Stock Code
3311

Silitech Technology Corporation

2022 Annual Report

(Translation)

(This English translation is prepared in accordance with the Chinese version and is for reference only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.)

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Name of Any Exchanges Where the Company's Securities Are Traded Offshore and Information: None.

Corporate Website: www.silitech.com

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Letter to Shareholders

Dear Shareholders,

Silitech confronted severe challenges such as the Covid-19 pandemic, shortages in supply chain, Russia-Ukraine war and rising inflation in 2022, the resilience and operation adaptability of each factory has been enhanced and the results have been demonstrated. Taiwan factory increased the capacity of cross-industry products, deepened customer relationships and the operations have grown significantly; With cooperation with customers, Malaysia factory has demonstrated the flexibility and adaptability in production and operations during shortages in automotive electronic parts and has maintained stable growth in operations; In mainland China factory, after the capacity downsizing and under strict Covid-19 control, the adjusting production pace of has become more stable. Overall, Silitech refocused on Automotive Components and Mechanical Integration, and continued to enhance the competitive advantages in the automotive and 5G fields to expand the market.

Operating Result

In 2022, the Company's consolidated revenue was NT$2.025 billion, an 11.5% increase from the previous year (NT$1.816 billion). The Automotive Components accounted for 52.8% share of total revenue, including the steady profitable automotive interior components, and actively develop automotive interior glass and new technologies for automotive interior components. The Mechanical Integration contributed a 47.2% share of the total revenue, and the main products are wearable products, smart lock modules, netcom optical mechanism components, mobile phone keypads and gaming console products. In the first half of 2022, the demand of Taiwan factory for cross-industry product applications increased steadily. Due to the shortage of customers' electronic parts, the demand for Malaysia factory was not as expected. After the rapid response of each factory and the coordination with customers, both revenue and profit increased; in the second half of 2022, inventory adjustment problems which happened in many industries brought pressure on business momentum. Nevertheless, with the efforts of all employees and close cooperation with customers and supplier partners, Silitech did the best to reduce the negative impact and the operation still grew steadily. In 2022, the gross margin was 16.5%, an increase of 0.7pp year-over-year, and the operating profit of NT$99.49 million, the result was net profit after tax of NT$100 million and the earning per share of NT$1.47.

Summing investments in R&D, Silitech not only evaluated possibilities for investing in new technologies, but also continued to upgrade our core competitiveness. Following the pulse of automotive industry and the transformation of manufacturing technology, Silitech invested in new manufacturing technologies for automotive components to enhance the competitiveness in automotive components market; and actively develop components that integrate optical, mechanical and electronic elements, as well as cross-industry applications to satisfy customer demand and align with market trends. In 2022, Silitech's R&D expenditures amounted to NT$44.05 million, accounting for 2.2% of total revenue.

Future Outlook

Recently, the United States and Europe have simultaneously revised down their economic growth forecasts for 2023. The slowdown in global economic growth has become more and more obvious. However, because inflationary pressures are still high, central banks of various countries will still maintain a positive policy stance and strive to control inflation. The interest rates of major economies are expected to peak in early 2023. According to the forecast of Chung-Hua Institution for Economic Research, the global economic growth rate in 2023 is expected to be lower than 2.0%, and Taiwan's economic growth rate is 2.72%. Major international institutions forecast that the global economic growth rate in 2023 will be slower than in 2022.

Looking forward to 2023, in the face of negative factors such as inflation and inventory adjustment, the visibility of related industries is limited in the short-term and the global demand is expected to become clearer in the second half. Nevertheless, Silitech will continue to adjust its global layout thinking, make use of the advantages of each factory, and fully utilize various types of resources without limitation to achieve synergy. In terms of sales and R&D, Silitech will continue its dedication to cross-industry application and provide customers with flexible services in preliminary product design, R&D and various solutions in pursuit of business momentum and application development in the field of Automotive Components and Mechanical Integration. In terms of production operation, in response to long-term planning, Silitech will increase its production capacity in Taiwan, Malaysia and even overseas, diversify the production capacity in different regions to meet the customer's business needs; optimize the management of supply chain, strength resource sharing among different factories, and continue to pursue automation production process and production flexibility to achieve operation synergy. Silitech will continue its management philosophy focusing on customer experience, product quality, and technological advancement in our progress towards sustainable development. Within the Company's corporate culture characterized by "integrity, respect, innovation, expertise, and excellence," all employee and management team continue using the spirit of organizational learning and teamwork to improve responsiveness and product competitiveness, to focus on intensifying and extending our core technologies and skills based on developing and producing precision components, while integrating industrial trends, to offer customers design and service that bring high added value. Through synergy brought by integration of production, sales and research, they robustly promote our developmental goals in terms of income and profit growth, thereby creating common prosperity for shareholders, employees, customers, and suppliers.

Chairman: Yu-Heng Chiao

Company Profile

2.1 Date of Incorporation: 2001/10/26

2.2 Company History:

1978 – Established Silitek Rubber Corporation.

1983 – Renamed as Silitek Corporation and began to produce Auto Parts.

1990 – Tamsui Factory won the FORD Q1 Global Quality Excellence Award.

1991 – Started to produce OA products.

1993 – Started to produce mobile phone keypads and introduced the “customer-oriented” business management model.

1994 – Tamsui Factory obtained ISO 9002 Certification.

1995 – Malaysia Factory won the FORD Q1 Global Quality Excellence Award and obtained ISO 9002 Certification.

1996 – Shenzhen Xurong Factory obtained ISO 9002 Certification.

1997 – Tamsui Factory and Malaysia Factory obtained QS-9000 Certification.

1998 – Malaysia Factory obtained ISO 14001 Certification.

1999 – Won the Chrysler Best Supplier Award.
– Shenzhen Xurong Factory obtained QS-9000 Certification.

2001 – Established Silitech Technology Corporation with a paid-up capital of NT$ 1 million. Due to cash injection, the paid-up capital was increased to NT$300 million in November.

2002 – In July, due to cash reduction, the paid-up capital was decreased to NT$ 150 million.
– Accepted all assets, liabilities and operations generated by the Rubber Division of Silitek Corporation on October 1. The paid-up capital was increased to NT$ 450 million.

2003 – Due to recapitalization from earnings, employee bonus and capital surplus, the paid-in capital was increased to NT$ 780,600 thousand.
– Shenzhen Xurong Factory won the outstanding contribution unit of export processing zone in Shajing Town.

2004 – Listed on the Taiwan Stock Exchange approved by the FSC in March.
– Established Changsu Factory; established Magnesium and Aluminum BU in Tamsui Factory.
– Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 911,465 thousand.
– Won the Gold Trade Award of the Excellent Exporter of the Ministry of Economic Affairs.
– Won the BenQ and Shin-Etsu Best Supplier Award.

2005 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 1,135,578 thousand.
– Established Silitech Technology (Suzhou) Co., Ltd.
– Won the Arima Best Supplier Award.

2006 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 1,348,299,720.
– Won the Motorola and Arima Best Supplier Award.

2007 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 1,507,301,590.
– Won the Arima Best Supplier Award.

2008 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 1,713,770,160.
– Won the Samsung Quality Award.

2009 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 1,759,437,740.
– Won the German iF Material Award 2009.

2010 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 1,792,225,880.

2011 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 1,829,552,870. In December, the treasury shares were canceled and the paid-in capital was reduced to NT$ 1,809,552,870.

2012 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 1,845,642,830.

2013 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 1,877,057,500.

2014 – Due to recapitalization from earnings and employee bonus, the paid-in capital was increased to NT$ 1,893,838,160.

2015 – Entered the automotive glass industry and started to produce curved glass related products.

2016 – Shenzhen Xurong Factory obtained ISO 5001 Energy Management System Certification.

2018 – The treasury shares were canceled and the paid-in capital was reduced to NT$ 1,793,838,160.
– Shenzhen Xurong Factory obtained ISO 14001 Certification.
– Shenzhen Xurong Factory obtained TS16949 Certification for automotive products.
– Disposed of the land use right and factory buildings of Suzhou Factory to enhance the efficiency of assets.
– Entered the key component industry of smart home and produced related products.

2019 – Won the Best Quality Excellence Award for Asian suppliers from the Bosch Groups.
– Capital reduction by cash refund and the paid-in capital was reduced to NT$ 600,000,000.

2020 – Walsin Technology Corporation held 15% of the share capital and two seats directors of Silitech.

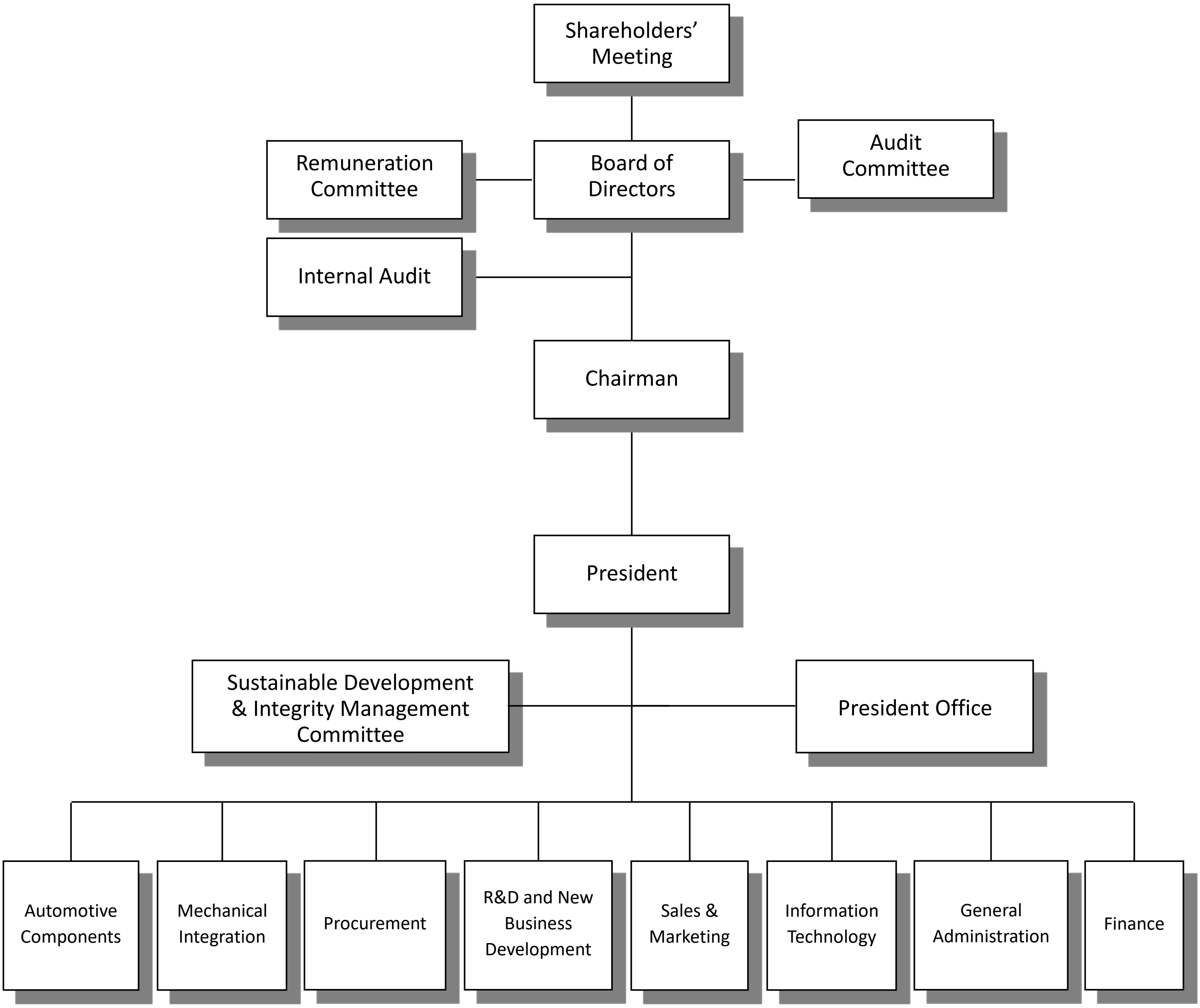
2021 – Issued common shares for cash by private placement and the paid-in capital was increased to NT$680,000,000.

2022 – Won the Outstanding Supplier Award from Gentex.

Corporate Governance Report

3.1 Company Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Major Department	Functions
Internal Audit	◆ Evaluating the deficiencies of the internal audit system and the efficiency of corporate operation. Preparing and submitting the audit reports to the board of directors. Providing improving advice in due time to sustain a proper internal audit system. Implementing the Internal Audit System effectively and assisting management team to perform its duties faithfully. Assisting departments in risk evaluation and self-check.
President Office	◆ Assisting the President to supervise and manage business performance, strategic planning and achieve company operational goals.
Finance	◆ Providing professional financial services to assist the Company to enhance its management performance; formulating strict risk control to implement financial supervision continuously and effectively. ◆ Implementing and managing related matters regarding financial, accounting, tax, analysis and evaluation of management reports, and budgeting plans. ◆ Promulgating the Company's financial, accounting and corporate information. Handling corporate governance related matters according to the laws.
General Administration	◆ Integrating the Company’s worldwide Legal and HR affairs. ◆ Legal: In charge of formulation, review, assistance and negotiation of various contracts. Providing legal information related to the Company's operations. Coordinating the intellectual property, patents, copyrights, trademarks, business secrets and technology licenses of the Company. ◆ Human Resources: Planning and implementing the Company's human resources, staff communication, education and training, general affairs and other related matters.
Information Technology	◆ Planning and managing computer information and other related matters of the Company. ◆ Implementing various cyber security measures and inspections according to the Company's cyber security policies.
Sales & Marketing	◆ Based on the extension of core technologies or expansion of core channels, planning marketing strategy and product sales.
R&D and New Business Development	◆ By the extension of core technologies or expansion of core channels, investing and developing high value-added product lines to expand the development in forward-looking industries and product areas.
Procurement	◆ Integrating and in charge of the Company’s worldwide procurement affairs.
Mechanical Integration	◆ Extending the use of light, mechanics, electronics, materials and core technologies to develop optical and mechanical components. Expanding and extending the application of forward-looking industries.
Automotive Components	◆ Based in Malaysia, serving customers in the European and American automotive markets and providing a complete product line for interior decoration mechanical components and keypad components.

3.2 Information On Board Directors, President, Vice Presidents, Assistant Vice Presidents and the Heads of Various Divisions and Branches

3.2.1 Information on Board Directors

As of 2023/4/16

Title	Nationality or Registration Country	Name	Gender Age	Date Elected	Term	Date First Elected (Note 1)	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Note 2
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relation ship	
Chairman	R.O.C.	Yu-Heng Chiao	Male 61-70	2021/7/9	3 years	2020/8/31	0	0%	0	0%	0	0%	0	0%	MBA, Golden Gate University, USA Vice Chairman, Walsin Lihwa Corporation	Note 3	None	None	None	None
Director	R.O.C. R.O.C.	Walsin Technology Corporation Representative Chin-Hui Chen	Female 51-60	2021/7/9	3 years	2020/8/31 2020/8/31	17,000,000 0	25.00% 0%	17,000,000 0	25.00% 0%	0 0	0% 0%	0 0	0% 0%	MBA, University of East Anglia, UK Manager, Director of Walsin Technology Corporation	Note 4	None	None	None	None
Director	R.O.C. R.O.C.	Lite-On Technology Corporation Representative Tom Soong	Male 51-60	2021/7/9	3 years	2001/10/24 2021/7/9	11,322,003 0	16.65% 0%	11,322,003 0	16.65% 0%	0 0	0% 0%	0 0	0% 0%	International Business Program Attendance, NTU-FUDAN EMBA Electrical Engineering, University of South California, USA Special Assistant to Chairman & Vice Chairman, LITEON CEO, LITEON Smart Life and Applications Business Group General Manager, LITEON Shanghai Operational Center CEO, LITEON New Mechanical Competence Business Group General Manager, LITEON Mechanical Competence Business Group General Manager, LITEON Networking Access Business Unit General Manager, China Bridge Express Trading Co., Ltd	Note 5	None	None	None	None
Director	R.O.C. R.O.C.	Lite-On Technology Corporation Representative Anson Chiu	Male 51-60	2021/7/9	3 years	2001/10/24 2020/3/31	11,322,003 0	16.65% 0%	11,322,003 0	16.65% 0%	0 0	0% 0%	0 0	0% 0%	Department of Industrial Management, Lunghwa University of Science and Technology CEO, Lite-On Technology Corp. Power Conversion Business Group General Manager, Lite-On Technology Corp. Power Conversion Business Group Director, NB Business Unit, Lite-On Technology Corp. Power Conversion Business Group	Note 6	None	None	None	None

Title	Nationality or Registration Country	Name	Gender Age	Date Elected	Term	Date First Elected (Note 1)	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Note 2
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relation ship	
Independent Director	R.O.C.	Tien-Chun Tsai	Male 51-60	2021/7/9	3 years	2021/7/9	0	0%	0	0%	0	0%	0	0%	EMBA, Peking University Guanghua Master of Accounting, National Taiwan University Independent Director of Wellstech optical Co., Ltd CFO of Nature Beauty Group Financial Dept. Manager of Yulon Motor Co., Ltd. Senior Manager of Ta-Yung Shin Yeh Co., Ltd. Head of 13th Auditing Department, Deloitte & Touche CPA Firm	Note 7	None	None	None	None
Independent Director	R.O.C.	Ben Chi	Male 61-70	2021/7/9	3 years	2021/7/9	0	0%	0	0%	0	0%	0	0%	Electrical Engineering, National Taipei University of Technology Supervisor, representative of HannsTouch Solution Incorporated General Manager of Cable BG, Walsin Lihwa Corporation Chairman and General Manager of Hannspree (Shanghai), Inc. Deputy General Manager of InfoVision Optoelectronics (Kunshan) Co., Ltd. COO of Hannspree Inc. Deputy General Manager of Hannstar Display Corp. General Manager of Walsin Development Ltd. General Manager of Joint Venture Wuhan Walsin Wire & Cable Co., Ltd. Deputy General Manager of PT. INTAI INDUSTRIES	Note 8	None	None	None	None
Independent Director	R.O.C.	Te-Chen Chiu	Male 51-60	2021/7/9	3 years	2010/6/14	0	0%	0	0%	0	0%	0	0%	MBA, National Cheng-Chi University Vice Chairman, Taiwan Life Insurance Co., Ltd.	Note 9	None	None	None	None

Note 1: Anson Chiu served as the Company's director from March 31, 2020 to July 14, 2020 and from July 09, 2021 until now.

Note 2: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

Below notes of other positions of the Company or other companies only display public offering companies and important subsidiaries thereof.

Note 3: (Chairman, Yu-Heng Chiao)

Chairman and CEO, Prosperity Dielectrics Co., Ltd., HannStar Board Corporation, Global Brands Manufacture Ltd., Walton Advanced Engineering, Inc. and Info-Tek Corporation.

Chairman, Walsin Technology Corporation and Silitech Technology Corporation.

Chairman, representative and CSO of Career Technology (MFG.) Co., Ltd.

Director, Walsin Lihwa Corporation.

Director, representative of Inpaq Technology Co., Ltd.

Note 4: (Director, Chin-Hui Chen)

Director, representative of Silitech Technology Corporation.

Assistant Vice President of Walsin Technology Corporation.

Note 5: (Director, Tom Soong)

Chairman and Corporate Sustainability Development Division Chief Sustainability Officer (CSO), Lite-On Technology Corporation.

Director, Co-tech Development Corporation, Lite-On Singapore Pte. Ltd., Lite-On China Holding Co., Ltd., Lite-On International Holding Co., Ltd. and Lite-On Electronics Company Limited.

Director, representative of Silitech Technology Corporation.

Note 6: (Director, Anson Chiu)

Director, Lite-On Singapore Pte. Ltd., Lite-On China Holding Co., Ltd., Lite-On International Holding Co., Ltd. and Lite-On Electronics Company Limited.

Director, representative of Silitech Technology Corporation and Dragonjet Corp.

Director, representative and President of Lite-On Technology Corporation.

Note 7: (Independent Director, Tien-Chun Tsai)

Independent Director, Silitech Technology Corporation.

Note 8: (Independent Director, Ben Chi)

Independent Director, Silitech Technology Corporation.

Note 9: (Independent Director, Te-Chen Chiu)

Independent Director, Silitech Technology Corporation.

Vice Chairman, representative of Shin Kong Life Insurance Co., Ltd.

Director, Elan Microelectronics Corporation, Sinbon Electronics Co., Ltd. and T-Conn Precision Corporation.

Director, representative of Shin Kong Financial Holding Co., Ltd., Depo Auto Parts Industrial Co., Ltd. and Amiccom Electronics Corporation.

3.2.2 Major Shareholders of the Institutional Shareholders

Name of Institutional Shareholder	Major Shareholders	Shareholdings
Walsin Technology Corporation (as of 2023/4/22)	Walsin Lihwa Corporation	18.30%
	HannStar Board Corporation	7.66%
	Global Brands Manufacture Ltd.	3.31%
	Walton Advanced Engineering, Inc.	2.75%
	Yu-Heng Chiao	2.65%
	Maybank Kim Eng Securities Private Co., Ltd. Investment Account under the Custody of Citibank Taiwan Ltd.	2.62%
	Winbond Electronics Corporation	1.73%
	Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group under the Custody of JP Morgan Chase Bank N.A., Taipei Branch	1.39%
	Giga Investment Co.	1.37%
	Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, under the Custody of JPMorgan Chase Bank N.A., Taipei Branch	1.34%
Lite-On Technology Corporation (as of 2022/8/18)	Yuanta/P-shares Taiwan Dividend Plus ETF	3.83%
	Ta-Rong Investment Co., Ltd.	3.63%
	Raymond Soong	3.37%
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	2.86%
	Ming-Hsing Investment Co., Ltd.	2.01%
	Ta-Sung Investment Co., Ltd.	2.00%
	Lite-On Technology Corporation (Treasury shares)	1.72%
	Yuan Pao Development & Investment Co. Ltd.	1.68%
	Labor Pension fund	1.45%
	CTBC Investments Co., Ltd. Managed for Taiwan Life Insurance Discretionary Account	1.44%

3.2.3 Major Shareholders of the Company's Major Institutional Shareholders

Name of Institutional Shareholder	Major Shareholders	Shareholdings
Walsin Lihwa Corporation (as of 2023/3/21)	Winbond Electronics Corporation	6.63%
	Chin-Xin Investment Co., Ltd.	6.63%
	LGT Bank (Singapore) Investment Fund under the Custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	6.38%
	TECO Electric & Machinery Co., Ltd.	5.64%
	Rong Jiang Co., Ltd.	4.92%
	Yu-Hui Chiao	2.92%
	Huali Investment Corporation	2.87%
	Yu-Heng Chiao	1.75%
	Pai-Yun Hong	1.39%
	Yu-Chi Chiao	1.38%
HannStar Board Corporation (as of 2023/4/17)	Walsin Technology Corporation	20.32%
	Walsin Lihwa Corporation	12.06%
	Career Technology (MFG.) Co., Ltd.	5.44%
	Chin-Xin Investment Co., Ltd.	3.55%
	Yu-Heng Chiao	2.19%
	Pai-Yun Hong	1.86%
	Prosperity Dielectrics Co., Ltd.	1.07%
	Tsai Yi Corporation	0.96%
	Singsing Investment Co., Ltd.	0.92%
	Yu Yueh Corporation	0.89%
Global Brands Manufacture Ltd. (as of 2023/4/16)	HannStar Board Corporation	40.65%
	Norges Bank Investment Fund under the Custody of Citibank Taiwan Ltd.	1.32%
	Yu-Heng Chiao	0.84%
	Min-Hui Liao	0.74%
	Ji-Cheng Investment Co., Ltd.	0.68%
	Vanguard Emerging Markets Stock Index Fund under the Custody of JPMorgan Chase Bank	0.66%
	Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, under the Custody of JPMorgan Chase Bank N.A., Taipei Branch	0.62%
	DFA core securities investment account for emerging markets under the Custody of Citibank	0.52%
	Ying-Zhao Investment Co., Ltd.	0.50%
	Chi-Fu Chiu	0.50%

Walton Advanced Engineering, Inc. (as of 2023/4/18)	Walsin Lihwa Corporation	21.17%
	Winbond Electronics Corporation	9.67%
	Prosperity Dielectrics Co., Ltd.	6.16%
	Walsin Technology Corporation	6.16%
	HannStar Board Corporation	2.85%
	Yu-Heng Chiao	1.97%
	Yu-Lon Chiao	0.94%
	Tsai Yi Corporation	0.58%
	Chun- Fen Li	0.53%
	JP Morgan Securities Co., Ltd. Account under the Custody of JPMorgan Chase Bank N.A., Taipei Branch	0.51%
Winbond Electronics Corporation (as of 2023/3/16)	Walsin Lihwa Corporation	22.20%
	Chin-Xin Investment Co., Ltd.	6.03%
	Yu-Cheng Chiao	1.59%
	Vanguard Emerging Markets Stock Index Fund under the Custody of JPMorgan Chase Bank	1.05%
	LGT Bank (Singapore) Investment Fund under the Custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	1.04%
	Pai-Yun Hong	0.97%
	Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, under the Custody of JPMorgan Chase Bank N.A., Taipei Branch	0.96%
	Yu-Heng Chiao	0.75%
	iShares MSCI Taiwan Index ETF Investment Fund under the Custody of Business Department of Standard Chartered Bank (Taiwan) Limited	0.69%
	Yu-Lon Chiao	0.65%
Giga Investment Co. (as of 2023/3/31)	Giga-byte Technology Co., Ltd.	100.00%

As of 2023/4/16

Name of Institutional Shareholder	Major Shareholders	Shareholdings
Ta-Rong Investment Co., Ltd.	Yan-Yi Soong	0.43%
Ming-Hsing Investment Co., Ltd.	Hui-Ling Soong	11.65%
Ta-Song Investment Co., Ltd.	Yan-Yi Soong	21.20%
Yuan Pao Development & Investment Co. Ltd.	Yan-Yi Soong	21.20%

3.2.4 Professional Qualifications of Directors and Independence of Independent Directors

As of 2023/4/16

Qualification / Name	Professional Qualifications and Experience (Note 1)	Eligibility of Independent Status	Number of Other Public Companies in Which the Director also Serves Concurrently as an Independent Director
Yu-Heng Chiao	Extensive and diversified experience in corporate management and leadership.	Not an independent director	0
Walsin Technology Corporation Representative Chin-Hui Chen	Extensive experience in human resource strategic planning, corporate organization analysis, and salary and performance management.		0
Lite-On Technology Corporation Representative Tom Soong	Extensive experience in talent selection and business management.		0
Lite-On Technology Corporation Representative Anson Chiu	Possesses an abundance of operational experience in the electronics technology industry and business development.		0
Tien-Chun Tsai	Well versed in financial, accounting and corporate governance fields, with professional qualifications as CPA in ROC and CFA in USA.	All independent directors are in compliance with Article 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", please refer to Note 2 for details	0
Ben Chi	Extensive industry experience and strategic planning skills.		0
Te-Chen Chiu	Well versed in industry analysis and business management fields.		0

Note 1: (1) None of the provisions in Article 30 of the Company Law is applicable to the directors.
(2) All independent directors have more than 20 years of work experience in commercial, legal, financing, accounting, or necessary for the corporate business.
(3) For the education/work experience and position of directors, please refer to Section 3.2.1 for Information on Board Directors.

Note 2: Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies:
(1) The person, the spouse, and relative within the second degree of kinship, who not an employee, director or supervisor of the Company or the affiliates of the Company.
(2) The person, the spouse, and underage children, who not hold more than 1% of the shares or who is among the top-10 natural person shareholders.
(3) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in (2).
(4) Not a director or supervisor of the Company or the affiliates of the Company.
(5) Have not received compensation for providing commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.

3.2.5 Diversity and Independence of the Board of Directors

- **Board Diversity**

The members of the board of directors should generally possess the knowledge, skills and experience necessary to perform their duties. In order to achieve the ideal goals of corporate governance, the board of directors should have the following capabilities:

1. Ability to make sound business judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to manage a business.
4. Ability to handle crisis management.
5. Knowledge of the industry.
6. International market perspective.
7. Leadership ability.
8. Decision-making ability.

Based on the Company's medium- and long-term development strategy and effectiveness of resolution function of the board, the Company has stated explicitly its board diversity policy in the Corporate Governance Best Practice Principles. The implementation status of current directors: Mr. Yu-Heng Chiao, Ms. Chin-Hui Chen, Mr. Tom Soong and Mr. Anson Chiu are experts in leadership, business judgment, business management, crisis management, and have industry knowledge and international market perspective; Mr. Tien-Chun Tsai is good at financial, accounting and corporate governance fields; Mr. Ben Chi has extensive industry experience; Mr. Te-Chen Chiu is good at industry analysis and business management.

The current board of directors is composed of seven directors, including four directors and three independent directors. None of the directors is employee; independent directors account for 43%; one independent director's tenure is over 9 years, and two independent directors' tenure is less than 3 years; two directors are between 61 and 70 years old, and five directors are between 51 and 60 years old. The current seven directors include one female director, representing 14% of total directors.

The specific management goals and achievement of the board members diversity policy:

1. Management goal: Having different professional backgrounds or work experience.

   Achievement: All directors have work experiences required for the Company's business. As for professional fields, 57% of all directors have both business and corporate management background, 29% of all directors have electrical engineering background, and 14% of all directors have Industrial management background.

2. Management goal: The ages and qualifications of the board members are diversified, more than one third of the board seats are under 60 years old (inclusive).

   Achievement: There are currently 7 directors, of which 5 directors are under the age of 60 (inclusive), representing 71% of total directors.

Diversity achievement as follows:

Diversity Items / Name	Gender	Age		Independent Directors' Tenure		Professional Background	Ability to Make Sound Business Judgments	Ability to Perform Accounting and Financial Analysis	Ability to Manage a Business	Ability to Handle Crisis Management	Knowledge of the Industry	International Market Perspective	Leadership Ability	Decision-Making Ability
		51 | 60	61 | 70	Less than 3 Years	Over 9 Years									
Yu-Heng Chiao	Male		v			Corporate management	v	v	v	v	v	v	v	v
Chin-Hui Chen	Female	v				Business management	v	v	v	v	v	v	v	v
Tom Soong	Male	v				Electrical engineering	v		v	v	v	v	v	v
Anson Chiu	Male	v				Industrial management	v		v	v	v	v	v	v
Tien-Chun Tsai	Male	v		v		Corporate management	v	v	v	v	v	v	v	v
Ben Chi	Male		v	v		Electrical engineering	v		v	v	v	v	v	v
Te-Chen Chiu	Male	v			v	Corporate management	v	v	v	v	v	v	v	v

- **Board Independence**

  In accordance with the Articles of Incorporation, the members of board shall include a minimum of three independent directors, and the number of independent directors shall not be less than the minimum of one-fifth of the total number of director seats. The current board of directors is composed of seven directors, including three independent directors representing 43% of total directors. The terms of two independent directors are no more than three terms. All independent directors exercise their powers objectively and review the management and control of the Company's existing or potential risks, etc., so as to supervise the effective implementation of the Company's internal control and improve the Company's business development and corporate governance operations. There are no director who are spouses or relatives within the second degree of kinship among the directors of the Company, and complies with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

  In accordance with the Rules for evaluating board of directors and functional committee performance, the Company evaluate the structure of the Board, and the contribution, profession and independence of individual directors regularly in order to ensure there are new viewpoints and forward-looking guidance.

3.2.6 Information on President, Vice Presidents, Assistant Vice Presidents and the Heads of Various Divisions and Branches

As of 2023/4/16

Title	Nationality	Name	Gender	Date Appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Note 1
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relation ship	
President	R.O.C.	Areta Hsu	Female	2021/1/1	96,000	0.14%	0	0%	0	0%	EMBA, China Europe International Business School Hospitality Management, Cesar Ritz Colleges Switzerland Marketing Diploma, UC Berkeley, USA Director of Sales & Marketing, Info-Tek Corporation	Note 2	None	None	None	None
CFO / Financial Officer / Corporate Governance Officer	R.O.C.	Wei-Lin Chen	Female	2020/10/27	17,000	0.03%	0	0%	0	0%	MBA, George Washington University, USA Finance Manager, Silitech Technology Corporation Treasury Officer, Bank of Boston Taipei Branch	Note 3	None	None	None	None
Accounting Officer	R.O.C.	Ronnie Chen	Male	2020/10/27	0	0%	0	0%	0	0%	IMBA, TamKang University Accounting Assistant Manager, Silitech Technology Corporation Accounting Specialist, Lite-On Technology Corporation	None	None	None	None	None

Note 1: Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

Below notes of other positions of the Company or other companies only display public offering companies and important subsidiaries thereof.

Note 2: Director of Silitech (BVI) Holding Ltd., Silitech (Bermuda) Holding Ltd., and Silitech Technology Corporation Sdn. Bhd.; Taiwan operations general manager of Info-Tek Corporation.

Note 3: Director of Silitech (BVI) Holding Ltd., Silitech (Bermuda) Holding Ltd., and Silitech Technology Corporation Sdn. Bhd.

3.3 Remuneration of Directors & Managers in the Most Recent Year

3.3.1 Remuneration of Directors and Independent Directors

Unit: NT$ thousands

Title	Name	Directors Remuneration: Base Compensation (A) – The Company	Directors Remuneration: Base Compensation (A) – All Companies In Financial Statements	Directors Remuneration: Severance Pay and Pensions (B) – The Company	Directors Remuneration: Severance Pay and Pensions (B) – All Companies In Financial Statements	Directors Remuneration: Compensation to Directors (C) – The Company	Directors Remuneration: Compensation to Directors (C) – All Companies In Financial Statements	Directors Remuneration: Allowances (D) – The Company	Directors Remuneration: Allowances (D) – All Companies In Financial Statements	Total Remuneration (A+B+C+D) and Ratio of Total Remuneration to Net Income – The Company	Total Remuneration (A+B+C+D) and Ratio of Total Remuneration to Net Income – All Companies In Financial Statements	Remuneration Earned by a Director Who is an Employee of the Company or of the Company's Consolidated Entities: Salary, Bonuses, and Allowances (E) – The Company	Salary, Bonuses, and Allowances (E) – All Companies In Financial Statements	Severance Pay and Pensions (F) – The Company	Severance Pay and Pensions (F) – All Companies In Financial Statements	Employees' Compensation (G) – The Company – Cash	Employees' Compensation (G) – The Company – Stocks	Employees' Compensation (G) – All Companies In Financial Statements – Cash	Employees' Compensation (G) – All Companies In Financial Statements – Stock	Total Remuneration (A+B+C+D+E+F+G) and Ratio of Total Remuneration to Net Income – The Company	Total Remuneration (A+B+C+D+E+F+G) and Ratio of Total Remuneration to Net Income – All Companies In Financial Statements	Remuneration from Ventures Other than Subsidiaries or from the Parent Company
Chairman	Yu-Heng Chiao	1,500	1,500	0	0	2,260	2,260	115	115	Amount 3,875 Ratio 3.87%	Amount 3,875 Ratio 3.87%	0	0	0	0	0	0	0	0	Amount 3,875 Ratio 3.87%	Amount 3,875 Ratio 3.87%	None
Juristic-person Director	Walsin Technology Corporation																					
Director	Walsin Technology Corporation Representative Chin-Hui Chen																					
Juristic-person Director	Lite-On Technology Corporation																					
Director	Lite-On Technology Corporation Representative Tom Soong																					
Director	Lite-On Technology Corporation Representative Anson Chiu																					
Independent Director	Tien-Chun Tsai	1,800	1,800	0	0	0	0	225	225	Amount 2,025 Ratio 2.02%	Amount 2,025 Ratio 2.02%	0	0	0	0	0	0	0	0	Amount 2,025 Ratio 2.02%	Amount 2,025 Ratio 2.02%	None
Independent Director	Ben Chi																					
Independent Director	Te-Chen Chiu																					

Remark:

1. Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:
   According to Article 12-5 of the Articles of Incorporation, remuneration to directors shall be duly determined by the Board of Directors with reference to the level of their participation in the business operations and the values of their contributions, as well as the level prevalent in fellow firms at home and abroad. The Company may establish a separate but reasonable set of remuneration rules for independent directors. According to Article 15 of the Articles of Incorporation, the Company shall allocate the Directors' compensation no more than 3% from the profit before tax. In addition, the Company executes related operations according to "Rules for Evaluating Board of Directors and Functional Committee Performance" and "Procedures for Directors' Remuneration".
2. Except as disclosed in the above chart, remuneration to directors received due to the services provided to all companies listed in the financial statements (such as acting as advisors of parent companies/all companies /investees listed in the financial statements who are not an employee thereof) in the most recent year: None.

Range of Remuneration to Directors

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities
NT$0 ~ NT$999,999	Walsin Technology Corporation, Chin-Hui Chen, Lite-On Technology Corporation, Tom Soong, Anson Chiu, Tien-Chun Tsai, Ben Chi, Te-Chen Chiu	Walsin Technology Corporation, Chin-Hui Chen, Lite-On Technology Corporation, Tom Soong, Anson Chiu, Tien-Chun Tsai, Ben Chi, Te-Chen Chiu	Walsin Technology Corporation, Chin-Hui Chen, Lite-On Technology Corporation, Tom Soong, Anson Chiu, Tien-Chun Tsai, Ben Chi, Te-Chen Chiu	Walsin Technology Corporation, Chin-Hui Chen, Lite-On Technology Corporation, Tom Soong, Anson Chiu, Tien-Chun Tsai, Ben Chi, Te-Chen Chiu
NT$1,000,000 ~NT$1,999,999				
NT$2,000,000~ NT$3,499,999	Yu-Heng Chiao	Yu-Heng Chiao	Yu-Heng Chiao	Yu-Heng Chiao
NT$3,500,000~ NT$4,999,999				
NT$5,000,000~ NT$9,999,999				
NT$10,000,000~ NT$14,999,999				
NT$15,000,000~ NT$29,999,999				
NT$30,000,000~ NT$49,999,999				
NT$50,000,000~ NT$99,999,999				
Over NT$100,000,000				
Total	NT$5,900 thousand	NT$5,900 thousand	NT$5,900 thousand	NT$5,900 thousand

*The remuneration content disclosed in this Table differs from the income concept of the Income Tax Act; therefore, this Table acts as a form of information disclosure and does not serve for the purpose of taxation.

3.3.2 Remuneration of Supervisors: Not Applicable. (The Company has set up Audit Committee.)

3.3.3 Remuneration of President and Vice President

Unit: NT$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Total Remuneration (A+B+C+D) and Ratio of Total Remuneration to Net Income		Remuneration from Ventures other than Subsidiaries or from the Parent Company
		The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company		All Companies In Financial Statements		The Company	All Companies In Financial Statements	
								Cash	Stock	Cash	Stock			
President Areta Hsu		1,333	1,333	0	0	1,779	1,779	300	0	300	0	Amount 3,412 Ratio 3.40%	Amount 3,412 Ratio 3.40%	None

*The remuneration content disclosed in this Table differs from the income concept of the Income Tax Act; therefore, this Table acts as a form of information disclosure and does not serve for the purpose of taxation.

3.3.4 Distribution of Employees' Compensation to Managers

Unit: NT$ thousands

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income
Managers	President	Areta Hsu	0	641	641	0.64%
	CFO / Financial Officer / Corporate Governance Officer	Wei-Lin Chen				
	Accounting Officer	Ronnie Chen				

3.3.5 Analysis of the ratio of total remunerations for Directors, President and vice presidents to Net Income (Loss) in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance:

- **Analysis of the ratio of total remunerations for Directors, President and vice presidents to Net Income (Loss) in the last two years:**

	Ratio of Total Amount to Net Income (Loss)			
	2021		2022	
	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements
Directors	5.92%	5.92%	5.89%	5.89%
President & Vice Presidents	4.27%	4.27%	3.40%	3.40%

- **Description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance and future risk:**
  1. Policy, standards and packages of remunerations
     In addition to the distribution ratios in accordance with Article 15 of the Articles of Incorporation, the Board of Directors will resolve the director’s remunerations by considering the value of the director’s participation and contribution to the Company's operations, and also referring to the domestic and international industry standards.
     Remuneration policy toward Managers is formulated based on the Articles of Incorporation, prevailing market salary level, the scope of duties within the Company and contribution to the Company's operating objectives.
  2. Procedure for making remuneration decision
     In accordance with Article 15 of the Articles of Incorporation, after the Company reserved a sufficient amount from profit to offset its accumulated losses, the Company shall allocate the Directors’ compensation no more than 3% from the profit (before tax) of each fiscal year and it shall only be distributed by cash. In accordance with the Rules for evaluating board of directors and functional committee performance, the evaluation items such as alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control are incorporated into performance evaluation and salary payment considerations, and the determination of an individual director's remuneration shall base on the evaluation results of his or her performance.
     Remuneration to President and Vice President is handled in accordance with the Company's Regulations for Remuneration Management approved by the board of directors, reference to the achievement of the Company's annual planned operating performance goals, such as revenue, profit, the results achieved by project and other special reasons or contributions.
  3. Relation to business performance and future risk
     The reasonable remuneration to the Directors, President and Vice President is accordance with “Rules for Evaluating Board of Directors and Functional Committee Performance”, “Procedures for Directors’ Remuneration” and “Regulations for Remuneration Management”, reference to the domestic and international industry standards, the extent of the Company's overall operational participation, contribution value and future risks. The remuneration system of Directors, President and Vice President will be reviewed in a timely manner based on actual operating conditions and relevant laws and regulations.

3.4 Implementation of Corporate Governance

3.4.1 Operation of Board of Directors:

- **The Board of Directors totally held 8 (A) meetings in the most recent year (up to the date of publication of the annual report). The attendance records for Directors are as follows:**

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) 【B/A】	Remarks
Chairman	Yu-Heng Chiao	8	0	100	None
Director	Walsin Technology Corporation Representative Chin-Hui Chen	8	0	100	None
Director	Lite-On Technology Corporation Representative Tom Soong	5	3	63	None
Director	Lite-On Technology Corporation Representative Anson Chiu	7	1	88	None
Independent Director	Tien-Chun Tsai	8	0	100	None
Independent Director	Ben Chi	8	0	100	None
Independent Director	Te-Chen Chiu	7	1	88	None

Other details that need to be recorded in meeting minutes:

1. In the event of the occurrence of any of the following scenarios with the operation of the Board of Directors, the dates of meetings, session number, resolution, opinions of all Independent Directors and the Company's subsequent action in response to these opinions shall be clearly stated:
   (1) Matters and items stipulated in Article 14-3 of the Securities and Exchange Act: The Company has set up the Audit Committee; please refer to "3.4.2 Operation of the Audit Committee".
   (2) In addition to the foregoing, there were other matters to be resolved by directors' board meetings about which an independent director expressed objections or reservations that had been included in records or stated in writing: No such situation.
2. Director recusals due to conflicts of interests totaled: twice.
   (1) 8^{th} Term 12^{th} Meeting: Discussion of the donation to PSA Charitable Foundation. Due to interest relation, Mr. Yu-Heng Chiao and Ms. Chin-Hui Chen recused in the discussion and did not participate in discussion and voting.
   (2) 8^{th} Term 12^{th} Meeting: Discussion of the Bonus of Chairman for 2022. Due to interest relation, Mr. Yu-Heng Chiao recused in the discussion and did not participate in discussion and voting.
3. Evaluation of achievement of enhancing the Board's performance (e.g. establishing an Audit Committee and increasing information transparency):
   (1) The Company has formulated the "Regulation and Procedure for Board of Directors Meetings" of the Company in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" to comply with the requirements. The Company discloses attendance records for directors on Market Observation Post System and the major resolutions of the Board of Directors on the Company website.
   (2) The Company has set up the Audit Committee with the main duties in accordance with Article 14-5 of the Securities Exchange Act. The Audit Committee also reviews the first, second and third quarter financial statements to implement the transparency of information disclosure.
   (3) The Company also appoints independent directors as members of the Remuneration Committee. The

main responsibilities are to evaluate the remuneration policies and systems of the directors and managers in a professional and objective position and make recommendations to the Board of Directors for decision-making.

(4) The Company has formulated the “Rules for Evaluating Board of Directors and Functional Committee Performance”, conducted regular internal board performance evaluations every year since 2018, and appointed an independent external agency to carry out external board evaluations every 3 years. The performance evaluation results will be used as a reference for the selection or nomination of directors as well as determining their individual remuneration. The results of internal evaluation for the 2022 board of directors were reported at the board meeting in February, 2023, and disclosed on the Company's website. In addition, the Company appointed the Taiwan Investor Relations Institute to conduct the external evaluation for the 2022 board of directors in September, 2022. In accordance with 5 aspects included the composition and professional development, quality of decision, operating efficiency, internal controls and risk management, and participation in the CSR of the board of directors, a questionnaire and on-site survey methods were used to evaluate the performance (including achievement) of the board of directors and an evaluation report was issued.

- **The Execution Status of Board of Directors Evaluation**

Cycle of Evaluation	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Indexes and Scoring Criteria
Once a year	2022/01/01~ 2022/12/31	Performance evaluation of Board of Directors	Internal evaluation of the Board of Directors	1. Participation in the operation of the Company. 2. Improvement of the quality of the Board of Directors' decision making. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of the directors. 5. Internal control.
		Performance evaluation of Functional Committee (Audit Committee / Remuneration Committee)	Internal evaluation of Functional Committee (Audit Committee / Remuneration Committee)	1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 5. Internal control.
		Performance evaluation of individual directors	Self-evaluation by individual board members	1. Familiarity with the goals and missions of the Company. 2. Awareness of the duties of a director. 3. Participation in the operation of the Company. 4. Management of internal relationship and communication. 5. The director's professionalism and continuing education. 6. Internal control.
Every 3 years	2021/10/01~ 2022/09/30	Performance evaluation of Board of Directors	To appoint the Taiwan Investor Relations Institute to conduct the external evaluation	1. Composition and professional development of the board of directors. 2. Quality of decision of the board of directors. 3. Operating efficiency of the board of directors. 4. Internal controls and risk management of the board of directors. 5. Participation in the CSR of the board of directors.

3.4.2 Operation of the Audit Committee:

- **The Audit Committee totally held 5 (A) meetings in the most recent year (up to the date of publication of the annual report). The attendance records for Independent Director are as follows:**

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) 【B/A】	Remarks
Independent Director	Tien-Chun Tsai	5	0	100	None
Independent Director	Ben Chi	5	0	100	None
Independent Director	Te-Chen Chiu	4	1	80	None

Other matters that need to be recorded in meeting minutes:

1. If any of the following circumstances occurs during the operation of the Audit Committee, the meeting date, meeting number, the proposal contents, contents of independent directors' objection, reservation or major suggestion, the resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions shall be clearly described.

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

Audit Committee	Proposals	Items listed in Article 14-5 of the Securities and Exchange Act	Contents of Independent Directors' Objection, Reservation or Major Suggestion	Resolution of Audit Committee	Company's Handling of Audit Committee Member's Opinion
4th Term 5th Meeting 2022.02.22	1. Approval for the 2021 consolidated financial statements and financial statements. 2. Approval for the Company's 2021 business report. 3. Approval for the Company's 2021 declaration of internal control system.	1. V 3. V	None	Proposal passed by the Audit Committee.	Directors approved the proposal unanimously.
4th Term 6th Meeting 2022.04.28	1. Approval for the first quarter of 2022 consolidated financial statements. 2. Adoption of the Proposal for appropriation of 2021 earnings. 3. Amendment to "Articles of Incorporation". 4. Amendment to "Procedures for the Acquisition and Disposal of Assets".	1. V 2. V 3. V 4. V	None	Proposal passed by the Audit Committee.	Directors approved the proposal unanimously.

Audit Committee	Proposals	Items listed in Article 14-5 of the Securities and Exchange Act	Contents of Independent Directors' Objection, Reservation or Major Suggestion	Resolution of Audit Committee	Company's Handling of Audit Committee Member's Opinion
4th Term 7th Meeting 2022.08.02	1. Approval for the second quarter of 2022 consolidated financial statements. 2. Approval for the remuneration of the CPAs.	V V	None	Proposal passed by the Audit Committee.	Directors approved the proposal unanimously.
4th Term 8th Meeting 2022.11.01	1. Approval for the third quarter of 2022 consolidated financial statements. 2. To adjust the investment structure of overseas subsidiaries. 3. Approval for 2023 annual audit plan.	V V V	None	Proposal passed by the Audit Committee.	Directors approved the proposal unanimously.
4th Term 9th Meeting 2023.02.23	1. Approval for the 2022 consolidated financial statements and financial statements. 2. Assessment of independence and suitability of the certified public accountants. 3. Approval for the Company's 2022 business report. 4. Approval for the Company's 2022 declaration of internal control system. 5. Approval for the donation to PSA Charitable Foundation.	V V V V	None	Proposal passed by the Audit Committee.	1~4: Directors approved the proposal unanimously. 5: Mr. Yu-Heng Chiao and Ms. Chin-Hui Chen recused in the discussion and did not participate in discussion and voting. All other directors approved the proposal unanimously.

(2) Except for the foregoing items, the items that were not approved by the Audit Committee but were resolved by more than two-thirds of all directors: No such situation.

(3) Main function of the Audit Committee

A. According to Article 3 of "Audit Committee Charter", the main function of the Audit Committee is to supervise the following matters:

a. Fair presentation of the financial reports of the Company.

b. The appointment (and dismissal), independence, and performance of certificated public accountants of the Company.

c. The effective implementation of the internal control system of the Company.

d. Compliance with relevant laws and regulations by the Company.

e. Management of the existing or potential risks of the Company.

B. The Audit Committee totally held 5 meetings in the most recent year (up to the date of publication of the annual report), the main review proposals are as follows.
   a. Review of financial statements and accounting policy
      - Submit of Audit Committee’s Review Report on 2023.02.23: The Board of Directors has prepared and submitted to Audit Committee, the 2022 Business Report and Financial Statements. The Financial Statements have been duly audited by Certified Public Accountants Yen-Chun Chen and Meng-Chieh Chiu of Deloitte & Touche. The above Business Report and Financial Statements have been examined and determined to be correct by the undersigned.
      - Review the quarterly financial statements.
   b. Internal control system and procedures
      - Review of the declaration of internal control system.
      - Review of annual audit plan.
      - Review of amendment to “Articles of Incorporation”.
      - Review of amendment to “Procedures for the Acquisition and Disposal of Assets”.
   c. Matters in which a director is an interested party
      - Review of the donation to PSA Charitable Foundation on 2023.02.23.
   d. Major transactions of assets and derivatives
      - Review of the proposal of the investment structure adjustment of overseas subsidiaries on 2022.11.01.
   e. Assessment of independence and suitability of the Certified Public Accountants.
      - Review of independence: Certified Public Accountants Yen-Chun Chen and Meng-Chieh Chiu and their audit team are in compliance with Article 10 of The Norm of Professional Ethics for Certified Public Accountants of R.O.C. and the accountant relevant laws.
      - Review of suitability: In addition to many years of auditing services, the two CPAs are familiar with the technology industry, understand the industry trends and are responsible for the certifying services of a number of TWSE/TPEx listed companies.
      - Review of appointment of Deloitte & Touche as the Certified Public Accountants of the Company on 2023.02.23.
   f. Audit Committee performance evaluation
      - Audit Committee completed the 2022 performance self-evaluation survey in January 2023 and reported the results on 2023.02.23.

2. Independent Director recusals due to conflicts of interests totaled: No such situation.
3. Communication between independent directors, the chief internal auditor and CPAs (which should include major events, methods, results, etc. as regards the Company's financial and business conditions):
   (1) Communication matters between independent directors, chief internal auditor and CPAs:
      A. Chief internal auditor shall report to the Audit Committee regarding the formulation and amendments of internal control system.
      B. Chief internal auditor shall report to the Audit Committee regarding the implementation and results of the annual self-inspection per year.
      C. Chief internal auditor shall report to the Audit Committee regarding annual audit plan and execution results quarterly.
      D. Chief internal auditor shall report to the Audit Committee regarding the findings of each audit operation and the follow-ups to the improvement.
      E. Chief internal auditor shall provide to the Audit Committee regarding the formulation and amendments of relevant regulations.

F. Chief internal auditor shall report on the implementation and results of the audit project assigned by the Audit Committee.
G. Chief internal auditor shall report and communicate with independent directors individually on the latest internal audit report before Audit Committee. (Meeting at least once a quarter)
H. CPAs will report on the results of the quarterly or annual financial reports and the legislation or changes of the relevant laws and regulations in the quarterly audit committee meeting.
I. Independent directors, chief internal auditor and CPAs may communicate independently anytime if necessary.

(2) Communication between independent directors and the chief internal auditor in the most recent year (up to the date of publication of the annual report):
A. To report and communicate with independent directors individually on the latest internal audit report before Audit Committee.
B. To report and communicate with the Audit Committee individually on internal control actions of the Company and subsidiaries by email/con-call each month.

Date	Communication Highlights	Results
2022.01.13	Internal audit report.	There are no comments at this meeting.
2022.02.22	1. Internal audit report. 2. 2021 declaration of internal control system.	There are no comments at this meeting.
2022.04.28	Internal audit report.	There are no comments at this meeting.
2022.08.02	Internal audit report.	There are no comments at this meeting.
2022.11.01	1. Internal audit report. 2. 2023 annual audit plan.	There are no comments at this meeting.
2022.01.01~ 2022.12.31	12 audit and follow-up reports were sent to the Audit Committee for review. The Convener of the Audit Committee gave advice on each audit report. Internal audit executed and reported in accordance with the instructions of the Audit Committee.	Internal audit executed and reported in accordance with the instructions of the Audit Committee.
2023.01.17	Internal audit report.	There are no comments at this meeting.
2023.02.23	1. Internal audit report. 2. 2022 declaration of internal control system.	There are no comments at this meeting.
2023.01.01~ 2023.04.30	4 audit and follow-up reports were sent to the Audit Committee for review. The Convener of the Audit Committee gave advice on each audit report. Internal audit executed and reported in accordance with the instructions of the Audit Committee.	Internal audit executed and reported in accordance with the instructions of the Audit Committee.

(3) Communication between independent directors and CPAs in the most recent year (up to the date of publication of the annual report):

Date	Communication Highlights	Results
2022.02.22	The audit results of the consolidated financial statements and financial statements for 2021 and the legislation or changes of the relevant laws and regulations.	The consolidated financial statements and financial statements for 2021 were reported to the Board of Directors after being approved by the Audit Committee, and publicly announced and reported to the authority as scheduled.
2022.04.28	The review results of the consolidated financial statements for the first quarter of 2022 and the legislation or changes of the relevant laws and regulations.	The consolidated financial statements for 2022 Q1 were reported to the Board of Directors after being approved by the Audit Committee, and publicly announced and reported to the authority as scheduled.
2022.08.02	The review results of the consolidated financial statements for the second quarter of 2022 and the legislation or changes of the relevant laws and regulations.	The consolidated financial statements for 2022 Q2 were reported to the Board of Directors after being approved by the Audit Committee, and publicly announced and reported to the authority as scheduled.
2022.11.01	1. The review results of the consolidated financial statements for the third quarter of 2022 and the legislation or changes of the relevant laws and regulations. 2. 2022 audit items on key audit matters (KAM). 3. Audit Quality Indicator (AQI)	The consolidated financial statements for 2022 Q3 were reported to the Board of Directors after being approved by the Audit Committee, and publicly announced and reported to the authority as scheduled.
2023.02.23	The audit results of the consolidated financial statements and financial statements for 2022 and the legislation or changes of the relevant laws and regulations.	The consolidated financial statements and financial statements for 2022 were reported to the Board of Directors after being approved by the Audit Committee, and publicly announced and reported to the authority as scheduled.

- **Participation in board meetings by the supervisors:** Not applicable. The Company has established the Audit Committee to perform and supervise the functions of the supervisors as required by law.

3.4.3 Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
1. Has the company set and disclosed the principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?"	V		According to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company has formulated “Corporate Governance Best Practice Principles” and which were disclosed on the Company's website.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
2. Shareholding Structure & Shareholders’ Rights (1) Does company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters? If yes, has these procedures been implemented accordingly?	V		(1) The Company has established the “Procedure for Stock Affairs Management” and “Procedures for Handling Material Inside Information”. The spokesperson, acting spokesperson and legal affairs unit are in charge of matters related to shareholders’ advice.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Does company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(2) The Company is able to track shareholding by directors, managers and principal shareholders who hold 10% or more of the Company's shares. The Company also files the information with the authority as required.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(3) Has the company built and executed a risk management system and “firewall” between the company and its affiliates?	V		(3) The Company has established the “Procedure for Operating and Management of Subsidiaries”, “Procedures for Management, Business, and Financial Interactions between Affiliates”, “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees” and “Procedures for the Acquisition and Disposal of Assets” in accordance with relevant laws and regulations in order to properly control the risks in the relationships between the Company and its affiliated corporations and developed adequate firewalls.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
(4) Has the company established internal rules prohibiting insider trading on undisclosed information?	V		(4) The Company has established the "Procedures for Handling Material Inside Information", which has been passed by the Board of Directors, in order to prevent inside trading.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
3. Composition and Responsibilities of the Board of Directors (1) Has Board of Directors established a diversification policy and a specific management goal, and has it been implemented accordingly?	V		(1) The Company has formulated "Corporate Governance Best Practice Principles", the third chapter, Strengthening Board Competencies, specifies the policy of board diversity. The nomination and election of members of the board of directors are in accordance with the Articles of Incorporation, adopting the candidate nomination system. Evaluating the qualifications of each candidate's education background and experience pursuant to the "Rules Governing the Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the directors' diversity and independence. Please refer to Section 3.2.5 for Diversity and Independence of the Board of Directors.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Other than the Remuneration Committee and the Audit Committee which are required by law, does the company plan to set up other Board committees?		V	(2) The Company has established the Audit Committee and the Remuneration Committee.	Under assessment.
(3) Has the company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors and use the results as reference for directors' remuneration and renewal?	V		(3) The Company has established the Rules for Evaluating Board of Director and Functional Committee Performance, based on which the Company conducts regular annual performance evaluations. The evaluation methods include the board's self-evaluation, board members' self-	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
			evaluation, and the Functional Committee's self-evaluation. External professional institutions or teams of experts and scholars are appointed to perform evaluation every three years. When electing or nominating members of the board of directors, the Company shall use the evaluation results of the performance as reference. The evaluation results shall also be reference for an individual director's remuneration. The internal evaluation for the 2022 board of directors has been completed in January, 2023. In addition, the Company appointed the Taiwan Investor Relations Institute to conduct the external evaluation for the 2022 board of directors in September, 2022. In accordance with 5 aspects included the composition and professional development, quality of decision, operating efficiency, internal controls and risk management, and participation in the CSR of the board of directors, a questionnaire and on-site survey methods were used to evaluate the performance of the board of directors. The results of internal and external evaluation for the 2022 board of directors were reported at the board meeting in February 23, 2023, and disclosed on the Company's website for investors' reference.	
(4) Does the company regularly evaluate its external auditors' independence?	V		(4) The Audit Committee of the Company conducts regular annual assessments on the independence and suitability of the certified auditors and	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
			requires the certified auditors to provide a Statement of Independence and AQIs. The Company has confirmed that the auditors and the Company have no relations in terms of financial interest or business operation other than the fees for processing certifications and financial taxation cases; nor do the families of the auditors violate the requirement of independence. The Board of Directors has completed assessments of the auditors' independence; the most recent assessment was completed on February 23, 2023. The Evaluation Items and results for CPAs independence review as follows: A. Doesn't have a direct of significant / indirect relations with the Company in financial interests. B. Doesn't have a commercial relationship with the Company, its directors or managers that affects independence. C. Doesn't hold the posts in the Company, such as the director and officer or occupied a key position with significant influence on the auditing process. D. Not having a relationship with a director or manager of the Company as a spouse, lineal blood relative, lineal relative by marriage, or collateral blood relative within the second degree of kinship. E. No great value gifts have been received from	Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
			the Company or its directors, managers or major shareholders. F. Necessary independence/conflict of interest procedures have been implemented, and no violations of independence or unresolved conflicts of interest have been found.	
4. Does the company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings, etc.)?	V		(1) The Company established a part-time corporate governance unit to be in charge of corporate governance affairs. CFO Wei-Lin Chen is appointed as the Corporate Governance Officer to safeguard the rights and interests of shareholders and strengthen the functions of the board of directors. CFO Wei-Lin Chen has many-year experience in conducting financial management and business meetings in listed companies. The primary responsibilities of the Corporate Governance Officer are as follows: A. Handling matters related to board and shareholders' meetings in accordance with the law. B. Preparing the minutes of board and shareholders' meetings. C. Assisting directors in their appointment and continuing education. D. Providing information required by the directors for business execution. E. Assisting directors in complying with the law. F. Other matters set forth in the articles of association or the contract of the Company.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
			(2) 2022 business implementation status: A. Invited suggestions from directors prior to a board meeting to facilitate preparation of the meeting agenda; and giving a minimum of 7-day notice to all directors to attend a meeting and providing sufficient materials for the directors to familiarize themselves with the items. Giving prior notice to the individuals that involve stakeholder interest and require recusal. The minutes of the board meeting will be produced after the meeting. Held 6 board meetings, 4 Audit Committee meetings, and 5 Remuneration Committee meetings in 2022. The details of the above meetings are on the Company's website. B. Registered shareholders' meeting date within the period stipulated by law (2022 shareholders' meeting was held on June 10), assisted in running the meeting, and filing with the authority the shareholders' meeting notice, agenda, and minutes by the statutory deadline every year. C. Inspected the disclosure of material information passed after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information. D. Kept members of the board informed of latest changes and developments in laws and	

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
			regulations regarding corporate governance and management to facilitate director compliance. E. Assisted directors in creating study plans or enrolling in courses based on the characteristics of the Company's business activities and the education and experience of respective directors. F. Arranged communication between independent directors and chief internal auditor/Certified Public Accountants during Audit Committee meetings. G. Executed and completed the internal performance evaluation for the 2022 board of directors and Functional Committee. The results have been reported at the board meeting in February, 2023. H. Appointed the Taiwan Investor Relations Institute to execute and complete the achievement external evaluation for the 2022 board of directors. The results have been reported at the board meeting in February, 2023.	
5. Has the company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its company website? Does the company respond to stakeholders' questions on corporate responsibilities?	V		The Company has established its spokesperson and Investor Relations Contact. Stakeholders communication channels have been established via the Company's website, telephone, and fax. The communication with stakeholders in the most recent year was disclosed on the Company's website for investors' reference.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
6. Has the company appointed a professional registrar for its Shareholders' Meetings?	V		The Company has appointed Yuanta Securities Co., Ltd. to handle matters related to shareholders' meetings.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
7. Information Disclosure (1) Has the company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The Company has disclosed the latest information regarding its products, finance, and human resources on its website.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Does the company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) Dedicated personnel are in charge of collecting and disclosing such information in both Chinese and English versions for the reference of shareholders and stakeholders. Furthermore, the Company implements and complies with the "Procedures for Handling Material Inside Information" which has been established.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(3) Does the company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V		(3) The Company announces and reports the annual financial statements within two months after the end of the fiscal year, the first, second, and third quarter financial statements earlier before the prescribed deadline as well as the operating status of each month on 6^{th} ~ 8^{th} next month.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
8. Has the company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies,	V		(1) Each employee has a copy of the Employee Handbook, which clearly specifies the rights and obligations of and Code of Conduct for employees. (2) The Company attaches importance to employee care. Apart from arranging regular interviews with supervisors regarding career planning, the Company has also established channels for	In line with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
and purchasing insurance for directors)?			employee complaint (including the Sexual Assault Prevention Hotline and relevant regulations). (3) The Company has established an Investor Relations Contact, in which designated customer service officers communicate with investors at any time; the Company's website is also available for stakeholders' reference. (4) The Company has been collaborating with major clients and suppliers for years and has formed strategic partnerships, in which the Company and business partners facilitate reciprocal developments under the protection of sound contracts and regulations, thus maintaining a close relationship in pursuit of common prosperity. (5) The Company attaches great importance to its relationship with stakeholders based on common interests, and steadfastly observes its duties to create prosperity. (6) All directors have professional backgrounds and practical experience in the industry and receive advanced trainings according to their individual professional requirements (please refer to Section 3.4.14 for details on Advanced Training Courses for Directors). The Company not only regularly reports the amendments to relevant laws and regulations to the Audit Committee and the Board of Directors, but also provides information regarding relevant laws and regulations when deemed necessary.	

Assessment Item	Implementation Status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reason(s)
	Yes	No	Explanation	
			(7) The Company has established internal policies and management regulations in accordance with the law, and implements various risk management and regular self-assessments. (8) "Customers first" is the established policy of the Company, through which it has gained customers' trust and recognition. The Company also closely follows payment and credit statuses to protect its rights. (9) The Company has purchased Directors and Officers Liability Insurance, and reported it to the Board of Directors after the policies became effective.	
9. With respect to the results of the annual Corporate Governance Evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved. The Company will continue considering the possible measures to enhance the results of the Corporate Governance Evaluation.				

3.4.4. Duties, Composition and Operation of the Remuneration Committee:

- **Duties of the Remuneration Committee**

The Remuneration Committee was established in 2011 to strengthen corporate governance. The functions of the Committee are to professionally and objectively evaluate the policies and systems for compensation of the directors and managers and submit recommendations to the board of directors for its reference in decision making. The scope of duties includes:

1. Periodically reviewing the Remuneration Committee Organizational Rules and making recommendations for amendments.
2. Establishing and periodically reviewing the performance assessment and the policies, systems, standards, and structure for the compensation of the director and managers.
3. Periodically assessing the compensation of the directors and managers.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

1. Ensuring that the compensation arrangements comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
2. Performance assessments and compensation levels of directors and managers shall take into account the general pay levels in the industry, individual performance assessment results, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and the operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company.
3. There shall be no incentive for the directors or managers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
4. For directors and top management, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company’s business.
5. Reasonableness shall be taken into account when the contents and amounts of the compensation of the directors and managers are set. It is not advisable for decisions on the compensation of the directors and managers to run contrary to financial performance to a material extent.
6. When a meeting of the Remuneration Committee will discuss the remuneration of any member of the Remuneration Committee, it will be clearly stated at the meeting. If there is likely to be that member's individual compensation involved or any prejudice to the interests of the Company, that member may not participate in the discussion or voting and shall enter recusal during the discussion and voting. The member also may not act as another Remuneration Committee member's proxy to exercise voting rights on that matter.

◆ **Information of the members of the Remuneration Committee**

<table>
<tr><th>Identity</th><th>Criteria / Name</th><th>Professional Qualification Requirements and Work Experience</th><th>Independence Criteria</th><th>Number of Other Public Companies in Which the Member Concurrently Serving as a Remuneration Committee Member</th></tr>
<tr><td>Independent Director (Convener)</td><td>Ben Chi</td><td colspan="2" rowspan="3">Please refer to Section 3.2.4 Professional Qualifications of Directors and Independence of Independent Directors.</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Tien-Chun Tsai</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Te-Chen Chiu</td><td>0</td></tr>
</table>

- **Information on Operation of the Remuneration Committee**
  1. The Company's Remuneration Committee is comprised of three members.
  2. Term for the current committee members: From July 9, 2021 to July 8, 2024. The Remuneration Committee totally held 7 (A) meetings in the most recent year (up to the date of publication of the annual report). and the job titles and attendance records of the committee members are as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) (B/A)	Remarks
Convener	Ben Chi	7	0	100	None
Member	Tien-Chun Tsai	7	0	100	None
Member	Te-Chen Chiu	7	0	100	None

Other matters that need to be recorded in meeting minutes:

1. The Remuneration Committee meetings held in 2022 and up to the date of publication of the annual report, the meeting date, meeting number, the proposal contents, the resolution of the Remuneration Committee and the Company's handling of the opinions of the members of the Remuneration Committee:

Remuneration Committee	Proposals	Resolution of Remuneration Committee	Company's Handling of Remuneration Committee Member's Opinion
5th term 3rd Meeting 2022.01.13	1. Employees and directors compensation ratio for 2021. 2. Year-end bonus of Managers for 2021.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.
5th term 4th Meeting 2022.02.22	1. Employees and directors compensation amount for 2021. 2. Bonus of Managers for the second half of 2021.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.
5th term 5th Meeting 2022.04.28	1. Amendment to "Remuneration Committee Charter". 2. The compensation of Managers for 2021. 3. The compensation of directors for 2021.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.
5th term 6th Meeting 2022.08.02	1. Amendment to "Procedures for Directors' Remuneration." 2. Bonus of President for the first half of 2022 and raise for President.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.

Remuneration Committee	Proposals	Resolution of Remuneration Committee	Company’s Handling of Remuneration Committee Member’s Opinion
5th term 7th Meeting 2022.08.30	Bonus of Managers for the first half of 2022 and raise for managers.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.
5th term 8th Meeting 2023.01.17	1. Employees and directors compensation ratio for 2022. 2. Year-end bonus of Managers for 2022.	Proposal passed by the Remuneration Committee.	Directors approved the proposal unanimously.
5th term 9th Meeting 2023.02.23	1. Amendment to “Procedures for Directors’ Remuneration.” 2. Employees and directors compensation amount for 2022. 3. Bonus of Chairman for 2022. 4. Bonus of Managers for the second half of 2022.	Proposal passed by the Remuneration Committee.	1~2, 4: Directors approved the proposal unanimously. 3: Mr. Yu-Heng Chiao recused in the discussion and did not participate in discussion and voting. All other directors approved the proposal unanimously.

2. There was no recommendation of the Remuneration Committee which was not adopted or was modified by the Board of Directors.
3. There were no written or otherwise recorded resolutions on which a member of the Compensation Committee had a dissenting opinion or qualified opinion.

3.4.5 The State of the Company's Promotion of Sustainable Development, Any Variance from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
1. Has the company established and promoted a sustainable development governance structure and set up a dedicated (or non-dedicated) unit for the promotion of sustainable development, and has the Board of Directors authorized the senior management to handle relevant issues and does the Board supervise the state of affairs with respect to the preceding? (Note 1)	V		In order to fulfill corporate social responsibility, promote economic, environmental and social progress, and achieve the goal of sustainable development, the Company has established the Sustainable Development and Integrity Management Committee, responsible for planning and formulating sustainable strategies and operations covering environmental, social and corporate governance (ESG), and formulating and supervising the implementation of Ethical Management Policy and prevention plans. The chairman of the Sustainable Development and Integrity Management Committee reports to the Board of Directors quarterly based on the implementation of sustainable development and future work priorities. The Board of Directors also provides guidance on sustainable development management policies, strategy and goal setting, and review measures. In 2022, the Committee reported to the Board of Directors three times, on April 28, August 2, and November 1, with the following content: 1. review after the carbon inventory 2. proposed reduction targets 3. implementation of reduction strategies 4. writing of the ESG report In addition, the report will include the development of targets and strategies for sustainability-related issues, and the tracking of actual implementation results.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanations</th></tr>
<tr><td>2. Has the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note1、2)</td><td>V</td><td></td><td>In accordance with the principle of materiality, regarding the matters concerned by ESG in the risk assessment of environmental, social and corporate governance issues related to the Company's operations, the Company has formulated the "Sustainable Development Best Practice Principles", "Corporate Ethics Code of Conduct", "Corporate Governance Best Practice Principles" and "Regulations for Ethical Business Operations", which are complying with the Responsible Business Alliance Code of Conduct and related risk management policies.
In addition, the Company assesses ESG issues of materiality with reference to the GRI criteria, stakeholder feedback and consolidation of assessment information from various departments and subsidiaries, and establishes relevant risk management policies or strategies as follows:
<table>
<tr><th>Significant Issues</th><th>Risk Assessment Items</th><th>Description</th></tr>
<tr><td>Environment</td><td>Environmental impact and management</td><td>1. Regulatory compliance (international standards, factory location laws)
2. Obtain ISO 14001 environmental certification and ISO 50001 energy management certification
3. Regular greenhouse gas inventories according to ISO 14064
4. Waste management and water management</td></tr>
</table>
</td><td>In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanations</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Significant Issues</th><th>Risk Assessment Items</th><th>Description</th></tr>
<tr><td>Environment</td><td>Green production</td><td>1. 3R (Reduce/Reuse/Recycle) principle into product design
2. EU RoHS compliant
3. Obtain IECQQC080000 certification</td></tr>
<tr><td rowspan="2">Society</td><td>Labor-employer relationship</td><td>1. Human rights and work rights
2. Human Resources Policy
3. Salary and benefits</td></tr>
<tr><td>Occupational safety and health</td><td>1. compliance with regulations
2. regular fire drills, safety and health education and training, work environment monitoring, and employee health check-up services</td></tr>
<tr><td rowspan="3">Corporate governance</td><td>Socio-economic and regulatory compliance</td><td>1. create long-term stable business performance
2. implement internal control management and integrity management to ensure that all employees and operations comply with relevant laws and regulations</td></tr>
<tr><td>Strengthening the role of directors</td><td>1. planning annual education programs for directors
2. to provide development and policy revision of laws and regulations related to the company's business areas and corporate governance
3. to insure directors' liability insurance</td></tr>
<tr><td>Stakeholder communication</td><td>1. analyze issues of concern
2. establish communication channels</td></tr>
</table>
</td><td></td></tr>
<tr><td>3. Environmental Topic
(1) Has the company set an environmental management system designed to industry</td><td>V</td><td></td><td>(1) In accordance with relevant laws and the characteristics of the products, the Company</td><td>In line with the Sustainable Development Best Practice</td></tr>
</table>

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
characteristics?			has established an environmental management system, and has updated the system in accordance with the amendments to the law. The factories of the Company have been awarded certificates, including the ISO 14001 Environmental Management Systems and the ISO 50001 Energy Management. Their operations are also subject to the ISO 14064 Greenhouse Gas Emission Regulations and the Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS).	Principles for TWSE/TPEx Listed Companies.
(2) Is the company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		(2) The Company is committed to improving the efficiency of the various energy and to use recycled materials that have a low impact on the environment. The green design concept has been incorporated into the research and development of products. For instance, eco-friendly materials, as well as manufacturing processes without environmental impact, have been introduced. The Company's green design principle and HSF policy ensures that the raw materials and products manufactured by the Company can meet the EU's Hazardous Substance Free standards. The Company has obtained the IECQQC080000 certification, which represents the successful establishment of the "Hazardous Substance Process Management System". In order to effectively manage energy use and improve energy efficiency, and to further enhance the good environmental image of the	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
			company, we will develop energy efficiency improvement solutions through the establishment of an energy management system to achieve the win-win objective of reducing energy costs, saving energy and reducing carbon emissions, and enhancing corporate image. Subsidiary Xurong Electronic (Shenzhen) Co., Ltd. has obtained ISO 50001:2011 energy management system certification by SGS.	
(3) Does the company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	V		(3) The Company pays attention to the impacts of climate change on its operations and implements inspections on GHGs emissions, verification by external agencies, and establishes energy conservation, carbon reduction, and greenhouse gas reduction strategies. The Company enforces its energy-saving and carbon-reducing policies in its operational activities. Relevant measures include refraining from using paper cups, exercising resources recycling and classification, switching off equipment when not in use, switching off lights during midday breaks, switching off computers after working hours, using water resources efficiently, setting up an electronic verification system, reducing the use of printed forms and documents and encouraging double-sided printing. Besides managing the impacts of climate change on its operations, the Company also requires and assists suppliers to follow up on this matter.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
(4) Does the company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		(4) 1. Greenhouse gas: After following domestic and foreign greenhouse gas-related regulations and guidelines in accordance with the Environmental Protection Agency announced the greenhouse gas inventory and registration guidelines, greenhouse gas international standards ISO 14064 norms, and reference to the United Nations Intergovernmental Panel on Climate Change (IPCC) and the inventory guidelines and other documents of other domestic and foreign organizations, the Company has developed a professional greenhouse gas inventory system, and developed a greenhouse gas management system in accordance with ISO standards. The Company has also disseminated the results of the inventory and the corresponding measures to the supervisors of all relevant departments and the personnel in charge to realize the determination to do well in environmental protection. Xurong Electronic (Shenzhen) Co., Ltd has conducted its own inventory of GHG emissions through the operation control method, and has conducted verification by external organizations since 2016 as a reference for reduction strategies, and has established carbon trading and corporate carbon asset management. Recently, the actual and future carbon emission reduction statistics as below:	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	

Year	Actual		Estimated		
	2020	2021	2022	2023	2024
Industrial value increased (ten thousand RMB)	1,656	827	1,338	1,338	1,338
Target Carbon Intensity (tons/ten thousand tons)	1.4360	1.4360	1.3820	1.3300	1.2799
Carbon Emissions (tons)	2,378	1,188	1,849	1,780	1,713

2. Water consumption: Considering the Company's activities, products and services, the following table shows the water consumption of Xurong Electronic (Shenzhen) Co., Ltd.:

Unit: ton/RMB

Items	2020	2021	2022
Water volume	45,660	41,653	18,938
Water + Sewage + Garbage disposal fee	222,145	205,337	95,073

3. Waste: The Company is actively promoting our employees to improve the waste separation rate and reduce the amount of waste generated by our business, and we are also communicating with cleaners and researching recycling technology to increase the recycling rate of waste and achieve the goal of zero waste to landfill.
   The weight of waste disposal in the past 3 years is as follows:

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanations</th></tr>
<tr><td></td><td></td><td></td><td>Unit: ton
<table>
<tr><th>Year</th><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td>Hazardous waste</td><td>26.1</td><td>19.6</td><td>14.8</td></tr>
<tr><td>Non-hazardous waste</td><td>554.9</td><td>5.5</td><td>23.3</td></tr>
</table></td><td></td></tr>
<tr><td>4. Social Topic
(1) Does the company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</td><td>V</td><td></td><td>(1) The Company has formulated and implemented relevant management policies and procedures in accordance with relevant local laws and regulations and international human rights bills (including the UN Universal Declaration of Human Rights, the International Labor Office’s Tripartite Declaration of Principles, the OECD Guidelines for Multinational Enterprises, and the Responsible Business Alliance Code of Conduct). At the same time, the Company conducts education and training, and post human rights treaties on our bulletin boards so that our employees will pay attention to these issues and offering a comprehensive protection of employees’ legitimate rights and interests.</td><td>In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>(2) Has the company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</td><td>V</td><td></td><td>(2) The Company pays attention to employee welfare and provides comprehensive care for our employees. The Company offers a group insurance plan for our employees so that they are covered in case of accidents or in need of hospitalization. The Company has a cafeteria and shop to take care of employees' dietary needs. The Company sets welfare funds and</td><td>In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
			established an employee welfare committee to organize various welfare activities: year-end parties, employee trips, club activities subsidies, and other benefits, such as birthday and holiday gifts, scholarships for employee's children, and wedding, childbirth, and military service subsidies. The Company spares no effort in caring for our employees. In accordance with the Labor Standards Law, the Company provides leave and annual vacations to encourage employees taking vacations and maintaining work and life balance. We value gender equality in the workplace. In 2022, the proportion of female employees was 66.67%, and the proportion of female senior executives was 33.33%. There is no significant difference in remuneration ratio between male and female of the Company. The Company has formulated a reasonable salary compensation policy. It has established the Remuneration Committee, and stipulated in Article 15 of its Articles of Incorporation that 2%~10% of the Company's annual profit should be allocated for employees' remuneration.	
(3) Does the company provide employees with a safe and healthy working environment, with regular safety and health training?	V		(3) The Company is committed to providing a safe and healthy work environment for employees: A. The Company holds annual health checkups service for employees and adds more health checkup items in addition to those required by law. The Company has contract doctors and nurses to monitor the five major types	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
			of workplace hazards, including chemical, physical, human, biological, and psychosocial hazards, to provide employees with health improvement and consultation programs. B. The Company has also formulated implementation rules for industrial safety and principles for safe and healthy operations. In addition to labor safety matters irregularly discussed by the Labor Safety and Health Committee, the Company also implements safety and health trainings based in our production locations, which focus on improving employee quality and raising employees' awareness of environmental safety and health, in order to enhance environmental and occupational health and safety management. C. A total of 1 occupational accidents worldwide occurred at Silitech in 2022. The ratio is 0.06% based on 1,457 employees in total. The Company investigated every occupational accident and identified the root causes. The Company also performed necessary construction or administrative improvement or provided necessary personal health and safety equipment. Mandatory health and safety education and training and campaigns were reinforced to reduce the risk of repeat accidents.	

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
(4) Has the company established effective career development training plans?	V		(4) To develop an effective career development plan for employees, the Company has established comprehensive talent development programs and offers internal and external training lectures. The education and training plans include new employee training, professional training, 7 QC tools, Statistical process control, process control and capability improvement, occupational safety and health course, information and communication security, auditing, prevention of insider trading, and legal knowledge seminar and health lectures. Supervisors and colleagues are all included in these trainings. The Company pays great attention to talent development, and encourages lifelong learning. The goal is to build a platform to identify outstanding talents and develop their potential and enthusiasm to retain these key talents. They can work together to accomplish the Company's policies, strategies, and improvement goals, and continuously improve the Company's overall organizational competitiveness.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer or customer protection and grievance policies?	V		(5) The Company's product and service comply with the Responsible Business Alliance Code of Conduct for customers' health and safety, privacy, sales, and labeling. The Company has established consumer or customer protection mechanisms and complaint procedures regarding R&D, purchasing, production, operation and service. Protecting customer or	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
			customer rights is a consistent policy of the Company. In addition, the Company's official website not only provides product descriptions, but also its contact details.	
(6) Does the company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		(6) The Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right. All of our suppliers have been evaluated by new suppliers evaluation process and registered in our ERP system. In order to fulfill the corporate social responsibility of both suppliers and transporters, the selection criteria of new suppliers not only consider the quality of delivery (service), delivery time (service) cooperation, and quality control capability, but also give priority to suppliers who have obtained ISO 9001, environmental protection-related certifications (ISO 14001, carbon footprint, water footprint, etc.), and occupational safety and health certifications (OHSAS18001, etc.). Economic, environmental protection, and social responsibility are the core evaluation items. **Economic aspects** A. Disclosing prohibition of conflict metals/ores B. Annual financial report status of material suppliers C. Material delivery/stock management, supplier coordination D. Contingency plan for material supply	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
			Environmental aspects A. Waste generation information and management B. Overall environmental assessment C. Greenhouse gas emission information and carbon risk management D. Water use information and Water risk management E. Energy use information and management **Social aspects** A. Human rights and labor-related performance indicators B. Labor and Ethics C. Human Resources and Development D. Community Assessment E. Sustainable development and corporate social responsibility F. Other items: corporate sustainability planning, social impact, and employee safety Each year, a supplier evaluation meeting is held to conduct a comprehensive review of the suppliers and evaluate their product quality, product delivery, production cost, response, technology support and service, and CSR. The Company commits that the proportion of its A and B-ranking suppliers is more than 95%. In recent two years, the result of suppliers' QDCRT(quality, delivery, cost, response, technology support) rating is as follows:	

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanations</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Supplier Ranking
(# of Suppliers)</th><th>A</th><th>B</th><th>C</th><th>D</th></tr>
<tr><td>Year 2021</td><td>44</td><td>37</td><td>0</td><td>0</td></tr>
<tr><td>Year 2022</td><td>5</td><td>49</td><td>0</td><td>0</td></tr>
</table>
</td><td></td></tr>
<tr><td>5. Does the company refer to international reporting rules or guidelines to publish Sustainability Reports to disclose non-financial information of the company? Has the said Report acquire 3rd certification party verification or statement of assurance?</td><td>V</td><td></td><td>The Company refers to “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” and the latest GRI Standards to establish the Sustainable Development & Integrity Management Report to disclose non-financial information of the Company. The results of the implementation of sustainable development have been publicly disclosed on the Company's website.</td><td>In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">6. If the company has established Sustainability Development principles based on " Sustainability Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe differences between the principles and their implementation:
The Company has formulated the “Sustainability Development Best Practice Principles”. It has also established the relevant regulations in line with the spirit of ESG, and comprehensively implements them in daily operations.</td></tr>
<tr><td colspan="5">7. Other key information useful for explaining the status of sustainability development practices:
(1) Regarding environmental protection, the Company complies with the established Environmental Management System whenever performing business activities and manufacturing products, thus sparing no effort to protect the Earth by means of energy conservation and carbon reduction. For example, for the disposal of waste, the Company properly recycles recyclable materials. Non-recyclable substances are treated through incineration or landfill disposal. All hazardous wastes are handled by qualified recycling company for reuse.
(2) Regarding social participation, social contribution, and social services, the colleagues of the Company participated in the Tamsui river cleanup campaign which was initiated by the Common Wealth Magazine and co-organized by the Society of Wilderness, in order to promote ecological sustainability and volunteer services. During the activity, the participants collected a total of 191 kilograms of trash. Besides commonly seen trash such as cigarette butts, plastic bags, glass bottles, and broken glass, the participants even picked up bicycles and safety helmets. Through the river cleanup, understanding wetlands, and maintaining wetland ecology activities, the Company encourages the colleagues to actively participate the public welfare activities and to give back to the society.
(3) Regarding social welfare, the Company works closely with neighbors to carry out various public welfare activities. We will continue to participate in social welfare activities of this nature. The Company held a Christmas Charity Sale and the Year-end Garden Party. With the enthusiastic</td></tr>
</table>

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	

response of all employees, the amount from the charity sale was donated to charitable organizations. The Children in poverty can be assisted to study happily and become a better person.

(4) Regarding consumer rights, the Company participates in fair competitions in the global market on the basis of the merits of its product. All of our marketing activities and advertisements must be precise and truthful and in line with the principle of integrity and the customer-oriented approach we dearly hold as our core values.

(5) Regarding human rights, the Company strictly complies with employment regulations by prohibiting the employment children below 15; additionally, employees aged below 18 are not allowed to perform dangerous work. The Company shows its unfailing attention to employee benefits by organizing a variety of welfare activities as well as offering comprehensive employee care, which includes enrollment in the labor and national health insurances and purchasing group insurance for our employees. The Company established breastfeeding rooms and signed the Agreement for Employee Child Care Services with our collaborating kindergartens, which offer discounts for our employees' children. Regardless of race, color, gender, nationality, etc., all employees can be treated fairly, respectfully and with dignity. The Company strictly prohibits verbal, physical or visual insults, harassment, or offensive behaviors. Besides the relevant regulations, employees can report such incidents through the complaint hotline or the dedicated mailbox. There is never a dispute due to discrimination.

(6) Regarding safety and health, the Company is committed to providing employees with a safe and healthy work environment. The protective measures for workplace safety and employees' personal safety, including those for occupational safety and health, environmental protection and fire control, are implemented in accordance with the "Implementation Rules for Industrial Safety".

A. Work environment monitoring (e.g., noise, illumination, and carbon dioxide) is carried out on a regular basis every six months.
B. The Safety and Health Committee is convened regularly every quarter. Issues regarding environmental safety and health in the current quarter are discussed and the implementation results of the previous quarter are followed-up and improved.
C. Noise-reducing equipment, including sound-absorbing materials and sound-insulating walls are used in noisy workplaces (e.g., air compressor room, power generator room); ear muffs, earplugs and other soundproofing equipment are also available for employees. For employees working in noisy workplaces, special checkups regarding noise-related health issues are implemented annually.
D. General safety and health training for new employees is implemented; on-the-job training for current employees is implemented every three years regarding general safety and health issues. Fire control self-defense drills are conducted every six months, and fire brigade security personnel are commissioned to guide fire control drills biennially.
E. Hazardous materials are listed, marked and recorded (storage, usage, etc.), and relevant education and training for operators and their supervisors are implemented.
F. Reports, emergency responses, post-disaster investigations and improvement follow-ups are performed for various accidents such as fire and explosion, chemical leakage, anomalous discharge of waste water, occupational injuries and natural disasters.
G. Annual equipment maintenance schedules are developed, according to which maintenance of various equipment is implemented.
H. Fire safety equipment is inspected monthly, and fire safety equipment maintenance report is issued before November.
I. The Company provides employees with annual complimentary physical examinations to familiarize employees with their health conditions. In accordance with the requirements of relevant laws, the Company provides comprehensive physical examinations on an annual basis for

<table>
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<tr><th>Yes</th><th>No</th><th>Explanations</th></tr>
<tr><td colspan="5">employees whose duties involve specific occupational hazards to prevent occupational diseases and ensure employees’ health. Threats, violence, or physical intimidation are strictly prohibited. Each employee has a copy of the Employee Handbook that contains relevant rights, obligations and the Code of Conduct for employees.
(7) Regarding quality statement, compliance with quality process and safety regulations is our paramount. If the process of delivering products or providing services fails to meet the Company standards, it will harm our reputation. The Company emphasizes comprehensive quality improvement through bottom-up quality control and top-down participation and cooperation. At Silitech, every employee has a Quality Statement card.
(8) Other social responsibility activities
A. We attach importance to talent development, provide employees with a happy work environment where they can learn and realize themselves, and support and encourage lifelong learning. We build and discover outstanding talents, develop employees’ potentials, kindle employees’ enthusiasm, maintain a platform that can retain core talents, improve the Company’s overall organizational competitiveness, and thereby accomplish our vision and mission together with our employees.
B. We comply with all laws and regulations related to public disclosure of operational information. All of our periodic reports, submitted documents and public information, in oral or written form, are complete, impartial, precise, timely, accessible, and without major omissions, thus offering references for shareholders and stakeholders. All public disclosure must comply with the Company Act and the Securities and Exchange Act.</td></tr>
</table>

Note 1: For Items 1 and 2, the TWSE/TPEx listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
1. Establishment of Corporate Conduct and Ethical Management Policy and Implementation Measures (1) Does the company have a clear ethical management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethical management policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) The Company has formulated its Principles for Ethical Corporate Management based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. Both the Ethical Corporate Management Best Practice Principles and the Regulations for Ethical Business Operations explain the Company's ethical business policies and implementation methods and are publicly available on the Company's website. Our Board of Directors and top management team promise to actively implement these regulations in all of our business activities.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines,	V		(2) The Company has established the Regulations for Ethical Business Operations as a specific guidance for all employees to evaluate and prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. The regulations also specify the disciplinary actions and complaint methods regarding employees' violations of the regulations, which are also implemented in our internal management through education and	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
consequences of violation and complaint procedures, and periodically reviews and revises such policies?			training.	
(3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	V		(3) The Regulations for Ethical Business Operations and the Procedures for Ethical Management and Guidelines for Conduct specify that: A. Any form of bribery or solicitation and acceptance of bribes is prohibited. B. Illegal political donations may not be offered. C. All charitable donations or sponsorships shall comply with the laws. D. Employees may not take the initiative or be made to collect or provide illegitimate incomes including cash, gift certificates, checks, stocks, gifts or any other valuable rebates, gifts or special treatments (including meals, travel or entertainment offers) to third parties related to business operations.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
2. Ethical Management Practice (1) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		(1) The Company only performs business transactions with legal, ethical customers and suppliers. Before building business relationships with counterparties, the Company will evaluate their legal status and records (if any) of unethical conduct. The Company will also specify integrity clauses in the agreements with business partners, which prohibits any offer, solicitation or acceptance of bribes.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

<table>
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<tr><th>Yes</th><th>No</th><th>Explanations</th></tr>
<tr><td>(2) Whether the company has set up a unit which is dedicated to promoting the company’s ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?</td><td>V</td><td></td><td>(2) The Company has established the Sustainable Development & Integrity Management Committee, which promotes the philosophy of ethical corporate management, is authorized by the Board of Directors and reports to the Board of Directors irregularly.</td><td>In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>(3) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</td><td>V</td><td></td><td>(3) The Company has established policies to prevent conflicts of interests, and requires directors, managers and employees to abstain and recuse from discussing or voting on matters in which interests of their own, or the legal persons they represent, are involved. The Company has also established a Sustainable Development & Integrity Management Committee as the channel for submitting comments. The Company has established an Ethic Line for internal and external stakeholders (e.g., employees, suppliers and customers) to conduct anonymous or signed reports on frauds that violate principles of integrity and ethics. Methods and channels for complaining or reporting violations of ethical principles or illegal activities in the Company’s operations or by the employees are specified as follows:
Report mailbox: Chairman’s Office, P.O. Box 48, Tamsui Shuidui, New Taipei City 25199
Email: ethic.hotline@silitech.com
Tel: +886-2-66251666</td><td>In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPAs periodically?	V		(4) The Company has established effective accounting systems and internal control systems for enforcing ethical corporate management. Our internal audit personnel and accountants implement the Company's internal audit unit on an annual basis.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		(5) The Company regularly holds trainings to explain to colleagues the Company’s integrity management policy, internal control and internal audit system, regulations for preventing dishonest behavior, and the Company’s implementation status. In 2022, the total training time on related topics is 312 hours and the total headcounts of training are about 186.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
3. Implementation of the company's Whistleblowing System (1) Has the company established concrete whistleblowing and reward system, has a convenient reporting channel in place and assigns an appropriate person to communicate with the accused?	V		(1) The Company established relevant operating procedures and punishment systems in relation to the Regulations for Handling Fraud Reports, and assigns dedicated units to related affairs in accordance with the procedures specified in the regulations.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(2) The Company has established an Ethic Line for internal and external stakeholders (e.g., employees, suppliers and customers) to conduct anonymous or signed reports on frauds that violate principles of integrity and ethics. A dedicated unit investigates the reports, and ensures such complaints are handled in a confidential manner. Methods and channels for	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
			complaining or reporting violations of ethical principles or illegal activities in the Company's operations or by the employees are as mentioned above 2.Ethical Management Practice, point (3).	
(3) Did the company adopt measures for protecting the whistleblower from improper treatment or retaliation?	V		(3) The Company will protect the confidentiality of the whistleblower's identity and the content of the report during the whistleblowing process. Personnel participating in the investigation may not divulge such information in order to prevent the whistleblower from unfair treatment and retaliation. If the investigation verifies the situation(s) specified in the report to be true, the whistleblower will receive appropriate reward(s) as an encouragement for reporting any improper conducts.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
4. Enhancing information disclosure Has the company disclosed its integrity principles and progress onto its website and Market Observation Post System (MOPS)?	V		The Company has posted the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Regulations for Ethical Business Operations", and Integrity Management Report on its website, explaining the Company's philosophy of ethical corporate management, which is completely conducted in daily operations.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
5. If the company has established its ethical corporate management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEx listed Companies", please state the difference between such principles and implementation: The Company has formulated the "Ethical Corporate Management Best Practice Principles" and the relevant rules and regulations have been implemented in daily operations in accordance with its spirit and principles.				

Assessment Item	Implementation Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethical management policy). The Company sends the Memorandum to Silitech's Suppliers in written form to all suppliers the Company deals with, in which the Company explains its resolution and implementation methods for ethical corporate management, and specifies the Ethics Committee as the Company's interactive channel for relevant operations of ethical corporate management.				

3.4.7 Company's Corporate Governance Principles and Related Regulations:

Please refer to "Investor- Corporate Governance - Regulations" of the Company's website at www.silitech.com/ch/investor3-4.aspx. The relevant regulations include the "Corporate Governance Best Practice Principles", "Procedures for Handling Material Inside Information" and “Regulations for Handling Fraud Reports ".

3.4.8 Other important information:

In order to strengthen corporate governance, the Company has established the Audit Committee which consists of three independent director. In addition, in accordance with the formulation or amendment of the relevant laws and accommodation of the Company's business practice, the Company has formulated "Corporate Governance Best Practice Principles", "Corporate Ethics Code of Conduct", "Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct", "Sustainable Development Best Practice Principles", "Procedures for the Acquisition and Disposal of Assets", "Regulation and Procedure for Board of Directors Meetings", "Rules Governing the Election of Directors", "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees", "Audit Committee Charter" and "Rules and Procedures of Shareholders’ Meeting". Please refer to the Company’s website for the details.

3.4.9 Implementation Status of Internal Control System:

- **Statement of Internal Control System**

Silitech Technology Corporation
Statement of Internal Control System

Date: 2023/2/23

In 2022, the Company conducted an internal examination in accordance with its Internal Control Regulations and hereby declares as follows:

1. The Company is aware that it is the Board’s and managers' responsibility to establish, implement and maintain an internal control system, and the Company has set up such a system. The purpose of the system is to ensure the effectiveness and efficiency (including profitability, performance and protection of assets) of the Company's operations, compliance with relevant laws and regulations and that its financial statements are reliable, up to date and easily accessible.
2. Internal control systems have their inherent limitations. No matter how well they are designed, an effective internal control system can only reasonably ensure achievement of the three above objectives. In addition, an internal control system's effectiveness may change as the environment and circumstances change. The internal control system of the Company features a self-monitoring mechanism. Once identified, the Company will take actions to rectify any deficiency.
3. The Company determines whether the design and implementation of its internal control system is effective by referring to the criteria stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter the "Regulations"). The Regulations provides measures for judging the effectiveness of the internal control system. There are five components of an internal control system, as specified in the Regulations, which are broken down based on the management-control process, namely: (1) control environment, (2) risk evaluation, (3) control operation, (4) information and communication and (5) monitoring. Each of the elements in turn contains certain audit items. Refer to the Regulations for details.
4. The Company uses the above criteria to determine whether the design and implementation of its internal control system is effective.
5. After an evaluation of the Company's internal control system based on the above criteria, the Company is of the opinion that, as of December 31, 2022, its internal control system (including supervision and management of subsidiaries) is effective and therefore can reasonably ensure achievement of the above objectives, which include awareness of the degree to which operating results and goals are achieved, compliance with the law and that its financial reporting is reliable, up to date and easily accessible.
6. This statement shall become a principal part of the Company's annual report and prospectus and be made available to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been approved on February 23, 2023 by the Board, with none of the 7 Directors present opposing it.

Silitech Technology Corporation

Chairman: Yu-Heng Chiao

President: Areta Hsu

- **If CPAs are engaged to review the internal control system, their report shall be disclosed:** None.

3.4.10 In the most recent year and up to the date of publication of the annual report, disclose any penalty, the main shortcomings, and condition of improvement, if there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, where the result of such penalty could have a material effect on shareholder equity or securities prices: None.

3.4.11 Material resolutions of a shareholders meeting or a board of directors meeting in the most recent year and up to the date of publication of the annual report:

◆ **Shareholders Meeting Material Resolutions and Implementation**

Date	Proposals	Resolution	Execution
2022.06.10 AGM	Adoption of 2021 Business Report and Financial Statements.	According to the voting result, the number of votes supporting the proposal exceeded the number of votes required by law and company policies, the proposal was passed as proposed.	The resolution was adopted.
	Adoption of the Proposal for Appropriation of 2021 Earnings: Cash dividends NT$0.47 per share.	According to the voting result, the number of votes supporting the proposal exceeded the number of votes required by law and company policies, the proposal was passed as proposed.	1. The resolution was adopted. 2. Dividend payment day: 2022.08.25.
	Amendment to "Articles of Incorporation".	According to the voting result, the number of votes supporting the proposal exceeded the number of votes required by law and company policies, the proposal was passed as proposed.	It has been operated in accordance with the revised procedure. The procedure has been disclosed on the Company's website.
	Amendment to "Rules and Procedures of Shareholders' Meeting".	According to the voting result, the number of votes supporting the proposal exceeded the number of votes required by law and company policies, the proposal was passed as proposed.	It has been operated in accordance with the revised procedure. The procedure has been disclosed on the Company's website.
	Amendment to "Procedures for the Acquisition and Disposal of Assets".	According to the voting result, the number of votes supporting the proposal exceeded the number of votes required by law and company policies, the proposal was passed as proposed.	It has been operated in accordance with the revised procedure. The procedure has been disclosed on the Company's website.
	Discuss to Release of Directors from Non-competition Restrictions.	According to the voting result, the number of votes supporting the proposal exceeded the number of votes required by law and company policies, the proposal was passed as proposed.	The resolution was complied.

- **Board Meeting Material Resolutions**

Date	Material Proposals	Resolution
2022.02.22	1. Approval for the 2021 consolidated financial statements and financial statements. 2. To convene the 2022 shareholders' meeting.	Directors approved the proposal unanimously.
2022.04.28	1. Approval for the first quarter of 2022 consolidated financial statements. 2. Approval for Appropriation of 2021 Earnings. 3. To convene the 2022 shareholders' meeting. (additional items)	Directors approved the proposal unanimously.
2022.08.02	1. Approval for the second quarter of 2022 consolidated financial statements.	Directors approved the proposal unanimously.
2022.11.01	1. Approval for the third quarter of 2022 consolidated financial statements. 2. To adjust the investment structure of overseas subsidiaries.	Directors approved the proposal unanimously.
2023.02.23	1. Approval for the 2022 consolidated financial statements and financial statements. 2. To convene the 2023 shareholders' meeting. 3. Approval for the donation to PSA Charitable Foundation.	1~2: Directors approved the proposal unanimously. 3: Mr. Yu-Heng Chiao and Ms. Chin-Hui Chen recused in the discussion and did not participate in discussion and voting. All other directors approved the proposal unanimously.

3.4.12 In the most recent year and up to the date of publication of the annual report, directors held different opinions (on record or with written statement) about important resolutions passed at Board meetings and the major contents are: None.

3.4.13 In the most recent year and up to the date of publication of the annual report, any of Chairman, President, Accounting Officer, Financial Officer, Chief Internal Auditor, Corporate Governance Officer and R&D Head resigned or was discharged: None.

3.4.14 Information regarding directors' and managers' participation in advanced training courses:

◆ **Advanced Training Courses for Directors in the most recent year**

Title	Name	Date	Organizer	Course Title	Hours	Total Hours
Chairman	Yu-Heng Chiao	2022.10.06	Securities and Futures Institute	Under the Threat of Ransomware, the Legality of Information Security Management Law	3	6
		2022.10.07	Securities and Futures Institute	The Perception of Global Risks: the Opportunities and Challenges in the Next Decade.	3	
Director	Chin-Hui Chen	2022.10.06	Securities and Futures Institute	Under the Threat of Ransomware, the Legality of Information Security Management Law	3	12
		2022.10.07	Securities and Futures Institute	The Perception of Global Risks: the Opportunities and Challenges in the Next Decade.	3	
		2022.10.25	Taiwan Corporate Governance Association	Research and Outlook on Important Economic and Trade Issues in 2022	3	
		2022.11.04	Taiwan Corporate Governance Association	PASSIVE SYSTEM ALLIANCE Growth in Passive Components	3	
Director	Tom Soong	2022.04.28	Taiwan Corporate Governance Association	Digital Transformation Services (DTS)	3	6
		2022.10.28	Taiwan Corporate Governance Association	Business Growth and M&A: Sino-American Sillicon Group Case Sharing	3	
Director	Anson Chiu	2022.04.28	Taiwan Corporate Governance Association	Digital Transformation Services (DTS)	3	6
		2022.10.28	Taiwan Corporate Governance Association	Business Growth and M&A: Sino-American Sillicon Group Case Sharing	3	
Independent Director	Tien-Chun Tsai	2022.10.06	Securities and Futures Institute	Under the Threat of Ransomware, the Legality of Information Security Management Law	3	12
		2022.10.07	Securities and Futures Institute	The Perception of Global Risks: the Opportunities and Challenges in the Next Decade.	3	
		2022.10.25	Taiwan Corporate Governance Association	Research and Outlook on Important Economic and Trade Issues in 2022	3	
		2022.11.04	Taiwan Corporate Governance Association	PASSIVE SYSTEM ALLIANCE Growth in Passive Components	3	
Independent Director	Ben Chi	2022.10.06	Securities and Futures Institute	Under the Threat of Ransomware, the Legality of Information Security Management Law	3	12
		2022.10.07	Securities and Futures Institute	The Perception of Global Risks: the Opportunities and Challenges in the Next Decade.	3	

		2022.10.25	Taiwan Corporate Governance Association	Research and Outlook on Important Economic and Trade Issues in 2022	3	
		2022.11.04	Taiwan Corporate Governance Association	PASSIVE SYSTEM ALLIANCE Growth in Passive Components	3	
Independent Director	Te-Chen Chiu	2022.07.22	Taiwan Corporate Governance Association	The Net-Zero Trend: A Practical Observation of the Board's ESG Strategies (Part 1)	3	6
		2022.07.22	Taiwan Corporate Governance Association	The Net-Zero Trend: A Practical Observation of the Board's ESG Strategies (Part 2)	3	

- **Advanced Training Courses for Managers in the most recent year**

Manager	Name	Course name	Hours
CFO / Financial Officer / Corporate Governance Officer	Wei-Lin Chen	Sustainable Development Roadmap Industry Theme Promotion Conference	2
		Under the Threat of Ransomware, the Legality of Information Security Management Law	3
		The Perception of Global Risks: the Opportunities and Challenges in the Next Decade.	3
		2022 Annual Prevention of Insider Trading Promotion Conference	3
		PASSIVE SYSTEM ALLIANCE Growth in Passive Components	3
Accounting Officer	Ronnie Chen	Continuing Education for Accounting Officer	12

3.5 Information on Attesting CPA Professional Fees

Unit: NT$ thousands

Accountant Firm	Name of CPA	CPA Audit Period	Audit Fee	Non-audit Fee	Sub-total	Remarks
Deloitte & Touche	Yen-Chun Chen Meng-Chieh Chiu	2022.01.01~ 2022.12.31	2,670	680	3,350	Transfer pricing report, annual report review, human resources(HR),and tax compliance audit ,which total amount is NT$ 680 thousand

3.5.1 Change of CPA firm and the audit fee paid in the year of the change is less than those paid in the previous year: None.

3.5.2 If audit fee is reduced by at least 10% from the previous year, the amount, percentage and reason for reduction must be disclosed: None.

3.6 Information on the Replacement of CPAs

If the Company has changed the CPAs during the last two years, the following matters shall be disclosed:

3.6.1 About the previous CPAs:

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by BOD on November 2, 2021</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">Due to its internal rotated changes, Deloitte & Touche updated the audit partners for Silitech from Meng-Chieh Chiu and Jr-Shian Ke to Meng-Chieh Chiu and Yen-Chun Chen in the continued auditing from 3Q 2021.</td></tr>
<tr><td rowspan="3">State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs</td><td colspan="2">Client
Status</td><td>CPAs</td><td>Consignor</td></tr>
<tr><td colspan="2">Appointment terminated automatically</td><td colspan="2" rowspan="2">Not applicable</td></tr>
<tr><td colspan="2">Appointment rejected (discontinued)</td></tr>
<tr><td>The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Is there any Disagreement in Opinion with the Issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)</td><td colspan="4">None</td></tr>
</table>

3.6.2 About the Succeeding CPAs: Not applicable.

3.6.3 The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: Not applicable.

3.7 Where the Company's Chairman, President, Financial or Accounting Head Has in the Most Recent Year Held a Position at the Accounting Firm of its CPA or at an Affiliated Enterprise of such Accounting Firm, the Name and Position of the Person, and the Period During which the Position was Held: None.

3.8 Any Transfer and Pledge of Shares of the Directors, Managers and Shareholders Holding More Than 10% of the Company's Shares

3.8.1 Net Change in Shares Held

Unit: shares

Title	Name	2022		As of Closure Date April 16, 2023	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	Yu-Heng Chiao	0	0	0	0
Director/Major Shareholder	Walsin Technology Corporation	0	0	0	0
Director Representative	Chin-Hui Chen	0	0	0	0
Director/Major Shareholder	Lite-On Technology Corporation	0	0	0	0
Director Representative	Tom Soong	0	0	0	0
Director Representative	Anson Chiu	0	0	0	0
Independent Director	Tien-Chun Tsai	0	0	0	0
Independent Director	Ben Chi	0	0	0	0
Independent Director	Te-Chen Chiu	0	0	0	0
President	Areta Hsu	22,000	0	0	0
CFO / Financial Officer / Corporate Governance Officer	Wei-Lin Chen	0	0	0	0
Accounting Officer	Ronnie Chen	0	0	0	0

3.8.2 Shares Transferred: None.

3.8.3 Shares Pledged: None.

3.9 Information on Relationships amongst the Top Ten Shareholders and Their Relationships with Spouses or Relatives within the Second Degree of Kinship

As of 2023/4/16

Name	Shareholding by Self		Shareholding by Spouse and Underage Children		Shareholding under the Title of a Third Party		Name and Relationships of Related Parties to Top ten Shareholders (Spouse and Relatives within the Second Degree		Remarks
	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Title (or name)	Relation	
Walsin Technology Corporation	17,000,000	25.00%	0	0%	0	0%	None	None	None
Walsin Technology Corporation Chairman Yu-Heng Chiao	0	0%	0	0%	0	0%	Walsin Technology Corporation	Chairman	None
Walsin Technology Corporation Representative Chin-Hui Chen	0	0%	0	0%	0	0%	Walsin Technology Corporation	AVP	None
Lite-On Technology Corporation	11,322,003	16.65%	0	0%	0	0%	None	None	None
Lite-On Technology Corporation Representative Tom Soong	0	0%	0	0%	0	0%	Lite-On Technology Corporation	Chairman	None
							Hui-Ling Soong	Second Degree of kinship	
Lite-On Technology Corporation Representative Anson Chiu	0	0%	0	0%	0	0%	Lite-On Technology Corporation	President	None
Hsiu-Shih Chen	2,057,188	3.03%	0	0%	0	0%	Dabaoying Company Limited	Chairman	None
Wen-Hsiung Li	2,052,000	3.02%	0	0%	0	0%	None	None	None
Dabaoying Company Limited	1,748,888	2.57%	0	0%	0	0%	Hsiu-Shih Chen	Chairman	None
Dabaoying Company Limited Chairman Hsiu-Shih Chen	2,057,188	3.03%	0	0%	0	0%	Hsiu-Shih Chen	Self	None
Ya-Ping Chen	691,588	1.02%	0	0%	0	0%	None	None	None
Lien-Hai Chen	680,777	1.00%	0	0%	0	0%	None	None	None
Hui-Ling Soong	468,320	0.69%	0	0%	0	0%	Tom Soong	Second Degree of kinship	None
Chien-Kuo Lo	460,000	0.68%	0	0%	0	0%	None	None	None
Huan-Chang Lin	440,000	0.65%	0	0%	0	0%	None	None	None

3.10 The Total Number of Shares of the Same Investee Held by the Company, Its Directors, Managers and Which the Company Controls Directly or Indirectly, with the Aggregate Shareholding Percentages

As of December 31, 2022

Units: Shares; %

Re-Investment Companies (Note)	Investment by the Company		Investment of Directors, Supervisors, Managers or Enterprises under Their Direct or Indirect Control		Combined Investment	
	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding
Silitech (BVI) Holding Ltd.	52,181,926	100.00	–	–	52,181,926	100.00

Note: Investments accounted for using the equity method.

Fundraising Overview

4.1 Capital and Shares

4.1.1 Sources of Share Capital

- Historical Sources of Share Capital

Unit: NT$ thousands; thousand shares

Year. Month	Issue Price (NT$)	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Property Other than Cash Offset by the Number of Shares	Note
2001.10	10	100	1,000	100	1,000	Issuing capital	–	Note 1
2001.12	10	30,000	300,000	30,000	300,000	Capital increased 299,000 by cash	–	Note 2
2002.07	10	15,000	150,000	15,000	150,000	Capital reduction 150,000	–	Note 3
2002.10	10	80,000	800,000	45,000	450,000	Demerger capital increased 300,000	300,000	Note 4
2003.06	10	80,000	800,000	78,060	780,600	Capital increased 105,600 by earnings (Including capital increased by employee bonus of 11,100) Capital increased 225,000 by capital surplus	–	Note 5
2004.08	10	120,000	1,200,000	91,147	911,465	Capital increased 130,865 by earnings (Including capital increased by employee bonus of 13,775)	–	Note 6
2005.08	10	120,000	1,200,000	113,558	1,135,578	Capital increased 224,113 by earnings (Including capital increased by employee bonus of 41,820)	–	Note 7
2006.09	10	300,000	3,000,000	134,830	1,348,300	Capital increased 212,722 by earnings (Including capital increased by	–	Note 8

Year. Month	Issue Price (NT$)	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Property Other than Cash Offset by the Number of Shares	Note
						employee bonus of 33,300)		
2007.09	10	300,000	3,000,000	150,730	1,507,302	Capital increased 159,002 by earnings (Including capital increased by employee bonus of 33,610)	–	Note 9
2008.08	10	300,000	3,000,000	171,377	1,713,770	Capital increased 206,468 by earnings (Including capital increased by employee bonus of 43,680)	–	Note 10
2009.09	10	300,000	3,000,000	175,944	1,759,438	Capital increased 45,668 by earnings (Including capital increased by employee bonus of 28,730)	–	Note 11
2010.08	10	300,000	3,000,000	179,223	1,792,226	Capital increased 32,788 by earnings (Including capital increased by bonus of 15,394)	–	Note 12
2011.08	10	300,000	3,000,000	182,955	1,829,553	Capital increased 37,327 by earnings (Including capital increased by employee bonus of 19,605)	–	Note 13
2011.12	10	300,000	3,000,000	180,955	1,809,553	Capital reduction and cancellation of 20,000	–	Note 14
2012.08	10	300,000	3,000,000	184,564	1,845,643	Capital increased 36,090 by earnings (Including capital	–	Note 15

Year. Month	Issue Price (NT$)	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Property Other than Cash Offset by the Number of Shares	Note
						increased by employee bonus of 17,994)		
2013.08	10	300,000	3,000,000	187,706	1,877,057	Capital increased 31,414 by earnings (Including capital increased by employee bonus of 12,958)	–	Note 16
2014.08	10	300,000	3,000,000	189,384	1,893,838	Capital increased 16,781 by earnings (Including capital increased by employee bonus of 3,641)	–	Note 17
2018.08	10	300,000	3,000,000	179,384	1,793,838	Capital reduction and cancellation of 100,000	–	Note 18
2019.08	10	300,000	3,000,000	60,000	600,000	Cash refunded capital reduction 1,193,838	–	Note 19
2021.04	10	300,000	3,000,000	68,000	680,000	Capital increased 80,000 by Private Placement	–	Note 20

Note 1: Approval date and document No.: 2001.10.26 Jin (090) Son No. 90121318
Note 2: Approval date and document No.: 2001.12.31 Jin (090) Son No. 09001521970
Note 3: Approval date and document No.: 2002.07.22 Jin So Son Tzi No. 09101284750
Note 4: Approval date and document No.: 2002.10.29 Jin So Son Tzi No. 09101427660
Note 5: Approval date and document No.: 2003.06.24 Jin So Son Tzi No. 09201197310
Note 6: Approval date and document No.: 2004.08.16 Jin So Son Tzi No. 09301154730
Note 7: Approval date and document No.: 2005.08.12 Jin So Son Tzi No. 09401155260
Note 8: Approval date and document No.: 2006.09.06 Jin So Son Tzi No. 09501200670
Note 9: Approval date and document No.: 2007.09.05 Jin So Son Tzi No. 09601219870
Note 10: Approval date and document No.: 2008.08.22 Jin So Son Tzi No. 09701212800
Note 11: Approval date and document No.: 2009.09.07 Jin So Son Tzi No. 09801204090
Note 12: Approval date and document No.: 2010.08.20 Jin So Son Tzi No. 09901190900
Note 13: Approval date and document No.: 2011.08.24 Jin So Son Tzi No. 10001196060
Note 14: Approval date and document No.: 2011.12.16 Jin So Son Tzi No. 10001281880
Note 15: Approval date and document No.: 2012.08.27 Jin So Son Tzi No. 10101174340
Note 16: Approval date and document No.: 2013.08.26 Jin So Son Tzi No. 10201174340
Note 17: Approval date and document No.: 2014.08.15 Jin So Son Tzi No. 10301170630
Note 18: Approval date and document No.: 2018.08.13 Jin So Son Tzi No. 10701099500
Note 19: Approval date and document No.: 2019.08.12 Jin So Son Tzi No. 10801105700
Note 20: Approval date and document No.: 2021.04.20 Jin So Son Tzi No. 11001062160

- **Types of Shares**

Type of share	Authorized Capital			Remarks
	Circulating shares Issued and Outstanding	Unissued Shares	Total	
Common stock	68,000,000	232,000,000	300,000,000	Including 8,000,000 shares issued by private placement. Remaining are listed trading shares.

- **Information on Shelf Registration:** None.

4.1.2 Shareholder Structure

As of 2023/4/16

Shareholder Structure / Quantity	Government Agency	Financial Institution	Other Institutional Entities	Individual	Foreign Institution and Foreigner	Investors of Mainland China	Total
No. of persons	0	0	152	27,396	43	1	27,592
Quantity of shares	0	0	30,521,039	37,132,537	346,423	1	68,000,000
Proportion of shareholding	0%	0%	44.88%	54.61%	0.51%	0%	100%

4.1.3 Distribution of Shareholders

◆ **Distribution of Common Shares**

As of 2023/4/16

Shareholding	Number of Shareholders	Quantity of Shares	Proportion of Shareholding
1 to 999	23,083	2,055,821	3.02%
1,000 to 5,000	3,553	7,037,900	10.35%
5,001 to 10,000	452	3,273,946	4.81%
10,001 to 15,000	159	1,947,843	2.86%
15,001 to 20,000	95	1,701,014	2.50%
20,001 to 30,000	91	2,189,054	3.22%
30,001 to 40,000	45	1,594,312	2.34%
40,001 to 50,000	24	1,101,277	1.62%
50,001 to 100,000	46	3,211,547	4.72%
100,001 to 200,000	22	3,091,255	4.55%
200,001 to 400,000	11	3,445,205	5.07%
400,001 to 600,000	4	1,798,382	2.64%
600,001 to 800,000	2	1,372,365	2.02%
800,001 to 1,000,000	-	-	-
1,000,001 or over	5	34,180,079	50.28%
Total	27,592	68,000,000	100.00%

◆ **Distribution of Preferred Shares:** None.

4.1.4 List of Major Shareholders

As of 2023/4/16

Shares / Major Shareholders	Quantity of Shares	Proportion of Shareholding
Walsin Technology Corporation	17,000,000	25.00%
Lite-On Technology Corporation	11,322,003	16.65%
Hsiu-Shih Chen	2,057,188	3.03%
Wen-Hsiung Li	2,052,000	3.02%
Dabaoying Company Limited	1,748,888	2.57%
Ya-Ping Chen	691,588	1.02%
Lien-Hai Chen	680,777	1.00%
Hui-Ling Soong	468,320	0.69%
Chien-Kuo Lo	460,000	0.68%
Huan-Chang Lin	440,000	0.65%

4.1.5 Market Price Per Share, Net Value, Earnings, Dividends and Related Information for the Last 2 Years

Item			2021	2022	2023/01/01-2023/04/30 (Note 8)
Market Price per Share (Note 1)	Highest Market Price		50.50	39.60	36.05
	Lowest Market Price		29.50	30.85	32.90
	Average Market Price		34.85	33.25	34.45
Net Value per Share (Note 2)	Before Distribution		35.15	37.89	NA
	After Distribution		34.68	(Note 9)	NA
Earnings per Share	Weighted Average Shares (thousand shares)		66,071	68,000	NA
	Earnings per Share (Note 3)	Before Adjustment	0.94	1.47	NA
		After Adjustment	0.94	1.47(Note 9)	NA
Dividends per Share	Cash Dividends		0.47	0.60(Note 9)	NA
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	0	0(Note 9)	NA
		Stock Dividends Appropriated from Capital Reserve	0	0	NA
	Accumulated Unappropriated Dividends (Note 4)		0	0	NA
Investment Return Analysis	P/E Ratio (Note 5)		37.07	22.62	NA
	Price-dividend Ratio (Note 6)		74.15	55.42(Note 9)	NA
	Cash Dividend Yield (Note 7)		1.35%	1.80%(Note 9)	NA

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

Note 1: The highest and lowest share prices for each year are provided, with the average price for the year computed based on each year’s transaction amount and volume.

Note 2: Use the number of the outstanding issued shares at year’s end and the distribution passed at the following year’s shareholders' meeting to fill in.

Note 3: If it is necessary to make adjustments retroactively due to situations such as issuance of bonus shares, the earnings per share before and after the adjustments should be listed.

Note 4: If the conditions of the equity issuance require that dividends not yet distributed for the year be accumulated and paid out in a later year with positive earnings, the dividends that have been accumulated up to the current year and not yet distributed shall be disclosed respectively.

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

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

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

Note 8: The net value per share and earnings per share should be filled in with the information of the Independent Auditors’ Audited (Review) Report in the most recent quarter of the annual report. The remaining fields should be filled in the year of the date of publication of the annual report.

Note 9: The appropriation proposal of 2022 earnings is yet to be resolved by the company’s Board of Directors and the 2023 General Shareholders’ Meeting.

4.1.6 Dividend Policy and Implementation Status

- **Dividend Policy**

In order to comply with the practical process to Company's dividend distribution, the Company’s dividend policy in Articles of Incorporation amended on June 10, 2022 and is stated as below:

If there is net profit after tax upon the final settlement of account of each fiscal year, the Company shall first offset any previous accumulated losses (including unappropriated earnings adjustment if any) and set aside a legal reserve at 10% of the net profits, unless the accumulated legal reserve is equal to the total capital of the Company; then set aside special reserve shall be provided or reversed in accordance with 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) , apart from retained earnings allocated in part from the necessary capital for the Company's future developments, shall be distributed into dividends to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders’ meeting for approval.

The Dividend Policy of the Company is in consideration of business development plan, investing environment, global competiveness and the shareholders’ interest. The Dividend Policy of the Company is the distribution to shareholders with the appropriation of the amount which shall be no less than 30% of the net profit after income tax under the circumstance that there is no cumulated loss in prior years. The distribution may be executed in cash dividend and/or share dividend, and the cash dividend shall be no less than 50% of the total distributed dividends.

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.

- **Proposed Distribution of Dividend**

The Company’s board of directors has not yet approved the proposal for appropriation of 2022 earnings as of publication date. The Company’s board of directors expects to approve the proposal 40 days prior to the shareholders’ meeting, and the related resolution will be announced on the Company’s website and Market Observation Post System (MOPS).

4.1.7 Impact of issuance of stock dividends proposed in this shareholders’ meeting upon the Company’s business performance and earning per share (EPS)

No cash dividends and no stock dividends were proposed in the 2023 shareholders’ meeting of the Company. Therefore it is not applicable.

4.1.8 Compensation for Employees and Directors

- **The Company's Articles of Incorporation stated with the amount and coverage of compensation for employees and directors as bellows :**

  The Company shall allocate the following compensation from the profit of each fiscal year (The “profit” means “profit before income tax and employees’ and directors’ compensation”), however, the Company shall have reserved a sufficient amount from such profit to offset its accumulated losses (including unappropriated earnings adjustment if any):

  1. Employees’ compensation: from 2%~10%.
  2. Directors’ compensation: no more than 3%.

  The employees’ compensation under the preceding paragraph may be distributed in shares or cash. Those entitled to such compensation include the Company’s employees or employees of the Company's parent or subsidiary companies that meet certain specific requirements. The Board of Directors is authorized with full powers to determine the terms and methods of appropriation. Where the securities management authority has another rule to govern the qualification requirements of employees specified, such rules shall be followed. The Directors’ compensation under the preceding paragraph will only be distributed by cash.

  The Company shall, upon a resolution of the Board of Directors, distribute employees' and directors’ compensation in the preceding two paragraphs, and report to the shareholders’ meeting for such distribution.

- **The Basis for estimating the amount of remuneration of employees and directors, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period.**

  1. Basis for estimating the amount of remuneration of employees and directors in current year estimates are made at a certain percentage in the range specified in the Articles of Incorporation.
  2. Basis for calculating employee stock compensation is based on the closing price of previous day of BOD. The compensation to employee calculating less 1 share shall be distributed by cash dividends.
  3. The accounting procedures for when there is a discrepancy between the estimated and actual amount. If the actual distribution amount is significantly changed by the resolution of the BOD before announcement date of the annual financial report, the original allocation annual cost shall be adjusted. If it is changed after announcement date of the annual financial report, it shall be adjusted to record in the next year according to the accounting estimate.

- **Information regarding board of directors' approval of compensation**

  1. The compensation for employees and directors of the company in 2022 was approved by the board of directors on February 23, 2023. The amount of employee cash compensation was NT$3,389,961, and the amount of director compensation was NT$2,259,974. The amount of compensation of employees and directors approved by the board of directors

had no difference from the figures estimated in the 2022 financial statements.

2. The amount of employee compensation in the form of stock and its percentage of the Company's after-tax income (as reported in the financial statement of this term) and total employee compensation: No employee compensation for this term. It is not applicable.

- **Distribution of remuneration of employees and directors in previous year**

1. For 2021, the amount of employee cash compensation was NT$1,981,281 and the amount of director compensation was NT$1,320,854.
2. The amount of compensation of employees and directors paid had no difference from the figures estimated in the 2021 financial statements.

4.1.9 The Execution Status of Shares Buyback: None.

4.2 Issuance of Corporate Bonds: None.

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depositary Receipts: None.

4.5 Status of Employee Stock Option Plan or Restricted Stock: None.

4.6 Status of New Share Issuance in Connection with Mergers and Acquisitions:

None.

4.7 Financing Plans and Implementation: Not Applicable.

Operational Highlights

5.1 Business Activities

5.1.1 Scope of Business

- **Major Lines of Business and Relative Weight**

Unit: NT$ thousands

	Major Lines of Business	Year 2021		Year 2022	
		Revenue	Weight	Revenue	Weight
Mechanical Components & Exterior Optical Modules	Design, manufacture and sales of exterior optical components and input devices for automobiles, 3C, Netcom, etc.	1,815,926	100%	2,025,009	100%

- **Current Products (Services)**

Major Products	Current Products
Exterior Decoration Mechanical Components & Input Device Products	3C industry, automobile central control mechanical parts and interior glass, Netcom, wearable exterior optical mechanical components and input devices
Module Products	3C, automotive, smart lock and other modular products, combined with keypads, flexible or rigid circuit boards, backlights (such as LED) and IC circuits and other integrated products

- **New Products (Services) Planned for Development**

1. Development and functional update of exterior optical components.
2. Development of new materials which applied to the exterior mechanical components.
3. Development of environmentally friendly & non-toxic materials.
4. Development of precise molds and fixtures.
5. Development of heterojunction materials and their technologies and products.
6. Development of various composite films and products.
7. Development of curved optical cover glass.

5.1.2 Overview of Industry

- **Current Status and Development of the Industry**

Silitech provide customers with design and manufacturing services based on our core materials and technical processes that integrate rubber, plastic, optics, film, glass and other mechanical components. Our products include automotive central control units and interior glass, Netcom, wearable exterior optical mechanical components. The following is a brief description of the automotive, smart home and wearable device markets.

1. Automotive Market Overview

   Due to supply chain problems and chip shortages caused by the epidemic and the Russia-Ukraine war, the production of global automobile decreased in 2022, and the imbalance between supply and demand affected global automobile sales. According to TrendForce, global auto sales in 2022 were 81.05 million units, an annual decline of 0.1%. China's annual car sales were 26.9 million units, an annual increase of 3.7%. China continues to rank first in sales in a single country. U.S. and Western European sales hit decade lows. In the United States, the sales volume reached only 13.7 million units, an annual decline of 8.1%; Western Europe were only 11.8 million units, an annual decline of 4.6%. India overtook Japan to become the world's third largest auto market in 2022 with 4.3 million units. It is estimated that in 2023, the sales volume of the global auto market may resume its growth trend, reaching 84.1 million units, an annual increase of 3.8%.

   Automotive electronics and intelligence are the trend of the global automotive industry, including Advanced Driver Assistance System (ADAS), Autonomous driving, Internet of Vehicles, Electric vehicles…etc., creating a highly-developed global automotive electronics industry. IEK Consulting estimates that the global output of automotive electronics and Internet of Vehicles will reach US$451.1 billion in 2023. Under the global government's support, Electric vehicles, Autonomous driving and intelligent vehicle electronics have driven the growth of the automotive industry. TrendForce predicts that the global sales of new electric vehicles, including Hybrid Electric Vehicle (HEV), Battery Electric Vehicle (BEV), Plug-in Hybrid Electric Vehicle (PHEV), and Fuel Cell Vehicle (FCV) will reach 38.2 million units by 2025, accounting for 40% of global auto sales.

   Automotive displays are developing towards large size, curved surface, transparent display, high dynamic contrast, or even combining more sensing elements to achieve intelligent functions. According to Lucintel, the global automotive display system market is expected to reach an estimated $34.0 billion by 2028, growing at a CAGR of 6.3% from 2022 to 2028.

   In addition to the central display system and in-vehicle infotainment system, the growth of car display market comes from safety display system, instrument panels, head-up displays, and electronic rear-view mirrors. Leading vendors include Continental, Visteon, Panasonic, Denso and Bosch. The top 5 players accounted for more than 50% market share of the display system market. The demand for automotive touch panel modules has surpassed that of notebook computer touch panel modules, becoming the third largest application after smart phones and tablets.

2. Smart Home Market Overview
   The smart home devices shipments grew to 874 million units in 2022 and will be estimated to grow to 1.189 billion units by 2026. The compound annual growth rate (CAGR) is as high as 8%, based on a recent report by IDC.

   Global smart home device shipments

Unit: million units

Device Type	2022	2026 (estimated)	CAGR
Video Entertainment	296.1	325.9	2.4%
Home Monitoring/Security	188.6	266.1	9.0%
Smart Speaker	116.4	132.9	3.4%
Other	272.9	464.2	14.2%
Total	**874.0**	**1,189.1**	**8.0%**

Source: IDC (2022/Dec.)

Video entertainment devices such as smart TVs, digital media adapters, and network video players is the largest category of smart home devices. IDC estimates that the number of Video entertainment devices to 2026 will account for 27.4% of all shipments, with a CAGR of 2.4%, the output value is higher than three-quarters of the overall smart home market.

The growth trend of the IoT, and the increasing focus on security and privacy, has promoted the global popularity of Home monitors and security. IDC expects the fastest growing category to 2026 is Home monitors and security products such as smart locks, monitors, humidity sensors and smart doorbells, etc. It will be the second largest category of smart home devices. According to Grand View Research data, the global market size of smart locks in 2021 is US$ 1.64 billion. It is expected that the compound annual growth rate will reach 21.4% from 2022 to 2030, and the global smart locks market will reach US$8.13 billion. In addition, with the advancement of wireless technology, it will also give impetus to the growth of the market demand for home security cameras. Market Research Future estimates that by 2030, the scale will reach US$30.1 billion, with a CAGR of 18.7%.

3. Wearable device Market Overview
   As the growth of smartphones has stalled, wearable devices have become a key battlefield for brands in recent years. According to the International Data Information (IDC), the shipment of wearable devices in 2022 experienced negative growth for the first time since 2013, with an annual decrease of 3.3%. It is estimated that the shipment of wearable

devices will return to positive growth in 2023. The market fundamentals are sound with healthy replacement rates, continued market penetration, and greater availability of more devices at different feature sets and price points, it is estimated that the global shipment of wearable devices will reach 645 million units in 2027, and the compound annual growth rate (CAGR) from 2022 to 2027 will be 5.4%. Among them, the growth rate of smart watch and ear-worn are relatively high. The five-year CAGR of smart watch is estimated to be 6.1%, and ear-worn is 5.6%.

Wearable device forecast: shipment Volume, Market Share, Five-Year CAGR

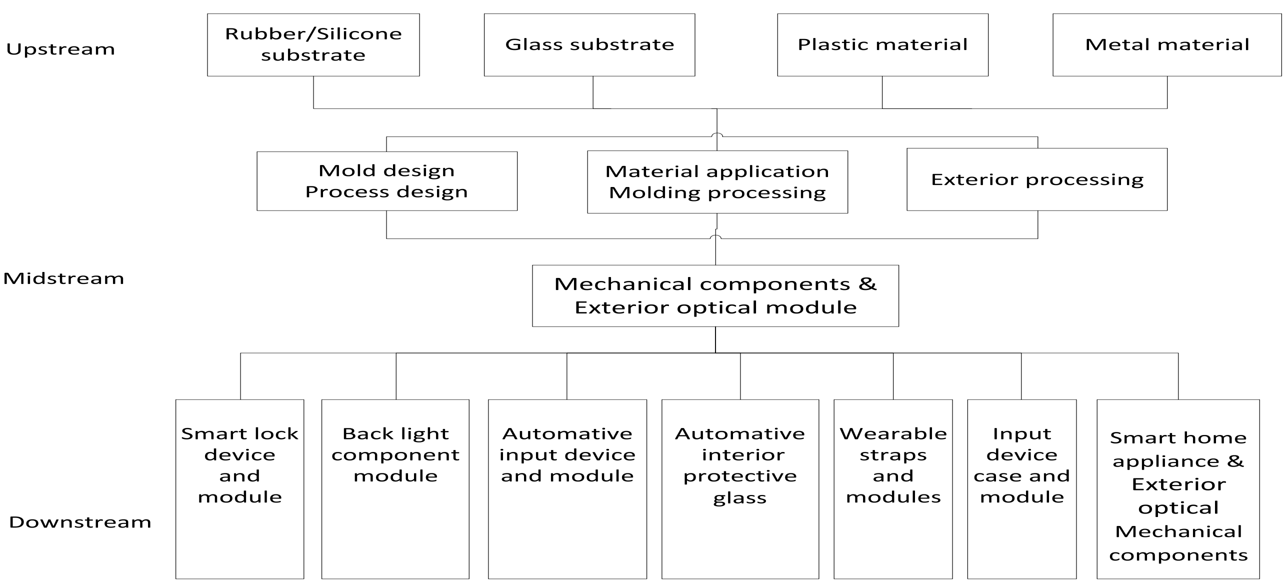
Unit: million units

Device type	**2023 Shipments**	**2023 Market Share**	**2027 Shipments**	**2027 Market Share**	**CAGR 2022-2027**
Smart watch	162.2	31.0%	205.3	31.9%	6.1%
Wristband	33.8	6.5%	31.7	4.9%	-1.6%
Ear-worn	325.0	62.1%	404.0	62.7%	5.6%
Others	2.2	0.4%	3.5	0.5%	12.5%
Total	**523.2**	**100%**	**644.5**	**100%**	**5.4%**

Source: IDC (2023/Mar.)

- **Links Between the Upstream, Midstream and Downstream Segments of the Industry**

Industry Segment Chart



Source: Silitech

- **Development Trends for Products**

Silitech designs and manufactures various keypad products, wearable devices and optical exterior components, applied to automotive , smart home appliances, communication and consumer electronics. We serve the world's Tier 1 manufacturers. In the future, Our development direction will be:

1. Industry Side

   In order to ensure the long-term competitive advantage, Silitech will actively expand the automotive interior decoration and decoration products, home monitoring / security for smart homes, wearable devices, and Netcom and 5G-related applications to diversify business risks and master industry development trends so that Silitech can respond early.

2. Product Side

   In the future, in-vehicle interior devices, personal mobile devices, and smart home monitoring / security devices will continue to be oriented toward light and thin, diversified, multimedia-related applications, personalized features and visual focus. The added value of related exterior mechanical components will increase. The demand for the wearable device with skin-friendly and ergonomic rubber and silicone materials combined with heterogeneous materials, as well as the smart home monitoring / security that emphasizes personal privacy and home security will continue to increase.

3. Technology Side

   Through deepening research and development of core technologies, combined with various materials, applications and exterior production process, we also provide customized technical services to end customers to meet the design needs of exterior decorative components and heterogeneous material combination of various industries.

4. Competition Situation

   In the face of the rise of China's supply chain, the competition has become increasingly fierce and China’s suppliers have become major competitors. Therefore, Silitech actively develops the European, American and Japanese markets across industries, deepens core technologies and applies to high value-added and sophisticated products to establish a long-term competitive threshold.

   With high-coefficient safety requirements and precise close-in technology, Silitech has experience and channel relationships of long-term supply with international automakers and continues to develop and deepen the relevant products in the automotive industry.

5.1.3 Technologies and R&D Overview

- **R&D Expenses Invested for the Last 2 Years and up to the Date of Publication of the Annual Report**

Unit: NT$ thousands

	2021	2022	2023/ Q1
R&D expenses	42,329	44,053	9,791
Percentage of Revenue	2.33%	2.18%	2.10%

- **Technologies (Products) Successfully Developed**

The Company has always attached great importance to research and development and intellectual property rights. As of the date of publication of the annual report, the Company has obtained a total of 48 valid patents/patent numbers (excluding patents in invalid, overdue, during application or announcement). At present, the technology or products have been successfully developed are as follows: The first to twelfth generation of plastic and rubber-bonded keypads, metal mirror coating and printing, low-temperature vacuum sputtering plastic metallization, metal and plastic flat keypads, and nickel-free process products (Ni-free), ultra-thin EL / LED + light guide plate backlight keypad module manufacturing and design, NB keyboard thin backlight module, multi-display thin backlight module, stereo font keypads, film and elastomer modular keypads , QWERTY keypads, touch keypads with paragraph function, multi-display keypads module, integrated keypads with light guiding function, gradient color appearance processing development, Double-sided guide Structure, metallic pieces of plastic, Colorful Aluminium Annodizing, 3D glass, protective glass, wearable devices, all kinds of material back cover, Dot View display wisdom protective cover products, Silicone strap, Multiple color silicon strap, Antifouling treatment of silicon parts, Interior Plastic Parts of car, Interior Silicon Parts of car, Outside molding decoration Plastic Parts, In-Molding Electronics of silicon, High gross plastic parts, Sealing glue Electronics, In-Molding Electronics.

At the same time, in response to environmental regulations such as RoHS and Green Product, the Company can also meet the requirements of specifications and customers, and contribute to the protection of the environment.

5.1.4 Long-term and Short-term Business Development Plans

	Short-term Plans	Long-term Plans
Marketing	◆ To find new market applications based on existing core technologies. ◆ To build a business development platform and process, collect industry information and continue to find new market opportunities.	◆ To play the role of global specialization division, continue to promote and build a global marketing network to enhance Silitech's global market leading position and the market share.
R&D	◆ To develop high value-added products based on existing core technologies. ◆ To continuously strengthen core technical capabilities.	◆ In addition to the existing core technology, based on market trends, to establish new core technologies and products. ◆ To develop products for cross-industry applications in combination with market trends and needs.
Manufacture	◆ To meet the needs of customers, deploy and adjust production bases flexibly and effectively, increase production efficiency and reduce production costs.	◆ To import automation system to reduce manpower requirements, and establish a smart manufacturing production model to meet the needs of customers for immediate delivery and diversification.
Operation	◆ To coordinate the resources within the Company and bring into the synergy of the business.	◆ To steadily seek a strategic alliance of peers or different industries, with the goal of developing into a global enterprise group.
Finance	◆ To deploy the financial control spirit, cooperate with and support the Company's short/long-term development needs, and carry out the allocation of funds.	◆ To cooperate with the Company's operation scale and the upstream and downstream integration development of the industry, enrich the financing source domestically and overseas and build a foundation for the development of enterprises.

5.2 Market Analysis and Overview

5.2.1 Market Analysis

- **Geographic Areas Where the Main Products (Services) Are Provided (Supplied)**

Unit: NT$ thousands

Item \ Year		Year 2021		Year 2022	
		Amount	%	Amount	%
Domestic Revenue		393,918	21.69	517,563	25.56
Exported Revenue	America	446,000	24.56	485,121	23.95
	Europe	381,651	21.02	413,258	20.41
	Asia	594,357	32.73	609,067	30.08
	Others	0	0	0	0
Subtotal- Exported Revenue		1,422,008	78.31	1,507,446	74.44
Total		1,815,926	100.00	2,025,009	100.00

Note: Global consolidated data.

- **Market Share, Demand and Supply Conditions and Market's Growth Potential**

In the future, Silitech will continue to develop high-priced, high-value-added products, such as automotive buttons, automotive protection glass, wearable products, smart home security devices, etc. It is expected to have a further increase in the market shares in the future.

- **Competitive Niche**

Systematic R&D capabilities and product design services	Through continuous sharing of technology platforms , APQP R&D comminicate and PLM management mode, Silitech continuously strengthens R&D technical capabilities, and by the smooth operation of PM project-oriented mechanism to meet customer needs and provide customers with Total Solution and one-time purchase service. Therefore, Silitech has been invited to participate in the Early Joint Design of various industrial exterior component products by many international manufacturers.
Proper production locations	Silitech weighs the overall production costs and properly deploys Southeast Asia and the mainland, combining Taiwan's high-end product development and constructs a complete production base. Production locations in Taiwan, mainland China and Malaysia. Silitech has successively obtained ISO 9000, ISO 14000, TS16949 and the United States Quality assurance certifications such as Ford and Chrysler Best Supplier, we are moving towards smart manufacturing.
Global sales channel	Silitech has established dense and in-depth local sales channels in the United States, Europe, Japan, Southeast Asia and mainland China. In addition to providing customers with prompt and immediate services, it has gradually established high-quality, accurate delivery and reasonable price competition.

Professional collaborative supply chain management	The VQM management model, which leverages the spirit of the intermediate satellite system, actively assists Silitech's collaborative manufacturers to improve production processes, expand the scope of cooperation, and effectively improve the quality. Therefore, the strong and stable supply chain management (Supply Chain Management) has become one of the competitive niches of the Silitech.
Experienced management team	Silitech attaches importance to talent cultivation, and the accumulated practical experience of the management team is more than 10 years. The cooperation tacit understanding and management beliefs are all in line with each other, which can effectively lead Silitech to develop steadily and move towards the international professional factory of exterior mechanical components.

- **Positive and Negative Factors for Future Development and Response**

1. Positive Factors

The decorative mechanical component design is more and more valued	The personalized and colorful appearance requirements with rapid change of consumer demand have reduced the life cycle of consumer electronics products. Providing multi-style operational applications and appearance requirements, as well as the design requirements for exterior decorative components and protective glass have become even more important.
Automotive telematics system and display market continue to grow	Driven by the trend of the Internet of Vehicles, the proportion of automotive telematics system and multi-display systems is increasing. Products focus on safety, high functionality, precision and design quality. They need to be matched with ergonomic design and the combination design of plastic, rubber, metal and glass. The requirements of these products are consistent with the design and manufacturing capabilities of the exterior mechanical components of Silitech.
The growth of global smart home device	Key factors driving the growth include increased global internet penetration, increased consumer awareness about advanced security systems, and higher reliance on mobile applications to make daily processes easier. The compound annual growth rate (CAGR) in the next five years is as high as 8%. The demand for security products such as smart locks which also require sophisticated design capabilities is growing at a high level.

2. Negative Factors

Increased labor costs in China	China's economy has grown rapidly. In recent years, the basic salary of labor has been continuously increased. Together with the appreciation of RMB, the overall cost of personnel in China has been continuously increased.
The rise of mainland competitors	The gradual prevalence of 3C brands in China has led to the maturity of the supporting supply chain. The production and quality control capabilities of competitors have gradually improved, which has seriously impacted the component industry.
Low growth of the global economic	Affected by issues such as international inflation, interest rate hikes, the Russia-Ukraine war, the slowdown of the Chinese economy, the US-China technological dispute, and the increasing impact of climate change, the global economy is showing low growth.
Talent cultivation is not easy	In recent years, the rapid change of science and technology has broken the boundaries of traditional university sub-disciplinary learning. Lots of industries need talents of cross-domain integration. In addition, the long-term low-pay problem in Taiwan has prompted the outflow of outstanding talents, which makes it difficult to recruit and cultivate talents.

3. Countermeasures

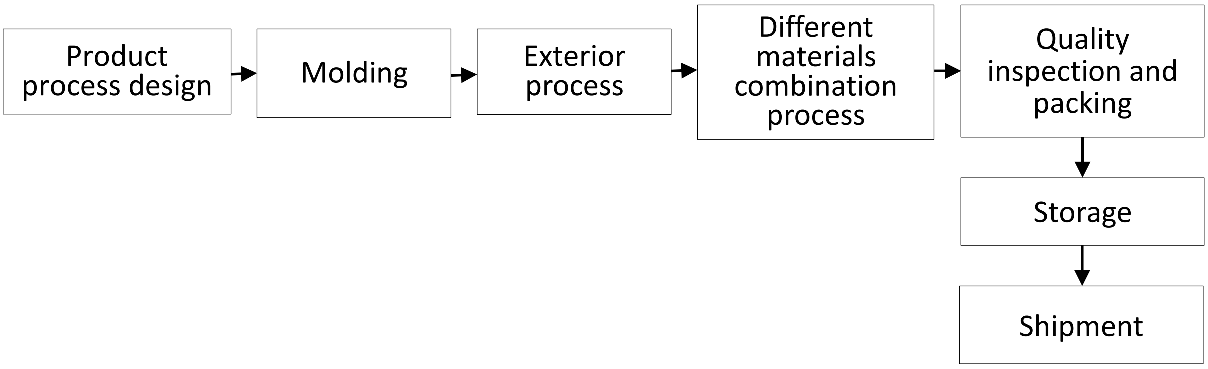
Item	Notes
To grasp product development trends Cross-industry market development	In order to ensure the long-term competitive advantages, Silitech actively expands the exterior decorative parts and components into related fields to diversify business risks and actively grasp the development trend of the industry. In addition to sticking to existing businesses: keypads and automotive center control panel buttons, Silitech also develops cross-industry product lines that are highly relevant to existing businesses, such as game console buttons, car protective glass, exterior optical mechanism modules, and wearable device accessories, etc., and new products among existing customers.
Based on rationalization, less people, and automated process design, toward advanced manufacturing	Silitech continues to improve the design of rationalized and automated processes and production efficiency in response to the global increasing labor costs.
To expand R&D team building To enhance core technology investment and product development flexibility	Silitech is committed to cooperate with customers to produce differentiated and high value-added products. In response to the rise of China's brands, providing immediate and rapid design services and production flexibility for the design needs of nearby customers, Silitech has established a new R&D team in China, in order to improve the overall research and development efficiency.
To strengthen vertical integration To strengthen specialization To seek strategic alliance	In line with customers' needs, Silitech continues to expand the vertical integration design capabilities of different materials and different processes, provides a wide range of components and module manufacturing services, actively cultivates business, R&D, cross-disciplinary talents and seeks strategic alliance with key suppliers to strengthen specialization in the industry.

5.2.2 Usage and Manufacturing Processes for the Main Products

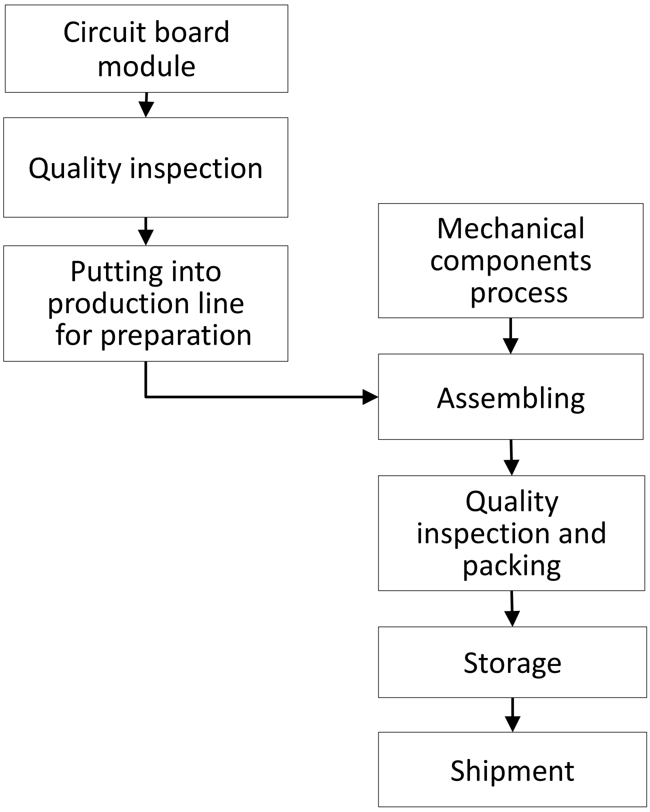
- **The Company's current main products can be applied to 3C industry, automotive, smart home industries and other exterior optical components and modules.**

- **Manufacturing Processes:**

1. Keypad & Exterior Mechanical Components



2. Module Products



5.2.3 Supply Situation for Major Raw Materials

Major Raw Materials	Source	Supply Situation
Silicone raw materials	Japan, the United States	Good
Plastic materials	Japan, the United States	Good
Chemical ink	Taiwan, Japan	Good
Glass raw material	the United States, Japan	Good
Metal raw materials	Japan, China	Good

5.2.4 Suppliers and Clients Accounted for at Least 10% of Procurement (Sales) Amount and Percentage

- **Suppliers Accounted for at Least 10% of Annual Consolidated Net Procurement for Last 2 Years:**
  None.

- **Customers Accounted for at Least 10% of Annual Consolidated Net Revenue for Last 2 Years:**

Unit: NT$ thousands

	Year 2021				Year 2022			
No	Name	Amount	Percentage of Net Revenue 〔%〕	Relationship with the Company	Name	Amount	Percentage of Net Revenue 〔%〕	Relationship with the Company
1	Customer A	428,899	24	None	Customer A	444,636	22	None
2	Customer B	316,140	17	None	Customer C	426,119	21	None
3	Customer C	310,054	17	None	Customer B	323,471	16	None
4	–	–	–	–	Customer D	208,558	10	None
	Other	760,833	42	–	Other	622,225	31	–
	Net Revenue	1,815,926	100	–	Net Revenue	2,025,009	100	–

Analysis of deviation over 20%: None.

Note 1: Due to contract limitation, using a code in place of the actual name of the customer.

Note 2: The Company should disclose the data which is reviewed by the CPAs as of the date of publication of the annual report.

5.2.5 Production Volume for the Last 2 Years

Unit: NT$ thousands / thousand units

Volume / Year / Main Products	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Mechanical Components & Exterior Optical Modules	174,366	129,755	1,730,997	187,767	115,415	1,967,352
Total	174,366	129,755	1,730,997	187,767	115,415	1,967,352

Note 1: Capacity refers to the quantity that can be produced under normal operation after the company has measured the necessary stoppages, holidays, etc., using existing production equipment.

Note 2: The production of each product is substitutable. It is necessary to combine the calculated production capacity and note it.

5.2.6 Sales Volume for the Last 2 Years

Unit: NT$ thousands / thousand units

Volume / Year / Main Products	2021				2022			
	Domestic		Export		Domestic		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Mechanical Components & Exterior Optical Modules	5,557	393,918	117,676	1,422,008	5,787	517,563	107,485	1,507,446
Total	5,557	393,918	117,676	1,422,008	5,787	517,563	107,485	1,507,446

5.3 Workforce Structure

Workforce Structure from the last two years and up to the date of publication of the annual report:

Year		2021	2022	2023/4/30
Number of Employees	DL	1,090	1,015	1,044
	IDL	427	421	422
	Total	1,517	1,436	1,466
Average Age		34.04	33.60	33.45
Average Years of Service		6.71	8.04	8.17
Education Level Percentage (%)	Doctor	—	0.07	0.06
	Master	5.22	4.60	4.23
	College	33.98	32.03	32.39
	High school	23.13	39.48	38.94
	Below high school	37.67	23.82	24.38

5.4 Disbursements for Environmental Protection

5.4.1

For last year and up to the date of publication of the annual report, there is no major environmental pollution and other circumstances.

5.4.2

The Company does not have any environmental pollution status, and there is no pollution caused by the production process and the use of raw materials. The waste of production operation is cleared by qualified environmental agency approved by EPA.

5.4.3

In order to implement the environmental protection concept and fulfill the social responsibilities, the Company has not only complied with the relevant laws and regulations on environmental protection and the environmental protection requirements of the competent authorities, but also formulated relevant management procedures and regulations, and continued to implement environmental protection training to enhance employees' environmental awareness and concepts. While meeting the needs of customers and taking into account the reduction of environmental hazards, the Company starts with product design and improves the process and requirements to achieve the best product design and production process and fulfill the environmental responsibility.

5.4.4

I n response to the “Restriction of Hazardous Substance“ (EU RoHS), the Company has established a Hazardous Substances Free (HSF) project at the end of 2004. The project starts from the propaganda and requirements of raw material manufacturers, the inspection of materials, the monitoring of product manufacturing processes, the completion of the product, to the third-party SGS inspection certificate, in order to ensure that the materials and products manufactured by the Company can meet the requirements of EU RoHS and hazardous substances control for all customers. In 2021, the Company has signed the RoHS agreement with 310 companies. In 2022, the Company has signed the RoHS agreement with 379 companies.

5.4.5

In 2008, the Company inspected all of the products and materials for PFOA / PFOS (the EU additional hazardous substances) to ensure all raw materials and manufactured products that contain no such hazardous substances. In the same year, the halogen (chlorine & bromine) content of raw materials was also inspected (halogen is mainly used in some resins and pigments). The replacement by halogen-free materials and introduction of mass production have completed in 2009. Therefore, all halogen-containing raw materials are replaced by halogen-free materials. The Company became a qualified supplier that meets the customer's halogen content of less than 900ppm.

5.4.6

In the past, the Company continued to pay attention to environmental protection issues and implemented relevant systems through practical actions, including ISO 14001 environmental management system verification and ISO 14064 greenhouse gas emissions verification. The South China factory affiliated to the Company conducts self-examination each year. Carbon emissions were 2,378 tons in 2020, and 1,188 toins in 2021. The estimated carbon emissions in 2022 are 1,849 tons. Based on the focus on energy management issues and faced the future of severe energy management, in order to effectively manage energy use and improve energy efficiency and further enhance the Company's environmental image, the Company will develop an energy management system and energy efficiency improvement programs to achieve the three-win goal of reducing energy costs, saving energy and reducing carbon emissions, and enhancing the corporate image. The Company's South China Factory "Xurong Electronics (Shenzhen) Co., Ltd." has conducted ISO 50001 verification by SGS and successfully obtained ISO 50001: 2011 certification.

5.5 Labor Relations

5.5.1 Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation

- The Company treats labor relations with respect and impartiality at all times. The Company shows its unfailing attention to employee benefits, in addition to the provision of welfare funds according to law, the establishment of the Staff Welfare Committee and the selection of welfare committees to set annual plans for a variety of welfare activities. The Company also offers comprehensive employee care, which includes annual complimentary physical examinations, enrollment in the labor and national health insurances and purchasing group insurance for our employees. Regarding the diversity of employee benefits, we organize year-end parties and company trips, establish employee dining rooms and convenience stores in our factory areas, and offer subsidies for the establishment of employee clubs, travel allowances, birthday and holiday gifts, scholarships for employees’ children, as well as other benefits related to marriage, childbirth, military enlistment and death, thus sparing no effort to provide care for our employees. Profit and results sharing: stock or cash distribution to employees to enrich the staff benefits. The Company grants monthly leave and annual leave in accordance with the provisions of the Law of Labor and encourages employees to take leaves, so that work and life can be balanced. The Company established breastfeeding rooms and signed the Agreement for Employee Child Care Services with our collaborating kindergartens, which offer discounts for our employees’ children. The Company also has employee suggestion boxes to enable employees and the Company to have more two-way communication channels.

- To stabilize post-retirement life of employees to enhance the service spirit, the "Employee Retirement Management Measures"- the old system formulated according to the law, clearly stated the retirement conditions of employees, the pension payment standard and the retirement application and pension payment matters. The Company established the employee retirement reserve supervision committee, based on job tenure and salary of employees who adopting the old pension systems, and based on certain percentage of their monthly salary (at least 2% but not exceed 3%), provided the employee retirement reserve according to the "employee retirement reserve and management measures" and deposited in the name of the employee retirement reserve supervision committee with a statutory financial institution. The Company's "Employees' Retirement Management Measures" has been amended in accordance with the "Labor Pensions Ordinance" since 2005.7.1. The new system is levied 6% to the individual's retired account and clearly states the conditions for the application and the right to connect and convert between the old system and new system.

- Talents are the lifeblood of enterprises. In order to cultivate excellent successors, the Company has established a comprehensive talent development plan and education training workshops. According to the actual needs of each unit and the preparation of the annual budget, the whole year of training schedule is drawn up every year. According to different job functions, to plan the management courses for management level and stipulate employees to participate in various education and training courses conducted by the Company and related educational and training institutions. If it is necessary for the duties or work of employees, they may apply or be appointed by the direct supervisor for outside training. At the end of the course, employees are required to submit a report or briefing, and the results will be one of the eligibility criteria for future promotion. The 2022 training courses included new employee training, professional training, 7 QC tools, Statistical process control, process control and capability improvement, occupational safety and health course, information and communication security, auditing, prevention of insider trading, and legal knowledge seminar and health lectures, etc. The total training cost for the whole year is about $930,000, the total training hours is 7,978 hours, and about 4,161 employees participated in the trainings.

- Employee behavior or ethical code
  In order to maintain a safe and healthy working environment, in accordance with the employee work rules, the Company and its employees should be responsible for their duties and comply with all company regulations and related laws. In order to strengthen labor-management cooperation and exchange of opinions, the Company has held the labor conference and established complaint channels and disciplinary measures to promote

communication/ harmony between employers and employees. In addition, the Company has formulated the " Sustainable Development Best Practice Principles " and the "Regulations for Ethical Business Operations" as the ethical values that all employees should follow. It is also the Company's business philosophy.

- Protective measures for the work environment and employees' safety
  In order to establish a safe and health management system and avoid occupational disasters, the Company has formulated industrial safety implementation procedures and safety/health work codes, discussed labor safety issues irregularly in the Labor Safety and Health Committee, strengthened safety education and training to promote employee self-protection system, and then implemented and created safety culture. In view of the importance of the work environment and the personal safety protection measures of employees, the Company has set up labor safety and health management personnel to be responsible for the promotion of labor safety and health, and implemented automatic inspection. In addition to regular maintenance of various machinery and implementation according to the operational instructions, in order to prevent disasters and to make employees' awareness of safety and health operations, the Company also regularly conducts general personnel safety and health education training courses to enable all employees to understand and follow the relevant laws and regulations, educates employees on the maintenance and use of protective equipment, emergency and notification of accidents. Through advocacy planning and implementation, the potential occupational disaster risk of all employees is reduced with a zero disaster target.

5.5.2 For last year and up to the date of publication of the annual report, there was no loss due to labor disputes. The current labor relation is harmonious and there is no concern on labor disputes.

5.6 Cyber Security Management

5.6.1 The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

- **Cyber security risk management framework**

  Information processing is an important part of the Company's daily operations. Silitech is committed to safeguarding the security of the Company's information assets such as information, equipment, employees, and networks, and to prevent internal and external threats, damages, deliberate or accidental. Therefore, The scope of information security at the Company formulates Information Security Policy encompasses employees, clients, suppliers, and shareholders and all IT software and hardware associated with its business activities that is not only for the IT department's reference in planning, implementing and evaluating information business, but also should be followed by all employees.

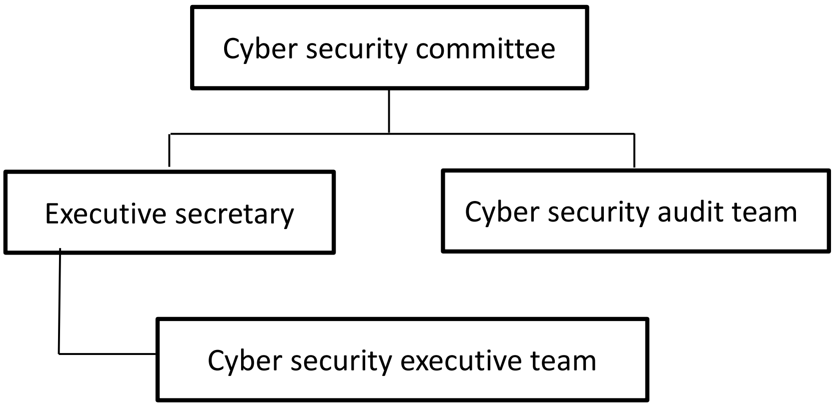
- **Cyber security policies**

  1. Strengthen employees' awareness of information security.
  2. Avoid unauthorized disclosure of confidential information.
  3. Effectively implement routine maintenance.
  4. Ensure high availability of information technology services.

- **Concrete management programs**

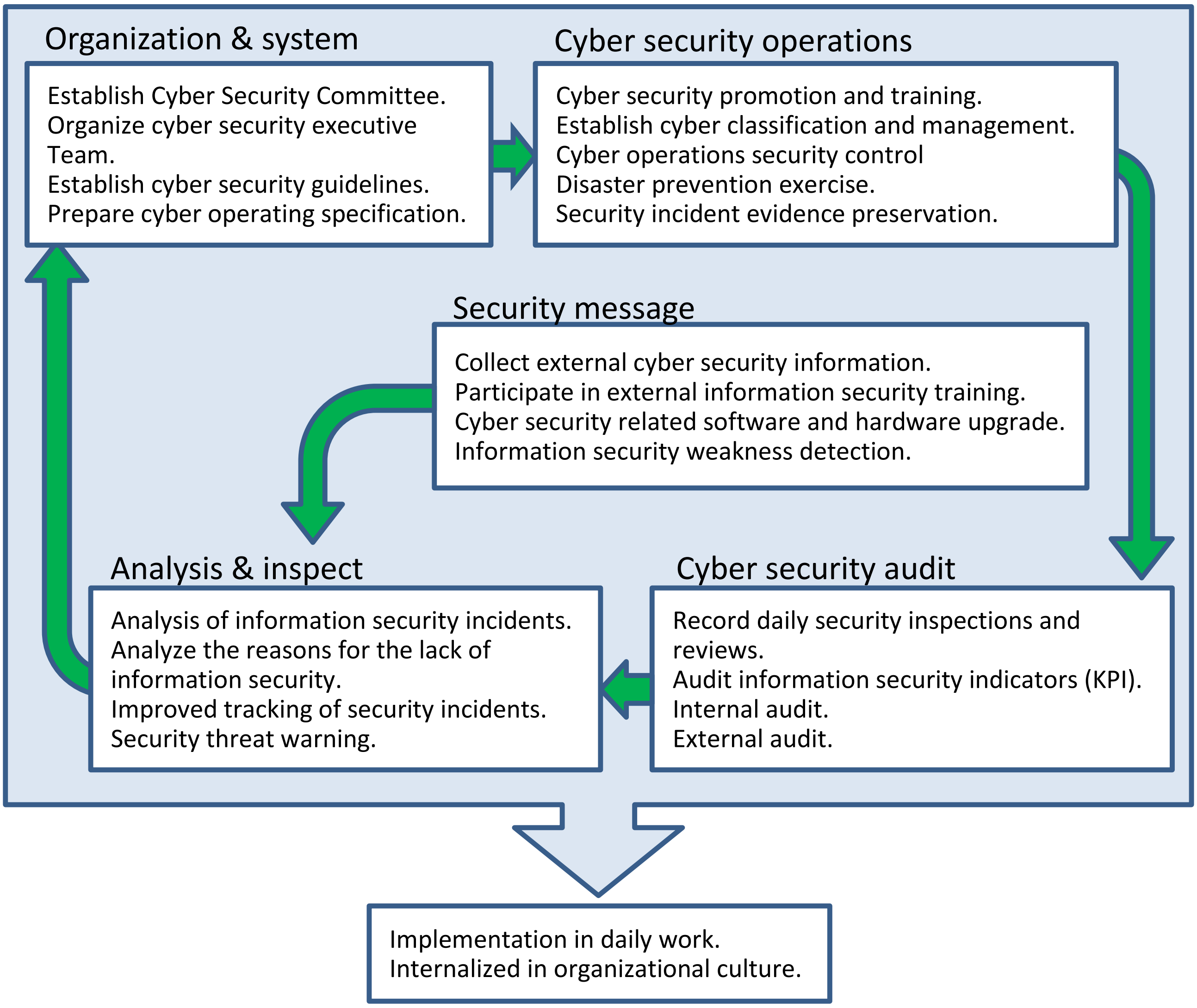
  1. Cyber security goals
     - Arrange employee training to increase employees' awareness of information security.
     - Secure the accuracy and completeness of the Company's operation information and prevent unauthorized access.
     - Conduct internal and external audit periodically to reassure defined procedures are effectively executed.
     - Sustain a certain level of availability of the Company's critical information systems.
  2. Establish Cyber Security committee

     Cyber Security Committee has the supreme authority on the Company's cyber security. The President is the chairman of the committee, the third-level directors of the Company are the members of the committee, and the director of the IT department is the convener. The cyber security meeting will be hosted as needed.Its missions are to formulate and evaluate the Company's cyber security policies or cyber incidents review and supervision of security matters.



3. Organize cyber security executive team
   As the cyber security execution unit, the Company's IT department is responsible for daily information security monitoring, information software, hardware operations and equipment maintenance.
4. Establish cyber security guidelines
   Based on the cyber security policies, to formulate various standard operating procedures and operating specification as the basis for daily cyber security operations.
5. Regular cyber security training and promotion
   The cyber security executive team hosts training courses from time to time to enhance employees' correct cyber operation methods and security knowledge. The latest information security threats and precautions are released on a quarterly basis. If cyber security risks are expected to increase, relevant warnings will be issued immediately and corresponding measures will be taken.

- **Investments in resources for cyber security management**



5.6.2 For last year and up to the date of publication of the annual report, there was no loss due to cyber security risk issue.

5.7 Material Contracts

Contract Nature	Contracting Party	Term of Agreement	Major Content	Restrictive Clauses
Sales contracts	Confidentiality, no disclosure	Confidentiality, no disclosure	Relevant agreements for the sale of the Company's products, such as the type of goods, goods, specifications, delivery period and quantity.	None

Financial Highlights and Analysis

6.1 Financial Highlights & Auditors' Opinions

6.1.1 Condensed Balance Sheet & Statement of Comprehensive Income - IFRSs

1. Condensed Balance Sheet – IFRSs (Consolidated)

Unit: NT$ thousands

Item / Year		Consolidated financial data for the last 5 years (Note1)				
		2018	2019	2020	2021	2022
Current Assets		3,972,433	2,665,563	2,415,977	2,306,298	2,390,782
Property, Plant and Equipment		502,160	454,030	241,912	220,394	344,520
Intangible Assets		3,366	2,259	1,131	8,203	7,084
Other Asset		266,023	223,547	220,739	545,848	515,918
Total Assets		4,743,982	3,345,399	2,879,759	3,080,743	3,258,304
Current Liabilities	Before Distribution	881,038	714,824	639,598	590,141	612,654
	After Distribution	881,038	714,824	639,598	622,101	(Note2)
Noncurrent Liabilities		99,356	109,572	148,133	100,404	69,231
Total Liabilities	Before Distribution	980,394	824,396	787,731	690,545	681,885
	After Distribution	980,394	824,396	787,731	722,505	(Note2)
Equity Attributable to Shareholders of the Parent		3,763,588	2,521,003	2,092,028	2,390,198	2,576,419
Capital Stock		1,793,838	600,000	600,000	680,000	680,000
Capital Surplus		507,154	507,154	507,154	630,074	630,074
Retained Earnings	Before Distribution	1,745,437	1,698,359	1,333,196	1,460,751	1,534,810
	After Distribution	1,745,437	1,698,359	1,333,196	1,428,791	(Note 2)
Other Equity		(282,841)	(284,510)	(348,322)	(380,627)	(268,465)
Treasury Shares		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total Equity	Before Distribution	3,763,588	2,521,003	2,092,028	2,390,198	2,576,419
	After Distribution	3,763,588	2,521,003	2,092,028	2,358,238	(Note 2)

Note 1: The financial data has been conducted audits by CPA.
Note 2: The appropriation proposal of 2022 earnings is yet to be resolved by the company's Board of Directors and the 2023 General Shareholders' Meeting.

2. Condensed Statement of Comprehensive Income - IFRSs (Consolidated)

Unit: NT$ thousands (Except EPS: NT$)

Item \ Year	Consolidated financial data for the last 5 years (Note1)				
	2018	2019	2020	2021	2022
Operating Revenue	2,251,044	2,295,774	1,734,002	1,815,926	2,025,009
Gross Profit	287,176	346,834	164,321	286,059	334,178
Operating Pofit (Loss)	(153,336)	(85,663)	(180,454)	57,309	99,493
Non-operating Income and Expenses	196,391	86,744	(124,883)	32,105	35,162
Profit (Loss) before Income Tax	43,055	1,081	(305,337)	89,414	134,655
Profit (Loss) from continuing operations	(33,816)	(30,495)	(366,258)	61,826	100,230
Profit (Loss) from Discontinuing Operations	-	-	-	-	-
Net Income (Loss)	(33,816)	(30,495)	(366,258)	61,826	100,230
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(4,603)	(6,191)	(62,717)	(27,656)	117,951
Total Comprehensive Income (Loss) for the Year	(38,419)	(36,686)	(428,975)	34,170	218,181
Net Income (Loss) Attributable to: Owners of the Parent Company	(33,816)	(30,495)	(366,258)	61,826	100,230
Net Income (Loss) Attributable to: Noncontrolling Interests	-	-	-	-	-
Total Comprehensive Income (Loss) Attributable to: Owners of the Parent Company	(38,474)	(36,686)	(428,975)	34,170	218,181
Total Comprehensive Income (Loss) Attributable to: Noncontrolling Interests	55	-	-	-	-
Earnings (Loss) Per Share	(0.19)	(0.24)	(6.10)	0.94	1.47

Note 1: The financial data has been conducted audits by CPA.

3. Condensed Balance Sheet – IFRSs (Standalone)

Unit: NT$ thousands

Item \ Year		Financial data for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022
Current Assets		669,864	720,015	493,720	683,856	717,654
Property, Plant and Equipment		54,949	60,556	73,197	68,018	57,772
Intangible Assets		1,216	851	900	5,149	4,699
Other Asset		3,518,901	2,161,548	1,837,125	1,908,046	2,087,796
Total Assets		4,244,930	2,942,970	2,404,942	2,665,069	2,867,921
Current Liabilities	Before Distribution	405,014	342,613	241,719	224,892	246,484
	After Distribution	405,014	342,613	241,719	256,852	(Note 2)
Noncurrent Liabilities		76,328	79,354	71,195	49,979	45,018
Total Liabilities	Before Distribution	481,342	421,967	312,914	274,871	291,502
	After Distribution	481,342	421,967	312,914	306,831	(Note2)
Equity Attributable to Owners of the Parent Company		3,763,588	2,521,003	2,092,028	2,390,198	2,576,419
Capital Stock		1,793,838	600,000	600,000	680,000	680,000
Capital Surplus		507,154	507,154	507,154	630,074	630,074
Retained Earnings	Before Distribution	1,745,437	1,698,359	1,333,196	1,460,751	1,534,810
	After Distribution	1,745,437	1,698,359	1,333,196	1,428,791	(Note 2)
Other Equity		(282,841)	(284,510)	(348,322)	(380,627)	(268,465)
Treasury Shares		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total Equity	Before Distribution	3,763,588	2,521,003	2,092,028	2,390,198	2,576,419
	After Distribution	3,763,588	2,521,003	2,092,028	2,358,238	(Note2)

Note 1: The financial data has been conducted audits by CPA.

Note 2: The appropriation proposal of 2022 earnings is yet to be resolved by the company's Board of Directors and the 2023 General Shareholders' Meeting.

4. Condensed Statement of Comprehensive Income – IFRSs (Standalone)

Unit: NT$ thousands (Except EPS: NT$)

Year / Item	Financial data for the last 5 years (Note 1)				
	2018	2019	2020	2021	2022
Operating Revenue	977,970	949,744	638,082	705,077	918,065
Gross Profit	116,897	84,018	62,347	123,692	152,788
Operating Pofit (Loss)	(92,006)	(127,397)	(121,479)	(10,876)	15,015
Non-operating Income and Expenses	57,371	96,901	(241,053)	73,617	92,334
Profit (Loss) before Income Tax	(34,635)	(30,496)	(362,532)	62,741	107,349
Profit (Loss) from continuing operations	(33,816)	(30,495)	(366,258)	61,826	100,230
Profit (Loss) from Discontinuing Operations	-	-	-	-	-
Net Income (Loss)	(33,816)	(30,495)	(366,258)	61,826	100,230
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(4,658)	(6,191)	(62,717)	(27,656)	117,951
Total Comprehensive Income (Loss) for the Year	(38,474)	(36,686)	(428,975)	34,710	218,181
Net Income (Loss) Attributable to: Owners of the Parent Company	(33,816)	(30,495)	(366,258)	61,826	100,230
Net Income (Loss) Attributable to: Noncontrolling Interests	-	-	-	-	-
Total Comprehensive Income (Loss) Attributable to: Owners of the Parent Company	(38,474)	(36,686)	(428,975)	34,170	218,181
Total Comprehensive Income (Loss) Attributable to: Noncontrolling Interests	-	-	-	-	-
Earnings (Loss) Per Share	(0.19)	(0.24)	(6.10)	0.94	1.47

Note 1: The financial data has been conducted audits by CPA.

6.1.2 Auditors' Opinions for the last 5 years

Year	CPA Firm	CPA	Audit Opinion
2018	Deloitte & Touche	Yung-Hsiang Chao and Jr-Shian Ke	Unmodified Opinion
2019	Deloitte & Touche	Yung-Hsiang Chao and Jr-Shian Ke	Unmodified Opinion
2020	Deloitte & Touche	Meng-Chieh Chiu and Jr-Shian Ke	Unmodified Opinion
2021	Deloitte & Touche	Meng-Chieh Chiu and Yen-Chun Chen	Unmodified Opinion
2022	Deloitte & Touche	Yen-Chun Chen and Meng-Chieh Chiu	Unmodified Opinion

6.2 Financial Analysis
6.2.1 Financial Analysis - IFRSs (Consolidated)

Analysis Item (Year)		Consolidated financial analysis for the last 5 years (Note1)				
		2018	2019	2020	2021	2022
Capital Structure Analysis	Debts Ratio (%)	20.67	24.64	27.35	22.56	20.93
	Long-term Fund to Property, Plant and Equipment (%)	769.27	579.38	926.02	1,130.07	767.92
Liquidity Analysis	Current Ratio (%)	450.88	372.90	377.73	390.80	390.23
	Quick Ratio (%)	420.64	339.71	338.79	343.80	342.15
	Times Interest Earned (Times)	0.00	1.27	(189.72)	29.56	68.33
Operating Performance Analysis	Average Collection Turnover (Times)	4.50	4.71	3.99	4.39	4.92
	Days Sales Outstanding	81	77	91	83	74
	Average Inventory Turnover (Times)	12.73	10.63	8.32	7.07	6.95
	Average Payment Turnover (Times)	4.34	5.02	4.75	5.39	6.85
	Average Inventory Turnover Days	29	34	44	52	53
	Property, Plant and Equipment Turnover (Times)	4.27	4.80	4.98	7.86	7.17
	Total Assets Turnover (Times)	0.47	0.57	0.56	0.61	0.64
Profitability Analysis	Return on Total Assets (%)	(0.70)	(0.68)	(11.73)	2.16	3.21
	Return on Equity (%)	(0.89)	(0.97)	(15.88)	2.76	4.04
	Pre-tax Income to Paid-in Capital Ratio (%)	2.40	0.18	(50.89)	13.15	19.80
	Net Income Margin (%)	(1.50)	(1.33)	(21.12)	3.40	4.95
	Earnings (Loss) Per Share (NT$)	(0.19)	(0.24)	(6.10)	0.94	1.47
Cash Flow	Cash Flow Ratio (%)	(34.01)	12.85	(19.64)	14.41	28.21
	Cash Flow Adequacy Ratio (%)	8.78	8.85	(82.98)	(87.13)	(13.08)
	Cash Flow Reinvestment Ratio (%)	(5.40)	2.13	(3.71)	2.32	3.65
Leverage	Operating Leverage	(5.34)	(10.94)	(4.10)	13.56	9.10
	Financial Leverage	1.00	0.96	0.99	1.06	1.02

Note 1: The financial data has been conducted audits by CPA.

Analysis of deviation over 20% of 2022 vs. 2021:

1. Decrease in long-term fund to property, plant and equipment (%): due to the increase in property, plant and equipment.
2. Increase in times interest earned (times): due to the increase in pre-tax profit.
3. Increase in average payment turnover (times): due to the decrease in trade payables.
4. Increase in return on total assets (%): due to the increase in net income.
5. Increase in return on equity (%): due to the increase in net income.
6. Increase in pre-tax Income to paid-in capital ratio (%): due to the increase in pre-tax income.
7. Increase in net income margin (%): due to the increase in net income.
8. Increase in earnings per share (NT$): explained as #7.
9. Increase in cash flow ratio (%): due to the increase in net cash inflow generated from operating activities in 2022.
10. Increase in cash flow adequacy ratio (%): explained as #9.
11. Increase in cash flow reinvestment ratio (%): explained as #9.
12. Decrease in operating leverage: due to the decrease in fixed cost and the increase in operating profit.

6.2.2 Financial Analysis - IFRSs (Standalone)

Analysis Item		Financial analysis for the last 5 years (Note1)				
	Year	2018	2019	2020	2021	2022
Capital Structure Analysis	Debts Ratio (%)	11.34	14.34	13.01	10.31	10.16
	Long-term Fund to Property, Plant and Equipment (%)	6,988.15	4,294.14	2,955.34	3,587.55	4,537.56
Liquidity Analysis	Current Ratio (%)	165.39	210.15	204.25	304.08	291.16
	Quick Ratio (%)	157.56	192.59	163.58	254.40	247.35
	Times Interest Earned (Times)	0.00	0.00	0.00	0.00	0.00
Operating Performance Analysis	Average Collection Turnover (Times)	3.63	4.07	4.17	5.01	6.04
	Days Sales Outstanding	101	90	88	73	60
	Average Inventory Turnover (Times)	72.01	25.04	9.04	6.70	8.45
	Average Payment Turnover (Times)	2.74	3.09	2.89	4.07	5.76
	Average Inventory Turnover Days	5	15	40	54	43
	Property, Plant and Equipment Turnover (Times)	16.88	16.45	9.54	9.99	14.60
	Total Assets Turnover (Times)	0.23	0.26	0.24	0.28	0.33
Profitability Analysis	Return on Total Assets (%)	(0.79)	(0.85)	(13.70)	2.44	3.62
	Return on Equity (%)	(0.89)	(0.97)	(15.88)	2.76	4.04
	Pre-tax Income to Paid-in Capital Ratio (%)	(1.93)	(5.08)	(60.42)	9.23	15.79
	Net Income Margin (%)	(3.46)	(3.21)	(57.40)	8.77	10.92
	Earnings Per Share (NT$)	(0.19)	(0.24)	(6.10)	0.94	1.47
Cash Flow	Cash Flow Ratio (%)	(35.06)	(25.45)	(75.47)	(28.43)	30.71
	Cash Flow Adequacy Ratio (%)	96.59	80.4	5.68	(207.71)	(208.30)
	Cash Flow Reinvestment Ratio (%)	(3.32)	(2.92)	(7.32)	(2.31)	1.49
Leverage	Operating Leverage	(8.83)	(5.46)	(2.45)	(24.94)	24.62
	Financial Leverage	1.00	1.00	1.00	1.00	1.00

Note 1: The financial data has been conducted audits by CPA.

Analysis of deviation over 20% of 2022 vs. 2021:

1. Increase in long-term fund to property, plant and equipment (%): due to the increase in equity.
2. Increase in average collection turnover (times): due to the increase in operating revenue.
3. Increase in average inventory turnover (times) and decrease in average inventory turnover days: due to the increase in shipments and operating cost.
4. Increase in average payment turnover (times): explained as #3.
5. Increase in property, plant and equipment turnover (times): due to the increase in operating revenue.
6. Increase in return on total assets (%): due to the increase in net income.
7. Increase in return on equity (%):explained as #6.
8. Increase in pre-tax Income to paid-in capital ratio (%): due to the increase in pre-tax income.
9. Increase in net income margin (%): due to the increase in net income.
10. Increase in in earnings per share (NT$): explained as #9.
11. Increase in cash flow ratio (%): due to the increase in net cash inflow generated from operating activities.
12. Increase in in cash flow reinvestment ratio (%): explained as #11.
13. Increase in operating leverage: due to the increase in operating profit.

The calculation formula of financial analysis is as follows:

1. Capital Structure Analysis
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis
   (1) Average Collection Turnover =Operating Revenue / Average Trade Receivables
   (2) Days Sales Outstanding = 365 / Average Collection Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (5) Average Payment Turnover = Cost of Sales / Average Trade Payables
   (6) Property, Plant and Equipment Turnover =Operating Revenue / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover =Operating Revenue / Average Total Assets

4. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity = Net Income / Average Equity
   (3) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
   (4) Net Income Margin = Net Income /Operating Revenue
   (5) Earnings Per Share = (Net Income Attributable to Owners of the Parent Company - Preferred Stock Dividend) /Weighted Average Number of Shares Outstanding

5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage
   (1) Operating Leverage = (Operating Revenue - Variable Cost) / Income from Operations
   (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.3 Audit Committee's Review Report

Audit Committee's Review Report

To: The 2023 Annual General Shareholders' Meeting of Silitech Technology Corporation

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of Silitech Technology Corporation the 2022 Business Report and Financial Statements. The Financial Statements have been duly audited by Certified Public Accountants Yen-Chun Chen and Meng-Chieh Chiu of Deloitte Touche. The above Business Report and Financial Statements have been examined and determined to be correct by the undersigned. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act.

Convener of the Audit Committee:

Mr. Tien-Chun Tsai

February 23, 2023

6.4 Consolidated Financial Statements for the Most Recent Years

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SILITECH TECHNOLOGY CORPORATION

By

ANTHONY CHIAO
Chairman

February 23, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Silitech Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Silitech Technology Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the 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 auditing standards accepted in 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 Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the 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.

The key audit matters identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2022 are described as follows:

<u>Occurrence of revenue from specific customers</u>

In recent year, the factory in Tamsui of the Group is in the stage of product transformation, of which the revenue from specific customers growth 50% over last year, the auditors assessed that the revenue generated by this specific customers is an item of concern to users of financial statements. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

The main audit procedures performed in respect of the occurrence of revenue from specific customers included the following:

1. We understood and tested the design and operating effectiveness of the internal controls relevant to revenue recognition.

2. We obtained the occurrence of recorded revenue from specific customers, determined the appropriate sampling method and sample quantity, and checked documents including customer orders, deliver orders and invoices. We assessed the amount is correct and has been eligible for revenue recognition.

3. We checked, on a sampling basis, the collection reversal records and collection vouchers, and assessed whether the amount is correct and the payer is the same as the buyer, to corroborate the authenticity of sale.

4. We calculated and analyzed whether the account receivable turnover days of specific customers are reasonable, and compared the general credit conditions to see if there is any significant abnormality.

For the accounting policy on revenue recognition refer to Note 4 to the financial statements.

Other Matter

We have also audited the parent company only financial statements of Silitech Technology Corporation as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IAS, IFRIC and SIC endorsed and issued into effect by the 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 Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors’ 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 auditors’ 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 auditing standards accepted in 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 auditing standards accepted in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the 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 the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' 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.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,635,623	50	$ 1,491,671	48
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	2,583	-	110,739	4
Notes receivable, net	-	-	738	-
Trade receivables, net (Notes 4 and 10)	418,051	13	399,387	13
Trade receivables from related parties, net (Notes 4 and 27)	1,349	-	4,297	-
Other receivables (Note 4)	27,251	1	18,502	1
Other receivables from related parties (Notes 4 and 27)	11,354	-	3,588	-
Current tax assets (Note 4)	4	-	-	-
Inventories (Notes 4 and 11)	251,957	8	234,894	8
Other current assets (Note 15)	42,610	1	42,482	1
Total current assets	2,390,782	73	2,306,298	75
NON-CURRENT ASSETS				
Financial assets at FVTPL - non-current (Notes 4 and 7)	17,962	1	25,317	1
Financial assets at fair value through other comprehensive income (FVTOCI)-non-current (Notes 4 and 8)	45,064	1	45,780	1
Financial assets at amortized cost - non-current (Notes 4 and 9)	328,673	10	299,684	10
Property, plant and equipment (Notes 4 and 13)	344,520	11	220,394	7
Right-of-use assets (Notes 4 and 14)	23,838	1	46,924	2
Other Intangible assets (Note 4)	7,084	-	8,203	-
Deferred tax assets (Notes 4 and 22)	88,812	3	117,331	4
Refundable deposits (Note 4)	6,449	-	6,344	-
Other non-current assets (Note 15)	5,120	-	4,468	-
Total non-current assets	867,522	27	774,445	25
TOTAL	$ 3,258,304	100	$ 3,080,743	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	$ 12	-	$ -	-
Trade payables (Note 4)	210,529	7	249,836	8
Trade payables to related parties (Note 27)	24,856	1	8,399	-
Other payables (Notes 4 and 16)	269,620	8	237,641	8
Other payables to related parties (Notes 4 and 27)	2,547	-	2,396	-
Current tax liabilities (Notes 4 and 22)	13,026	-	10,707	-
Provisions - current (Notes 4 and 17)	23,550	1	20,011	1
Lease liabilities - current (Notes 4 and 14)	26,955	1	25,281	1
Other current liabilities	41,559	1	35,870	1
Total current liabilities	612,654	19	590,141	19
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 14)	-	-	26,530	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	31,848	1	36,719	1
Guarantee deposits (Note 4)	1,220	-	1,200	-
Deferred tax liabilities (Notes 4 and 22)	36,163	1	35,955	1
Total non-current liabilities	69,231	2	100,404	3
Total liabilities	681,885	21	690,545	22
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 19)				
Share capital				
Ordinary shares	680,000	21	680,000	22
Capital surplus	630,074	19	630,074	21
Retained earnings				
Legal reserve	1,109,766	34	1,109,766	36
Special reserve	316,814	10	284,510	9
Unappropriated earnings	108,230	2	66,475	2
Total retained earnings	1,534,810	47	1,460,751	47
Other equity	(268,465)	(8)	(380,627)	(12)
Total equity	2,576,419	79	2,390,198	78
TOTAL	$ 3,258,304	100	$ 3,080,743	100

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

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 20 and 27)	$ 2,025,009	100	$ 1,815,926	100
COST OF GOODS SOLD (Notes 11, 24 and 27)	(1,690,831)	(83)	(1,529,867)	(84)
GROSS PROFIT	334,178	17	286,059	16
OPERATING EXPENSES (Notes 24 and 27)				
Selling and marketing expenses	(61,595)	(3)	(64,194)	(4)
General and administrative expenses	(129,027)	(7)	(122,387)	(7)
Research and development expenses	(44,053)	(2)	(42,329)	(2)
Expected credit (loss) reversal	(10)	-	160	-
Total operating expenses	(234,685)	(12)	(228,750)	(13)
PROFIT FROM OPERATIONS	99,493	5	57,309	3
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	26,382	1	15,650	1
Other income	20,290	1	21,212	1
Other gains and losses	(9,510)	-	(1,626)	-
Finance costs	(2,000)	-	(3,131)	-
Total non-operating income and expenses	35,162	2	32,105	2
PROFIT BEFORE INCOME TAX	134,655	7	89,414	5
INCOME TAX EXPENSE (Notes 4 and 22)	(34,425)	(2)	(27,588)	(2)
NET PROFIT FOR THE YEAR	100,230	5	61,826	3
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	7,342	-	5,900	1
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(716)	-	481	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	(1,553)	-	(1,251)	-
	5,073	-	5,130	1

(Continued)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	141,097	7	(40,982)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 22)	(28,219)	(1)	8,196	-
	112,878	6	(32,786)	(2)
Other comprehensive income (loss) for the year, net of income tax	117,951	6	(27,656)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 218,181	11	$ 34,170	2
EARNINGS PER SHARE (IN NTD; Note 23)				
Basic	$ 1.47		$ 0.94	
Diluted	$ 1.47		$ 0.93	

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

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings			Other Equity		
	Ordinary Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total Equity
BALANCE AT JANUARY 1, 2021	60,000	$ 600,000	$ 507,154	$ 1,109,766	$ 284,510	$ (61,080)	$ (205,756)	$ (142,566)	$ 2,092,028
Issue of shares for cash	8,000	80,000	184,000	-	-	-	-	-	264,000
Capital surplus used to cover accumulated deficit	-	-	(61,080)	-	-	61,080	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	61,826	-	-	61,826
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	4,649	(32,786)	481	(27,656)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	66,475	(32,786)	481	34,170
BALANCE AT DECEMBER 31, 2021	68,000	680,000	630,074	1,109,766	284,510	66,475	(238,542)	(142,085)	2,390,198
Appropriation of the 2021 earnings									
Special reserve	-	-	-	-	32,304	(32,304)	-	-	-
Cash dividends	-	-	-	-	-	(31,960)	-	-	(31,960)
Net profit for the year ended December 31, 2022	-	-	-	-	-	100,230	-	-	100,230
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	5,789	112,878	(716)	117,951
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	106,019	112,878	(716)	218,181
BALANCE AT DECEMBER 31, 2022	68,000	$ 680,000	$ 630,074	$ 1,109,766	$ 316,814	$ 108,230	$ (125,664)	$ (142,801)	$ 2,576,419

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

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 134,655	$ 89,414
Adjustments for:		
Depreciation expense	80,943	81,309
Amortization expense	4,120	2,717
Expected credit loss (reversal) on trade receivables	10	(160)
Net loss (gain) on fair value changes of financial assets at FVTPL	11,141	(195)
Finance costs	2,000	3,131
Interest income	(26,382)	(15,650)
Dividend income	(3,497)	(1,891)
Net gain on disposal of property, plant and equipment	(52)	(124)
Write-downs of inventories	1,643	1,459
Changes in operating assets and liabilities		
Financial assets at FVTPL	(4,406)	1,876
Notes receivable	738	(573)
Trade receivables	(18,674)	7,919
Trade receivables from related parties	2,948	11,096
Other receivables	(13,613)	10,733
Other receivables from related parties	(7,766)	(3,489)
Inventories	(18,706)	(38,184)
Other current assets	(128)	8,422
Trade payables	(39,307)	(59,415)
Trade payables to related parties	16,457	8,399
Other payables	34,223	(20,693)
Other payables to related parties	151	2,210
Provisions	3,539	12,166
Other current liabilities	5,689	15,422
Net defined benefit liabilities-non current	2,472	(17,388)
Cash generated from operations	168,198	98,511
Interest received	35,044	21,974
Dividends received	3,497	1,891
Interest paid	(2,000)	(3,131)
Income tax paid	(31,893)	(34,233)
Net cash generated from operating activities	172,846	85,012
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial asset at FVTOCI	-	(38,400)
Purchase of financial assets at amortized cost	-	(302,570)
Purchase of financial asset at FVTPL	-	(111,564)
Proceeds of financial assets at FVTPL	119,270	-

(Continued)

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Payments for property, plant and equipment	$ (174,527)	$ (47,417)
Proceeds from disposal of property, plant and equipment	52	1,150
Increase in refundable deposits	(105)	(4,446)
Payments for intangible assets	(2,200)	(8,594)
Net cash used in investing activities	(57,510)	(511,841)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of principal portion of lease liabilities	(24,784)	(24,029)
Cash dividends paid	(31,960)	-
Proceeds from issuing shares for cash	-	264,000
Proceeds from guarantee deposits received	20	434
Net cash (used in) generated from financing activities	(56,724)	240,405
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	85,340	(28,229)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	143,952	(214,653)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,491,671	1,706,324
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,635,623	$ 1,491,671

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 YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, hereto forth 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 February 23, 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:

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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.

Amendments to IAS 8 “Definition of Accounting Estimates”

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.

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.

c. 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

(Continued)

New IFRSs	Effective Date Announced by IASB (Note1)
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.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, 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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

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. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. 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 profit or loss and other 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 subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, work in progress and finished goods. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If an asset's lease term is shorter than its useful life, such an asset is depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of such assets is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. Reversals of impairment loss are recognized in profit or loss.

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of the financial asset; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost including trade receivables.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liability is classified as at FVTPL when such financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward exchange contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

l. Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of rubber goods. Sales of goods are recognized as revenue when the goods are shipped or delivered to the customer because that is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 221	$ 290
Checking accounts and demand deposits	231,959	372,941
Cash equivalents		
Time deposits	1,403,443	1,118,440
	$ 1,635,623	$ 1,491,671

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

	December 31	
	2022	**2021**
Time deposits	0.91%-4.5%	0.23%-2.75%

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

	December 31	
	2022	2021
Financial assets at FVTPL - current		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	$ 2,583	$ 239
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	-	110,500
	$ 2,583	$ 110,739
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 17,962	$ 25,317
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	$ 12	$ -

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2022			
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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021			
Forward exchange contracts	USD/MYR	2022.01.10-2022.02.25	USD1,745/MYR7,282
	EUR/MYR	2022.01.25-2022.04.26	EUR150/MYR729

The Group entered into forward exchange contracts to manage their exposures to risk arising from the exchange rate fluctuations of foreign currency denominated assets and liabilities.

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

	December 31	
	2022	2021
Non-current		
Domestic investments		
Listed preferred shares	$ 35,264	$ 38,400
Unlisted ordinary shares	9,800	7,380
	$ 45,064	$ 45,780

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

	December 31	
	2022	2021
Non-current		
Foreign corporate bond (a)	$ 328,673	$ 299,684

a. The Group purchased 3~10 year corporate bonds in 2021, with the maturity period from 2023 to 2031, the coupon rate was 1.25% to 4.95%, and the effective interest rate was 1.08%～2.22%.

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.

10. TRADE RECEIVABLES

	December 31	
	2022	2021
Trade receivables		
At amortized cost		
Gross carrying amount	$ 419,412	$ 403,686
Less: Allowance for impairment loss	(12)	(2)
	$ 419,400	$ 403,684

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 carried out 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.

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 210 Days	Over 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)	-	(2)	(10)	-	(12)
Amortized cost	$ 416,822	$ 1,539	$ 1,039	$ -	$ 419,400

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 210 Days	Over 210 Days	Total
Expected credit loss rate	-	0.17%	-	-	
Gross carrying amount	$ 402,532	$ 1,154	$ -	$ -	$ 403,686
Loss allowance (Lifetime ECLs)	-	(2)	-	-	(2)
Amortized cost	$ 402,532	$ 1,152	$ -	$ -	$ 403,684

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

	2022	2021
Balance at January 1	$ 2	$ 24
Add: Amounts recovered	-	137
Add: Expected credit loss (reversal)	10	(160)
Difference on foreign exchange translation	-	1
Balance at December 31	$ 12	$ 2

11. INVENTORIES, NET

	December 31	
	2022	2021
Raw materials	$ 121,392	$ 90,730
Finished goods	68,811	86,919
Work in progress	51,938	52,192
Supplies	3,745	1,902
Inventory in transit	6,071	3,151
	$ 251,957	$ 234,894

The cost of inventories recognized as cost of goods sold included the inventory write-downs and disposals.

	For the Year Ended December 31	
	2022	2021
Inventory write-downs	$ 1,643	$ 1,459
Loss of inventory scrapped	22	518

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Percentage of Ownership (%) December 31	
Investor	Investee	Main Business	2022	2021
The Company	Silitech (BVI) Holding Ltd.	Investment activities	100	100
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Investment activities	100	100
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corporation Limited	Manufacture of plastic and computer peripheral products	100	100
	Silitech Technology Corp. Sdn. Bhd.	Manufacture of plastic and computer peripheral products	100	100
Silitech Technology Corporation Limited	Xurong Electronic (Shenzhen) Co., Ltd.	Manufacture and sale of touch panels and plastic and rubber assembly	100	100

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
Cost									
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	151,879	-	14,489	664	571	-	3,228	-	170,831
Disposals	-	-	(14,816)	(13,851)	-	-	(10,843)	(1,834)	(41,344)
Effects of foreign currency exchange differences	6,462	7,317	19,498	1,666	220	2,202	1,914	133	39,412
Balance at December 31, 2022	$ 198,838	$ 313,146	$ 686,073	$ 94,371	$ 9,463	$ 139,634	$ 105,376	$ 14,451	$ 1,561,352
Accumulated depreciation									
Balance at January 1, 2022	$ -	$ 233,162	$ 465,568	$ 83,058	$ 8,672	$ 84,165	$ 95,155	$ 14,652	$ 984,432
Depreciation expense	-	9,524	36,204	4,687	29	-	7,108	474	58,026
Disposals	-	-	(8,834)	(13,475)	-	-	(10,277)	(1,081)	(33,667)
Transfers from accumulated impairment	-	-	10,420	445	-	4,911	2,605	116	18,497
Effects of foreign currency exchange differences	-	5,112	15,501	1,383	219	1,299	1,685	127	25,326
Balance at December 31, 2022	$ -	$ 247,798	$ 518,859	$ 76,098	$ 8,920	$ 90,375	$ 96,276	$ 14,288	$ 1,052,614
Accumulated impairment									
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	-	-	(10,420)	(445)	-	(4,911)	(2,605)	(116)	(18,497)
Effects of foreign currency exchange differences	-	-	1,606	155	-	903	97	4	2,765
Balance at December 31, 2022	$ -	$ 64	$ 99,122	$ 13,599	$ -	$ 49,259	$ 2,100	$ 74	$ 164,218
Net balance at December 31, 2022	$ 198,838	$ 65,284	$ 68,092	$ 4,674	$ 543	$ -	$ 7,000	$ 89	$ 344,520
Cost									
Balance at January 1, 2021	$ 42,196	$ 305,772	$ 662,318	$ 107,034	$ 9,367	$ 136,063	$ 107,909	$ 15,716	$ 1,386,375
Additions	-	7,613	27,987	3,243	-	-	5,228	530	44,601
Disposals	-	-	(10,957)	(3,390)	(519)	-	(678)	-	(15,544)
Effects of foreign currency exchange differences	(1,699)	(7,556)	(12,446)	(995)	(176)	1,369	(1,382)	(94)	(22,979)
Balance at December 31, 2021	$ 40,497	$ 305,829	$ 666,902	$ 105,892	$ 8,672	$ 137,432	$ 111,077	$ 16,152	$ 1,392,453

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Testing Equipment	Transportation Equipment	Leasehold Improvements	Office Equipment	Other Equipment	Total
Accumulated depreciation									
Balance at January 1, 2021	$ -	$ 229,690	$ 437,052	$ 81,191	$ 9,367	$ 75,717	$ 86,245	$ 13,648	$ 932,910
Depreciation expense	-	8,472	34,669	5,580	-	-	8,199	987	57,907
Disposals	-	-	(7,338)	(3,290)	(519)	-	(678)	-	(11,825)
Transfers from accumulated impairment	-	-	11,998	492	-	7,666	2,738	113	23,007
Effects of foreign currency exchange differences	-	(5,000)	(10,813)	(915)	(176)	782	(1,349)	(96)	(17,567)
Balance at December 31, 2021	$ -	$ 233,162	$ 465,568	$ 83,058	$ 8,672	$ 84,165	$ 95,155	$ 14,652	$ 984,432
Accumulated impairment									
Balance at January 1, 2021	$ -	$ 64	$ 127,486	$ 14,759	$ -	$ 60,346	$ 7,849	$ 1,049	$ 211,553
Disposals	-	-	(2,593)	(100)	-	-	-	-	(2,693)
Transfer to accumulated depreciation	-	-	(11,998)	(492)	-	(7,666)	(2,738)	(113)	(23,007)
Effects of foreign currency exchange differences	-	-	1,023	98	-	587	63	3	1,774
Balance at December 31, 2021	$ -	$ 64	$ 113,918	$ 14,265	$ -	$ 53,267	$ 5,174	$ 939	$ 187,627
Net balance at December 31, 2021	$ 40,497	$ 72,603	$ 87,416	$ 8,569	$ -	$ -	$ 10,748	$ 561	$ 220,394

(Concluded)

As a result of the life cycle of some products, the estimated future cash flows from the related equipment decreased due to idling cause by insufficient productivity. The Group carried out a review of the recoverable amount of the related equipment and determined that the carrying amount exceeded the recoverable amount. As of December 31, 2022 and 2021, the accumulated impairment losses recognized were $164,218 thousand and $187,627 thousand, respectively.

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 barrier constructions	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

	December 31	
	2022	2021
Carrying amounts		
Buildings	$ 23,838	$ 46,924

	For the Year Ended December 31	
	2022	2021
Depreciation charge for right-of-use assets		
Buildings	$ 22,917	$ 23,402

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current	$ 26,955	$ 25,281
Non-current	$ -	$ 26,530

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	4.75%-5.94%	4.75%-5.94%

c. Material lease activities and terms

The Group leased 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.

Due to the impact of the COVID-19 pandemic in 2022, the Group negotiated the lease agreement with Wanfeng Company, and Wanfeng Company agreed to unconditionally reduce the rent. The reduce amount of rent were $1,165 thousand (recognized as cost of goods sold) for the year ended of 2022.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	$ 2,573	$ 2,483
Total cash outflow for lease	$ 29,357	$ 29,643

15. OTHER ASSETS

	December 31	
	2022	2021
Current		
Prepayments for tax	$ 20,045	$ 18,061
Input tax	2,834	4,185
Payment in advance	1,906	1,553
Others	17,825	18,683
	$ 42,610	$ 42,482
Non-current		
Prepayments for equipment	$ 5,120	$ 4,468

16. OTHER PAYABLES

	December 31	
	2022	2021
Payroll and Bonus	$ 107,152	$ 92,630
Employees' leave	18,423	16,756
Tooling	17,276	24,636
Services	10,094	9,314
Utilities/post and telecommunications	5,147	5,642
Insurance	3,741	3,953
Equipment	1,365	3,548
Others	106,422	81,162
	$ 269,620	$ 237,641

17. PROVISIONS

	December 31	
	2022	2021
Returns, allowances and warranties	$ 23,550	$ 20,011

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

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries.

b. Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2.5% of total monthly salaries to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The subsidiary - Silitech Technology Corp. Sdn. Bhd adopted the defined benefit plan.

The amounts included in the balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 40,121	$ 51,165
Fair value of plan assets	(8,273)	(14,446)
Net defined benefit liabilities	$ 31,848	$ 36,719

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	76,233	(16,226)	60,007
Service Cost			
Current service cost	2,420	-	2,420
Net interest expense (income)	966	(72)	894
Recognized in loss (profit)	3,386	(72)	3,314
Remeasurement			
Return on plan assets	-	(436)	(436)
Actuarial loss - changes in demographic assumptions	767	-	767
Actuarial gain - changes in financial assumptions	(1,834)	-	(1,834)
Actuarial gain - experience adjustments	(4,397)	-	(4,397)
Recognized in other comprehensive income	(5,464)	(436)	(5,900)
Contributions from the employer	-	(11,442)	(11,442)
Benefits paid	(13,730)	13,730	-
Direct paid	(7,940)	-	(7,940)
Exchange differences on foreign plans	(1,320)	-	(1,320)
Balance at December 31, 2021	$ 51,165	$ (14,446)	$ 36,719
Service Cost			
Current service cost	1,790	-	1,790
Net interest expense (income)	1,009	(74)	935
Recognized in loss (profit)	2,799	(74)	2,725
Remeasurement			
Return on plan assets	-	(1,218)	(1,218)
Actuarial gain - changes in demographic assumptions	(19)	-	(19)
Actuarial gain - changes in financial assumptions	(3,674)	-	(3,674)
Actuarial gain - experience adjustments	(2,431)	-	(2,431)
Recognized in other comprehensive income	(6,124)	(1,218)	(7,342)
Contributions from the employer	-	(556)	(556)
Benefits paid	(8,021)	8,021	-
Direct paid	(910)	-	(910)
Exchange differences on foreign plans	1,212	-	1,212
Balance at December 31, 2022	$ 40,121	$ (8,273)	$ 31,848

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	$ 2,109	$ 2,324
Selling and marketing expenses	179	271
General and administrative expenses	263	484
Research and development expenses	174	235
	$ 2,725	$ 3,314

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate(s)	1.5%-4.5%	0.5%-3.75%
Expected rate(s) of salary increase	3%-4.75%	3%-4.75%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	$ (981)	$ (1,307)
0.25% decrease	$ 1,015	$ 1,354
Expected rate(s) of salary increase		
0.25% increase	$ 994	$ 1,312
0.25% decrease	$ (965)	$ (1,273)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
The expected contributions to the plan for the next year	$ 365	$ 674
The average duration of the defined benefit obligation	10.5-11.7 years	10.3-12.7 years

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	300,000	300,000
Amount of shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	68,000	68,000
Amount of shares issued	$ 680,000	$ 680,000

b. Capital surplus

	December 31	
	2022	2021
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	$ 630,074	$ 630,074

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 takes into consideration the investment environment, international or domestic competition while simultaneously meeting 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 2021 resolved in the shareholders' meetings on June 10, 2022 was as follows:

	Appropriation of Earnings
	2021
Special reserve	$ 32,304
Cash dividends	$ 31,960
Cash dividends per share (NT$)	$ 0.47

On July 9, 2021, the shareholders' meeting of the Company resolved to adopt the Statement for Covering of Losses of 2020 and to cover accumulated deficits with the capital surplus.

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 Year Ended December 31	
	2022	2021
Customer contracts revenue		
Product operating revenue	$ 2,025,009	$ 1,815,926

21. NON-OPERATING INCOME AND EXPENSES

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 21,209	$ 12,947
Financial assets at amortized cost	5,173	2,703
	$ 26,382	$ 15,650

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	$ 6,572	$ 4,495
Dividends	3,497	1,891
Subsidy from government	350	4,575
Others	9,871	10,251
	$ 20,290	$ 21,212

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Gain on disposal of property, plant and equipment	$ 52	$ 124
Foreign currency exchange gain (loss)	11,875	(1,138)
Net gain (loss) on financial assets at FVTPL	(11,141)	195
Others	(10,296)	(807)
	$ (9,510)	$ (1,626)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	$ 2,000	$ 3,131

e. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gain	$ 70,881	$ 20,720
Foreign exchange loss	(59,006)	(21,858)
Net foreign exchange gain (loss)	$ 11,875	$ (1,138)

22. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) listed as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 36,772	$ 32,503
Adjustments for prior year	(2,560)	(1,180)
	34,212	31,323
Deferred tax		
In respect of the current year	213	(3,735)
Income tax expense recognized in profit or loss	$ 34,425	$ 27,588

A reconciliation of accounting profit and income tax expense listed as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	$ 134,655	$ 89,414
Income tax expense calculated at the statutory rate	$ 42,306	$ 25,453
Nondeductible items in determining taxable income	1,856	533
Tax-exempt income	(42)	(995)
Unrecognized temporary differences	(7,135)	3,777
Adjustments for prior year	(2,560)	(1,180)
Income tax expense recognized in profit or loss	$ 34,425	$ 27,588

b. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities listed as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Compre-hensive Income (Loss)	Reclassified From Equity to Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Unrealized loss on inventories	$ 860	$ 388	$ -	$ -	$ 22	$ 1,270
Unrealized exchange loss	74	(2)	-	-	-	72
Defined benefit obligation	10,165	303	(1,553)	-	290	9,205
Payables for annual leave	1,586	83	-	-	3	1,672
Loss carryforwards	29,302	(7,499)	-	-	-	21,803
Exchange differences on translation of the financial statements of foreign operations	59,634	-	(28,219)	-	-	31,415
Others	15,710	6,722	-	-	943	23,375
	$ 117,331	$ (5)	$ (29,772)	$ -	$ 1,258	$ 88,812
Deferred tax liabilities						
Temporary differences						
Unrealized exchange gain	$ 24	$ 208	$ -	$ -	$ -	$ 232
Land value increment tax	9,477	-	-	-	-	9,477
Unappropriated earnings of subsidiaries	26,454	-	-	-	-	26,454
	$ 35,955	$ 208	$ -	$ -	$ -	$ 36,163

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Compre-hensive Income (Loss)	Reclassified From Equity to Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Unrealized loss on inventories	$ 548	$ 326	$ -	$ -	$ (14)	$ 860
Unrealized exchange loss	58	16	-	-	-	74
Defined benefit obligation	12,859	(1,125)	(1,251)	-	(318)	10,165
Payables for annual leave	1,635	(49)	-	-	-	1,586
Loss carryforwards	29,302	-	-	-	-	29,302
Exchange differences on translation of the financial statements of foreign operations	51,438	-	8,196	-	-	59,634
Others	11,881	4,457	-	-	(628)	15,710
	$ 107,721	$ 3,625	$ 6,945	$ -	$ (960)	$ 117,331
Deferred tax liabilities						
Temporary differences						
Unrealized exchange gain	$ 134	$ (110)	$ -	$ -	$ -	$ 24
Land value increment tax	9,477	-	-	-	-	9,477
Unappropriated earnings of subsidiaries	26,454	-	-	-	-	26,454
	$ 36,065	$ (110)	$ -	$ -	$ -	$ 35,955

a. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets.

	December 31 2022	2021
Loss carryforwards		
Expiry in 2026	$ 144,721	$ 142,438
Expiry in 2027	138,449	136,275
Expiry in 2028	235,100	232,396
Expiry in 2029	209,048	207,843
Expiry in 2030	406,569	401,946
Expiry in 2031	66,231	69,301
Expiry in 2032	26,960	-
	$ 1,227,078	$ 1,190,199
Deductible temporary differences		
Impairment loss of property, plant and equipment	$ 59,659	$ 86,193

d. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Year of Expiry
$ 144,721	2026
247,465	2027
235,100	2028
209,048	2029
406,569	2030
66,231	2031
26,960	2032
$ 1,336,094	

e. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic earnings per share	$ 1.47	$ 0.94
Diluted earnings per share	$ 1.47	$ 0.93

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

	For the Year Ended December 31	
	2022	**2021**
Net profit for the year	$ 100,230	$ 61,826

Shares

Unit: In Thousand Shares

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	68,000	66,071
Effect of potentially dilutive ordinary shares:		
Compensation of employees	111	57
Weighted average number of ordinary shares used in the computation of diluted earnings per share	68,111	66,128

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company assumed that the entire amount of the bonuses or remuneration will 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 Year Ended December 31	
	2022	**2021**
An analysis of depreciation by function		
Recognized in operating costs	$ 72,951	$ 72,533
Recognized in operating expenses	7,992	8,776
	$ 80,943	$ 81,309

(Continued)

	For the Year Ended December 31	
	2022	2021
An analysis of amortization by function		
Recognized in operating costs	$ 107	$ 168
Recognized in operating expenses	4,013	2,549
	$ 4,120	$ 2,717

b. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (Note 18)		
Defined contribution plans	$ 27,473	$ 26,437
Defined benefit plans	2,725	3,314
	30,198	29,751
Other employee benefits	596,341	567,572
	$ 626,539	$ 597,323
Employee benefits expense summarized by function		
Recognized in operating costs	$ 483,584	$ 451,850
Recognized in operating expenses	142,955	145,473
	$ 626,539	$ 597,323

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 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:

Estimation ratio

	For the Year Ended December 31	
	2022	2021
Employees' compensation	3%	3%
Remuneration of directors	2%	2%

Amount

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

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 adjusted in next year.

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, 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. CAPITAL MANAGEMENT

The Group maintains its capital to support equipment upgrades. The Group's capital management is to ensure there are sufficient financial resources and operation plans, in order to meet the needs of working capital, capital expenditures, research and development fees, debt repayment and dividend distribution over the next 12 months.

26. 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

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 2,583	$ -	$ 2,583
Mutual funds	-	17,962	-	17,962
	$ -	$ 20,545	$ -	$ 20,545
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	$ 35,264	$ -	$ -	$ 35,264
- domestic unlisted ordinary shares	-	-	9,800	9,800
	$ 35,264	$ -	$ 9,800	$ 45,064
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 12	$ -	$ 12

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 239	$ -	$ 239
Mutual funds	110,500	25,317	-	135,817
	$ 110,500	$ 25,556	$ -	$ 136,056
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	$ 38,400	$ -	$ -	$ 38,400
- domestic unlisted ordinary shares	-	-	7,380	7,380
	$ 38,400	$ -	$ 7,380	$ 45,780

There were no transfers between Levels transfers1 and 2 during the years ended December 31, 2022 and 2021.

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

	Financial Assets at FVTOCI	
	2022	2021
Balance at January 1	$ 7,380	$ 6,899
Recognized in other comprehensive income (loss)	2,420	481
Balance at December 31	$ 9,800	$ 7,380

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

	December 31	
	2022	2021
Financial assets		
Mandatorily classified as at FVTPL	$ 20,545	$ 136,056
Financial assets at amortized cost (1)	2,428,750	2,224,211
Financial assets at FVTOCI		
Equity instruments	45,064	45,780
Financial liabilities		
Amortized cost (2)	508,772	499,472
Financial liabilities at FVTPL	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, 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 fluctuation.

The corporate treasury function is reviewed by the Company'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 investment structures 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 1 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 are set out in Note 29.

The carrying amounts of the Group's derivative financial instruments at the end of the reporting period are as follows:

	December 31	
	2022	**2021**
Assets		
USD	$ 2,583	$ 98
EUR	-	141
Liabilities		
EUR	12	-

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the NTD against the USD, the RMB and the EUR. 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) For the Year Ended December 31		RMB Impact (ii) For the Year Ended December 31	
	2022	**2021**	**2022**	**2021**
Profit or loss	$ 10,215	$ 9,004	$ 2,584	$ 6,577

	EUR Impact (iii) For the Year Ended December 31	
	2022	**2021**
Profit or loss	$ 3,778	$ 1,723

i. This was mainly attributable to the exposure on outstanding receivables and financial assets instruments 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 payables in RMB 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 EUR 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 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 rates at the end of the reporting period are as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 1,732,116	$ 1,418,124
Cash flow interest rate risk		
Financial assets	209,727	347,013

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 be as follows:

	Market Rate Change Impact	
	2022	**2021**
Profit or loss	$ 210	$ 347

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. Credit risk on business-related exposures is managed separately from that on financial-related exposures.

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.

The Group's concentration of credit risk of 87% and 82% of total trade receivables as of December 31, 2022 and 2021, respectively, was related to the Group's top ten customers. 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 maturities dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2022

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

(Continued)

December 31, 2021

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 498,733	$ -	$ -	$ 739	$ 499,472
Lease liabilities	27,230	27,230	-	-	54,460
	$ 525,963	$ 27,230	$ -	$ 739	$ 553,932

27. 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

Related Party	Relationship with the Group
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
Lite-On Japan Ltd.	Other related party
Lite-On Integrated Service Inc.	Other related party

b. Sales of goods

		For the Year Ended December 31	
Item	Related Party Category	2022	2021
Sales of goods	The Company's major institutional shareholder	$ 1,810	$ 18,944
	Other related parties	113	5,805
		$ 1,923	$ 24,749

The sale 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 Year Ended December 31	
Related Party Category	2022	2021
Other related party	$ 67,104	$ 12,204

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

Item	Related Party Category	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Operating expenses	The Company's major institutional shareholder	$ 2,669	$ 1,767
	Other related party	1,361	2,774
		$ 4,030	$ 4,541
Other income	Other related party	$ 229	$ 1,533
	The Company's major institutional shareholder	-	68
		$ 229	$ 1,601
Other income (Recognized as cost deductions)	Other related party	$ 1,994	$ -

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

Item	Related Party Category	December 31 2022	December 31 2021
Trade receivables	The Company's major institutional shareholder	$ 1,231	$ 4,297
	Other related party	118	-
		$ 1,349	$ 4,297
Other receivables	Other related party- INFO-TEK Corporation	$ 10,595	$ 2,579
	The Company's major institutional shareholder	759	1,009
		$ 11,354	$ 3,588

The outstanding trade receivables from related parties are unsecured.

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

Item	Related Party Category	December 31 2022	December 31 2021
Trade payables	Other related party- INFO-TEK Corporation	$ 24,856	$ 8,399
Other payables	Other related parties	$ 2,418	$ 2,233
	The Company's major institutional shareholder	129	163
		$ 2,547	$ 2,396

The outstanding trade payables to related parties are unsecured.

g. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 8,483	$ 5,945
Termination benefits	108	6,908
	$ 8,591	$ 12,853

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

28. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

a. Based on the adjustment of the investment structure of overseas subsidiaries, the Company's board of directors on January 19, 2023, which resolved to acquire 100% equity of Silitech Technology Corporation Sdn. Bhd. from Silitech (Bermuda) Holding Ltd.. The total transaction amount was US$23,154 thousand.

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

29 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 and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
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

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial liabilities			
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

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 2,672	27.6250 (USD:NTD)	$ 73,808
USD	5,081	6.3565 (USD:RMB)	140,361
USD	4,538	4.1600 (USD:MYR)	125,360
EUR	945	31.2245 (EUR:NTD)	29,505
EUR	344	4.7020 (EUR:MYR)	10,735
JPY	7,689	0.0552 (JPY:RMB)	1,844
RMB	30,268	0.1573 (RMB:USD)	131,542
Non-monetary items			
Derivative instruments			
USD	1,745	4.1600 (USD:MYR)	98
EUR	150	4.7020 (EUR:MYR)	141
Financial liabilities			
Monetary items			
USD	888	27.6250 (USD:NTD)	24,519
USD	795	6.3565 (USD:RMB)	21,965
USD	2,344	4.1600 (USD:MYR)	64,759
EUR	35	4.7020 (EUR:MYR)	1,100

(Concluded)

The Group is mainly exposed to the USD, EUR, RMB and JPY. The following information was aggregated by the functional currencies of 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:

Functional Currency	For the Year Ended December 31 2022 Exchange Rate	Net Foreign Exchange Gains (Losses)	2021 Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	$ 9,206	1 (NTD:NTD)	$ (3,791)
USD	29.6157 (USD:NTD)	(13,647)	27.8910 (USD:NTD)	2,714
RMB	4.4601 (RMB:NTD)	12,402	4.5771 (RMB:NTD)	(2,665)
MYR	6.7672 (MYR:NTD)	3,914	6.7636 (MYR:NTD)	2,604
		$ 11,875		$ (1,138)

30. 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: None.

5) Acquisitions of individual real estate properties at costs of at least NT $300 million or 20% of the paid-in capital: See Table 2 attached.

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 investment at the end of the period, repatriations of investment income, and limit on the amount of investment 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 purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to 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.

31. 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 products, and is considered 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 years ended December 31, 2022 and 2021 can be referred to in the consolidated statements of comprehensive income and the segment assets and liabilities as of December 31, 2022 and 2021 can be referred to in the consolidated balance sheets.

a. Geographical information

The Group operates in three principal geographical areas - China, Malaysia and Taiwan.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taiwan	$ 543,252	$ 477,275	$ 63,906	$ 74,605
United States	446,764	430,284	-	-
Malaysia	377,166	351,875	277,592	138,799
Finland	208,558	173,759	-	-
China	166,020	120,615	45,513	72,929
Others	283,249	262,118	-	-
	$ 2,025,009	$ 1,815,926	$ 387,011	$ 286,333

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets.

b. Information about major customers

Single customers contributing 10% or more to the Group’s revenue were as follows:

	For the Year Ended December 31	
	2022	**2021**
Customer A	$ 444,636	$ 428,899
Customer B	426,119	310,054
Customer C	323,471	316,140
Customer D	208,558	Note

Note: The revenue amount does not achieve 10% to the Group’s revenue.

TABLE 1

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(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	December 31, 2022				Note
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
Silitech Technology Corporation	Ordinary shares							
	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	35,264	0.04	35,264	
Silitech (Bermuda) Holding Ltd.	Fund							
	Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL- non-current	-	US$ 586		US$ 586	
	Corporate bond							
	Formosa Group Cayman Ltd	-	Financial assets at amortized cost- non-current	-	US$ 1,368		US$ 1,368	
	TSMC Global Ltd	-	〃	-	US$ 1,510		US$ 1,510	
	HSBC Holdings Plc	-	〃	-	US$ 1,748		US$ 1,748	
	TSMC Global Ltd	-	〃	-	US$ 1,003		US$ 1,003	
	United Overseas Bank Ltd	-	〃	-	US$ 904		US$ 904	
	Chailease Finance Inter	-	〃	-	US$ 1,015		US$ 1,015	
	Saudi Arabian Oil Co	-	〃	-	US$ 1,013		US$ 1,013	
	Citigroup Inc	-	〃	-	US$ 1,074		US$ 1,074	
	HSBC Holdings Plc	-	〃	-	US$ 1,084		US$ 1,084	

TABLE 2

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COST OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Status	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Silitech Technology Corporation Sdn. Bhd.	Land	2022.01.07	RM 21,404	RM 21,404	TEAMHOPE SDN. BHD.	Non-related party	N/A	N/A	N/A	N/A	According to the appraisal report from the FADZILAH & FIKRI SDN. BHD., the price is RM 21,400	Operation needs	None

TABLE 3

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	$ 35,514	Determined by contract	2
1	Silitech Technology Corporation Limited	Silitech Technology Corporation	b.	Sales	90,696	No significant difference	4
		Silitech Technology Corporation	b.	Trade receivable	22,261	No significant difference	1
2	Xurong Electronic (Shenzhen) Co., Ltd.	Silitech Technology Corporation Limited	c.	Sales	90,696	No significant difference	4
		Silitech Technology Corporation Limited	c.	Trade receivable	22,261	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 December 31, 2022. For profit or loss items, cumulative amounts are shown as percentages to consolidated total operating revenue for the year ended December 31, 2022.

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 INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/(Losses) of Investee	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Value			
Silitech Technology Corporation	Silitech (BVI) Holding Ltd.	British Virgin Islands	Investment activities	US$ 52,182	US$ 52,182	52,181,926	100	$ 1,981,420	US$ 2,590	$ 74,230	Subsidiary (Note 1)
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Bermuda	Investment activities	US$ 52,132	US$ 52,132	52,131,926	100	US$ 64,225	US$ 2,584	N/A	Sub-subsidiary (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$ 7,395	(RMB 201)	N/A	Third-tier subsidiary (Note 1)
	Silitech Technology Corporation Sdn. Bhd.	Malaysia	Manufacture of computer peripheral products	US$ 5,632	US$ 5,632	21,400,000	100	US$ 23,154	RM 11,886	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.

SILITECH TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profits/(Losses) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
Xurong Electronic (Shenzhen) Co., Ltd.	Manufacture of touch panels and plastic and rubber assemblies	$ 85,848 (US$ 2,800)	Note 1	$ 203,354	$ -	$ -	$ 203,354	($ 2,672) (RMB -599)	100	($ 2,672) (RMB -599)	$ 158,177 (RMB 35,827)	$ 3,960,665 (US$ 122,919) (RMB 71,822)	
Silitech Technology (Suzhou) Co., Ltd.	Manufacture and sale of automotive parts	-	Note 1	1,073,100 (US$ 35,000)	-	-	1,073,100 (US$ 35,000)	-	-	-	-	1,218,459 (US$ 8,796) (RMB 214,783)	Note 6

Accumulated Investments in Mainland China as of December 31,2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
$ 1,368,434 (Note 4) (US$ 38,000) (NT$ 203,354)	$ 1,518,821 (Note 4) (US$ 42,905) (NT$ 203,354)	$6,724,975 (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 all audited 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): $2,576,419 (net worth) × 60% + $5,179,124 = $6,724,975。

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. (liquidated in January 2020) (Note 6)	10930007090	US$ (43,000)
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09600170390	US$ 20,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09600164790	US$ 2,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09500326290	US$ 11,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (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.

TABLE 6

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 YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized	Note
		Amount	Percentage (%)		Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage (%)		
Xurong Electronic (Shenzhen) Co., Ltd.	Purchase	$ 90,696	16	No significant difference	90 days	90-120 days	$ (22,264)	17	$ 116	-

Note: All intercompany transactions have been eliminated upon consolidation.

TABLE 7

SILITECH TECHNOLOGY CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2022

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.

6.5 Financial Statements for the Most Recent Years

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Silitech Technology Corporation

Opinion

We have audited the accompanying financial statements of Silitech Technology Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the audit of the Company's financial statements for the year ended December 31, 2022 are described as follows:

Occurrence of revenue from specific customers

In recent year, the factory in Tamsui of the Company is in the stage of product transformation, of which the revenue from specific customers growth 50% over last year, the auditors assessed that the revenue generated by this specific customers is an item of concern to users of financial statements. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

The main audit procedures performed in respect of the occurrence of revenue from specific customers included the following:

1. We understood and tested the design and operating effectiveness of the internal controls relevant to revenue recognition.

2. We obtained the occurrence of recorded revenue from specific customers, determined the appropriate sampling method and sample quantity, and checked documents including customer orders, deliver orders and invoices. We assessed the amount is correct and has been eligible for revenue recognition.

3. We checked, on a sampling basis, the collection reversal records and collection vouchers, and assessed whether the amount is correct and the payer is the same as the buyer, to corroborate the authenticity of sale.

4. We calculated and analyzed whether the account receivable turnover days of specific customers are reasonable, and compared the general credit conditions to see if there is any significant abnormality.

For the accounting policy on revenue recognition refer to Note 4 to the financial statements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards accepted in 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 financial statements.

As part of an audit in accordance with the auditing standards accepted in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, 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 the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' 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.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2023

Notice to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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' report and financial statements shall prevail.

SILITECH TECHNOLOGY CORPORATION

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 440,163	15	$ 406,236	15
Notes receivable, net (Notes 4)	-	-	738	-
Trade receivables, net (Notes 4 and 8)	134,206	5	139,741	5
Trade receivables from related parties, net (Notes 4, 8 and 23)	13,329	1	16,136	1
Other receivables (Note 4)	9,335	-	4,026	-
Other receivables from related parties (Notes 4 and 23)	12,645	-	5,238	-
Current tax assets (Note 4)	4	-	-	-
Inventories (Notes 4 and 9)	87,930	3	93,155	4
Other current assets	20,042	1	18,586	1
Total current assets	717,654	25	683,856	26
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 7)	45,064	2	45,780	2
Investments accounted for using the equity method (Notes 4 and 10)	1,981,420	69	1,764,777	66
Property, plant and equipment (Notes 4 and 11)	57,772	2	68,018	2
Other Intangible assets (Note 4)	4,699	-	5,149	-
Deferred tax assets (Notes 4 and 18)	59,877	2	96,050	4
Refundable deposits (Note 4)	175	-	175	-
Other non-current assets	1,260	-	1,264	-
Total non-current assets	2,150,267	75	1,981,213	74
TOTAL	$ 2,867,921	100	$ 2,665,069	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Note 4)	$ 84,027	3	$ 104,049	4
Trade payables to related parties (Notes 4 and 23)	47,120	2	30,364	1
Other payables (Notes 4 and 13)	100,909	4	81,247	3
Other payables to related parties (Notes 4 and 23)	2,547	-	2,396	-
Provisions- current	2,757	-	1,210	-
Other current liabilities	9,124	-	5,626	-
Total current liabilities	246,484	9	224,892	8
NON-CURRENT LIABILITIES				
Net defined benefit liabilities - non-current (Notes 4 and 14)	8,855	-	14,024	1
Deferred tax liabilities (Notes 4 and 18)	36,163	1	35,955	1
Total non-current liabilities	45,018	1	49,979	2
Total liabilities	291,502	10	274,871	10
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 15)				
Share capital				
Ordinary shares	680,000	24	680,000	25
Capital surplus	630,074	22	630,074	24
Retained earnings				
Legal reserve	1,109,766	38	1,109,766	42
Special reserve	316,814	11	284,510	11
Unappropriated earnings	108,230	4	66,475	2
Total retained earnings	1,534,810	53	1,460,751	55
Other equity	(268,465)	(9)	(380,627)	(14)
Total equity	2,576,419	90	2,390,198	90
TOTAL	$ 2,867,921	100	$ 2,665,069	100

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

SILITECH TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 16 and 23)	$ 918,065	100	$ 705,077	100
COST OF GOODS SOLD (Notes 9, 20 and 23)	(764,974)	(83)	(581,349)	(82)
GROSS PROFIT	153,091	17	123,728	18
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(397)	-	(94)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	94	-	58	-
REALIZED GROSS PROFIT	152,788	17	123,692	18
OPERATING EXPENSES (Notes 20 and 23)				
Selling and marketing expenses	(23,638)	(3)	(25,856)	(4)
General and administrative expenses	(91,310)	(10)	(86,293)	(12)
Research and development expenses	(22,825)	(2)	(22,420)	(3)
Expected credit reversal	-	-	1	-
Total operating expenses	(137,773)	(15)	(134,568)	(19)
PROFIT (LOSS) FROM OPERATIONS	15,015	2	(10,876)	(1)
NON-OPERATING INCOME AND EXPENSES (Notes 17 and 23)				
Interest income	2,286	-	1,135	-
Other income	6,560	1	10,384	1
Other gains and losses	9,258	1	(3,558)	-
Share of profit or loss of subsidiaries and associates	74,230	8	65,656	9
Total non-operating income and expenses	92,334	10	73,617	10
PROFIT BEFORE INCOME TAX	107,349	12	62,741	9
INCOME TAX EXPENSE (Notes 4 and 18)	(7,119)	(1)	(915)	-
NET PROFIT FOR THE YEAR	100,230	11	61,826	9

(Continued)

SILITECH TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 5,213	1	$ 4,112	1
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(716)	-	481	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	1,619	-	1,359	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 18)	(1,043)	-	(822)	-
	5,073	1	5,130	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	141,097	15	(40,982)	(6)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 18)	(28,219)	(3)	8,196	1
	112,878	12	(32,786)	(5)
Other comprehensive income (loss) for the year, net of income tax	117,951	13	(27,656)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 218,181	24	$ 34,170	5
EARNINGS PER SHARE (IN NTD; Note 19)				
Basic	$ 1.47		$ 0.94	
Diluted	$ 1.47		$ 0.93	

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

SILITECH TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings			Other Equity		
	Ordinary Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total Equity
BALANCE AT JANUARY 1, 2021	60,000	$ 600,000	$ 507,154	$ 1,109,766	$ 284,510	$ (61,080)	$ (205,756)	$ (142,566)	$ 2,092,028
Issue of shares for cash	8,000	80,000	184,000	-	-	-	-	-	264,000
Capital surplus used to cover accumulated deficit	-	-	(61,080)	-	-	61,080	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	61,826	-	-	61,826
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	4,649	(32,786)	481	(27,656)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	66,475	(32,786)	481	34,170
BALANCE AT DECEMBER 31, 2021	68,000	680,000	630,074	1,109,766	284,510	66,475	(238,542)	(142,085)	2,390,198
Appropriation of the 2021 earnings									
Special reserve	-	-	-	-	32,304	(32,304)	-	-	-
Cash dividends	-	-	-	-	-	(31,960)	-	-	(31,960)
Net profit for the year ended December 31, 2022	-	-	-	-	-	100,230	-	-	100,230
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	5,789	112,878	(716)	117,951
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	106,019	112,878	(716)	218,181
BALANCE AT DECEMBER 31, 2022	68,000	$ 680,000	$ 630,074	$ 1,109,766	$ 316,814	$ 108,230	$ (125,664)	$ (142,801)	$ 2,576,419

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

SILITECH TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 107,349	$ 62,741
Adjustments for:		
Depreciation expense	16,783	16,035
Amortization expense	2,824	2,101
Expected credit reversal on trade receivables	-	(1)
Net gain on fair value change of financial assets at FVTPL	-	(155)
Interest income	(2,286)	(1,135)
Dividend income	(211)	-
Share of profit of subsidiaries and associates	(74,230)	(65,656)
Net gain on disposal of property, plant and equipment	(52)	(124)
Write-downs of inventories	550	1,123
Unrealized gain on the transactions with subsidiaries	303	36
Changes in operating assets and liabilities		
Financial assets as at FVTPL	-	(190)
Notes receivable	738	(573)
Trade receivables	5,535	(33,850)
Trade receivables from related parties	2,807	2,410
Other receivables	(5,286)	156
Other receivables from related parties	(7,407)	(4,623)
Inventories	4,675	(13,933)
Other current assets	(1,456)	(612)
Trade payables	(20,022)	(32,606)
Trade payables to related parties	16,756	15,693
Other payables	20,603	1,725
Other payables to related parties	151	1,667
Provisions	1,547	1,210
Other current liabilities	3,498	559
Net defined benefit liabilities-non current	44	(16,994)
Cash generated from (used in) operations	73,213	(64,996)
Interest received	2,259	1,059
Dividends received	211	-
Net cash generated from (used in) operating activities	75,683	(63,937)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial asset at FVTOCI	-	(38,400)
Payments for property, plant and equipment	(7,974)	(17,566)
Proceeds from disposal of property, plant and equipment	52	1,150
Payments for intangible assets	(1,874)	(5,090)
Net cash used in investing activities	(9,796)	(59,906)

(Continued)

SILITECH TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	$ (31,960)	$ -
Proceeds from issuing shares for cash	-	264,000
Net cash (used in) generated from financing activities	(31,960)	264,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,927	140,157
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	406,236	266,079
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 440,163	$ 406,236

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

SILITECH TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors and authorized for issue on February 23, 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 Company's accounting policies:

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company 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 Company 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:

(6) the Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
(7) the Company chose the accounting policy from options permitted by the standards;
(8) 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;
(9) the accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or
(10) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company 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.

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

c. 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

(Continued)

New IFRSs	Effective Date Announced by IASB (Note1)
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.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’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

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of the Company are reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, work in progress and finished goods. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investments in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiary attributable to the Company.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If an asset's lease term is shorter than its useful life, such an asset is depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of such assets is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. Reversals of impairment loss are recognized in profit or loss.

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of rubber goods. Sales of goods are recognized as revenue when the goods are shipped or delivered to the customer because that is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs.

Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 83	$ 45
Checking accounts and demand deposits	45,222	141,191
Cash equivalents		
Time deposits	394,858	265,000
	$ 440,163	$ 406,236

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

	December 31	
	2022	**2021**
Time deposits	0.91%-0.98%	0.40%-0.41%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	December 31	
	2022	**2021**
Non-current		
Domestic investments		
Listed preferred shares	$ 35,264	$ 38,400
Unlisted ordinary shares	9,800	7,380
	$ 45,064	$ 45,780

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.

8. TRADE RECEIVABLES

	December 31 2022	December 31 2021
Trade receivables		
At amortized cost		
Gross carrying amount	$ 147,535	$ 155,877
Less: Allowance for impairment loss	-	-
	$ 147,535	$ 155,877

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 for credit approvals and carried out other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company 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 Company's credit risk was significantly reduced.

The Company 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 Company'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 Company's different customer base.

The Company 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 Company 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 Company's provision matrix.

December 31, 2022

	Not Past Due	Up to 60 Days	Total
Expected credit loss rate	-	-	
Gross carrying amount	$ 147,505	$ 30	$ 147,535
Loss allowance (Lifetime ECLs)	-	-	-
Amortized cost	$ 147,505	$ 30	$ 147,535

December 31, 2021

	Not Past Due	Up to 60 Days	Total
Expected credit loss rate	-	-	
Gross carrying amount	$ 155,827	$ 50	$ 155,877
Loss allowance (Lifetime ECLs)	-	-	-
Amortized cost	$ 155,827	$ 50	$ 155,877

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

	December 31	
	2022	2021
Balance at January 1	$ -	$ 1
Less: Expected credit reversal	-	(1)
Balance at December 31	$ -	$ -

9. INVENTORIES, NET

	December 31	
	2022	2021
Raw materials	$ 40,369	$ 36,864
Work in progress	23,493	24,927
Finished goods	19,510	24,743
Supplies	3,386	1,562
Merchandise	1,172	5,059
	$ 87,930	$ 93,155

The cost of inventories recognized as cost of goods sold included the inventory write-downs and disposals.

	For the Year Ended December 31	
	2022	2021
Inventory write-downs	$ 550	$ 1,123
Loss of inventory scrapped	22	518

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in Subsidiaries- Silitech (BVI) Holding Ltd.	$ 1,981,420	$ 1,764,777

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Company	2022	2021
Silitech (BVI) Holding Ltd.	100%	100%

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the subsidiaries' financial statements which have been audited for the same years.

11. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Buildings	Machinery Equipment	Testing Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost								
Balance at January 1, 2022	$ 9,789	$ 164,280	$ 101,555	$ 53,571	$ 2,921	$ 57,228	$ 12,319	$ 401,663
Additions	-	-	2,718	155	571	3,093	-	6,537
Disposals	-	-	(14,800)	(13,749)	-	(9,082)	(1,834)	(39,465)
Balance at December 31, 2022	$ 9,789	$ 164,280	$ 89,473	$ 39,977	$ 3,492	$ 51,239	$ 10,485	$ 368,735
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 138,763	$ 58,541	$ 45,725	$ 2,921	$ 49,851	$ 11,093	$ 306,894
Depreciation expense	-	2,300	7,681	1,740	28	4,616	418	16,783
Disposals	-	-	(8,818)	(13,373)	-	(8,517)	(1,080)	(31,788)
Balance at December 31, 2022	$ -	$ 141,063	$ 57,404	$ 34,092	$ 2,949	$ 45,950	$ 10,431	$ 291,889
Accumulated impairment								
Balance at January 1, 2022	$ -	$ 64	$ 20,294	$ 4,883	$ -	$ 756	$ 754	$ 26,751
Disposals	-	-	(5,982)	(376)	-	(565)	(754)	(7,677)
Balance at December 31, 2022	$ -	$ 64	$ 14,312	$ 4,507	$ -	$ 191	$ -	$ 19,074
Net balance at December 31, 2022	$ 9,789	$ 23,153	$ 17,757	$ 1,378	$ 543	$ 5,098	$ 54	$ 57,772
Cost								
Balance at January 1, 2021	$ 9,789	$ 164,280	$ 102,275	$ 56,670	$ 3,440	$ 54,333	$ 11,789	$ 402,576
Additions	-	-	8,207	250	-	2,895	530	11,882
Disposals	-	-	(8,927)	(3,349)	(519)	-	-	(12,795)
Balance at December 31, 2021	$ 9,789	$ 164,280	$ 101,555	$ 53,571	$ 2,921	$ 57,228	$ 12,319	$ 401,663
Accumulated depreciation								
Balance at January 1, 2021	$ -	$ 136,464	$ 57,407	$ 47,109	$ 3,440	$ 45,301	$ 10,214	$ 299,935
Depreciation expense	-	2,299	6,442	1,865	-	4,550	879	16,035
Disposals	-	-	(5,308)	(3,249)	(519)	-	-	(9,076)
Balance at December 31, 2021	$ -	$ 138,763	$ 58,541	$ 45,725	$ 2,921	$ 49,851	$ 11,093	$ 306,894
Accumulated impairment								
Balance at January 1, 2021	$ -	$ 64	$ 22,887	$ 4,983	$ -	$ 756	$ 754	$ 29,444
Impairment losses	-	-	-	-	-	-	-	-
Disposals	-	-	(2,593)	(100)	-	-	-	(2,693)
Balance at December 31, 2021	$ -	$ 64	$ 20,294	$ 4,883	$ -	$ 756	$ 754	$ 26,751
Net balance at December 31, 2021	$ 9,789	$ 25,453	$ 22,720	$ 2,963	$ -	$ 6,621	$ 472	$ 68,018

(Concluded)

As a result of the life cycle of some products, the related equipment used to produce these products would be left idle due to insufficient capacity. The Company carried out a review of the recoverable amount of the related equipment and determined that the carrying amount exceeded the recoverable amount. As of December 31, 2022 and 2021, the accumulated impairment losses recognized were $19,074 thousand and $26,751 thousand, respectively.

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	20-45 years
Electricity and barrier constructions	3-20 years
Machinery equipment	5 years
Testing equipment	3-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Other equipment	2-3 years

12. LEASE ARRANGEMENTS

Other Lease Information

	For the Year Ended December 31	
	2022	**2021**
Expenses relating to short-term leases and low-value asset leases	$ 1,900	$ 1,900
Total cash outflow for leases	$ 1,900	$ 1,900

The Company's lease of certain office equipment qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. OTHER PAYABLES

	December 31	
	2022	**2021**
Payroll and Bonus	$ 36,150	$ 25,971
Services	8,722	7,406
Employees' leave	7,659	7,245
Tooling	7,652	11,209
Insurance	3,694	3,953
Equipment	1,338	2,279
Others	35,694	23,184
	$100,909	$ 81,247

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2.5% of total monthly salaries to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 17,128	$ 28,470
Fair value of plan assets	(8,273)	(14,446)
Net defined benefit liabilities	$ 8,855	$ 14,024

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	51,356	(16,226)	35,130
Service cost			
Current service cost	1,074	-	1,074
Net interest expense (income)	246	(72)	174
Recognized in loss (profit)	1,320	(72)	1,248
Remeasurement			
Return on plan assets	-	(436)	(436)
Actuarial loss - changes in demographic assumptions	763	-	763
Actuarial gain - experience adjustments	(4,439)	-	(4,439)
Recognized in other comprehensive income	(3,676)	(436)	(4,112)
Contributions from the employer	-	(11,442)	(11,442)
Direct paid	(6,800)	-	(6,800)
Benefits paid	(13,730)	13,730	-
Balance at December 31, 2021	$ 28,470	$ (14,446)	$ 14,024
Service cost			
Current service cost	532	-	532
Net interest expense (income)	142	(74)	68
Recognized in loss (profit)	674	(74)	600
Remeasurement			
Return on plan assets	-	(1,218)	(1,218)
Actuarial gain - changes in financial assumptions	(1,973)	-	(1,973)
Actuarial gain - experience adjustments	(2,022)	-	(2,022)
Recognized in other comprehensive income	(3,995)	(1,218)	(5,213)
Contributions from the employer	-	(556)	(556)
Benefits paid	(8,021)	8,021	-
Balance at December 31, 2022	$ 17,128	$ (8,273)	$ 8,855

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	$ 391	$ 652
Selling and marketing expenses	50	161
General and administrative expenses	112	315
Research and development expenses	47	120
	$ 600	$ 1,248

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	**2021**
Discount rate(s)	1.5%	0.5%
Expected rate(s) of salary increase	3%	3%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	**2021**
Discount rate(s)		
0.25% increase	$ (450)	$ (737)
0.25% decrease	$ 467	$ 764
Expected rate(s) of salary increase		
0.25% increase	$ 452	$ 733
0.25% decrease	$ (438)	$ (711)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
The expected contributions to the plan for the next year	$ 365	$ 674
The average duration of the defined benefit obligation	10.5 years	10.3 years

15. EQUITY

a. Share capital

<u>Ordinary shares</u>

	December 31	
	2022	2021
Number of shares authorized (in thousands)	300,000	300,000
Amount of shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	68,000	68,000
Amount of shares issued	$ 680,000	$ 680,000

b. Capital surplus

	December 31	
	2022	2021
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	$ 630,074	$ 630,074

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 and only once a year).

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 20 (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 takes into consideration the investment environment, international or domestic competition while simultaneously meeting 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 2021 resolved in the shareholders' meetings on June 10, 2022 was as follows:

	Appropriation of Earnings 2021
Special reserve	$ 32,304
Cash dividends	$ 31,960
Cash dividends per share (NT$)	$ 0.47

On July 9, 2021, the shareholders' meeting of the Company resolved to adopt the Statement for Covering of Losses of 2020 and to cover accumulated deficits with the capital surplus.

16. REVENUE

	For the Year Ended December 31	
	2022	2021
Customer contracts revenue		
Product operating revenue	$ 882,551	$ 669,381
Management service revenue	$ 35,514	$ 35,696
	$ 918,065	$ 705,077

17. NON-OPERATING INCOME AND EXPENSES

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 2,286	$ 1,135

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	$ 1,610	$ 1,532
Dividends	211	-
Subsidy from government	-	2,318
Others	4,739	6,534
	$ 6,560	$ 10,384

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Foreign currency exchange gain (loss)	$ 9,206	$ (3,791)
Gain on disposal of property, plant and equipment	52	124
Net gain on financial assets at FVTPL	-	155
Others	-	(46)
	$ 9,258	$ (3,558)

d. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gain	$ 21,287	$ 3,223
Foreign exchange loss	(12,081)	(7,014)
Net foreign exchange gain (loss)	$ 9,206	$ (3,791)

18. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense listed as follows:

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current period	7,119	915
Income tax expense recognized in profit or loss	$ 7,119	$ 915

A reconciliation of accounting profit and income tax expense listed as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	$ 107,349	$ 62,741
Income tax expense calculated at the statutory rate	$ 21,470	$ 12,548
Nondeductible items in determining taxable income	541	1
Tax-exempt income	(42)	(464)
Unrecognized temporary differences	(14,850)	(11,170)
Income tax expense recognized in profit or loss	$ 7,119	$ 915

b. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities listed as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Reclassified From Equity to Profit or Loss	Closing Balance
Deferred tax assets					
Temporary differences					
Unrealized loss on inventories	$ 466	$ 109	$ -	$ -	$ 575
Unrealized exchange loss	74	(2)	-	-	72
Defined benefit obligation	4,719	-	(1,043)	-	3,676
Exchange differences on translation of the financial statements of foreign operations	59,634	-	(28,219)	-	31,415
Payables for annual leave	1,449	83	-	-	1,532
Loss carryforwards	29,302	(7,499)	-	-	21,803
Others	406	398	-	-	804
	$ 96,050	$ (6,911)	$ (29,262)	$ -	$ 59,877
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	$ 24	$ 208	$ -	$ -	$ 232
Land value increment tax	9,477	-	-	-	9,477
Share of profit of subsidiaries	26,454	-	-	-	26,454
	$ 35,955	$ 208	$ -	$ -	$ 36,163

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Reclassified From Equity to Profit or Loss	Closing Balance
Deferred tax assets					
Temporary differences					
Unrealized loss on inventories	$ 241	$ 225	$ -	$ -	$ 466
Unrealized exchange loss	58	16	-	-	74
Defined benefit obligation	6,881	(1,340)	(822)	-	4,719
Exchange differences on translation of the financial statements of foreign operations	51,438	-	8,196	-	59,634
Payables for annual leave	1,563	(114)	-	-	1,449
Loss carryforwards	29,302	-	-	-	29,302
Others	218	188	-	-	406
	$ 89,701	$ (1,025)	$ 7,374	$ -	$ 96,050
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	$ 134	$ (110)	$ -	$ -	$ 24
Land value increment tax	9,477	-	-	-	9,477
Share of profit of subsidiaries	26,454	-	-	-	26,454
	$ 36,065	$ (110)	$ -	$ -	$ 35,955

c. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2027	$ 604	$ 604
Expiry in 2028	63,661	63,661
Expiry in 2029	86,573	87,299
Expiry in 2030	113,413	113,413
Expiry in 2031	20,091	20,091
	$ 284,342	$ 285,068

d. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Year of Expiry
$ 109,620	2027
63,661	2028
86,573	2029
113,413	2030
20,091	2031
$ 393,358	

e. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

19. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic earnings per share	$ 1.47	$ 0.94
Diluted earnings per share	$ 1.47	$ 0.93

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

	For the Year Ended December 31	
	2022	**2021**
Net profit for the year	$ 100,230	$ 61,826

Shares

Unit: In Thousand Shares

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	68,000	66,071
Effect of potentially dilutive ordinary shares:		
Compensation of employees	111	57
Weighted average number of ordinary shares used in the computation of diluted earnings per share	68,111	66,128

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company assumed that the entire amount of the bonuses or remuneration will 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.

20. ADDITIONAL INFORMATION ON EXPENSES

a. Depreciation and amortization

	For the Year Ended December 31	
	2022	**2021**
An analysis of depreciation by function		
Recognized in operating costs	$ 10,580	$ 9,314
Recognized in operating expenses	6,203	6,721
	$ 16,783	$ 16,035
An analysis of amortization by function		
Recognized in operating expenses	$ 2,824	$ 2,101

b. Employee benefits expense

	For the Year Ended December 31	
	2022	**2021**
Post-employment benefits (Note 14)		
Defined contribution plans	$ 7,595	$ 6,820
Defined benefit plans	600	1,248
	8,195	8,068
Other employee benefits	221,134	191,929
	$ 229,329	$ 199,997
Employee benefits expense summarized by function		
Recognized in operating costs	$ 145,981	$ 115,491
Recognized in operating expenses	83,348	84,506
	$ 229,329	$ 199,997

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 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:

Estimation ratio

	For the Year Ended December 31	
	2022	**2021**
Employees' compensation	3%	3%
Remuneration of directors	2%	2%

Amount

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

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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 financial statements for the years ended December 31, 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.

21. CAPITAL MANAGEMENT

The Company maintains its capital to support equipment upgrades. The Company's capital management is to ensure there are sufficient financial resources and operation plans, in order to meet the needs of working capital, capital expenditures, research and development fees, debt repayment and dividend distribution over the next 12 months.

22. 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

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	$ 35,264	$ -	$ -	$ 35,264
- domestic unlisted ordinary shares	-	-	9,800	9,800
	$ 35,264	$ -	$ 9,800	$ 45,064

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
- domestic listed preferred shares	$ 38,400	$ -	$ -	$ 38,400
- domestic unlisted ordinary shares	-	-	7,380	7,380
	$ 38,400	$ -	$ 7,380	$ 45,780

There were no transfers between Levels 1 and 2 during the years ended December 31, 2022 and 2021.

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

	Financial Assets at FVTOCI	
	2022	2021
Balance at January 1	$ 7,380	$ 6,899
Recognized in other comprehensive income (loss)	2,420	481
Balance at December 31	$ 9,800	$ 7,380

3) 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

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	$ 609,853	$ 572,290
Financial assets at FVTOCI		
Equity instruments	45,064	45,780
Financial liabilities		
Amortized cost (2)	234,603	218,056

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and guarantee deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise trade payables and other payables.

d. Financial risk management objectives and policies

The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company 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 Company is committed to identify, assess and avoid the uncertainty of the market and reduce the potential downside effects against the Company's financial performance due to market fluctuation.

The corporate treasury function is reviewed by the Company's board of directors and audit committee in accordance with related rules and internal control systems. The Company 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 Company'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 Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk.

a) Foreign currency risk

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

The Company's derivative financial instruments did not qualify under hedged items due to the fact that such products were due within 1 year of the initial transaction.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 25.

Sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the NTD against the USD and the EUR. 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 Year Ended December 31		**For the Year Ended December 31**	
	2022	**2021**	**2022**	**2021**
Profit or loss	$ 3,135	$ 2,464	$ 3,524	$ 1,475

i. This was mainly attributable to the exposure on outstanding receivables and payables in USD in cash flow hedges at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding receivables and payables in EUR in cash flow hedges at the end of the reporting period.

b) Interest rate risk

Interest rate risk refers to the risk of 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 Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period are as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 394,858	$ 265,000
Cash flow interest rate risk		
Financial assets	45,221	141,190

Sensitivity analysis

The sensitivity analyses were determined based on the Company's exposure to interest rates for both derivatives 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 Company's profit or loss would be as follows:

	Market Rate Change Impact	
	2022	**2021**
Profit or loss	$ 45	$ 141

2) Credit risk

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

a) Business-related credit risk

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

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

The Company's concentration of credit risk of 91% and 91% of total trade receivables as of December 31, 2022 and 2021, respectively, was related to the Company's top ten customers. 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 Company's finance department. However, since the Company'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 Company has financial flexibility.

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

The following table details the Company'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 Company 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 maturities dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2022

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	Over 5 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 234,603	$ -	$ -	$ -

December 31, 2021

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	Over 5 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 218,056	$ -	$ -	$ -

23. TRANSACTIONS WITH RELATED PARTIES

The details of transactions between the Company and other related parties are disclosed below.

a. Related parties and their relationships

Related Party	Relationship with the Company
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
Lite-On Japan Ltd.	Other related party
Lite-On Integrated Service Inc.	Other related party
Silitech Technology Corporation Limited	Subsidiary
Silitech Technology Corporation Sdn. Bhd.	Subsidiary
Xurong Electronic (Shenzhen) Co., Ltd.	Subsidiary

b. Sales of goods

Item	Related Party Category	For the Year Ended December 31 2022	2021
Sales of goods	The Company’s major institutional shareholder	$ 1,810	$ 18,944
	Subsidiary	199	375
	Other related party	113	5,805
Management service revenue	Subsidiary	35,514	35,696
		$ 37,636	$ 60,820

The sale of goods to related parties were made at the Company’s usual list prices and conditions which had no significant difference with other non-related parties. The subsidiary's management service revenue was determined by the contract.

c. Purchases

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiary - Silitech Technology Corporation Ltd.	$ 90,696	$ 58,687
Other related party- INFO-TEK Corporation	67,104	12,204
	$ 157,800	$ 70,891

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

Item	Related Party Category	For the Year Ended December 31	
		2022	2022
Operating expenses	The Company's major institutional shareholder	$ 2,669	$ 1,767
	Other related parties	1,361	2,774
		$ 4,030	$ 4,541
Other income	Other related party- INFO-TEK Corporation	$ 229	$ 1,533
	The Company's major institutional shareholder	-	68
		$ 229	$ 1,601
Other income (Recognized as cost deductions)	Other related party	$ 1,994	$ -

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

Item	Related Party Category	December 31	
		2022	2021
Trade receivables	Subsidiary	$ 11,980	$ 11,839
	The Company's major institutional shareholder	1,231	4,297
	Other related party	118	-
		$ 13,329	$ 16,136
Other receivables	Other related party - INFO-TEK Corporation	$ 10,595	$ 2,579
	Subsidiary- Silitech Technology Corporation Sdn. Bhd.	1,291	1,650
	The Company's major institutional shareholder- Lite-On Technology Corporation	759	1,009
		$ 12,645	$ 5,238

The outstanding trade receivables from related parties are unsecured.

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

Item	Related Party Category	December 31 2022	December 31 2021
Trade payables	Subsidiary-Silitech Technology Corp. Ltd.	$ 22,261	$ 21,965
	Other related party - INFO-TEK Corporation	24,856	8,399
	Subsidiary	3	-
		$ 47,120	$ 30,364
Other payables	Other related parties	$ 2,418	$ 2,233
	The Company's major institutional shareholder	129	163
		$ 2,547	$ 2,396

The outstanding trade payables to related parties are unsecured.

g. Compensation of key management personnel

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term employee benefits	$ 8,483	$ 5,945
Termination benefits	108	6,908
	$ 8,591	$ 12,853

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

24. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

c. Based on the adjustment of the investment structure of overseas subsidiaries, the Company's board of directors on January 19, 2023, which resolved to acquire 100% equity of Silitech Technology Corporation Sdn. Bhd. from Silitech (Bermuda) Holding Ltd.. The total transaction amount was US$23,154 thousand.

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

25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 2,821	30.6600	$ 86,504
EUR	2,330	32.6130	75,989
Non-monetary items			
Investments accounted for using the equity method			
USD	64,626	30.6600	1,981,420
Financial liabilities			
Monetary items			
USD	776	30.6600	23,806
EUR	169	32.6130	5,509

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 2,672	27.6250	$ 73,808
EUR	945	31.2245	29,505
Non-monetary items			
Investments accounted for using the equity method			
USD	63,883	27.6250	1,764,777
Financial liabilities			
Monetary items			
USD	888	27.6250	24,519

The significant unrealized foreign exchange gains (losses) are as follows:

	For the Year Ended December 31			
	2022		2021	
Functional Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.6157 (USD:NTD)	$ (259)	27.8910 (USD:NTD)	$ (46)
EUR	32.1083 (EUR:NTD)	1,060	31.2778 (EUR:NTD)	(205)
JPY	0.2262 (JPY:NTD)	(1)	0.2444 (JPY:NTD)	-
		$ 800		$ (251)

26. 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: None.

   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: None.

b. Information on investees: See Table 2 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 investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. See Table 3 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 4 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 purposes.

      e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to 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 5 attached.

TABLE 1

SILITECH TECHNOLOGY CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(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	December 31, 2022				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Silitech Technology Corporation	Ordinary shares							
	Chi Mei Mold Co., Ltd.	-	Financial assets at FVTOCI -non-current	1,300	$ 9,800	3.71	$ 9,800	
	RTR-TECH Technology Co., Ltd.	-	Financial assets at FVTOCI -non-current	6,820	-	9.46	-	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets at FVTOCI -non-current	640	35,264	0.04	35,264	

TABLE 2

SILITECH TECHNOLOGY CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/ (Losses) of Investee	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Value			
Silitech Technology Corporation	Silitech (BVI) Holding Ltd.	British Virgin Islands	Investment activities	US$ 52,182	US$ 52,182	52,181,926	100	$ 1,981,420	US$ 2,590	$ 74,230	Subsidiary (Note)

Note: Refer to Table 3 for information on investments in mainland China.

SILITECH TECHNOLOGY CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profits/(Losses) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
Xurong Electronic (Shenzhen) Co., Ltd.	Manufacture of touch panels and plastic and rubber assemblies	$ 85,848 (US$ 2,800)	Note 1	$ 203,354	$ -	$ -	$ 203,354	$ (2,672) (RMB -599)	100	$ (2,672) (RMB -599)	$ 158,177 (RMB 35,827)	$ 3,960,665 (US$ 122,919) (RMB 71,822)	
Silitech Technology (Suzhou) Co., Ltd.	Manufacture and sale of automotive parts	-	Note 1	1,073,100 (US$ 35,000)	-	-	1,073,100 (US$ 35,000)	-	-	-	-	1,218,459 (US$ 8,796) (RMB 214,783)	(Note 6)

Accumulated Investments in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
$ 1,368,434 (Note 4) (US$ 38,000) (NT$ 203,354)	$ 1,518,821 (Note 4) (US$ 42,905) (NT$ 203,354)	$6,724,975 (Note 3)

Note 1: Indirect investment in mainland China through holding companies

Note 2: The financial statements used as basis for calculating the investment amounts were audited by the independent auditors.

Note 3: The Company's upper limit on investments to China (calculated based on the higher of 60% of Silitech Technology Corporation's net worth or worth of $80 million plus accumulated inward remittance of share capital or earnings from subsidiaries in mainland China: $2,576,419 (net worth) × 60% ＋ $5,179,124 ＝ $6,724,975.

Note 4: Investment amounts approved by the Ministry of Economic Affairs, ROC are as follows:

Name of Investee	Order No.	Approved Amounts	
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. (liquidated in January 2020) (Note 6)	10930007090	US$	(43,000)
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09600170390	US$	20,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09600164790	US$	2,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (Note 6)	09500326290	US$	11,000
Silitech Technology (Suzhou) Co., Ltd. (liquidated in January 2020) (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 investment of US$2,700 thousand which is not from Taiwan (ROC).

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.

TABLE 4

SILITECH TECHNOLOGY CORPORATION

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 YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized	Note
		Amount	Percentage (%)		Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage (%)		
Xurong Electronic (Shenzhen) Co., Ltd.	Purchase	$ 90,696	16	No significant difference	90 days	90-120 days	$ (22,264)	17	$ 116	-

TABLE 5

SILITECH TECHNOLOGY CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2022

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 financial statements may be different due to differences in the basis of preparation and calculation.

6.6 Financial Difficulties and Impacts

The Company should disclose the financial impact if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2022 and as of the date of this Annual Report (The term "affiliates" refers to entities meeting the requirements set forth under Article 369-1 of the Company Act.): None.

Financial Status, Operating Results and Risk Management

7.1 Financial Status

Unit: NT$ thousands; %

Item \ Year	2021	2022	Difference	
			Amount	%
Current Assets	2,306,298	2,390,782	84,484	4
Property, Plant and Equipment	220,394	344,520	124,126	56
Other Non-current Assets	554,051	523,002	(31,049)	(6)
Total Assets	3,080,743	3,258,304	177,561	6
Current Liabilities	590,141	612,654	22,513	4
Non-current Liabilities	100,404	69,231	(31,173)	(31)
Total Liabilities	690,545	681,885	(8,660)	(1)
Capital Stock	680,000	680,000	-	-
Capital Surplus	630,074	630,074	-	-
Retained Earnings	1,460,751	1,534,810	74,059	5
Total Equity	2,390,198	2,576,419	186,221	8

Analysis of deviation over 20%:

1. Increase in Property, Plant and Equipment: Due to purchase of freehold land.
2. Decrease in Non-current Liabilities: Due to the decrease in lease liabilities.

7.2 Operating Results

Unit: NT$ thousands; %

Year / Item	2021	2022	Difference	%
Operating Revenue	1,815,926	2,025,009	209,083	12
Cost of Goods Sold	1,529,867	1,690,831	160,964	11
Gross Profit	286,059	334,178	48,119	17
Operating Expenses	228,750	234,685	5,935	3
Operating Pofit	57,309	99,493	42,184	74
Non-operating Income and Expenses	32,105	35,162	3,057	10
Profit before Income Tax	89,414	134,655	45,241	51
Income Tax Expense	27,588	34,425	6,837	25
Net Income	61,826	100,230	38,404	62

7.2.1 Analysis of Deviation over 20%:

1. Increase in operating profit: due to the increase in operating revenue.
2. Increase in profit before income tax: explained as #1.
3. Increase in income tax expenses: due to the increase in profit before income tax, then income tax expenses increased accordingly.
4. Increase in net income: explained as #1.

7.2.2 Sales Forecast, Major Impact and Future Plan

Silitech will continue to adjust its global layout thinking, make use of the advantages of each factory, and fully utilize various types of resources without limitation to achieve synergy. In terms of sales and R&D, Silitech will continue its dedication to cross-industry application and provide customers with flexible services in preliminary product design, R&D and various solutions in pursuit of business momentum and application development in the field of Automotive Components and Mechanical Integration. In terms of production operation, in response to long-term planning, Silitech will increase its production capacity in Taiwan, Malaysia and even overseas, diversify the production capacity in different regions to meet the customer's business needs; optimize the management of supply chain, strength resource sharing among different factories, and continue to pursue automation production process and production flexibility to achieve operation synergy.

7.3 Cash Flow

7.3.1 Analysis of Cash Flow

Unit: NT$ thousands

Cash Balance 2022/1/1 (1)	Net Cash from Operating Activities in 2022 (2)	Net Cash Flow from Investing and Financing Activities in 2022 (3)	Cash Balance 2022/12/31 (1)＋(2)＋(3)	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
1,491,671	172,846	(28,894)	1,635,623	Not Applicable	

- Analysis of Cash Flow:
  1. NT$172,846 thousand net cash generated by operating activities: mainly due to the operating income and expenses.
  2. NT$57,510 thousand net cash used in investing activities: mainly due to the purchase of property, plant and equipment and the disposal of financial assets.
  3. NT$56,724 thousand net cash used in financing activities: mainly due to the payment of cash dividends and the repayment of lease principal.
  4. NT$85,340 thousand net cash inflow caused by effects of exchange rate changes.
- Remedial Actions for Liquidity Shortfall: Not Applicable.

7.3.2 Analysis of Liquidity

Item \ Year	2021	2022	%
Cash Flow Ratio (%)	14.41	28.21	96
Cash Flow Adequacy Ratio (%)	(87.13)	(13.08)	85
Cash Flow Reinvestment Ratio (%)	2.32	3.65	57

- Analysis of deviation over 20%:
  1. Increase in cash flow ratio (%): due to the increase in net cash inflow generated from operating activities in 2022.
  2. Increase in cash flow adequacy ratio (%): explained as #1.
  3. Increase in cash flow reinvestment ratio (%): explained #1.
- Remedial Actions for Liquidity Shortfall: Not Applicable.

7.3.3 Cash Flow Projection for Next Year

Unit: NT$ thousands

Cash Balance 2023/1/1 (1)	Projected Net Cash from Operating Activities in 2023 (2)	Projected Net Cash Flow from Investing and Financing Activities in 2023 (3)	Projected Cash Balance 2023/12/31 (1)＋(2)＋(3)	Projected Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
1,635,623	119,772	(1,012,832)	742,563	Not Applicable	

- Analysis of Cash Flow Projection:
  1. NT$119,772 thousand net cash generated by operating activities: mainly due to the operating income and expenses.
  2. NT$946,727 thousand net cash used in investing activities: mainly due to the purchase of financial assets, property, plant and equipment.
  3. NT$66,105 thousand net cash used in financing activities: mainly due to the distribution of cash dividends and the repayment of lease principal.
- Remedial Actions for Liquidity Shortfall: Not Applicable.

7.4 Major Capital Expenditures and Impact on Financial and Business

7.4.1 Major Capital Expenditures and Source of Funds

Unit: NT$ thousands

Item	Actual or Expected Source of Funds	Total Amount	Actual or Scheduled Use of Funds		
			2021	2022	2023
Freehold land	Working Capital	151,879	-	151,879	-
Production equipment and facilities	Working Capital	271,421	38,416	18,185	214,820
Others	Working Capital	22,862	9,001	4,463	9,398
Total		446,162	47,417	174,527	224,218

7.4.2 Expected Benefits and Impact on Financial and Business:

The above capital expenditures are required for business expansion and the funds required are funded by working capital.

7.5 Long-term Investment Policy

After capacity downsizing in mainland China factory, Silitech would redeploy global sales and production businesses, increase in the production capacity investment in Taiwan factory and Malaysia factory, and focus on the deepening of core technologies, strength resource sharing among different factories, make use of the advantages of each factory, and fully utilize various types of resources without limitation to achieve synergy.

7.6 Risk Management

7.6.1 The impact of recent interest rates, exchange rate changes, and inflation on the company's profit and loss in the recent year and future measures

Changes in interest rates and inflation have no material impact on Silitech's operations and profit or loss. As for the exchange rate changes, due to Silitech's export sales, in order to avoid the impact of exchange rate fluctuations, Silitech uses foreign exchange spot and forward contracts to avoid exchange rate fluctuation risks. At the same time, in addition to maintaining close contact with the banks, Silitech will continue to refer to domestic and foreign professional economic reports and data, and immediately grasp the changes in the global economic situation.

7.6.2 The main reasons for the policy, profit or loss of high-risk, high-leverage investment, loan to others, endorsement/guarantee and derivative transactions in the recent year and future measures

Silitech does not engage in high-risk, highly leveraged investments, loans to others and endorsements/guarantee. With regard to the loan of funds to others, endorsement guarantees and derivative transactions, Silitech has formulated the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees” and “Procedures for the Acquisition and Disposal of Assets” to regulate the loan of funds to others, endorsement guarantees and derivatives. The derivative transactions dealt by Silitech are for the purpose of hedging only.

7.6.3 Research and development plans in the recent year and future plans

Silitech has developed in the wearable device, smart key, automotive interior glass and optical module products industry. In addition to providing customers with pre-product design and research, development flexible services and various solutions, Silitech also implements the planning and execution of advanced manufacturing to improve production efficiency. Relevant research and development plans and progress will be carried out according to the plan. In the future, we will continue to invest in product research and development, key factors such as talents, capital and technology, and maintain the leading position in research and development capabilities. The estimation of R&D expenses is around NT$42 million in 2023.

7.6.4 Impact of material domestic and international policies and legal changes on the company's financial and business in the recent year and corresponding measures

Silitech's operation complies with the relevant current laws and regulations of domestic and foreign countries. In addition to providing legal change information through online collection and legal counsel employed at home and abroad, overseas subsidiaries also irregularly provide important local policies and laws for reference of the management team. Therefore, Silitech can reply the changes in material policies and laws effectively.

7.6.5 Impact of recent technological changes (including cyber security risks) and industry changes on the company's financial and business and corresponding measures

Silitech is one of the leading manufacturers in the industry. R&D technology and innovation are indispensable for operation. It is also a major competitive advantage of Silitech. Therefore, the technology change has positive effects on the financial and business of the Company. Silitech will also continue to maintain its leading position in R&D technology. Recent cases of violations of intellectual property rights have led to an increase in intellectual property risks faced by enterprises in market competition. It highlights that the operation and protection of intellectual property have a significant impact on the Company's operation and development prospects. Therefore, the Company has formulated "Trade Secret Management Procedure", "Reward for Patent Invention Policy", "Information Security Policy & Management Procedure" and trademark management, in regards to the creation, protection, application, and subsequent value of the intellectual property rights, so that the risk of intellectual property rights of the Company can be effectively controlled and disputes can be prevented, so as to achieve the maximum value of intellectual property rights.

For cyber security, the Company establishes the Cyber Security Committee, which convenes cyber security meetings as necessary, and is responsible for formulating and evaluating the Company's cyber security policies and matters, or reviewing and supervising incidents.

7.6.6 The impact of corporate image changes in recent years on corporate crisis management and corresponding measures

Silitech's business objectives are based on the principle of sound and ethical management, the corporate image is good, attracting many outstanding talents, and planting the strength of the management team, and then returning the operating results to the shareholders, and fulfilling the social responsibilities, so there will not be any negative impacts on the image of Silitech. Silitech will continue to do its best to maximize the shareholders’ interests, fulfill the corporate social responsibility and make the corporate image even better.

7.6.7 Expected benefits and possible risks of M&A in the recent year

Silitech has not conducted any mergers and acquisitions in the most recent year and up to the date of publication of the annual report.

7.6.8 Expected benefits and possible risks of expansion of the factory in the recent year

Please refer to the Section 7.4 Major Capital Expenditures and Impact on Financial and Business.

7.6.9 Risks of purchase or sales concentration in the recent year

Silitech has been established from the spin-off of Silitek Corporation Rubber BU. It has many years of profound cooperation experience and partnership with material suppliers. The raw

material procurement of Silitech's global production base are negotiated together. When purchasing materials, there is a relative bargaining power and a stable supply source. In addition, Silitech has a large variety source of purchases and no centralized purchase.
The customers of Silitech are mainly international manufacturers or EMS. Silitech is more active in business development for different customers and developing product applications to expand customer base. Therefore, Silitech has no risk on sales concentration.

7.6.10 Directors or shareholders holding more than 10% of the shares, the impact of a large number of shares transferred or replaced on the company and risks: None.

7.6.11 Impact of changes in management rights on the company and risks

Not applicable, no change in management rights in 2022.

7.6.12 Litigation or non-litigation

Should the Company, its directors, presidents, substance representatives, subordinate companies and major shareholders holding more than 10% of the shares in the last two years have the litigation, non-litigation or administrative disputes up to the date of this annual report: None.

7.6.13 Policy and organizational structure of risk management

- **Organization and operation of risk management**

There are considerable variables in operation, growth and even scale adjustments of a company. Silitech pursues the maximization of shareholders' interests and protects all employees and reduces its operating risks in a responsible manner. According to this spirit, the risk management procedure is established, and the management cycle is divided into four categories: project category, operation category, improvement category and other category. Aiming at possible risk causes, each cycle of risk management has its responsible unit. The timing of prevention planning, preventive measures and review cycle, etc., will be proposed by the responsible units. The review of improvement plan will be served as a reference for similar events in the future.
Silitech's operational risk management is divided into three levels for management and control: the responsible unit is the first mechanism, and it takes responsibility for the design, prevention and prevention of the initial risk detection, evaluation and control of the operation. The second mechanism is the evaluation committee chaired by the president. In addition to the feasibility assessment, it also includes assessments of various risks. The third mechanism, it includes audit department's review of the potential operational risks, regular internal audit reports to the board of directors, and review of the board of directors.

- **Organization table of risk management**

<table>
<tr><th>Important Risk Assessment</th><th>Responsible Unit
(First Mechanism)</th><th>Risk Review and Control (Second Mechanism)</th><th>BOD and Internal Audit (Third Mechanism)</th></tr>
<tr><td>1. Interest rates, exchange rates and financial risks
2. High-risk, high-leverage investment, loans to others, endorsement guarantees and derivative commodity transactions and financial management investment</td><td>Treasury Unit</td><td>Finance assessment</td><td rowspan="6">Board of Directors: decision and final control of risk assessment control

Internal Audit: risk inspection, assessment, supervision, improvement tracking and reporting</td></tr>
<tr><td>3. Research and development plan
4. Policy and legal changes
5. Technology and industry changes
6. Corporate image change
7. Merger benefits
8. Expansion of the factory or production
9. Centralized purchase or sales</td><td>R&D and New Business
Legal Office
President's Office
Finance
Information Technology
Sales & Marketing
Procurment
Mechanical Integration
Automotive Components</td><td>R&D, management, and operation /production & sales meetings</td></tr>
<tr><td>10. Equity movement of directors or major shareholders
11. Changes in management rights</td><td>Finance</td><td>Management meeting</td></tr>
<tr><td>12. Litigation or non-litigation matters</td><td>Legal Office</td><td>Legal meeting</td></tr>
<tr><td>13. Personnel behavior, ethics and conduct</td><td>Department head
Human resources</td><td>HR meeting</td></tr>
<tr><td>14. Management of the board of directors</td><td>Finance</td><td>Legal Office, Internal Audit</td></tr>
</table>

7.6.14 Other Important Risks and Corresponding Measures: None.

7.7 Other Important Matters: None.

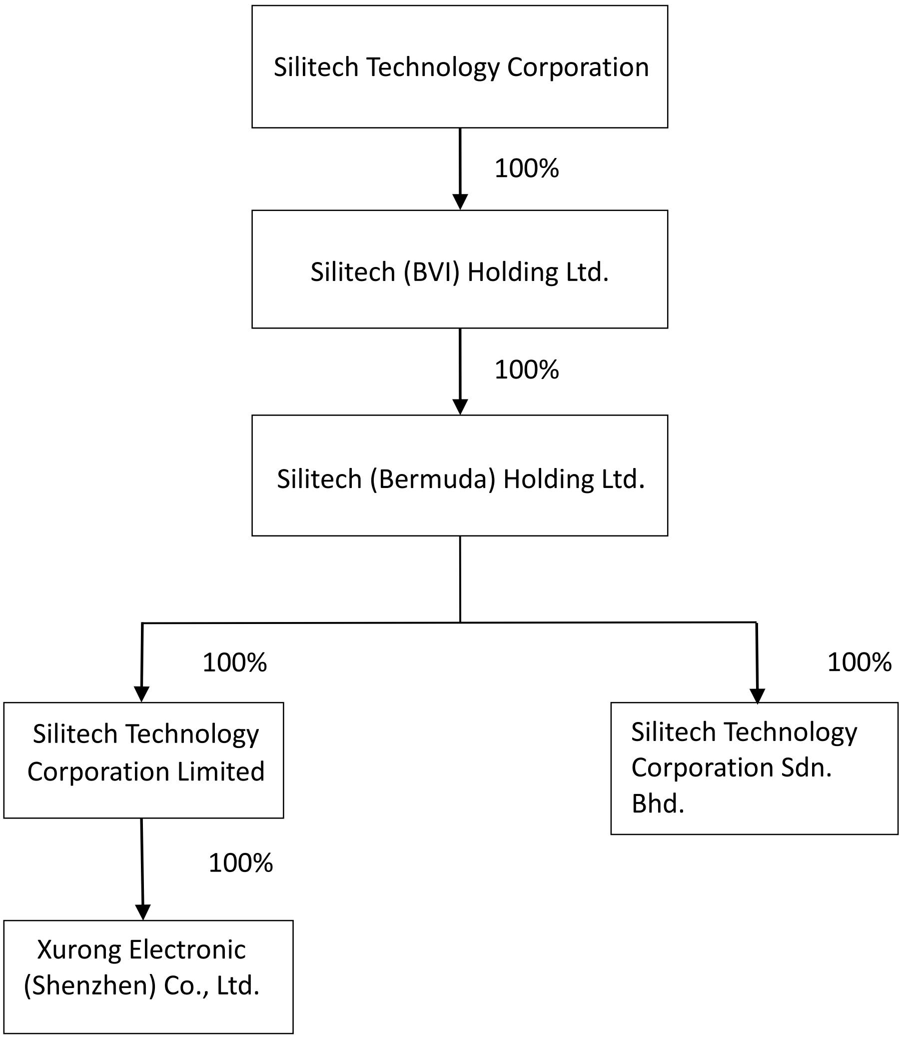
Special Notes

8.1 Affiliates Information

8.1.1 Consolidated Operation Report of the Company and Affiliates

- **Affiliated Organization Chart**

2022/12/31



- **Background Information of the Affiliated Companies**

2022/12/31
Unit: thousands

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
Silitech (BVI) Holding Ltd.	2001/09/27	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	USD 52,182	Investment activities
Silitech (Bermuda) Holding Ltd.	2002/08/28	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda	USD 52,132	Investment activities
Silitech Technology Corporation Sdn. Bhd.	2002/05/09	1528, MK 15, Jalan Besar, 14200 Sungai Jawi, Seberang Perai Selatan Penang, Malaysia	USD 5,632	Manufacture of plastic and computer peripheral products
Silitech Technology Corporation Limited	2002/01/16	Rm1610-11 CC, Wu Building, 302-8 Hennessy Road, Wanchai, HK	USD 8,000	Manufacture of plastic and computer peripheral products
Xurong Electronic (Shenzhen) Co., Ltd.	1999/12/24	No. 461(Building C, D) Nanhuan Road, Shajing Town, Baoan District. Shenzhen, Guangdong	USD 2,800	Manufacture and sale of touch panels and plastic and rubber assemblies

- **Presumed to Have Control and Affiliation Common Shareholders Information:** None

- **Business Scope of the Company and Affiliated Companies:**
  The business scope includes investment, manufacturing, trading and electronics industries.

- **Rosters of Directors, Supervisors, and Presidents of Affiliated Companies:**

2022/12/31

<table>
<tr><th rowspan="2">Company</th><th rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="2">Shareholding</th></tr>
<tr><th>Shares (Investment Amount)</th><th>% (Investment Holding %)</th></tr>
<tr><td rowspan="3">Silitech (BVI) Holding Ltd.</td><td>Director</td><td>Yu-Heng Chiao</td><td rowspan="3">Silitech Technology Corporation holds 52,182 thousand shares</td><td rowspan="3">100%</td></tr>
<tr><td>Director</td><td>Yu-Chen Hsu</td></tr>
<tr><td>Director</td><td>Wei-Lin Chen</td></tr>
<tr><td rowspan="3">Silitech (Bermuda) Holding Ltd.</td><td>Director</td><td>Yu-Heng Chiao</td><td rowspan="3">Silitech (BVI) Holding Ltd. holds 52,132 thousand shares</td><td rowspan="3">100%</td></tr>
<tr><td>Director</td><td>Yu-Chen Hsu</td></tr>
<tr><td>Director</td><td>Wei-Lin Chen</td></tr>
<tr><td rowspan="4">Silitech Technology Corporation Sdn. Bhd.</td><td>Director</td><td>Yu-Heng Chiao</td><td rowspan="4">Silitech (Bermuda) Holding Ltd. holds 21,400 thousand shares</td><td rowspan="4">100%</td></tr>
<tr><td>Director</td><td>Yu-Chen Hsu</td></tr>
<tr><td>Director</td><td>Wei-Lin Chen</td></tr>
<tr><td>Director</td><td>Ong Chin Chye</td></tr>
<tr><td rowspan="3">Silitech Technology Corporation Limited</td><td>Director</td><td>Yu-Heng Chiao</td><td rowspan="3">Silitech (Bermuda) Holding Ltd. holds 62,400 thousand shares</td><td rowspan="3">100%</td></tr>
<tr><td>Director</td><td>Yu-Chen Hsu</td></tr>
<tr><td>Director</td><td>Wei-Lin Chen</td></tr>
<tr><td rowspan="4">Xurong Electronic (Shenzhen) Co., Ltd.</td><td>Director</td><td>Yu-Chen Hsu</td><td rowspan="4">Silitech Technology Corporation Limited’s Investment RMB 37,131 thousand</td><td rowspan="4">100%</td></tr>
<tr><td>Director</td><td>Chris Lee</td></tr>
<tr><td>Director & Legal representative /President</td><td>Laster Cheng</td></tr>
<tr><td>Supervisor</td><td>Wei-Lin Chen</td></tr>
</table>

- **Operational Highlights of Affiliated Companies**

2022/12/31

Unit: NT$ thousands (Except EPS: NT$)

Company	Capital Stock	Assets	Liabilities	Net Worth	Operating Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earnings (Loss) Per Share
Silitech (BVI) Holding Ltd.	1,599,900	1,987,194	0	1,987,194	0	(83)	76,705	1.47
Silitech (Bermuda) Holding Ltd.	1,598,367	1,969,128	0	1,969,128	0	(684)	76,527	1.47
Silitech Technology Corporation Limited	293,152	249,129	22,392	226,737	91,220	(181)	(896)	(0.01)
Xurong Electronic (Shenzhen) Co., Ltd.	102,408	247,680	89,503	158,177	200,251	(18,519)	(2,672)	NA
Silitech Technology Corporation Sdn. Bhd.	149,465	1,050,870	340,983	709,887	1,033,632	104,082	80,435	3.76

Note: The amounts of capital stock, assets, liabilities and net worth are converted at the exchange rate of 2022/12/31; operating revenues, income (loss) from operation, net income (loss), basic earnings (loss) per share are converted according to the average exchange rate of 2022.

8.1.2 Consolidation of Financial Statements of Affiliates

Please refer to the Section 6.4 Consolidated Financial Statements for the Most Recent Years.

8.1.3 Affiliation Report: Not applicable.

8.2 Private Placement Securities in the Most Recent Year and up to the Publication Date of this Annual Report: None.

8.3 The Company's Common Shares Acquired, Disposed Of and Held by Subsidiaries: None.

8.4 Other Necessary Supplement: None.

Any Events Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act: None.