English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 4939

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS THEN ENDED

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The reader is advised that these consolidated 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 language financial statements shall prevail.

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MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Asia Electronic Material Co., Ltd. as of December 31, 2022 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Asia Electronic Material Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

ASIA ELECTRONIC MATERIAL CO., LTD.

By

Li, Jiang-Hui

Chairman

February 23th, 2023

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Building a better working world

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INDEPENDENT AUDITORS' REPORT

To: the Board of Directors and Shareholder of
Asia Electronic Material Co., Ltd.

Opinion

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

In our opinion, 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 December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years then ended, 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, 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Asia Electronic Material Co., Ltd. and its subsidiaries recognized NT$1,647,874 thousand as revenue for the year ended December 31, 2022. Since the sales locations including Taiwan, China and other countries and the sales conditions for major customers are varied. It is necessary for the Company to judge and determine the performance obligations of a sales order or a contract and the timing of its satisfaction. There are significant risks in the timing and amount of revenue recognition. Therefore, we determined the matter to be a key audit matter. Our audit procedures include, but not limit to, assessing the appropriateness of the accounting policy for revenue recognition, evaluating and testing the effectiveness of relevant internal controls relating to the timing of revenue recognition, performing test of details on selected samples, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing and performance obligation for revenue recognition, performing analytical review procedures on monthly sale and performing cutoff testing for a period before and after the balance sheet date, etc. We also considered the appropriateness of the related disclosures of sales. Please refer to Notes 4 and Note 6 in notes to the consolidated financial statements.

Impairment of accounts receivable

As of December 31, 2022, Asia Electronic Material Co., Ltd. and its subsidiaries' gross accounts receivable and loss allowance amounted to NT$700,818 thousand and NT$(5,172) thousand, respectively. The net accounts receivable represented 24.20% of the consolidated assets and was significant to the Group's consolidated financial statements. The amount of loss allowance against accounts receivable is measured at an amount equal to lifetime expected credit losses. The measurement process needs to group the underlying accounts receivable appropriately and judge the application of related assumptions, including proper aging intervals and expected credit loss ratio for each aging interval, to be judged and analyzed. Due to the measurement of expected credit losses involves judgement, analysis and estimation and it has significant impact on carrying value of net accounts receivable, we therefore determined the matter to be a key audit matter. Our audit procedures therefore include, but not limit to, analyzing the appropriateness of the methodology for grouping of accounts receivable, confirming whether the customers with significantly different loss patterns (i.e. similar risk characteristics) are appropriately grouped (i.e. by historical experiences, etc.); testing the provision matrix adopted by the Group, including evaluation on reasonableness of determining aging intervals, and examining the correctness of original document for basic information; reviewing of accounts receivable subsequent collection for evaluating its recoverability, etc. We also considered the appropriateness of the related disclosures of accounts receivable. Please refer to Notes 5 and Note 6 in notes to the consolidated financial statements.

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 or supervisors, 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 the 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.

Other

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2022 and 2021.

/s/Chen, Kuo-Shuai

/s/Hong, Mao-Yi

Ernst & Young
February 23th, 2023
Taipei, Taiwan,
Republic of China

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of 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 Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

As of December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			2022.12.31		2021.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$736,046	25.60	$704,016	23.17
1150	Notes receivable, net	4, 6(2)	128,901	4.48	182,253	6.00
1160	Notes receivable - related parties, net	4, 6(2), 7	-	-	34,903	1.15
1170	Accounts receivable, net	4, 6(3)	566,745	19.72	690,079	22.71
1180	Accounts receivable - related parties, net	4, 6(3), 7	-	-	54,907	1.81
1200	Other receivables		28,677	1.00	45,411	1.49
130x	Inventories	4, 6(4)	243,652	8.48	239,131	7.87
1410	Prepayments		21,372	0.74	31,418	1.03
1470	Other current assets		1,907	0.07	1,719	0.06
11xx	Total current assets		1,727,300	60.09	1,983,837	65.29
	Non-current assets					
1517	Financial assets at fair value through OCI	4, 6(5)	153,769	5.35	124,774	4.11
1600	Property, plant and equipment, net	4, 6(6)	827,367	28.78	756,286	24.89
1755	Right-of-use assets	4, 6(16)	115,800	4.03	114,034	3.75
1780	Intangible assets	4, 6(7)	11,844	0.41	13,273	0.44
1840	Deferred income tax assets	4, 6(20)	25,008	0.87	32,167	1.06
1900	Other non-current assets	6(8)	13,649	0.47	13,943	0.46
15xx	Total non-current assets		1,147,437	39.91	1,054,477	34.71
1xxx	Total Assets		$2,874,737	100.00	$3,038,314	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

As of December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			2022.12.31		2021.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(9)	$748,325	26.03	$720,396	23.71
2130	Contract liabilities	4, 6(14)	8	-	8	-
2150	Notes payable		4,386	0.15	45,387	1.49
2170	Accounts payable		122,932	4.28	139,577	4.60
2200	Other payables		58,048	2.02	133,746	4.40
2230	Current income tax liabilities	4, 6(20)	9,278	0.32	13,412	0.44
2280	Lease liabilities	4, 6(16)	3,086	0.11	3,421	0.11
2300	Other current liabilities		318	0.01	316	0.01
2322	Current portion of long-term loans	6(11)	100,000	3.48	-	-
21xx	Total current liabilities		1,046,381	36.40	1,056,263	34.76
	Non-current liabilities					
2540	Long-term loans	6(11)	-	-	100,000	3.29
2570	Deferred income tax liabilities	4, 6(20)	218,995	7.62	210,673	6.93
2580	Lease liabilities	4, 6(16)	4,032	0.14	1,178	0.04
2630	Long-term deferred revenue	4, 6(10)	61,609	2.14	59,409	1.96
25xx	Total non-current liabilities		284,636	9.90	371,260	12.22
2xxx	Total liabilities		1,331,017	46.30	1,427,523	46.98
31xx	Equity attributable to shareholders of the parent					
3100	Capital					
3110	Common stock	6(13)	982,009	34.16	982,009	32.32
3200	Capital surplus	6(13)	192,899	6.71	192,899	6.35
3300	Retained earnings	6(13)				
3310	Legal reserve		65,032	2.26	47,723	1.57
3320	Special reserve		41,956	1.46	41,956	1.38
3350	Unappropriated earnings		237,713	8.27	358,088	11.79
	Total Retained earnings		344,701	11.99	447,767	14.74
3400	Other components of equity		24,111	0.84	(11,884)	(0.39)
3xxx	Total equity		1,543,720	53.70	1,610,791	53.02
	Total liabilities and equity		$2,874,737	100.00	$3,038,314	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenues	4, 6(14), 7	$1,647,874	100.00	$1,957,145	100.00
5000	Operating costs	6(4)	(1,287,331)	(78.12)	(1,413,332)	(72.21)
5900	Gross profit		360,543	21.88	543,813	27.79
6000	Operating expenses	6(17)				
6100	Sales and marketing		(82,522)	(5.01)	(94,497)	(4.83)
6200	General and administrative		(96,665)	(5.87)	(107,917)	(5.51)
6300	Research and development		(71,124)	(4.31)	(84,007)	(4.29)
6450	Expected credit gains (losses)	4, 6(15)	2,981	0.18	5,509	0.28
	Total operating expenses		(247,330)	(15.01)	(280,912)	(14.35)
6900	Operating income		113,213	6.87	262,901	13.44
7000	Non-operating incomes and expenses	4, 6(18)				
7010	Other incomes		6,112	0.37	7,287	0.37
7020	Other gains or losses		(48,892)	(2.97)	6,277	0.32
7050	Finance costs		(17,990)	(1.09)	(12,356)	(0.63)
	Total non-operating incomes and expenses		(60,770)	(3.69)	1,208	0.06
7900	Profit (loss) from continuing operations before tax		52,443	3.18	264,109	13.50
7950	Income tax expense	4, 6(20)	(18,028)	(1.09)	(91,018)	(4.65)
8200	Net income		34,415	2.09	173,091	8.85
8300	Other comprehensive income (loss)	6(19)				
8310	Item that not be reclassified to profit or loss					
8316	Unrealized gains (losses) on equity instrument investment at fair value through other comprehensive income		11,073	0.67	(5,586)	(0.29)
8349	Income tax related to non-reclassified items		(1,453)	(0.09)	1,117	0.06
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		32,969	2.00	(9,743)	(0.50)
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss		(6,594)	(0.40)	1,949	0.10
	Total other comprehensive income, net of tax		35,995	2.18	(12,263)	(0.63)
8500	Total comprehensive income		$70,410	4.27	$160,828	8.22
8600	Net income attributable to:					
8610	Shareholders of the parent		$34,415		$173,091	
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent		$70,410		$160,828	
9750	Earnings per share-basic (in NTD)	6(21)	$0.35		$1.76	
9850	Earnings per share-diluted (in NTD)		$0.35		$1.74	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent							
				Retained Earnings			Others		
		Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealised Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
Code	Items	3111	3200	3310	3320	3350	3410	3420	3XXX
A1	Balance as of January 1, 2021	$982,009	$192,899	$27,882	$41,956	$327,589	$(68,523)	$68,902	$1,572,714
	Appropriation and distribution of 2020 earnings								
B1	Legal reserve			19,841		(19,841)			-
B5	Cash dividends-common shares					(122,751)			(122,751)
D1	Net income for 2021					173,091			173,091
D3	Other comprehensive income (loss), for 2021						(7,794)	(4,469)	(12,263)
D5	Total comprehensive income (loss)	-	-	-	-	173,091	(7,794)	(4,469)	160,828
Z1	Balance as of December 31, 2021	982,009	192,899	47,723	41,956	358,088	(76,317)	64,433	1,610,791
	Appropriation and distribution of 2021 earnings								
B1	Legal reserve			17,309		(17,309)			-
B5	Cash dividends-common shares					(137,481)			(137,481)
D1	Net income for 2022					34,415			34,415
D3	Other comprehensive income (loss), for 2022						26,375	9,620	35,995
D5	Total comprehensive income (loss)	-	-	-	-	34,415	26,375	9,620	70,410
Z1	Balance as of December 31, 2022	$982,009	$192,899	$65,032	$41,956	$237,713	$(49,942)	$74,053	$1,543,720

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021
AAAA	Cash flows from operating activities:		
A00010	Profit (loss) from continuing operations before tax	$52,443	$264,109
A20000	Adjustments:		
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation (including right-of-use assets)	63,970	52,509
A20200	Amortization	1,636	1,609
A20300	Expected credit losses (gain on recovery)	(2,981)	(5,509)
A20900	Interest expense	17,990	12,356
A21200	Interest income	(2,636)	(2,148)
A22500	Loss on disposal of property, plant and equipment	343	2,246
A23200	Loss on disposal of investments accounted for under equity method	-	15
A29900	Gain on government grants	(646)	(199)
A30000	Changes in operating assets and liabilities:		
A31130	Decrease (increase) in notes receivable	53,352	(18,604)
A31140	Decrease (increase) in notes receivable - related parties	34,903	(22,214)
A31150	Decrease (increase) in accounts receivable	126,000	26,252
A31160	Decrease (increase) in accounts receivable - related parties	54,907	2,540
A31180	Decrease (increase) in other receivables	16,734	66,422
A31200	Decrease (increase) in inventories	(4,521)	1,590
A31220	Decrease (increase) in prepayments	15,351	(8,931)
A31240	Decrease (increase) in other current assets	(188)	50
A32125	Increase (decrease) in contract liabilities	-	(338)
A32130	Increase (decrease) in notes payable	(41,001)	(11,691)
A32150	Increase (decrease) in accounts payable	(16,645)	(41,631)
A32180	Increase (decrease) in other payables	(49,669)	2,238
A32230	Increase (decrease) in other current liabilities	2	13
A33000	Cash generated from (used in) operations	319,344	320,684
A33100	Interest received	2,636	2,148
A33300	Interest paid	(18,310)	(12,385)
A33500	Income tax paid	(21,513)	(56,548)
AAAA	Net cash provided by (used in) operating activities	282,157	253,899

Code	Items	2022	2021
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets at fair value through OCI	(14,717)	-
B02700	Acquisition of property, plant and equipment	(142,867)	(121,587)
B02800	Proceeds from disposal of property, plant and equipment	79	-
B03800	Decrease (increase) in refundable deposits	327	(175)
B09900	Acquisition of assets related to government grants	1,920	7,510
BBBB	Net cash provided by (used in) investing activities	(155,258)	(114,252)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	27,929	149,897
C01600	Increase in long-term loans	-	100,000
C01700	Repayment of long-term loans	-	(120,000)
C04020	Cash payments for the principal portion of the lease liabilities	(3,937)	(4,029)
C04500	Cash dividends	(137,481)	(122,751)
CCCC	Net cash provided by (used in) financing activities	(113,489)	3,117
DDDD	Effect of exchange rate changes on cash and cash equivalents	18,620	(5,077)
EEEE	Net increase (decrease) in cash and cash equivalents	32,030	137,687
E00100	Cash and cash equivalents at beginning of period	704,016	566,329
E00200	Cash and cash equivalents at end of period	$736,046	$704,016

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

1. HISTORY AND ORGANIZATION

Asia Electronic Material Co., Ltd. ("the Company") was established on July 7, 2003. Its main business activities include the manufacture of various electronic products and the sale of electronic materials. The Company's stocks have been governmentally approved on June 28, 2011 to be listed and traded in Taipei Exchange starting September 19, 2011. The registered business premise and main operation address is at 4th Floor, No. 18, Lane 676, Jhonghua Rd. Jhubei City, HsinChu County 302, Taiwan(R.O.C).

2. DATE AND PROCEDURE OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries ("the Group") were authorized to be issued in accordance with a resolution of the Board of Directors'meeting held on February 23, 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 January 1, 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 1 January 2023. Apart from item the remaining standards and interpretations have no material impact on the Group.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(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 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, the local effective dates are to be determined by FSC. The Group assesses that there will be no significant 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 December 31, 2022 and 2021 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(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 presented in thousands of New Taiwan Dollars ("NT$") unless otherwise specified.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Company 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 Company controls an investee if and only if the Company 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 Company has less than a majority of the voting or similar rights of an investee, the Company 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 Company’s voting rights and potential voting rights

The Company 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.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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:

			Percentage of Ownership (%), As of December 31,	
Investor	Subsidiary	Main business	2022	2021
The Company	BESTTRADE CO., LTD.	Electronic materials trading and business which relates to import and export	100%	100%
The Company	ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	Investing activities	100%	100%
ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	AMMON TEC. INVESTMENT CORP.	Investing activities	100%	100%
AMMON TEC. INVESTMENT CORP.	KUNSHAN APLUS TEC. CORPORATION	Manufacturing and selling electronic materials	100%	100%

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

			Percentage of Ownership (%), As of December 31,	
Investor	Subsidiary	Main business	2022	2021
AMMON TEC. INVESTMENT CORP.	DONGTAI APLUS TECHNOLOGY CO., LTD.	Manufacturing and selling electronic materials	100% (Note 1)	100% (Note 1)

Note 1：In order to expand the market in China and develop the local supply chain, the company's Board of Directors' meetings resolved to invest in a new electronic functional material project in the eastern area of Jiangsu Dongtai Economic Development Zone on April 27, 2018. The company invested in the AMMON TEC. INVESTMENT CORP., a subsidiary of ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD., remitted the investment amount of RMB30,000 thousand, RMB20,000 thousand and RMB20,000 thousand in 2018, 2019, 2021, respectively through the surplus distribution and reinvestment of KUNSHAN APLUS TEC. CORPORATION for a total of RMB70,000 thousand, and acquired 100% equity of DONGTAI APLUS TECHNOLOGY CO., LTD. Waited for the partnership formed by employees to remit its investment, AMMON TEC. INVESTMENT CORP. will hold 85% of the equity of DONGTAI APLUS TECHNOLOGY CO., LTD, and a partnership company composed of employees will hold 15%. As of the financial report date, this investment project is still in progress.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is 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 NTD at the closing rate of exchange prevailing at the balance sheet 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 under exchange differences on translation of foreign operations. On disposal of the foreign operation, cumulative amount of the exchange differences recognized in other comprehensive income under separate component of equity is reclassified from equity to profit or loss when recognizing the disposal gain/loss.

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 investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(8) Financial instruments

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

The Group determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Group are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

(A) Financial assets: 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.

<u>Financial assets measured at amortized cost</u>

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.

(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 statement of financial position.

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 follow:

(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 Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition 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 Company 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:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) 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.

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 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) 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.

(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 – At actual purchase cost, using weighted average method
Finished goods and work in progress –
Cost of direct materials and 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.

(11) Property, plant and equipment

Property, plant and equipment are 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	5～50 years
Machinery and equipment	3～12 years
Transportation equipment	5～ 7 years
Office equipment	3～10 years
Leasehold improvements	4～10 years
Other equipment	3～16 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 property, plant and equipment’s residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) 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 Company 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 statement of 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.

(13) 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 (CGU) 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:

	Cost of Computer software	Cost of Patents
Useful lives	5 years	6 years
Amortization method used	Straight-line method during the contract term	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally	Acquired externally

(14) 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 recoverable amount of the assets or CGU. 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 the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(15) Revenue recognition

The Group’s revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of 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 FPC (Flexible Printed Circuit) and revenue is recognized based on the consideration stated in the contract. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Group’s sale of goods is from 60 to 180 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.

(16) 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.

(17) 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.

(18) Post-employment benefits

All regular employees of the Company 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. 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 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.

(19) Income taxes

Income tax expense (benefit) 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:

(a) 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 (loss);

(b) In respect of taxable temporary differences associated with investments in subsidiaries, and 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:

(a) 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; or

(b) 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 be reversed 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 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 according.

Deferred tax assets and 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.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, 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 assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal 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 flows 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) Accounts receivable–estimation of impairment loss

The Group estimates the impairment loss of accounts receivable 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.

(c) Inventory

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

(d) 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 counties 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. Please refer to Note 6 for more details about unrecongnized deferred tax assets as at December 31, 2022.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash and petty cash	$370	$577
Checkings and savings	735,676	703,439
Total	$736,046	$704,016

(2) Notes receivable and notes receivable - related parties, net

	As of December 31,	
	2022	2021
Notes receivable - from operation	$128,901	$182,253
Less: loss allowance	-	-
Net of allowances	128,901	182,253
Notes receivable - related parties	-	34,903
Less: loss allowance	-	-
Net of allowances	-	34,903
Total	$128,901	$217,156

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6 (15) for more details on loss allowance and Note 12 for details on credit risk.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Accounts receivable and accounts receivable-related parties

A. Accounts receivable and accounts receivable - related parties, net

	As of December 31,	
	2022	2021
Accounts receivable, gross	$571,917	$707,532
Less: loss allowance	(5,172)	(17,453)
Net of allowances	566,745	690,079
Accounts receivable - related parties, gross	-	54,907
Less: loss allowance	-	-
Net of allowances	-	54,907
Total accounts receivable, net	$566,745	$744,986

B. Accounts receivable were not pledged.

C. Accounts receivable are generally on 60-180 day terms. The total carrying amount for the years ended December 31, 2022 and 2021, are NT$571,917 thousand and NT$762,439 thousand, respectively. Please refer to Note 6 (15) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. The Group entered into factoring agreements with banks. Accounts receivable from selected customers are transferred to banks without recourse. In addition to transferring the contractual rights of receivable cash flow, the Group does not need to bear the credit risk of unrecoverable receivables (except for commercial disputes) according to the contract, and meets the conditions for the derecognition of financial assets. As of December 31, 2022 and 2021, details of the agreed credit limits and accounts receivable transferred were as follows:

Financial Institution	Accounts receivable derecognized	Advance received	Interest rate	Collateral	Credit limit
12/31/2022					
Taipei Fubon Bank	USD 91	USD 77	1M TAIFX 03+0.6% divide by 0.946	Promissory Note USD 90	USD 2,200
Shin Kong Bank	USD 1,340	USD 463	Negotiation	None	USD 4,700
12/31/2021					
Shin Kong Bank	USD 2,252	USD 667	Negotiation	None	USD 4,700

(4) Inventory

A. Details of inventory:

	As of December 31, 2022	As of December 31, 2021
Raw material	$138,273	$92,672
Work in process	11,317	13,153
Finished goods	94,062	133,306
Total	$243,652	$239,131

B. For the years ended December 31, 2022 and 2021, the Group recognized NT$1,287,331 thousand and NT$1,413,332 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the year ended December 31,	
Item	2022	2021
Loss from inventory market decline	$7,584	$8,280

C. The inventories were not pledged.

(5) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Unlisted companies stocks	$42,472	$41,818
Listed companies stocks	14,717	-
Subtotal	57,189	41,818
Valuation adjustment	96,580	82,956
Total	$153,769	$124,774
Non-current	$153,769	$124,774

The Group classified part of financial assests as financial assets at fair value through other comprehensive income. No financial asset at fair value through other comprehensive income was pledged as collateral.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Property, plant and equipment

(1) Owner occupied property, plant and equipment

	Buildings	Machinery and equipment	Transportain equipment	Office equipment	Lease assets and leasehold improvements	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:								
As of 1/1/2022	$103,712	$836,505	$6,741	$14,471	$6,498	$67,618	$284,827	$1,320,372
Addition	1,248	22,227	137	1,965	-	1,813	89,992	117,382
Disposals	-	(4,100)	-	(139)	-	(1,211)	-	(5,450)
Reclassification	24,947	15,841	-	(1,213)	-	3,883	(43,458)	-
Effect of EX rate	1,534	13,016	105	164	-	835	4,447	20,101
As of 12/31/2022	$131,441	$883,489	$6,983	$15,248	$6,498	$72,938	$335,808	$1,452,405
As of 1/1/2021	$83,534	$706,086	$6,623	$12,862	$6,498	$34,879	$353,547	$1,204,029
Addition	10,397	29,989	154	1,660	-	16,323	80,597	139,120
Disposals	-	(14,731)	-	(645)	-	(919)	-	(16,295)
Reclassification	10,245	119,066	-	645	-	17,481	(147,437)	-
Effect of EX rate	(464)	(3,905)	(36)	(51)	-	(146)	(1,880)	(6,482)
As of 12/31/2021	$103,712	$836,505	$6,741	$14,471	$6,498	$67,618	$284,827	$1,320,372
Depreciation and impairment:								
As of 1/1/2022	$29,235	$488,553	$4,032	$10,510	$6,408	$25,348	$-	$564,086
Depreciation	3,746	45,983	924	1,099	90	5,831	-	57,673
Disposals	-	(3,690)	-	(127)	-	(1,211)	-	(5,028)
Effect of EX rate	445	7,512	60	107	-	183	-	8,307
As of 12/31/2022	$33,426	$538,358	$5,016	$11,589	$6,498	$30,151	$-	$625,038

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Buildings	Machinery and equipment	Transportain equipment	Office equipment	Lease assets and leasehold improvements	Other equipment	Construction in progress and equipment awaiting inspection	Total
As of 1/1/2021	$26,160	$466,347	$3,151	$10,135	$6,119	$22,847	$-	$534,759
Depreciation	3,217	37,364	899	992	289	3,388	-	46,149
Disposals	-	(12,641)	-	(580)	-	(828)	-	(14,049)
Effect of EX rate	(142)	(2,517)	(18)	(37)	-	(59)	-	(2,773)
As of 12/31/2021	$29,235	$488,553	$4,032	$10,510	$6,408	$25,348	$-	$564,086
Net carrying amount:								
As of 12/31/2022	$98,015	$345,131	$1,967	$3,659	$-	$42,787	$335,808	$827,367
As of 12/31/2021	$74,477	$347,952	$2,709	$3,961	$90	$42,270	$284,827	$756,286

Property, plant and equipment were not pledged.

(7) Intangible assets

	Computer software	Technology licensing	Total
Cost:			
As of January 1, 2022	$15,075	$1,000	$16,075
Additions – acquired separately	-	-	-
Derecognized upon retirement	-	-	-
Exchange differences	236	-	236
As of December 31, 2022	$15,311	$1,000	$16,311
As of January 1, 2021	$15,156	$1,000	$16,156
Additions – acquired separately	-	-	-
Derecognized upon retirement	-	-	-
Exchange differences	(81)	-	(81)
As of December 31, 2021	$15,075	$1,000	$16,075

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Computer software	Technology licensing	Total
Amortization and impairment:			
As of January 1, 2022	$2,135	$667	$2,802
Amortization	1,536	100	1,636
Derecognized upon retirement	-	-	-
Exchange differences	29	-	29
As of December 31, 2022	$3,700	$767	$4,467
As of January 1, 2021	$631	$567	$1,198
Amortization	1,509	100	1,609
Derecognized upon retirement	-	-	-
Exchange differences	(5)	-	(5)
As of December 31, 2021	$2,135	$667	$2,802
Carrying amount, net as at:			
As of December 31, 2022	$11,611	$233	$11,844
As of December 31, 2021	$12,940	$333	$13,273

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2022	2021
General and administrative	$1,536	$1,509
Research and development	100	100
Total	$1,636	$1,609

(8) Other non-current assets

	As of December 31,	
	2022	2021
Prepayment for equipment	$12,682	$12,649
Refundable deposits	967	1,294
Total	$13,649	$13,943

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9) Short-term loans

	As of December 31,	
	2022	2021
Unsecured bank loans	$748,325	$720,396
Interest interval (%)	1.14%~5.65%	1.15%~1.75%

As of December 31, 2022 and 2021, the line of unused short-term loans credit for the Group amounted to NT$852,415 thousand and NT$735,070 thousand, respectively.

(10) Deferred revenue

Government grants

	For the year ended December 31,	
	2022	2021
Beginning balance	$59,409	$52,378
Received during the period	1,920	7,510
Released to the statement of comprehensive income	(646)	(199)
Exchange differences	926	(280)
Ending Balance	$61,609	$59,409

	As of December 31,	
	2022	2021
Non-current deferred revenue - government grants related to assets	$61,609	$59,409

Government grants have been received for the purchase of certain items of property, plant and equipment. The grants is related to assets, which is recognized as deferred income and recognized as income in installments over the expected useful life of the relevant assets.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Long-term loans

Details of long-term loans were as follows:

Lenders	As of 12/31/2022	Interest Rate (%)	Repayment
Agricultural Bank of Taiwan- Mid-term credit loan	$100,000	Index rate plus 0.523%	Payment of interest monthly, and repayment of principal when due.
Less: current portion	100,000		
Total	$-		

Lenders	As of 12/31/2021	Interest Rate (%)	Repayment
Agricultural Bank of Taiwan- Mid-term credit loan	$100,000	Index rate plus 0.523%	Payment of interest monthly, and repayment of principal when due.
Less: current portion	-		
Total	$100,000		

(12) Post-employment benefits plans

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 are NT$992 thousand and NT$977 thousand, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Equities

(a) Common stock

As of December 31, 2022 and 2021, the Company's authorized capital were both NT$1,500,000 thousand. The Company's paid-in capital was NT$982,009 thousand, each share at par value of NT$10 divided into 98,200,868 shares.

(b) Capital surplus

	As of December 31,	
	2022	2021
Additional paid-in capital	$133,912	$133,912
Employee stock option	32,665	32,665
Share options-convertible bonds	13,843	13,843
Others	12,479	12,479
Total	$192,899	$192,899

According to the Taiwan 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 up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them.

(c) Appropriation of earnings and dividend policies

a. Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

b. Special reserve

Following the adoption of T-IFRS, the FSC on 6 April 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, 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 an equal amount of special reserve. Following a company's adoption of the IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, 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 in the preceding point, 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.

As of December 31, 2022 and 2021, special reserve set aside for the first-time adoption of T-IFRS reduced to NT$41,956 thousand accordingly.

c. Earning distribution

(1) Earning distribution

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

a.Payment of all taxes and dues;
b.Offset prior years' operation losses;
c.Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

d.Set aside or reverse special reserve in accordance with law and regulations; and

e.The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

(2) Dividend policies

For long-term finance planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Shareholder extra dividend each year cannot be less than 10% and more than 90% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.

(d) The appropriations of earnings for the Year 2022 and 2021 were approved through the Board of Directors' meetings and shareholders' meetings held on February 23, 2023 and May 17, 2022, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2022	2021	2022	2021
Legal reserve	$3,442	$17,309		
Cash dividend	47,136	137,481	$0.48	$1.40
Total	$50,578	$154,790		

Please refer to Note 6 (17) for details on employees' compensation and remuneration to directors and supervisors.

(14) Operating revenue

	For the year ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$1,647,874	$1,957,145

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

(1) Disaggregation of revenue

	For the year ended December 31,	
	2022	2021
Sale of FPC	$1,647,874	$1,957,145
The timing for revenue recognition:		
At a point in time	$1,647,874	$1,957,145

(2) Contract balances

A.Contract liabilities – current

	As of		
	Beginning Balance	Ending Balance	Difference
Sales of goods	$8	$8	$-

(3) Transaction price allocated to unsatisfied performance obligations: None.

(4) Assets recognized from cost to fulfil a contract: None.

(15) Expected credit losses (gains)

	For the year ended December 31,	
	2022	2021
Operating expenses – Expected credit losses/(gains)		
Notes receivable	$-	$-
Accounts receivable	(2,981)	(5,509)
Total	$(2,981)	$(5,509)

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

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group measured the impairment against the other receivables reclassified from accounts receivable due to factoring agreements mainly based on the expected credit loss for 12 months of the counter-party financial institutions. As of December 31, 2022 and 2021, there were no other receivables pass due. Furthermore, the Group assessed the related expected credit loss to be insignificant because the counter-party financial institutions are of good credit condition.

The Group measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2022 and 2021 are as follows:

The Group considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follows:

As of December 31, 2022

	Not past due	Past due								
	(Note)	Within 90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-240 days	241-270 days	Over 271 days	Total
Gross carrying amount	$675,490	$20,382	$53	$-	$-	$-	$-	$-	$4,893	$700,818
Loss ratio	-%	1%	5%	10%	20%	30%	40%	50%	100%	
Lifetime expected credit losses	-	(276)	(3)	-	-	-	-	-	(4,893)	(5,172)
Subtotal	$675,490	$20,106	$50	$-	$-	$-	$-	$-	$-	$695,646

As of December 31, 2021

	Not past due	Past due								
	(Note)	Within 90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-240 days	241-270 days	Over 271 days	Total
Gross carrying amount	$918,641	$44,008	$-	$-	$-	$-	$-	$-	$16,946	$979,595
Loss ratio	-%	1%	5%	10%	20%	30%	40%	50%	100%	
Lifetime expected credit losses	-	(507)	-	-	-	-	-	-	(16,946)	(17,453)
Subtotal	$918,641	$43,501	$-	$-	$-	$-	$-	$-	$-	$962,142

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: All the Group’s notes receivable were not past due.

The movement in the provision for impairment of accounts receivable during the year ended December 31, 2022 and 2021 are as follows:

	Accounts receivable
Beginning balance as of January 1, 2022	$17,453
Addition/ (reversal) for the current period	(2,981)
Write off	(9,615)
Effect of exchange rate changes	315
Ending balance as of December 31, 2022	$5,172
Beginning balance as of January 1, 2021	$23,429
Addition/ (reversal) for the current period	(5,509)
Write off	(347)
Effect of exchange rate changes	(120)
Ending balance as of December 31, 2021	$17,453

(16) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment and other equipment. These lease have terms of between 3 to 50 years. The Group may not allowed to privately lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

a. Amounts recognized in the balance sheets

(a) Right-of-use assets

Net carrying amount of right-of-use assets

	As of December 31,	
	2022.12.31	2021.12.31
Land	$108,758	$109,471
Buildings	5,558	2,367
Transportation equipment	292	792
Other equipment	1,192	1,404
Total	$115,800	$114,034

(b) Lease liabilities

	As of December 31,	
	2022.12.31	2021.12.31
Lease liabilities	$7,118	$4,599
Current	$3,086	$3,421
Non-current	4,032	1,178
Total	$7,118	$4,599

Please refer to Note 6(18) (c) for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021 and refer to Note 12(5) Liquid Risk Management for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Amounts recognized in the statements of comprehensive income

Depreciation charge for right-of-use assets

	For the year ended December 31,	
	2022	2021
Land	$2,434	$2,391
Buildings	2,373	2,290
Transportation equipment	515	736
Other equipment	975	943
Total	$6,297	$6,360

c. Income and costs relating to leasing activities

	For the year ended December 31,	
	2022	2021
The expenses relating to short-term leases	$615	$1,721

d. Cash outflow relating to leasing activities

During the year ended December 31, 2022 and 2021, the Group's total cash outflows for leases amounting to NT$4,552 thousand and NT$5,750 thousand, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Summary statement of employee benefits, depreciation and amortization by function is as follows:

	For the year ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries	$70,001	$81,705	$151,706	$65,008	$110,865	$175,873
Labor and health insurance	-	2,484	2,484	-	2,436	2,436
Pension	-	992	992	-	977	977
Other employee benefit	8,511	8,561	17,072	6,965	7,603	14,568
Depreciation	52,748	11,222	63,970	38,534	13,975	52,509
Amortization	-	1,636	1,636	-	1,609	1,609

According to the resolution, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

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, 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 TPEx.

The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 and 2021 to be not lower than 10% and not higher than 5% of profit of the current period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amounted to NT$6,119 thousand and NT$1,836 thousand, respectively, and, for the year ended December 31, 2021 amounted to NT$25,701 thousand and NT$7,710 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company’s Board of Directors’ meeting has determined the employees’ compensation and directors’ remuneration, all in cash, to be NT$6,119 thousand and NT$1,836 thousand, respectively, in a meeting held on February 23, 2023. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2022.

The Company’s Board of Directors’ meeting has determined the employees’ compensation and directors’ remuneration, all in cash, to be NT$25,701 thousand and NT$7,710 thousand, respectively, in a meeting held on February 25, 2022. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2021.

(18) Non-operating income and expenses

(a) Other incomes

	For the year ended December 31,	
	2022	2021
Interest income		
Financial assets measured at amortized cost	$2,636	$2,148
Other income－others	3,476	5,139
Total	$6,112	$7,287

(b) Other gains and losses

	For the year ended December 31,	
	2022	2021
Gain (loss) from disposal of property, plant and equipment	$(343)	$(2,246)
Foreign exchange gain (loss), net	(46,988)	9,304
Loss on disposal of investments	-	(15)
Other expenses	(1,561)	(766)
Total	$(48,892)	$6,277

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c)Finance costs

	For the year ended December 31,	
	2022	2021
Interest on bank loans	$17,876	$12,164
Interest on lease liabilities	114	192
Total	$17,990	$12,356

(19) Components of other comprehensive income

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Other comprehensive income	Income tax benefit (expense)	OCI, net of tax
Not reclassified to profit or loss:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	$11,073	$-	$11,073	$(1,453)	$9,620
May be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	32,969	-	32,969	(6,594)	26,375
Total OCI	$44,042	$-	$44,042	$(8,047)	$35,995

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2021

	Arising during the period	Reclassification during the period	Other comprehensive income	Income tax benefit (expense)	OCI, net of tax
Not reclassified to profit or loss:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	$(5,586)	$-	$(5,586)	$1,117	$(4,469)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(9,743)	-	(9,743)	1,949	(7,794)
Total OCI	$(15,329)	$-	$(15,329)	$3,066	$(12,263)

(20) Income tax

A. The major components of income tax expense (benefit) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,	
	2022	2021
Current income tax expense (benefit):		
Current income tax expense	$9,028	$43,620
Adjustments in respect of current income tax of prior periods	2,808	1,522
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	6,192	45,876
Total income tax expense	$18,028	$91,018

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Income tax relating to components of other comprehensive income

	For the year ended December 31,	
	2022	2021
Deferred income tax expense (income):		
Share of other comprehensive income of subsidiaries accounted for under equity method	$8,047	$(3,066)

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2022	2021
Accounting profit before tax from continuing operations	$52,443	$264,110
Tax payable at the enacted tax rates	$2,775	$83,751
Tax effect of expenses not deductible for tax purposes	2,024	2,996
Tax effect of deferred tax assets/liabilities	9,506	(42)
Surtax on undistributed earnings	915	2,791
Adjustments in respect of current income tax of prior periods	2,808	1,522
Total income tax recognized in profit or loss	$18,028	$91,018

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance as of December 31, 2022
Temporary differences					
Expected credit losses	$24	$-	$-	$-	$24
Unrealized loss on inventory valuation	106	157	-	-	263
Unrealized gross profit	2,535	237	-	-	2,772
Gain on disposal of property, plant and equipment	2,501	(17)	-	-	2,484
Loss on disposal of property, plant and equipment	(143)	-	-	(2)	(145)
Gorvernment grants revenue	14,852	-	-	233	15,085
Unrealized exchange loss (gain)	2,871	(183)	-	-	2,688
Investments accounted for using the equity method	(172,043)	(5,394)	-	-	(177,437)
Unused tax losses	992	(992)	-	-	-
Exchange differences on translation of of foreign operating	8,286	-	(6,594)	-	1,692
Unrealized gain (loss) from equity instruments investment measured at fair value through other comprehensive income	(38,487)	-	(2,735)	(191)	(41,413)
Deferred tax (expense)/ income		$(6,192)	$(9,329)	$40	
Net deferred tax assets/(liabilities)	$(178,506)				$(193,987)
Reflected in balance sheets as follows:					
Deferred tax assets	$32,167				$25,008
Deferred tax liabilities	$(210,673)				$(218,995)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2021

	Beginning balance as of January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance as of December 31, 2022
Temporary differences					
Expected credit losses	$14	$11	$-	$(1)	$24
Unrealized loss on inventory valuation	115	(9)	-	-	106
Unrealized gross profit	2,374	161	-	-	2,535
Gain on disposal of property, plant and equipment	2,518	(17)	-	-	2,501
Loss on disposal of property, plant and equipment	(143)	-	-	-	(143)
Gorvernment grants revenue	13,094	1,829	-	(71)	14,852
Unrealized exchange loss (gain)	9,443	(6,572)	-	-	2,871
Investments accounted for using the equity method	(129,772)	(42,271)	-	-	(172,043)
Unused tax losses	-	992	-	-	992
Exchange differences on translation of foreign operating					
Exchange differences on translation of foreign operating	6,337	-	1,949	-	8,286
Unrealized gain (loss) from equity instruments investment measured at fair value through other comprehensive income	(40,662)	-	2,103	72	(38,487)
Deferred tax income/ (expense)		$(45,876)	$4,052	$-	
Net deferred tax assets/(liabilities)	$(136,682)				$(178,506)
Reflected in balance sheets as follows:					
Deferred tax assets	$33,895				$32,167
Deferred tax liabilities	$(170,577)				$(210,673)

D. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$20,838 thousand and NT$11,189 thousand, respectively.

E. The assessment of income tax returns

	The assessment of income tax returns
The Company	Assessed and approved up to 2020

(21) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) 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 December 31,	
	2022	2021
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$34,415	$173,091
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	98,201	98,201
Basic earnings per share (NT$)	$0.35	$1.76

	For the years ended December 31,	
	2022	2021
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$34,415	$173,091
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$34,415	$173,091
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	98,201	98,201
Effect of dilution:		
Employee compensation－stock (in thousands)	585	1,168
Weighted average number of ordinary shares outstanding after dilution (in thousands)	98,786	99,369
Diluted earnings per share (NT$)	$0.35	$1.74

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.

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as of the end of the reporting period :

Related parties and Relationship

Related parties	Relationship
LEADER-TECH ELECTRONICS CO., LTD(Note)	Investee

Note：The Group held a 2.64% shareholding ratio in LEADER-TECH ELECTRONICS CO., LTD on December 31, 2021, so from January 1, 2022, it is no longer a related party.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2)Significant transactions with the related parties

A. Sales

	For the years ended December 31,	
	2022	2021
LEADER-TECH ELECTRONICS	$-	$140,152

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period for domestic sales to related parties was month-end 90 days. The outstanding balance at December 31, 2022 and 2021 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

B. Notes receivable - related parties

	As of December 31,	
	2022	2021
LEADER-TECH ELECTRONICS	$-	$34,903
Less: allowance for loss	-	-
Total	$-	$34,903

C. Accounts receivable - related parties

	As of December 31,	
	2022	2021
LEADER-TECH ELECTRONICS	$-	$54,907
Less: allowance for loss	-	-
Total	$-	$54,907

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Salaries and rewards to key management of the group

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$11,881	$11,600
Post-employment benefits	189	190
Total	$12,070	$11,790

8. ASSETS PLEDGED AS SECURITY

None.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of December 31, 2022 are as follows:

Currency	LC Amount (in thousand)	Security (in thousand)
USD	USD 79	$-
JPY	JPY 24,192	$-

(2) Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2022 are as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Construction contracts	RMB 83,591	RMB 78,655	RMB 4,936

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2022	2021
Financial assets at fair value through OCI	$153,769	$124,774
Financial assets measured at amortized cost		
Cash and cash equivalent (exclude cash on hand)	735,676	703,439
Notes receivable (included related parties), net	128,901	217,156
Accounts receivable (included related parties), net	566,745	744,986
Other receivables	28,677	45,411
Subtotal	1,459,999	1,710,992
Total	$1,613,768	$1,835,766

Financial liabilities

	As of December 31,	
	2022	2021
Financial liabilities measured at amortized cost:		
Short-term loans	$748,325	$720,396
Accounts payable and other payables	185,366	318,710
Long-term loans (including current portion with maturity less than 1 year)	100,000	100,000
Lease liabilities	7,118	4,599
Total	$1,040,809	$1,143,705

(2) Objectives and policies of financial risk management

The Group’s principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on its 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 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 risk comprise currency risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are 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 foreign currency risk 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 operations.

The Group has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge account is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period - end. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency US dollars and foreign currency RMB dollars. The information of the sensitivity analysis is as follows:

If NTD dollars appreciates/depreciates against US dollars by 1%, the net income(loss) for the years ended December 31, 2022 and 2021 would increased/decreased by NT$2,942 thousand and NT$3,814 thousand, respectively.

If NTD dollars appreciates/depreciates against RMB dollars by 1%, the net income(loss) for the years ended December 31, 2022 and 2021 would decreased/ increased by NT$9,859 thousand and NT$13,407 thousand, respectively.

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 interest rate risk rates relates primarily to the Group's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2022 and 2021 would increase/decrease by NT$50 thousand and NT$10 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued 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.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$185 on the equity attributable to the Group for the year ended December 31, 2022.

Please refer to Note 12.8 for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 1.

(4) Credit risk management

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

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Group's internal credit ratings. The Group also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2022 and 2021, receivables from the top ten customers were accounted for 55.17% and 53.81% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Liquidity risk management

The Group maintains financial flexibility through the use of cash and cash equivalents, bank loans, convertibal bonds, etc. 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 interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
As of December 31, 2022					
Loans	$855,915	$-	$-	$-	$855,915
Payables	185,366	-	-	-	185,366
Lease liabilities	3,220	2,216	1,897	-	7,333
As of December 31, 2021					
Loans	$722,729	$100,563	$-	$-	$823,292
Payables	318,710	-	-	-	318,710
Lease liabilities	3,526	1,041	143	-	4,710

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As of January 1, 2022	$720,396	$100,000	$4,599	$824,995
Cash flows	27,929	-	(3,937)	23,992
Non-cash changes				
Lease range changes	-	-	6,290	6,290
Interests on lease liabilities	-	-	114	114
Currency rate change	-	-	52	52
As of December 31, 2022	$748,325	$100,000	$7,118	$855,443

Movement schedule of liabilities for the year ended December 31, 2021:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As of January 1, 2021	$570,499	$120,000	$5,390	$695,889
Cash flows	149,897	(20,000)	(4,029)	125,868
Non-cash changes				
Lease range changes	-	-	3,062	3,062
Interests on lease liabilities	-	-	192	192
Currency rate change	-	-	(16)	(16)
As of December 31, 2021	$720,396	$100,000	$4,599	$824,995

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

(a)The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

(b)Fair value of equity instruments without market quotations (including 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).

(c)Fair value of debt instruments without bank loans 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 GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group’s financial liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 (8) for Fair value measurement hierarchy for financial instruments of the Group.

(8) 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 of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through OCI	$18,524	$-	$135,245	$153,769

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through OCI	$-	$-	$124,774	$124,774

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value hierarchy.

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

	At fair value through OCI
Beginning balances as of January 1, 2022	$124,774
Total gains (losses) recognized for the year ended December 31, 2022	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	5,813
Recognition of deferred tax liabilities	2,735
Currency rate change	1,923
Transfer in/(out) of Level 3	10,471
Ending balances as of December 31, 2022	$135,245

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	At fair value through OCI
Beginning balances as of January 1, 2021	$132,046
Total gains (losses) recognized for the year ended December 31, 2021	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(4,469)
Recognition of deferred tax liabilities	(2,103)
Currency rate changes	(700)
Transfer in/(out) of Level 3	(7,272)
Ending balances as of December 31, 2021	$124,774

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the Group’s significant financial assets and liabilities denominated in foreign currencies was listed below:(In thousand)

	As of December 31,		
	2022		
	Foreign Currencies	Exchange Rate	NTD
Financial assets			
Monetary items:			
USD	$7,940	30.71	$243,840
RMB	$244,058	4.41	$1,076,158
Financial liabilities			
Monetary items:			
USD	$17,567	30.71	$539,469
RMB	$19,357	4.41	$85,352

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of December 31,		
	2021		
	Foreign Currencies	Exchange Rate	NTD
Financial assets			
Monetary items:			
USD	$8,050	27.68	$222,824
RMB	$339,900	4.34	$1,475,676
Financial liabilities			
Monetary items:			
USD	$21,897	27.68	$606,098
RMB	$29,545	4.34	$128,270

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

Foreign currency resulting in exchange gain or loss	For the year ended December 31,	
	2022	2021
USD	$(39,090)	$5,865
Other	(7,898)	3,439
Total	$(46,988)	$9,304

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

(10) 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 and adjusts its capital structure 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 on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of December 31, 2022 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$ 300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: Please refer to attachment 3.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2022: Please refer to attachment 4.

I. Derivative instrument transactions: None.

J. Intergroup relationships and significant intergroup transactions for the year ended December 31, 2022: Please refer to attachment 10.

(2) Information on investees

A. Investees over whom the Group exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 5.

B. Investees over which the Group exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: Please refer to attachment 6.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2022 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 7.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: Please refer to attachment 8.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2022: Please refer to attachment 9.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business	Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment	Share of Profit/Loss	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
KUNSHAN APLUS TEC. CORPORATION	Production of FPC and protective film	$587,534	(Note 1)	$587,534	$-	$-	$587,534	$17,843	100%	$17,843 (Note 2 and Note 3)	$1,283,627 (Note 2)	$-	$587,534	$587,534	$926,232

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name of Investee in China	Main Business	Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment	Share of Profit/Loss	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
DONGTAI APLUS TECHNOLOGY CO., LTD.	Production of multilayer flexible boards, copper foil substrates, and development of materials for electronics	$310,047	(Note1 and Note 4)	$-	$-	$-	$-	$(41,205)	100%	$(41,205) (Note 2 and Note 3)	$279,389 (Note 2)	$-	$-	$310,047	

Note 1: Reinvest in mainland China through a third-region company.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheets date.

Note 3: Gain/loss on investment is recognized based on the financial statements which were audited by the independent auditors of the parent company in Taiwan.

Note 4: The Company remitted the investment amount of RMB30,000 thousand, RMB20,000 thousand and RMB20,000 thousand in 2018, 2019, 2021, respectively through the surplus distribution and reinvestment of KUNSHAN APLUS TEC. CORPORATION for a total of RMB70,000.

Note 5: Transactions are eliminated upon preparation of consolidated financial statements.

B. Purchase and balances of related accounts payable as of December 31, 2022: Please refer to attachment 10.

C. Sale and balance of related accounts receivable as of December 31, 2022: Please refer to attachment 10.

D. Property transaction amounts and resulting gain or loss: None.

E. Ending balance of endorsements/guarantees or collateral provided and the purposes: None.

F. Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

G. Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered:

(1) For the year ended December 31, 2022, the Company purchased materials for KUNSHAN APLUS TEC. CORPORATION was NT$149,020 thousand.

(2) For the year ended December 31, 2022, the balance of other receivables amounted to NT$4,326 thousand. The other receivables resulted from KUNSHAN APLUS TEC. CORPORATION collected on delivery to the Company.

(4) Information on major shareholders

As of December 31, 2022, the Company has no shareholders holding more than 5% of the shares.

14. OPERATING SEGMENT

(1) The Group's revenue mainly comes from the sales of FPC such as covering film and flexible copper foil substrates, and the Group's operating decision makers review the overall operating results of the Company to make decisions on the Company's resources and evaluate the performance of the Company as a whole, so it is a single operating Segment and is prepared on the same basis as the summary of important accounting policies described in Note 4.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Geographical information

Revenues from external customers

	For the year ended,December 31,	
	2022	2021
China	$1,574,776	$1,870,052
Taiwan	54,700	68,753
Other countries	18,398	18,340
Total	$1,647,874	$1,957,145

The revenue information above is based on the location of the customer.

Non-current assets

	As of December 31,	
	2022	2021
China	$6,407	$6,240
Taiwan	962,253	891,296
Total	$968,660	$897,536

(3) Information about major customers

	For the year ended,December 31,	
Name of Customers	2022	2021
A Customer	$205,916	$187,105
B Customer	196,332	(Note)
	$402,248	$187,105

NOTE: This year the Customer’s sale accounted less than 10% consolidated net sales, so it was not be disclosed.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2022

Attachment 1

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement /Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries (Note 7)	Endorsement provided by subsidiaries to parent company (Note 7)	Endorsement provided to entities in China (Note 7)
No. (Note 1)	Name	Name	Nature of Relationship (Note 2)										
0	Asia Electronic Material Co., Ltd	DONGTAI APLUS TECHNOLOGY CO., LTD.	Subsidiaries, with holding 100% share	$771,860	$92,130	$-	$-	$-	-%	$771,860	Y	N	Y

Note 1: Asia Electronic Material Co., Ltd. and Subsidiaries are coded as follows:

1. Asia Electronic Material Co., Ltd. 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 the guarantor of the endorsement and the object to be guaranteed is as follows:

1.The company with business contacts.

2.The company directly and indirectly holds more than 50% of the shares with voting rights.

3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.

4.The company directly and indirectly holds more than 90% of the shares with voting rights.

5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.

6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.

7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3 : According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for otherendorsement or guarantee for subsidiaries shall not exceed 50% of the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed 20% of the current net value of Company, but the limitation of endorsement or guarantee for the Company shall be up to 50% of the current net value of one of subsidiaries.

Note 4：Maximum balance for endorsement/guarantee provided to other from the current year.

Note 5 : By the end of the year, when the company signs endorses guarantee contract or the amount of the notes approved by the bank, it will assume the endorsement or guarantee responsibility. In addition, other relevant endorsement guarantees should be included in the endorsement guarantee balance.

Note 6 : The actual amount of expenditure of the endorsed guarantee company within the scope of the endorsement guarantee amount should be entered.

Note 7：Y is required for endorsement guarantors belonging to the Company to subsidiaries, endorsement guarantors by subsidiaries to the Company, and endorsement guarantors to mainland China.

Note 8 : The actual disbursement amount includes the guarantee amount that the party of the endorsement guarantees in the form of notes.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2022

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	As of December 31, 2022				Note (Note 4)
				Shares / Units	Carrying Amount (Note 3)	Shareholding %	Fair Value	
Asia Electronic Material Co., Ltd.	Market stock:							
	Ventec International Group Co., Ltd.	-	Equity at fair value through OCI instrument investment - non current	246,000	$14,717	0.34	$18,524	None
			Add: Valuation adjustments		3,807			
			Total		$18,524			

Note 1: The marketable securities mentioned in attachment refer to stocks, bonds, beneficiary certificates and securities derived from above mentioned items within in the scope of IFRS9 Financial Instruments.

Note 2: If issuer of marketable securities is not related party, don't fill in this field.

Note 3: Financial Instruments measured by fair value, please fill in the book value after the adjustment of the valuation deduct the accumulated impairments amount in the column; not measured by fair value, please fill in the original acquisition cost or amortized cost deduct the accumulated impairment amount in the column.

Note 4: If there are securities have provided guarantees, pledged loans, or other restricted users according to the agreement, the number and the amount of shares provided with guarantees or pledges, and the restricted use conditions should be indicated in the column.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Related Party Transactions with Purchases or Sales Amount of at least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2022

Attachment 3

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Sale	$570,450 (Note1)	51.10%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing , relative parties are 150 days after next monthly closing.	$136,132 (Accounts receivable)	40.92%	Note2
Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Purched	$(353,525)	35.06%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 45~90 days after monthly closing , relative parties are 150 days after next monthly closing.	$(254,759) (Accounts payable)	80.27%	Note2
Asia Electronic Material Co., Ltd.	DONGTAI APLUS TECHNOLOGY CO., LTD.	Subsidiary	Sale	$150,282	13.46%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing , relative parties are 150 days after next monthly closing.	$102,999 (Accounts receivable)	30.96%	Note2

Note1: The amount has already been deducted from the holding company purchasing materials amount of KUNSHAN APLUS TEC. CORPORATION for 149,020 thousand dollars.

Note2: Transactions are eliminated when preparing the consolidated financial statements.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

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

As of December 31, 2022

Attachment 4

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Accounts receivable $136,132 (Note) Other receivables $4,326 (Note)	2.03	$-		$87,474	$-
Asia Electronic Material Co., Ltd.	DONGTAI APLUS TECHNOLOGY CO., LTD.	Subsidiary	Accounts receivable $102,999 (Note)	2.15	$-		$-	$-

Note: Transactions are eliminated when preparing the consolidated financial statements.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Investees over Whom the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2022

Attachment 5

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee(Note)	Note
				As of December 31, 2022	As of December 31, 2021	Shares	%	Carrying Value (Note)			
Asia Electronic Material Co., Ltd.	ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	Samoa	Investing activities	$587,534	$587,534	18,265,100	100.00%	$1,562,686	$(23,362)	$(23,362)	Subsidiary
Asia Electronic Material Co., Ltd.	BESTTRADE CO., LTD.	Samoa	Electronic materials trading and business which relates to import and export	97,471	97,471	2,950,000	100.00%	84,742	(3,608)	(3,608)	Subsidiary
ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	AMMON TEC. INVESTMENT CORP.	British Virgin Islands	Investing activities	556,382 (USD 18,260)	556,382 (USD 18,260)	18,260,000	100.00%	1,562,764 (USD 50,888)	(23,362) (USD 784)	(23,362) (USD 784)	Subsidiary

Note : Transactions are eliminated when preparing the consolidated financial statements.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the year ended December 31, 2022

Attachment 6

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 3)	Limit of total financing amount (Note 3)
													Item	Value		
1	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	Other receivables -related parties	Yes	$176,377	$176,377	$176,377	-	2	$-	Business turnover	$-	-	$-	$513,451	$513,451

Note 1: Asia Electronic Material Co., Ltd. and subsidiaries are coded as follows:

1. Asia Electronic Material Co., Ltd. is coded "0".

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

Note 2: Nature of financing is coded as follows:

1.Need for operating is coded "1".

2.Need for short term financing is coded "2".

Note 3: Limit of total financing amount shall not exceed 40% of the lender's net assets of value, which audited by CPA in current period, as of December 31, 2022.

Limited and reason of financing amount for individual counter-party is seted as follows: 31, 2022.

1. Limit of total financing amount which need for operating shall not exceed transaction amount between two parties in prior year and current year.

2. Limit of total financing amount need for short term financing not exceed 40% of the lender's net assets of value, which audited by CPA in recent period.The financing amount refers to the cumulative balance of the company's short-term financing funds.

3. The total financing amount shall not exceed 100% of The Company's net assets of value, which audited by CPA in recent period, is limited between foreign subsidiaries which held directly or indirectly for 100% voting shares by The Company.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2022

Attachment 7

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2022				Guarantee, Pledge or Other Restricted Conditions		
				Shares/Units	Carrying Amount	%	Fair Value	Shares	Carrying Amount	Note
KUNSHAN APLUS TEC. CORPORATION	Market stock: Leader-tech Electronics (Shenzhen) Co., Ltd.	The investee of the subsidiary	Equity instrument investment at fair value through OCI (non-current)	1,538,747	$70,835	2.36%	$70,835	-	$-	
KUNSHAN APLUS TEC. CORPORATION	Market stock: Shenzhen Xin Shanghe Electronics Ltd. (Note 1)	The investee of the subsidiary	Equity instrument investment at fair value through OCI (non-current)	3,021,312	$28,663	2.36%	$28,663	-	$-	
KUNSHAN APLUS TEC. CORPORATION	Market stock: Shenzhen Xin Shangrong Electronics Ltd. (Note 2)	The investee of the subsidiary	Equity instrument investment at fair value through OCI (non-current)	23,638	$35,747	2.36%	$35,747	-	$-	

Note1: Leader-tech Electronic(Shenzhen) Co., Ltd. decided Leader-tech Electronic(Shenzhen) Co., Ltd. demerger at the meeting of shareholders on June 10,2022, and split their stock to Shenzhen Xin Shanghe Electronics Ltd. on July 26,2022.

Note2:Leader-tech Electronic(Shenzhen) Co., Ltd. decided Leader-tech Electronic(Shenzhen) Co., Ltd. demerger at the meeting of shareholders on February 15,2022, and split their stock to Shenzhen Xin Shangrong Electronics Ltd. on April 28,2022.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Related Party Transactions with Purchase or Sales Amount of at least NT$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2022

Attachment 8

(In Thousands of RMB Dollars)

Purchase/ Sale Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
KUNSHAN APLUS TEC. CORPORATION	Asia Electronic Material Co., Ltd.	Subsidiary	Sale	RMB 79,961	22.77%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing, relative parties are 150 days after next monthly closing.	RMB 57,776	26.46%	Note
KUNSHAN APLUS TEC. CORPORATION	Asia Electronic Material Co., Ltd.	Subsidiary	Purchase	RMB (164,189)	62.62%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing, relative parties are 150 days after next monthly closing.	RMB (30,844)	44.11%	Note
DONGTAI APLUS TECHNOLOGY CO., LTD.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Sale	RMB 54,928	68.48%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing, relative parties are 150 days after next monthly closing.	RMB 8,519	36.54%	Note
DONGTAI APLUS TECHNOLOGY CO., LTD.	Asia Electronic Material Co., Ltd.	Subsidiary	Purchase	RMB (34,245)	50.09%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing, relative parties are 150 days after next monthly closing	RMB (23,359)	36.09%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

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

As of December 31, 2022

Attachment 9

(In Thousands of RMB Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent	Loss Allowance
					Amount	Action Taken		
KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	Subsidiary	Accounts receivable RMB 38,806	0.25	RMB -	-	RMB -	RMB -
			Other receivables RMB 40,000	-				
KUNSHAN APLUS TEC. CORPORATION	Asia Electronic Material Co., Ltd.	Subsidiary	Accounts receivable RMB 57,776	1.58	RMB -	-	RMB 20,197	RMB -

Note1: Transactions are eliminated when preparing the consolidated financial statements.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2022

Attachment 10

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	2022.01.01~2022.12.31						
0	Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	1	Sales	$570,450	T/T after monthly settlement	34.62%
0	Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	1	Purchase	353,525	T/T after monthly settlement	21.45%
0	Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	1	Accounts receivable	136,132	T/T after monthly settlement	4.74%
0	Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	1	Other receivables	4,326	T/T after monthly settlement	0.15%
0	Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	1	Accounts payable	254,759	T/T after monthly settlement	8.86%
0	Asia Electronic Material Co., Ltd.	DONGTAI APLUS TECHNOLOGY CO., LTD.	1	Sales	150,282	T/T after monthly settlement	9.12%
0	Asia Electronic Material Co., Ltd.	DONGTAI APLUS TECHNOLOGY CO., LTD.	1	Accounts receivable	102,999	T/T after monthly settlement	3.58%
0	Asia Electronic Material Co., Ltd.	BESTTRADE CO., LTD.	1	Other receivables	81,564	T/T after monthly settlement	2.84%
0	Asia Electronic Material Co., Ltd.	ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	1	Other receivables	83	T/T after monthly settlement	-%
0	Asia Electronic Material Co., Ltd.	AMMON TEC INVESTMENT CORP.	1	Other receivables	258	T/T after monthly settlement	0.01%
1	BESTTRADE CO., LTD.	KUNSHAN APLUS TEC. CORPORATION	3	Accounts receivable	82,314	T/T after monthly settlement	2.86%
1	BESTTRADE CO., LTD.	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Other receivables	81,995	T/T after monthly settlement	2.85%
3	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Sales	59,504	T/T after monthly settlement	3.61%
3	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Purchase	243,027	T/T after monthly settlement	14.75%
3	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Accounts receivable	171,112	T/T after monthly settlement	5.95%
3	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Other receivables	176,377	T/T after monthly settlement	6.14%
3	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Accounts payable	37,566	T/T after monthly settlement	1.31%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.