi Xinwu District, Wuxi City, Jiangsu Province, China	RMB 213,153	Rectifier processing and manufacutring
PAN JIT ELECTRONICS (BEIJING) CO., LTD	2014.09.03	Room 3315, 3rd Floor, Building 425, Wangjing West Park, Chaoyang District, Beijing	RMB 2,000	Sales of new types of electronic components, semiconductor rectifiers
PANJIT ELECTRONICS (SHANDONG) CO., LTD.	2010.07.09	No. 186, Zhongrun Avenue, High-tech Zone, Zibo City, Shandong Province	RMB 106,720	Manufacturing of semiconductor wafers for automobiles and protection of discrete devices, integrated circuit chips and packaging products
PANJIT ELECTRONICS (QUFU) CO., LTD	2018.05.02	North Chunqiu Road, Taiwan Industrial Park, Qufu City, Jining City, Shandong Province	RMB 500	Sales of new types of electronic components, semiconductor rectifiers
PAN-JIT INTERNATIONAL (H.K.) LTD.	1993.09.14	Unit 1-5 ,18/F., Wah Wai Centre, No. 38-40 Au Pui Wan Street, Fotan, Shatin, New Territories	HKD 24,711	Electronics trade
SUZHOU GRANDE	1992.06.08	Room 903, Building 1, No. 88, Shishan Road,	RMB 93,169	Chip diodes, triodes, other new types of

Company name	Date of founding	Address	Paid-in capital	Main business or production items
ELECTRONICS CO.,LTD.		Suzhou New District, Jiangsu Province		electronic semiconductor components and related products, as well as providing technology and after-sales service
CONTINENTAL LIMITED	2003.03.20	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	USD 10,226	Investing
PAN JIT EUROPE GMBH	2002.11.13	Otto-Hahn-Str. 285609 Aschheim Germany	EUR 700	Electronics trade
PANJIT KOREA Co., LTD.	2008.01.29	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	KRW 450,000	Electronics trade
DYNAMIC TECH GROUP LIMITED	2002.04.12	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	USD 2,156	Investing
SHENZHEN WEIQUAN ELECTRONICS CO.,LTD	2002.09.30	Room 708, Building 11, Tiedong Logistics, No. 3 Ping'an Avenue, Pinghu Community, Pinghu Street, Longgang District, Shenzhen	RMB 15,183	New types of electronic components, semiconductor rectifiers
PANJIT Semiconductor (Xuzhou) Co., Ltd.,	2021.07.30	No.10, Fenghuang Avenue, Xuzhou Economic Development Zone, Jiangsu Province	RMB 252,640	Sales of new types of electronic components, semiconductor rectifiers
Aide Energy (CAYMAN)Holding Co.,Ltd	2009.11.04	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	USD 83,263	Reinvestment business and solar energy products
Aide Solar Energy (HK) Holding Limited	2008.05.19	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	USD 54,921	Investing and trade
AIDE Energy Europe Coöperatie U.A.	2012.01.17	Corkstraat 46 ,3047 AC Rotterdam Nederland	EUR 18,625	Investing
AIDE ENERGY EUROPE B.V.	2012.01.17	Corkstraat 46 ,3047 AC Rotterdam Nederland	EUR 18,620	Investing and trade

Company name	Date of founding	Address	Paid-in capital	Main business or production items
EC SOLAR C1 SRL	2009.02.17	Viale Andrea Doria 7 Cap 20124 MILANO (MI), Italy.	EUR 100	Electricity sales from solar power plants
AIDE SOLAR TECHNOLOGY CO., LTD.	2006.12.28	No.10, Fenghuang Avenue, Xuzhou Economic Development Zone, Jiangsu Province	RMB 54,886	Development, manufacturing and sales of solar energy products and self-acting agents of various commodities and technologies, import and export
LIFETECH ENERGY INC.(Note 1)	2009.07.08	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	NTD 0	LiFePO4 battery manufacturing and sales
Champion Microelectronic Corp.	1998.12.30	Floor 5, No. 11, Park 2nd Road, Science Park District, Hsinchu City, Taiwan	NTD 799,866	Electronic component manufacturing and international trade
Wisdom Mega Corp.	2017.01.24	P. O. Box 1239, Offshore Incorporations Centre, Victoria, Mahe', Republic of Seychelles	USD 4,000	Investment holdings
Champion Microelectronic Corp.	2015.10.16	P. O. Box 1239, Offshore Incorporations Centre, Victoria, Mahe', Republic of Seychelles	USD 4,500	International trading, investment holding and e-commerce business
Wisdom Bright Inc.	2009.11.20	Suite 15, 1st Floor Oliaji Trade Centre, Francis, Rachel Sreet, Victoria, Mahe, Seychelles	USD 5,104	Investment holdings
Wisdom Toprich Technology Limited	2009.11.20	Suite 15, 1st Floor Oliaji Trade Centre, Francis, Rachel Street, Victoria, Mahe, Seychelles	USD 5,104	Investment holdings
Great Power Microelectronics Corp.	2010.07.26	Room 419, Buildings A, B, C, Zone B, Yuanfen Industrial Zone, Gaofeng Community, Dalang Street, Longhua District, Shenzhen	USD 5,350	Technical development of electronic products and import, export and wholesale of related products

(Note 1): LIFETECH ENERGY INC held its third shareholders' meeting in November 2022 to recognize the liquidation statement and has applied for cancellation of registration, which is waiting for approval by the relevant authorities.

3. Where there is considered to be a controlled and subordinate relation, the information of the same shareholders:

Units: NT\$ thousands; Share: %

Presumed cause	Company (or Name)	Shares Held		Date of founding	Address	Paid-up capital Registered capital	Main business or production items
		Number of shares	Shareholding ratio				
Not applicable							

4. Industries covered by the operation of the overall affiliated enterprise

Segment	Related enterprise name	Relationship with other related companies operating business
Investment	JOYSTAR INTERNATIONAL CO., LTD.	Invested in DYNAMIC TECH GROUP LIMITED
	PAN-JIT ASIA INTERNATIONAL INC.	Invested in PAN JIT AMERICAS, INC.; PAN JIT ELECTRONICS (WUXI)CO.,LTD.; PAN-JIT INTERNATIONAL (H.K.)LTD.; CONTINENTAL LIMITED; PANJIT EUROPE GMBH; PANJIT KOREA Co., LTD.; Aide Energy (Cayman) Holding Co.,Ltd.; DYNAMIC TECH GROUP LIMITED
	CONTINENTAL LIMITED	Invested Suzhou Grande Electronics Co. Ltd. and PAN JIT ELECTRONICS (WUXI)CO.,LTD
	DYNAMIC TECH GROUP LIMITED	Investment of SHENZHEN WEIQUAN ELECTRONICS CO.,LTD
	Aide Energy (Cayman)Holding Co.,Ltd.	Invested in Aide Solar Energy (HK) Holding Limited; AIDE SOLAR TECHNOLOGY CO., LTD.; sales of solar energy products
	Aide Solar Energy (HK) Holding Limited	Reinvestment and trading business
	AIDE Energy Europe Coöperatie U.A.	Invested AIDE Energy Europe B.V.
	AIDE ENERGY EUROPE B.V.	Invested in EC SOLAR C1 SRL and trading
	Wisdom Mega Corp.	Investing
	Wisdom Bright Inc.	Invested in Wisdom Toprich Technology Limited
	Wisdom Toprich Technology Limited	Invested in Great Power Microelectronics Corp.
Manufacturing industry	Pynmax Technology Co., Ltd.	Electronic component manufacturing and international trade
	PAN JIT ELECTRONICS (WUXI)CO.,LTD	Rectifier processing and manufacturing
	PANJIT ELECTRONICS (SHANDONG) CO., LTD.	Manufacturing of semiconductor wafers for automobiles and protection of discrete devices, integrated circuit chips and packaging products
	SHENZHEN WEIQUAN ELECTRONICS CO.,LTD	New types of electronic components, semiconductor rectifiers
	AIDE SOLAR TECHNOLOGY CO., LTD.	Development, manufacturing and sales of solar energy products and self-acting import agents of various commodities and technologies
	LIFETECH ENERGY INC.(Note 1)	LiFePO4 battery manufacturing and sales

Segment	Related enterprise name	Relationship with other related companies operating business
	PAN JIT Semiconductor (Xuzhou) Co., LTD	Sales of new types of electronic components, semiconductor rectifiers
	Champion Microelectronic Corp.	Electronic component manufacturing and international trade
Merchandising	PAN JIT AMERICAS, INC.	Electronics trade
	Suzhou Grande Electronics Co. Ltd.	Chip diodes, triodes, other new types of electronic semiconductor components and related products, as well as providing technology and after-sales service
	PANJIT Electronics (Beijing) Co., Ltd.	Sales of new types of electronic components, semiconductor rectifiers
	PANJIT Electronics(Qufu)Co.,Ltd	Sales of new types of electronic components, semiconductor rectifiers
	PAN-JIT INTERNATIONAL (H.K.) LTD.	Electronics trade
	PAN JIT EUROPE GMBH	Electronics trade
	PANJIT KOREA Co.,Ltd.	Electronics trade
	Champion Microelectronic Corp.	International trading, investment holding and e-commerce business
	Great Power Microelectronics Corp.	Technical development of electronic products and import, export and wholesale of related products
Electricity supply	EC SOLAR C1 SRL	Electricity sales from solar power plants

(Note 1): LIFETECH ENERGY INC held its third shareholders' meeting in November 2022 to recognize the liquidation statement and has applied for cancellation of registration, which is waiting for approval by the relevant authorities.

5. Information on directors, supervisors, and presidents of affiliates

Unit: thousand shares

Company name	Title	Name or representative	Shares Held	
			Number of shares	Share-holding ratio
Pynmax Technology Co., Ltd.	Chairman	PANJIT International Inc. Representative: FANG, MIN-QING	84,493	94.64
	Board director	PANJIT International Inc. Representative: FANG, MIN-ZONG	84,493	94.64
	Board director	PANJIT International Inc. Representative: LI, XUE-HAN	84,493	94.64
	Board director	FANG, HONG-RONG	0	0.00
	Board director	FANG, SHU-JUAN	135	0.15
	Supervisor	XIE, BAI-CHENG	0	0.00
	Supervisor	SHEN, YING-XIU	8	0.01
	President	FANG, MIN-QING	0	0.00
JOYSTAR INTERNATIONAL CO., LTD.	Board director	Pynmax Technology Co., Ltd. Representative: FANG, MIN-QING	17,522	100.00
PAN-JIT ASIA INTERNATIONAL INC.	Board director	PANJIT International Inc. Representative: FANG, MIN-QING	210,106	100.00
PAN JIT AMERICAS, INC.	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-QING	2,431	95.86
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-ZONG	2,431	95.86
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, YAN-QIU	2,431	95.86
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, HONG-RONG	2,431	95.86
	President	Mike Coates	0	0.00
PANJIT Electronics (Wuxi) Co., Ltd.	Chairman	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-QING	Note 1	78.54
	Board director	PAN-JIT ASIA		78.54

Company name	Title	Name or representative	Shares Held	
			Number of shares	Share-holding ratio
	Board director	INTERNATIONAL INC. Representative: FANG, MIN-ZONG		78.54
	Supervisor	PAN-JIT ASIA INTERNATIONAL INC. Representative: HUANG, GUO-CHEN		78.54
	President	PAN-JIT ASIA INTERNATIONAL INC. Representative: XIE, BAI-CHENG FANG, MIN-QING		0.00
PANJIT Electronics (Beijing) Co., Ltd.	Chairman	TIAN, LI		0.00
	Board director	PanJit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-ZONG		100.00
	Board director	PanJit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-QING	Note 1	100.00
	Supervisor	PanJit Electronics (Wuxi) Co., Ltd. Representative: XIE, BAI-CHENG		100.00
PANJIT Electronics (Shandong) Co., Ltd.	Chairman	PanJit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-QING		70.28
	Board director	Zibo Micro Commercial Components Corp. Representative: LI, AN		29.72
	Board director	PanJit Electronics (Wuxi) Co., Ltd. Representative: FANG, TING-YU	Note 1	70.28
	Supervisor	PanJit Electronics (Wuxi) Co., Ltd. Representative: XIE, BAI-CHENG		70.28
	Supervisor	Zibo Micro Commercial Components Corp. Representative: ZHANG, QUN		29.72

Company name	Title	Name or representative	Shares Held	
			Number of shares	Share-holding ratio
	President	LI, AN		0.00
PANJIT Electronics (Qufu) Co., Ltd.	President/ Executive Director	PanJit Electronics (Wuxi) Co., Ltd. Representative: CHEN, MENG-SHUN	Note 1	100.00
	Supervisor	PanJit Electronics (Wuxi) Co., Ltd. Representative: XIE, BAI-CHENG		100.00
	President	CHEN, MENG-SHUN		0.00
PAN-JIT INTERNATIONAL (H.K.) LTD.	Chairman	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-QING	24,711	100.00
	President	FANG, MIN-QING	0	0.00
Suzhou Grande Electronics Co. Ltd.	Chairman	CONTINENTAL LIMITED Representative: CHEN, MENG-SHUN	Note 1	100.00
	Board director	CONTINENTAL LIMITED Representative: FANG, MIN-ZONG		100.00
	Board director	CONTINENTAL LIMITED Representative: FANG, MIN-QING		100.00
	Supervisor	CONTINENTAL LIMITED Representative: XIE, BAI-CHENG		100.00
	President	CHEN, MENG-SHUN		0.00
CONTINENTAL LIMITED	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-QING	7,860	100.00
PAN JIT EUROPE GMBH	Chairman	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-QING	Note 1	100.00
	President	LI, JIA-HUI		0.00
PANJIT KOREA Co., LTD	Master trustee	KIM YONG TAE	0	0.00
	Supervisor	LEE CHUN YEON	0	0.00
	President	KIM YONG TAE	0	0.00
DYNAMIC TECH GROUP LIMITED	Board director	PAN-JIT ASIA INTERNATIONAL INC.	1,126	52.22

Company name	Title	Name or representative	Shares Held	
			Number of shares	Share-holding ratio
		Representative: FANG, MIN-QING		
SHENZHEN WEIQUAN ELECTRONICS CO.,LTD	Chairman	DYNAMIC TECH GROUP LIMITED Representative: ZHONG, YUN-HUI	Note 1	100.00
	Vice Chairman	DYNAMIC TECH GROUP LIMITED Representative: FANG, MIN-ZONG		100.00
	Board director	DYNAMIC TECH GROUP LIMITED Representative: ZHUANG, GUO-CHEN		100.00
	President	FANG, MIN-QING		0.00
PANJIT Semiconductor (Xuzhou) Co., Ltd.,	Chairman	PanJit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-QING	Note 1	100.00
	Board director	PanJit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-ZONG		100.00
	Board director	PanJit Electronics (Wuxi) Co., Ltd. Representative: ZHONG, YUN-HUI		100.00
	Supervisor	PanJit Electronics (Wuxi) Co., Ltd. Representative: SHAO, YONG-HONG		100.00
Aide Energy (CAYMAN) Holding Co.,Ltd	Chairman	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-ZONG	246,249	94.43
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: XIE, BAI-CHENG	246,249	94.43
	President	FANG, MIN-ZONG	895	0.34
Aide Solar Energy (HK) Holding Limited	Chairman	Aide Energy (CAYMAN)Holding Co.,Ltd Representative: FANG, MIN-ZONG	54,921	100.00

Company name	Title	Name or representative	Shares Held	
			Number of shares	Share-holding ratio
	Board director	FANG, MIN-ZONG	0	0.00
	President	FANG, MIN-ZONG	0	0.00
AIDE Energy Europe Coöperatie U.A.	partners	PANJIT International Inc. Representative: FANG, MIN-ZONG	Note 2	100.00
AIDE ENERGY EUROPE B.V.	Directors	PAN-JIT International Inc. Representative: FANG, MIN-ZONG	0	0.00
	President/ Executive Director	FANG, HONG-RONG	0	0.00
EC SOLAR C1 SRL	Chairman	AIDE ENERGY EUROPE B.V. Representative: FANG, MIN-ZONG	Note 1	100.00
	President/ Executive Director	FANG, HONG-RONG		0.00
AIDE SOLAR TECHNOLOGY CO., LTD.	President/ Executive Director	Aide Energy (CAYMAN) Holding Co.,Ltd Representative: LI, JIN-JIE	Note 1	100.00
	Supervisor	Aide Energy (CAYMAN) Holding Co.,Ltd Representative: ZHANG, ZHONG-BIN		100.00
	President	LI, JIN-JIE		0.00
Champion Microelectronic Corp.	Chairman	PANJIT International Inc. Representative: FANG, MIN-ZONG	23,996	30.00
	Vice Chairman	Sonix Technology Co., Ltd. Representative: CAI, GAO-ZHONG	6,571	8.21
	Board director	PANJIT International Inc. Representative: CHEN, ZUO-MING	23,996	30.00
	Directors	LIN, BAO-WEI	906	1.13
	Independent director	ZHAN, WEN-XIONG	0	0
	Independent director	FU, XIN-BIN	0	0
	Independent director	ZHANG, DAO-LIN	0	0
	President	LIN, BAO-WEI	906	1.13

Company name	Title	Name or representative	Shares Held	
			Number of shares	Share-holding ratio
Wisdom Mega Corp.	Board director	Champion Microelectronic Corp. Representative: FANG, MIN-ZONG	4,000	100.00
Champion Microelectronic Corp.	Board director	Champion Microelectronic Corp. Representative: FANG, MIN-ZONG	4,500	100.00
Wisdom Bright Inc.	Board director	Champion Microelectronic Corp. Representative: FANG, MIN-ZONG	5,104	100.00
Wisdom Toprich Technology Limited	Board director	Wisdom Bright Inc. Representative: FANG, MIN-ZONG	5,104	100.00
Great Power Microelectronics Corp.	Chairman	Wisdom Toprich Technology Limited Representative: CAI, GAO-ZHONG	Note 1	100.00
	Board director	Wisdom Toprich Technology Limited Representative: FANG, MIN-ZONG		100.00
	Board director	Wisdom Toprich Technology Limited Representative: CHEN, ZUO-MING		100.00
	Supervisor	Wisdom Toprich Technology Limited Representative: ZHANG, LI-RU		100.00
	President	LIN, BAO-WEI		0

(Note 1): It is a limited company, so there is no number of shares.

(Note 2): It is a merged company, so there is no number of shares.

6. Financial status and operating results of each affiliated enterprise:

Units: NT\$ thousands

Company name	Share capital	Total assets	Total liabilities	Total equity	Operating revenue	Net operating income (loss)	Current income (loss) (After tax)	Earnings per share (NT\$) (After tax)
Pynmax Technology Co., Ltd.	892,800	2,310,788	275,565	2,035,223	913,225	218,344	213,427	2.39
JOYSTAR INTERNATIONAL CO., LTD.	538,103	479,305	645	478,660	0	(1,834)	23,500	1.34
PAN-JIT ASIA INTERNATIONAL INC.	6,452,370	7,231,350	591,994	6,639,356	0	(21,177)	522,764	2.49
PAN JIT AMERICAS, INC.	585,026	270,074	49,706	220,368	324,486	(18,508)	29,315	11.56
PANJIT Electronics (Wuxi) Co., Ltd.	939,578	5,707,775	2,277,520	3,430,255	6,669,746	347,366	232,653	(Note 1)
PANJIT Electronics (Beijing) Co., Ltd.	8,816	10,117	329	9,788	5,655	1,048	1,282	(Note 1)
PAN JIT Semiconductor (Xuzhou) Co., LTD	470,422	520,862	51,019	469,843	162,143	21,617	27,247	(Note 1)
PANJIT Electronics (Qufu) Co., Ltd.	2,204	1,112	22	1,090	0	(320)	(328)	(Note 1)
PAN-JIT INTERNATIONAL (H.K.) LTD.	97,312	176,200	34,166	142,034	218,698	29,115	42,442	1.72
Suzhou Grande Electronics Co. Ltd.	410,691	842,142	37,873	804,269	103,596	(4,063)	198,594	(Note 1)
CONTINENTAL LIMITED	314,052	1,595,505	0	1,595,505	0	(11)	238,775	30.38
PAN JIT EUROPE GMBH	22,904	76,203	12,808	63,395	60,542	23,087	17,496	(Note 1)
PANJIT KOREA Co., LTD.	11,070	76,158	13,475	62,683	50,906	12,135	10,350	115.00
DYNAMIC TECH GROUP LIMITED	66,201	18,222	0	18,222	0	(40)	(229)	(0.11)
SHENZHEN WEIQUAN ELECTRONICS CO.,LTD	66,924	15,354	719	14,635	17	(273)	(218)	(Note 1)
PANJIT Semiconductor (Xuzhou) Co., Ltd.,	1,113,638	1,322,714	368,823	953,891	28,076	(128,516)	(137,928)	(Note 1)
Aide Energy (Cayman) Holding Co.Ltd.	2,557,007	1,784,627	2,540,883	(756,256)	0	(11,662)	22,724	0.09
Aide Solar Energy (HK) Holding Limited	1,686,624	298	693,784	(693,486)	0	(152)	(148)	(0.00)
AIDE Energy Europe Coöperatie U.A.	609,410	732,129	0	732,129	0	(19)	13,744	(Note 2)

Company name	Share capital	Total assets	Total liabilities	Total equity	Operating revenue	Net operating income (loss)	Current income (loss) (After tax)	Earnings per share (NT\$) (After tax)
AIDE ENERGY EUROPE B.V.	609,246	753,760	21,661	732,099	0	(1,984)	13,251	7,116.31
EC SOLAR C1 SRL	3,272	1,250,054	617,991	632,063	185,544	66,950	36,535	(Note 1)
AIDE SOLAR TECHNOLOGY CO., LTD.	241,939	178,880	2,019,526	(1,840,646)	2,743	(3,543)	(3,186)	(Note 1)
Champion Microelectronic Corp.	799,866	1,562,774	91,848	1,470,926	532,754	76,951	112,304	1.41
Wisdom Mega Corp.	125,250	123,130	0	123,130	0	0	0	0
Champion Microelectronic Corp.	144,793	142,224	0	142,224	0	0	1,726	0.38
Wisdom Bright Inc.	157,658	159,886	0	159,986	0	0	2,834	0.56
Wisdom Toprich Technology Limited	157,658	159,886	0	159,986	0	0	2,834	0.56
Great Power Microelectronics Corp.	164,299	162,635	2,649	159,986	9,478	358	2,834	(Note 1)

(Note 1) It is a limited company and therefore there is no share number.

(Note 2) It is a merged company and therefore there is no share number.

(II) Consolidated Financial Statements of Related Companies

For 2022 (from January 01 to December 31, 2022), the Company's entities that are required to be included in the consolidated financial statements of associates under the "Criteria Governing Preparation of Consolidated Business Report of associates, Consolidated Financial Statements of associates, and Affiliation Reports" are the same as those required to be included in the parent-subsidary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of associates has been fully disclosed in the aforementioned parent-subsidary consolidated financial statements. Consequently, a separate set of consolidated financial statements of associates is not prepared.

(III) Relationship Report: None

II. Where the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the Company, participation in the operations of the Company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan.

The Company did not issue private placement of securities during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Publication of the Annual Report:

None.

IV. Other Supplementary Information

None.

V. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Publication of the Annual Report :

None.

Appendix I

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Parent Company Only Financial Statements, Consolidated Financial Statements, and proposal for allocation of earnings. The CPA firm of Ernst & Young Taiwan was retained to audit the Parent Company Only Financial Statements and Consolidated Financial Statements and has issued an audit report relating to the Financial Statements.

The Business Report, Parent Company Only Financial Statements, Consolidated Financial Statements, and proposal for allocation of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Please approve.

Yours sincerely

PANJIT International Inc. 2023 Regular Shareholders' Meeting

PANJIT International Inc.
Audit Committee convener:
CHEN, YI-CHENG

March 10, 2023

Appendix II

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

Independent Auditors' Report

To PANJIT INTERNATIONAL INC.

Opinion

We have audited the accompanying consolidated balance sheets of PANJIT INTERNATIONAL INC. (the "Company") and its subsidiaries as of 31 December 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other independent accountants (please refer to the Other Matter – Making Reference to the Audits of Other Independent Accountants section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2022 and 2021, and their consolidated financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue Recognition

The consolidated operating revenues of the Company and its subsidiaries amounted to NT\$13,227,847 thousand for the year ended 31 December 2022. The main source of revenue is manufacturing and selling diodes. As the operation spanned globally and the product combination and pricing methods were diverse, judgment of the performance obligation and when it is satisfied was required. Therefore, we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of revenue recognition; testing the design and operating effectiveness of internal controls around revenue recognition by management, including identifying completeness of performance obligation of client contracts and the accounting treatment of the timing of revenue recognition; performing analytical procedures on gross margin by products and departments; selecting samples to perform test of details and reviewing significant terms and conditions of contracts; performing cutoff procedures, testing general journal entry, reviewing sales transaction certificates before and after the balance sheet date to verify that revenue has been recorded in the correct accounting period. Accordingly, evaluating the appropriateness of significant sales returns and rebates. In addition, we also considered the appropriateness of the disclosures of sales. Please refer to Notes 4 and 6 to the Company's consolidated financial statements.

2. Evaluation of Inventories

As of 31 December 2022, the Company and its subsidiaries' net inventories amounted to NT\$3,754,265 thousand, constituting 13% of consolidated total assets which was then identified as material to financial statement. The status of inventory was difficult to manage due to various types of stocks stored across various locations including outsourced warehouses. Such inventories are stated at the lower of cost and net realizable value. Evaluation involves management's significant accounting estimation and judgement, and the carrying amount of inventories is material to consolidated financial statements. Therefore we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of inventories evaluation; testing the design and operating effectiveness of internal controls around revenue recognition by management, including assessing the transfer of inventory cost, selecting major warehouse to observe physical stock taking to verify inventory quantity and status; and assessing the management's estimates of net realizable value by inventories evaluation, and selecting samples to verify related certificates to test the correctness of inventories aging interval; review whether obsolescence loss allowance was sufficient according to policy and assess the appropriateness of the provision policy. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the Company's consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit 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\$1,575,688 thousand and NT\$1,574,237 thousand, constituting 5% and 6% of consolidated total assets as of 31 December 2022 and 2021, respectively. The related shares of profits from the associates and joint ventures under the equity method of NT\$81,531 thousand and NT\$92,457 thousand, constituting 4% and 4% of consolidated pretax income, and the related shares of other comprehensive income from the associates and joint ventures under the equity method of NT\$5,985 thousand and (NT\$3,467) thousand, constituting 3% and 2% of consolidated other comprehensive income for the year ended 31 December 2022 and 2021, respectively. Those financial statements were audited by other independent accountants, whose reports there on have been furnished to us, and our audit results are based solely on the reports of the other independent accountants.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended 31 December 2022 and 2021.



Chen, Cheng-Chu



Fuh, Wen-Fun

Ernst & Young, Taiwan
10 March 2023

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December, 2022 and 2021
(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	31 December , 2022		31 December , 2021	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	6(1)	\$3,033,568	10	\$3,413,707	13
Financial assets at fair value through profit or loss-current	6(2)	2,993,980	10	3,247,815	12
Notes receivable, net	6(5),(20)	352,859	1	579,449	2
Trade receivable, net	6(6),(20)	3,360,160	12	3,948,555	15
Trade receivable-related parties, net	6(6),(20), 7	56,700	-	140,689	1
Other receivable, net		146,057	-	151,860	1
Other receivables-related parties, net	7	3,352	-	6,524	-
Inventories, net	6(7)	3,754,265	13	2,421,044	9
Prepayments		758,487	3	520,106	2
Other current assets	8	150,376	1	105,290	-
Total current assets		14,609,804	50	14,535,039	55
Non-current assets					
Financial assets at fair value through profit or loss-non-current	6(2)	37,485	-	-	-
Financial assets at fair value through other comprehensive income-non-current	6(3)	521,889	2	1,444,493	5
Financial assets measured at amortized cost-non-current	6(4)	26,622	-	25,604	-
Investments accounted for using the equity method	6(8)	2,038,347	7	2,004,283	8
Property, plant and equipment	6(9),7	7,411,293	25	5,306,044	20
Right-of-use assets	6(21)	1,296,176	5	1,347,255	5
Intangible assets	6(10),(11)	1,661,358	6	218,378	1
Deferred tax assets	6(25)	350,643	1	367,714	1
Prepayment for equipments		443,341	2	833,325	3
Refundable deposits	8	637,470	2	540,443	2
Other non-current assets	8	132,418	-	30,211	-
Total non-current assets		14,557,042	50	12,117,750	45
Total assets		\$29,166,846	100	\$26,652,789	100
Liabilities and Equity	Notes	31 December , 2022		31 December , 2021	
		Amount	%	Amount	%
Current liabilities					
Short-term borrowings	6(12)	\$2,769,949	10	\$3,219,218	12
Contract liabilities-current	6(19)	10,041	-	16,850	-
Notes payable	6(13)	605,905	2	754,823	3
Trade payable		1,417,681	5	2,046,066	8
Trade payable-related parties	7	59,068	-	186,250	1
Other payables		1,742,971	6	1,553,563	6
Other payables-related parties	7	37,903	-	40,556	-
Current tax liabilities		295,814	1	326,537	1
Lease liabilities-current	6(21),7	52,735	-	52,314	-
Current portion of long-term loans payable	6(15),8	478,875	2	32,458	-
Other current liabilities		76,945	-	16,988	-
Total current liabilities		7,547,887	26	8,245,623	31
Non-current liabilities					
Long-term borrowings	6(15), 8	6,033,741	21	4,551,794	17
Deferred tax liabilities	6(25)	91,895	-	78,229	-
Lease liabilities-non-current	6(21),7	321,641	1	351,589	1
Long-term deferred revenue	6(14)	98,807	-	102,150	-
Defined benefit liabilities-non-current	6(16)	66,945	-	105,561	1
Other non-current liabilities		96,695	-	106,841	1
Total non-current liabilities		6,709,724	22	5,296,164	20
Total liabilities		14,257,611	48	13,541,787	51
Equity attributable to the parent company					
Capital					
Common stock	6(17)	3,828,149	13	3,828,149	14
Capital Surplus	6(17)	6,016,861	21	6,086,155	23
Retained earnings	6(17)				
Legal reserve		505,733	2	328,134	1
Special reserve		717,237	2	717,237	3
Unappropriated earnings		3,116,721	11	2,204,637	8
Total retain earnings		4,339,691	15	3,250,008	12
Other components of equity		(552,617)	(2)	(251,937)	(1)
Treasury stock	6(17)	(16,507)	-	(16,507)	-
Total equity attributable to the parent company		13,615,577	47	12,895,868	48
Non-controlling interests	6(17)	1,293,658	5	215,134	1
Total equity		14,909,235	52	13,111,002	49
Total liabilities and equity		\$29,166,846	100	\$26,652,789	100

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December, 2022 and 2021
(Expressed in Thousand of New Taiwan Dollars)

Items	Notes	2022		2021	
		Amount	%	Amount	%
Operating revenues	6(19),7	\$13,227,847	100	\$13,861,744	100
Operating costs	6(7).(22),7	(9,232,010)	(70)	(9,466,106)	(68)
Gross profit		3,995,837	30	4,395,638	32
Operating expenses	6(20).(21).(22),7				
Selling expenses		(681,383)	(5)	(646,097)	(4)
General and administrative expenses		(973,484)	(7)	(1,039,765)	(8)
Research and development expenses		(719,208)	(6)	(422,578)	(3)
Expected credit gains	6(20)	9,311	-	2,224	-
Subtotal		(2,364,764)	(18)	(2,106,216)	(15)
Operating income		1,631,073	12	2,289,422	17
Non-operating income and expenses	6(23)				
Interest income		133,842	1	90,731	1
Other income	7	108,782	1	185,633	1
Other gains and losses	7	241,339	2	(3,942)	-
Finance costs		(138,090)	(1)	(96,683)	(1)
Share of profit or loss of associates under equity method	6(8)	114,396	1	49,715	-
Subtotal		460,269	4	225,454	1
Pretax income from continuing operations		2,091,342	16	2,514,876	18
Income tax expenses	6(25)	(333,438)	(3)	(536,846)	(4)
Profit from continuing operations		1,757,904	13	1,978,030	14
Net income		1,757,904	13	1,978,030	14
Other comprehensive income (loss)	6(24)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		26,842	-	2,070	-
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		(293,286)	(2)	346,756	3
Income tax related to items that will not be reclassified	6(25)	(6,948)	-	(2,117)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		583,547	5	(195,703)	(1)
Income tax related to items that may be reclassified	6(25)	(93,185)	(1)	35,627	-
Total other comprehensive income (loss), net of tax		216,970	2	186,633	2
Total comprehensive income (loss)		\$1,974,874	15	\$2,164,663	16
Net income (loss) attributable to:					
Stockholders of the parent		\$1,757,631	13	\$1,926,975	14
Non-controlling interests		273	-	51,055	-
		\$1,757,904	13	\$1,978,030	14
Comprehensive income (loss) attributable to:					
Stockholders of the parent		\$1,898,561	14	\$2,110,038	16
Non-controlling interests		76,313	1	54,625	-
		\$1,974,874	15	\$2,164,663	16
Earnings per share (NTD)	6(26)				
Basic earnings per share		\$4.60		\$5.66	
Diluted earnings per share		\$4.57		\$5.64	

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December, 2022 and 2021
(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 Reserve	Special Reserve	Unappropriated 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 1 January, 2021	\$3,328,149	\$2,196,674	\$239,453	\$717,237	\$1,015,504	(\$669,283)	\$288,607	(\$413)	(\$16,507)	\$7,099,421	\$147,311	\$7,246,732
Appropriation and distribution of 2020 retained earnings												
Legal reserve	-	-	88,681	-	(88,681)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(498,172)	-	-	-	-	(498,172)	-	(498,172)
Changes in equity of associates accounted for using equity method	-	113,328	-	-	-	-	-	-	-	113,328	(452)	112,876
Net income in 2021	-	-	-	-	1,926,975	-	-	-	-	1,926,975	51,055	1,978,030
Other comprehensive income (loss) in 2021	-	-	-	-	1,920	(152,275)	333,418	-	-	183,063	3,570	186,633
Total comprehensive income (loss)	-	-	-	-	1,928,895	(152,275)	333,418	-	-	2,110,038	54,625	2,164,663
Issue of shares	500,000	3,610,956	-	-	-	-	-	-	-	4,110,956	-	4,110,956
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	165,193	-	-	(204,900)	-	-	-	-	(39,707)	20,496	(19,211)
Increase (decrease) through changes in ownership interests in subsidiaries	-	4	-	-	-	-	-	-	-	4	(4)	-
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,842)	(6,842)
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	51,991	-	(51,991)	-	-	-	-	-
Balance as of 31 December, 2021	\$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
Balance as of 1 January, 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												
Legal reserve	-	-	177,599	-	(177,599)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(1,146,345)	-	-	-	-	(1,146,345)	-	(1,146,345)
Changes in equity of associates accounted for using equity method	-	116	-	-	-	-	-	-	-	116	(354)	(238)
Net income in 2022	-	-	-	-	1,757,631	-	-	-	-	1,757,631	273	1,757,904
Other comprehensive income (loss) in 2022	-	-	-	-	21,175	402,712	(282,957)	-	-	140,930	76,040	216,970
Total comprehensive income (loss)	-	-	-	-	1,778,806	402,712	(282,957)	-	-	1,898,561	76,313	1,974,874
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	(69,414)	-	-	36,787	-	-	-	-	(32,627)	120,672	88,045
Increase (decrease) through changes in ownership interests in subsidiaries	-	4	-	-	-	-	-	-	-	4	(165,271)	(165,267)
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,047,164	1,047,164
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	420,435	-	(420,435)	-	-	-	-	-
Balance as of 31 December, 2022	\$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

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December, 2022 and 2021
(Expressed in Thousand of New Taiwan Dollars)

Items	2022	2021
Cash flows from operating activities:		
Net income before tax	\$2,091,342	\$2,514,876
Adjustments to reconcile net income (loss) before tax to net cash provided by operating activities:		
Depreciation	723,387	628,594
Amortization	48,317	43,085
Expected credit losses (gains)	(9,311)	(2,224)
Net (gain) of financial assets or liabilities at fair value through profit or loss	(70,231)	(37,702)
Interest expense	138,090	96,683
Interest revenue	(133,842)	(90,731)
Dividend revenue	(15,555)	(22,308)
Share of (profit) loss of associates accounted for using equity method	(114,396)	(49,715)
(Gain) loss on disposal of property, plant and equipment	(73)	21,028
(Gain) loss on disposal of investments	(72,787)	133
Impairment loss on non-financial assets	-	18,710
Reversal of impairment loss on non-financial assets	(5,271)	-
Others-Loss (gain) on inventory valuation	332,083	(117,608)
Other-other	(10,537)	(1,321)
Subtotal	809,874	486,624
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	697,064	(1,803,055)
Notes receivable	226,590	(211,353)
Trade receivable	597,172	(464,195)
Trade receivable-related parties	83,989	(81,969)
Other receivables	6,159	45,555
Other receivables-related parties	3,172	32,721
Inventories	(1,375,857)	(687,955)
Prepayments	(164,551)	(38,469)
Other current assets	152,577	(14,744)
Changes in operating liabilities:		
Contract liabilities	(6,809)	4,078
Notes payable	(149,679)	198,129
Trade payable	(685,919)	646,089
Trade payable-related parties	(127,182)	87,136
Other payables	(122,875)	492,830
Other payables-related parties	(2,653)	635
Other current liabilities	53,472	(9,870)
Net defined benefit liabilities-non-current	(14,977)	(7,877)
Subtotal	(830,307)	(1,812,314)
Cash generated from operations	2,070,909	1,189,186
Interest received	133,842	90,731
Income tax (paid)	(424,322)	(243,275)
Net cash provided by operating activities	1,780,429	1,036,642
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	734,294	68,774
Proceeds from disposal of financial assets measured at amortized cost	-	102,991
Acquisition of financial assets at fair value through profit or loss	(39,074)	-
Acquisition of investments accounted for under the equity method	(27,151)	(1,455,570)
Proceeds from disposal of investments accounted for using equity method	97,750	-
Net cash flow from acquisition of subsidiaries	(997,574)	-
Acquisition of property, plant and equipment	(1,248,453)	(1,277,687)
Proceeds from disposal of property, plant and equipments	10,920	53,326
Increase in refundable deposits	(96,196)	(422,905)
Acquisition of intangible assets	(32,051)	(17,258)
Decrease in other financial assets	9,325	-
Increase in other non-current assets	(37,507)	(10,463)
Increase in prepayments for equipments	(694,560)	(1,326,789)
Dividends received	143,846	23,642
Net cash (used in) by investing activities	(2,176,431)	(4,261,939)
Cash flows from financing activities:		
Increase in short-term loans	-	1,324,854
Decrease in short-term loans	(452,310)	-
Proceeds from long-term debt	1,884,954	-
Repayments of long-term debt	-	(8,923)
Repayments of lease liabilities	(67,375)	(47,742)
Decrease in other non-current liabilities	(10,801)	(2,874)
Cash dividends paid	(1,146,345)	(498,169)
Proceeds from issuing shares	-	4,110,956
Acquisition of ownership interests in subsidiaries	(753)	(197)
Interest paid	(123,906)	(88,552)
Changes in non-controlling interests	(293,517)	(6,842)
Net cash (used in) provided by financing activities	(210,053)	4,782,511
Effect of exchange rate changes on cash and cash equivalents	225,916	(91,286)
Net (decrease) increase in cash and cash equivalents	(380,139)	1,465,928
Cash and cash equivalents at beginning of period	3,413,707	1,947,779
Cash and cash equivalents at end of period	\$3,033,568	\$3,413,707

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

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021
(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 years ended 31 December 2022 and 2021 were authorized for issue by the Board of Directors on 10 March 2023.

3. Newly issued or revised standards and interpretations

- (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 2022. 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	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. Have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not 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”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback-Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants-Amendments to IAS 1	1 January 2024

- (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

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. The fulfilment cash flows comprise of the following:

- (1) estimates of future cash flows;
- (2) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- (3) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

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 significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and SIC, which are endorsed by 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 ("NT\$") 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.

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

If the Company 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 Dec. 2022	31 Dec. 2021
The Company	PAN-JIT ASIA INTERNATIONAL INC.	Investment holding	100.00%	100.00%
The Company	PYNMAX TECHNOLOGY CO., LTD.	Manufacture of electronic components and international trade business	94.64% (Note 5)	94.60%
The Company	LIFETECH Energy Inc.	Manufacture and sale lithium iron phosphate battery pack	— (Note 10)	81.97% (Note 1)
The Company	AIDE ENERGY EUROPE COÖPERATIE U.A.	Investment holding	100.00% (Note 7)	—
The Company	Champion Microelectronic Corp. (“CMC”)	Research and development, design and manufacture and technology consultation of power IC, field effect transistors and fast recovery diodes, international trade	30.00% (Note 8)	—
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Sale of electronic products	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT EUROPE GMBH	Sale of electronic products	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT AMERICAS, INC.	Sale of electronic products	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)
PAN-JIT ASIA INTERNATIONAL INC.	SUMNERGY CO., LTD	Battery management system research, development, production and sales of technical services	— (Note 9)	70.00%
PAN-JIT ASIA INTERNATIONAL INC.	CONTINENTAL LIMITED	Investment holding	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	DYNAMIC TECH GROUP LIMITED	Investment holding	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%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			31 Dec. 2022	31 Dec. 2021
PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Investment holding and sale of photovoltaic products	94.43%	94.43%
PYNMAX TECHNOLOGY CO., LTD.	JOYSTAR INTERNATIONAL CO., LTD.	Investment holding	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%
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%
PANJIT ELECTRONIC (WUXI) CO., LTD	PANJIT ELECTRONIC (BEIJING) CO., LTD	New types of electronic components, Semiconductor controlled rectifier sales	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%
PANJIT ELECTRONIC (WUXI) CO., LTD	PANJIT ELECTRONIC (QUFU) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	100.00%	100.00%
PANJIT ELECTRONIC (WUXI) CO., LTD	PANJIT SEMICONDUCTOR (XUZHOU) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	100.00%	100.00%
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Investment holding and sales	100.00%	100.00%
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE ENEREGY EUROPE COÖPERATIE U.A.	Investment holding	— (Note 7)	100.00% (Note 4)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR USA, INC	Solar photovoltaic product development, manufacturing, sales, self-agency of goods and technology import and export business	— (Note 6)	100.00% (Note 4)

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			31 Dec. 2022	31 Dec. 2021
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%
AIDE Energy Europe Coöperatie U.A.	AIDE ENERGY EUROPE B.V.	Investment holding and sales	100.00%	100.00%
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Solar power generation and sales of electricity	100.00%	100.00%
Champion Microelectronic Corp.	Wisdom Bright Inc.	Investment holding	100.00% (Note 8)	—
Champion Microelectronic Corp.	Champion Microelectronic Corp.	International trade business, investment holding and electronic commerce	100.00% (Note 8)	—
Champion Microelectronic Corp.	Wisdom Mega Corp.	Investment holding	100.00% (Note 8)	—
Wisdom Bright Inc.	Wisdom Toprich Technology Limited	Investment holding	100.00% (Note 8)	—
Wisdom Toprich Technology Limited	Great Power Microelectronics Corp.	Electronic products development, product import, export, and wholesale business	100.00% (Note 8)	—

(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 94.60% to 94.64%.

(Note 6) AIDE SOLAR USA, INC. has completed liquidation and deregistration in February 2022.

(Note 7) 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 8) 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 9) SUMENERGY CO., LTD has completed liquidation and deregistration in November 2022.
- (Note 10) 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.

(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 asset 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 asset 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. Impairment 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 instrument

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 using the 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:

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
Leasehold improvements	1～20 years
Other equipment	1～25 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

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) Leases

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 straight-line 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 lives 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 lives	Finite (1 ~ 10 years)	Finite (3 years)	Finite (1 ~ 10 years)	Finite (14 years)
Amortization 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:

Sale 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 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.

(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.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

(2) 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

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more 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 returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more 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

	As at	
	31 Dec. 2022	31 Dec. 2021
Cash on hand	\$1,020	\$1,195
Checking, demand deposits and time deposits	3,032,548	3,412,512
Total	<u>\$3,033,568</u>	<u>\$3,413,707</u>

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

	As at	
	31 Dec. 2022	31 Dec. 2021
Mandatorily measured at fair value through profit or loss:		
Funds	\$2,550,358	\$2,810,350
Stocks	957	49,840
Notes and bills	460,650	387,520
Convertible bonds	19,500	—
Derivatives not designated as hedging instruments		
Forward exchange agreement and cross currency swap contracts	—	105
Total	<u>\$3,031,465</u>	<u>\$3,247,815</u>
Current	\$2,993,980	\$3,247,815
Non-current	37,485	—
Total	<u>\$3,031,465</u>	<u>\$3,247,815</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

	As at	
	31 Dec. 2022	31 Dec. 2021
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Listed companies stocks	\$157,684	\$1,172,635
Unlisted companies stocks	364,205	271,858
Total	<u>\$521,889</u>	<u>\$1,444,493</u>

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

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended 31 December 2022 and 2021 are as follow:

	For the years ended 31 December	
	2022	2021
Dividends recognized during the period	<u>\$14,727</u>	<u>\$22,212</u>

In consideration of the Group's investment strategy, the Group disposed, and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended 31 December 2022 and 2021 are as follow:

	For the years ended 31 December	
	2022	2021
The fair value of the investments at the date of derecognition	\$734,294	\$68,774
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	\$420,435	\$51,991

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

	As at	
	31 Dec. 2022	31 Dec. 2021
Financial products	\$26,622	\$25,604

Financial assets measured at amortized cost were not pledged.

(5) Notes receivables

	As at	
	31 Dec. 2022	31 Dec. 2021
Notes receivables arising from operating activities	\$352,859	\$579,449
Less: loss allowance	—	—
Total	\$352,859	\$579,449

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

	As at	
	31 Dec. 2022	31 Dec. 2021
Trade receivables	\$4,866,504	\$5,362,136
Less: loss allowance	(1,506,344)	(1,413,581)
Subtotal	3,360,160	3,948,555
Trade receivables-related parties	56,700	140,689
Total	\$3,416,860	\$4,089,244

Trade receivables were not pledged.

Trade receivables are generally on 30 to 120 day terms. The total carrying amount as of 31 December 2022 and 31 December 2021 were \$4,923,204 thousand and \$5,502,825 thousand respectively. Please refer to Note 6.(20) for more details on loss allowance of trade receivables for the years ended 31 December 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As at	
	31 Dec. 2022	31 Dec. 2021
Raw materials	\$1,605,552	\$976,772
Work in progress	459,375	181,081
Finished goods	1,689,338	1,263,191
Total	<u>\$3,754,265</u>	<u>\$2,421,044</u>

The cost of inventories recognized in expenses amounted to \$9,232,010 thousand and \$9,466,106 thousand for the years ended 31 December 2022 and 2021, respectively, including the valuation loss of inventories of \$332,083 thousand and gain on inventories valuation of \$117,608 thousand for the years ended 31 December 2022 and 2021, respectively.

No inventories were pledged.

(8) Investments accounted for using the equity method

Investees	As at			
	31 Dec. 2022		31 Dec. 2021	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
ZIBO MICRO COMMERCIAL COMPONENT CORP.	\$147,300	18.86%	\$177,858	26.54%
MILDEX OPTICAL INC.	315,359	29.28%	252,188	29.28%
ALLTOP THCHNOLOGY CO., LTD.	1,575,688	19.18%	1,574,237	19.08%
	<u>\$2,038,347</u>		<u>\$2,004,283</u>	

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 a 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 \$1,295,569 thousand as of 31 December 2022.

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

	2022.12.31
Assets	\$3,874,123
Liabilities	(1,357,769)
Equity	2,516,354
Proportion of the Group's ownership	19.18%
subtotal	482,637
Goodwill	988,226
Patents	78,071
Others (Note)	26,754
Carrying amount of the investment	\$1,575,688

(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 years ended 31 December	
	2022	2021
Operating revenue	\$442,674	\$449,578
Profit from continuing operations	\$81,531	\$92,457
Other comprehensive income (post-tax)	\$5,985	(\$3,467)
Total comprehensive income	\$87,516	\$88,990

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 \$147,300 thousand and \$177,858 thousand as at ended 31 December 2022 and 2021, respectively. The aggregate financial information of the Group's investments in associates is as follows:

	For the years ended	
	31 Dec. 2022	31 Dec. 2021
Profit (Loss) from continuing operations	\$899	(\$4,851)
Other comprehensive income (post-tax)	\$—	\$—
Total comprehensive income	\$899	(\$4,851)

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 \$315,359 thousand and \$252,188 thousand as at 31 December 2022 and 2021, respectively. The aggregate financial information of the Group's investments in associates is as follows:

	For the years ended	
	31 Dec. 2022	31 Dec. 2021
Profit (Loss) from continuing operations	\$18,892	(\$37,891)
Other comprehensive income (post-tax)	\$47,164	(\$3,885)
Total comprehensive income	\$66,056	(\$41,776)

The associates had no contingent liabilities or capital commitments as at 31 December 2022 and 2021.

(9) Property, plant and equipment

	As at	
	31 Dec. 2022	31 Dec. 2021
Owner occupied property, plant and equipment	\$7,329,947	\$5,306,044
Property, plant and equipment leased out under operating leases	81,346	—
Total	<u>\$7,411,293</u>	<u>\$5,306,044</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
Cost:										
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	—	79,505	750,780	4,353	2,865	20,227	626	93,271	502,388	1,454,015
Disposals	—	—	(220,862)	(1,378)	(199)	(3,352)	(25,451)	(22,524)	—	(273,766)
Transfers	—	62,900	899,767	—	9,765	7,549	—	52,873	38,205	1,071,059
Effect of changes in consolidated	4,784	90,671	95,679	—	—	4,657	(85)	24,226	—	219,932
Exchange differences	241	9,749	28,245	225	—	1,473	3,400	6,907	341	50,581
As at 31 Dec. 2022	<u>\$581,768</u>	<u>\$1,678,591</u>	<u>\$10,114,852</u>	<u>\$17,920</u>	<u>\$185,702</u>	<u>\$157,386</u>	<u>\$67,078</u>	<u>\$1,613,863</u>	<u>\$1,964,143</u>	<u>\$16,381,303</u>
Depreciation and impairment:										
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	—	(42,021)	(442,241)	(1,839)	(3,297)	(14,286)	(4,116)	(102,955)	—	(610,755)
Disposals	—	—	211,788	240	199	3,244	25,451	22,002	—	262,924
Impairment losses (reversal)	—	—	5,271	—	—	—	—	—	—	5,271
Transfers	—	—	(1,593)	—	—	125	—	—	—	(1,468)
Effect of changes in consolidated	—	(36,560)	(61,450)	—	—	(2,994)	(166)	(20,200)	—	(121,370)
Exchange differences	—	(6,295)	(17,118)	(134)	—	(1,364)	(2,181)	(5,428)	—	(32,520)
As at 31 Dec. 2022	<u>\$—</u>	<u>(\$741,757)</u>	<u>(\$6,787,961)</u>	<u>(\$12,624)</u>	<u>(\$165,538)</u>	<u>(\$111,713)</u>	<u>(\$41,516)</u>	<u>(\$1,190,247)</u>	<u>\$—</u>	<u>(\$9,051,356)</u>
Net carrying amount as at:										
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>

	Land	Buildings	Machinery and equipment	Transportation equipment	Utilities equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:										
As at 1 Jan. 2021	\$374,462	\$1,103,860	\$7,901,300	\$18,558	\$172,545	\$128,097	\$98,388	\$1,348,975	\$824,539	\$11,970,724
Additions	127	32,717	202,518	2,150	1,020	10,496	7,224	108,068	887,656	1,251,976
Disposals	—	(99)	(222,124)	(5,768)	(294)	(21,289)	(10,179)	(60,881)	(1,650)	(322,284)
Transfers	202,816	305,743	692,990	—	—	11,005	—	67,049	(287,152)	992,451
Exchange differences	(662)	(6,455)	(13,441)	(220)	—	(1,477)	(6,845)	(4,101)	(184)	(33,385)
As at 31 Dec. 2021	<u>\$576,743</u>	<u>\$1,435,766</u>	<u>\$8,561,243</u>	<u>\$14,720</u>	<u>\$173,271</u>	<u>\$126,832</u>	<u>\$88,588</u>	<u>\$1,459,110</u>	<u>\$1,423,209</u>	<u>\$13,859,482</u>
Depreciation and impairment:										
As at 1 Jan. 2021	\$—	(\$623,283)	(\$6,276,995)	(\$14,286)	(\$159,941)	(\$105,886)	(\$46,294)	(\$1,052,300)	\$—	(\$8,278,985)
Depreciation	—	(37,469)	(372,104)	(1,585)	(2,793)	(12,382)	(6,079)	(95,386)	—	(527,798)
Disposals	—	96	161,140	4,828	294	20,445	1,704	60,073	—	248,580
Impairment losses (gains)	—	—	348	—	—	—	(13,342)	—	—	(12,994)
Transfers	—	386	(3,897)	—	—	(1)	—	818	—	(2,694)
Exchange differences	—	3,389	8,890	152	—	1,386	3,507	3,129	—	20,453
As at 31 Dec. 2021	<u>\$—</u>	<u>(\$656,881)</u>	<u>(\$6,482,618)</u>	<u>(\$10,891)</u>	<u>(\$162,440)</u>	<u>(\$96,438)</u>	<u>(\$60,504)</u>	<u>(\$1,083,666)</u>	<u>\$—</u>	<u>(\$8,553,438)</u>
Net carrying amount as at:										
31 Dec. 2021	<u>\$576,743</u>	<u>\$778,885</u>	<u>\$2,078,625</u>	<u>\$3,829</u>	<u>\$10,831</u>	<u>\$30,394</u>	<u>\$28,084</u>	<u>\$375,444</u>	<u>\$1,423,209</u>	<u>\$5,306,044</u>

(II) Property, plant and equipment leased out under operating leases

	Land	Buildings	Total
Cost:			
As at 1 Jan. 2022	\$—	\$—	\$—
Effect of changes in consolidated	50,515	43,588	94,103
Exchange differences	—	271	271
As at 31 Dec. 2022	<u>\$50,515</u>	<u>\$43,859</u>	<u>\$94,374</u>
Depreciation and impairment:			
As at 1 Jan. 2022	\$—	\$—	\$—
Depreciation	—	(937)	(937)
Effect of changes in consolidated	—	(12,025)	(12,025)
Exchange differences	—	(66)	(66)
As at 31 Dec. 2022	<u>\$—</u>	<u>(\$13,028)</u>	<u>(\$13,028)</u>
Net carrying amount as at:			
31 Dec. 2022	<u>\$50,515</u>	<u>\$30,831</u>	<u>\$81,346</u>

Capitalized borrowing costs of construction in progress for the years ended 31 December 2022 and 2021 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
Cost:						
As at 1 Jan. 2022	\$156,146	\$—	\$156,725	\$576,744	\$—	\$889,615
Addition-acquired separately	25,619	444	5,988	1,385,480	61,927	1,479,458
Disposals	(23,803)	—	(1,645)	(73,774)	—	(99,222)
Transfers	—	—	514	—	—	514
Effect of changes in consolidated	15,510	—	—	—	300	15,810
Exchange differences	832	1	5,520	57,891	—	64,244
As at 31 Dec. 2022	\$174,304	\$445	\$167,102	\$1,946,341	\$62,227	\$2,350,419
As at 1 Jan. 2021	\$157,558	\$—	\$166,637	\$591,869	\$—	\$916,064
Addition-acquired separately	13,796	—	3,462	—	—	17,258
Disposals	(20,226)	—	—	—	—	(20,226)
Transfers	5,332	—	138	—	—	5,470
Exchange differences	(314)	—	(13,512)	(15,125)	—	(28,951)
As at 31 Dec. 2021	\$156,146	\$—	\$156,725	\$576,744	\$—	\$889,615
Amortization and Impairment:						
As at 1 Jan. 2022	(\$107,113)	\$—	(\$82,573)	(\$481,551)	\$—	(\$671,237)
Amortization	(31,065)	(107)	(11,673)	—	(5,472)	(48,317)
Disposals	23,803	—	1,645	73,774	—	99,222
Effect of changes in consolidated	(14,050)	—	—	—	(300)	(14,350)
Exchange differences	(823)	—	(2,903)	(50,653)	—	(54,379)
As at 31 Dec. 2022	(\$129,248)	(\$107)	(\$95,504)	(\$458,430)	(\$5,772)	(\$689,061)
As at 1 Jan. 2021	(\$90,069)	\$—	(\$77,418)	(\$494,640)	\$—	(\$662,127)
Amortization	(31,802)	—	(11,283)	—	—	(43,085)
Disposals	20,226	—	—	—	—	20,226
Impairment losses	(5,716)	—	—	—	—	(5,716)
Exchange differences	248	—	6,128	13,089	—	19,465
As at 31 Dec. 2021	(\$107,113)	\$—	(\$82,573)	(\$481,551)	\$—	(\$671,237)
Net carrying amount as at:						
31 Dec. 2022	\$45,056	\$338	\$71,598	\$1,487,911	\$56,455	\$1,661,358
31 Dec. 2021	\$49,033	\$—	\$74,152	\$95,193	\$—	\$218,378

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

	For the years ended 31. December	
	2022	2021
Operating costs	\$14,551	\$14,061
Operating expenses	\$33,766	\$29,024

(11) Impairment testing of 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:

	As at	
	31 Dec. 2022	31 Dec. 2021
Diodes	\$102,431	\$95,193
Power IC and components	1,385,480	—
Goodwill	\$1,487,911	\$95,193

Diodes

The impairment testing of goodwill was conducted for the cash-generating unit of diodes on 31 December 2022. This recoverable amount is \$829,491 thousand, which has been determined based on a value in use calculation using cash flow projections from five-year financial budgets approved by management. The projected cash flows have been updated to reflect the change in demand for products. The pre-tax discount rate applied to cash flow projections in 2022 was between 12.34% and 13.38%, and the growth rate was the same as the long-term average growth rate for the industry. Based on the result of this analysis, management did not identify an impairment of goodwill which was allocated to this cash-generating unit.

Power IC and components

The impairment testing of goodwill was conducted for the cash-generating unit of Power IC and components on 31 December 2022. This recoverable amount is \$4,312,753 thousand, which has been determined based on a value in use calculation using cash flow projections from five-year financial budgets approved by management. The projected cash flows have been updated to reflect the change in demand for products. The pre-tax discount rate applied to cash flow projections in 2022 was 14.32%, and the growth rate was the same as the long-term average growth rate for the industry. Based on the result of this analysis, management did not identify an impairment of goodwill which was allocated to this cash-generating unit.

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 estimates – 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

	As at	
	31 Dec. 2022	31 Dec. 2021
Unsecured bank loans	\$2,769,949	\$3,219,218
Interest rates	1.10%~5.67%	0.40%~3.85%
Due date	2023.01.14~2023.09.22	2022.01.12~2022.11.25

The Group's unused short-term lines of credits amount to \$10,916,631 thousand and \$7,162,605 thousand, as at 31 December 2022 and 2021, respectively.

(13) Notes payable- Current

	As at	
	31 Dec. 2022	31 Dec. 2021
Notes payables rising from operating activities	\$605,905	\$754,823

(14) Long-term deferred revenue

	For the years ended 31 December	
	2022	2021
Beginning balance	\$102,150	\$100,701
Addition	11,718	26,719
Recognized to the statement of comprehensive income	(16,299)	(24,264)
Reclassification	88	(345)
Exchange differences	1,150	(661)
Ending Balance	\$98,807	\$102,150

	As at	
	31 Dec. 2022	31 Dec. 2021
Non-current deferred revenue - related to assets	\$98,807	\$102,150

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.

(15) Long-term borrowings

Details of long-term loans are as follows:

Lenders	As at	
	31 Dec. 2022	31 Dec. 2021
Syndicated loans (A) (Note)	\$3,700,000	\$1,000,000
Syndicated loans (B)	32,720	521,165
Project finance (C)	585,541	598,000
Project finance (D)	900,000	300,000
Project finance (E)	1,050,000	1,050,000
Project finance (F)	78,333	98,333
Unsecured bank loans	200,000	1,050,000
Subtotal	6,546,594	4,617,498
(Less): Due within one year	(478,875)	(32,458)
(Less): Discount on long-term notes	—	(1,065)
(Less): Unamortized cost of syndicated loan	(7,552)	(6,510)
(Less): Deferred government grants	(26,426)	(25,671)
Total	\$6,033,741	\$4,551,794
Interest rates	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.
- ii. Category 2: Commercial paper of \$2,940,000 thousand.

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.

- i. Current ratio (current asset / current liability): higher than 100%.
- ii. Debt ratio (liability / equity): lower than 200%.
- iii. Interest coverage ratio $\left[\frac{\text{net profit before tax} + \text{interest expense} + \text{depreciation} + \text{amortization}}{\text{interest expense}} \right]$: higher than 2.5 times.
- 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. Terms of the syndicated loan agreement:

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.

b. 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 asset / current liability): higher than 100%.
- ii. Debt ratio (liability / equity): lower than 200%.
- iii. Interest coverage ratio $\left[\frac{\text{net profit before tax} + \text{interest expense} + \text{depreciation} + \text{amortization}}{\text{interest expense}} \right]$: higher than 2.5 times.
- iv. Net worth: higher than \$5,300,000 thousand.

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 two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	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 two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	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 two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	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 two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	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 two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	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 two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	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:

Credit line	Credit Period	Interest rate	Repayment method
\$700,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Sole interests will be paid per month in the first two years. The principal shall be paid back in monthly equal installments, from the third year, and interest calculated based on the amount of principal monthly.
\$300,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.15%.	Sole interests will be paid per month in the first two years. The principal shall be paid back in monthly equal installments, from the third year, and interest calculated based on the amount of principal monthly.

(16) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute a certain percentage of employees' salaries or wages as national pension insurance to the employees' individual pension accounts in accordance with local regulations.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were \$50,801 thousand and \$48,043 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute \$2,905 thousand to its defined benefit plan during the 12 months beginning after 31 December 2022.

The average duration of the defined benefits plan obligation as at 31 December 2022 and 2021, are 8 to 16 and 12 to 18 years, respectively.

The pension costs recognized in profit or loss for the years ended 31 December 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
Current period service costs	\$1,793	\$1,863
Interest expense	753	462
Total	<u>\$2,546</u>	<u>\$2,325</u>

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at		
	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Defined benefit obligation	\$161,469	\$193,097	\$194,474
Plan assets at fair value	(94,524)	(87,536)	(81,132)
Other non-current liabilities – Defined benefit liabilities recognized on the consolidated balance sheets	\$66,945	\$105,561	\$113,342

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset)
As at 1 Jan. 2021	\$194,474	(\$81,132)	\$113,342
Current period service costs	1,863	—	1,863
Net interest expense (income)	789	(327)	462
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	197,126	(81,459)	115,667
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	365	—	365
Actuarial gains and losses arising from changes in financial assumptions	(2,116)	—	(2,116)
Experience adjustments	684	—	684
Remeasurements of the defined benefit asset	—	(1,162)	(1,162)
Subtotal	196,059	(82,621)	113,438
Payments from the plan	(2,962)	2,962	—
Contributions by employer	—	(7,877)	(7,877)
Effect of changes in foreign exchange rates	—	—	—
As at 31 Dec. 2021	\$193,097	(\$87,536)	\$105,561
Current period service costs	1,793	—	1,793
Net interest expense (income)	1,379	(626)	753
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	196,269	(88,162)	108,107
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	682	—	682
Actuarial gains and losses arising from changes in financial assumptions	(10,819)	—	(10,819)
Experience adjustments	(9,542)	—	(9,542)
Remeasurements of the defined benefit asset	—	(6,506)	(6,506)
Subtotal	176,590	(94,668)	81,922
Payments from the plan	(15,121)	15,121	—
Contributions by employer	—	(14,977)	(14,977)
Effect of changes in foreign exchange rates	—	—	—
As at 31 Dec. 2022	\$161,469	(\$94,524)	\$66,945

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at	
	31 Dec. 2022	31 Dec. 2021
Discount rate	1.26% ~ 1.49%	0.71% ~ 0.73%
Expected rate of salary increases	1.50% ~ 3.00%	1.50% ~ 3.00%

A sensitivity analysis for significant assumption as at 31 December 2022 and 2021, is as shown below:

	Effect on the defined benefit obligation			
	2022		2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	\$—	\$5,961	\$—	\$11,273
Discount rate decrease by 0.5%	\$8,857	\$—	\$13,338	\$—
Future salary increase by 0.5%	\$8,752	\$—	\$13,111	\$—
Future salary decrease by 0.5%	\$—	\$5,949	\$—	\$11,207

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(17)Equities

A. Common stock

As at 31 December 2022 and 2021, 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 December 31, 2022, there were no outstanding shares.

B. Capital surplus

	As at	
	31 Dec. 2022	31 Dec. 2021
Additional paid-in capital	\$4,611,840	\$4,611,840
Premium on convertible bonds	1,083,418	1,083,418
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	95,779	165,193
Increase through changes in ownership interests in subsidiaries	8	4
Share of changes in net assets of associates accounted and joint ventures for using the equity method	113,444	113,328
Employee stock option	24,527	24,527
Restricted stocks for employees	694	694
Others	87,151	87,151
Total	<u>\$6,016,861</u>	<u>\$6,086,155</u>

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.

The transaction costs associated with the issuance of Global Depository Shares amounted to \$94,847 thousand which were recognized in the deduction of capital reserve.

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 31 December 2022 and 2021, 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. Retained earnings and dividend policies

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

- Payment of all taxes and dues
- Offset prior years' operation losses
- Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve
- Set aside or reverse special reserve in accordance with law and regulations
- 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 2022 and 2021. Because of unused, disposal or reclassification of related assets, there was no reversal from special reserve to unappropriated earnings during the years ended of 2022 and 2021. As of 31 December 2022 and 2021, 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 June 2022, are as follows:

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

(Note)

(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 further details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended 31 December	
	2022	2021
Beginning balance	\$215,134	\$147,311
Profit (loss) attributable to non-controlling interests	273	51,055
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	87,649	(7,801)
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	(12,040)	11,667
Remeasurements of defined benefits plans	431	(296)
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	121,425	—
Share of changes of associates and joint ventures accounted for using the equity method	(354)	(452)
Adjustments arising from changes in ownerships in subsidiaries	(165,271)	(4)
Acquisition of additional interest in a subsidiary	(753)	20,496
Cash dividends from subsidiaries	(293,517)	(6,842)
Changes of non-controlling interests	1,340,681	—
Ending balance	\$1,293,658	\$215,134

(18) Share-based payment plans

Share-based payment plan for employees of the subsidiary

The subsidiary transferred 163 thousand treasury shares according to the Company's rules of treasury share transfer for the years ended 31 December 2022, which were estimated at \$2.72 per unit cost of compensation by using the Black-Scholes option valuation model. The cost of compensation recognized for the one-year period ended 31 December 2022 amounted to \$444 thousand.

On 13 April 2022, the subsidiary was authorized by the board of directors to issue employee share options with a total number of 163 thousand units. Each unit entitles an optionee to subscribe for one share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the transference of treasury shares by the subsidiary. The shares transferred by the subsidiary are not transferrable within the vesting period of two years since the delivery date.

The fair value of the share options is estimated at the grant date using Black-Scholes option valuation model, taking into account the terms and conditions upon which the share options were granted.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (NT\$)
2022.04.13	163	\$56.72

The following table lists the inputs to the model used for the plan granted during the years period ended 31 December 2022:

	For the years ended 31 December
Expected volatility (%)	33.67%
Risk-free interest rate (%)	0.4453%
Expected option life (Years)	0.238
Weighted average share price (\$)	\$54.63
Option pricing model	Black-Scholes option valuation model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	For the years ended 31 December	
	Number of share options	Weighted average exercise
	outstanding (in thousands)	price of share options (NT\$)
Outstanding at beginning of period	—	\$—
Granted	163	\$56.72
Exercised	—	\$—
Expired	(163)	
Outstanding at end of period	—	
Exercisable at end of period	—	
For share options granted during the period, weighted average fair value of those options at the measurement date (NT\$)	\$9,245,360	

The information on the outstanding share options as of 31 m December 2022, is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As at 31 December 2022 share options outstanding at the end of the period	\$56.72	—

(19) Operating revenue

Revenue from contracts with customers	For the years ended 31 December	
	2022	2021
Sale of goods	\$13,224,258	\$13,845,094
Other operating revenue	3,589	16,650
Total	\$13,227,847	\$13,861,744

Analysis of revenue from contracts with customers during the years ended 31 December 2022 and 2021 are as follows:

A. Disaggregation of revenue

For the the year ended 31 December 2022:

	Diodes	Power IC and components	Solar	Other	Total
Sale of goods	\$12,811,874	\$227,627	\$188,287	\$59	\$13,227,847

For the the year ended 31 December 2021:

	Diodes	Power IC and components	Solar	Other	Total
Sale of goods	\$13,597,786	\$—	\$220,900	\$43,058	\$13,861,744

B. Contract balances

Contract liabilities - current

	As at	
	31 Dec. 2022	31 Dec. 2021
Sales of goods	\$10,041	\$16,850

The changes in the balance of contract liabilities of the Group in 2022 and 2021 were due to the fact that some of the performance obligations have been satisfied to be reclassified to increase in revenue or increase in advance receipts.

(20) Expected credit gains (losses):

	For the years ended 31 December	
	2022	2021
Operation expense—Expected credit gains (losses)		
Trade receivables	\$9,311	\$2,224

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 and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2022 and 2021 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 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 Dec. 2021

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	\$3,842,063	\$866,922	\$864	\$—	\$1,372,425	\$6,082,274
Loss rate	—	4.73%	20.00%	—	100.00%	
Lifetime expected credit losses	—	(40,983)	(173)	—	(1,372,425)	(1,413,581)
Total	<u>\$3,842,063</u>	<u>\$825,939</u>	<u>\$691</u>	<u>\$—</u>	<u>\$—</u>	<u>\$4,668,693</u>

(Note) The Group's note receivables are not overdue.

The movement in the provision of impairment of trade receivables during the years ended 31 Dec. 2022 and 2021 are as follows:

	Trade receivables
As at 1 Jan. 2022	\$1,413,581
Additional/(reversal) for the current period	(9,311)
Write off	(4,540)
Effect of changes in consolidated	(34,664)
Effect of changes in exchange rate	141,278
As at 31 Dec. 2022	<u>\$1,506,344</u>
	Trade receivables
As at 1 Jan. 2021	\$1,466,175
Additional/(reversal) for the current period	(2,224)
Write off	(1,568)
Others (Note)	(10,225)
Effect of changes in exchange rate	(38,577)
As at 31 Dec. 2021	<u>\$1,413,581</u>

(Note) Reversal of credit losses recovered in previous years.

(21) Leases

A. 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

The carrying amount of right-of-use assets

	As at	
	31 Dec. 2022	31 Dec. 2021
Land	\$81,273	\$71,716
Buildings	225,467	263,693
Transportation equipment	3,230	1,427
Other equipment	986,206	1,010,419
Total	<u>\$1,296,176</u>	<u>\$1,347,255</u>

b. Lease liabilities

	As at	
	31 Dec. 2022	31 Dec. 2021
Current	\$52,735	\$52,314
Non-current	321,641	351,589
Total	<u>\$374,376</u>	<u>\$403,903</u>

Please refer to Note 6.(23)(D) for the interest on lease liabilities recognized during the years ended 31 December 2022 and 2021 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2022 and 2021.

(B) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2022	2021
Land	\$3,003	\$2,659
Buildings	41,204	26,830
Transportation equipment	1,013	703
Other equipment	66,475	70,604
Total	<u>\$111,695</u>	<u>\$100,796</u>

(C) Income and costs relating to leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	\$11,105	\$11,901
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	\$564	\$353
The expenses relating to variable lease payments not included in the measurement of lease liabilities	\$108	\$90
Income from subleasing right-of-use assets	\$1,548	\$1,481

(D) Cash outflow relating to leasing activities

During the years ended 31 December 2022 and 2021, the Group's total cash outflows for leases amounting to \$67,375 thousand and \$47,742 thousand, respectively.

(E) Other information relating 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) Summary statement of employee benefits, depreciation and amortization expenses by function:

Nature \ Function	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$1,029,235	\$1,206,231	\$2,235,466	\$1,020,403	\$1,220,389	\$2,240,792
Labor and health insurance	\$141,289	\$80,859	\$222,148	\$124,338	\$65,034	\$189,372
Pension	\$30,641	\$22,706	\$53,347	\$31,818	\$18,550	\$50,368
Compensation of the directors	\$—	\$35,490	\$35,490	\$—	\$48,956	\$48,956
Other employee benefits expense	\$76,412	\$44,644	\$121,056	\$73,802	\$50,150	\$123,952
Depreciation	\$573,715	\$149,672	\$723,387	\$523,920	\$104,674	\$628,594
Amortization	\$14,551	\$33,766	\$48,317	\$14,061	\$29,024	\$43,085

According to the Company's Articles of Incorporation, at least 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 year ended 31 Dec. 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2022 to be 6.5% of profit of current year and 1.66% of profit of current year, respectively, recognized the amount of \$137,375 thousand and \$35,000 thousand. Employees' compensation and remuneration to directors for the years ended 31 Dec. 2021 amount of \$145,548 thousand and \$48,516 thousand, respectively, recognized as employee benefits expense. If the Board of Directors resolves to distribute employee compensation through stock, the number of stocks distributed is calculated based on total employee compensation divided by the closing price of the day before the Board of Directors meeting. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in the profit of loss in the subsequent period.

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 ended 2022, and of \$145,548 thousand and \$48,516 thousand for the year ended 2021 as employees' compensation and remuneration to directors and supervisors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the years ended 2022 and 2021.

(23) Non-operating income and expenses

A. Interest income

	For the years ended 31 December	
	2022	2021
Finance assets measured at amortized cost	\$133,842	\$90,731

B. Other income

	For the years ended 31 December	
	2022	2021
Rental income	\$3,692	\$1,498
Dividend income	15,555	22,308
Others	89,535	161,827
Total	\$108,782	\$185,633

C. Other gains and losses

	For the years ended 31 December	
	2022	2021
Gains(Losses) on disposal of property, plant and equipment	\$73	(\$21,028)
Gains (Losses) on disposal of investments	72,787	(133)
Gains on lease modification	49	—
Foreign exchange gains, net	160,010	27,816
Impairment gains(losses)	5,271	(18,710)
Gains on financial assets / financial liabilities at fair value through profit or loss (Note)	70,231	37,702
Others	(67,082)	(29,589)
Total	\$241,339	(\$3,942)

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

D. Finance costs

	For the years ended 31 December	
	2022	2021
Interest on borrowings from bank	(\$121,572)	(\$86,636)
Interest on lease liabilities	(16,518)	(10,047)
Total	(\$138,090)	(\$96,683)

(24) Components of other comprehensive income

For the year ended 31 December 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$26,842	\$—	\$26,842	(\$5,237)	\$21,605
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	(293,286)	—	(293,286)	(1,711)	(294,997)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	583,547	—	583,547	(93,185)	490,362
Total of other comprehensive income	\$317,103	\$—	\$317,103	(\$100,133)	\$216,970

For the year ended 31 December 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$2,070	\$—	\$2,070	(\$446)	\$1,624
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	346,756	—	346,756	(1,671)	345,085
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(195,703)	—	(195,703)	35,627	(160,076)
Total of other comprehensive income	\$153,123	\$—	\$153,123	\$33,510	\$186,633

(25) Income tax

A. Income tax expense (income) recognized in profit or loss

	<u>For the years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
Current income tax expense:		
Current income tax charge	\$366,380	\$442,214
Adjustments in respect of current income tax of prior periods	(15,476)	19,174
Deferred tax (income) expense:		
Deferred tax (income) expense relating to origination and reversal of temporary differences	(17,177)	67,090
Deferred tax expense relating to origination and reversal of tax loss and tax credit	—	6,838
Others	(289)	1,530
Total income tax expense	<u>\$333,438</u>	<u>\$536,846</u>

B. Income tax relating to components of other comprehensive income

	<u>For the years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$5,237	\$446
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	1,711	1,671
Exchange differences resulting from translating the financial statements of a foreign operation	93,185	(35,627)
Income tax expense(income) relating to components of other comprehensive income	<u>\$100,133</u>	<u>(\$33,510)</u>

C. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	<u>For the years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
Accounting profit before tax from continuing operations	<u>\$2,091,342</u>	<u>\$2,514,876</u>
Tax at the domestic rates applicable to profits in the country concerned	\$492,932	\$647,359
Tax effect of revenues exempt from taxation	(79,999)	(63,726)
Tax effect of expenses not deductible for tax purposes	17,803	192
Tax effect of deferred tax assets/liabilities	(130,543)	(86,618)
Income tax on undistributed surplus	269	—
Adjustments in respect of current income tax of prior periods	(15,476)	19,174
Others	48,452	20,465
Total income tax expense recognized in profit or loss	<u>\$333,438</u>	<u>\$536,846</u>

D. Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2022:

		Deferred tax				
		Deferred tax	income			
		income	(expense)			
		(expense)	recognized in			
	Beginning	recognized	other	Effect of		Ending
	balance as at	in profit or	comprehensive	changes in	Exchange	balance as at
	1 Jan. 2022	loss	income	consolidated	differences	31 Dec. 2022
Temporary differences						
Allowance for bad debts	\$1,436	(\$144)	\$—	\$—	\$21	\$1,313
Allowance for losses on inventory	47,416	60,302	—	—	39	107,757
Unrealized exchange gains (losses)	(6,610)	1,694	—	—	—	(4,916)
Share of profit (loss) of subsidiaries accounted for using the equity method	73,265	(14,494)	—	—	—	58,771
Changes in ownership interests of subsidiaries for using equity method	(71,015)	—	—	—	—	(71,015)
Exchange differences resulting from translating the financial statements of a foreign operation	154,135	3,631	(93,185)	—	(1)	64,580
Depreciation difference for tax purpose	(472)	(2,956)	—	—	2	(3,426)
Pension cost	21,112	(2,733)	(5,237)	—	—	13,142
Impairment losses	10,246	(3,927)	—	51,553	48	57,920
Financial assets measured at fair value through other comprehensive income	4,920	(1,637)	(1,711)	—	1	1,573
Others	55,052	(22,559)	—	(1,113)	1,669	33,049
Deferred tax (expense)/ income		(\$17,177)	(\$100,133)	\$50,440	\$1,779	
Net deferred tax assets/(liabilities)	<u>\$289,485</u>					<u>\$258,748</u>
Reflected in balance sheet as follows:						
Deferred tax assets	<u>\$367,714</u>					<u>\$350,643</u>
Deferred tax liabilities	<u>(\$78,229)</u>					<u>(\$91,895)</u>

For the year ended 31 December 2021:

	Beginning balance as at 1 Jan. 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange differences	Ending balance as at 31 Dec. 2021
Temporary differences					
Allowance for bad debts	\$1,861	(\$412)	\$—	(\$13)	\$1,436
Allowance for losses on inventory	62,737	(15,280)	—	(41)	47,416
Unrealized exchange gains (losses)	474	(7,084)	—	—	(6,610)
Share of profit (loss) of subsidiaries accounted for using the equity method	101,736	(28,471)	—	—	73,265
Changes in ownership interests of subsidiaries for using equity method	(71,014)	—	—	(1)	(71,015)
Exchange differences resulting from translating the financial statements of a foreign operation	118,506	—	35,627	2	154,135
Depreciation difference for tax purpose	(773)	302	—	(1)	(472)
Pension cost	22,669	(1,110)	(446)	(1)	21,112
Impairment losses	10,340	(70)	—	(24)	10,246
Financial assets measured at fair value through other comprehensive income	6,591	—	(1,671)	—	4,920
Other	79,160	(21,803)	—	(2,305)	55,052
Deferred tax income/ (expense)		<u>(\$73,928)</u>	<u>\$33,510</u>	<u>(\$2,384)</u>	
Net deferred tax assets/(liabilities)	<u>\$332,287</u>				<u>\$289,485</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$404,907</u>				<u>\$367,714</u>
Deferred tax liabilities	<u>(\$72,620)</u>				<u>(\$78,229)</u>

E. The following table contains information of the unused tax losses of the Group:

(i). Aide Energy (Cayman) Holding Co., Ltd. Taiwan Branch

Year	Tax losses for the period	Unused tax losses as at		
		31 Dec. 2022	31 Dec. 2021	Expiration year
2011	30,876	\$—	\$30,876	2021
2012	42,967	42,967	42,967	2022
2013	15,965	15,965	15,965	2023
2014	30,253	30,253	30,253	2024
2015	25,606	25,606	25,606	2025
2016	680	680	680	2026
2017	4,705	4,705	4,705	2027
		<u>\$120,176</u>	<u>\$151,052</u>	

(ii). Jiangsu Aide Solar Energy Technology Co., Ltd.

Year	Tax losses for the period(in RMB\$)	Unused tax losses as at		
		31 Dec. 2022	31 Dec. 2021	Expiration year
2016	68,490	\$—	\$297,519	2021
2018	20,249	89,256	87,960	2023
2019	165,678	730,307	719,704	2024
2020	797	3,514	3,463	2025
2021	12,827	56,543	—	2026
		<u>\$879,620</u>	<u>\$1,108,646</u>	

F. Unrecognized deferred tax assets

As of 31 December 2022 and 2021, deferred tax assets that have not been recognized amounted to \$205,928 thousand and \$245,523 thousand, respectively.

G. The assessment of income tax returns

As of 31 December 2022, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

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

(Note) Lifetech Energy Inc. has filed the Current Final Report on Total Business Income and Income Earned from Liquidation with the tax authority in November 2022. As of the financial reporting date, the company has obtained the approval of the final report on total business income, yet the liquidation process.

(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 years ended 31 December	
		2022	2021
A.	Basic earnings per share		
	Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,757,631	\$1,926,975
	Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand)	382,115	340,448
	Basic earnings per share (NT\$)	\$4.60	\$5.66
		For the years ended 31 December	
		2022	2021
B.	Diluted earnings per share		
	Profit attributable to ordinary equity holders of the Company and effect of potential common shares (in thousand NT\$)	\$1,757,631	\$1,926,975
	Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand)	382,115	340,448
	Effect of dilution		
	Employee compensation—stock (in thousands)	2,737	1,360
	Weighted average number of ordinary shares outstanding after dilution (in thousand)	384,852	341,808
	Diluted earnings per share (NT\$)	\$4.57	\$5.64

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.

(27) Business combinations

Acquisition of Champion Microelectronic Corp.

CMC is a power management IC supplier. Its products include power IC, power modules, field effect transistors, and fast recovery diodes. The Group acquired CMC based on expansion of product portfolio, resource integration, and other strategic alliance reasons.

The Group has elected to measure the non-controlling interest in the acquiree at the related shares of the recognized amount of identifiable assets.

The fair value of the identifiable assets and liabilities of Champion Microelectronic Corp. as at the date of acquisition were:

	Fair value recognized on the acquisition date
Assets	\$2,264,896
Liabilities	(597,239)
Equity	1,667,657
Percentage of ownership	30%
Subtotal	500,297
Goodwill	1,385,480
Patents	61,927
Purchase consideration	<u>\$1,947,704</u>
Cash flow on acquisition	
Net cash acquired with the subsidiary	\$950,130
Cash paid	(1,947,704)
Net cash flow on acquisition	<u>(\$997,574)</u>

The goodwill of \$1,385,480 thousand comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognized. Due to the contractual terms imposed on acquisition, the customer list is not separable and therefore does not meet the criteria for recognition as an intangible asset under IAS 38 Intangible Assets. The goodwill recognized is expected to be fully deductible for income tax purposes.

From the acquisition date, CMC has contributed \$227,627 thousand of revenue and \$11,266 thousand to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been \$13,542,452 thousand and the profit from continuing operations for the Group would have been \$2,204,457 thousand.

7. Related party transactions

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

Name and Relationship of Related Parties

<u>Name of related parties</u>	<u>Relationship with the Company.</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
Fang Mingqing and other 14 people	The management level above Deputy general manager of the Group

(1) Sales

	<u>For the years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
ZIBO MICRO COMMERCIAL COMPONENT CORP.	\$305,984	\$426,219
Other	14	144
Total	<u>\$305,998</u>	<u>\$426,363</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 years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
ZIBO MICRO COMMERCIAL COMPONENT CORP.	<u>\$534,780</u>	<u>\$703,237</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>As at</u>	
	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
ZIBO MICRO COMMERCIAL COMPONENT CORP.	\$56,700	\$140,680
Other	—	9
Total	<u>\$56,700</u>	<u>\$140,689</u>

(4) Other receivables -related parties (not loans).

	As at	
	31 Dec. 2022	31 Dec. 2021
MILDEX OPTICAL USA, INC.	\$2,299	\$5,956
MILDEX OPTICAL INC.	1,053	—
Other	—	568
Total	<u>\$3,352</u>	<u>\$6,524</u>

(5) Payables - related parties

	As at	
	31 Dec. 2022	31 Dec. 2021
ZIBO MICRO COMMERCIAL COMPONENT CORP.	<u>\$59,068</u>	<u>\$186,250</u>

(6) Other payable- related parties (not loans)

	As at	
	31 Dec. 2022	31 Dec. 2021
MILDEX OPTOELECTRONICS(XUZHOU) CO., LTD.	\$37,856	\$40,556
Other	47	—
Total	<u>\$37,903</u>	<u>\$40,556</u>

(7) Lease liabilities - related parties

	As at	
	31 Dec. 2022	31 Dec. 2021
MILDEX OPTOELECTRONICS(XUZHOU) CO., LTD.	<u>\$200,121</u>	<u>\$215,374</u>

(8) Rental income

	For the years ended 31 December	
	2022	2021
MILDEX OPTICAL USA, INC.	<u>\$1,548</u>	<u>\$1,481</u>

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

(9) Rental expense

	For the years ended 31 December	
	2022	2021
MILDEX OPTICAL INC.	<u>\$—</u>	<u>\$139</u>

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

(10) Disposal of property, plant and equipment

2022:

<u>Name of the related parties</u>	<u>Asset Name</u>	<u>Sales price</u>	<u>Book value</u>	<u>Gain (Losses)</u>
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Machinery	<u>\$18</u>	<u>\$14</u>	<u>\$4</u>

2021:

<u>Name of the related parties</u>	<u>Asset Name</u>	<u>Sales price</u>	<u>Book value</u>	<u>Gain (Losses)</u>
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Machinery	\$960	\$858	\$102
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Other equipment	<u>315</u>	<u>296</u>	<u>19</u>
		<u>\$1,275</u>	<u>\$1,154</u>	<u>\$121</u>

(11) Acquisition of right-of-use assets

2022:

None.

2021:

<u>Name of the related parties</u>	<u>Asset Name</u>	<u>Acquisition Cost</u>
MILDEX OPTOELECTRONICS(XUZHOU) CO., LTD.	right -of- use assets of property	<u>\$220,076</u>

(12) Key management personnel compensation

	<u>For the years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$142,191	\$152,688
Post-employment benefits	<u>712</u>	<u>608</u>
Total	<u>\$142,903</u>	<u>\$153,296</u>

As at 31 December 2022 and 2021, certain key management personnel were joint guarantors for the Group's borrowings from financial institutions.

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	31 Dec. 2022	31 Dec. 2021	Secured liabilities details
Other current assets	\$24,184	\$23,459	Financial products trade
Other non-current assets	1,024	5,032	Long-term borrowings, performance guarantee
Refundable deposits	834	—	Performance guarantee
Total	<u>\$26,042</u>	<u>\$28,491</u>	

9. Significant contingencies and unrecognized contractual commitments

As at 31 December 2022 and 2021, the Group guaranteed the deposit for customs in the amount of \$12,560 thousand and \$12,000 thousand, respectively.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) Categories of financial instruments

Financial assets

	As at	
	31 Dec. 2022	31 Dec. 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	\$3,031,465	\$3,247,815
Financial assets at fair value through other comprehensive income	521,889	1,444,493
Financial assets measured at amortized cost	7,776,583	8,834,127
Total	<u>\$11,329,937</u>	<u>\$13,526,435</u>

Financial liabilities

	As at	
	31 Dec. 2022	31 Dec. 2021
Financial liabilities at amortized cost:		
Short-term borrowings	\$2,769,949	\$3,219,218
Trade and other payables	3,946,538	4,669,314
Long-term borrowings (including current portion)	6,512,616	4,584,252
Lease liabilities	374,376	403,903
Total	<u>\$13,603,479</u>	<u>\$12,876,687</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 and EUR.

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 year ended 31 December 2022					
Risk	Change		Profit (thousand)	Equity attribute (thousand)	
Foreign currency	NTD/USD exchange rate	+/- 1%	+/-	\$13,666	\$-
	NTD/EUR exchange rate	+/- 1%	-/+	\$2,382	\$-
	NTD/CNY exchange rate	+/- 1%	+/-	\$1,270	\$-
Interest rate	NTD market interest rate	+/- 100 basic points	-/+	\$62,840	\$-
Equity price	Equity price	+/- 10%	+/-	\$303,051	\$52,285
For the year ended 31 December 2021					
Risk	Change		Profit (thousand)	Equity attribute (thousand)	
Foreign currency	NTD/USD exchange rate	+/- 1%	+/-	\$3,849	\$-
	NTD/EUR exchange rate	+/- 1%	-/+	\$4,652	\$-
Interest rate	NTD market interest rate	+/- 100 basic points	-/+	\$44,231	\$-
Equity rate	Equity price	+/- 10%	+/-	\$319,787	\$149,434

(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 December 2022 and 2021, trade receivables from top ten customers represent 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 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 December 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

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2021					
Loans	\$3,286,381	\$1,606,683	\$1,605,695	\$1,411,283	\$7,910,042
Trade and other payables	\$4,669,314	\$—	\$—	\$—	\$4,669,314
Lease liabilities	\$66,221	\$115,475	\$94,257	\$198,092	\$474,045

Derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2021					
Forward foreign exchange contracts — Inflows	\$136,247	\$—	\$—	\$—	\$136,247
Forward foreign exchange contracts — Outflows	(\$136,146)	\$—	\$—	\$—	(\$136,146)

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 year ended 31 December 2022:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2022	\$3,219,218	\$4,584,252	\$403,903	\$8,207,373
Cash flows	(452,310)	1,884,954	(67,375)	1,365,269
Non-cash changes	—	(8,426)	26,633	18,207
Foreign exchange movement	3,041	51,836	11,215	66,092
As at 31 Dec. 2022	\$2,769,949	\$6,512,616	\$374,376	\$9,656,941

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2021	\$1,898,733	\$4,643,731	\$238,024	\$6,780,488
Cash flows	1,324,853	(8,924)	(47,742)	1,268,187
Non-cash changes	—	(22,129)	231,474	209,345
Foreign exchange movement	(4,368)	(28,426)	(17,853)	(50,647)
As at 31 Dec. 2021	\$3,219,218	\$4,584,252	\$403,903	\$8,207,373

(7) Fair values 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 approximate their fair value.

(c) Fair value measurement hierarchy of financial instruments

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

(8) Derivatives financial instruments

The related information for the Group's derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2022 and 2021 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 lists the information related to forward currency contracts:

As at 31 Dec. 2022

None.

As at 31 Dec. 2021

	Items (by contract)	Notional Amount (thousand)	Contract Period
PAN JIT ELECTRONIC (WUXI) CO., LTD. (Subsidiary)	Forward currency contract	Sell USD \$4,900	28 January 2022~ 28 February 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 measurement hierarchy

(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 re-assessing 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 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	\$—	\$2,550,358	\$—	\$2,550,358
Notes and bills	\$—	\$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 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	\$—	\$2,810,350	\$—	\$2,810,350
Notes and bills	\$—	\$387,520	\$—	\$387,520
Stocks	\$49,840	\$—	\$—	\$49,840
Forward currency contracts	\$—	\$105	\$—	\$105
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$1,172,635	\$271,858	\$—	\$1,444,493

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Information on significant unobservable inputs to valuation

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

	Financial assets 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 year ended 31 December 2022:		
Amount recognized in profit or loss (presented in “other profit or loss”)	—	—
Acquisition/issues	1,592,731	19,500
Disposal/settlements	(1,601,177)	—
Effect of changes in exchange rate	8,446	—
Ending balances as of 31 December 2022	\$—	\$19,500

	Financial assets at fair value through profit or loss
	structured deposit
Beginning balances as at 1 January 2021	\$660,927
Total gains and losses recognized for the year ended 31 December 2021:	
Amount recognized in profit or loss (presented in “other profit or loss”)	—
Acquisition/issues	744,885
Disposal/settlements	(1,400,979)
Effect of changes in exchange rate	(4,833)
Ending balances as at 31 December 2021	\$—

(10) Significant assets and liabilities denominated in foreign currencies

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

31 December 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 December 2021			
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$111,627	27.6800	\$3,089,839
EUR	\$4,686	31.3200	\$146,770
HKD	\$2,423	3.5490	\$8,601
RMB	\$17,111	4.3440	\$74,332
<u>Financial liabilities</u>			
Monetary items:			
USD	\$97,719	27.6800	\$2,704,852
EUR	\$19,541	31.3200	\$612,011
RMB	\$14,509	4.3440	\$63,028

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 (losses) gains of monetary financial assets and liabilities was \$160,010 thousand and \$27,816 thousand for the years ended 31 December 2022 and 2021, 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. Additional Disclosures

(1) Information about Significant Transitions

- 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: Please refer to Attachment 4.
- 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 5.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock: Please refer to Attachment 6.
- 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 9.

(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 7.

(3) Information on investment in Mainland China:

- a. Information on investment in Mainland China: Please refer to Attachment 8
- 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 5.
- 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 5~6.
- 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: Please refer to Attachment 10.

14. Segment information

(1) 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:

- a. Diodes: Manufacture and sale the wafers, power components and control module.
- b. Power IC and components: research and development, design and manufacture and technology consultation of power IC, field effect transistors and fast recovery diodes.
- c. Solar: Sales of electricity.
- d. 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 years ended 31 December 2022						
	Diodes	Power IC and components	Solar	Others	Adjustment	Total
Revenue						
External customers	\$12,811,874	\$227,627	\$188,287	\$59	\$—	\$13,227,847
Inter-segment	—	—	—	—	—	—
Total revenue	\$12,811,874	\$227,627	\$188,287	\$59	\$—	\$13,227,847
Segment profit	\$1,604,889	(\$9,433)	\$44,089	(\$8,472)	\$460,269	\$2,091,342

- (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 \$460,269 thousand and income tax expense in the amount of \$333,438 thousand. Segment profit included inter-segment sales of \$0 thousand and non-operating income and expenses of \$460,269 thousand.

For the years ended 31 December 2021						
	Diodes	Power IC and components	Solar	Others	Adjustment	Total
Revenue						
External customers	\$13,597,786	\$—	\$220,900	\$43,058	\$—	\$13,861,744
Inter-segment	(782)	—	—	—	782	—
Total revenue	<u>\$13,597,004</u>	<u>\$—</u>	<u>\$220,900</u>	<u>\$43,058</u>	<u>\$782</u>	<u>\$13,861,744</u>
Segment profit	<u>\$2,282,876</u>	<u>\$—</u>	<u>\$50,857</u>	<u>(\$44,311)</u>	<u>\$225,454</u>	<u>\$2,514,876</u>

- (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 \$225,454 thousand and income tax expense in the amount of \$536,846 thousand. Segment profit included inter-segment sales of \$0 thousand and non-operating income and expenses of \$225,454 thousand.

As of 31 December 2022 and 2021, the assets and liabilities of reportable segment information were as follows:

31 Dec. 2022						
	Diodes	Power IC and components	Solar	Others	Adjustment	Total
Assets	<u>\$16,426,178</u>	<u>\$673,084</u>	<u>\$1,170,538</u>	<u>\$—</u>	<u>\$10,897,046</u>	<u>\$29,166,846</u>

31 Dec. 2021						
	Diodes	Power IC and components	Solar	Others	Adjustment	Total
Assets	<u>\$14,607,052</u>	<u>\$—</u>	<u>\$1,137,041</u>	<u>\$3,225</u>	<u>\$10,905,471</u>	<u>\$26,652,789</u>

31 Dec. 2022						
	Diodes	Power IC and components	Solar	Others	Adjustment	Total
Liabilities	<u>\$11,501,440</u>	<u>\$38,572</u>	<u>\$199,583</u>	<u>\$—</u>	<u>\$2,518,016</u>	<u>\$14,257,611</u>

31 Dec. 2021						
	Diodes	Power IC and components	Solar	Others	Adjustment	Total
Liabilities	<u>\$10,987,503</u>	<u>\$—</u>	<u>\$206,674</u>	<u>\$335</u>	<u>\$2,347,275</u>	<u>\$13,541,787</u>

(2) Geographic area information

a. Revenue from external customers: (Summarized by country)

Country	For the years ended 31 December	
	2022	2021
Taiwan	\$1,000,231	\$856,232
China (including Hong Kong)	8,879,409	10,381,387
Korea	573,941	545,326
U.S.A.	263,050	175,596
Japan	127,255	62,384
Germany	589,437	454,386
Italy	210,173	237,599
Others	1,584,351	1,148,834
Total	<u>\$13,227,847</u>	<u>\$13,861,744</u>

b. Non-current assets:

Area	31 Dec. 2022	31 Dec. 2021
Taiwan	\$8,575,511	\$8,402,345
China	2,913,403	2,194,531
Others	2,717,484	1,153,161
Total	<u>\$14,206,398</u>	<u>\$11,750,037</u>

(3) Major customers

Individual customer accounting for at least 10% of net sales for the years ended 31 December 2022 and 2021: None.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(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	\$592,371	\$327,200	\$271,576	3.00%	Short-term financing	-	Operating turnover	-	-	-	\$5,446,231	\$5,446,231	(Note 7 ∙ 11)
0	PANJIT International Inc.	AIDE ENERGY EUROPE B.V.	Other receivables	Yes	93,845	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	5,446,231	5,446,231	(Note 7 ∙ 11)
1	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	954,583	906,890	906,890	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,319,674	7,303,283	(Note 8 ∙ 11)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Other receivables	Yes	329,204	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,319,674	7,303,283	(Note 8 ∙ 11)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE Energy Europe B.V.	Other receivables	Yes	500,847	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,319,674	7,303,283	(Note 8 ∙ 11)
2	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Other receivables	Yes	407,296	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	1,464,220	1,464,220	(Note 9 ∙ 11)
3	Suzhou Grande Electronics Co. Ltd.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	801,915	417,301	417,301	3.00%	Short-term financing	-	Operating turnover	-	-	-	1,206,405	1,206,405	(Note 10 ∙ 11)
3	Suzhou Grande Electronics Co. Ltd.	Sumnergy Co., Ltd.	Other receivables	Yes	120,554	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	321,708	321,708	(Note 10 ∙ 11)
Total						\$1,651,391	\$1,595,767										

(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 disclosed. 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\$13,615,577 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 USD216,195 thousand, which is converted into NT\$6,639,348 thousand.

(Note 9): 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, but the individual loan amount and the total amount of funds loaned to others shall not exceed 200% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) AIDE ENERGY EUROPE B.V.: The net worth is EUR22,375 thousand, which is converted into NT\$732,110 thousand.

(Note 10): 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\$804,270 thousand.

(Note 11): It had been written off in preparing the consolidated financial report.

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

(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	\$13,615,577	\$4,951,780	\$2,456,800	\$2,456,800	-	18.04%	\$13,615,577	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\$13,615,577 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)

(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.	Fund								
	Yuanta 0 - 2 Year Investment Grade Corporate Bond Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	14,937	-	14,937	-
	Public shares								
	Jih Lin Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	717	NTD	43,157	0.70%	43,157	-
	OTC stock								
	Advanced Microelectronic Products, Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,888	NTD	66,571	2.64%	66,571	-
	Sentelic Corporation	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	41	NTD	1,843	0.14%	1,843	-
	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%	-	-
	TAIDEVELOP INFORMATION CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	334	NTD	-	3.71%	-	-
	ENERGY MOANA TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,200	NTD	8,755	2.96%	8,755	-
	Neolink Capital Corp.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	3,500	NTD	31,652	4.28%	31,652	-
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.	-	Mandatory 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.	-	Mandatory financial assets measured at fair value through profit or loss - non-current	-	USD	-	-	-	-
	Vertex Growth Fund II	-	Mandatory financial assets measured at fair value through profit or loss - non current	-	USD	150	-	150	-
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory 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	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	19,048	-	19,048	-
	VTEAM SIEGFRIED SUPPLY CHAIN FINANCE FUND	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	19,953	-	19,953	-
	Notes								
	VTeam Supply Chain Finance Limited	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	15,000	-	15,000	-
	Wealth management products by financial institution								
	ERSTE GROUP BANK AG	-	Financial assets at amortised cost - non-current	-	USD	431	-	431	-
	RAIFFEISEN BANK INTL	-	Financial assets at amortised cost - non-current	-	USD	436	-	436	-

(continued in next page)

Notes to the Consolidated Financial Statements of PANJT International Inc. and Subsidiaries (continued)
(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	46,113	0.75%	46,113	-
	Unlisted stock								
	HI-VAWT TECHNOLOGY CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,000	NTD	-	10.00%	-	-
	Fund								
	TCB Quantitative Taiwan Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	29,844	-	29,844	-
	Taishin Healthcare Fund	-	Mandatory financial assets measured at fair value through profit or loss - non-current	-	NTD	17,680	-	17,680	-
	Mengluo Venture Capital Limited Partnership Fund	-	Mandatory financial assets measured at fair value through profit or loss - non-current	-	NTD	14,235	-	14,235	-
	Convertible Bond								
	Alltop Technology Corp. 5th Domestic Unsecured Convertible Bond	Associates	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	19,500	-	19,500	-
JOYSTAR INTERNATIONAL CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	5,450	-	5,450	-
	VTeam Supply Chain Finance Limited	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	4,457	-	4,457	-
Wisdom Mega Corp.	Unlisted stock								
	SiFotonics Technologies Co., Ltd	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,040	NTD	123,130	3.39%	123,130	-
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	9,300	-	9,300	-
	Vteam Siegfried Supply Chain Finance Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	9,365	-	9,365	-
AIDE ENERGY EUROPE B.V.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	EUR	1,150	-	1,150	-
Jiangsu Aide Solar Technology Co., Ltd.	Unlisted stock(Note 5)								
	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
PAN-JIT INTERNATIONAL (H.K.) LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory 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)
(Unit: NT\$ thousands, unless otherwise indicated)
Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock

Attachment 4

Company	Type and name of the securities (Note 1)	Accounting item	Counter-party (Note 2)	Relationship (Note 2)	Currency	Beginning Balance		Addition(Note 3)		Disposal(Note 3)				Ending Balance	
						Share(thousand)	Amount(thousand)	Share(thousand)	Amount(thousand)	Share(thousand)	Amount(thousand)	Book value(thousand)	loss(gain) on disposal (thousand)	Shares(thousand)	Amounts(thousand)
PANJIT International Inc.	Champion Microelectronic Corp. Common Stocks	Investments accounted for using the equity method	Centralized securities exchange market	-	NTD	-	\$-	23,996	\$1,827,724 (Note 4) 13,945 (Note 5)	-	\$-	\$-	\$-	23,996	\$1,841,669 (Note 7)
Pynmax Technology Co., Ltd.	MOSEL VITELIC Inc. Common Stocks	Financial assets at fair value through other comprehensive income - non-current	-	-	NTD	19,000	849,015	-	-	19,000	736,250	259,920	448,493 (Note 6)	-	-

(Note 1): The securities mentioned in this attachment refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

(Note 2): Investors who adopt the equity method for securities accounts must fill in these two columns, the rest are not required.

(Note 3): The accumulated buying and selling amount shall be calculated separately at market price whether it reaches NT\$300 million or 20% of the paid-in capital.

(Note 4): The amount of addition is acquisition cost \$1,947,704 thousand minus cash dividend \$119,980 thousand received this year.

(Note 5): It is the share of profit and loss recognized under the equity method and the exchange differences arising on translation of foreign operations.

(Note 6): After deducting relevant transaction costs and income tax, it is included in the disposal profit or loss of retained earnings in accordance with the accounting policies.

(Note 7): It had been written off in preparing the consolidated financial report.

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

(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 5

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	Percentage of total receivables (payable)	
PANJIT International Inc.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(\$1,255,447)	14%	General	Not applicable	Not applicable	\$299,692	15%	(Note 2)
	PAN JIT AMERICAS, INC.	Subsidiaries	(Sales)	(216,253)	2%	General	Not applicable	Not applicable	2,500	0%	(Note 2)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	1,665,406	33%	General	Not applicable	Not applicable	(195,676)	21%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	393,218	8%	General	Not applicable	Not applicable	(74,912)	8%	(Note 2)
Pynmax Technology Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(393,218)	43%	General	Not applicable	Not applicable	74,912	42%	(Note 2)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(375,896)	41%	General	Not applicable	Not applicable	86,384	48%	(Note 2)
Pan Jit Electronics (Shandong) Co. Ltd.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(149,063)	92%	General	Not applicable	Not applicable	18,513	94%	(Note 2)
Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(1,665,406)	25%	General	Not applicable	Not applicable	195,676	10%	(Note 2)
	ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associates	(Sales)	(294,810)	4%	General	Not applicable	Not applicable	51,886	3%	-
	PANJIT International Inc.	The Company	Purchase	1,255,447	21%	General	Not applicable	Not applicable	(299,692)	18%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	375,896	6%	General	Not applicable	Not applicable	(86,384)	5%	(Note 2)
	Pan Jit Electronics (Shandong) Co., Ltd.	Subsidiaries	Purchase	149,063	3%	General	Not applicable	Not applicable	(18,513)	1%	(Note 2)
	ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associates	Purchase	534,780	9%	General	Not applicable	Not applicable	(59,068)	4%	-
PAN JIT AMERICAS, INC.	PANJIT International Inc.	The Company	Purchase	216,253	96%	General	Not applicable	Not applicable	(2,500)	55%	(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)

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

Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock

Attachment 6

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	\$299,692	4.19	\$18,835	Urging Payment	\$109,850	(Note 2 、 3)
Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	195,676	8.51	-	-	139,235	(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)
(Unit: NT\$ thousands, unless otherwise indicated)
Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

Attachment 7

Investor company	Investee Companies (Note 1, 2)	Location	Main business items	Currency	Initial investment		Investment as of December 31, 2022			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.	Vistra Corporate Services Centre Wickhams Cay II Road Town, Tortola, Vg1110 Virgin Islands, British	Investment holding	NTD	\$6,842,505	\$7,772,258	210,106	100.00%	\$6,536,416	\$522,764	\$555,591	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	1,069,063	84,493	94.64%	1,743,395	213,427	225,787	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%	226,287	64,525	13,557	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	-	10,091	-	0.00%	-	267	55	Subsidiaries (Note 5 ∙ 8)
	ALLTOP TECHNOLOGY CO., INC	3F., No. 102, Sec. 3, Zhongshan Rd., Zhonghe Dist., New Taipei City	Electronic parts and components manufacturing and international trade	NTD	1,482,721	1,455,570	11,315	19.18%	1,575,688	554,085	81,531	(Note 6)
	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	-	23,996	30.00%	1,841,669	112,304	12,981	Subsidiaries (Note 5 ∙ 6)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investment holding	NTD	732,259	-	- (Note 3)	100.00%	732,130	13,744	1,956	Subsidiaries (Note 5)
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT 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%	4,625	1,428	1,428	Sub-subsidiary (Note 5)
	PAN JIT AMERICAS, INC.	2507 W ERIE DR #101, TEMPE, AZ 85282, USA	Sale of electronic	USD	16,626	16,626	2,431	95.86%	6,986	984	1,020	Sub-subsidiary (Note 4 ∙ 5)
	PAN JIT EUROPE GMBH	Otto-Hahn-Str. 285609 Aschheim Germany	Sale of electronic	USD	770	770	- (Note 3)	100.00%	2,064	595	595	Sub-subsidiary (Note 5)
	CONTINENTAL LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia ,Samoa	Investment holding	USD	10,226	10,226	7,860	100.00%	51,954	8,269	8,269	Sub-subsidiary (Note 5)
	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia ,Samoa	Investment holding	USD	914	914	1,126	52.22%	310	(8)	(4)	Sub-subsidiary (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%	1,225	348	209	Sub-subsidiary (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%	(23,254)	762	719	Sub-subsidiary (Note 5)
	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%	478,660	23,500	23,500	Sub-subsidiary (Note 5)
Pymax Technology Co., Ltd.	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%	89,072	64,525	5,336	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	-	26,000	-	0.00%	-	267	164	Sub-subsidiary (Note 5 ∙ 8)

(continued in next page)

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(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, Note 2)	Location	Main business items	Currency	Initial investment		Investment as of December 31, 2022			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			
CHAMPION MICROELECTRONIC CORP.	Wisdom Bright Inc.(Wisdom bright)	Republic of Seychelles	Investment holding	NTD	\$157,658	\$157,658	5,104	100.00%	\$159,986	\$2,834	\$2,834	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%	142,224	1,726	1,726	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,BeachRoad, Apia ,Samoa	Investment holding	USD	1,029	1,029	1,030	47.48%	284	(8)	(4)	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	24,707	54,921	100.00%	(22,582)	(5)	(5)	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investment holding	USD	-	23,836	-	0.00%	-	503	403	Sub-subsidiary (Note 5)
	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	-	1,500	-	0.00%	-	-	-	Sub-subsidiary (Note 5 - 7)
AIDE SOLAR ENERGY (HK) HOLDING LIMITED	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	-	1,400	-	0.00%	-	-	-	Sub-subsidiary (Note 5 - 7)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investment holding	USD	-	7	-	0.00%	-	503	-	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE COÖPERATIE U.A.	AIDE ENERGY EUROPE B.V.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investment holding and sales	EUR	18,620	18,620	2	100.00%	22,375	503	503	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	- (Note3)	100.00%	21,021	1,241	1,062	Sub-subsidiary (Note 4 - 5)
Wisdom Bright Inc.	Wisdom Toprich Technology Limited (Wisdom Toprich)	Republic of Seychelles	Investment holding	NTD	157,658	157,658	5,104	100.00%	159,986	2,834	2,834	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.

(Note 6): Investment gains and losses recognized by the Company include the amortization of patent rights.

(Note 7): AIDE SOLAR USA, INC. has completed liquidation and deregistration in February 2022.

(Note 8): 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.

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

Information on investment in mainland China

Attachment 8

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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of September 30, 2022	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2022
						Outflow	Inflow						
PANJIT International Inc.	Pan Jit Electronics (Wuxi) Limited company	Rectifier processing and manufacutring	\$835,312	2 PAN-JIT ASIA INTERNATIONAL INC.	\$502,145	\$-	\$-	\$502,145	\$232,653	100.00%	\$232,653 (Note 5)	\$3,430,247 (Note 5)	\$-
	Sumnergy Co., LTD.	Research & development of Battery management system Manufacturing and sales of technical services	-	2 PAN-JIT ASIA INTERNATIONAL INC.	122,166	-	-	122,166	(135,720)	- (Note 6)	(97,053) (Note 5)	- (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	\$360,518	2 CONTINENTAL LIMITED	344,900	-	-	344,900	198,594	100.00%	198,594 (Note 5)	858,550 (Note 5)	-
	Wuxi ENR Semiconductor Material Technology Co. Ltd. (Formerly Wuxi ENR Semiconductor Materials Technology Co. Ltd.)	Semiconductor pcking 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	\$51,103	2 DYNAMIC TECH GROUP LIMITED	47,151	-	-	47,151	(218)	97.44%	(213) (Note 5)	14,260 (Note 5)	-
	Pan Jit Electronics (Beijing) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	\$8,816	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	1,282	100.00%	1,282 (Note 5)	9,787 (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	\$470,422	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	27,247	70.28%	19,149 (Note 5)	364,286 (Note 5)	-
	Pan Jit Electronics (Qufu) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	\$2,204	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(328)	100.00%	(328) (Note 5)	1,090 (Note 5)	-
	PAN JIT SEMICONDUCTOR(XUZHOU) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	\$1,113,638	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(137,928)	100.00%	(137,928) (Note 5)	826,169 (Note 5)	-

(continued in next page)

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

(Unit: NT\$ 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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2022
						Outflow	Inflow						
PANJIT International Inc.	Zibo Micro Commercial Components Corp.	Rectifier diode, rectifier bridge, Electronic devices	\$851,461	3 Suzhou Grande Electronics Co. Ltd.	\$-	\$-	\$-	\$-	\$5,016	18.86%	\$946	\$147,300	\$-
	Jiangsu Aide Solar Energy Technology CO., LTD.	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	\$246,074	2 AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	1,573,193	-	-	1,573,193	(3,186)	94.43%	(3,008) (Note 5)	(1,738,118) (Note 5)	-
Pynmax Technology Co., Ltd.	Max-Diode Electronic., LTD. (Shenzhen)	New types of electronic components, Semiconductor controlled rectifier	\$51,103	2 DYNAMIC TECH GROUP LIMITED	34,806	-	-	34,806	(218)	47.78%	(104) (Note 5)	6,993 (Note 5)	-
CHAMPION MICROELECTRONIC CORP.	Great Power Microelectronics Corp.	Electronic products development, product import, export, and wholesale business	\$164,299	2 Wisdom Toprich Technology Limited	156,744	-	-	156,744	2,834	100.00%	2,834 (Note 5)	159,986 (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.	\$2,598,592	\$3,316,707	(Note 3)
Pynmax Technology Co., Ltd.	\$34,806	\$34,806	(Note 4) \$1,221,134
CHAMPION MICROELECTRONIC CORP.	\$156,744	\$156,744	(Note 4) \$882,553

(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.: NT\$2,035,223 thousand × 60% = NT\$1,221,134 thousand.

CHAMPION MICROELECTRONIC CORP.: NT\$1,470,926 thousand × 60% = NT\$882,553 thousand.

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

(Note 6): It has completed liquidation and deregistration in November 2022.

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

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

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

Attachment 9

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 Accounts payable Sales Accounts receivable	\$1,665,406 195,676 1,255,447 299,692	The transaction price is based on the average cost and marked on a certain ratio.	13% 1% 9% 1%
0	PANJIT International Inc.	Pynmax Technology Co., Ltd.	1	Purchase Accounts payable	393,218 74,912	The transaction price is based on the average cost and marked on a certain ratio.	3% 0%
0	PANJIT International Inc.	PAN JIT AMERICAS, INC.	1	Sales Accounts receivable	216,253 2,500	The transaction price is based on the average cost and marked on a certain ratio.	2% 0%
0	PANJIT International Inc.	EC SOLAR C1 SRL	1	Other receivables	271,576	Based on contract of loans.	1%
1	Pynmax Technology Co., Ltd.	Pan Jit Electronics (Wuxi) Co., Ltd.	3	Sales Accounts receivable	375,896 86,384	The transaction price is based on the average cost and marked on a certain ratio.	3% 0%
2	Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	3	Purchase Accounts payable	149,063 18,513	The transaction price is based on the average cost and marked on a certain ratio.	1% 0%
3	Suzhou Grande Electronics CO., LTD.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Other receivables	417,301	Based on contract of loans.	1%
4	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Other receivables	906,890	Based on contract of loans.	3%
5	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Jiangsu Aide Solar Energy Technology Co., Ltd.	3	Prepay for goods	477,952	-	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 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)

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

Information on Major Shareholders

Attachment 10

Unit: shares

<div>Shares</div> <div>Name of Major Shareholders</div>	Number of shares	Percentage of ownership (%)
Jinmao Investment Co., Ltd.	51,646,710	13.49%

(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.

Appendix III

PANJIT INTERNATIONAL INC.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

Address: No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City
Tel: 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.

Independent Auditor's Report

To: PANJIT INTERNATIONAL INC.

Opinion

We have audited the parent company only Balance Sheets of PANJIT INTERNATIONAL INC. (the “Company”) as of December 31, 2022 and 2021, and the parent company only Statements of Comprehensive Income, parent company only statements of changes in equity, parent company only statements of cash flows, and notes to parent company only financial statements (including summary of significant accounting policies) for the annual period from January 1 to December 31, 2022 and 2021.

In our opinion, based on our audits and the reports of other independent accountants (please refer to the Other Matter – Making Reference to the Audits of Other Independent Accountants section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2022 and 2021, and their parent company only financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key Audit Matters

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

Revenue recognition

The operating revenues of the Company amounted to \$8,855,785 thousand for the year ended 31 December 2022. The main source of revenue is manufacturing and selling diodes. As the operation spanned globally and the product combination and pricing methods were diverse, judgment of the performance obligation and when it is satisfied was required. Therefore, we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of revenue recognition; testing the design and operating effectiveness of internal controls around revenue recognition by management, including identifying completeness of performance obligation of client contracts and the accounting treatment of the timing of revenue recognition; performing analytical procedures on gross margin by products and departments; selecting samples to perform test of details and reviewing significant terms and conditions of contracts; performing cutoff procedures, testing general journal entry, reviewing sales transaction certificates before and after the balance sheet date to verify that revenue has been recorded in the correct accounting period. Accordingly, evaluating the appropriateness of significant sales returns and rebates. In addition, we also considered the appropriateness of the disclosures of sales. Please refer to Notes 4 and 6 to the Company's parent company only financial statements.

Evaluation of Inventories

As of December 31, 2022, the Company's net inventories amounted to NT\$2,042,902 thousand, constituting 8% of total assets which was then identified as material to financial statement. The status of inventory was difficult to manage due to various types of stocks stored across various locations including outsourced warehouses. Such inventories are stated at the lower of cost and net realizable value. Evaluation involves management's significant accounting estimation and judgement, and the carrying amount of inventories is material to parent company only financial statements. Therefore we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of inventories evaluation; testing the design and operating effectiveness of internal controls around revenue recognition by management, including assessing the transfer of inventory cost, selecting major warehouse to observe physical stock taking to verify inventory quantity and status; and assessing the management's estimates of net realizable value by inventories evaluation, and selecting samples to verify related certificates to test the correctness of inventories aging interval; review whether obsolescence loss allowance was sufficient according to policy and assess the appropriateness of the provision policy. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the Company's parent company only financial statements.

Other matters – Making Reference to the Audits of Other Independent Accountants

We did not audit 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\$1,575,688 thousand and NT\$1,574,237 thousand, constituting 6% and 7% of total assets as of 31 December 2022 and 2021, respectively. The related shares of profits from the associates and joint ventures under the equity method of NT\$81,531 thousand and NT\$92,457 thousand, constituting 4% and 4% of pretax income, and the related shares of other comprehensive income from the associates and joint ventures under the equity method of NT\$5,985 thousand and (NT\$3,467) thousand, constituting 4% and 2% of other comprehensive income for the year ended 31 December 2022 and 2021, respectively. Those financial statements were audited by other independent accountants, whose reports there on have been furnished to us, and our audit results are based solely on the reports of the other independent accountants.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or errors, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Taiwan

March 10, 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.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
PANJIT INTERNATIONAL INC.
Parent Company Only Balance Sheet
December 31, 2022, and 2021
(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current asset					
Cash and cash equivalents	6(1)	\$1,112,018	4	\$1,262,462	6
Financial assets at fair value through profit or loss - current	6(2)	14,937	-	-	-
Notes receivable, net	6(4).(15)	25,525	-	60,686	-
Trade receivable, net	6(5).(15)	1,649,116	7	2,199,360	10
Trade receivable - related parties, net	6(5).(15),7	322,846	1	207,130	1
Other receivable, net		110,694	1	105,932	1
Other receivable - related party, net	7	827,627	3	6,994	-
Inventory, net	6(6)	2,042,902	8	1,455,870	6
Other current assets	8	180,332	1	165,690	1
Total current assets		6,285,997	25	5,464,124	25
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	6(3)	153,843	-	314,350	1
Investments accounted for using the equity method	6(7)	12,655,585	51	10,176,614	45
Property, Plant, and Equipment	6(8),7	4,744,750	19	3,957,765	18
Right-of-use assets	6(16)	7,170	-	22,612	-
Intangible assets	6(9)	82,278	1	97,127	1
Deferred income tax asset	6(20)	217,014	1	260,785	1
Prepayment for equipments		282,062	1	301,606	1
Prepayment for Investment		-	-	1,396,500	6
Other non-current assets		628,739	2	488,437	2
Total non-current assets		18,771,441	75	17,015,796	75
Total assets		\$25,057,438	100	\$22,479,920	100
Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current Liabilities					
Short-term borrowings	6(10)	\$2,455,192	10	\$2,931,307	13
Contractual liabilities - current	6(14)	365	-	5,982	-
Trade payable		672,133	3	818,210	4
Trade payable-related parties	7	273,253	1	310,724	1
Other payables	7	1,160,401	5	997,200	4
Current tax liabilities	6(20)	214,183	1	231,161	1
Lease liabilities - current	6(16)	3,882	-	7,981	-
Long-term borrowings, current portion	6(11)	478,875	2	32,458	-
Other current liabilities		13,428	-	10,876	-
Total current liabilities		5,271,712	22	5,345,899	23
Non-current Liabilities					
Long-term borrowings	6(11)	6,004,583	24	4,030,629	18
Deferred tax liabilities	6(20)	74,421	-	77,919	-
Lease liabilities - non-current	6(16)	3,213	-	14,767	-
Defined benefit liabilities-non-current	6(12)	61,507	-	89,167	1
Other non-current liabilities - others		26,425	-	25,671	-
Total non-current liabilities		6,170,149	24	4,238,153	19
Total liabilities		11,441,861	46	9,584,052	42
Equity					
Capital					
Common stock	6(13)	3,828,149	15	3,828,149	17
Capital surplus	6(13)	6,016,861	24	6,086,155	27
Retained earnings	6(13)				
Legal reserve		505,733	2	328,134	2
Special reserve		717,237	3	717,237	3
Unappropriated earnings		3,116,721	12	2,204,637	10
Total retained earnings		4,339,691	17	3,250,008	15
Other components of equity		(552,617)	(2)	(251,937)	(1)
Treasury stock	6(13)	(16,507)	-	(16,507)	-
Total equity		13,615,577	54	12,895,868	58
Total liabilities and equity		\$25,057,438	100	\$22,479,920	100

(The accompanying notes are an integral part of the parent company only financial statements.)

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December, 2022 and 2021

(Expressed in Thousand of New Taiwan Dollars)

Items	Notes	2022		2021	
		Amount	%	Amount	%
Operating revenue	6(14),7	\$8,855,785	100	\$8,706,119	100
Operating cost	6(17),7	(6,358,488)	(72)	(6,127,183)	(70)
Gross profit		2,497,297	28	2,578,936	30
Unrealized profit (loss) from sales		(36,583)	-	(32,465)	-
Realized profit (loss) on from sales		32,465	-	19,284	-
Gross profit-net		2,493,179	28	2,565,755	30
Operating expense	6(15).(17) ,7				
Selling expenses		(512,034)	(6)	(497,893)	(6)
Administrative expenses		(534,821)	(6)	(590,840)	(7)
Research and development expenses		(448,106)	(5)	(260,395)	(3)
Expected credit gains (losses)		5,988	-	(6,707)	-
Subtotal		(1,488,973)	(17)	(1,355,835)	(16)
Operating income		1,004,206	11	1,209,920	14
Non-operating income and expenses	6(18)				
Interest income		14,359	-	537	-
Other income		32,196	-	102,070	1
Other gains or losses		106,680	1	18,473	-
Financial costs		(107,815)	(1)	(68,783)	(1)
Share of profit or loss of subsidiaries and associates under equity method	6(7)	891,458	10	969,520	11
Subtotal		936,878	10	1,021,817	11
Pretax income from continuing operations		1,941,084	21	2,231,737	25
Income tax expenses	6(20)	(183,453)	(2)	(304,762)	(4)
Profit from continuing operations		1,757,631	19	1,926,975	21
Net income		1,757,631	19	1,926,975	21
Other comprehensive income (loss)	6(19)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		24,435	-	3,727	-
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income		(283,469)	(3)	335,088	4
Income tax related to items that will not be reclassified		(2,748)	-	(3,477)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		486,892	5	(188,795)	(2)
Income tax related to items that may be reclassified		(84,180)	(1)	36,520	-
Total other comprehensive income (loss), net of tax		140,930	1	183,063	2
Total comprehensive income		\$1,898,561	20	\$2,110,038	23
Earnings per share (NTD)	6(21)				
Basic earnings per share:		\$4.60		\$5.66	
Diluted earnings per share		\$4.57		\$5.64	

(The accompanying notes are an integral part of the parent company only financial statements.)

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December, 2022 and 2021

(Expressed in Thousand of New Taiwan Dollars)

Items	Capital stock		Retained earnings			Other Components of Equity			Treasury Stock	Total Equity
	Common Stock		Legal Reserve	Special Reserve	Unappropriated 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, 2021	\$3,328,149	\$2,196,674	\$239,453	\$717,237	\$1,015,504	(\$669,283)	\$288,607	(\$413)	(\$16,507)	\$7,099,421
Appropriation and distribution of 2020 retained earnings										
Legal reserve	-	-	88,681	-	(88,681)	-	-	-	-	-
Cash dividend	-	-	-	-	(498,172)	-	-	-	-	(498,172)
Changes in equity of associates accounted for using equity method	-	113,328	-	-	-	-	-	-	-	113,328
Net income in 2021	-	-	-	-	1,926,975	-	-	-	-	1,926,975
Other comprehensive income (loss) in 2021	-	-	-	-	1,920	(152,275)	333,418	-	-	183,063
Total comprehensive income (loss)	-	-	-	-	1,928,895	(152,275)	333,418	-	-	2,110,038
Issue of shares	500,000	3,610,956	-	-	-	-	-	-	-	4,110,956
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	165,193	-	-	(204,900)	-	-	-	-	(39,707)
Increase (decrease) through changes in ownership interests in subsidiaries	-	4	-	-	-	-	-	-	-	4
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	51,991	-	(51,991)	-	-	-
Balance as of December 31, 2021	\$3,828,149	\$6,086,155	\$328,134	\$717,237	\$2,204,637	(\$821,558)	\$570,034	(\$413)	(\$16,507)	\$12,895,868
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
Appropriation and distribution of 2021 retained earnings										
Legal reserve	-	-	177,599	-	(177,599)	-	-	-	-	-
Cash dividend	-	-	-	-	(1,146,345)	-	-	-	-	(1,146,345)
Changes in equity of associates accounted for using equity method	-	116	-	-	-	-	-	-	-	116
Net income in 2022	-	-	-	-	1,757,631	-	-	-	-	1,757,631
Other comprehensive income (loss) in 2022	-	-	-	-	21,175	402,712	(282,957)	-	-	140,930
Total comprehensive income (loss)	-	-	-	-	1,778,806	402,712	(282,957)	-	-	1,898,561
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	(69,414)	-	-	36,787	-	-	-	-	(32,627)
Increase (decrease) through changes in ownership interests in subsidiaries	-	4	-	-	-	-	-	-	-	4
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	420,435	-	(420,435)	-	-	-
Balance as of December 31, 2022	\$3,828,149	\$6,016,861	\$505,733	\$717,237	\$3,116,721	(\$418,846)	(\$133,358)	(\$413)	(\$16,507)	\$13,615,577

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY OF CASH FLOWS

For the years ended 31 December, 2022 and 2021

(Expressed in Thousand of New Taiwan Dollars)

Items	2022	2021
	Amount	Amount
Cash flow from operating activities		
Net income before tax	\$1,941,084	\$2,231,737
Adjustment items:		
Revenue and expenses:		
Depreciation	337,366	288,662
Amortization	37,742	35,450
Expected credit impairment losses (gains)	(5,988)	6,707
Net (gain) of financial assets or liabilities at fair value through profit or loss	(267)	(1,475)
Interest expense	107,815	68,783
Interest revenue	(14,359)	(537)
Dividend revenue	(3,695)	(6,278)
Share of (profit) loss of associates accounted for using equity method	(891,458)	(969,520)
Loss on disposal of property, plant and equipment	2,128	6,988
(Gain) on disposal of investments	-	(2,548)
Reversal of impairment loss on non-financial assets	(5,108)	(348)
Unrealized profit from sales	36,583	32,465
Realized (profit) on from sales	(32,465)	(19,284)
Others	271,519	(27,823)
Subtotal	(160,187)	(588,758)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(14,670)	7,548
Decrease (increase) in notes receivable	35,161	(24,342)
Decrease (increase) in trade receivable	556,232	(497,482)
(Increase) decrease in trade payable - related parties	(115,716)	70,041
(Increase) in other receivables	(4,762)	(53,615)
(Increase) in other receivable due from related parties	(820,633)	(6,806)
(Increase) in inventories	(853,816)	(539,905)
Other current assets (increases) decreases	(14,664)	11,587
Changes in operating liabilities:		
(Decrease) increase in contract liabilities	(5,617)	5,583
(Decrease) increase in trade payable	(146,077)	360,856
(Decrease) in trade payable - related parties	(37,471)	(3,026)
Increase (decrease) in other payables	91,291	(526,580)
Increase (decrease) in other current liabilities	2,552	(6,015)
(Decrease) in net defined benefit liabilities	(13,788)	(6,799)
Subtotal	(1,341,978)	(1,208,955)
Cash generated from operations	438,919	434,024
Interest received	14,359	537
Income tax (paid)	(247,085)	(99,085)
Net cash provided by operating activities	206,193	335,476

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY OF CASH FLOWS (continued)

For the years ended 31 December, 2022 and 2021

(Expressed in Thousand of New Taiwan Dollars)

Items	2022	2021
	Amount	Amount
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	25,881	68,288
Acquisition of investments accounted for under the equity method	(1,778,115)	(1,909,724)
(Increase) in prepayments for investments	-	(1,396,500)
Decrease in prepayments for investments	1,396,500	-
Acquisition of property, plant, and equipment	(560,468)	(1,026,213)
Proceeds from disposal of property, plant and equipment	4,553	6,440
Increase in refundable deposits	(98,152)	(414,007)
Acquisition of intangible assets	(22,893)	(50,049)
Increase in other non-current assets	(42,150)	-
Increase in prepayments for equipments	(471,536)	(718,146)
Dividends received	503,894	127,548
Net cash (outflow) by investing activities	(1,042,486)	(5,312,363)
Cash flows from financing activities:		
Increase in short-term loans	-	1,545,864
Decrease in short-term loans	(476,115)	-
Proceeds from long-term debt	10,919,829	563,019
Repayments of long-term debt	(8,490,171)	-
Repayments of lease liabilities	(5,385)	(8,782)
Decrease in other non-current liabilities	(11,053)	(6,144)
Cash dividends paid	(1,146,345)	(498,169)
Proceeds from issuing shares	-	4,110,956
Interest paid	(104,911)	(68,274)
Net cash provided by financing activities	685,849	5,638,470
Net (decrease) increase in cash and cash equivalents	(150,444)	661,583
Cash and cash equivalents at beginning of period	1,262,462	600,879
Cash and cash equivalents at end of period	<u>\$1,112,018</u>	<u>\$1,262,462</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

PANJIT INTERNATIONAL INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2022, and 2021
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Company History

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 parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 were approved by the Board of Directors on March 10, 2023.

3. Newly issued or revised standards and interpretations

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

The Company 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 2022. The adoption of these new standards and amendments had no material impact on the Company.

- (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 Company 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	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) Disclosure initiative - Accounting Policies (Amendments to IAS 1)

This amendment is to improve the disclosure of accounting policies to provide investors and other major users of financial statements with more useful information.

(b) Definition of Accounting Estimates (Amendments to IAS 8)

This amendment directly defines accounting estimates and makes other amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to help companies distinguish between changes in accounting policies and changes in accounting estimates.

(c) Deferred income tax relating to assets and liabilities arising from a single transaction (Amendments to IAS 12)

This amendment narrows the scope of the exemption from the recognition of deferred income tax in paragraphs 15 and 24 of IAS 12, Income Tax, so that the exemption does not apply to taxable and deductible amounts that would have resulted in the same amount at the time of the original recognition Transactions other than temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. Have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company 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"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback-Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants-Amendments to IAS 1	1 January 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. The fulfilment cash flows comprise of the following:

- (1) estimates of future cash flows;
- (2) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- (3) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

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)

This is based on the amendments to IAS 1 “Classification of Liabilities as Current or Non-Current.” The classification of liabilities in paragraphs 69 to 76 as current or non-current shall be corrected.

(d) Lease liabilities in sale-leasebacks (Amendment to IFRS 16)

This is to address the consistent application by adding accounting treatment to sale and leaseback transactions by sellers and lessees in IFRS 16 "Leases".

(e) Non-current liabilities in contracts (Amendments to IAS 1)

This amendment is intended to add information on long-term debt contracts provided by companies. It is to note that the contractual obligations to be complied with for 12 months after the reporting period does not affect the classification of these liabilities as current or non-current ones 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 Company's financial statements were authorized for issue, and the local effective dates are to be determined by FSC. As the Company 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 Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Compliance statement

The Company's FY2022 and FY2021 parent company only Financial Statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Statements by Securities Issuers”.

(2) Basis of Preparation

The Company has prepared these parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Statements by Securities Issuers.” As stipulated in Article 21 of "Preparation Standards of Financial Statements for Securities Issuers, the current gain or

loss and other comprehensive income in the Parent Company Only Financial Statements shall be the same as the allocation of other comprehensive income attributable to the parent company owners in the combined Financial Statements, and the owners' equity in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company's owners in the combined Financial Statements. Therefore, investments in subsidiaries are expressed in Parent Company Only Financial Statements as "investments by equity method", and necessary evaluation adjustments are made.

The parent company only financial statements are prepared on the basis of historical cost, except for financial instruments measured by fair value. The unit for all amounts expressed in the parent company only financial statements are in thousands of NTD unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements present the NT dollar as the functional currency. Foreign currency transaction is translated into functional currency according to the exchange rate of the transaction date. At the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate of that day; Foreign currency items measured at fair value are translated according to the exchange rate on the date of fair value, and foreign currency non-currency items measured through historical cost will be translated according to the exchange rate on the original date of transaction.

Except for the following, the exchange difference arising from the delivery or conversion of monetary items is recognized as gain or loss in the current period:

- (a) For the foreign currency borrowing in order to obtain the assets that meet the requirements, if the conversion difference incurred is regarded as an adjustment to the interest cost, it is a part of the borrowing cost and capitalized as the cost of the asset.
- (b) Foreign currency items applicable to IFRS 9, "Financial Instruments" shall be handled in accordance with the accounting policies of financial instruments.
- (c) For monetary items that form part of the reporting entity's net investment in foreign operating institutions, the resulting exchange difference was originally recognized as other comprehensive income, and when the net investment is disposed of, it is reclassified from equity to gain or loss.

When the profit or loss of a non-monetary item is recognized as other comprehensive income, any conversion component of the profit or loss is recognized as other comprehensive income. When the profit or loss of a non-monetary item is recognized as gain or loss, any conversion component of the profit or loss is recognized as gain or loss.

(4) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its own functional currency, and uses that functional

currency to measure its financial statements. When preparing parent Company only Financial Statements, the assets and liabilities of foreign operation are converted into New Taiwan dollars at the closing exchange rate on the balance sheet date, and income and expenditure items are converted at the current average exchange rate. The conversion difference arising from the conversion is recognized as other comprehensive income, and the cumulative conversion difference that has been previously recognized in other comprehensive income and accumulated in the individual components under equity when the foreign operation is disposed of, when the disposition gain or loss are recognized, shall be reclassified from equity to gain or loss. When involving the partial disposal of the loss of control of a subsidiary that includes a foreign operation, and after a partial disposal of the equity of an associate or joint agreement including the foreign operation, if the retained equity is a financial asset that includes the foreign operation, it is also deemed to be disposal.

When disposing of a subsidiary that includes a foreign operation without losing control, the cumulative conversion difference recognized in other comprehensive income is adjusted by “investment by equity method” on a pro rata basis, and not recognized as gain or loss; Under influence or joint control, when part of the disposition includes an associate or joint agreement of a foreign operation, the accumulated exchange difference will be reclassified to gain or loss on a pro rata basis.

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.

(5) Classification Standard for Distinguishing Current and Non-current Assets and Liabilities

In one of the following conditions, it is classified as current assets, and non-current assets are classified as non-current assets:

- (a) The asset is expected to be realized within normal operation cycle, or it is intended to be sold or consumed;
- (b) The asset held for the purpose of transaction.
- (c) The asset is expected to be realized within twelve months after the reporting period.
- (d) The asset is cash or a 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

Any liability meeting one of the following conditions is current liability, and other liabilities not falling into current liability are non-current liability:

- (a) Liabilities to be cleared off within the normal operation cycle.
- (b) Liabilities held primarily for the purpose of trading.
- (c) Liabilities that is due to be settled within twelve months after the reporting period.

(d) Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. If the term of liability, at the discretion of transaction party, causes it to be cleared off by issuing equity instruments, the classification will not be influenced

(6) Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits, short-run and high liquidity time deposits or investments (including time deposits within 3 months of the contract period) that can be converted into fixed cash at any time and have little risk of value changes.

(7) Financial instruments

Financial assets and financial liabilities shall be recognized when the Company became a party to the terms of the financial instrument contract.

Financial assets and financial liabilities that meet the scope of application of IFRS 9 "Financial Instruments" are measured at fair value at the time of initial recognition and are directly attributable to financial assets and financial liabilities (except for those classified as fair value through profit or loss.) The transaction cost of acquisition or issuance, other than financial assets and financial liabilities measured by value, is added to or subtracted from the fair value of the financial assets and financial liabilities.

(a) Recognition and measurement of financial assets

The recognition and derecognition of all financial assets of the Company's customary transactions shall be accounted for on the transaction day.

The Company classifies financial assets as financial assets that are subsequently measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss based on the following two items:

- A. Business model for managing financial assets
- B. Contractual cash flow characteristics of financial assets

Financial asset measured at amortized cost

Financial assets that meet the following two conditions at the same time are measured at amortized cost, and listed on the balance sheet in terms of notes receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

- A. The business model of managing financial assets: holding financial assets to collect contractual cash flows
- B. Contractual cash flow characteristics of financial assets: the cash flow is completely for paying the capital and the interest of capital circulating outside.

These financial assets (excluding those involved in a hedging relationship) are measured subsequently at the amortized cost [the amount measured at the time of original recognition, minus the principal paid, plus or minus the difference between the original amount and the maturity amount accumulated amortization (using the effective interest method), and adjust the allowance for loss]. When derecognizing, undergoing amortization procedures, or recognizing detrimental profits or losses, the profits or losses are recognized in gain or loss.

The interest calculated by the effective interest method (multiplying the effective interest rate by the total carrying amount of the financial asset) or the following conditions is recognized in the gain or loss:

- A. For purchased or initial credit impaired financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset
- B. If it is not the former, but subsequently becomes credit impaired, the effective interest rate is multiplied by the amortized cost of financial assets

Financial assets measured at fair value through other comprehensive income

Financial assets that meet the following two conditions at the same time are measured at fair value through other comprehensive income, and recognized on the balance sheet as financial assets measured at fair value through other comprehensive income:

- A. The business model of managing financial assets: collecting contractual cash flow and selling financial assets
- B. Contractual cash flow characteristics of financial assets: the cash flow is completely for paying the capital and the interest of capital circulating outside.

The explanation of the recognition of such financial assets-related gain or loss is as follows:

- A. Before derecognition or reclassification, in addition to the derogation gain or loss and the foreign currency exchange gain or loss are recognized in the gain or loss, the gain or loss is recognized in the other comprehensive income
- B. At derecognizing, the cumulative benefits or losses previously recognized in other comprehensive income are reclassified from equity to gain or loss as a reclassification adjustment
- C. The interest calculated by the effective interest method (multiplying the effective interest rate by the total carrying amount of the financial asset) or the following conditions is recognized in the gain or loss:

- (a) For purchased or initial credit impaired financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset
- (b) If it is not the former, but subsequently becomes credit impaired, the effective interest rate is multiplied by the amortized cost of financial assets

In addition, for equity instruments that fall within the scope of IFRS 9 and the equity instruments are neither held for trading, nor recognized or recognized by the acquirer in a business merger under IFRS 3, if there is consideration at the time of initial recognition, corporations choose (irrevocably) to report its subsequent fair value changes in other comprehensive income. The amount reported in other comprehensive income shall not subsequently be transferred to gain or loss (when disposing of these equity instruments, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings), and shall be measured as financial assets at fair value through other comprehensive income and recognized on the balance sheet. Investment dividends are recognized in profit or loss, unless the dividend clearly represents part of the recovery of investment costs.

Financial assets measured at fair value through profit or loss

Except for those, meeting the above-mentioned specific conditions, measured at amortized cost or through other comprehensive income measured at fair value, financial assets are measured at fair value through profit or loss. The financial assets measured at fair value through profit or loss are recognized on the balance sheet.

Such financial assets are measured at fair value, and the profits or losses resulting from re-measurement are recognized as gain or loss. The profits or losses recognized as gain or loss include any dividends or interest received by the financial asset.

(b) Impairments of financial assets

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

- A. The unbiased and probability-weighted amount determined by evaluating each possible outcome

B. Time value of money

C. Reasonable and supportive information related to past events, current conditions and forecasts of future economic conditions (that can be obtained without excessive costs or investment on the balance sheet date)

The method of measuring the allowance loss is explained as follows:

A. Measured by the amount of 12-month expected credit losses: including financial assets that have not significantly increased in credit risk since initial recognition, or those that are judged to be low in credit risk on the balance sheet date. In addition, it also includes those who measured the allowance loss based on the amount of expected credit loss during the previous reporting period, but no longer met the conditions for a significant increase in credit risk since the initial recognition on the balance sheet date of the current period.

B. Measurement of the amount of expected credit loss within duration: including financial assets that have significantly increased credit risk since initial recognition, or are purchased or initial credit-impaired financial assets.

C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company uses the amount of expected credit losses within duration to measure the allowance loss.

D. For lease receivable or contract assets arising from transactions within the scope of IFRS 16, the Company measures the allowance for losses using the amount of expected credit losses over the life of the transaction.

On each balance sheet date, the Company compares the changes in the default risk of financial instruments on the balance sheet date and the original recognition date to assess whether the credit risk of the financial instruments has increased significantly after the initial recognition. In addition, please refer to Note 12 for information related to credit risk.

(c) Derecognition of financial assets

Financial assets held by the Company are derecognized when one of the following conditions is met:

A. The contractual rights from the cash flows of financial assets terminate.

B. The financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to others.

C. Almost all risks and rewards of asset ownership have not been transferred or retained, but control of assets has been transferred.

When a financial asset is derecognized as a whole, the difference between its carrying amount

and the received or receivable consideration plus any cumulative gains or losses recognized in other comprehensive income is recognized in gain or loss.

(d) Financial liabilities and equity instruments

Classification between liabilities or equity

The debt and equity instruments issued by the Company are classified as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity Instruments

An equity instrument refers to any contract that recognizes the Company's remaining equity after deducting all liabilities from its assets. The equity instruments issued by the Company are recognized at the price obtained deduct the direct issue cost.

Compound instruments

The Company recognizes the constituent elements of financial liabilities and equity in accordance with the contractual terms of the convertible corporate bonds issued. In addition, for the issued convertible corporate bonds, before distinguishing the equity elements, it is evaluated whether the economic characteristics and risks of the embedded buying and selling rights are closely related to the main debt product.

For the market interest rate assessment of the debt component that does not involve derivative instruments, the fair value of which is equivalent in nature and does not have conversion characteristics. Before conversion or redemption and settlement, this part of the amount is classified as financial liabilities measured at amortized cost; As for other parts of embedded derivatives that are not closely related to the risks of the economic characteristics of the main contract (for example, the execution price of the embedded buy-back and redemption rights cannot be almost equal to the amortized cost of the debt goods on each execution day), except for the components of equity, they are classified as components of liabilities. And in the subsequent period, it will be measured at fair value through profit or loss; The amount of the equity element is determined by deducting the component part of the liability from the fair value of the convertible corporate bond. The carrying amount will not be remeasured in subsequent accounting periods. If the convertible corporate bonds issued do not have equity elements, they shall be processed in accordance with the IFRS 9 Hybrid Instruments.

Transaction costs are allocated to the liabilities and equity components in accordance with the proportion of the originally recognized convertible corporate bonds allocated to the liabilities and equity components.

When the holder of the convertible corporate bond requests to exercise the right of conversion before the expiry of the convertible corporate bond, the carrying amount of the component elements of the liability is adjusted to the carrying amount that should be at the time of the conversion as the accounting basis for the issuance of ordinary shares.

Financial liabilities

Financial liabilities that meet the scope of application of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost at the time of initial recognition.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to be measured at fair value through profit or loss.

When one of the following conditions is met, it is classified as held for trading:

- A. The main purpose of its acquisition is to sell in a short time;
- B. At the time of initial recognition, it is part of the portfolio of identifiable financial instruments jointly managed, and there is evidence that the portfolio is a short-run profit-making operation in the near future; or
- C. Derivatives (except for financial guarantee contracts or derivatives that are designated and effective hedging instruments.)

For contracts containing one or more embedded derivatives, the overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit or loss; when one of the following factors is met and more relevant information can be provided, at the time of initial recognition, it is designated as measured at fair value through profit or loss:

- A. The designation can eliminate or significantly reduce measurement or recognition inconsistencies; or
- B. A group of financial liabilities or a group of financial assets and financial liabilities shall be managed and evaluated on a fair value basis in accordance with written risk management or investment strategies, and the information on the investment portfolio provided to the management by the merged company also be based on fair value.

The profits or losses arising from the re-measurement of such financial liabilities are recognized as gain or loss, and the profits or losses recognized as gain or loss include any interest paid by the financial liabilities.

Financial liabilities measured by amortized cost

Financial liabilities measured at amortized cost, including accounts payable and borrowings, etc., are measured using the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest method, the related gain or loss and amortization amount are recognized in gain or loss.

The calculation of the amortized cost considers the discount or premium at the time of acquisition and transaction costs.

Derecognition of financial liabilities

When the obligation of a financial liability is discharged, canceled or lapsed, the financial liability is derecognized.

When the Company and creditors exchange debt instruments with materially different terms or make major changes to all or part of the existing financial liabilities (regardless of whether it is due to financial difficulties), when dealing with derecognizing financial liabilities, by the method of derecognizing the original liabilities and recognizing new liabilities, the difference between its carrying amount and the total consideration paid or payable (including transferred non-cash assets or liabilities assumed) is recognized as gain or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can be offset and recognized on the balance sheet as a net amount only when the recognized amount currently has mutually offsetting legal exercise rights and intends to settle on a net amount or realize assets and liquidate liabilities at the same time.

(8) Derivative instruments

The derivative instruments held or issued by the Company are used to avoid exchange rate risk and interest rate risk. Among them, those that are designated and effectively hedged are recognized as hedged financial assets or liabilities on the balance sheet; the rest are not designated. For effective hedging, it is reported on the balance sheet as financial assets or financial liabilities measured at fair value through profit or loss.

The initial recognition of derivatives is measured by the fair value on the date when the derivative contract is signed, and is measured by the fair value after it is renewed. When the fair value of a

derivative is a positive number, it is a financial asset; when the fair value is a negative number, it is a financial liability. Changes in the fair value of derivatives are directly recognized in gain or loss, but for those involving cash flow hedging and net investment hedging of foreign operation are an effective part, the Company recognized under gain or loss or equity.

Where the master contract is a non-financial asset or financial liability, when the economic characteristics and risks of the derivatives embedded in the master contract are not closely related to the master contract, and the master contract is not measured at fair value through profit or loss, the embedded derivatives should be treated as independent derivatives.

(9) Fair value measurement

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The fair value measurement assumes that the sale of assets or transfer of liabilities takes place in one of the following markets:

- (a) The main market for the asset or liability, or
- (b) If there is no major market, the most favorable market for the asset or liability

The main or most advantageous market must be accessible to the Company for trading.

The fair value of assets or liabilities is measured by using assumptions that market participants will use when setting asset or liability price, and it is assumed that these market participants are acting in their economic best interests.

The fair value measurement of non-financial assets takes into account market participants by using the asset for its highest and best use or by selling the asset to another market participant who will use the asset for its highest and best use, In order to generate economic benefits.

The Company adopts appropriate valuation techniques under relevant circumstances and sufficient information is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) 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.

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

Non-current assets or disposal groups to be sold refer to those that can be sold immediately in accordance with general conditions and business practices under the current circumstances, and are highly likely to complete the sale within one year. Non-current assets classified as pending sale and disposal groups are measured by the lower of carrying amount and fair value minus disposal costs.

The income and expenditures of the discontinued unit are reported separately in the consolidated income statement during the reporting period and the comparison period of the previous year, based on the after-tax basis and the income and expenditures of the continuing business unit. Even if, after the Company disposed the subsidiary, it still retains a non-controlling equity. The relevant after-tax profits and losses of discontinued units are presented separately in the consolidated income statement.

Once property, plant, and equipment and intangible assets are classified as pending sale, they will no longer be depreciated or amortized.

(12) Investments accounted for using the equity method

The Company's investments in associates are treated with the equity method, except for assets classified as assets for sale. Associates refer to companies that the Company has a significant influence on. A joint venture refers to the Company that has rights to the net assets of the joint agreement (with joint control.)

Under the equity method, investment in an associate or joint venture is recognized in the balance sheet, which is the amount recognized by the Company based on cost plus the amount of the change in the net assets of the associate or joint venture after acquisition in shareholding ratio. After the carrying amount of the associate or joint venture investment and other related long-term equity is reduced to zero using the equity method, additional losses and liabilities are recognized within the scope of legal obligations, constructive obligations, or payments made on behalf of the associate. Unrealized gains and losses arising from transactions between the Company and associates or joint ventures shall be eliminated according to the proportion of its equity in the associates or joint ventures.

When changes in the equity of an associate or joint venture do not occur due to gain or loss and other comprehensive income items and do not affect the Company's shareholding ratio, the Company recognizes the related ownership and equity changes based on the shareholding ratio. Therefore, the recognized capital reserve is transferred to gain or loss according to the proportion of the disposal in the subsequent disposal of associates or joint ventures.

When an associate or a joint venture issues new shares, the Company fails to subscribe in proportion to the shareholding ratio, resulting in a change in the investment ratio, thereby increasing or decreasing the

Company's equity holdings in the associate or joint venture, "capital reserve" and "investment using the equity method" are used to adjust the increase or decrease. When the investment ratio change decreases, the related items that have been previously recognized in other comprehensive income are also reclassified to gain or loss or other appropriate accounts according to the reduction ratio. The recognized capital reserve above is transferred to gain or loss according to the proportion of the disposal in the subsequent disposal of associates or joint ventures.

The Financial Statements of associates or joint ventures are prepared for the same reporting period as the Company, and adjusted to make their accounting policies consistent with the Company's accounting policies.

At the end of each reporting period, the Company confirms whether there is objective evidence showing that the investment in associates or joint ventures has been impaired in accordance with the provisions of IAS 28 "Investment in associates and joint ventures." That is, in accordance with IAS 36 "Asset Impairment", the amount of impairment is calculated based on the difference between the recoverable amount of the associate or joint venture and the carrying amount, and the amount is recognized as gain or loss of the associate or joint venture. If the aforementioned recoverable amount adopts the use value of the investment, the Company will determine the relevant use value based on the following estimates:

- (a) The Company's share of the present value of estimated future cash flows from associates or joint ventures, including associates or the cash flow generated by the operation of the joint venture and the final disposal price of the investment; or
- (b) The Company expects the present value of estimated future cash flows from the investment to receive dividends and ultimately dispose of the investment.

Since the goodwill component items that constitute the carrying amount of investment in associates or joint ventures are not separately recognized, there is no need for goodwill impairment test per the provisions of IAS 36 "Asset Impairment."

When it loses significant influence on the associate or joint control of the joint venture, the Company measures and recognizes the retained investment portion at fair value. In the event of loss of significant influence or joint control, the difference between the carrying amount of the investment associate or joint venture and the fair value of the retained investment plus the proceeds from the disposal is recognized as gain or loss. In addition, when 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 Company continues to apply the equity method without re-evaluating the retained equity.

(13) Property, Plant, and Equipment

Property, plant, and equipment are recognized on the basis of acquisition cost, and are recognized after deducting accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing and restoring the property, plant, and equipment at their location and the cost of unfinished construction. Necessary interest expenses incurred. If each item of property, plant, and equipment is significant, it should be itemized for depreciation individually. When the major components of property, plant, and equipment are to be replaced on a regular basis, the Company treats

the items as individual assets and recognizes them separately with specific useful life and depreciation methods. The carrying amount of the replacement part shall be derecognized in accordance with the derecognizing requirements of IAS 16 "property, plant, and equipment". If the major maintenance cost meets the recognition conditions, it is regarded as replacement cost and recognized as part of the carrying amount of plant, and equipment, and other repair and maintenance expenses are recognized in gain or loss.

Depreciation is accrued based on the estimated useful life of the following assets by the straight-line method:

Assets	Useful life
Buildings	4 - 51 years
Machinery and equipment	1 - 10 years
Transportation equipment	5 years
Utilities equipment	6 - 15 years
Office equipment	1 - 6 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 residual value, useful life, and depreciation method of property, plant, and equipment are assessed at the end of each financial year. If the expected value is different from the previous estimate, the change is regarded as a change in accounting estimates.

(14) Lease

The Company assesses whether the contract is (or includes) a lease on the date of contract establishment. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is (or contains) a lease. In order to assess whether the contract transfers control over the use of the identified asset for a period of time, the Company assesses whether it has both of the following during the entire period of use:

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

For contracts that are (or include) leases, the Company treats each lease component in the contract as a separate lease and treats it separately from the non-lease component in the contract. For contracts that include one lease component and one or more additional lease or non-lease components, the Company uses the relative individual price of each lease component and the aggregate individual price of the non-lease component as basis and allocates the consideration in the contract to the lease component. The relative stand-alone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components.) If the observable

stand-alone price is not readily available, the Company maximizes the use of observable information to estimate the stand-alone price.

The Company is the lessee

In addition to meeting and selecting short-run leases or leases of low-value target assets, when the Company is the lessee of the leasing contract, the right-of-use assets and lease liabilities are recognized for all leases.

The Company measures the lease liability on the inception date based on the present value of the lease payments not yet paid on that date. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate. On the starting date, the lease payments in the lease liability include the following payments related to the right-of-use of the underlying asset during the lease period and not yet paid on that date:

- (a) Fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- (b) Variable lease payments depending on an index or a rate, initially measured (using the index or rate 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 lessee 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 starting date, the Company measures the lease liability on the basis of amortized cost, and increases the carrying amount of the lease liability using the effective interest rate method to reflect the interest on the lease liability; the lease payments reduces the carrying amount of the lease liability.

On the starting date, the Company measures the right-of-use asset based on cost. The cost of the right-of-use asset includes:

- (a) The original measured amount of the lease liability;
- (b) Any lease payments paid on or before the commencement date, less any lease incentives receivable;
- (c) Any original direct costs incurred by the lessee; and
- (d) The estimated cost of lessee's dismantling, removing an underlying asset and restoring its location, or restoring the underlying asset to the state required in the terms and conditions of the lease.

Subsequent measurement of the right-of-use asset is presented after the cost minus the accumulated depreciation and accumulated impairment loss, that is, the cost model is applied to measure the right-of-use asset.

If the ownership of the underlying asset is transferred to the Company when the lease period expires, or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the right-of-use asset will be depreciated from the start date to the end of the useful life of the underlying asset. The right-of-use asset is depreciated from the commencement date by the Company to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 "Asset Impairment" to determine whether the right-of-use asset has been impaired and to deal with any identified impairment losses.

In addition to meeting and selecting short-run leases or leases of low-value target assets, the Company presents right-of-use assets and lease liabilities in the balance sheet, and separately presents lease-related depreciation expenses and interest expenses in the consolidated income statement.

For short-term leases and leases of low-value target assets, the Company chooses to use a straight-line basis or another systematic basis to recognize the lease payments related to these leases as expenses during the lease period.

The Company is the lessor

The Company classifies each of its leases as operating leases or finance leases on the date of contract establishment. If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; if it has not been transferred, it is classified as an operating lease. On the starting date, the Company recognized the assets held under finance leases in the balance sheet and expressed them as finance lease receivables based on the net lease investment.

For contracts that include lease components and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on a certain index or rate change are recognized as rental income when they occur.

(15) Intangible assets

Intangible assets acquired separately are measured by cost at the time of initial recognition. The cost of intangible assets acquired through a business merger is the fair value at the acquisition date. After the initial recognition of intangible assets, the carrying amount is the amount of its cost minus accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition conditions shall not be capitalized, but shall be recognized in gain or loss when they occur.

The useful life of intangible assets is divided into limited and non-determined useful life.

Intangible assets with a limited useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and amortization method of intangible assets with limited useful life are reviewed at least at the end of each financial year. If the estimated useful life of the asset is different from the previous estimate or the expected pattern of future economic benefit consumption has changed, the amortization method or amortization period will be adjusted and considered as a change in accounting estimates.

Intangible assets with a non-determined useful life are not amortized, but impairment tests are conducted at the level of individual assets or cash-generating units in each fiscal year. Intangible assets with indefinite useful life are assessed in each period whether there are events and circumstances that continue to support that the asset's useful life is still indefinite. If the useful life is changed from non-determined to limited useful life, the application will be postponed.

The profit or loss arising from the derecognition of intangible assets is recognized as gain or loss.

The Company's accounting policies for intangible assets are summarized as follows:

	<u>The cost of computer software</u>	<u>Other intangible assets</u>
Useful life	Finiteness (1 to 5 years)	Finiteness (5 to 10 years)
Amortisation method used	Straight-line method	Straight-line method
Internally generated or externally acquired	Externally acquired	Externally acquired

(16) Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there are any signs of impairment for all assets to which IAS 36 "Asset Impairment" is applicable. If there are signs of impairment or a periodic impairment test is required for an asset every year, the Company will conduct the test on the basis of the individual asset or the cash-generating unit to which the asset belongs. As a result of the impairment test, if the carrying amount of the asset or the cash-generating unit to which the asset belongs is greater than its recoverable amount, the impairment loss is recognized. The recoverable amount is the higher of its net fair value or its value in use.

At the end of each reporting period, the Company assesses whether there is any indication that the previously recognized impairment loss may no longer exist or decrease for assets other than goodwill. If there are such signs, the Company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment will be reversed. However, after the reversal, if the carrying amount does not exceed the asset value before recognizing impairment losses, the carrying amount after depreciation or amortization should be deducted.

The impairment loss and the reversal of continuing business units are recognized in gain or loss.

(17) Liability reserve

The recognition conditions of the liability reserve are the current obligations (legal obligations or constructive obligations) arising from past events. When paying off obligations, it is very likely that economically effective resources will need to be flowed out. And the amount of the obligation can be estimated reliably. When the Company expects that some or all of the liability reserves can be reimbursed, it is recognized as a separate asset only when the reimbursement is almost completely certain. If the time value of money has a significant impact, the liability reserve is discounted at the current pre-tax interest rate that can appropriately reflect the specific risks of the liability. When debt is discounted, the increase in the amount of debt over time is recognized as borrowing cost.

(18) Treasury stock

When the Company and Subsidiaries obtains the stock of the Company (treasury stock), it is recognized at the cost of acquisition and used as a deduction of equity. The spread of treasury stock transactions is recognized under equity.

(19) Revenue recognition

The Company's revenue from contracts with customers mainly includes sales of goods. The accounting treatments are explained as follows:

Sales of goods

The Company manufactures and sells products, and recognizes revenue when the promised product is delivered to the customer and the customer obtains its control (that is, the customer's ability to control the use of the product and obtain almost all the remaining benefits of the product.) The main product is dipole and rectifier and the revenue is recognized based on the price stated in the contract.

The credit period for the Company's sales of commodities is 60 to 120 days from the month's closing. Most contracts recognize accounts receivable when commodity transfer control and the right to unconditionally receive consideration are recognized. Such accounts receivable are usually within the short period and without significant financial components; a small part of the contract has the goods transferred to the customer but does not have the right to unconditionally receive the consideration, then the contract assets are recognized, and the contract assets must be maintained in accordance with IFRS 9. The amount of expected credit loss during the period measures the allowance loss. However, for some contracts, since part of the consideration is first collected from customers when signing the contract, the Company assumes the obligation to provide goods after the renewal, so they are recognized as contract liabilities.

The period for the Company's aforementioned contract liabilities to be transferred to income usually does not exceed one year, and does not result in the generation of significant financial components.

The contract between the Company and the customer does not exceed one year until the delivery of the promised goods to the customer and the payment from the customer. Therefore, the Company has not adjusted the transaction price for the time value of money.

(20) Borrowing costs

The borrowing cost directly attributable to the acquisition, construction or production of qualified assets shall be capitalized as part of the cost of the asset. All other borrowing costs are recognized as expenses during the period in which they are incurred. Borrowing costs include interest and other costs incurred in connection with borrowed funds.

(21) Government grants

The Company only recognizes government subsidy income when it can reasonably be sure that it will meet the conditions set by the government subsidy and can receive the inflow of economic benefits from the government subsidy. When the subsidy is related to an asset, the government subsidy is recognized as deferred income and recognized as income in installments over the expected useful life of the relevant asset; when the subsidy is related to an expense item, the government subsidy is recognized as income with a reasonable and systematic method to match the expected period of the related costs' occurrence.

When the Company obtains non-monetary government subsidies, the assets and subsidies received are recognized at the nominal amount, and the gain is recognized in the consolidated income statement in equal installments based on the expected useful life and benefit consumption pattern of the underlying assets. Obtaining loans or similar subsidy from the government or related institutions that are lower than the market interest rate is regarded as an additional government subsidy.

(22) After-retirement welfare program

The Company's employee retirement plan is applicable to all employees who are officially appointed. The employee pension is fully deposited in the management of the Labor Retirement Reserve Supervision Committee and deposited into a special account for pension. Because the above-mentioned pensions are deposited in the name of the retirement reserve supervision committee, it is completely separated from the Company, so it is not included in the Parent Company Only Financial Statements above.

For post-retirement welfare program that are defined contribution plans, the Company's monthly employee pension allocation rate shall not be less than 6% of the employee's monthly salary, and the amount allocated is recognized as the current expense.

For post-employment welfare programs that are defined benefit plans, they are presented as actuarial reports on the end of the annual reporting period in accordance with the projected unit credit method. The re-measurement of net defined benefit liabilities (assets) includes any changes in the planned asset return and the impact of the asset ceiling, minus the amount of net interest included in the net defined benefit liabilities (assets), and actuarial gain or loss.

When the remeasured amount of net defined benefit liabilities (assets) occurs, it is included in other comprehensive income, and immediately recognized in retained surplus. The past service cost is the amount of change in the present value of a defined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

- (a) When plan revisions or reductions occur; and
- (b) When the Company recognizes related restructuring costs or resignation benefits.

The net interest of the net defined benefit liabilities (assets) is determined by multiplying the net defined benefit liabilities (assets) by the discount rate, both of which are determined at the beginning of the annual reporting period, and then the net defined benefit liabilities (assets) during the period take into account the any changes due to the appropriation of financial and welfare payments.

(23) Income tax

Income tax expense (gain) refers to the aggregate amount related to current income tax and deferred income tax included in the current profit or loss

Current income tax

The current income tax liabilities (assets) related to the current and previous periods are measured by the tax rates and tax laws that have been legislated or substantively legislated at the end of the reporting period. Current income taxes are related to items recognized in other comprehensive income or directly recognized in equity, which are respectively recognized in other comprehensive income or equity instead of gain or loss.

The Company's undistributed earnings subjects to income tax shall be recognized as income tax expense on the day when the shareholders meeting decides to distribute the surplus.

Deferred income tax

Deferred income tax is calculated based on the temporary difference between the tax basis of assets and liabilities and their carrying amounts on the balance sheet at the end of the reporting period.

Except for the following two, all taxable temporary differences are recognized as deferred tax liabilities:

- (a) The original recognition of goodwill; or the original recognition of assets or liabilities that were not generated by a business merger transaction and did not affect accounting profits or taxable income (loss) at the time of the transaction;
- (b) Taxable temporary differences arising from investment in subsidiaries, associates, and joint agreement interests, the timing of which is controllable and may not be reversed in the foreseeable future.

In addition to the following two, deferred tax assets resulting from deductible temporary differences, unused tax losses and unused income tax deductions are recognized within the scope of possible future taxable income:

- (a) Relevant to deductible temporary differences arising from the original recognition of assets or liabilities that are not a business merger transaction that does not affect accounting profits or taxable income (loss) at the time of the transaction;
- (b) It is related to the deductible temporary differences arising from the equity investment in subsidiaries, associates, and joint agreements, which are only likely to be reversed in the foreseeable future and there is sufficient taxable income at that time to provide for such temporary differences recognized within the scope of use.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which corporations expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax and items that are not recognized in profit or loss are also not recognized in gain or loss, but are recognized in other comprehensive income or directly recognized in equity based on their related transactions. Deferred tax assets are reviewed and recognized at the end of each reporting period.

Deferred tax assets and liabilities can only be granted when the current income tax assets and current income tax liabilities have the statutory enforcement power, and when the deferred tax belongs to the same taxpayer and is related to the income tax levied by the same tax authority, they can be offsetting.

5. Main sources of uncertainty in accounting judgments, estimates and hypotheses

When the Company prepares Parent Company Only Financial Statements, management must make judgments, estimates and assumptions at the end of the reporting period, which will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, the uncertainties in these major assumptions and estimates may result in significant adjustments to the carrying amount of assets or liabilities in future periods.

(1) Determination

In the process of adopting the Company's accounting policies, the management made the following judgments that have the most significant impact on the recognition of Parent Company Only Financial Statements amounts:

Some of the Company's property holdings are partly for earning rent or capital appreciation, and the other part is for self-use. If each part can be sold separately, it will be treated as investment property and property, plant, and equipment. If each part cannot be sold separately, only when the part held for own use accounts for less than 5% of the individual property, the property will be classified as investment property.

(2) Estimates and assumptions

At the end of the reporting period, the assumptions made about the future and the main sources of estimation uncertainty are information that has a significant risk of causing significant adjustments to the carrying amounts of assets and liabilities in the next financial year. These are described 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 more details.

(b) Impairments of non-financial assets

An impairment occurs when the carrying amount of an asset or cash-generating unit is greater than its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to

dispose or value in use. The fair value minus the cost of disposal is calculated based on the price of a binding sales agreement or the market price of the asset under a normal transaction, after deducting the increase cost directly attributable to the disposal of the asset. Value in use is calculated based on the discounted cash flow model. The cash flow estimation is based on the budget for the next five years, and does not include the Company's uncommitted reorganization or future major investments needed to strengthen the asset performance of the tested cash-generating unit. The recoverable amount is easily affected by the discount rate used in the discounted cash flow model, as well as the expected future cash inflow and growth rate used for extrapolation purposes. Please refer to Note 6 for more details.

(c) Pension benefits

The pension cost of the post-employment welfare program and the present value of a defined benefit obligation depend on the actuarial evaluation. Actuarial evaluation involves a variety of different assumptions, including: discount rate and expected salary changes.

(d) Revenue recognition - Sales return and allowance

The Company estimates sales returns and allowance 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 allowance 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 more details.

(e) Income tax

The uncertainty of income tax lies in the interpretation of complicated tax laws and the amount of taxable income generated in the future. Due to the long-term and complex nature of extensive international business relations and contracts, the differences between actual results and assumptions made, or changes in these assumptions in the future, may force the income tax benefits and expenses recorded in the book to be adjusted in the future. The calculation of income tax is based on a reasonable estimate made by the tax authority where the Company operates. The stated amount is based on different factors, such as the previous tax review experience and the difference between the taxation body and the taxation authority's interpretation of tax laws and regulations. The difference in this interpretation may result in various issues due to the location of the Company.

Post-transition of unused tax losses and income tax deductions and reducible temporary differences, which are likely to generate taxable income in the future or within the scope of contingent taxable temporary differences, shall be recognized as deferred income tax assets. The determination of the recognizable amount of deferred tax assets is based on the estimated time and level at which future taxable income and taxable temporary differences may occur, as well as future tax planning strategies.

(f) Trade receivables—estimation of impairment loss

The estimation of the impairment loss of the Company's accounts receivable is based on the estimated amount of credit loss within duration, and will be based on the difference between the contractual cash flow (carrying amount) that can be received by the contract and the expected cash flow (assessment forward-looking information.) The value is credit loss, but the discounting effect of short-run receivables is not significant, and credit loss is measured by the undiscounted difference. If the actual future cash flow is less than expected, significant impairment losses may occur. Please refer to Note 6 for more details.

(g) Inventories

The estimated value of the net realizable value of the inventory is based on the fact that the inventory is damaged, fully or partially obsolete, or the selling price has fallen. The most reliable evidence of the expected cash value of the inventory available at the time of the estimation is used. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	\$210	\$210
Checking, demand deposits and time deposits	1,111,808	1,262,252
Total	<u>\$1,112,018</u>	<u>\$1,262,462</u>

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

	2022.12.31	2021.12.31
Mandatorily measured at fair value through profit or loss:		
Funds	<u>\$14,937</u>	<u>\$—</u>
Current	\$14,937	\$—
Non-current	—	—
Total	<u>\$14,937</u>	<u>\$—</u>

The Company does not provide guarantees with financial assets measured at fair value through profit or loss.

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

	2022.12.31	2021.12.31
Equity instrument investment measured at fair value through other comprehensive income – non-current:		
Listed companies stocks	\$111,571	\$240,892
Unlisted company stocks	42,272	73,458
Total	\$153,843	\$314,350

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

(4) Notes receivables

	2022.12.31	2021.12.31
Notes receivables arising from operating activities	\$25,525	\$60,686
(Less): allowance loss	(—)	(—)
Total	\$25,525	\$60,686

The Company's notes receivable did not provide guarantees.

The Company assesses impairments in accordance with IFRS 9. For information on allowances for losses, please refer to Note 6(15), and for information related to credit risk, please refer to Note 12.

(5) Trade receivables and Trade receivables-related parties

	2022.12.31	2021.12.31
Trade receivables	\$1,665,788	\$2,222,020
(Less): loss allowance	(16,672)	(22,660)
Subtotal	1,649,116	2,199,360
Trade receivable - related parties	322,846	207,130
(Less): loss allowance	(—)	(—)
Subtotals	322,846	207,130
Total	\$1,971,962	\$2,406,490

Trade receivables were not pledged.

The Company's credit period to customers is usually from 60 days to 120 days for monthly settlement. As of December 31, 2022 and 2021, the total carrying amount was NT\$1,988,634 thousand and NT\$2,429,150 thousand, respectively. Please refer to Note 6(15) for information on the allowance for losses and Note 12 for information on credit risk.

(6) Inventories

	2022.12.31	2021.12.31
Raw materials	\$959,741	\$544,625
Work in progress	64,700	54,753
Finished goods	1,018,461	856,492
Total	\$2,042,902	\$1,455,870

The Company's inventory cost recognized as an expense in FY2022 was NT\$6,358,488 thousand, of which, in addition to the inventory cost, it included NT\$266,784 thousand in inventory recovery gain arising from the sale of part of the inventory in FY2022.

The Company's inventory cost recognized as an expense in FY2021 was NT\$6,127,183 thousand, of which, in addition to the inventory cost, it included NT\$34,413 thousand in inventory recovery gain arising from the sale of part of the inventory in FY2021.

(7) Investments accounted for using the equity method

Details of the Company's investment by equity method is as follows:

	2022.12.31		2021.12.31	
Investees	Carry amount	Percentage of ownership (%)	Carry amount	Percentage of ownership (%)
Investee subsidiaries:				
PAN-JIT ASIA				
INTERNATIONAL INC.	\$6,536,416	100.00%	\$6,538,446	100.00%
Pynmax Technology Co., Ltd.	1,743,395	94.64%	1,883,028	94.60%
		(Note 2)		
LIFETECH ENERGY INC.	—	—	(55)	20.57%
(Note 1)				
Champion Microelectronic Corp.	1,841,669	30.00%	—	—
	(Note 3)			

Investees	2022.12.31		2021.12.31	
	Carry amount	Percentage of ownership (%)	Carry amount	Percentage of ownership (%)
AIDE ENERGY EUROPE				
COÖPERATIE U.A.	732,130	100.00%	—	—
	(Note 4)			
Investments in associates:				
MILDEX OPTICAL INC.	226,287	21.01%	180,958	21.01%
Alltop Technology Co., Ltd.	1,575,688	19.18%	1,574,237	19.08%
Total	<u>\$12,655,585</u>		<u>\$10,176,614</u>	

(Note 1): LIFETECH ENERGY INC was liquidated in November 2022.

(Note 2): The Company repurchased the shares held by PANJIT so its shareholding increased to 94.64% from 94.60%.

(Note 3): 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 4): In April 2022, the Company acquired 100.00% equity of AIDE ENERGY EUROPE COÖPERATIE U.A. from AIDE ENERGY (CAYMAN) HOLDING CO., LTD. and AIDE SOLAR ENERGY (HK) HOLDING LIMITED.

(a) Investee subsidiaries are expressed in Parent Company Only Financial Statements as "investments by equity method", and necessary evaluation adjustments are made.

(b) Information on material related enterprises to the Company

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 Company's targeted business areas. The Company 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 a 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 \$1,295,569 thousand as of 31 December 2022.

The aggregated financial information and reconciliation to the carrying amount of the investment is as follows:

	2022.12.31
Assets	\$3,874,123
Liabilities	(1,357,769)
Equity	2,516,354
Proportion of the Company's ownership	19.18%
Subtotals	482,637
Goodwill	988,226
Patent	78,071
Others (Note)	26,754
Carrying amount of investment	\$1,575,688

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

The summarized financial information was as follows:

	2022.12.31	2021.12.31
Operating revenue	\$442,674	\$449,578
Profit from continuing operations	\$81,531	\$92,457
Other comprehensive income (net after tax)	\$5,985	(\$3,467)
Total comprehensive income	\$87,516	\$88,990

The Company's investment in MILDEX OPTICAL INC. is not material to the Company. The aggregate carrying amount of the Company's investment in MILDEX OPTICAL INC. on December 31, 2022 and December 31, 2021 was NT\$226,287 thousand and NT\$180,958 thousand, respectively. The aggregate financial information of the Company's investments in associates is as follows:

	2022.12.31	2021.12.31
Net (loss) of continuing operations	\$13,557	(\$27,189)
Other comprehensive income (net after tax)	\$33,842	(\$2,788)
Total comprehensive income	\$47,399	(\$29,977)

The aforementioned investee subsidiaries and associates have no contingent liabilities or capital commitments, nor have they provided guarantees.

The proportion of profits and losses of subsidiaries and associates recognized in FY2022 and FY2021 using the equity method is as follows:

Investee companies	FY2022	FY2021
PAN-JIT ASIA INTERNATIONAL INC.	\$555,591	\$655,936
Pynmax Technology Co., Ltd.	225,787	249,615
LIFETECH ENERGY INC.	55	(1,299)
MILDEX OPTICAL INC.	13,557	(27,189)
Alltop Technology Co., Ltd.	81,531	92,457
Champion Microelectronic Corp.	12,981	—
AIDE ENERGY EUROPE COÖPERATIE U.A.	1,956	—
Total	\$891,458	\$969,520

(8) Property, plant, and equipment

	2022.12.31	2021.12.31
Owner occupied property, plant and equipment	\$4,744,750	\$3,957,765

Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:									
2022.01.01	\$652,223	\$755,389	\$5,502,614	\$27,311	\$—	\$50,585	\$473,584	\$1,349,814	\$8,811,520
Additions	—	—	108,846	1,625	1,200	10,990	36,114	470,857	629,632
Disposal	—	—	(178,825)	—	—	—	(1,515)	—	(180,340)
Transfer	—	512	348,509	7,845	—	6,324	38,953	90,530	492,673
2022.12.31	<u>\$652,223</u>	<u>\$755,901</u>	<u>\$5,781,144</u>	<u>\$36,781</u>	<u>\$1,200</u>	<u>\$67,899</u>	<u>\$547,136</u>	<u>\$1,911,201</u>	<u>\$9,753,485</u>
Depreciation and impairment:									
2022.01.01	\$—	\$161,213	\$4,266,374	\$26,467	\$—	\$36,103	\$363,598	\$—	\$4,853,755
Depreciation expense	—	18,750	269,573	722	100	4,712	38,297	—	332,154
Disposal	—	—	(172,457)	—	—	—	(1,202)	—	(173,659)
Impairment Loss	—	—	(5,108)	—	—	—	—	—	(5,108)
Transfer	—	—	1,593	—	—	—	—	—	1,593
2022.12.31	<u>\$—</u>	<u>\$179,963</u>	<u>\$4,359,975</u>	<u>\$27,189</u>	<u>\$100</u>	<u>\$40,815</u>	<u>\$400,693</u>	<u>\$—</u>	<u>\$5,008,735</u>

	Land	Building	Machinery equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:									
2021.01.01	\$449,280	\$416,929	\$5,007,133	\$26,511	\$—	\$52,148	\$450,069	\$823,366	\$7,225,436
Additions	127	32,717	110,091	800	—	4,908	40,526	813,226	1,002,395
Disposal	—	—	(109,262)	—	—	(12,631)	(18,935)	(1,650)	(142,478)
Transfer	202,816	305,743	494,652	—	—	6,160	1,924	(285,128)	726,167
2021.12.31	<u>\$652,223</u>	<u>\$755,389</u>	<u>\$5,502,614</u>	<u>\$27,311</u>	<u>\$—</u>	<u>\$50,585</u>	<u>\$473,584</u>	<u>\$1,349,814</u>	<u>\$8,811,520</u>
Depreciation and impairment:									
2021.01.01	\$—	\$148,030	\$4,131,106	\$26,228	\$—	\$45,195	\$350,000	\$—	\$4,700,559
Depreciation expense	—	13,569	229,384	239	—	3,538	33,169	—	279,899
Disposal	—	—	(97,616)	—	—	(12,630)	(18,804)	—	(129,050)
Impairment Loss	—	—	(348)	—	—	—	—	—	(348)
Transfer	—	(386)	3,848	—	—	—	(767)	—	2,695
2021.12.31	<u>\$—</u>	<u>\$161,213</u>	<u>\$4,266,374</u>	<u>\$26,467</u>	<u>\$—</u>	<u>\$36,103</u>	<u>\$363,598</u>	<u>\$—</u>	<u>\$4,853,755</u>
Net Carrying Amount:									
2022.12.31	<u>\$652,223</u>	<u>\$575,938</u>	<u>\$1,421,169</u>	<u>\$9,592</u>	<u>\$1,100</u>	<u>\$27,084</u>	<u>\$146,443</u>	<u>\$1,911,201</u>	<u>\$4,744,750</u>
2021.12.31	<u>\$652,223</u>	<u>\$594,176</u>	<u>\$1,236,240</u>	<u>\$844</u>	<u>\$—</u>	<u>\$14,482</u>	<u>\$109,986</u>	<u>\$1,349,814</u>	<u>\$3,957,765</u>

The amount of capitalized borrowing costs for property, plant and equipment was NT\$0 for FY2022 and FY2021.

Please refer to Note 8 for the provision of guarantees through property, plant, and equipment.

(9) Intangible assets

	Computer software	Other intangible assets	Total
Cost:			
2021.01.01	\$76,808	\$50,838	\$127,646
Additions - acquired	9,594	40,455	50,049
Disposal	(20,226)	—	(20,226)
Reclassification	4,736	—	4,736
2021.12.31	70,912	91,293	162,205
Additions - acquired	22,893	—	22,893
Disposal	(14,826)	—	(14,826)
2022.12.31	<u>\$78,979</u>	<u>\$91,293</u>	<u>\$170,272</u>
Amortization:			
2021.01.01	\$40,857	\$8,997	\$49,854
Amortization	19,509	15,941	35,450
Disposal	(20,226)	—	(20,226)
2021.12.31	40,140	24,938	65,078
Amortization	19,783	17,959	37,742
Disposal	(14,826)	—	(14,826)
2022.12.31	<u>\$45,097</u>	<u>\$42,897</u>	<u>\$87,994</u>
Net Carrying Amount:			
2022.12.31	<u>\$33,882</u>	<u>\$48,396</u>	<u>\$82,278</u>
2021.12.31	<u>\$30,772</u>	<u>\$66,355</u>	<u>\$97,127</u>

Amortized amount recognized as intangible assets:

	FY2022	FY2021
Operating cost	<u>\$2,407</u>	<u>\$1,789</u>
Operating expense	<u>\$35,335</u>	<u>\$33,661</u>

(10) Short-term borrowings

Details of the short loans are as follows:

Nature of borrowing	2022.12.31	2021.12.31
Unsecured bank loans	<u>\$2,455,192</u>	<u>\$2,931,307</u>
Interest rate range	1.102%~5.36%	0.40% ~ 0.99%

As of December 31, 2022 and 2021, the Company's total unused short-term borrowings were approximately NT\$7,326,048 thousand and NT\$6,160,144 thousand, respectively.

(11) Long-term borrowings

Details of the long-term borrowings are as follows:

Nature of borrowing	2022.12.31	2021.12.31
Syndicated bank Loan (A) (Note)	\$3,700,000	\$1,000,000
Project loan (B)	585,541	598,000
Project loan (C)	900,000	300,000
Project loan (D)	1,050,000	1,050,000
Project loan (E)	78,333	98,333
Credit loan	200,000	1,050,000
Subtotal	6,513,874	4,096,333
(less): Long-term security discount	—	(1,065)
(Less): Unamortized cost of syndicated loan	(3,990)	(6,510)
(Less): Deferred gain from government grants	(26,426)	(25,671)
(Less): Maturity within one year	(478,875)	(32,458)
Total	\$6,004,583	\$4,030,629
Interest rate range	1.2745%~2.0619%	0.65%~0.9480%

(Note): Loan (A) is a joint loan signed with 16 financial institutions including Land Bank in 2018. The contract was replaced in August 2021.

(A) The Company signed a syndicated loan of a total NT\$4,200,000 thousand with 10 financial institutions such as the Land Bank on August 17, 2021. The period is from the date of first use to the date of expiry in 5 years. In addition, the first use should be within 3 months from the date of signing, otherwise, when calculating the credit period, the date of expiry of the three-month period shall be the first use date. Here is an excerpt of the important matters stipulated in the contract as follows:

- a. The total credit amount is NT\$4.2 billion.
- b. The method of this credit case is agreed as follows:
 - i. Category 1: Medium-term loan up to \$4,200,000 thousand.
 - ii. Category 2: Commercial paper of \$2,940,000 thousand, which can be used cyclically in accordance with this contract.
- c. The combined balance of category 1 and category 2 shall not exceed the total credit limit of this case.
- 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.

 - i. Current ratio (current asset / current liability): higher than 100%.
 - ii. Debt ratio (total debt ÷ shareholders' equity): should not be higher than 200%.
 - iii. Times interest earned ratio [(profit before tax + interest expense + depreciation + amortization) ÷ (interest expense)]: should not be less than 2.5 times.
 - iv. Net worth: higher than NT\$5,300,000 thousand or USD equivalent.

(B) 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:

The method of this credit case is agreed as follows:

Credit line	Credit period	Interest	Repayment method
\$400,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.4%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
\$200,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.4%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(C) 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	Repayment method
\$600,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.4%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
\$300,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.4%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(D) 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	Repayment method
\$1,000,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.4%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
\$500,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.4%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(E) 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:

Line of credit	Credit period	Interest	Repayment method
\$700,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.4%.	Interest is paid monthly for the first two years, the principal is amortized on a monthly basis starting from the third year, and the interest is calculated monthly based on the principal balance.
\$300,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.4%.	Interest is paid monthly for the first two years, the principal is amortized on a monthly basis starting from the third year, and the interest is calculated monthly based on the principal balance.

(12) Post-employment benefits

Defined contribution plan

The Company sets forth the employee pension rules under the “Labor Pension Act”, which is a state-managed defined contribution plan. According to the regulations, the Company's monthly labor pension contribution rate shall not be less than 6% of the employees' monthly salary. The Company has established the employee retirement rules accordingly, and 6% of the employee's salary is allocated to the individual retirement account of the Labor Insurance Bureau every month.

For the years ended December 31, 2022 and 2021, the Company recognized NT\$40,378 thousand and NT\$39,496 thousand, respectively, in expenses for the defined contribution plan.

Defined benefits plan

The Company's employee pension plan established by the “Labor Standards Act” is a defined benefit plan. The employee pension payment is calculated based on the base number of service years and the average salary of one month at the time of retirement. The service length within 15 years (including) shall be given two cardinalities for each full year, and the service length over 15 years shall be given one cardinality for each full year. However, the cumulative maximum shall be limited to 45 cardinalities. Per requirement of the Labor Standard Act, the Company shall transfer 2% of the total salary to the pension fund on a monthly basis, which shall be deposited in the special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Fund Supervision Committee. In addition, the Company shall, before the end of each fiscal year, estimate the balance of the labor retirement reserve fund special account in the preceding paragraph. If the balance is insufficient to pay the retirement allowance amount calculated in accordance with the foregoing calculation for the labor eligible for retirement in the next one fiscal year, the Company shall once allocate the balance by the end of March of the next fiscal year.

The Ministry of Labor conducts asset allocation in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor pension. The investment of the fund is invested by self-management and entrusted management, and adopts both active and passive management with medium and long-term investment strategies. Considering market, credit, liquidity and other risks, the Ministry of Labor sets fund risk limits and control plans to make it flexible enough to achieve target returns without over-taking risks. For the utilization of the fund,

the minimum annual income allocated in the final accounts shall not be less than the income calculated according to the two-year fixed deposit interest rate of the local bank. Any insufficiency, shall be made up by the national treasury after being approved by the competent authority. Since the Company does not have the right to participate in the operation and management of the fund, it cannot disclose the fair value of the project assets in accordance with paragraph 142 of the IAS 19. As of December 31, 2022, the Company's defined benefit plan is expected to allocate NT\$1,717 thousand in the next fiscal year.

As of December 31, 2022 and 2021, the Company's defined benefit plans are expected to expire in 8 years.

The following table summarizes and determines the cost of the benefit plan recognized to profit or loss:

	FY2022	FY2021
Current service cost	\$1,793	\$1,863
Net interest of net defined benefit liabilities (assets)	633	422
Total	<u>\$2,426</u>	<u>\$2,285</u>

The current value of the defined benefit obligations and the fair value of the planned assets are adjusted as follows:

	2022.12.31	2021.12.31	2021.01.01
Present value of defined benefit obligations	\$132,691	\$156,233	\$164,303
Fair value of plan assets	<u>(71,184)</u>	<u>(67,066)</u>	<u>(61,590)</u>
The amounts accounted of other non-current liabilities - net defined benefit liabilities (assets)	<u>\$61,507</u>	<u>\$89,167</u>	<u>\$102,713</u>

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset)
2021.01.01	\$164,303	(\$61,590)	\$102,713
Current service cost	1,863	—	1,863
Interest expense (income)	674	(252)	422
Past service costs and liquidation gain or loss	—	—	—
Subtotal	166,840	(61,842)	104,998
Defined benefit liabilities / assets re-measurement:			
Actuarial gain or loss resulting from changes in demographic assumptions	—	—	—
Actuarial gain or loss resulting from changes in financial assumptions	(6,538)	—	(6,538)
Experience adjustments	(1,603)	—	(1,603)
Remeasurements of the defined benefit asset	—	(891)	(891)
Subtotal	(8,141)	(891)	(9,032)
Benefit payment	(2,466)	2,466	—
Employer contribution	—	(6,799)	(6,799)
2021.12.31	\$156,233	(\$67,066)	\$89,167
Current service cost	1,793	—	1,793
Interest expense (income)	1,109	(476)	633
Past service costs and liquidation gain or loss	—	—	—
Subtotal	159,135	(67,542)	91,593
Defined benefit liabilities / assets re-measurement:			
Actuarial gain or loss resulting from changes in demographic assumptions	—	—	—
Actuarial gain or loss resulting from changes in financial assumptions	(7,019)	—	(7,019)
Experience adjustments	(4,304)	—	(4,304)
Remeasurements of the defined benefit asset	—	(4,974)	(4,974)
Subtotal	(11,323)	(4,974)	(16,297)
Benefit payment	(15,121)	15,121	—
Employer contribution	—	(13,789)	(13,789)
2022.12.31	\$132,691	(\$71,184)	\$61,507

The following main assumptions are used to determine the Company's defined benefit plan:

	2022.12.31	2021.12.31
Discount rate	1.26%	0.71%
Expected salary increase rate	1.50%	1.50%

The sensitive analysis of each major actuarial assumption:

	FY2022		FY2021	
	Increased defined benefit obligation	Decreased defined benefit obligations	Increased defined benefit obligation	Decreased defined benefit obligations
Discount rate added by 0.5%	\$—	\$3,762	\$—	\$8,165
The discount rate was reduced by 0.5%	\$6,448	\$—	\$9,908	\$—
Remuneration expected to increase by 0.5%	\$6,392	\$—	\$9,777	\$—
Remuneration expected to decrease by 0.5%	\$—	\$3,771	\$—	\$8,151

The aforementioned sensitivity analysis is performed on the assumption that other assumptions remain unchanged, and when a single actuarial assumption (such as discount rate or expected salary) may change reasonably, analysis of the possible impact of determining welfare obligations is carried out. Since some actuarial assumptions are related to each other, in practice, only the case with a single actuarial assumption changes is rare, so this analysis has its limitations.

The method and assumptions used in preparing the sensitivity analysis for the period are the same as before.

(13) Equities

A. Common stock

As at 31 December 2022 and 2021, 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 December 31, 2022, there were no outstanding shares.

B. Capital surplus

Items	2022.12.31	2021.12.31
Additional paid-in capital	\$4,611,840	\$4,611,840
Premium on convertible bonds	1,083,418	1,083,418
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	95,779	165,193
Increase through changes in ownership interests in subsidiaries	8	4
Employee stock option	24,527	24,527
Restricted stocks for employees	694	694
Share of changes in net assets of associates accounted and joint ventures for using the equity method	113,444	113,328
Others	87,151	87,151
Total	<u>\$6,016,861</u>	<u>\$6,086,155</u>

According to laws and regulations, the capital reserve shall not be used except to cover the Company's losses. When the Company has no losses, the premium from issuing shares in excess of the par value and the capital surplus generated by the donation is subject to a certain percentage of paid-in capital each year for capital replenishment. The aforementioned capital reserve may also be distributed in cash in proportion to the shareholders' original shares.

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 31 December 2022 and 2021, 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 articles of association of the Company, if there is a surplus in the annual final accounts, it shall be distributed in the following order:

- a. Withholding taxes.
- b. Offsetting accumulated 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 director and resolved in the shareholders' meeting.

In accordance with Article 240, Paragraph 5 of the Company Act, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to assign all or part of the dividends and bonuses payable. The resolutions shall be reported to the shareholders meeting.

The Company's dividend policy is determined by the Board of Directors based on operating plans, investment plans, capital budgets, and changes in internal and external environments. The Company's business is a capital-intensive industry and is currently in the stage of operational growth. Considering the Company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, the principles of surplus distribution are as follows:

The balance to be distributed for the current year is given priority to cash dividends and can also be distributed to shareholders in the form of stock dividends, but the total amount of cash dividends shall not be less than 10% of the total amount of dividends paid to shareholders.

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.

In accordance with Article 241 of the Company Act, the Company will issue all or part of the statutory surplus reserve and capital reserve as new shares or cash in proportion to the shareholders' original shares. When cash is assigned, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to make a resolution and report to the shareholders meeting. When new shares are issued, they shall be distributed after a resolution of the shareholders meeting.

When the Company distributes the distributable surplus, the difference between the balance of the special surplus reserve provided for the first time when the IFRS is adopted and the net

deduction of other equity is added to the special surplus reserve. Afterward, when the net amount of other equity deductions is reversed subsequently, the reversal part of the net amount of other equity deductions may be reversed and distributed to the special surplus 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.

As of January 1, 2022 and 2021, the Company's special surplus reserve after first application were NT\$200,400 thousand. In addition, the Company did not use, dispose of, or reclassify related assets from January 1 to December 31, 2022 and 2021, therefore did not convert the special surplus reserve to undistributed earnings. As of December 31, 2022 and 2021, the Company's special surplus reserve after first application were both NT\$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 June 2022, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	FY2022	FY2021	FY2022	FY2021
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.(17) for further details on employees' compensation and remuneration to directors and supervisors.

(14) Operating revenue

	FY2022	FY2021
Client contractual income		
Sale of goods	\$8,792,616	\$8,706,119

Information related to revenue from contracts with customers for the years ended December 31, 2022 and 2021 is as follows.

A. Disaggregation of revenue

The Company is a single operating segment. The revenue generated from sales of goods in FY2022 and FY2021 were NT\$8,792,616 thousand and NT\$8,706,119 thousand, respectively, which were the income recognized at a certain point in time.

B. Contract balance

Contractual liabilities - current

	2022.12.31	2021.12.31
Sales of goods	\$365	\$5,982

The reason for the changes in the balance of contract liabilities of the Company from January 1 to December 31, 2022 and 2021 was due to the fact that part of the performance obligations had been met and transferred into revenue or the increase in repay.

(15) Expected credit gains (losses):

	FY2022	FY2021
Operating expenses - expected credit impairment gain (loss)		
Accounts receivable	\$5,988	(\$6,707)

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

The Company's receivables (including notes and accounts receivable) were subject to the allowance for loss measured at expected credit loss amount during the survival period, with the related explanations about the allowance for losses evaluated on December 31, 2022 and 2021, as follows:

Accounts receivable considers the counter-party's credit rating, regional and industrial factors, and uses the preparation matrix to measure the allowance loss. The relevant information is as follows:

2022.12.31

	1-90 days (Note 1)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	\$1,520,335	\$167,258	\$826	\$1	\$2,893	\$1,691,313
Loss rate	0.35%	5%	20%	100%	100%	
Lifetime expected credit losses	(5,250)	(8,363)	(165)	(1)	(2,893)	(16,672)
Carrying amount	\$1,515,085	\$158,895	\$661	\$—	\$—	\$1,674,641

2021.12.31

	1-90 days (Note 1)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	\$2,028,051	\$250,929	\$358	\$—	\$3,368	\$2,282,706
Loss rate	0.33%	5%	20%	—	100%	
Lifetime expected credit losses	(6,674)	(12,546)	(72)	—	(3,368)	(22,660)
Carrying amount	<u>\$2,021,377</u>	<u>\$238,383</u>	<u>\$286</u>	<u>\$—</u>	<u>\$—</u>	<u>\$2,260,046</u>

(Note 1): Notes receivable included. All notes receivable of the Company are not overdue.

(Note 2): Accounts receivable - related parties not included. The Company's accounts receivable - related parties are not overdue.

The movement in the provision of impairment of trade receivables during the years ended 31 Dec. 2022 and 2021 are as follows:

	Accounts receivable
2022.01.01	\$22,660
Amounts increase (reversal) in the current period	(5,988)
Write-off of unrecoverable accounts	—
2022.12.31	<u>\$16,672</u>
2021.01.01	\$15,953
Amounts increase (reversal) in the current period	6,707
Write-off of unrecoverable accounts	—
2021.12.31	<u>\$22,660</u>

(16) Lease

The Company as s lessee

The Company leases a number of different assets, including property (land, houses, and buildings) and transportation equipment. The lease period of each contract is between 2 to 5 years.

The impact of leasing on the Company's financial status, financial performance and cash flow is explained as follows:

A. The amounts recognized in the balance sheet are:

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2022.12.31	2021.12.31
Land	\$995	\$1,742
House and building	2,723	19,054
Transportation equipment	3,230	1,428
Other assets	222	388
Total	<u>\$7,170</u>	<u>\$22,612</u>

The Company has added NT\$5,656 thousand NT\$3,695 thousand respectively to the right-of-use assets from January 1 to December 31, 2022 and 2021.

(b) Lease liabilities

	2022.12.31	2021.12.31
Current	\$3,882	\$7,981
Non-current	3,213	14,767
Total	<u>\$7,095</u>	<u>\$22,748</u>

Please refer to Note 6(18).d Financial Costs for the Company's interest expense of lease liabilities in FY2022 and FY2021. Please refer to Note 12(5) Liquidity Risk Management for the maturity analysis of lease liabilities due on December 31, 2022 and 2021.

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

	FY2022	FY2021
Land	\$746	\$747
Buildings	3,287	7,299
Transportation equipment	1,013	702
Other assets	166	111
Total	<u>\$5,212</u>	<u>\$8,859</u>

C. The lessee's income and expenditures related to leasing activities

	FY2022	FY2021
Expenses arising from short-run lease	\$2,278	\$1,881
Expenses arising from low-value asset lease (Excluding the expenses arising from short-run lease of low-value asset)	\$70	\$163
Variable lease payments not accounted for in lease liability	\$108	\$90

D. The lessee's cash outflows related to leasing activities

The total cash outflow of the Company's lease were NT\$5,385 thousand and NT\$8,782 thousand from January 1 to December 31, 2022 and 2021.

E. Other information related to leasing activities

Extension and termination options

Some of the Company's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company 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 Company. After the commencement date, the Company 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 Company 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.

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

Function Nature	FY2022			FY2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Salaries	\$547,718	\$655,039	\$1,202,757	\$566,249	\$727,833	\$1,294,082
Labor and health insurance	\$70,546	\$37,633	\$108,179	\$72,371	\$30,888	\$103,259
Pension	\$25,627	\$17,177	\$42,804	\$27,235	\$14,546	\$41,781
Compensation of the directors	\$—	\$35,490	\$35,490	\$—	\$48,956	\$48,956
Other employee benefits expense	\$58,948	\$18,507	\$77,455	\$59,211	\$16,917	\$76,128
Depreciation	\$292,269	\$45,097	\$337,366	\$260,837	\$27,922	\$288,759
Amortization expense	\$2,407	\$35,335	\$37,742	\$1,789	\$33,661	\$35,450

Note: The number of employees in this year and the previous year was 1,559 and 1,499 respectively, of which the number of directors who were not concurrently employees was five.

Companies whose stocks have been listed on the stock exchange should disclose the following information:

- A. The average employee benefit expense in the current year was NT\$921 thousand. The average employee benefit expense in the previous year was NT\$1,014 thousand.
The average employee salary expense in the current year was NT\$774 thousand. The average employee salary expense in the previous year was NT\$866 thousand.
- B. Change in average employee salary cost adjustment decreased by 11%.
- C. The Company has set up an audit committee to replace the supervisor, so the Company's supervisors remuneration for FY2022 and FY2021 were both NT\$0.
- D. The Company's salary and compensation policy:

(a) Directors:

The Company's directors remuneration is in accordance with the Article of Association, Article 16: "The remuneration of all directors, regardless of profit or loss, may be agreed upon by the authorized board meeting according to the usual standards of the industry" and Article 19: "If the Company makes profits during the year, no more than 2% should be proposed for directors remuneration. The proposal shall be drafted and reviewed by the Remuneration Committee in consideration of the participation in the Company's operations, contribution value and overall company operating performance, and submitted to the Board of Directors for discussion.

(b) Managerial officers and employees:

The salary and compensation of the Company's managerial officers and employees refer to the common level of the industry's payment level and consider the time invested by the individual, the responsibilities, degrees of achieving personal goals, performance in other positions, the Company's salary and compensation to the same position in recent years, and the Company's overall operating conditions, etc. Also, the company's Articles of Association, Article 19: "If the Company makes a profit during the year, no less than 6% shall be allocated for employee compensation" shall be followed. The managerial officers compensation must be reviewed by the remuneration committee and submitted to the Board of Directors for discussion; the employees compensation shall be submitted to the responsible supervisor for approval in accordance with the Company's hierarchical authorization rules.

The Company's Articles of Association stipulates that, after annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. But the Company shall reserve a portion of profit to offset accumulated losses, if any. The aforementioned employee compensation can be made in stock or cash. Its subjects may include employees of controlling or associates that meet certain conditions which are set by the Board of Directors.

According to one of Article 235 of the Company Act, if the employee's compensation in the preceding paragraph is based on stocks or cash, the Board of Directors shall come to the resolution with more than two-thirds of the directors present and more than half of the present directors approve, and report to the shareholders meeting. For information about employee compensation and director remuneration approved by the Board of Directors, please visit "Market Observation Post System" of Taiwan Stock Exchange.

According to the profit status of the Company in FY2022, the employee compensation and directors re-numeration were estimated to be 6.5% and 1.66%, respectively, and the amount of employee compensation and directors re-numeration were NT\$137,375 thousand and NT\$35,000 thousand, respectively; In FY2021, the amount of employee compensation and directors re-numeration were NT\$145,548 thousand and NT\$48,516 thousand, respectively. The foregoing amounts were accounted for under salary expenses. If the Board of Directors decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual allotted amount by the Board of Directors, it is recognized as gain or loss in the following year.

The Company's Board of Directors resolved on March 10, 2023 and March 25, 2022 to provide cash for the employees compensation and directors re-numeration in FY2022 and FY2021 and the amounts were NT\$137,375 thousand, NT\$35,000 thousand and NT\$145,548 thousand, NT\$48,516 thousand, respectively. There is no significant difference to the amounts recognized as expenses in the financial report of FY2022 and FY2021.

(18) Non-operating income and expenditures

A. Interest income

	FY2022	FY2021
Financial asset measured at amortized cost	\$14,359	\$537

B. Other income

	FY2022	FY2021
Rental income	\$8,188	\$8,188
Dividend income	3,695	6,278
Other revenues	20,313	87,604
Total	\$32,196	\$102,070

C. Other gains or losses

	FY2022	FY2021
Gains (losses) on disposal of property, plant, and equipment	(\$2,128)	(\$6,988)
Profits on disposal of investments	—	2,548
Net gains on foreign exchange	136,789	26,512
Valuation gain (loss) of Financial assets and liabilities measured at fair value through profit or loss (Note)	267	1,475
Reversal of impairment gain - Property, plant, and equipment	5,108	348
Other expenses	(33,356)	(5,422)
Total	\$106,680	\$18,473

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

D. Financial costs

	FY2022	FY2021
Interest on borrowings from bank	(\$107,657)	(\$68,456)
Interest on lease liabilities	(158)	(327)
Total	(\$107,815)	(\$68,783)

(19) Components of other comprehensive income

	FY2022				
	Current amount	Occurred reclassification adjustments	Others Comprehensive income	Tax benefit (Expense)	After-tax amount
Items that may not be reclassified subsequently to gain or loss:					
Remeasurement of defined benefit plan	\$24,435	\$—	\$24,435	(\$3,260)	\$21,175
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	(283,469)	—	(283,469)	512	(282,957)
Items that may be reclassified subsequently to gain or loss:					
Exchange differences on translation of financial statements of foreign operations	486,892	—	486,892	(84,180)	402,712
Total	\$227,858	\$—	\$227,858	(\$86,928)	\$140,930

	FY2021				
	Current amount	Occurred reclassification adjustments	Others Comprehensive income	Tax benefit (Expense)	After-tax amount
Items that may not be reclassified subsequently to gain or loss:					
Re-measurement of defined benefit plan	\$3,727	\$—	\$3,727	(\$1,807)	\$1,920
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	335,088	—	335,088	(1,670)	333,418
Items that may be reclassified subsequently to gain or loss:					
Exchange differences on translation of financial statements of foreign operations	(188,795)	—	(188,795)	36,520	(152,275)
Total	<u>\$150,020</u>	<u>\$—</u>	<u>\$150,020</u>	<u>\$33,043</u>	<u>\$183,063</u>

(20) Income tax

A. Income tax recognized in profit or loss

	FY2022	FY2021
Current income tax expense:		
Current income tax payables	\$230,108	\$239,096
Adjustment of current deferred income tax of previous years in current year	—	20,094
Deferred income tax expense (gain):		
Deferred income tax expense (gain) related to the original creation of the temporary difference and its reversal	(46,655)	45,572
Income tax expense	<u>\$183,453</u>	<u>\$304,762</u>

B. Income tax recognized as other comprehensive income

	FY2022	FY2021
Deferred income tax expense (gain):		
Exchange differences on translation of financial statements of foreign operations	(\$84,180)	\$36,520
Re-measurement of defined benefit plan	(3,260)	(1,807)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	512	(1,670)
Income tax related to other comprehensive income components	<u>(\$86,928)</u>	<u>\$33,043</u>

C. The amount of income tax expenses multiplied by accounting profits by the applicable tax rate is adjusted as follows:

	FY2022	FY2021
Pre-tax Net Profit from Continuing Business Units	\$1,941,084	\$2,231,737
Income tax calculated at statutory tax rate	\$388,217	\$446,347
Tax effects of tax exemption income	(67,575)	(55,179)
Income tax impact on deferred income tax assets / liabilities	(137,189)	(106,500)
Adjustment of current deferred income tax of previous years in current year	—	20,094
Total income tax expense recognized in profit or loss	\$183,453	\$304,762

D. The deferred income tax assets (liabilities) balance related to the following items:

FY2022:

	Opening balance	Recognized in gain or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Allowance for price decline in inventories	\$32,404	\$53,357	\$—	\$85,761
Unrealized exchange gain or loss	(6,301)	3,290	—	(3,011)
The proportion of gain or loss of subsidiaries recognized by equity method	13,622	3,398	—	17,020
Changes in the net worth of the subsidiary's equity recognized by equity method	(71,014)	—	—	(71,014)
The balance of translation of the financial report of foreign operation institutions	148,067	—	(84,180)	63,887
Tax differentials in depreciation	(604)	208	—	(396)
Net defined benefit liability - non-current	17,833	(2,518)	(3,260)	12,055
Impairment Loss	1,022	(1,022)	—	—
Others	47,837	(10,058)	512	38,291
Deferred income tax (expense) gain		\$46,655	(\$86,928)	
Net deferred income tax assets / liabilities	\$182,866			\$142,593
Below is the information contained in the balance sheet:				
Deferred income tax asset	\$260,785			\$217,014
Deferred tax liabilities	(\$77,919)			(\$74,421)

FY2021:

	Opening balance	Recognized in gain or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Allowance for price decline in inventories	\$39,287	(\$6,883)	\$—	\$32,404
Unrealized exchange gain or loss	669	(6,970)	—	(6,301)
The proportion of gain or loss of subsidiaries recognized by equity method	39,802	(26,180)	—	13,622
Changes in the net worth of the subsidiary's equity recognized by equity method	(71,014)	—	—	(71,014)
The balance of translation of the financial report of foreign operation institutions	111,547	—	36,520	148,067
Tax differentials in depreciation	(906)	302	—	(604)
Net defined benefit liability - non-current	20,543	(903)	(1,807)	17,833
Impairment Loss	1,091	(69)	—	1,022
Others	54,376	(4,869)	(1,670)	47,837
Deferred income tax (expense) gain		<u>(\$45,572)</u>	<u>\$33,043</u>	
Net deferred income tax assets / liabilities	<u>\$195,395</u>			<u>\$182,866</u>
Below is the information contained in the balance sheet:				
Deferred income tax asset	<u>\$267,315</u>			<u>\$260,785</u>
Deferred tax liabilities	<u>(\$71,920)</u>			<u>(\$77,919)</u>

E. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, the Company's unrecognized deferred income tax assets were NT\$8,500 thousand and NT\$53,500 thousand, respectively.

F. Situations of income tax declaration and verification

As of December 31, 2022, the Company's income tax declaration was approved to FY2019.

(21) 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.

	FY2022	FY2021
A. Basic earnings per share		
Net Income (NT\$ thousands)	\$1,757,631	\$1,926,975
Weighted average number of shares of common stock per share of earnings (thousand shares)	382,115	340,448
Basic earnings per share (NT\$)	\$4.60	\$5.66
	FY2022	FY2021
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company and effect of potential common shares (in thousand NT\$)	\$1,757,631	\$1,926,975
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand)	382,115	340,448
Dilution effect:		
Employee compensation - stocks (thousand shares)	2,737	1,348
Weighted average number of ordinary shares after adjusting the dilution effect (thousand shares)	384,852	341,796
Diluted earnings per share (NT\$)	\$4.57	\$5.64

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

7. Related Party Transaction

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 Company</u>
PAN-JIT ASIA INTERNATIONAL INC.	The Company's subsidiary
PAN JIT AMERICAS, INC.	The Company's subsidiary
PAN-JIT INTERNATIONAL (H.K.) LTD.	The Company's subsidiary
PAN JIT KOREA CO., LTD.	The Company's subsidiary
PAN JIT EUROPE GMBH	The Company's subsidiary
EC SOLAR C1 SRL	The Company's subsidiary
Suzhou Grande Electronics Co. Ltd.	The Company's subsidiary
Shenzhen Max Diode Co., Ltd.	The Company's subsidiary
PAN JIT ELECTRONIC (WUXI) CO., LTD.	The Company's subsidiary
Pynmax Technology Co., Ltd.	The Company's subsidiary
Champion Microelectronic Corp.	The Company's subsidiary
MILDEX OPTICAL INC.	Other related party
Zibo Micro Commercial Components Corp.	Other related party
Fang Mingqing and other 14 people	The management level above Deputy general manager of the Company

(1)Sales

	<u>FY2022</u>	<u>FY2021</u>
PAN JIT ELECTRONIC (WUXI) CO., LTD.	\$1,255,447	\$1,124,840
Others	329,502	229,359
Grand total	<u>\$1,584,949</u>	<u>\$1,354,199</u>

The selling price from the Company to related parties is negotiated by both parties with reference to market conditions; the current year's circulating funds are unsecured, interest-free and must be settled in cash. No guarantee has been received for accounts receivable from related parties.

(2)Purchase

	<u>FY2022</u>	<u>FY2021</u>
PAN JIT ELECTRONIC (WUXI) CO., LTD.	\$1,665,406	\$1,905,764
Pynmax Technology Co., Ltd.	393,218	656,778
Others	15,028	29,041
Grand total	<u>\$2,073,652</u>	<u>\$2,591,583</u>

The price of the Company's purchase of goods from related parties is negotiated by both parties with reference to market conditions; the Company's payment terms for purchases of goods from related parties are equivalent to those of ordinary manufacturers.

(3) Trade receivable - related party

	2022.12.31	2021.12.31
PAN JIT ELECTRONIC (WUXI) CO., LTD.	\$299,692	\$173,338
PAN JIT AMERICAS, INC.	2,500	24,597
Others	20,654	9,195
Grand total	<u>\$322,846</u>	<u>\$207,130</u>

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

	2022.12.31	2021.12.31
PAN-JIT ASIA INTERNATIONAL INC.	\$552,780	\$—
PAN JIT ELECTRONIC (WUXI) CO., LTD.	451	6,180
Others	2,820	815
Grand total	<u>\$556,051</u>	<u>\$6,995</u>

(5) Other accounts receivable (not loans)

	2022.12.31	2021.12.31
EC SOLAR C1 SRL	<u>\$271,576</u>	<u>\$—</u>

(6) Trade payable - related parties

	2022.12.31	2021.12.31
PAN JIT ELECTRONIC (WUXI) CO., LTD.	\$195,676	\$240,161
Pynmax Technology Co., Ltd.	74,912	64,792
Others	2,665	5,771
Grand total	<u>\$273,253</u>	<u>\$310,724</u>

(7) Other payables - related parties

	2022.12.31	2021.12.31
PAN JIT EUROPE GMBH	\$75,188	\$47,382
PAN-JIT INTERNATIONAL (H.K.) LTD.	5,044	7,345
PAN JIT AMERICAS, INC.	8,786	2,777
Pynmax Technology Co., Ltd.	6,064	2,428
Others	64	122
Grand total	<u>\$95,146</u>	<u>\$60,054</u>

(8) Disposal of property, plant and equipment

FY2022:

Name of related parties	Assets	Selling price	Carrying amount	Sale (loss) gain
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Machinery	\$3,924	\$785	\$3,139
	equipment			
	Other	286	260	26
	equipment			
		\$4,210	\$1,045	\$3,165

FY2021:

Name of related parties	Assets	Selling price	Carrying amount:	Sale (loss) gain
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Machinery	\$6,184	\$6,115	\$69
	equipment			

(9) Others

A. Operating expense

	FY2022	FY2021
a. Commission expenditure		
PAN JIT KOREA CO., LTD.	\$50,347	\$49,572
PAN JIT EUROPE GMBH	60,683	46,505
Total	\$111,030	\$96,077
b. Manage shipping warehouse costs and collection and payment items		
PAN-JIT INTERNATIONAL (H.K.) LTD.	\$34,341	\$40,384
Pynmax Technology Co., Ltd.	39,100	24,104
Total	\$73,441	\$64,488
c. Miscellaneous expenditure, consumables, etc.		
PAN JIT AMERICAS, INC.	\$39,749	\$33,856

B. Capital loan

FY2022:

	Maximum Balance	Closing balance	Interest rate range	Interest earned	Interest receivable at the end of current period
EC SOLAR C1 SRL	<u>\$592,371</u>	<u>\$327,200</u>	<u>3.00%</u>	<u>\$7,469</u>	<u>\$719</u>

FY2021:

N/A

C. Financing (recognized as other payables)

FY2022:

N/A

FY2021:

	Maximum Balance	Closing balance	Interest rate range	Interest expense	Accrued interest at the end of current period
PAN-JIT ASIA INTERNATIONAL INC.	<u>\$858,300</u>	<u>\$—</u>	<u>0.00%</u>	<u>\$—</u>	<u>\$—</u>

D. Endorsements/guarantees

Details of endorsement/guarantee provided by the Company to subsidiaries' borrowing are as follows:

	2022.12.31	2021.12.31
PAN-JIT ASIA INTERNATIONAL INC.	<u>\$2,456,800</u>	<u>\$1,826,880</u>

(10) Remuneration for key management personnel of the Company

	FY2022	FY2021
Short-term employee benefits	\$107,065	\$117,233
After-retirement benefits	712	608
Total	<u>\$107,777</u>	<u>\$117,841</u>

8. Pledged Assets

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

	Carrying amount		Secured debt content
Items	2022.12.31	2021.12.31	
Other current assets	<u>\$15,969</u>	<u>\$14,394</u>	Financial commodity trading

9. Significant Contingent Liability and Unrecognized Contract Commitment

As of December 31, 2022 and 2021, the Company has provided customs bonded guarantees through bank guarantees both in the amount of NT\$10,000 thousand.

10. Material Disaster Losses

N/A.

11. Material Subsequent Events

N/A.

12. Others

(1) Classification of financial tools

Financial assets

	2022.12.31	2021.12.31
Financial assets at FVTPL:		
Mandatory to measure at fair value through profit or loss	\$14,937	\$-
Financial assets measured at fair value through other comprehensive income	153,843	314,350
Financial asset measured at amortized cost	4,650,174	4,330,791
Total	<u>\$4,818,954</u>	<u>\$4,645,141</u>

Financial liabilities

	2022.12.31	2021.12.31
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$2,455,192	\$2,931,307
Trade and other payables	2,105,787	2,126,134
Long-term borrowings (including maturity within one year)	6,483,458	4,063,087
Lease liabilities	7,095	22,748
Total	<u>\$11,051,532</u>	<u>\$9,143,276</u>

(2) Financial risk management objectives and policies

The Company's financial risk management objectives are mainly to manage market risks, credit risks and liquidity risks related to operating activities. The Company conducts the identification, measurement and management of the aforementioned risks in accordance with the Company's policies and risk preferences.

The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Important financial activities must be reviewed by the Board of Directors and similar audit committee units in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Company must actually comply with the stipulated financial risk management regulations.

(3) Market risk

Market risk refers to the risk of fluctuations in fair value or cash flow of financial instruments due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk and other price risks (such as equity instruments.)

In practice, it is rare that a single risk variable changes independently, and the changes of each risk variable are usually related, but the sensitivity analysis of each risk below does not consider the interactive impact of related risk variables.

Exchange rate risk

The Company's exchange rate risk is mainly related to operating activities (when the currency used for revenue or expenses is different from the Company's functional currency) and the net investment of foreign operation.

The Company's foreign currency receivables are in the same currencies as part of the foreign currency payables. At this time, a considerable part of the position will have a natural hedging effect. For some foreign currency payments, forward foreign exchange contracts are used to manage exchange rate risks, based on the aforementioned natural hedging. The use of forward foreign exchange contracts to manage exchange rate risks does not meet the requirements of hedging accounting, therefore it is not adopted. In addition, the net investment of foreign operation is a strategic investment, so the Company does not consider hedging.

The sensitivity analysis of the Company's exchange rate risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and the impact of related foreign currency appreciation/devaluation on the Company's gain or loss and equity. The Company's exchange rate risk is mainly affected by fluctuations in the exchange rate of the U.S. dollar.

Interest Rate Risk

Interest rate risk is the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market interest rates. The Company's interest rate risk mainly comes from investment in floating-rate debt instruments, fixed-rate borrowings and floating-rate borrowings.

Sensitivity analysis of interest rate risk mainly focuses on interest rate risk insurance items at the end of the financial reporting period, including floating rate investments, floating rate borrowings and interest rate swap contracts.

Equity Price Risk

The Company holds domestic listed and unlisted equity securities, the fair value of which will be affected by the uncertainty of the future value of these investment targets. The listed and unlisted equity securities held by the Company belong to the category measured at fair value through other comprehensive income. The Company manages the price risk of equity securities by diversifying investment and setting limits for single and overall equity securities investment. The equity securities investment portfolio information needs to be regularly provided to the Company's senior management. The Board of Directors must review and approve all equity securities investment decisions.

The sensitivity analysis of the related risk changes is as follows:

FY2022				
Key risks	Variation range	Sensitivity to gain or loss (NT\$ thousands)	Sensitivity to equity (NT\$ thousands)	
Exchange rate risk	NTD/USD exchange rate +/- 1%	+/- \$7,400		\$-
	NTD/EUR exchange rate +/- 1%	-/+ \$2,372		
Interest Rate Risk	NTD market interest rate +/- 100 basis points	-/+ \$78,573		\$-
Equity Price Risk	Equity Price Risk +/- 10%	+/- \$1,494		\$15,384
FY2021				
Key risks	Variation range	Sensitivity to gain or loss (NT\$ thousands)	Sensitivity to equity (NT\$ thousands)	
Exchange rate risk	NTD/USD exchange rate +/- 1%	-/+ \$3,275		\$-
Interest Rate Risk	NTD market interest rate +/- 100 basis points	-/+ \$57,643		\$-
Equity Price Risk	Equity Price Risk +/- 10%	+/- \$-		\$31,435

(4) Credit risk management

Credit risk refers to the risk that the counterparty cannot fulfill the obligations set out in the contract and will result in financial losses. The Company's credit risk is due to operating activities (mainly accounts and notes) and financial activities (mainly bank deposits and various financial instruments.)

All units of the Company follow credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all counterparties is a comprehensive consideration of such factors as the counterparty's financial status, ratings of credit rating agencies, past historical transaction experience, current economic environment, and the Company's internal rating standards. The Company also uses certain credit enhancement tools (such as advance payment and insurance, etc.) at appropriate times to reduce the credit risk of specific counterparties.

As of December 31, 2022 and 2021, the top ten customer accounts receivable accounted for 31% and 32% of the Company's balance of accounts receivable, respectively. The credit concentration risk of the remaining accounts receivable is relatively not significant.

The Company's finance department manages the credit risk of bank deposits, fixed income securities, and other financial instruments in accordance with company policies. Since the Company's trading partners are determined by internal control procedures, and are credit worthy banks and investment-grade financial institutions, corporate organizations, and government agencies, there is no significant credit risk.

(5) Liquidity risk management

The Company maintains financial flexibility through contracts such as cash and cash equivalents, high-liquidity securities and bank loans. The following table summarizes the maturity of the payments contained in the remaining contracts for non-derivative financial liabilities during the agreed repayment period of the Company. It is compiled based on the earliest possible repayment date and based on its undiscounted cash flows. The amounts listed are also Including agreed interest. For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	Later than 2 years but not later than 3 years	Later than 4 years but not later than 5 years	Later than 5 years	Total
2022.12.31					
Loan	\$2,989,312	\$269,147	\$5,843,726	\$—	\$9,102,185
Payables	\$2,105,787	\$—	\$—	\$—	\$2,105,787
Lease liabilities	\$3,953	\$3,241	\$—	\$—	\$7,194
2021.12.31					
Loan	\$2,990,320	\$1,079,196	\$1,605,695	\$1,411,283	\$7,086,494
Payables	\$2,126,134	\$—	\$—	\$—	\$2,126,134
Lease liabilities	\$8,231	\$11,721	\$3,285	\$—	\$23,237

(6) Adjustment in liabilities generated from financing activities

Adjustment information of liabilities in FY2022:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from the financing activities
2022.01.01	\$2,931,307	\$4,063,087	\$22,748	\$7,017,142
Cash flow	(476,115)	2,429,658	(5,385)	1,948,158
Non-cash changes	—	(9,287)	(10,268)	(19,555)
2022.12.31	\$2,455,192	\$6,483,458	\$7,095	\$8,945,745

Adjustment information of liabilities in FY2021:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from the financing activities
2021.01.01	\$1,385,443	\$3,522,198	\$27,897	\$4,935,538
Cash flow	1,545,864	563,019	(8,782)	2,100,101
Non-cash changes	—	(22,130)	3,633	(18,497)
2021.12.31	\$2,931,307	\$4,063,087	\$22,748	\$7,017,142

(7) Fair value of financial instruments

A. Valuation techniques and assumptions used to measure fair value

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- a. The carrying amounts of cash and cash equivalents, receivables, other current assets, payables and other current liabilities are a reasonable approximation of the fair value, which is mainly due to the short maturity period of such instruments.
- b. The fair value of financial assets and financial liabilities that are traded in an active market with standard terms and conditions is determined by reference to market quotes (for example, listed stocks, beneficiary certificates, bonds and futures, etc.).

- c. The fair value of equity instruments without active market transactions (for example, private equity stocks of listed companies, public company shares without active markets, and unpublished company shares) is estimated by the market method, and is estimated for the fair value with the price and other relevant information (such as lack of liquidity discount factors, similar company stock price-to-earning ratio, similar company stock price-to-net worth ratio and other input values) of the same or comparable company equity instruments generated by market transactions.
- d. For investment in debt instruments, bank borrowings, corporate bonds payable and other non-current liabilities without active market quotations, the fair value is determined based on the counterparty's quotation or evaluation technology. The evaluation technology is determined on the basis of discounted cash flow analysis. The interest rate and assumptions such as discount rate are mainly based on information related to similar tools (for example, OTC's reference yield curve, the average quotation of the Reuters commercial paper rate, and credit risk information.)
- e. Derivative financial instruments without active market quotations, among which are non-option derivative financial instruments, are calculated based on discounted cash flow analysis using the counterparty's quotation or the applicable yield curve within duration; for option derivative financial instruments, use Counterparty quotations, appropriate option pricing models (such as the Black-Scholes model) or other evaluation methods (such as Monte Carlo Simulation) to calculate the fair value.

B. Fair value of financial instruments measured at amortized cost

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

C. Information about the fair value level of financial instruments

For information on the fair value levels of the Company's financial instruments, please refer to Note 12 (9).

(8) Derivative instruments

As of December 31, 2022 and 2021, the Company did not hold any derivatives that did not qualify for hedge accounting and have not yet expired.

(9) Fair value level

A. Definition of fair value level

All assets and liabilities measured or disclosed by fair value are entered at the lowest level of importance to the overall fair value measurement, and are classified into the fair value level to which they belong. The input values for each level are 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 recognized in Parent Company Only Financial Statements on a repetitive basis, their classification is reassessed at the end of each reporting period to determine whether there will be a transfer between the levels of the fair value hierarchy.

B. Hierarchical Information on Fair Value Measurement

The Company does not have non-repetitive assets measured at fair value. The fair value level information of repetitive assets and liabilities is listed below:

December 31, 2022:

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>
Assets measured at fair value				
Financial assets measured at fair value through other comprehensive income				
Fund	\$—	\$14,937	\$—	\$14,937
Financial assets measured at fair value through other comprehensive income				
Stock	\$111,571	\$42,272	\$—	\$153,843

December 31, 2021:

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>
Assets measured at fair value:				
Financial assets measured at fair value through other comprehensive income				
Stock	\$240,892	\$73,458	\$—	\$314,350

Transfer between the first level and the second level of the fair value hierarchy

As of December 31, 2022 and 2021, there is no transfer between the first and second levels of the fair value hierarchy of assets and liabilities measured by the Company's repetitive fair value.

Changes in recurring fair value at level 3

The Company does not have repetitive fair value-measured assets and liabilities that fall into the third level of the fair value hierarchy.

- (10) The information on foreign currency assets and liabilities with significant impact are as follows

The information on foreign currency assets and liabilities of the Company with significant influence is as follows

Monetary unit: NT\$ thousands						
	2022.12.31			2021.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$57,802	30.7100	\$1,775,105	\$95,713	27.6800	\$2,649,342
EUR	\$3,291	32.7200	\$107,689	\$3,830	31.3200	\$119,971
Non-monetary items:						
USD	\$212,843	30.7100	\$6,536,416	\$236,216	27.6800	\$6,538,446
<u>Financial liabilities</u>						
Monetary items:						
USD	\$33,706	30.7100	\$1,035,118	\$83,880	27.6800	\$2,321,812
EUR	\$10,542	32.7200	\$344,946	\$2,876	31.3200	\$90,067

The above information is disclosed on the basis of the foreign currency carrying amount (which has been converted to functional currency.)

The Company's foreign currency transactions have a wide variety of functional currencies, which cannot be difficult to disclose each currency's significant influence. Therefore, the exchange gain or loss of each currency are consolidated and disclosed. The Company's currency financial assets and financial liabilities conversion gain (loss) in FY2022 and FY2021 were NT\$136,789 thousand and NT\$26,512 thousand, respectively.

(11) Capital management

The most important goal of the Company's capital management is to confirm the maintenance of sound credit ratings and good capital ratios to support corporate operations and maximize shareholders' equity. The Company manages and adjusts the capital structure according to economic conditions, and may maintain and alter the capital structure by adjusting dividend payments, returning capital or issuing new shares.

13. Additional Disclosures

(1) Information on 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: Please refer to Attachment 4.
- 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 5.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock: Please refer to Attachment 6.
- i. Financial instruments and derivative transactions: Please refer to Note 12(8).

(2) Information on 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 7.

(3) Information of Investment in Mainland China:

- a. Information on investment in Mainland China: Please refer to Attachment 8.
- 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 5.
 - 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 5~6.
- 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: Please refer to Attachment 9.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(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	\$592,371	\$327,200	\$271,576	3.00%	Short-term financing	-	Operating turnover	-	-	-	\$5,446,231	\$5,446,231	(Note 7. 11)
0	PANJIT INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	Other receivables	Yes	93,845	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	5,446,231	5,446,231	(Note 7. 11)
1	PAN-JIT ASIA INTERNATIONAL INC.	JIANGSU AIDE SOLARE NERGYT ECHNOLOGY CO.,LTD.	Other receivables	Yes	954,583	906,890	906,890	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,319,674	7,303,283	(Note 8. 11)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Other receivables	Yes	329,204	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,319,674	7,303,283	(Note 8. 11)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	Other receivables	Yes	500,847	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,319,674	7,303,283	(Note 8. 11)
2	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Other receivables	Yes	407,296	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	1,464,220	1,464,220	(Note 9. 11)
3	Suzhou Grande Electronics Co. Ltd.	JIANGSU AIDE SOLARE NERGYT ECHNOLOGY CO.,LTD.	Other receivables	Yes	801,915	417,301	417,301	3.00%	Short-term financing	-	Operating turnover	-	-	-	1,206,405	1,206,405	(Note 10. 11)
3	Suzhou Grande Electronics Co. Ltd.	SUMMERGY CO., LTD	Other receivables	Yes	120,554	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	321,708	321,708	(Note 10. 11)
Total						\$1,651,391	\$1,595,767										

(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 disclosed. 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\$13,615,577 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 USD216,195 thousand, which is converted into NT\$6,639,348 thousand.

(Note 9): 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, but the individual loan amount and the total amount of funds loaned to others shall not exceed 200% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) AIDE ENERGY EUROPE B.V.: The net worth is EUR22,375 thousand, which is converted into NT\$732,110 thousand.

(Note 10): 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\$804,270 thousand.

(Note 11): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(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	\$13,615,577	\$4,951,780	\$2,456,800	\$2,456,800	-	18.04%	\$13,615,577	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\$13,615,577 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 Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(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 and EUR thousands

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.	Fund								
	Yuanta 0 - 2 Year Investment Grade Corporate Bond Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	14,937	-	14,937	-
	Public shares								
	Jih Lin Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	717	NTD	43,157	0.70%	43,157	-
	OTC stock								
	Advanced Microelectronic Products, Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,888	NTD	66,571	2.64%	66,571	-
	Sentelic Corporation	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	41	NTD	1,843	0.14%	1,843	-
	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%	-	-
	TAIDEVELOP INFORMATION CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	334	NTD	-	3.71%	-	-
	ENERGY MOANA TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,200	NTD	8,755	2.96%	8,755	-
	Neolink Capital Corp.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	3,500	NTD	31,652	4.28%	31,652	-
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.	-	Mandatory 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.	-	Mandatory financial assets measured at fair value through profit or loss - non-current	-	USD	-	-	-	-
	Vertex Growth Fund II	-	Mandatory financial assets measured at fair value through profit or loss - non current	-	USD	150	-	150	-
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory 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 I	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	19,048	-	19,048	-
	VTEAM SIEGFRIED SUPPLY CHAIN FINANCE FUND	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	19,953	-	19,953	-
	Notes								
	VTeam Supply Chain Finance Limited	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	15,000	-	15,000	-
	Wealth management products by financial institution								
	ERSTE GROUP BANK AG	-	Financial assets at amortised cost - non-current	-	USD	431	-	431	-
	RAIFFEISEN BANK INTL	-	Financial assets at amortised cost - non-current	-	USD	436	-	436	-

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(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	46,113	0.75%	46,113	-
	Unlisted stock								
	HI-VAWT TECHNOLOGY CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,000	NTD	-	10.00%	-	-
	Fund								
	TCB Quantitative Taiwan Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	29,844	-	29,844	-
	Taishin Healthcare Fund	-	Mandatory financial assets measured at fair value through profit or loss - non-current	-	NTD	17,680	-	17,680	-
JOYSTAR INTERNATIONAL CO., LTD.	Menglue Venture Capital Limited Partnership Fund	-	Mandatory financial assets measured at fair value through profit or loss - non-current	-	NTD	14,235	-	14,235	-
	Convertible Bond								
	Alltop Technology Corp. 5th Domestic Unsecured Convertible Bond	Associates	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	19,500	-	19,500	-
	Fund								
Wisdom Mega Corp.	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	5,450	-	5,450	-
	VTeam Supply Chain Finance Limited	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	4,457	-	4,457	-
	Unlisted stock								
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	SiFotonics Technologies Co., Ltd	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,040	NTD	123,130	3.39%	123,130	-
	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	9,300	-	9,300	-
AIDE ENERGY EUROPE B.V.	Vteam Siegfried Supply Chain Finance Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	USD	9,365	-	9,365	-
	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory financial assets measured at fair value through profit or loss - current	-	EUR	1,150	-	1,150	-
Jiangsu Aide Solar Technology Co., Ltd.	Unlisted stock(Note 5)								
PAN-JIT 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								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Mandatory 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 Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT\$ thousands, unless otherwise indicated)

Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock

Attachment 4

Company	Type and name of the securities (Note 1)	Accounting item	Counter-party (Note 2)	Relationship (Note 2)	Currency	Beginning Balance		Addition(Note 3)		Disposal(Note 3)				Ending Balance	
						Share (thousand)	Amount (thousand)	Share (thousand)	Amount (thousand)	Share (thousand)	Amount (thousand)	Book value (thousand)	loss(gain) on disposal (thousand)	Shares (thousand)	Amounts (thousand)
PANJIT INTERNATIONAL INC.	Champion Microelectronic Corp. Common Stocks	Investments accounted for using the equity method	Centralized securities exchange market	-	NTD	-	\$-	23,996	\$1,827,724 (Note 4) \$13,945 (Note 5)	-	\$-	\$-	\$-	23,996	\$1,841,669 (Note 7)
Pynmax Technology Co., Ltd.	MOSEL VITELIC Inc. Common Stocks	Financial assets at fair value through other comprehensive income - non-current	-	-	NTD	19,000	849,015	-	-	19,000	736,250	259,920	448,493 (Note 6)	-	-

(Note 1): The securities mentioned in this attachment refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

(Note 2): Investors who adopt the equity method for securities accounts must fill in these two columns, the rest are not required.

(Note 3): The accumulated buying and selling amount shall be calculated separately at market price whether it reaches NT\$300 million or 20% of the paid-in capital.

(Note 4): The amount of addition is acquisition cost \$1,947,704 thousand minus cash dividend \$119,980 thousand received this year.

(Note 5): It is the share of profit and loss recognized under the equity method and the exchange differences arising on translation of foreign operations.

(Note 6):After deducting relevant transaction costs and income tax, it is included in the disposal profit or loss of retained earnings in accordance with the accounting policies.

(Note 7):It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(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 5

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.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(\$1,255,447)	14%	General	Not applicable	Not applicable	\$299,692	15%	(Note 2)
	PAN JIT AMERICAS, INC.	Subsidiaries	(Sales)	(216,253)	2%	General	Not applicable	Not applicable	2,500	0%	(Note 2)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	1,665,406	33%	General	Not applicable	Not applicable	(195,676)	21%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	393,218	8%	General	Not applicable	Not applicable	(74,912)	8%	(Note 2)
Pynmax Technology Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(393,218)	43%	General	Not applicable	Not applicable	74,912	42%	(Note 2)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(375,896)	41%	General	Not applicable	Not applicable	86,384	48%	(Note 2)
Pan Jit Electronics (Shandong) Co. Ltd.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(149,063)	92%	General	Not applicable	Not applicable	18,513	94%	(Note 2)
Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(1,665,406)	25%	General	Not applicable	Not applicable	195,676	10%	(Note 2)
	ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associates	(Sales)	(294,810)	4%	General	Not applicable	Not applicable	51,886	3%	-
	PANJIT International Inc.	The Company	Purchase	1,255,447	21%	General	Not applicable	Not applicable	(299,692)	18%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	375,896	6%	General	Not applicable	Not applicable	(86,384)	5%	(Note 2)
	Pan Jit Electronics (Shandong) Co., Ltd.	Subsidiaries	Purchase	149,063	3%	General	Not applicable	Not applicable	(18,513)	1%	(Note 2)
	ZIBO MICRO COMMERCIAL COMPONENT CORP.	Associates	Purchase	534,780	9%	General	Not applicable	Not applicable	(59,068)	4%	-
PAN JIT AMERICAS, INC.	PANJIT International Inc.	The Company	Purchase	216,253	96%	General	Not applicable	Not applicable	(2,500)	55%	(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 Parent Company Only Financial Statements of PANJIT International Inc. (continued)

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

Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock

Attachment 6

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	\$299,692	4.19	\$18,835	Urging Payment	\$109,850	(Note 2 、3)
Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	195,676	8.51	-	-	139,235	(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 Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT\$ thousands, unless otherwise indicated)
Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

Attachment 7

Investor company	Investee Companies (Note 1, 2)	Location	Main business items	Currency	Initial investment		Investment as of December 31, 2022			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.	Vistra Corporate Services Centre Wickhams Cay II Road Town,Tortola,Vg1110 Virgin Islands,British	Investment holding	NTD	\$6,842,505	\$7,772,258	210,106	100.00%	\$6,536,416	\$522,764	\$555,591	Subsidiaries (Note 4 ∙ 5)
	Pynmax Technology Co., Ltd.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	Electronic parts and components manufacturing	NTD	1,069,816	1,069,063	84,493	94.64%	1,743,395	213,427	225,787	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%	226,287	64,525	13,557	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	-	10,091	-	0.00%	-	267	55	Subsidiaries (Note 5 ∙ 8)
	ALLTOP TECHNOLOGY CO., INC	3F., No. 102, Sec. 3, Zhongshan Rd., Zhonghe Dist., New Taipei City	Electronic parts and components manufacturing and international trade	NTD	1,482,721	1,455,570	11,315	19.18%	1,575,688	554,085	81,531	(Note 6)
	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	-	23,996	30.00%	1,841,669	112,304	12,981	Subsidiaries (Note 5 ∙ 6)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investment holding	NTD	732,259	-	- (Note 3)	100.00%	732,130	13,744	1,956	Subsidiaries (Note 5)
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT 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%	4,625	1,428	1,428	Sub-subsidiary (Note 5)
	PAN JIT AMERICAS, INC.	2507 W ERIE DR #101, TEMPE, AZ 85282, USA	Sale of electronic	USD	16,626	16,626	2,431	95.86%	6,986	984	1,020	Sub-subsidiary (Note 4 ∙ 5)
	PAN JIT EUROPE GMBH	Otto-Hahn-Str. 285609 Aschheim Germany	Sale of electronic	USD	770	770	- (Note 3)	100.00%	2,064	595	595	Sub-subsidiary (Note 5)
	CONTINENTAL LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investment holding	USD	10,226	10,226	7,860	100.00%	51,954	8,269	8,269	Sub-subsidiary (Note 5)
	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investment holding	USD	914	914	1,126	52.22%	310	(8)	(4)	Sub-subsidiary (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%	1,225	348	209	Sub-subsidiary (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%	(23,254)	762	719	Sub-subsidiary (Note 5)
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%	478,660	23,500	23,500	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%	89,072	64,525	5,336	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	-	26,000	-	0.00%	-	267	164	Sub-subsidiary (Note 5 ∙ 8)

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(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, Note 2)	Location	Main business items	Currency	Initial investment		Investment as of December 31, 2022			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			
CHAMPION MICROELECTRONIC CORP.	Wisdom Bright Inc.(Wisdom bright)	Republic of Seychelles	Investment holding	NTD	\$157,658	\$157,658	5,104	100.00%	\$159,986	\$2,834	\$2,834	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%	142,224	1,726	1,726	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 Building,BeachRoad, Apia ,Samoa	Investment holding	USD	1,029	1,029	1,030	47.48%	284	(8)	(4)	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	24,707	54,921	100.00%	(22,582)	(5)	(5)	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investment holding	USD	-	23,836	-	0.00%	-	503	403	Sub-subsidiary (Note 5)
	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	-	1,500	-	0.00%	-	-	-	Sub-subsidiary (Note 5 ∙ 7)
AIDE SOLAR ENERGY (HK) HOLDING LIMITED	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	-	1,400	-	0.00%	-	-	-	Sub-subsidiary (Note 5 ∙ 7)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investment holding	USD	-	7	-	0.00%	-	503	-	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE COÖPERATIE U.A.	AIDE ENERGY EUROPE B.V.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investment holding and sales	EUR	18,620	18,620	2	100.00%	22,375	503	503	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	- (Note3)	100.00%	21,021	1,241	1,062	Sub-subsidiary (Note 4 ∙ 5)
Wisdom Bright Inc.	Wisdom Toprich Technology Limited (Wisdom Toprich)	Republic of Seychelles	Investment holding	NTD	157,658	157,658	5,104	100.00%	159,986	2,834	2,834	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.

(Note 6): Investment gains and losses recognized by the Company include the amortization of patent rights.

(Note 7): AIDE SOLAR USA, INC. has completed liquidation and deregistration in February 2022.

(Note 8): 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.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

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

Information on investment in mainland China

Attachment 8

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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of September 30, 2022	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2022
						Outflow	Inflow						
PANJIT International Inc.	Pan Jit Electronics (Wuxi) Limited company	Rectifier processing and manufacutring	\$835,312	2 PAN-JIT ASIA INTERNATIONAL INC.	\$502,145	\$-	\$-	\$502,145	\$232,653	100.00%	\$232,653 (Note 5)	\$3,430,247 (Note 5)	\$-
	Sumnergy Co., LTD.	Research & development of Battery management system Manufacturing and sales of technical services	-	2 PAN-JIT ASIA INTERNATIONAL INC.	122,166	-	-	122,166	(135,720)	- (Note 6)	(97,053) (Note 5)	- (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	\$360,518	2 CONTINENTAL LIMITED	344,900	-	-	344,900	198,594	100.00%	198,594 (Note 5)	858,550 (Note 5)	-
	Wuxi ENR Semiconductor Material Technology Co. Ltd. (Formerly Wuxi ENR Semiconductor Materials Technology Co. Ltd.)	Semiconductor pcking 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	\$51,103	2 DYNAMIC TECH GROUP LIMITED	47,151	-	-	47,151	(218)	97.44%	(213) (Note 5)	14,260 (Note 5)	-
	Pan Jit Electronics (Beijing) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	\$8,816	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	1,282	100.00%	1,282 (Note 5)	9,787 (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	\$470,422	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	27,247	70.28%	19,149 (Note 5)	364,286 (Note 5)	-
	Pan Jit Electronics (Qufu) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	\$2,204	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(328)	100.00%	(328) (Note 5)	1,090 (Note 5)	-
	PAN JIT SEMICONDUCTOR(XUZHOU) CO.	New types of electronic components, Semiconductor controlled rectifier sales	\$1,113,638	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(137,928)	100.00%	(137,928) (Note 5)	826,169 (Note 5)	-

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT\$ 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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of September 30, 2022	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2022
						Outflow	Inflow						
PANJIT International Inc.	Zibo Micro Commercial Components Corp.	Rectifier diode, rectifier bridge, Electronic devices	\$851,461	3 Suzhou Grande Electronics Co. Ltd.	\$-	\$-	\$-	\$-	\$5,016	18.86%	\$946	\$147,300	\$-
	Jiangsu Aide Solar Energy Technology CO., LTD.	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	\$246,074	2 AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	1,573,193	-	-	1,573,193	(3,186)	94.43%	(3,008) (Note 5)	(1,738,118) (Note 5)	-
Pynmax Technology Co., Ltd.	Max-Diode Electronic,. LTD. (Shenzhen)	New types of electronic components, Semiconductor controlled rectifier	\$51,103	2 DYNAMIC TECH GROUP LIMITED	34,806	-	-	34,806	(218)	47.78%	(104) (Note 5)	6,993 (Note 5)	-
CHAMPION MICROELECTRONIC CORP.	Great Power Microelectronics Co., Ltd.	Electronic products development, product import, export, and wholesale business	\$164,299	2 Wisdom Toprich Technology Limited	156,744	-	-	156,744	2,834	100.00%	2,834 (Note 5)	159,986 (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.	\$2,598,592		\$3,316,707		(Note 3)
Pynmax Technology Co., Ltd.	\$34,806		\$34,806		(Note 4) \$1,221,134
CHAMPION MICROELECTRONIC CORP.	\$156,744		\$156,744		(Note 4) \$882,553

(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.: NT\$2,035,223 thousand \times 60% = NT\$1,221,134 thousand.

CHAMPION MICROELECTRONIC CORP.: NT\$1,470,926 thousand \times 60% = NT\$882,553 thousand.

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

(Note 6): It has completed liquidation and deregistration in November 2022.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

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

Information on Major Shareholders

Attachment 9

Unit: shares

<div>Shares</div> <div>Name of Major Shareholders</div>	Number of shares	Percentage of ownership (%)
Jinmao Investment Co., Ltd.	51,646,710	13.49%

(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.

Tables of Material Accounting Items

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PANJIT INTERNATIONAL INC.

1. Detail list for Cash and Cash equivalents

December 31, 2022

Units: NT\$ thousands

Items	Summary		Amount	Remark
Petty cash			\$210	The exchange rate of U.S. dollar to New Taiwan dollar is 1:30.71
Bank deposit:				The exchange rate for Euro to New Taiwan Dollar is 1:32.72
NTD deposit			959,253	The exchange rate for Japanese Yen to New Taiwan Dollar is 1:0.2324
Foreign currency deposit	USD	4,616,576.51	141,775	The exchange rate of Hong Kong dollar to New Taiwan dollar is 1:3.938
	EUR	289,324.97	9,467	
	JPY	1,340,100.00	311	The exchange rate of RMB to New Taiwan dollar is 1:4.408
	HKD	46,691.13	184	
	CNY	185,656.49	818	
	(Unit: in each foreign currency)			
Bank deposit total			1,111,808	
Grand total			\$1,112,018	

PANJIT INTERNATIONAL INC.

2. Statement of financial assets at fair value through profit or loss - current

December 31, 2022

Units: NT\$ thousands

Name of financial instrument	Summary	Shares or units (Thousand shares)	Face value (NT\$)	Total Sum	Interest	Acquisition cost	Fair value		Changes in fair value attributable to changes in credit risk	Remark
							Unit price (NT\$)	Total Sum		
Fund	Yuanta 0 to 2 Year Investment Grade Corporate Bond Fund	1,500	\$10	\$15,000	—	\$15,000	\$9.9582	\$14,937	—	

PANJIT INTERNATIONAL INC.
3. Details of the net notes receivable
December 31, 2022

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
HANWEI ELECTRONICS CO., LTD.	Payment for goods	\$9,528	
JUNSUN ENTERPRISE CO., LTD.	Payment for goods	5,842	
PIDEX INTERNATIONAL CO., LTD.	Payment for goods	5,172	
GREAT TREASURE INC.	Payment for goods	2,829	
KROM ELECTRONICS CO., LTD.	Payment for goods	1,284	
Others	(Notes)	870	
Total		25,525	
(Less): allowance loss		—	
Net amount		\$25,525	

(Note): The balance of a single item does not exceed 5% of the notes receivable balance

PANJIT INTERNATIONAL INC.
4. Schedule of Net Account of Trade Receivable
December 31, 2022

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Others	(Notes)	\$1,665,788	
(Less): allowance loss		(16,672)	
Net amount		\$1,649,116	

(Note): The balance of a single item does not exceed 5% of the trade receivable balance.

PANJIT INTERNATIONAL INC.
5. Schedule of Net Account of Trade Receivable - related parties
December 31, 2022

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Payment for goods	\$299,692	Subsidiaries included in the consolidated financial statements may not make allowances for losses.
Others	(Notes)	23,154	
Total		322,846	
(Less): allowance loss		—	
Net amount		\$322,846	

(Note): The balance of a single item does not exceed 5% of the accounts receivable balance from related parties.

PANJIT INTERNATIONAL INC.
6. Statement of Other Receivables
December 31, 2022

Units: NT\$ thousands

Items	Summary	Amount	Remark
<u>Non-related parties</u>			
Tax refund receivables	Sales tax	\$108,855	
Other receivables - other	Import duties	1,839	
Subtotals		110,694	
<u>Related parties</u>			
PAN-JIT ASIA INTERNATIONAL INC.	Capital reduction of the stock capital that have not been repatriated	552,780	
EC SOLAR C1 SRL		271,576	
Others	(Notes)	3,271	
Subtotals		827,627	
(Less): allowance loss		—	
Total		\$938,321	

(Note): The balance of a single item does not exceed 5% of the other accounts receivable balance.

PANJIT INTERNATIONAL INC.

7. Statement of inventories

December 31, 2022

Units: NT\$ thousands

Items	Summary	Costs	Net realisable value	Remark
Raw material		\$1,089,569	\$959,741	raw materials refers to the balance of finished products (including commodities) after subtracting the costs and sales expenses that .
Work in process		64,700	64,700	
have to be invested to completion		1,317,438	1,018,461	
Total		2,471,707		
Less: Allowance for price decline in inventories		(428,805)		The allowance for inventory depreciation is estimated based on the possibility of the of the inventory and the net slow-moving value.
Net amount		\$2,042,902	\$2,042,902	

PANJIT INTERNATIONAL INC.

8. Statement of Other current assets

December 31, 2022

Units: NT\$ thousands

Items	Summary	Amount	Remark
Prepay	Advance payment, advance expenses, inventory of supplies, etc.	\$128,116	
Temporary payment	Labor and health insurance, pension, etc.	36,247	
Other financial assets	Pledged time deposit	15,969	
Total		\$180,332	

PANJIT INTERNATIONAL INC.

9. Financial assets measured at fair value through other comprehensive profit or loss - non-current

January 01 to December 31, 2022

Units: NT\$ thousands

Name of financial instrument	Opening balance		Increase in the Period		Decrease in current period		Closing balance			Guarantee or	Remark
	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Fair value	Pledge status	
Advanced Microelectronic Products, Inc.	11,552	\$141,517	-	\$-	8,664 (Note 5)	\$74,946 (Note 1)	2,888	2.64%	\$66,571	N/A	
Jih Lin Technology Co., LTD.	717	77,424	-	-	-	32,834 (Note 3)	717	0.70%	43,157	N/A	
KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	364	6,655	-	-	-	1,433 (Note 4)	364	0.62%	1,865	N/A	
Sentelic Corporation	191	15,296	-	1,447 (Note 1)	150	14,900 (Note 3)	41	0.14%	1,843	N/A	
WELLAN SYSTEM CO., LTD.	445	-	-	-	-	-	445	1.53%	-	N/A	
TAIDEVELOP INFORMATION CORP.	334	-	-	-	-	-	334	3.71%	-	N/A	
ENERGY MOANA TECHNOLOGY CO., LTD.	1,200	22,543	-	-	-	13,788 (Note 1)	1,200	2.96%	8,755	N/A	
Neolink Capital Corp.	5,000	50,915	-	-	1,500	15,000 (Note 6)	3,500	4.28%	31,652	N/A	
						4,263 (Note 1)					
Total		<u>\$314,350</u>		<u>\$1,447</u>		<u>\$161,954</u>			<u>\$153,843</u>		

(Note 1): Fair value valuation adjustment

(Note 2): Acquired in the period

(Note 3): Disposal in current period

(Note 4): Dividend distributed from capital reserve

(Note 5): Capital reduction to cover losses.

(Note 6): Capital reduction in cash.

PANJIT INTERNATIONAL INC.
10. Statement of Changes in Investments Accounted for Using Equity Method
January 01 to December 31, 2022

Units: NT\$ thousands

Name	Opening balance		Increase in the Period		Decrease in current period		Closing balance			Market Value or Net Equity		Guarantee or	Remark
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Amount	Unit price	Total price	Pledge status	
PAN-JIT ASIA INTERNATIONAL INC.	244,086	\$6,538,446		\$555,591 (Note 1) 422,980 (Note 2)	33,980	\$50,849 (Note 3) 929,752 (Note 5)	210,106	100.00%	\$6,536,416	\$31.60	\$6,639,355 (Note 4)	None	
Pynmax Technology Co., Ltd.	84,462	1,883,028		225,788 (Note 1) 40,478 (Note 2) 753 (Note 7)		406,652 (Note 3)	84,493	94.64%	1,743,395	\$22.80	1,926,135 (Note 4)	None	
MILDEX OPTICAL INC.	21,470	180,958	31	13,557 (Note 1) 17,157 (Note 2) 14,615 (Note 3)	5,142 (Note 8)		16,328	21.01%	226,287	\$14.90	243,287 (Note 4)	None	
LIFETECH ENERGY INC.	871	(55)		55 (Note 1)	871 (Note 6)		-	-	-	\$-	- (Note 4)	None	
Alltop Technology Co., Ltd.	11,162	1,574,237		81,531 (Note 1) 5,985 (Note 2) 27,151 (Note 5)		113,216 (Note 3)	11,315	19.18%	1,575,688	\$114.50	1,295,568 (Note 4)	None	
Champion Microelectronic Corp.	-	-	23,996	1,827,724 (Note 7) 12,981 (Note 1) 2,376 (Note 2)		1,412 (Note 3)	23,996	30.00%	1,841,669	\$43.20	1,036,627 (Note 4)	None	
AIDE ENERGY EUROPE COÖPERATIE U.A.	-	-	1,863	732,259 (Note 7) 1,956 (Note 1)		2,085 (Note 2)	1,863	100.00%	732,130	\$392.98	732,130 (Note 4)	N/A	
Total		\$10,176,614		\$3,982,937		\$1,503,966			\$12,655,585		\$11,873,102		

(Note 1): The share of the subsidiary's profit or loss, the upstream unrealized sales benefits, counter-current realized sales benefits, and the profit or loss of side-stream transactions between subsidiaries recognized by the equity method.

(Note 2) The balance of translation of the financial statements of foreign operation institutions recognized by equity method

(Note 3): Obtaining or disposing of equity differences in subsidiaries, downstream unrealized profits and losses, insurance of cash dividends, actuarial profits and losses of defined benefit plan, unrealized (gains) and losses of financial assets measured at fair value through other comprehensive income, unearned compensat

(Note 4): It is recognized based on the shareholding ratio of the investee company.

(Note 5): Cash reduction by investee company.

(Note 6): Liquidation in the current period.

(Note 7): Acquired in the current period.

(Note 8): Cash reduction by investee company to cover losses.

PANJIT INTERNATIONAL INC.

11. Statement of Changes in Right-of-Use Assets

January 01 to December 31, 2022

Units: NT\$ thousands

Items	Beginning balance	Current change			Closing balance	Remark
		Increase	Decrease	Reclassification		
Land	\$2,239	—	—	—	\$2,239	
Buildings	28,894	2,841	(26,052)	—	5,683	
Transportation equipment	2,064	2,815	—	—	4,879	
Other assets	499	—	—	—	499	
Total	<u>\$33,696</u>	<u>\$5,656</u>	<u>(\$26,052)</u>	<u>—</u>	<u>\$13,300</u>	

PANJIT INTERNATIONAL INC.

12. Statement of Accumulated depreciation - Changes in Right-of-Use Assets

January 01 to December 31, 2022

Units: NT\$ thousands

Items	Beginning balance	Current change			Closing balance	Remark
		Increase	Decrease	Reclassification		
Land	\$498	\$746	—	—	\$1,244	
Buildings	9,840	3,287	(10,168)	—	2,959	
Transportation equipment	637	1,013	—	—	1,650	
Other assets	111	166	—	—	277	
Total	<u>\$11,086</u>	<u>\$5,212</u>	<u>(\$10,168)</u>	<u>—</u>	<u>\$6,130</u>	

PANJIT INTERNATIONAL INC.

13. Statement of Other non-current assets

December 31, 2022

Units: NT\$ thousands

Items	Summary	Amount	Remark
Prepayment for equipment		\$282,062	
Other non-current assets, others			
Procurement margin	Sinopower Semiconductor Inc.	\$210,000	
Procurement margin	inergy Technology Inc.	130,000	
Procurement margin	Potens Semiconductor Corp.	120,000	
Procurement margin	Advanced Microelectronic Products, Inc.	58,500	
Procurement margin	MOSEL VITELIC Inc.	54,160	
Refundable deposit	Others (Note)	13,929	
Other advances	(Notes)	42,150	
Total		\$628,739	

(Note): The individual balance contained does not exceed other non-current assets - 5% of other balances.

PANJIT INTERNATIONAL INC.
14. Statement of Short-term Borrowings
December 31, 2022

Units: NT\$ thousands

Type of loans	Explanation	Term	Interest rate range	Closing balance	Financing credit	Pledge or Collateral	Note
Credit loan	The Export-Import Bank of the Republic of China- Kaohsiung Branch	September 20, 2022-September 20, 2023	1.1020%	\$200,000		None	
Credit loan	The Export-Import Bank of the Republic of China- Kaohsiung Branch	September 22, 2022-September 22, 2023	1.1020%	400,000		None	
Credit loan	First Bank - Luzhu Branch	October 24, 2022-January 19, 2022	1.3750%	250,000		None	
Credit loan	Yuanta Bank Linya branch	November 28, 2022-February 23, 2023	1.4000%	800,000		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	December 21, 2022-June 19, 2023	5.1500%	116,698		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	December 21, 2022-June 19, 2023	5.1500%	36,852		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	December 23, 2022-June 21, 2023	5.2000%	55,278		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	December 23, 2022-June 21, 2023	5.2000%	98,272		None	
Export collection financing	Taipei Fubon Commercial Bank - Kaohsiung Branch	December 27, 2022-March 30, 2023	5.3600%	153,550		None	
Export collection financing	Taipei Fubon Commercial Bank - Kaohsiung Branch	December 16, 2022-April 28, 2023	2.0500%	75,256		None	
Export collection financing	Taipei Fubon Commercial Bank - Kaohsiung Branch	December 16, 2022-March 17, 2023	2.0500%	58,896		None	
Export collection financing	Taipei Fubon Commercial Bank - Kaohsiung Branch	September 5, 2022-January 14, 2023	2.1400%	30,430		None	
Export collection financing	Taipei Fubon Commercial Bank - Kaohsiung Branch	December 5, 2022-March 6, 2023	2.1400%	179,960		None	
Total				<u>\$2,455,192</u>			

PANJIT INTERNATIONAL INC.

15. Contractual liabilities - current

December 31, 2022

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
GINEE	Sales payment	\$195	
VS-ELECTRONIC	Sales payment	97	
RES TECH	Sales payment	60	
Others	(Note)	13	
Total		<u>\$365</u>	

(Note): The single item balance contained does not exceed the contract liability - 5% of the current account balance.

PANJIT INTERNATIONAL INC.

16. Statement of Trade Payable

December 31, 2022

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Lefram Technology Corporation	Purchase payment	\$108,959	
Jih Lin Technology Co., LTD.	Purchase payment	53,764	
Sinopower Semiconductor Inc.	Purchase payment	52,791	
inergy Technology Inc.	Purchase payment	40,443	
Advanced Microelectronic Products, Inc.	Purchase payment	40,147	
E'DALE TECHNOLOGY CO., LTD.	Purchase payment	38,659	
EPISIL-PRECISION INC.	Purchase payment	35,404	
Potens Semiconductor Corp.	Purchase payment	34,948	
Others	(Note)	267,018	
Total		<u>\$672,133</u>	

(Note): The balance of a single item does not exceed 5% of the accounts payable balance.

PANJIT INTERNATIONAL INC.

17. Statement of Accounts Payable - Related Party

December 31, 2022

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Pan Jit Electronics (Wuxi) Co., Ltd.	Purchase payment	\$195,676	
Pynmax Technology Co., Ltd.	Purchase payment	74,912	
Others	(Note)	2,665	
Total		<u>\$273,253</u>	

(Note): The balance of a single item does not exceed 5% of the accounts payable balance from related parties.

PANJIT INTERNATIONAL INC.
18. Statement of Other Payables
December 31, 2022

Units: NT\$ thousands

Item	Description	Amount	Remarks
Awards and salaries payable	December salary, year-end bonus and estimated cashed-out leaves	\$467,314	
Commissions payable	Including NT\$75,188 thousand of commissions payable to related parties - Pan-Jit Europe	109,353	
Processing fee payable		117,160	
Equipment expense payable		166,048	
Other expenses payable	Utility expenses, import and export expenses, insurance expenses, labor expenses, pensions, Interest and rent, etc.	300,526	
Total		<u>\$1,160,401</u>	

PANJIT INTERNATIONAL INC.
19. Statement of Other current liabilities - others
December 31, 2022

Units: NT\$ thousands

Item	Description	Amount	Remarks
Agency fund	Collection for labor and health insurance, food, etc.	\$10,760	
temporary receipts	To be written-off	2,668	
Total		<u>\$13,428</u>	

PANJIT INTERNATIONAL INC.
20. Other non-current liabilities - Others
December 31, 2022

Units: NT\$ thousands

Item	Description	Amount	Remarks
Deferred gain from government grants	Government low-interest loan	\$26,425	

PANJIT INTERNATIONAL INC.

21. Lease liabilities

December 31, 2022

Units: NT\$ thousands

Items	leasing term	Discount rate	Closing balance	Remarks
Land	May 20, 2021-May 19, 2024	1.3400%	\$1,006	
Buildings	December 1, 2021-November 30, 2024	1.3400%	2,724	
Transportation equipment	December 4, 2020-December 3, 2023	1.3400%	537	
Transportation equipment	March 8, 2021-March 7, 2023	1.3400%	26	
Transportation equipment	May 20, 2021-May 19, 2023	1.3400%	55	
Transportation equipment	August 31, 2021-August 30, 2025	1.3400%	2,508	
Other assets	May 28, 2021-May 27, 2024	1.3400%	239	
Total			7,095	
Lease liabilities due within one year			(3,882)	
Lease Liabilities - non-current			\$3,213	

PANJIT INTERNATIONAL INC.
22. Statement of Long-term Borrowings
December 31, 2022

Units: NT\$ thousands

Creditor	Summary	Amount borrowed	Term	Interest	Pledge or guarantee	Remark
Mizuho Bank Kaohsiung Branch	Medium-term and long-term loans	\$200,000	December 23, 2022-January 30, 2023	1.8200%	None	Repayment method: Due to the different ways of granting credit, there are two repayment methods. The details are as follows: 1. Credit Line A: (a) The Borrower shall, at the time of each application for the use of The principal amount of each such loan is repaid on the maturity date and the maturity date of the loan shall not exceed the maturity date of the credit period of Line A. (2) Subject to the occurrence of any default under this Agreement, the Borrower may, in accordance with Article 7(1) of this Agreement, issue an application for the use of the proceeds of the credit Line A to directly repay the principal amount of each of the original loans due, provided that the maturity date shall not exceed the maturity date of the credit period of the credit facility. For the equivalent amount, the managing bank and each lending bank, as well as the borrower, are not required to remit funds to or from the bank, and the receipt of the amount by the borrower is evidenced by this agreement and the related use documents. 2. Credit Line B: The issuer shall make provision for the full payment of the face amount of each commercial paper issued on the maturity date. The issuer shall also fully repay the debts under the Credit Line B and release the guarantee obligations of the Credit Bank of Line B on the maturity date of the credit. Prior to the expiration of the credit period, the issuer may renew the commercial paper in accordance with Article 7(4) of this Agreement and use the proceeds to repay the original commercial paper issued.
Taishin International Bank Linya branch	Taiwanese businessmen returning to Taiwan (Line A)	391,667	January 25, 2021-December 5, 2026	1.2745%	None	
Chang Hwa Commercial Bank Gangshan Branch	Taiwanese businessmen returning to Taiwan (Line A)	600,000	February 9, 2022-January 15, 2027	1.2745%	None	
First Commercial Bank Luzhu Branch	Taiwanese businessmen returning to Taiwan (Line A)	550,000	September 29, 2021-January 15, 2027	1.4750%	None	
Land Bank Gangshan Branch	Investing Taiwan by Taiwanese Project (Line B)	78,333	December 2, 2021-November 15, 2026	1.4750%	None	
Taishin International Bank Linya branch	Investing Taiwan by Taiwanese Project (Line B)	22,520	December 6, 2019-December 5, 2026	1.2745%	None	
Taishin International Bank Linya branch	Investing Taiwan by Taiwanese Project (Line B)	171,354	March 30, 2021-December 5, 2026	1.2745%	None	
First Commercial Bank Luzhu Branch	Investing Taiwan by Taiwanese Project (Line B)	9,000	January 16, 2020-January 15, 2027	1.2745%	None	
First Commercial Bank Luzhu Branch	Investing Taiwan by Taiwanese Project (Line B)	143,000	October 15, 2020-January 15, 2027	1.2745%	None	
First Commercial Bank Luzhu Branch	Investing Taiwan by Taiwanese Project (Line B)	248,000	March 26, 2021-January 15, 2027	1.2745%	None	
First Commercial Bank Luzhu Branch	Investing Taiwan by Taiwanese Project (Line B)	100,000	April 28, 2021-January 15, 2027	1.2745%	None	
Chang Hwa Commercial Bank Gangshan Branch	Investing Taiwan by Taiwanese Project (Line B)	113,000	March 26, 2021-January 15, 2027	1.2745%	None	
Chang Hwa Commercial Bank Gangshan Branch	Investing Taiwan by Taiwanese Project (Line B)	84,000	January 29, 2021-January 15, 2027	1.2745%	None	
Chang Hwa Commercial Bank Gangshan Branch	Investing Taiwan by Taiwanese Project (Line B)	59,000	August 11, 2020-January 15, 2027	1.2745%	None	
Chang Hwa Commercial Bank Gangshan Branch	Investing Taiwan by Taiwanese Project (Line B)	44,000	January 16, 2020-January 15, 2027	1.2745%	None	
Land Bank Gangshan Branch	Joint loan Line A	2,850,000	December 26, 2022-January 6, 2023	2.0619%	None	
Land Bank Gangshan Branch	Joint loan Line A	850,000	November 29, 2022-February 3, 2023	1.9057%	None	
Total		6,513,874				
(Less): Maturity within one year		(478,875)				
Unamortized syndication expense		(3,990)				
Deferred gain from government grants		(26,426)				
Net amount		<u>\$6,004,583</u>				

PANJIT INTERNATIONAL INC.

23. Statement of Operating Revenue

January 01 to December 31, 2022

Units: NT\$ thousands

Items	QTY (thousand units)	Amount	Remark
Diode rectifier	21,877	\$8,263,000	Raw materials
Surge suppressor	362	462,165	
Others	821	152,343	
Total		8,877,508	
(Less): Sales return or discount	(119)	(84,892)	
Net amount		\$8,792,616	

(Note): The balance of the individual items contained does not exceed 5% of the operating income balance.

PANJIT INTERNATIONAL INC.
24. Statement of Operating Costs
January 01 to December 31, 2022

Units: NT\$ thousands

Items	Amount
Direct raw material:	
Inbound for the current period	\$3,326,767
Plus: Beginning stock	637,296
Inventory (gain) loss	5
Amount of other transfers	611,026
(Less): Raw Materials at the end of the period	(1,089,569)
Raw materials sold	(199,978)
Transfer to other accounts	(165,744)
Consumed for the current period	3,119,803
Direct labour	481,402
Manufacturing expense	966,050
Manufacturing cost	4,567,255
Plus: Initial goods in process	54,753
Amount of other transfers	8,811
(Less): Work in process at the ending of the period	(64,700)
Transfer to finished products	(699,448)
Transfer to other accounts	(17,738)
Finished good cost	3,848,933
Plus: Initial finished goods	925,842
Acquired in the period	1,772,920
Work in process inbound	699,448
Amount of other transfers	7,373
(Less): Finished goods at the end of the period	(1,325,333)
Inventory (gain) loss	(502)
Transfer to other accounts	(4,514)
Cost of Goods Sold	5,924,167
other operating cost	25,502
Raw materials sold	199,978
Loss on price decline in inventories	266,783
Others (revenue from scrap sales and inventory gain or loss)	(57,942)
Total Operating Cost	<u>\$6,358,488</u>

PANJIT INTERNATIONAL INC.

25. Statement of Operating Expenses

January 01 to December 31, 2022

Units: NT\$ thousands

Items	Summary	Selling expense	Remark
Payrolls		\$139,118	
Expense for import and export		113,705	
Commission expenditure		124,705	
Miscellaneous expenses		68,738	
Others	The account of which the balance does not exceed 5% of the balance of this account	65,768	
Total		<u>\$512,034</u>	

Items	Summary	Administrative expense	Remark
Payrolls		\$384,807	
Miscellaneous expenses		\$45,545	
Others	The account of which the balance does not exceed 5% of the balance of this account	104,469	
Total		<u>\$534,821</u>	

Items	Summary	Research and development expense	Remark
Payrolls		\$184,924	
Materials		96,561	
Miscellaneous expenses		41,960	
Depreciation and depletion		22,462	
Amortization		25,363	
Others	The account of which the balance does not exceed 5% of the balance of this account	76,836	
Total		<u>\$448,106</u>	

PANJIT INTERNATIONAL INC.
26. Statement of Non-operating income and expenditures
January 01 to December 31, 2022

Units: NT\$ thousands

Item	Description	Amount	Note
Interest earned	Interest on bank deposits	\$14,359	
rental receipt		\$8,188	
Dividend income		3,695	
Other revenues	Revenue of payment repossession and sample income, etc.	20,313	
Total other revenues		\$32,196	
Losses on disposal of property, plant, and equipment		(\$2,128)	
Net loss (gain) on foreign currency exchange		136,789	
Financial assets measured at fair value through profit or loss and liability valuation gain or loss	Stock and forward foreign exchange valuation gain or loss	267	
Miscellaneous expenses		(33,356)	
Impairment of rotary interests of real estate, plant and equipment		5,108	
Other interests and losses total		\$106,680	
Financial costs	Bank loan and lease liabilities	(\$107,815)	
Proportion of gain or loss from subsidiaries and associates recognized by equity method		\$891,458	
Total non-operating income and expenditure		\$936,878	

Appendix IV

PANJIT International Inc.
Statement of Internal Control System

Date: March 10, 2023

The Statement of Internal Control System is issued based on the Company's 2022 self-assessment:

- I. the Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managerial officers, and have established such a system. The objectives of this system are to meet various goals including achieving operational benefits and efficiency (including profitability, performance, as well as asset and safety protection), and ensuring the reliability, timeliness, transparency and regulatory compliance of reporting, thereby providing reasonable assurance.
- II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned objectives. In addition, the effectiveness of an internal control system may change with the environment and under different situations. However, the Company's internal control system is setup with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency.
- III. the Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control system as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system is divided into 5 key components according to the process of management control to generate internal control system assessment items adopted by the Regulations, including: 1. control environment; 2. risk assessment; 3. control operations; 4. information and communications and; 5. monitoring operations. Each key component also includes a number of items. Refer to the Regulations for more information on the items above.
- IV. the Company has adopted the aforementioned internal control system assessment items to evaluate the effectiveness of its ICS design and implementation.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations.

- VI. The Statement shall be a major content of the Company that the design and implementation shall be publicly disclosed. Should the content above contain illegalities such as fraudulent and hidden information, the Corporation shall be subject to legal responsibilities provided in Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors at its meeting held on March 10, 2023, and was approved by all directors present.

PANJIT International Inc.

Chairman: FANG, MIN-QING

President: FANG, MIN-QING

PANJIT International Inc.

Chairman: FANG, MIN-QING