

**Silitech Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Silitech Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Silitech Technology Corporation and its subsidiaries (collectively, the “Group”) as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yen-Chun Chen and Meng-Chieh Chiu.

Deloitte & Touché
Taipei, Taiwan
Republic of China
May 2, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 986,845	31	\$ 1,635,623	50	\$ 1,489,131	47
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	11,097	-	2,583	-	114,463	4
Notes receivable, net	201	-	-	-	-	-
Trade receivables, net (Note 10)	406,836	13	418,051	13	413,654	13
Trade receivables from related parties, net (Notes 10 and 26)	1,696	-	1,349	-	707	-
Other receivables	30,431	1	27,251	1	28,579	1
Other receivables from related parties (Note 26)	6,927	-	11,354	-	1,837	-
Current tax assets	49	-	4	-	-	-
Inventories (Note 11)	248,709	8	251,957	8	278,193	9
Other current assets (Note 15)	<u>43,689</u>	<u>1</u>	<u>42,610</u>	<u>1</u>	<u>43,753</u>	<u>1</u>
Total current assets	<u>1,736,480</u>	<u>54</u>	<u>2,390,782</u>	<u>73</u>	<u>2,370,317</u>	<u>75</u>
NON-CURRENT ASSETS						
Financial assets at FVTPL - non-current (Note 7)	17,293	1	17,962	1	26,187	1
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	47,624	1	45,064	1	45,780	2
Financial assets at amortized cost - non-current (Note 9)	971,322	30	328,673	10	309,073	10
Property, plant and equipment (Note 13)	338,539	10	344,520	11	215,568	7
Right-of-use assets (Note 14)	17,948	1	23,838	1	42,659	1
Intangible assets	5,966	-	7,084	-	8,212	-
Deferred tax assets	83,034	3	88,812	3	103,085	3
Refundable deposits	6,442	-	6,449	-	6,583	-
Other non-current assets (Note 15)	<u>573</u>	<u>-</u>	<u>5,120</u>	<u>-</u>	<u>22,594</u>	<u>1</u>
Total non-current assets	<u>1,488,741</u>	<u>46</u>	<u>867,522</u>	<u>27</u>	<u>779,741</u>	<u>25</u>
TOTAL	<u>\$ 3,225,221</u>	<u>100</u>	<u>\$ 3,258,304</u>	<u>100</u>	<u>\$ 3,150,058</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	\$ 393	-	\$ 12	-	\$ -	-
Trade payables	224,922	7	210,529	7	293,430	9
Trade payables to related parties (Note 26)	16,278	1	24,856	1	11,166	-
Other payables (Note 16)	236,482	7	269,620	8	191,598	6
Other payables to related parties (Note 26)	2,981	-	2,547	-	1,142	-
Current tax liabilities	6,016	-	13,026	-	8,387	-
Provisions - current (Note 17)	23,383	1	23,550	1	17,638	1
Lease liabilities - current (Note 14)	20,418	1	26,955	1	26,586	1
Other current liabilities	<u>38,722</u>	<u>1</u>	<u>41,559</u>	<u>1</u>	<u>48,576</u>	<u>2</u>
Total current liabilities	<u>569,595</u>	<u>18</u>	<u>612,654</u>	<u>19</u>	<u>598,523</u>	<u>19</u>
NON-CURRENT LIABILITIES						
Lease liabilities - non-current (Note 14)	-	-	-	-	20,798	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	32,084	1	31,848	1	37,116	1
Guarantee deposits	1,225	-	1,220	-	1,246	-
Deferred tax liabilities	<u>36,113</u>	<u>1</u>	<u>36,163</u>	<u>1</u>	<u>36,185</u>	<u>1</u>
Total non-current liabilities	<u>69,422</u>	<u>2</u>	<u>69,231</u>	<u>2</u>	<u>95,345</u>	<u>3</u>
Total liabilities	<u>639,017</u>	<u>20</u>	<u>681,885</u>	<u>21</u>	<u>693,868</u>	<u>22</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 19)						
Share capital						
Ordinary shares	<u>680,000</u>	<u>21</u>	<u>680,000</u>	<u>21</u>	<u>680,000</u>	<u>22</u>
Capital surplus	<u>630,074</u>	<u>20</u>	<u>630,074</u>	<u>19</u>	<u>630,074</u>	<u>20</u>
Retained earnings						
Legal reserve	1,109,766	34	1,109,766	34	1,109,766	35
Special reserve	316,814	10	316,814	10	284,510	9
Unappropriated earnings	<u>127,264</u>	<u>4</u>	<u>108,230</u>	<u>3</u>	<u>86,593</u>	<u>3</u>
Total retained earnings	<u>1,553,844</u>	<u>48</u>	<u>1,534,810</u>	<u>47</u>	<u>1,480,869</u>	<u>47</u>
Other equity	(<u>277,714</u>)	(<u>9</u>)	(<u>268,465</u>)	(<u>8</u>)	(<u>334,753</u>)	(<u>11</u>)
Total equity	<u>2,586,204</u>	<u>80</u>	<u>2,576,419</u>	<u>79</u>	<u>2,456,190</u>	<u>78</u>
TOTAL	<u>\$ 3,225,221</u>	<u>100</u>	<u>\$ 3,258,304</u>	<u>100</u>	<u>\$ 3,150,058</u>	<u>100</u>

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

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 26)	\$ 465,623	100	\$ 470,237	100
COST OF GOODS SOLD (Notes 11, 24 and 26)	<u>(388,639)</u>	<u>(83)</u>	<u>(397,149)</u>	<u>(84)</u>
GROSS PROFIT	<u>76,984</u>	<u>17</u>	<u>73,088</u>	<u>16</u>
OPERATING EXPENSES (Notes 24 and 26)				
Selling and marketing expenses	(16,226)	(4)	(14,747)	(3)
General and administrative expenses	(34,046)	(7)	(29,949)	(7)
Research and development expenses	(9,791)	(2)	(10,544)	(2)
Expected credit loss	<u>(31)</u>	<u>-</u>	<u>(18)</u>	<u>-</u>
Total operating expenses	<u>(60,094)</u>	<u>(13)</u>	<u>(55,258)</u>	<u>(12)</u>
PROFIT FROM OPERATIONS	<u>16,890</u>	<u>4</u>	<u>17,830</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 26)				
Expected Credit Losses	(891)	-	-	-
Interest income	12,435	2	4,605	1
Other income	3,404	1	3,825	1
Other gains and losses	(2,640)	(1)	2,349	-
Finance costs	<u>(316)</u>	<u>-</u>	<u>(609)</u>	<u>-</u>
Total non-operating income and expenses	<u>11,992</u>	<u>2</u>	<u>10,170</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	28,882	6	28,000	6
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(9,848)</u>	<u>(2)</u>	<u>(7,882)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>19,034</u>	<u>4</u>	<u>20,118</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	<u>2,560</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>2,560</u>	<u>1</u>	<u>-</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(14,761)	(3)	57,343	12
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 22)	<u>2,952</u>	<u>-</u>	<u>(11,469)</u>	<u>(2)</u>
	<u>(11,809)</u>	<u>(3)</u>	<u>45,874</u>	<u>10</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(9,249)</u>	<u>(2)</u>	<u>45,874</u>	<u>10</u>

(Continued)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 9,785</u>	<u>2</u>	<u>\$ 65,992</u>	<u>14</u>
EARNINGS PER SHARE (IN NEW TAIWAN DOLLARS; Note 23)				
Basic	<u>\$ 0.28</u>		<u>\$ 0.30</u>	
Diluted	<u>\$ 0.28</u>		<u>\$ 0.30</u>	

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

(Concluded)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Total Equity
	Ordinary Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Asset at FVTOCI	
BALANCE AT JANUARY 1, 2022	68,000	\$ 680,000	\$ 630,074	\$ 1,109,766	\$ 284,510	\$ 66,475	\$ (238,542)	\$ (142,085)	\$ 2,390,198
Net profit for the three months ended March 31, 2022	-	-	-	-	-	20,118	-	-	20,118
Other comprehensive income for the three months ended March 31, 2022 net of income tax	-	-	-	-	-	-	45,874	-	45,874
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	20,118	45,874	-	65,992
BALANCE AT MARCH 31, 2022	<u>68,000</u>	<u>\$ 680,000</u>	<u>\$ 630,074</u>	<u>\$ 1,109,766</u>	<u>\$ 284,510</u>	<u>\$ 86,593</u>	<u>\$ (192,668)</u>	<u>\$ (142,085)</u>	<u>\$ 2,456,190</u>
BALANCE AT JANUARY 1, 2023	68,000	\$ 680,000	\$ 630,074	\$ 1,109,766	\$ 316,814	\$ 108,230	\$ (125,664)	\$ (142,801)	\$ 2,576,419
Net profit for the three months ended March 31, 2023	-	-	-	-	-	19,034	-	-	19,034
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	(11,809)	2,560	(9,249)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	19,034	(11,809)	2,560	9,785
BALANCE AT MARCH 31, 2023	<u>68,000</u>	<u>\$ 680,000</u>	<u>\$ 630,074</u>	<u>\$ 1,109,766</u>	<u>\$ 316,814</u>	<u>\$ 127,264</u>	<u>\$ (137,473)</u>	<u>\$ (140,241)</u>	<u>\$ 2,586,204</u>

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

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 28,882	\$ 28,000
Adjustments for:		
Depreciation expenses	19,291	21,143
Amortization expenses	1,098	1,033
Expected credit loss on trade receivables	922	18
Net loss (gain) on financial assets at FVTPL	915	(50)
Finance costs	316	609
Interest income	(12,435)	(4,605)
Net gain on disposal of property, plant and equipment	-	(52)
Write-downs of inventories	157	-
Changes in operating assets and liabilities		
Financial assets at FVTPL	2,294	128
Notes receivable	(201)	738
Trade receivables	11,184	(14,285)
Trade receivables from related parties	(347)	3,590
Other receivables	3,639	(7,742)
Other receivables from related parties	4,427	1,751
Inventories	3,091	(43,299)
Other current assets	(1,079)	(1,271)
Trade payables	14,393	43,594
Trade payables to related parties	(8,578)	2,767
Other payables	(32,364)	(44,307)
Other payables to related parties	434	(1,254)
Provisions	(167)	(2,373)
Other current liabilities	(2,837)	12,706
Net defined benefit liabilities-non current	236	397
Cash generated from (used in) operations	33,271	(2,764)
Interest received	6,108	2,270
Interest paid	(316)	(609)
Income tax paid	(8,384)	(6,683)
Net cash generated from (used in) operating activities	30,679	(7,786)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(646,755)	-
Purchase of financial asset at FVTPL	(203,341)	-
Proceeds of financial assets at FVTPL	192,486	-
Payments for property, plant and equipment	(6,036)	(25,679)
Proceeds from disposal of property, plant and equipment	-	52
Decrease (increase) in refundable deposits	7	(239)
Payments for intangible assets	-	(969)
Net cash used in investing activities	(663,639)	(26,835)

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SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	\$ 5	\$ 46
Repayment of the principal portion of lease liabilities	<u>(6,661)</u>	<u>(6,289)</u>
Net cash used in financing activities	<u>(6,656)</u>	<u>(6,243)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(9,162)</u>	<u>38,324</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(648,778)	(2,540)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,635,623</u>	<u>1,491,671</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 986,845</u>	<u>\$ 1,489,131</u>

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

(Concluded)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Silitech Technology Corporation (the “Company”) was established in October 2001 and listed on the Taiwan Stock Exchange in March 2004, and is mainly engaged in the manufacture and sale of modules and rubber (plastic) products.

The consolidated financial statements of the Company and its subsidiaries, hereinafter collectively referred to as the Group, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on May 2, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies:

Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- the Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- (1) the Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- (2) the Group chose the accounting policy from options permitted by the standards;
- (3) the accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

- (4) the accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
- (5) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

See Note 4 for the disclosure of accounting policies.

Amendments to IAS 8 “Definition of Accounting Estimates”

The Group applied to the amendments on January 1, 2023. The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12 and Table 4 for detailed information on the subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the summary of other significant accounting policies section of the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The consolidated financial statements adopt the critical accounting judgments and key sources of estimation uncertainty are the same as those in the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 239	\$ 221	\$ 214
Checking accounts and demand deposits	189,621	231,959	251,495
Cash equivalents			
Time deposits	<u>796,985</u>	<u>1,403,443</u>	<u>1,237,422</u>
	<u>\$ 986,845</u>	<u>\$ 1,635,623</u>	<u>\$ 1,489,131</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits	0.98%-4.5%	0.91%-4.5%	0.34%-2.77%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets at FVTPL - current</u>			
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	\$ -	\$ 2,583	\$ 163
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	<u>11,097</u>	<u>-</u>	<u>114,300</u>
	<u>\$ 11,097</u>	<u>\$ 2,583</u>	<u>\$ 114,463</u>

Financial assets at FVTPL - non-current

Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	<u>\$ 17,293</u>	<u>\$ 17,962</u>	<u>\$ 26,187</u>

Financial liabilities at FVTPL - current

Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Forward exchange contracts	<u>\$ 393</u>	<u>\$ 12</u>	<u>\$ -</u>

At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting are as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2023</u>			
Forward exchange contracts	USD/MYR	2023.04.07-2023.06.20	USD2,474/MYR10,792
	EUR/MYR	2023.04.27-2023.05.26	EUR90/MYR421
<u>December 31, 2022</u>			
Forward exchange contracts	USD/MYR	2023.01.09-2023.03.06	USD2,540/MYR11,497
	EUR/MYR	2023.01.25-2023.02.24	EUR120/MYR559
<u>March 31, 2022</u>			
Forward exchange contracts	USD/MYR	2022.04.08-2022.06.23	USD2,350/MYR9,876
	EUR/MYR	2022.04.26-2022.07.25	EUR130/MYR618

The Group entered into foreign exchange contracts to manage exposures due to fluctuations of foreign exchange rate of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investments			
Listed preferred shares	\$ 37,824	\$ 35,264	\$ 38,400
Unlisted ordinary shares	<u>9,800</u>	<u>9,800</u>	<u>7,380</u>
	<u>\$ 47,624</u>	<u>\$ 45,064</u>	<u>\$ 45,780</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Foreign corporate bond (a)	\$ 972,213	\$ 328,673	\$ 309,073
Less: Allowance for impairment loss	<u>(891)</u>	<u>-</u>	<u>-</u>
	<u>\$ 971,322</u>	<u>\$ 328,673</u>	<u>\$ 309,073</u>

a. The Group purchased 2~10 year corporate bonds, with the maturity period from 2023 to 2031, the coupon rate was 1.25% to 6.02%, and the effective interest rate was 1.08%~5.24%.

The Group’s exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the historical probability of default and loss given default of each credit rating supplied by external rating agencies, the current financial condition of the debtors and the future prospects of the industries.

10. TRADE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 408,570	\$ 419,412	\$ 414,382
Less: Allowance for impairment loss	<u>(38)</u>	<u>(12)</u>	<u>(21)</u>
	<u>\$ 408,532</u>	<u>\$ 419,400</u>	<u>\$ 414,361</u>

The average credit period of sales of goods was 60-90 days and no interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has regularly evaluated credit approvals and performed other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group estimates expected credit losses according to the prescribed approach, which permits the recognition of lifetime expected losses for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, economic condition of the industry in which the customer operates and industry outlooks. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or when the trade receivables are over 240 days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

March 31, 2023

	Not Past Due	Up to 60 Days	61 to 210 Days	Total
Expected credit loss rate	-	0.20%	68.89%	
Gross carrying amount	\$ 404,962	\$ 3,563	\$ 45	\$ 408,570
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(7)</u>	<u>(31)</u>	<u>(38)</u>
Amortized cost	<u>\$ 404,962</u>	<u>\$ 3,556</u>	<u>\$ 14</u>	<u>\$ 408,532</u>

(Continued)

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 210 Days	Total
Expected credit loss rate	-	0.13%	0.95%	
Gross carrying amount	\$ 416,822	\$ 1,541	\$ 1,049	\$ 419,412
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(2)</u>	<u>(10)</u>	<u>(12)</u>
Amortized cost	<u>\$ 416,822</u>	<u>\$ 1,539</u>	<u>\$ 1,039</u>	<u>\$ 419,400</u>

March 31, 2022

	Not Past Due	Up to 60 Days	61 to 210 Days	Total
Expected credit loss rate	-	0.11%	-	
Gross carrying amount	\$ 395,202	\$ 19,180	\$ -	\$ 414,382
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(21)</u>	<u>-</u>	<u>(21)</u>
Amortized cost	<u>\$ 395,202</u>	<u>\$ 19,159</u>	<u>\$ -</u>	<u>\$ 414,361</u>

The movements of the loss allowance of trade receivables are as follows:

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 12	\$ 2
Add: Expected credit loss	31	18
Difference on foreign exchange translation	<u>(5)</u>	<u>1</u>
Balance at March 31	<u>\$ 38</u>	<u>\$ 21</u>

11. INVENTORIES, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 119,096	\$ 121,392	\$ 128,015
Finished goods	72,292	68,811	84,174
Work in progress	53,065	51,938	63,273
Supplies	4,108	3,745	2,731
Merchandise	148	-	-
Inventory in transit	<u>-</u>	<u>6,071</u>	<u>-</u>
	<u>\$ 248,709</u>	<u>\$ 251,957</u>	<u>\$ 278,193</u>

The cost of inventories recognized as cost of goods sold included the inventory write-downs (reversals)

	For the Three Months Ended March 31	
	2023	2022
Inventory write-downs (reversals)	\$ 157	(\$ 925)

Previous write-downs were reversed as a result of the sale of inventory that had been written down.

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	Percentage of Ownership (%)			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Silitech (BVI) Holding Ltd.	Investment activities	100	100	100	
The Company	Silitech Technology Corp. Sdn. Bhd.	Manufacture of plastic and computer peripheral	100	-	-	a
Silitech (BVI) Holding Ltd	Silitech (Bermuda) Holding Ltd.	Investment activities	100	100	100	
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corporation Limited	Manufacture of plastic and computer peripheral products	100	100	100	
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corp. Sdn. Bhd.	Manufacture of plastic and computer peripheral products	-	100	100	a
Silitech Technology Corporation Limited	Xurong Electronic (Shenzhen) Co., Ltd.	Manufacture and sale of touch panels and plastic and rubber assembly	100	100	100	

Remark:

- a. The Group adjusted the organization structure on January 2023, and the parent company acquired 100% equity of Silitech Technology Corporation Sdn. Bhd. from Silitech (Bermuda) Holding Ltd.

Subsidiaries Excluded from the Consolidated Financial Statements: None.

13. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Buildings	Machinery Equipment	Testing Equipment	Transportation Equipment	Leasehold Improvements	Office Equipment	Other Equipment	Total
<u>Cost</u>									
Balance at January 1, 2023	\$ 198,838	\$ 313,146	\$ 686,073	\$ 94,371	\$ 9,463	\$ 139,634	\$ 105,376	\$ 14,451	\$ 1,561,352
Additions	-	-	8,423	295	-	277	790	-	9,785
Disposals	-	-	(74)	-	-	-	(90)	-	(164)
Effects of foreign currency exchange differences	(1,768)	(1,392)	(1,796)	(113)	(26)	546	(196)	(13)	(4,758)
Balance at March 31, 2023	<u>\$ 197,070</u>	<u>\$ 311,754</u>	<u>\$ 692,626</u>	<u>\$ 94,553</u>	<u>\$ 9,437</u>	<u>\$ 140,457</u>	<u>\$ 105,880</u>	<u>\$ 14,438</u>	<u>\$ 1,566,215</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2023	\$ -	\$ 247,798	\$ 518,859	\$ 76,098	\$ 8,920	\$ 90,375	\$ 96,276	\$ 14,288	\$ 1,052,614
Depreciation expenses	-	2,429	8,384	971	29	23	1,388	69	13,293
Disposals	-	-	(74)	-	-	-	(90)	-	(164)
Transfers from accumulated impairment	-	-	1,875	95	-	1,075	419	27	3,491
Effects of foreign currency exchange differences	-	(1,005)	(1,822)	(153)	(27)	351	(193)	(13)	(2,862)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 249,222</u>	<u>\$ 527,222</u>	<u>\$ 77,011</u>	<u>\$ 8,922</u>	<u>\$ 91,824</u>	<u>\$ 97,800</u>	<u>\$ 14,371</u>	<u>\$ 1,066,372</u>
<u>Accumulated impairment</u>									
Balance at January 1, 2023	\$ -	\$ 64	\$ 99,122	\$ 13,599	\$ -	\$ 49,259	\$ 2,100	\$ 74	\$ 164,218
Transfer to accumulated depreciation	-	-	(1,875)	(95)	-	(1,075)	(419)	(27)	(3,491)
Effects of foreign currency exchange differences	-	-	337	35	-	196	9	-	577
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 97,584</u>	<u>\$ 13,539</u>	<u>\$ -</u>	<u>\$ 48,380</u>	<u>\$ 1,690</u>	<u>\$ 47</u>	<u>\$ 161,304</u>
Net Balance at March 31, 2023	<u>\$ 197,070</u>	<u>\$ 62,468</u>	<u>\$ 67,820</u>	<u>\$ 4,003</u>	<u>\$ 515</u>	<u>\$ 253</u>	<u>\$ 6,390</u>	<u>\$ 20</u>	<u>\$ 338,539</u>
<u>Cost</u>									
Balance at January 1, 2022	\$ 40,497	\$ 305,829	\$ 666,902	\$ 105,892	\$ 8,672	\$ 137,432	\$ 111,077	\$ 16,152	\$ 1,392,453
Additions	-	-	4,564	432	-	-	1,280	-	6,276
Disposals	-	-	(14,722)	(13,749)	-	-	(1,406)	(1,834)	(31,711)
Effects of foreign currency exchange differences	805	3,711	18,469	1,753	178	5,359	1,708	122	32,105
Balance at March 31, 2022	<u>\$ 41,302</u>	<u>\$ 309,540</u>	<u>\$ 675,213</u>	<u>\$ 94,328</u>	<u>\$ 8,850</u>	<u>\$ 142,791</u>	<u>\$ 112,659</u>	<u>\$ 14,440</u>	<u>\$ 1,399,123</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2022	\$ -	\$ 233,162	\$ 465,568	\$ 83,058	\$ 8,672	\$ 84,165	\$ 95,155	\$ 14,652	\$ 984,432
Depreciation expenses	-	2,356	9,475	1,171	-	-	1,994	203	15,199
Disposals	-	-	(9,740)	(13,373)	-	-	(840)	(1,081)	(24,034)
Transfers from accumulated impairment	-	-	3,045	110	-	1,653	663	29	5,500
Effects of foreign currency exchange differences	-	2,512	13,099	1,205	178	3,324	1,444	113	21,875
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 238,030</u>	<u>\$ 482,447</u>	<u>\$ 72,171</u>	<u>\$ 8,850</u>	<u>\$ 89,142</u>	<u>\$ 98,416</u>	<u>\$ 13,916</u>	<u>\$ 1,002,972</u>
<u>Accumulated impairment</u>									
Balance at January 1, 2022	\$ -	\$ 64	\$ 113,918	\$ 14,265	\$ -	\$ 53,267	\$ 5,174	\$ 939	\$ 187,627
Disposals	-	-	(5,982)	(376)	-	-	(566)	(753)	(7,677)
Transfer to accumulated depreciation	-	-	(3,045)	(110)	-	(1,653)	(663)	(29)	(5,500)
Effects of foreign currency exchange differences	-	-	3,573	363	-	2,035	155	7	6,133
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 108,464</u>	<u>\$ 14,142</u>	<u>\$ -</u>	<u>\$ 53,649</u>	<u>\$ 4,100</u>	<u>\$ 164</u>	<u>\$ 180,583</u>
Net Balance at March 31, 2022	<u>\$ 41,302</u>	<u>\$ 71,446</u>	<u>\$ 84,302</u>	<u>\$ 8,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,143</u>	<u>\$ 360</u>	<u>\$ 215,568</u>

(Concluded)

As a result of the life cycle of some products, the estimated future cash flows expected to arise from the related equipment decreased due to equipment idling caused by insufficient capacity. The Group carried out a review of the recoverable amount of the related equipment and determined that the carrying amount had exceeded the recoverable amount. As of March 31, 2023, December 31, 2022 and March 31, 2022, the impairment losses recognized were \$161,304 thousand, \$164,218 thousand and \$180,583 thousand, respectively. For the three months ended March 31, 2022, the impairment loss decreased due to the disposal of equipment amounting to \$7,677 thousand.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plant structures	24-45 years
Electricity and building accessories	3-20 years
Machinery equipment	5-10 years
Testing equipment	3-10 years
Transportation equipment	5 years
Leasehold Improvements	2-10 years
Office equipment	3-10 years
Other equipment	2-5 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Buildings	<u>\$ 17,948</u>	<u>\$ 23,838</u>	<u>\$ 42,659</u>
		For the Three Months Ended March 31	
		2023	2022
<u>Depreciation charge for right-of-use assets</u>			
Buildings		<u>\$ 5,998</u>	<u>\$ 5,944</u>

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Current	<u>\$ 20,418</u>	<u>\$ 26,955</u>	<u>\$ 26,586</u>
Non-current	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,798</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	4.75%-5.94%	4.75%-5.94%	4.75%-5.94%

c. Material lease activities and terms

The Group leases certain buildings for product manufacturing and for dormitories with lease terms of 3 to 14 years and with no renewal option. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 587</u>	<u>\$ 633</u>
Total cash outflow for leases	<u>\$ 7,549</u>	<u>\$ 7,531</u>

15. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Prepayments for tax	\$ 20,128	\$ 20,045	\$ 18,682
Payment in advance	2,544	1,906	4,509
Input tax	2,319	2,834	4,131
Others	<u>18,698</u>	<u>17,825</u>	<u>16,431</u>
	<u>\$ 43,689</u>	<u>\$ 42,610</u>	<u>\$ 43,753</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 573	\$ 5,120	\$ 1,119
Prepayments for land	<u>-</u>	<u>-</u>	<u>21,475</u>
	<u>\$ 573</u>	<u>\$ 5,120</u>	<u>\$ 22,594</u>

16. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Payroll and Bonus	\$ 73,537	\$ 107,152	\$ 51,018
Tooling	20,265	17,276	17,195
Employees' leave	18,637	18,423	17,307
Services	9,045	10,094	9,338
Utilities/postal fees and telecommunications	7,577	5,147	6,633
Insurance	3,519	3,741	4,070
Equipment	591	1,365	1,812
Others	<u>103,311</u>	<u>106,422</u>	<u>84,225</u>
	<u>\$ 236,482</u>	<u>\$ 269,620</u>	<u>\$ 191,598</u>

17. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Returns, allowances and warranties	<u>\$ 23,383</u>	<u>\$ 23,550</u>	<u>\$ 17,638</u>

The provision of customer returns, allowances and warranties was based on historical experience, management's judgments and other known reasons estimated product returns, allowances and warranties may occur in the year. The provision was recognized as cost of goods sold and a reduction of operating income in the year when the related goods were sold.

18. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined retirement benefit plans were \$658 thousand and \$674 thousand for the three months ended March 31, 2023 and 2022, respectively, and were calculated using the respective year's actuarially determined pension cost discount rate as of December 31, 2022 and 2021.

19. EQUITY

a. Share capital

Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Amount of shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>68,000</u>	<u>68,000</u>	<u>68,000</u>
Amount of shares issued	<u>\$ 680,000</u>	<u>\$ 680,000</u>	<u>\$ 680,000</u>

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Additional paid-in capital in excess of par-common stock	<u>\$ 630,074</u>	<u>\$ 630,074</u>	<u>\$ 630,074</u>

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital).

c. Retained earnings and dividend policy

According to the Company's dividend policy, if there is a net profit after tax upon the final settlement of accounts of each fiscal year, the Company shall first offset any previous accumulated losses (including adjustment of unappropriated earnings, if any) and set aside a legal reserve at 10% of the net profit, unless the accumulated legal reserve is equal to the total paid-in capital of the Company; then, it shall set aside or reverse a special reserve in accordance with the relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings, if any), shall be distributed as dividends to shareholders according to the distribution plan proposed by the board of directors and submitted to the shareholders in the shareholders' meeting for approval. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 24 (b) Employee benefits expenses.

According to the Company's dividend policy of the Company's Articles, the Company cooperates with present and future development plans in mind and simultaneously takes into consideration the investment environment, international or domestic competition, and shareholders' interests. When there is no cumulative loss, the Company shall distribute dividends to shareholders at a percentage of no less than 30% of the net profit after tax. Dividends could be distributed either through cash or shares, and cash dividends distributed shall not be less than 50% of the total dividends distributed for the year.

In case there are no earnings for distribution in a certain year, or the earnings of a certain year are significantly less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

With respect to the book net amount of other deductions from equity for the period in which it arises, the Company shall allocate an equivalent amount of special reserve shall be allocated from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period. If there remains any insufficiency, it shall be allocated from the undistributed earnings of the previous period.

With respect to the cumulative net amount of other deductions from equity in a preceding period, the Company shall allocate an amount of special reserve equal to the amount allocated to undistributed earnings for the preceding period.

The appropriation of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	2022	2021
Legal reserve	\$ 10,602	\$ -
Special reserve	\$ (109,951)	\$ 32,304
Cash dividends	\$ 40,800	\$ 31,960
Cash dividends per share (NT\$)	\$ 0.60	\$ 0.47

The appropriation of earnings for 2022 had been proposed by the Company's board of directors on May 2, 2023 and will be resolved by the shareholders in their meeting to be held on June 14, 2023.

The 2021 cash dividends had been resolved by the Company's board of directors on April 28, 2022, the other proposed appropriations had been resolved by the shareholders in their meetings on June 10, 2022.

20. REVENUE

According to IFRS 15, the type of customer contract revenue is identified as "product sales revenue". The Company's core technology is to integrate rubber, plastic, optical and other components, which are widely used in industries and products such as mechanical integration components and automotive components.

	For the Three Months Ended March 31	
	2023	2022
Customer contract revenue		
Product operating revenue	<u>\$ 465,623</u>	<u>\$ 470,237</u>

21. NON-OPERATING INCOME AND EXPENSES

a. Interest income

	For the Three Months Ended March 31	
	2023	2022
Bank deposits	\$ 8,701	\$ 3,388
Financial assets at amortized cost	<u>3,734</u>	<u>1,217</u>
	<u>\$ 12,435</u>	<u>\$ 4,605</u>

b. Other income

	For the Three Months Ended March 31	
	2023	2022
Rental income	\$ 1,743	\$ 1,637
Others	<u>1,661</u>	<u>2,188</u>
	<u>\$ 3,404</u>	<u>\$ 3,825</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Gain on disposal of property, plant and equipment	\$ -	\$ 52
Foreign currency exchange (loss) gain	(590)	3,188
Net (loss) gain on financial assets as at FVTPL	(915)	50
Others	<u>(1,135)</u>	<u>(941)</u>
	<u>\$ (2,640)</u>	<u>\$ 2,349</u>

d. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on lease liabilities	\$ 301	\$ 609
Interest on borrowings	<u>15</u>	<u>-</u>
	<u>\$ 316</u>	<u>\$ 609</u>

e. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2023	2022
Foreign exchange gain	\$ 9,731	\$ 6,651
Foreign exchange loss	<u>(10,321)</u>	<u>(3,463)</u>
Net foreign exchange (loss) gain	<u>\$ (590)</u>	<u>\$ 3,188</u>

22. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense are as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 1,366	\$ 4,363
Deferred tax		
In respect of the current period	<u>8,482</u>	<u>3,519</u>
Income tax expense recognized in profit or loss	<u>\$ 9,848</u>	<u>\$ 7,882</u>

b. Income tax recognized in other comprehensive loss

	For the Three Months Ended March 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current period:		
Translation of foreign operations	<u>\$ 2,952</u>	<u>\$ (11,469)</u>

c. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Units: NT\$ Per Share

	For the Three Months Ended March 31	
	2023	2022
Basic earnings per share	\$ 0.28	\$ 0.30
Diluted earnings per share	\$ 0.28	\$ 0.30

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

	For the Three Months Ended March 31	
	2023	2022
Net profit for the period	\$ 19,034	\$ 20,118
<u>Number of shares</u>		
Weighted average number of ordinary shares used in the computation of basic earnings per share	68,000	68,000
Effect of potentially dilutive ordinary shares: Employees' compensation	<u>78</u>	<u>54</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>68,078</u>	<u>68,054</u>

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company presumed that the entire amount of the bonuses or remuneration would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. ADDITIONAL INFORMATION ON EXPENSES

a. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
An analysis of depreciation by function		
Recognized in operating costs	\$ 17,501	\$ 18,935
Recognized in operating expenses	<u>1,790</u>	<u>2,208</u>
	<u>\$ 19,291</u>	<u>\$ 21,143</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 32	\$ 30
Recognized in operating expenses	<u>1,066</u>	<u>1,003</u>
	<u>\$ 1,098</u>	<u>\$ 1,033</u>

b. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Post-employment benefits (Note 18)		
Defined contribution plans	\$ 5,885	\$ 6,430
Defined benefit plans	<u>658</u>	<u>674</u>
	6,543	7,104
Other employee benefits	<u>147,044</u>	<u>139,936</u>
	<u>\$ 153,587</u>	<u>\$ 147,040</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 117,926	\$ 112,630
Recognized in operating expenses	<u>35,661</u>	<u>34,410</u>
	<u>\$ 153,587</u>	<u>\$ 147,040</u>

In compliance with the Articles, the Company accrues the distribution of employees' compensation and remuneration of directors at rates of 2% to 10% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The compensation of employees and the remuneration of directors for the three months ended March 31, 2023 and 2022 were as follows:

Estimation ratio

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Employees' compensation	3%	3%
Remuneration of directors	2%	2%

Amount

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Employees' compensation	<u>\$ 656</u>	<u>\$ 655</u>
Remuneration of directors	<u>\$ 437</u>	<u>\$ 437</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate, and will be adjusted in next year.

The appropriations of compensation of employees and remuneration of directors for 2022 and 2021, which were approved by the Company's board of directors on February 23, 2023 and February 22, 2022, respectively, are as follows:

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Employees' compensation	<u>\$ 3,390</u>	<u>\$ 1,981</u>
Remuneration of directors	<u>\$ 2,260</u>	<u>\$ 1,321</u>

There was no difference between the actual amounts of the compensation of employees and the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values or their fair values cannot be measured reliably.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

<u>March 31, 2023</u>	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 11,097</u>	<u>\$ 17,293</u>	<u>\$ -</u>	<u>\$ 28,390</u>
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	\$ 37,824	\$ -	\$ -	\$ 37,824
- domestic unlisted ordinary shares	<u>-</u>	<u>-</u>	<u>9,800</u>	<u>9,800</u>
	<u>\$ 37,824</u>	<u>\$ -</u>	<u>\$ 9,800</u>	<u>\$ 47,624</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 393</u>	<u>\$ -</u>	<u>\$ 393</u>
<u>December 31, 2022</u>	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 2,583	\$ -	\$ 2,583
Mutual funds	<u>-</u>	<u>17,962</u>	<u>-</u>	<u>17,962</u>
	<u>\$ -</u>	<u>\$ 20,545</u>	<u>\$ -</u>	<u>\$ 20,545</u>
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	\$ 35,264	\$ -	\$ -	\$ 35,264
- domestic unlisted ordinary shares	<u>-</u>	<u>-</u>	<u>9,800</u>	<u>9,800</u>
	<u>\$ 35,264</u>	<u>\$ -</u>	<u>\$ 9,800</u>	<u>\$ 45,064</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 12	\$ -	\$ 12
March 31, 2022				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 163	\$ -	\$ 163
Mutual funds	114,300	26,187	-	140,487
	<u>\$ 114,300</u>	<u>\$ 26,350</u>	<u>\$ -</u>	<u>\$ 140,650</u>
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	\$ 38,400	\$ -	\$ -	\$ 38,400
- domestic unlisted ordinary shares	-	-	7,380	7,380
	<u>\$ 38,400</u>	<u>\$ -</u>	<u>\$ 7,380</u>	<u>\$ 45,780</u>

There were no transfers between Levels 1 and 2 as of the three months ended March 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments:

	Financial Assets at FVTOCI For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 9,800	\$ 7,380
Recognized in other comprehensive income (loss)	-	-
Balance at March 31	<u>\$ 9,800</u>	<u>\$ 7,380</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivative instruments - forward exchange contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Mutual funds	Using the median price of observable similar market transactions or the price of similar tools provided by the mutual fund management company.

4) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair values of unlisted equity securities - ROC were based on the fair value of net assets to determine the expected present value of the investment expectably.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 28,390	\$ 20,545	\$ 140,650
Financial assets at amortized cost (1)	2,410,700	2,428,750	2,249,564
Financial assets at FVTOCI			
Equity instruments	47,624	45,064	45,780
<u>Financial liabilities</u>			
Amortized cost (2)	481,888	508,772	498,582
Financial liabilities at FVTPL	393	12	-

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, notes receivable, trade receivables, other receivables and guarantee deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise trade payables, other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include currency risk, interest rate risk, credit risk and liquidity risk. In order to reduce financial risk, the Group is committed to identify, assess and avoid the uncertainty of the market and reduce the potential downside effects against the Group's financial performance due to market fluctuations.

The corporate treasury function is reviewed by the Group's board of directors and audit committee in accordance with related rules and internal control systems. The Group should implement the overall financial management objective as well as observe the levels of delegated authority and ensure that those with delegated authority carry out their duties.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk.

a) Foreign currency risk

The Group's primary operating activities and foreign operations were in foreign currencies, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing derivative financial instruments (including forward exchange contracts and currency swap contracts). The Group could reduce but would be unable to eliminate the effect caused by foreign currency risks under the use of derivative financial products.

The Group's derivative financial instruments did not qualify under hedged items due to the fact that such products were due within one year of the initial transaction.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period and carrying amount of derivatives with foreign currency risk exposure are set out in Note 27.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the NTD against the USD, the EUR and the RMB. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of reporting period, and the impact on pre-tax profit and the equity.

	USD Impact (i)		EUR Impact (ii)	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022
Profit or loss	\$ 10,468	\$ 8,732	\$ 2,454	\$ 1,611
	RMB Impact (iii)			
	For the Three Months Ended March 31			
	2023	2022		
Profit or loss	\$ -	\$ 6,833		

- i. This was mainly attributable to the exposure on outstanding receivables and financial assets (liabilities) at FVTPL and payables in USD which were not in cash flow hedges at the end of the reporting period.
- ii. This was mainly attributable to the exposure on outstanding receivables and financial assets (liabilities) at FVTPL and payables in EUR which were not in cash flow hedges at the end of the reporting period.
- iii. This was mainly attributable to the exposure on outstanding receivables and payables in RMB which were not in cash flow hedges at the end of the reporting period.

b) Interest rate risk

Interest rate risk refers to the risk of the changes in the fair value of financial instruments and cash flow as a result of changes in the market rate.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate at the end of the reporting period are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 1,768,307	\$ 1,732,116	\$ 1,546,495
Cash flow interest rate risk			
Financial assets	165,237	209,727	227,741

Sensitivity analysis

The sensitivity analyses were determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments held for a quarter at the end of the reporting period. If interest rates had been 10 basis points higher and all other variables were held constant, the Group's profit or loss would have been as follows:

	Market Rate Change Impact For the Three Months Ended March 31	
	2023	2022
Profit or loss	\$ 41	\$ 57

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group is exposed to credit risk from trade receivables, deposits and other financial instruments. Business-related credit risk is managed separately from financial-related credit risk.

a) Business-related credit risk

To maintain the quality of receivables, the Group has established operating procedures to manage credit risk.

For individual customers, risk factors considered include the customer's financial position, credit agency rating, the Group's internal credit rating and transaction history as well as current economic conditions that may affect the customer's ability to pay. The Group also has the right to use some credit protection enhancement tools, such as requiring advance payments, to reduce the credit risks involving certain customers.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's top ten customers collectively accounted for 84%, 87% and 87% of total trade receivables, respectively. The credit concentration risk of the remaining accounts receivable is relatively insignificant.

b) Financial-related credit risk

Credit risk from bank deposits and other financial instruments are measured and monitored by the Group's finance department. However, since the Group's counterparties are all reputable financial institutions and government agencies, there are no significant financial-related credit risks.

3) Liquidity risk

The objective of liquidity risk management is to maintain sufficient operating cash and cash equivalents in order to ensure that the Group has financial flexibility.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the

probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2023

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 480,663	\$ 472	\$ -	\$ 753	\$ 481,888
Lease liabilities	<u>20,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,831</u>
	<u>\$ 501,494</u>	<u>\$ 472</u>	<u>\$ -</u>	<u>\$ 753</u>	<u>\$ 502,719</u>

December 31, 2022

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 507,587	\$ 435	\$ -	\$ 750	\$ 508,772
Lease liabilities	<u>27,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,666</u>
	<u>\$ 535,253</u>	<u>\$ 435</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 536,438</u>

March 31, 2022

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 497,336	\$ 478	\$ -	\$ 768	\$ 498,582
Lease liabilities	<u>28,292</u>	<u>21,219</u>	<u>-</u>	<u>-</u>	<u>49,511</u>
	<u>\$ 525,628</u>	<u>\$ 21,697</u>	<u>\$ -</u>	<u>\$ 768</u>	<u>\$ 548,093</u>

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationships

<u>Related Party</u>	<u>Relationship with the Group</u>
Walsin Technology Corporation	The Company's major institutional shareholder
INFO-TEK Corporation	Other related party
VVG INC.	Other related party
Lite-On Technology Corporation	The Company's major institutional shareholder
PSA Charitable Foundation	Other related party

b. Sales of goods

Item	Related Party Category	For the Three Months Ended March 31	
		2023	2022
Sales of goods	The Company's major institutional shareholder	\$ <u>1,139</u>	\$ <u>404</u>

The sales of goods to related parties were made at the Company's usual conditions which had no significant difference with other non-related parties.

c. Purchases

		For the Three Months Ended March 31	
Related Party Category		2023	2022
Other related party		\$ <u>15,150</u>	\$ <u>10,208</u>

The purchases from related parties were made at the Company's usual conditions which had no significant difference with other non-related parties.

d. Other income and operating expenses

		For the Three Months Ended March 31	
Item	Related Party Category	2023	2022
Operating expenses	Other related parties (Note) The Company's major institutional shareholder	\$ 1,627	\$ -
		<u>381</u>	<u>353</u>
		\$ <u>2,008</u>	\$ <u>353</u>
Other income	Other related party	\$ -	\$ <u>132</u>
Other income (Recognized as operating expenses deductions)	Other related party	\$ <u>265</u>	\$ -

Note: For charity and community participation, the Company's board of directors held on February 23, 2023 resolved to donate the PSA Charitable Foundation with a limit amount of NT\$1 million for 2023. It is for the foundation to handle various charitable public welfare activities.

e. Receivables from related parties (excluding loans to related parties)

Item	Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Trade receivables	The Company's major institutional shareholder Other related party	\$ 1,696	\$ 1,231	\$ 707
		-	<u>118</u>	-
		\$ <u>1,696</u>	\$ <u>1,349</u>	\$ <u>707</u>
Other receivables	Other related party- INFO-TEK Corporation The Company's major institutional shareholder	\$ 6,168	\$ 10,595	\$ 1,820
		<u>759</u>	<u>759</u>	<u>17</u>
		\$ <u>6,927</u>	\$ <u>11,354</u>	\$ <u>1,837</u>

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties (excluding borrowings from related parties)

Item	Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Trade payables	Other related party- INFO-TEK Corporation	<u>\$ 16,278</u>	<u>\$ 24,856</u>	<u>\$ 11,166</u>
Other payables	Other related parties	\$ 2,857	\$ 2,418	\$ 788
	The Company's major institutional shareholder	<u>124</u>	<u>129</u>	<u>354</u>
		<u>\$ 2,981</u>	<u>\$ 2,547</u>	<u>\$ 1,142</u>

The outstanding trade payables to related parties are unsecured.

g. Compensation of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 2,684	\$ 1,612
Termination benefits	<u>27</u>	<u>27</u>
	<u>\$ 2,711</u>	<u>\$ 1,639</u>

The remuneration of directors and key executives was determined by the remuneration committee with regard to the performance of individuals and market trends.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

March 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,793	30.4000 (USD:NTD)	\$ 84,917
USD	4,554	6.8596 (USD:RMB)	138,429
USD	5,907	4.3930 (USD:MYR)	179,579
EUR	1,337	33.0509 (EUR:NTD)	44,187
EUR	397	4.7761 (EUR:MYR)	13,138

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	960	30.4000 (USD:NTD)	29,178
USD	877	6.8596 (USD:RMB)	26,647
USD	2,056	4.3930 (USD:MYR)	62,487
EUR	79	33.0509 (EUR:NTD)	2,625
EUR	80	4.7761 (EUR:MYR)	2,636
Non-monetary items			
Derivative instruments			
EUR	90	4.7761 (EUR:MYR)	60
USD	2,474	4.3930 (USD:MYR)	333

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,821	30.6600 (USD:NTD)	\$ 86,504
USD	3,934	6.9439 (USD:RMB)	120,613
USD	5,838	4.3890 (USD:MYR)	179,004
EUR	2,330	32.6130 (EUR:NTD)	75,989
EUR	359	4.6686 (EUR:MYR)	11,708
RMB	11,707	0.1440 (RMB:USD)	51,690
Non-monetary items			
Derivative instruments			
USD	2,540	4.3890 (USD:MYR)	2,583
<u>Financial liabilities</u>			
Monetary items			
USD	776	30.6600 (USD:NTD)	23,806
USD	727	6.9439 (USD:RMB)	22,296
USD	1,886	4.3890 (USD:MYR)	57,837
EUR	169	32.6130 (EUR:NTD)	5,509
EUR	83	4.6686 (EUR:MYR)	2,720
Non-monetary items			
Derivative instruments			
EUR	120	4.6686 (EUR:MYR)	12

(Continued)

March 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,738	28.5750 (USD:NTD)	\$ 78,239
USD	4,930	6.3291 (USD:RMB)	140,886
USD	6,035	4.1920 (USD:MYR)	172,458
EUR	849	31.7497 (EUR:NTD)	26,959
EUR	385	4.6577 (EUR:MYR)	12,214
RMB	30,268	0.1580 (RMB:USD)	136,658
Non-monetary items			
Derivative instruments			
USD	2,350	4.1920 (USD:MYR)	94
EUR	130	4.6577 (EUR:MYR)	69
<u>Financial liabilities</u>			
Monetary items			
USD	1,307	28.5750 (USD:NTD)	37,340
USD	1,154	6.3291 (USD:RMB)	32,978
USD	2,781	4.1920 (USD:MYR)	79,457
EUR	91	4.6577 (EUR:MYR)	2,887
SGD	101	3.0981 (SGD:MYR)	2,136

The Group is mainly exposed to the USD, EUR and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains (losses) are as follows:

For the Three Months Ended March 31				
Functional Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ 383	1 (NTD:NTD)	\$ 2,564
USD	30.3948 (USD:NTD)	328	27.8687 (USD:NTD)	574
RMB	4.4437 (RMB:NTD)	207	4.4033 (RMB:NTD)	(403)
MYR	6.9452 (MYR:NTD)	(1,508)	6.6746 (MYR:NTD)	453
		<u>\$ (590)</u>		<u>\$ 3,188</u>

28. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided: None.

2) Endorsements/guarantees provided: None.

- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 1 attached.
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 2 attached.
 - 5) Acquisitions of individual real estate properties at costs of at least NT \$300 million or 20% of the paid-in capital: None.
 - 6) Disposals of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 9) Trading in derivative instruments: See Note 7.
 - 10) Intercompany relationships and significant intercompany transactions: See Table 3 attached.
- b. Information on investees: See Table 4 attached.
- c. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: See Table 5 attached.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 6 attached.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purpose.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 7 attached.

29. SEGMENT INFORMATION

The Group is organized and managed as a single reportable business segment. The Group's main operations are the manufacture and sale of rubber (plastic) products, and is considered as a single segment. The basis of information reported to the chief operating decision maker is the same as the consolidated financial statements. Because the basis of segment information reported to the chief operating decision maker is the same as the consolidated financial statements, the segment revenue and results for the three months ended March 31, 2023 and 2022 can be referred to in the consolidated statements of comprehensive income and the segment assets and liabilities as of March 31, 2023 and 2022 can be referred to in the consolidated balance sheets.

TABLE 1

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Held Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
Silitech Technology Corporation	<u>Ordinary shares</u>							
	Chi Mei Mold Co., Ltd.	-	Financial assets at FVTOCI- non-current	1,300	\$ 9,800	3.71	\$ 9,800	
	RTR-TECH Technology Co., Ltd.	-	"	6,820	-	9.46	-	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	"	640	37,824	0.04	37,824	
Silitech (Bermuda) Holding Ltd.	<u>Fund</u>							
	Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL- non-current	-	US\$ 569		US\$ 569	
	MS USD LIQUID QUALIF ACC FUND LVNAV (LUX LISTING)	-	Financial assets at FVTPL- current	-	US\$ 365		US\$ 365	
	<u>Corporate bond</u>							
	Formosa Group Cayman Ltd	-	Financial assets at amortized cost- non-current	-	US\$ 1,361		US\$ 1,361	
	TSMC Global Ltd	-	"	-	US\$ 1,509		US\$ 1,509	
	HSBC Holdings Plc	-	"	-	US\$ 1,739		US\$ 1,739	
	TSMC Global Ltd	-	"	-	US\$ 1,003		US\$ 1,003	
	United Overseas Bank Ltd	-	"	-	US\$ 904		US\$ 904	
	Chailease Finance Inter	-	"	-	US\$ 1,008		US\$ 1,008	
	Saudi Arabian Oil Co	-	"	-	US\$ 1,011		US\$ 1,011	
	Citigroup Inc	-	"	-	US\$ 1,068		US\$ 1,068	
	HSBC Holdings Plc	-	"	-	US\$ 1,078		US\$ 1,078	
	British Telecommunications	-	"	-	US\$ 1,482		US\$ 1,482	
	Prudential Fdg Asia Plc	-	"	-	US\$ 2,241		US\$ 2,241	
	BPCE SA	-	"	-	US\$ 2,311		US\$ 2,311	
	National Australia Bank Ltd/New York	-	"	-	US\$ 2,514		US\$ 2,514	
	Dell International LLC/Emc Corp	-	"	-	US\$ 1,531		US\$ 1,531	
	Verizon Communications Inc	-	"	-	US\$ 1,319		US\$ 1,319	
	Standard Chartered Bank	-	"	-	US\$ 2,785		US\$ 2,785	
	Sumitomo Mitsui Trust Bank Ltd	-	"	-	US\$ 1,825		US\$ 1,825	
	Saudi Arabian Oil Co	-	"	-	US\$ 1,689		US\$ 1,689	
	Nestle Holdings Inc	-	"	-	US\$ 2,103		US\$ 2,103	
	Temasek Financial (I) Ltd	-	"	-	US\$ 1,470		US\$ 1,470	

TABLE 2

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain/(Loss) on Disposal	Number of Shares	Amount (Note 2)
Silitech Technology Corporation	Silitech Technology Corporation Sdn. Bhd.	Investments accounted for using the equity method	Silitech (Bermuda) Holding Ltd.	Sub-subsidiary	-	\$ -	21,400,000	\$ 694,259	-	\$ -	\$ -	\$ -	21,400,000	\$ 694,259

Note 1: The marketable securities listed in the table above refer to marketable securities derived from stocks, bonds, beneficiary certificates and securities derived from the above listed items.

Note 2: The amount stated was the original acquisition cost, excluding the amount of investment profit and loss.

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (%) (Note 3)
0	Silitech Technology Corporation	Silitech Technology Corporation Sdn. Bhd.	a.	Management service revenue	\$ 9,498	Determined by contract	2
1	Silitech Technology Corporation Limited	Silitech Technology Corporation Silitech Technology Corporation	b. b.	Sales	23,375	No significant difference	5
				Trade receivable	26,601	No significant difference	1
2	Xurong Electronic (Shenzhen) Co., Ltd.	Silitech Technology Corporation Limited Silitech Technology Corporation Limited	c. c.	Sales	23,375	No significant difference	5
				Trade receivable	26,601	No significant difference	1

Note 1: The Parent Company and its subsidiaries are coded as follows:

- a. The Parent Company is coded “0”.
- b. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Nature of relationships are coded as follows:

- a. From the Parent Company to its subsidiary.
- b. From a subsidiary to its Parent Company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item’s end-of-period balance is shown as a percentage to the consolidated total assets as of March 31, 2023. For profit or loss items, cumulative amounts are shown as percentages to consolidated total operating revenue for the three months ended March 31, 2023.

Note 4: The table above only discloses related-party transactions which are material.

TABLE 4

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2023			Net Income (Losses) of the Investee	Share of Profits/(Losses) of Investee	Note
				March 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Value			
Silitech Technology Corporation	Silitech (BVI) Holding Ltd. Silitech Technology Corporation Sdn. Bhd.	British Virgin Islands Malaysia	Investment activities Manufacture of computer peripheral products	US\$ 29,028	US\$ 52,182	29,028,390	100	\$ 1,271,743	US\$ 204	\$ 6,185	Subsidiary (Note 1)
				US\$ 23,154	US\$ -	21,400,000	100	719,088	RM 3,159	17,588	Subsidiary (Note 1)
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Bermuda	Investment activities	US\$ 28,978	US\$ 52,132	28,978,390	100	US\$ 41,244	US\$ 199	N/A	Sub-subsubsidiary (Note 1)
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corporation Limited	Hong Kong	Manufacture of plastic and computer peripheral products	US\$ 8,000	US\$ 8,000	62,400,000	100	US\$ 7,332	(RMB 1,068)	N/A	Third-tier subsidiary (Note 1)
	Silitech Technology Corporation Sdn. Bhd.	Malaysia	Manufacture of computer peripheral products	US\$ -	US\$ 5,632	-	-	US\$ -	RM 3,159	N/A	Third-tier subsidiary (Note 1)

Note 1: All amounts have been eliminated upon consolidation.

Note 2: Refer to Table 5 for information on investments in mainland China.

TABLE 5

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investments from Taiwan as of March 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profits/(Losses) (Note 2)	Carrying Amount as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023	Note
					Outflow	Inflow							
Xurong Electronic (Shenzhen) Co., Ltd.	Manufacture of touch panels and plastic and rubber assemblies	\$ 85,120 (US\$ 2,800)	Note 1	\$ 203,354	\$ -	\$ -	\$ 203,354	\$ (4,980) (RMB -1,121)	100	\$ (4,980) (RMB -1,121)	\$ 153,828 (RMB 34,706)	\$ 4,055,252 (US\$ 122,919) (RMB 71,822)	Note 6
Silitech Technology (Suzhou) Co., Ltd.	Manufacture and sale of automotive parts	-	Note 1	1,064,000 (US\$ 35,000)	-	-	1,064,000 (US\$ 35,000)	-	-	-	-	1,221,789 (US\$ 8,796) (RMB 214,783)	

Accumulated Investments in Mainland China as of March 31,2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 1,358,554 (Note 4) (US\$ 38,000) (NT\$ 203,354)	\$ 1,507,666 (Note 4) (US\$ 42,905) (NT\$ 203,354)	\$6,828,763 (Note 3)

- Note 1: Indirect investment in mainland China through holding companies located in a third country.
- Note 2: All the financial statements used as basis for calculating the investment amounts were not reviewed by the independent auditors.
- Note 3: The Company’s upper limit on investments in China (calculated based on the higher of 60% of Silitech Technology Corporation’s net worth or consolidated net worth of \$80 million, plus accumulated inward remittance of share capital or earnings from subsidiaries in mainland China): \$2,586,204 (net worth) × 60% + \$5,277,041 = \$6,828,763.
- Note 4: Investment amounts approved by the Ministry of Economic Affairs, R.O.C. are as follows:

Name of Investee	Order No.	Approved Amount
Xurong Electronic (Shenzhen) Co., Ltd.	091030841	NT\$ 203,354
Silitech Electronic (Changshu) Ltd. (liquidated in October 2010)	093032599	US\$ 3,000
Silitech Technology (Suzhou) Co., Ltd.(Note 6)	10930007090	US\$ (43,000)
Silitech Technology (Suzhou) Co., Ltd.(Note 6)	09600170390	US\$ 20,000
Silitech Technology (Suzhou) Co., Ltd.(Note 6)	09600164790	US\$ 2,000
Silitech Technology (Suzhou) Co., Ltd.(Note 6)	09500326290	US\$ 11,000
Silitech Technology (Suzhou) Co., Ltd.(Note 6)	09700434630	US\$ 45,000
Silitech Plating (Shenzhen) Co., Ltd. (liquidated in September 2012)	09500004400	US\$ 605
Suzhou Xulong Mold Producing Co., Ltd. (liquidated in May 2018)(Notes 5 and 7)	09700063560	US\$ 1,200
Suzhou Xulong Mold Producing Co., Ltd. (liquidated in May 2018)(Notes 5 and 7)	10000321080	US\$ 1,500
Silitech Surface Treatment (Shenzhen) Co., Ltd. (liquidated in December 2012)	09900449200	US\$ 1,600

- Note 5: Including accumulated investments of US\$2,700 thousand which are not from Taiwan (R.O.C).
- Note 6: Silitech Technology (Suzhou) Co., Ltd. was dissolved after liquidation in January 2020. The share capital of RMB21,720 thousand was remitted to Silitech (Bermuda) Holding Ltd.
- Note 7: Suzhou Xulong Mold Producing Co., Ltd. was dissolved after liquidation in May 2018. The share capital of US\$58 thousand was remitted to Silitech Technology Corporation Limited and was approved on June 25, 2018 by Order No. 10730038150.
- Note 8: All intercompany investments have been eliminated upon consolidation.

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized
		Amount	Percentage (%)		Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage (%)	
Xurong Electronic (Shenzhen) Co., Ltd. (Note)	Purchase	\$ 23,375	20	No significant difference	90 days	90-120 days	\$ (26,601)	19	\$ 129

Note: Eliminated upon consolidation.

TABLE 7**SILITECH TECHNOLOGY CORPORATION****INFORMATION ON MAJOR SHAREHOLDERS****MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Technology Corporation	17,000,000	25.00
Lite-On Technology Corporation	11,322,003	16.65

Note: The information on the major shareholder listed in the table above is based on the total number of ordinary and preference shares (including treasury shares) owned by the shareholder at a minimum shareholding percentage of 5%, and which have been delivered as non-physical securities to the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The actual number of shares delivered as non-physical securities and the number of shares recorded in the Company's consolidated financial statements may be different due to differences in the basis of preparation and calculation.