

ICHIA TECHNOLOGIES INC.  
and Subsidiaries

Consolidated Financial  
Statements and Independent  
Auditor's Report  
2022 and 2021

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## §Table of Contents§

	Item	Page	Numbering of Notes to Financial Statements
i.	Cover	1	-
ii.	Table of Contents	2	-
iii.	Statement of Consolidated Financial Statements of Affiliated Enterprises	3	-
iv.	Independent Auditor's Report	4~8	-
v.	Consolidated Balance Sheets	9	-
vi.	Consolidated Comprehensive Income Statements	10~11	-
vii.	Consolidated Statements of Changes in Equity	12	-
viii.	Consolidated Cash Flow Statements	13~14	-
ix.	Notes to the Consolidated Financial Statements		
	(i). Company History	15	1
	(ii). Date and Procedure for Approval of Financial Statements	15	2
	(iii). Application of New and Revised Standards and Interpretations	15~17	3
	(iv). Summary of Significant Accounting Policies	17~33	4
	(v). Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties	33	5
	(vi). Summary of Significant Accounting Items	33~76	6-27
	(vii). Related Party Transactions	76	28
	(viii). Pledged Assets	77	29
	(ix). Significant Contingent Liabilities and Unrecognized Contract Commitments	77	30
	(x). Significant Disaster Loss	-	-
	(xi). Significant Subsequent Events	-	-
	(xii). Others	77	31, 32
	(xiii). Additional Disclosure		
	1. Information on Significant Transactions	79, 82~86, 88~89	33
	2. Information on Investees	79, 82~86, 88~89	33
	3. Information on investment in Mainland China	80, 84, 87	33
	4. Information on major shareholders	80, 90	33
(xiv).	Segment Information	80~81	34

## Statement of Consolidated Financial Statements of Affiliated Enterprises

The companies to be included in the consolidated financial statements of affiliated enterprises in 2022 (from January 1, 2022 to December 31, 2022) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included in the consolidated financial statements of the parent company and subsidiaries pursuant to the IAS 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated enterprises separately.

Declared by:

Company name: ICHIA TECHNOLOGIES INC.

Corporate director: Creative Investment Co., Ltd.

Representative: HUANG CHIU YUNG

March 14, 2023

## **Independent Auditor's Report**

To the Board of Directors and Shareholders of ICHIA TECHNOLOGIES INC.:

### **Audit opinions**

We have audited the accompanying consolidated balance sheet of ICHIA TECHNOLOGIES INC. and subsidiaries as of December 31, 2022 and 2021, and the related consolidated comprehensive income statements, consolidated statement of changes in equity, consolidated cash flow statements, and notes to the consolidated financial statements (including significant accounting policies) for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICHIA TECHNOLOGIES INC. and subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations issued by the Financial Supervisory Commission.

### **Basis for opinions**

We conclude our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of ICHIA TECHNOLOGIES INC. and subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our

other ethical responsibilities in accordance with the Code. 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 2022 consolidated financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2022 consolidated financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries were as follows:

#### Authenticity of revenues recognized from sales to specific customers

ICHIA TECHNOLOGIES INC. and subsidiaries manufacture a wide range of flexible printed circuit boards and mechanism integrated components (MVI) for the automotive and consumer electronics markets. The sales revenue is a major indicator for the management to evaluate the sales performance. Since the sales revenue from major customers occupies a substantial percentage of the overall sales revenues, the authenticity of the sales revenues recognized from sales to major customers with more significant changes in the increase and proportion of the sales revenue is included as key audit matters in this year's consolidated financial statements.

We have also performed the following major audit procedures with respect to the above key audit matters:

1. Understand and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. Conduct random inspection of the sales revenue from major customers and check relevant certificates and documents to make sure of the authenticity of the recognition.
3. Examine whether there are any abnormalities in the collection after the credit period granted to specific customers.

### **Other Matters**

We have also audited the stand-alone financial statements of ICHIA TECHNOLOGIES INC. as of and for the year ended December 31, 2022 and 2021 on which we have issued an unqualified opinion.

### **Responsibilities of Management and Those in Charge of Governance of the Consolidated Financial Statements**

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements in order to ensure material misstatement caused by fraud or error does not exist in the consolidated financial statements.

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

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with accounting standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, if 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 auditing standards, we exercise professional judgment and 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 countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in ICHIA TECHNOLOGIES INC. and subsidiaries.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ICHIA TECHNOLOGIES INC. and subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ICHIA TECHNOLOGIES INC. and subsidiaries to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including related notes), 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 or the entities or business activities of the Group to express an opinion

on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

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

Deloitte Touche Tohmatsu Limited

CPA Steven Hsieh

CPA Liu Shu-Lin

Approval No. from the Financial  
Supervisory Commission:

Jin-Guan-Zheng-Shen-Zi No. 1000028068

Approval No. from the Financial  
Supervisory Commission:

Jin-Guan-Zheng-Shen-Zi No. 1050024633

March 14, 2023



ICHIA TECHNOLOGIES INC. and subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NTD thousands

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,794,682	18	\$ 1,448,846	16
1110	Financial assets measured at fair value through profit or loss - current (Notes 4 and 7)	71,469	1	171,751	2
1136	Financial assets measured at amortized cost - current (Notes 4 and 9)	51,444	1	516,212	6
1150	Notes receivable - net (Notes 4 and 10)	-	-	42	-
1170	Accounts receivable - net (Notes 4 and 10)	3,231,689	33	2,383,695	26
1220	Current income tax assets (Note 4 and 24)	36	-	10,369	-
130X	Inventory (Notes 4 and 11)	1,370,109	14	1,047,506	12
1470	Other current assets (Note 16)	137,013	1	123,009	1
11XX	Total current assets	<u>6,656,442</u>	<u>68</u>	<u>5,701,430</u>	<u>63</u>
	Noncurrent assets				
1517	Financial assets measured at fair value through other comprehensive income - non-current (Notes 4 and 8)	12,000	-	-	-
1535	Financial assets measured at amortized cost - non-current (Notes 4 and 9)	12,224	-	149,641	2
1600	Property, plant and equipment (Notes 4 and 13)	2,413,723	25	2,734,585	30
1755	Right-of-use assets (Note 14)	127,264	1	125,336	1
1760	Investment property (Note 15)	303,376	3	-	-
1840	Deferred income tax assets (Notes 4 and 24)	96,396	1	155,007	2
1975	Net defined benefit assets -non-current (Notes 4 and 20)	18,320	-	15,022	-
1990	Other non-current assets (Note 16)	209,667	2	184,949	2
15XX	Total non-current assets	<u>3,192,970</u>	<u>32</u>	<u>3,364,540</u>	<u>37</u>
1XXX	Total assets	<u>\$ 9,849,412</u>	<u>100</u>	<u>\$ 9,065,970</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4 and 17)	\$ 887,418	9	\$ 1,004,059	11
2130	Contract liabilities - current (Note 22)	17,045	-	5,221	-
2170	Accounts payable - non-related parties (Note 18)	1,959,619	20	1,481,654	17
2200	Other payables (Note 19)	306,001	3	255,594	3
2230	Income tax liabilities in current period (Notes 4 and 24)	17,085	-	5,532	-
2280	Lease liabilities - current (Notes 4 and 14)	2,762	-	1,298	-
2320	Long-term loans maturing within one year or operating cycle (Notes 4 and 17)	9,374	-	-	-
2399	Other current liabilities (Note 19)	17,356	-	13,257	-
21XX	Total current liabilities	<u>3,216,660</u>	<u>32</u>	<u>2,766,615</u>	<u>31</u>
	Non-current liabilities				
2541	Long-term loans (Notes 4 and 17)	335,626	4	345,000	4
2542	Long-term notes payable (Note 17)	199,980	2	199,935	2
2570	Deferred income tax liabilities (Notes 4 and 24)	8,504	-	14,482	-
2580	Lease liabilities - non-current (Notes 4 and 14)	3,758	-	661	-
2600	other non-current liabilities	13,477	-	7,032	-
25XX	Total non-current liabilities	<u>561,345</u>	<u>6</u>	<u>567,110</u>	<u>6</u>
2XXX	Total liabilities	<u>3,778,005</u>	<u>38</u>	<u>3,333,725</u>	<u>37</u>
	Equity (Note 21)				
3110	Common stock	3,075,366	31	3,075,366	34
3200	Capital surplus	2,054,098	21	2,054,098	23
	Retained earnings				
3310	Legal reserve	607,392	6	585,590	7
3320	Special reserve	335,891	3	295,397	3
3350	Undistributed earnings	368,612	4	219,013	2
3300	Total retained earnings	<u>1,311,895</u>	<u>13</u>	<u>1,100,000</u>	<u>12</u>
3490	Other equities	( 208,624 )	( 2 )	( 335,891 )	( 4 )
3500	Treasury stock	( 161,328 )	( 1 )	( 161,328 )	( 2 )
3XXX	Total equity	<u>6,071,407</u>	<u>62</u>	<u>5,732,245</u>	<u>63</u>
	Total liabilities and equity	<u>\$ 9,849,412</u>	<u>100</u>	<u>\$ 9,065,970</u>	<u>100</u>

The attached notes are part of the consolidated financial statements.

Corporate director: Creative Investment Co., Ltd.    Managerial officer: Tseng Kung-Sheng    Chief Accounting Officer: Cheng Ching-Yi  
Representative: HUANG CHIU YUNG

ICHIA TECHNOLOGIES INC. and subsidiaries  
Consolidated Comprehensive Income Statement

January 1 to December 31, 2022 and 2021

Unit: NTD thousands; earnings per share: NTD dollar

Code		2022		2021	
		Amount	%	Amount	%
	Operating revenue (Notes 4 and 22)				
4110	Sales revenues	\$ 7,732,513	101	\$ 6,522,564	101
4170	Sales return	( 38,336)	-	( 6,537)	-
4190	Sales discount	( 40,028)	( 1)	( 37,472)	( 1)
4000	Total operating revenue	7,654,149	100	6,478,555	100
5000	Operating cost (Note 4, 11 and 23)	( 6,611,844)	( 86)	( 5,674,621)	( 88)
5900	Operating gross profits	1,042,305	14	803,934	12
	Operating expenses (Note 23)				
6100	Promotional expenses	221,591	3	187,720	3
6200	Administrative expenses	234,161	3	220,557	3
6300	R&D expenses	217,561	3	191,765	3
6450	Loss (reversal profit) from expected credit impairment	4,756	-	( 4,218)	-
6000	Total operating expenses	678,069	9	595,824	9
6900	Operating income	364,236	5	208,110	3
	Non-operating incomes and expenses (Notes 23)				
7100	Interest incomes	19,203	-	18,323	-
7010	Other incomes	47,845	-	50,546	1
7020	Other gains and losses	68,293	1	3,274	-
7050	Financial costs	( 24,360)	-	( 12,611)	-
7000	Total non-operating incomes and expenses	110,981	1	59,532	1
7900	Net profits before tax	475,217	6	267,642	4
7950	Income tax expenses (Notes 4 and 24)	( 117,810)	( 2)	( 44,749)	-
8200	Net profits for the year	357,407	4	222,893	4

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Code		2022		2021	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Titles not reclassified as profit or loss				
8311	Remeasurement of defined benefit plan (Note 20)	\$ 3,256	-	(\$ 4,870)	-
8360	Titles likely to be reclassified to profit or loss subsequently				
8361	Exchange differences in the financial statement translation of foreign operations	<u>127,267</u>	<u>2</u>	( <u>40,494</u> )	( <u>1</u> )
8300	Other comprehensive income in the year (net after tax)	<u>130,523</u>	<u>2</u>	( <u>45,364</u> )	( <u>1</u> )
8500	Total comprehensive income in the year	<u>\$ 487,930</u>	<u>6</u>	<u>\$ 177,529</u>	<u>3</u>
	Earnings per share (Note 25)				
9710	Basic	<u>\$ 1.20</u>		<u>\$ 0.75</u>	
9810	Diluted	<u>\$ 1.20</u>		<u>\$ 0.75</u>	

The attached notes are part of the consolidated financial statements.

Corporate director:

Creative Investment Co., Ltd.

Representative: HUANG CHIU YUNG

Managerial officer:

Tseng Kung-Sheng

Chief Accounting Officer:

Cheng Ching-Yi

ICHIA TECHNOLOGIES INC. and subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NTD thousands

Code		Common stock		Retained earnings			Other equity items Exchange differences in the financial statement translation of foreign operations	Treasury stock	Total equity
		Number of shares (thousand shares)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings		
A1	Balance as of January 1, 2021	307,536	\$ 3,075,366	\$ 2,086,827	\$ 573,593	\$ 335,706	\$ 88,717	(\$ 295,397)	(\$ 161,328) \$ 5,703,484
	Allocation and distribution of earnings in 2020								
B1	Legal reserve	-	-	-	11,997	-	( 11,997)	-	-
B5	Cash dividend for shareholders	-	-	-	-	-	( 116,039)	-	( 116,039)
B17	Reversal of special reserve	-	-	-	-	( 40,309)	40,309	-	-
	Changes in other capital surplus								
C15	Cash dividend from capital surplus	-	-	( 32,729)	-	-	-	-	( 32,729)
D1	Net profit in 2021	-	-	-	-	-	222,893	-	222,893
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	( 4,870)	( 40,494)	( 45,364)
D5	Total comprehensive income in 2021	-	-	-	-	-	218,023	( 40,494)	177,529
Z1	Balance as of December 31, 2021	307,536	3,075,366	2,054,098	585,590	295,397	219,013	( 335,891)	( 161,328) 5,732,245
	Allocation and distribution of earnings in 2021								
B1	Legal reserve	-	-	-	21,802	-	( 21,802)	-	-
B3	Earnings set aside as a special reserve	-	-	-	-	40,494	( 40,494)	-	-
B5	Cash dividend for shareholders	-	-	-	-	-	( 148,768)	-	( 148,768)
D1	Net profit in 2022	-	-	-	-	-	357,407	-	357,407
D3	Other comprehensive income after tax in 2022	-	-	-	-	-	3,256	127,267	130,523
D5	Total comprehensive income in 2022	-	-	-	-	-	360,663	127,267	487,930
Z1	Balance as of December 31, 2022	307,536	\$ 3,075,366	\$ 2,054,098	\$ 607,392	\$ 335,891	\$ 368,612	(\$ 208,624)	(\$ 161,328) \$ 6,071,407

The attached notes are part of the consolidated financial statements.

Corporate director: Creative Investment Co., Ltd.  
Representative: HUANG CHIU YUNG

Managerial officer: Tseng Kung-Sheng

Chief Accounting Officer: Cheng Ching-Yi

ICHIA TECHNOLOGIES INC. and subsidiaries

Consolidated Cash Flow Statement

January 1 to December 31, 2022 and 2021

		Unit: NTD thousands	
Code		2022	2021
	Cash flow from operating activities		
A10000	Profit before tax in the year	\$ 475,217	\$ 267,642
A20010	Profit and loss items		
A20300	Loss (reversal profit) from expected credit impairment	4,756	( 4,218 )
A20100	Depreciation expense	364,966	401,106
A20400	Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	49,126	( 38,601 )
A20900	Financial costs	24,360	12,611
A21200	Interest incomes	( 19,203 )	( 18,323 )
A23800	Inventory devaluation and obsolescence loss (gain from price recovery)	11,930	( 52,678 )
A22500	Gain on disposal of property, plant and equipment	( 920 )	( 2,099 )
A23700	Impairment reversal profit of property, plant and equipment	( 11,472 )	( 1,704 )
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	( 853,044 )	89,348
A31200	Inventories	( 337,409 )	( 36,014 )
A31240	Other current assets	( 24,851 )	19,799
A31990	Other operating assets	( 42 )	( 103 )
A32125	Contract liabilities	11,824	( 1,893 )
A32150	Accounts payable	477,965	( 211,974 )
A32180	Other payables	48,134	6,899
A32230	Other current liabilities	4,099	( 13,937 )
A33000	Cash generated from operations	225,436	415,861
A33100	Interest received	30,050	14,625
A33300	Interest paid	( 22,107 )	( 12,785 )
A33500	Income tax paid	( 43,291 )	( 22,090 )
AAAA	Net cash inflow from operating activities	<u>190,088</u>	<u>395,611</u>
	Cash flows from investment activities		
B00040	Acquisition of financial assets measured at amortized cost	( 348,413 )	( 211,754 )
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	( 12,000 )	-
B00050	Disposal of financial assets measured at amortized cost	954,621	183,830

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Code		2022	2021
B00100	Acquisition of financial assets measured at fair value through profit and loss	( \$ 100,000 )	( \$ 1,946,141 )
B00200	Disposal of financial assets measured at fair value through profit or loss	152,299	1,866,047
B02700	Purchase of property, plants, and equipment	( 56,030 )	( 59,923 )
B02800	Disposal of property, plant, and equipment	4,042	20,258
B03700	Increase in refundable deposit	( 4,684 )	( 4,951 )
B03800	Decrease in refundable deposit	1,910	14,688
B06800	Decrease in other non-current assets	19,323	12,301
B07100	Increase in prepayments for equipment	( 312,431 )	( 337,260 )
BBBB	Net cash inflow (outflow) from investing activities	<u>298,637</u>	( <u>462,905</u> )
Cash flow from financing activities			
C00100	Increase in short-term loans	4,311,561	5,593,738
C00200	Decrease in short-term loans	( 4,430,391 )	( 6,043,137 )
C00500	Increase in short-term notes payable	50,000	-
C00600	Decrease in short-term notes payable	( 50,000 )	-
C01600	Borrowing of long-term loans	-	345,000
C01700	Repayment of long-term loans	-	( 293,718 )
C01800	Increase in long-term note payables	200,000	200,000
C01900	Decrease in long-term note payables	( 199,935 )	-
C03000	Collection of guarantee deposits received	6,962	741
C03100	Refund of guarantee deposits received	( 672 )	-
C04020	Repayment of principal for lease	( 1,817 )	( 1,266 )
C04500	Distribution of cash dividends	( 148,768 )	( 148,768 )
CCCC	Net cash outflow from financing activities	( <u>263,060</u> )	( <u>347,410</u> )
DDDD	Effect of changes in the exchange rate on cash and cash equivalents	<u>120,171</u>	( <u>5,230</u> )
EEEE	Net increase (decrease) in cash and cash equivalents	345,836	( 419,934 )
E00100	Balance of cash and cash equivalents - beginning of the year	<u>1,448,846</u>	<u>1,868,780</u>
E00200	Balance of cash and cash equivalents - end of year	<u>\$ 1,794,682</u>	<u>\$ 1,448,846</u>

The attached notes are part of the consolidated financial statements.

Corporate director:

Creative Investment Co., Ltd.

Representative: HUANG CHIU YUNG

Managerial officer:

Tseng Kung-Sheng

Chief Accounting Officer:

Cheng Ching-Yi

ICHIA TECHNOLOGIES INC. and subsidiaries  
Notes to the Consolidated Financial Statements  
January 1 to December 31, 2022 and 2021  
(Amounts NTD thousand, unless otherwise stated)

i. Company History

ICHIA TECHNOLOGIES INC. (hereinafter referred to as the Company) was established in November 1989 to manufacture, process, and trade various components (conductive silicone elastomers, plastic keys, keyboard assemblies, input devices, and flexible printed circuit boards) and materials for electronics, home appliances, electronical engineering, electrical equipment, communications (telecommunications), and computers, as well as to import and export domestic and foreign products and to engage in the agency, distribution, tender and quotation business.

The Company's shares have been listed on the Taiwan Stock Exchange since January 14, 2000.

The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the functional currency of the Company.

ii. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 14, 2023

iii. Application of New and Revised Standards and Interpretations

- (i). First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS"), Interpretations ("IFRICs") and Interpretations ("SICs") (hereinafter referred to as "IFRSs") endorsed by the Financial Supervisory Commission ("FSC") and issued to be effective

The adoption of the amended IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Consolidated Company's accounting policies:

- (ii) FSC-approved IFRSs to be applied in 2023

<u>The new/amended/revised standards or interpretations</u>	<u>Effective date of IASB publication</u>
Amendment to IAS 1 “Disclosure of Accounting Policies”	Sunday, January 1, 2023 (Note 1)
Amendment to IAS 8 “Definition of Accounting Estimates”	Sunday, January 1, 2023 (Note 2)
Amendment to IAS 12, “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”	Sunday, January 1, 2023 (Note 3)

Note 1: This amendment will apply to the annual reporting periods beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

Note 3: Except for the recognition of deferred income tax for the temporary differences related to leasing and decommissioning obligation on January 1, 2022, the amendments are applicable to transactions closed after January 1, 2022.

Up to the approval and release date of the consolidated financial statements, the Consolidated Company considered that the amendments to other standards and interpretations would not have material impact on the financial position and performance of the Consolidated Company after assessment.

- (iii). The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

<u>The new/amended/revised standards or interpretations</u>	<u>Effective date of IASB publication (Note 1)</u>
Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	Monday, January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17, “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023



Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent" Monday, January 1, 2024

Amendments to IAS 1 "Non-current Liabilities with Covenants" Monday, January 1, 2024

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective for annual reporting periods beginning after the respective dates.

Note 2: The seller as a lessee shall be subject to IFRS 16 amendments retroactively in a sale and leaseback transaction agreed after the initial application of the IFRS 16.

The Consolidated Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Consolidated Company to the date the consolidated financial statements are approved and released, and will make appropriate disclosure after the evaluation.

iv. Summary of Significant Accounting Policies

(i). Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and published by the FSC.

(ii). Basis of preparation

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

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation date (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the

quotation of Level 1.

3. Level 3 input value: the unobservable input value of asset or liability.

(iii). Standards in differentiating current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months after the balance sheet date, and
3. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date.

Those that are not current assets or liabilities above are classified as noncurrent assets or liabilities.

(iv). Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The consolidated comprehensive income statements include the operating profits or losses of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Consolidated Company. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated.

For details of subsidiaries, shareholding percentage and business scope, see Note 12 and Exhibit 5.

(v). Foreign currency

For the transactions conducted in a currency other than the business entity's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing the stand-alone financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss, except for the following:

1. Exchange differences arising from hedging transactions to hedge part of the exchange rate risk; and
2. For a monetary item receivable from or payable to a foreign operation, of which the settlement is neither planned nor likely to occur in the foreseeable future (and therefore forms part of the net investment in the foreign operation), the exchange difference is recognized initially in other comprehensive income and is reclassified from equity to profit or loss upon disposal of the net investment.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the consolidated financial reports, the assets and liabilities of overseas operating institutions (including the subsidiaries and affiliates in the countries of business operation or those using currencies different from the Company's) were converted to NTD based on the exchange rate quoted on every balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income.

If the Consolidated Company disposes of its entire equity interest in a foreign operation, or disposes of part of its equity interest in a subsidiary that includes a foreign operation and loses control, or the retained equity interest after disposing of a joint agreement of a foreign operation or an affiliate is a financial asset and is accounted for as a financial instrument, all cumulative translation differences attributable to the Company's shareholders and related to the foreign operation are reclassified to profit or loss.

If the partial disposal of a foreign operating subsidiary does not result in a loss of control, the accumulated exchange differences are included in the non-controlling interests of the subsidiary on a pro rata basis, but are not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the cumulative exchange differences are reclassified to profit or loss in proportion to the disposal.

(vi). Inventories

Inventories include raw materials, semi-finished goods, finished goods, work in process and in-transit. Inventories are valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. Inventories are valued at standard costs before book closing and adjusted upon book closing to approximate cost calculated on a weighted-average basis.

(vii). Property, plant and equipment

Property, plant, and equipment shall be recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment.

Except for land owned by the Company, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. If the lease period is shorter than the useful life, depreciation is provided over the lease

period. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in prospective application accounting estimates.

In removing property, plant, and equipment from the book, the difference between the net proceeds of disposition and the book value shall be recognized as profit or loss.

(viii). Investment property

An investment property is a property held for earning rent income or for capital appreciation, or both. The investment property includes land held without a definite purpose of use.

The investment property owned by the Company is initially measured based on the cost (including transaction cost) and subsequently measured based on the cost net of accumulated depreciations and accumulated impairment losses.

The investment property is depreciated on the straight line basis.

In removing investment property from the book, the difference between the net proceeds of disposition and the book value shall be recognized as profit or loss.

(ix). Impairment of property, plant and equipment, right-of-use assets, investment property, intangible assets and assets related to contract costs.

The Consolidated Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, investment property, intangible assets and assets related to contract costs may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value less costs to sell and its value in use. If the recoverable amount of an asset or cash-generating

unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is 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 recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(x). Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheets when the Consolidated Company becomes a party to the contracts of such instruments.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

The customary transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

(1). Type of measurement

The types of financial assets held by the Consolidated Company are financial assets measured at fair value through profit or loss and at amortized cost as well as investment in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets that are mandatorily measured at fair value through profit or loss and those designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments investments not designated by the Consolidated Company as being measured at fair value through other comprehensive income, and investments in debt instruments not qualified for classification as being measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value. For the determination of fair value, please refer to Note 27.

B. Financial assets at amortized cost

The Consolidated Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

- a. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and
- b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets (including cash and cash equivalents, accounts receivable measured at amortized cost) after initial recognition, are measured at their total carrying amount determined using the effective interest method, less amortized cost of any impairment loss, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- a. Interest income on financial assets that are credit-impaired upon acquisition or creation is calculated using the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.
- b. Interest income on financial assets that are not credit-impaired upon acquisition or creation but become credit-impaired subsequently is calculated using the effective interest rate multiplied by the amortized cost of the financial assets from the next reporting period after the impairment.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within 3 months from the acquisition date and are used to meet short-term cash commitments.

- C. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Consolidated Company may make an irrevocable selection to measure the investment in equity instruments held not for trading and not recognized by the acquirer in a business merger or with consideration at fair value through other comprehensive income.



Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. For disposal of the investment, any cumulative profits or losses are directly transferred to retained earnings and not reclassified as profit or loss.

After the Consolidated Company's right to receive dividends is determined, the dividends of investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss except that such dividends apparently represent a partial return of the investment cost.

(2). Impairment of financial assets and contract assets

The Consolidated Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) based on expected credit loss on each balance sheet date.

An allowance for losses is recognized for accounts receivable based on the expected credit loss over the duration. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the lifetime of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the lifetime of the financial

instruments means the expected loss of credit from the financial instruments within the lifetime of these financial instruments.

For internal credit risk management purposes, the Consolidated Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

- A. There is internal or external information indicating that the debtor is no longer able to pay their debts.
- B. Payments are overdue for more than 90 days, unless there is reasonable and supporting information showing that the delayed default benchmark is more appropriate.

All impairment losses on financial assets are accounted for by reducing the carrying amount through an allowance account.

(3). The derecognition of financial assets

The Consolidated Company has financial assets derecognized only when the contractual rights from the cash flows of a financial asset become invalid or when the financial assets are transferred, and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as profit or loss. When investments in debt instruments measured at fair value through other comprehensive income are derecognized as a whole, the difference between the carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive income is recognized as profit or loss. When investments in equity instruments measured at fair value through comprehensive income are entirely derecognized, the accumulated profit or loss shall be directly transferred to retained earnings without being classified as profit or loss.

## 2. Financial liabilities

### (1). Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities held for trading are measured at fair value, and the related gains or losses are recognized in other gains and losses. The fair value is determined as described in Note 27.

### (2). Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

## 3. Derivatives

The derivatives entered into by the Consolidated Company include forward exchange contracts, which are used to manage the Consolidated Company's interest rate and exchange rate risks.

Derivatives are initially recognized at fair value when the derivative contracts are entered into and subsequently remeasured at fair value at the balance sheet date. Gains or losses arising from subsequent measurements are recognized directly in profit or loss, except for derivatives designated as effective hedging instruments, for which the point of recognition in profit or loss will depend on the nature of the hedging. When the fair value of the derivatives is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

For derivatives embedded in asset master contracts within the scope of IFRS 9 "Financial Instruments", the classification of financial assets shall be determined based on the overall contract. A derivative is

considered to be a separate derivative if it is embedded in an asset master contract that is not within the scope of IFRS 9 (e.g., embedded in a master contract of a financial liability) and the embedded derivative meets the definition of a derivative, the risks and characteristics of which are not closely related to those of the master contract and the hybrid contract is not measured at fair value through profit or loss.

(xi). Revenue recognition

The Consolidated Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

Merchandise sales revenues

Merchandise sales revenues are derived from sales of electronic parts and components. The Consolidated Company recognizes revenues and accounts receivable at the point when the products arrive at the customer's designated location because the customer has the right to determine resale prices and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence.

(xii). Lease

The Consolidated Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Consolidated Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

For an operating lease, the net lease payments of the lease incentives are recognized as income on a straight-line basis over the relevant lease periods. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease period.

2. The Consolidated Company is the lessor

Except for the low-value leased assets entitled to exemption and lease payments for short-term leases recognized as expenses on a straight-line basis over the lease period, the right-of-use assets and lease liabilities of other leases are recognized starting from the lease commencement date.

The right-of-use assets are initially measured at cost (including the original measured amount of lease liability, the lease payment paid before the lease commencement date net of the lease incentives collected, the original direct costs, and the estimated cost of the recovered underlying assets), and then subsequently measured at the net cost of the accumulated depreciation and accumulated impairment loss; also, the remeasured amount of the lease liability is adjusted. Right-of-use assets are expressed separately in the consolidated balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease period, whichever is sooner.

Lease liabilities are measured initially at the present value of lease payments (including fixed benefits). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If said lease implied interest rate is not easy to determine, the lease payment is discounted at the lessee's incremental borrowing rate of interest.

Subsequently, the lease liability is measured according to the effective interest method and the amortized cost; also, the interest expense is amortized over the lease period. If a change in the lease period results in a change in future lease payments, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use

asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are expressed separately in the consolidated balance sheet.

(xiii). Cost of borrowing

Borrowing costs directly attributable to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities have achieved their intended use or sale condition.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the above, all other loan costs are recognized as profit and loss upon occurring.

(xiv). Government subsidies

Government subsidies are recognized as other incomes only when it is reasonably certain that the Consolidated Company will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies related to revenues are recognized on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Consolidated Company.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Consolidated Company and have no future related costs.

(xv). Employee benefits

1. Short-term employee benefits

Liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

## 2. Post-employment benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current and prior service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit asset may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

## (xvi). Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

### 1. Income tax for the period

The Consolidated Company determines income (loss) for the period in accordance with the regulations enacted by the income tax reporting jurisdictions and calculates income tax payable (recoverable) accordingly.

Additional income tax on unappropriated earnings calculated in accordance with the Republic of China Income Tax Act is recognized in the year in which resolutions are made at the shareholder meeting.

The adjustment to prior years' income tax payable is booked as current period's income tax.

### 2. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized, such as deductions for temporary differences, loss carryforwards and investment tax credits.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, affiliates and joint ventures, except where the Consolidated Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset, and part of the asset should be adjusted down. Deferred tax assets that are not recognized as such initially are reviewed on each balance sheet date and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects



the tax consequence resulting from the book value of the assets or liabilities expected by the consolidated company to be recovered or liquidated on the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity, which are respectively recognized in other comprehensive income or directly included in the equity.

v. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When adopting accounting policies, the Consolidated Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from estimates.

As consideration for the consideration for significant accounting estimates, the management will review the estimates and basic assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if they affect only that period. The revisions are recognized in the period of the revisions and future periods if they affect both current and future periods.

vi. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	\$ 982	\$ 956
Bank checking accounts and demand deposits	1,299,275	926,828
Cash equivalents (investments with an original maturity of less than 3 months)		
Bank acceptance bills	27,383	31,075
Bank time deposits	467,042	406,896
Bonds with repurchase agreement	-	83,091

\$ 1,794,682

\$ 1,448,846

The interest rate ranges for bank deposits as of the balance sheet date were as follows:

	December 31, 2022	December 31, 2021
Bank demand deposits	0.005% ~ 0.38%	0.01% ~ 0.385%
Bank time deposits	1.75% ~ 4.3%	0.04% ~ 0.21%
Bonds with repurchase agreement	-	0.28% ~ 0.29%

vii. Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivatives (not designated for hedging)		
- Forward foreign exchange contracts (1)	\$ 11,387	\$ 8,307
- Fund beneficiary certificates	<u>60,082</u>	<u>163,444</u>
	<u>\$ 71,469</u>	<u>\$ 171,751</u>

- (i). Forward foreign exchange contracts not subject to hedge accounting and outstanding at the balance sheet date were as follows:

December 31, 2022

	Currency	Expiration Date	Contract Amount (Thousands)
Sale of forward foreign exchange	RMB to USD	July 6, 2022 to January 20, 2023	RMB20,063/USD3,000
Sale of forward foreign exchange	RMB to USD	September 22, 2022 to February 17, 2023	RMB21,110/USD3,000
Sale of forward foreign exchange	RMB to USD	September 28, 2022 to March 17, 2023	RMB21,490/USD3,000
Sale of forward foreign exchange	RMB to USD	December 23, 2022 to March 17, 2023	RMB13,882/USD2,000
Sale of forward foreign exchange	RMB to USD	November 16, 2022 to April 14, 2023	RMB20,995/USD3,000
Sale of forward foreign exchange	RMB to USD	December 23, 2022 to April 14, 2023	RMB13,850/USD2,000
Sale of forward foreign exchange	RMB to USD	November 24, 2022 to May 13, 2023	RMB21,223/USD3,000
Sale of forward foreign exchange	RMB to USD	September 22, 2022 to January 16, 2023	RMB7,050/USD1,000
Sale of forward foreign exchange	RMB to USD	September 26, 2022 to February 15, 2023	RMB3,555/USD500
Sale of forward foreign exchange	RMB to USD	November 28, 2022 to February 15, 2023	RMB3,574/USD500
Sale of forward foreign exchange	RMB to USD	November 28, 2022 to March 15, 2023	RMB7,130/USD1000
Sale of forward foreign exchange	RMB to USD	December 23, 2022 to April 17, 2023	RMB6,925/USD1000
Sale of forward foreign exchange	RMB to USD	December 26, 2022 to May 15, 2023	RMB6,900/USD1000

December 31, 2021

	Currency	Expiration Date	Contract Amount (Thousands)
Sale of forward foreign exchange	RMB to USD	February 1, 2021 to January 18, 2022	RMB 32,169/USD 5,000
Sale of forward foreign exchange	RMB to USD	June 1, 2021 to February 18, 2022	RMB 32,244/USD 5,000
Sale of forward foreign exchange	RMB to USD	July 20, 2021 to March 18, 2022	RMB 32,310/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 9, 2021 to April 19, 2022	RMB 32,017/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to January 18, 2022	RMB 6,722/USD 1,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to February 15, 2022	RMB 6,734/USD 1,000
Sale of forward foreign exchange	RMB to USD	February 1, 2021 to March 15, 2022	RMB 6,617/USD 1,000
Sale of forward foreign exchange	RMB to USD	June 1, 2021 to April 15, 2022	RMB 6,496/USD 1,000
Sale of forward foreign exchange	RMB to USD	July 28, 2021 to May 16, 2022	RMB 6,635/USD 1,000
Sale of forward foreign exchange	RMB to USD	November 5, 2021 to June 16, 2022	RMB 9,755/USD 1,500
Sale of forward foreign exchange	RMB to USD	November 5, 2021 to July 15, 2022	RMB 9,774/USD 1,500
Sale of forward foreign exchange	RMB to USD	November 5, 2021 to August 16, 2022	RMB 9,795/USD 1,500
Sale of forward foreign exchange	RMB to USD	November 5, 2021 to September 16, 2022	RMB 9,815/USD 1,500
Sale of forward foreign exchange	RMB to USD	December 9, 2021 to October 17, 2022	RMB 6,482/USD 1,000

The purpose of the Consolidated Company's forward exchange transactions is to hedge the risk of foreign currency assets and liabilities arising from exchange rate fluctuations.

viii. Financial assets measured at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
<u>Current</u>		
Equity instrument investments measured at fair value through other comprehensive income		
Domestic investment		
Non-listed (non-OTC) stock –		
Preferred stock	\$ <u>12,000</u>	\$ <u>-</u>

The purpose of the holding by the Company is for long-term strategic investment and they have been designated as measured at fair value through other comprehensive income.

ix. Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
<u>Current</u>		
Time deposits with original maturity of more than 3 months (1)	\$ -	\$ 509,700
Age of time deposits (2)	<u>51,444</u>	<u>6,512</u>
	<u>\$ 51,444</u>	<u>\$ 516,212</u>
<u>Non-current</u>		
Time deposits with original maturity of more than 1 year (1)	\$ -	\$ 43,415
Pledge of time deposits (2)	2,127	2,127
Restricted foreign exchange deposits with offshore funds (3)	<u>10,097</u>	<u>104,099</u>
	<u>\$ 12,224</u>	<u>\$ 149,641</u>

- (i). As of December 31, 2021, the interest rate range for time deposit with original maturity of more than 3 months was 0.66% to 4.18% per annum.

- (ii). As of December 31, 2022 and 2021, the interest rate ranges for pledged time deposits were 1.46% and 0.84% to 1.15% per annum, respectively.
- (iii). On August 26, 2020, the Consolidated Company remitted NTD 146,285 thousand (USD 5,000 thousand) in accordance with the “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” and deposited the net amount after tax in a dedicated account for foreign exchange deposits, as approved by the National Taxation Bureau of the Northern Area, Ministry of Finance. The deposits in the dedicated account are subject to restrictions on the free use of the funds as prescribed by law, except for financial investments or real investments and part of the free use of the funds as prescribed by law, which can be withdrawn in three-year increments after five years from the date of deposit in the dedicated account.
- (iv). For information on pledges of financial assets measured at amortized cost, see Note 29.
- x. Notes/accounts receivable and overdue receivables

	December 31, 2022	December 31, 2021
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ -	\$ 42
Less: Allowance for loss	-	-
	<u>\$ -</u>	<u>\$ 42</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 3,232,259	\$ 2,385,150
Less: Allowance for loss	( 570)	( 1,455)
	<u>\$ 3,231,689</u>	<u>\$ 2,383,695</u>
<u>Overdue receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 57,358	\$ 51,830
Less: Allowance for loss	( 57,358)	( 51,830)
	<u>\$ -</u>	<u>\$ -</u>

### Accounts receivable

The average credit period of the Consolidated Company's merchandise sales is 150 days. In determining the collectibility of accounts receivable, the Consolidated Company considers any changes in the credit quality of the accounts receivable from the original credit grant date to the balance sheet date. To mitigate credit risk, the Consolidated Company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue accounts receivable. In addition, the Consolidated Company reviews the recoverable amounts of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

The Consolidated Company recognizes the allowance for loss of accounts receivable based on the expected credit loss over the duration. Expected credit losses for the duration are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition, the economic situation of the industry, as well as GDP forecasts and industry outlook. Since the Consolidated Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the allowance matrix only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation or the debt is overdue for more than 365 days, the Consolidated Company reclassifies the amount directly to overdue receivable and continues the collection activities, and the amount recovered is offset against the related overdue receivable.

The Consolidated Company's loss allowance for notes and accounts receivable measured using the provision matrix are as follows:

Notes receivable

December 31, 2021

	Not overdue	Overdue 1 to 180 days	Overdue 180 to 365 days	Total
Expected credit loss rate	0%	0%	0%	-
Total carrying amount	\$ 42	\$ -	\$ -	\$ 42
Allowance for loss (Expected credit losses over the duration)	-	-	-	-
Amortized cost	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>

No changes in loss allowance for notes receivable in 2021.

Accounts receivable

December 31, 2022

	Not overdue	Overdue 1 to 180 days	Overdue 181 to 365 days	Total
Expected credit loss rate	0%	0.18%	8.02%	-
Total carrying amount	\$ 2,985,624	\$ 244,877	\$ 1,758	\$ 3,232,259
Allowance for loss (Expected credit losses over the duration)	-	( 429)	( 141)	( 570)
Amortized cost	<u>\$ 2,985,624</u>	<u>\$ 244,448</u>	<u>\$ 1,617</u>	<u>\$ 3,231,689</u>

December 31, 2021

	Not overdue	Overdue 1 to 180 days	Overdue 181 to 365 days	Total
Expected credit loss rate	0%	0.81%	12.74%	-
Total carrying amount	\$ 2,207,637	\$ 177,356	\$ 157	\$ 2,385,150
Allowance for loss (Expected credit losses over the duration)	-	( 1,435)	( 20)	( 1,455)
Amortized cost	<u>\$ 2,207,637</u>	<u>\$ 175,921</u>	<u>\$ 137</u>	<u>\$ 2,383,695</u>

Information on the changes in the allowance for losses on accounts receivable is as follows:



	2022	2021
Balance at the beginning of the year	\$ 1,455	\$ 1,086
Add: Provision for impairment loss for the year	5,462	1,550
Less: Actual write off for the year	( 65)	( 375)
Less: Reclassification for the year	( 6,589)	( 815)
Foreign currency translation difference	<u>307</u>	<u>9</u>
Balance at the end of the year	<u>\$ 570</u>	<u>\$ 1,455</u>

Information on the changes in the allowance for losses on overdue receivables is as follows:

	2022	2021
Balance at the beginning of the year	\$ 51,830	\$ 57,107
Add: Reclassification for the year	6,589	815
Less: Actual write off for the year	( 384)	( 317)
Less: Reversal of impairment loss for the year	( 706)	( 5,768)
Foreign currency translation difference	<u>29</u>	( <u>7</u> )
Balance at the end of the year	<u>\$ 57,358</u>	<u>\$ 51,830</u>

xi. Inventory

	December 31, 2022	December 31, 2021
Finished goods	\$ 356,726	\$ 285,482
Semi-finished goods	85,745	73,940
Work in progress	221,479	156,108
Raw materials	653,316	501,601
In-transit	<u>52,843</u>	<u>30,375</u>
	<u>\$ 1,370,109</u>	<u>\$ 1,047,506</u>

The nature of cost of goods sold is as follows:

	2022	2021
Cost of inventories sold	\$ 6,648,179	\$ 5,772,925
Inventory devaluation loss (gain from price recovery) (i)	11,930	( 52,678)
Others	( 48,265)	( 45,626)
	<u>\$ 6,611,844</u>	<u>\$ 5,674,621</u>

- (i). The increase in net realizable value of inventories was due to the disposal of slow-moving inventories and the reversal of allowances and slow-moving inventories.

xii. Subsidiary

Subsidiaries Included in Consolidated Financial Statements

Entities covered by the consolidated financial statements are as follows:

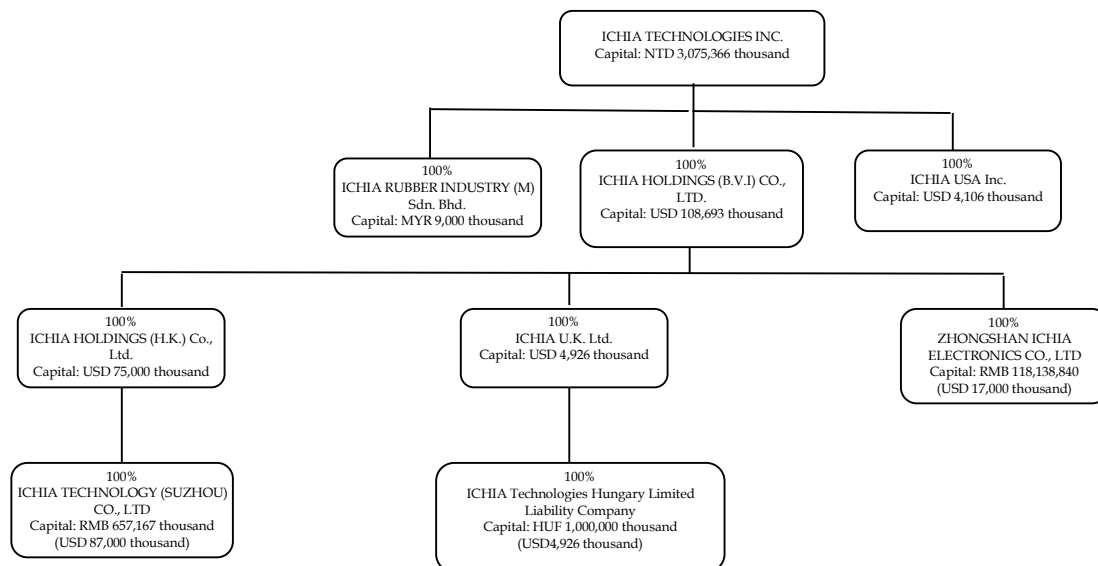
Investor	Subsidiary name	Business nature	Shareholding percentage		Description
			December 31, 2022	December 31, 2021	
ICHIA TECHNOLOGIES INC.	ICHIA USA INC. (hereafter referred to as ICHIA USA).	Manufacturing, processing and trading of various electronic components and materials	100%	100%	-
	ICHIA HOLDINGS (B.V.I) CO., LTD. (hereafter referred to as BVI-ICHIA)	Various investment businesses	100%	100%	-
	ICHIA RUBBER INDUSTRY (M) SDN BHD (hereinafter referred to as ICHIA Malaysia)	Manufacturing, processing and trading of various electronic components and materials	100%	-	1

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Investor	Subsidiary name	Business nature	Shareholding percentage		Description
			December 31, 2022	December 31, 2021	
BVI-ICHIA	ICHIA RUBBER INDUSTRY (M) SDN BHD (hereinafter referred to as ICHIA Malaysia)	Manufacturing, processing and trading of various electronic components and materials	-	100%	1
	ICHIA UK LTD.	Various investment businesses	100%	100%	-
	ICHIA HOLDINGS (H.K.) CO., LTD. (hereafter referred to as ICHIA H.K.)	Various investment businesses	100%	100%	-
	ZHONGSHAN ICHIA ELECTRONICS CO., LTD. (hereafter referred to as ZHONGSHAN ICHIA)	Manufacturing, processing and trading of rubber and plastic keypads	100%	100%	-
ICHIA U.K. LTD.	Ichia Hungary Ltd. (hereafter referred to as ICHIA Hungary)	Manufacturing, processing and trading of rubber and plastic keypads	100%	100%	-
ICHIA H.K.	ICHIA TECHNOLOGY (SUZHOU) CO., LTD. (hereafter referred to as ICHIA SUZHOU)	Manufacturing, processing and trading of rubber and plastic keypads and flexible printed circuit boards	100%	100%	-

As of December 31, 2022, the Company's investment relationships and shareholdings with its investees over which it has control are shown as below:



#### Remarks:

1. The Consolidate Company performed the adjustment of the organizational structure in September 2022 by completely transferring the equity held by ICHIA HOLDINGS (B.V.I) Co., Ltd. in ICHIA RUBBER INDUSTRY (M) Sdn. Bhd. to ICHIA TECHNOLOGIES INC.

The Company and the above investees included in the consolidated financial statements are collectively referred to as the Consolidated Company.

The financial statements of the subsidiaries included in the consolidated financial statements have been audited by the CPA.

### XIII. Property, plant, and equipment

#### Self-use

	Self-owned land	Buildings	Machinery and equipment	Other equipment	Total
<u>Cost</u>					
Balance as of January 1, 2022	\$ 523,712	\$ 2,566,957	\$ 3,294,110	\$ 950,116	\$ 7,334,895
Addition	-	17,701	15,095	23,234	56,030
Disposal	-	( 62,996)	( 82,978)	( 23,808)	( 169,782)
Transfer to investment property	( 227,663)	( 148,886)	-	-	( 376,549)
Reclassification	-	25,876	201,473	43,928	271,277
Deferred benefit from government subsidies	-	-	( 28,503)	-	( 28,503)
Net exchange differences	820	37,912	43,990	11,270	93,992
Balance as of December 31, 2022	<u>\$ 296,869</u>	<u>\$ 2,436,564</u>	<u>\$ 3,443,187</u>	<u>\$ 1,004,740</u>	<u>\$ 7,181,360</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2022	\$ -	\$ 1,642,784	\$ 2,136,660	\$ 820,866	\$ 4,600,310
Disposal	-	( 62,914)	( 79,781)	( 23,420)	( 166,115)
Transfer to investment property	-	( 70,281)	-	-	( 70,281)
Reclassification	-	-	248	-	248
Depreciation expense	-	82,834	237,510	46,760	367,104
Benefit from government subsidies	-	-	( 11,435)	-	( 11,435)
Reversal of impairment loss	-	( 11,472)	-	-	( 11,472)
Net exchange differences	-	23,453	26,293	9,532	59,278
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 1,604,404</u>	<u>\$ 2,309,495</u>	<u>\$ 853,738</u>	<u>\$ 4,767,637</u>
Net as of December 31, 2022	<u>\$ 296,869</u>	<u>\$ 832,160</u>	<u>\$ 1,133,692</u>	<u>\$ 151,002</u>	<u>\$ 2,413,723</u>
<u>Cost</u>					
Balance as of January 1, 2021	\$ 523,927	\$ 2,585,467	\$ 3,671,597	\$ 973,847	\$ 7,754,838
Addition	-	38,809	14,399	6,715	59,923
Disposal	-	( 45,996)	( 635,598)	( 73,387)	( 754,981)
Reclassification	-	18,914	260,447	46,952	326,313
Net exchange differences	( 215)	( 30,237)	( 16,735)	( 4,011)	( 51,198)
Balance as of December 31, 2021	<u>\$ 523,712</u>	<u>\$ 2,566,957</u>	<u>\$ 3,294,110</u>	<u>\$ 950,116</u>	<u>\$ 7,334,895</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2021	\$ -	\$ 1,619,597	\$ 2,506,242	\$ 845,580	\$ 4,971,419
Disposal	-	( 46,816)	( 609,854)	( 73,116)	( 729,786)
Depreciation expense	-	91,948	251,493	51,885	395,326
Reversal of impairment loss	-	( 1,704)	-	-	( 1,704)
Net exchange differences	-	( 20,241)	( 11,221)	( 3,483)	( 34,945)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 1,642,784</u>	<u>\$ 2,136,660</u>	<u>\$ 820,866</u>	<u>\$ 4,600,310</u>
Net as of December 31, 2021	<u>\$ 523,712</u>	<u>\$ 924,173</u>	<u>\$ 1,157,450</u>	<u>\$ 129,250</u>	<u>\$ 2,734,585</u>

The Consolidated Company assesses the recoverable amount of assets for operating use as of the reporting date for impairment and uses the value in use as the basis for calculating the recoverable amount. The calculation of the value in use is based on the estimated cash flows of the Consolidated Company's future financial projections.

The recoverable amount of the impaired assets was evaluated to be higher than that of the previous year. Therefore, the Consolidated Company recorded a reversal of impairment loss at \$1,704 thousand in 2021. The impairment profit from reversal is included in other gains and losses in the Consolidated Comprehensive Income Statement.

The recoverable value of the part of the buildings that the Consolidated Company has recorded as impairment in 2022 was evaluated to be rising. Hence, \$11,472 thousand was recorded from the impairment loss of the previous year. The impairment profit from reversal is included in other gains and losses in the Consolidated Comprehensive Income Statement.

Depreciation expense is provided on a straight-line basis over the following useful life:

Building	
Main structure	51 years
Elevator equipment	16 years
Air conditioning system	26 years
Improvement to main structures	4 to 51 years
Machinery and equipment	13 years
Other equipment	16 years

For the amount of property, plant and equipment used as collaterals for loans, please refer to Note 29.

xiv. Lease agreement

(i). Right-of-use assets.

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Land	\$ 120,776	\$ 123,413
Transportation equipment	<u>6,488</u>	<u>1,923</u>
	<u>\$ 127,264</u>	<u>\$ 125,336</u>
	2022	2021
Addition of right-of-use assets.	<u>\$ 6,378</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets		
Land	\$ 4,592	\$ 4,498
Transportation equipment	<u>1,813</u>	<u>1,282</u>
	<u>\$ 6,405</u>	<u>\$ 5,780</u>

Other than the above additions and depreciation expense recognized, there were no significant subleases or impairments of the Consolidated Company's right-of-use assets in 2022 and 2021.

Right-of-use asset - Land refers to its use rights in Mainland China.

(ii). Lease liabilities

	December 31, 2022	December 31, 2021
Carry amount of lease liabilities		
Current	<u>\$ 2,762</u>	<u>\$ 1,298</u>
Non-current	<u>\$ 3,758</u>	<u>\$ 661</u>

The discount rate range for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Transportation equipment	<u>1.615%~2.5%</u>	<u>2.5%</u>

(iii). Information on other leases

	2022	2021
Short-term lease expenses	<u>\$ 7,451</u>	<u>\$ 5,080</u>
Low-value asset lease expenses	<u>\$ 307</u>	<u>\$ 255</u>
Total cash (outflow) from leases	( <u>\$ 9,634</u> )	( <u>\$ 6,667</u> )

The Consolidated Company has elected to apply the recognition exemption to leases of buildings, structures and office equipment that qualify as short-term leases and certain other equipment that qualify as low-value asset leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

The amount of short-term lease commitments for which the recognition exemption was applicable (including short-term lease commitments commencing after the balance sheet date) was \$13,903 thousand and \$3,069 thousand as of December 31, 2022 and 2021, respectively.

The Consolidated Company has no commitments to enter into leases for periods beginning after the balance sheet date.

xv. Investment property

	Completed investment properties
<u>Cost</u>	
Balance as of January 1, 2022	\$ -
From property, plant and equipment	<u>376,549</u>
Balance as of December 31, 2022	<u>\$ 376,549</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2022	\$ -
From property, plant and equipment	( 70,281 )
Depreciation expense	( <u>2,892</u> )
Balance as of December 31, 2022	( <u>\$ 73,173</u> )
Net as of December 31, 2022	<u>\$ 303,376</u>

Depreciation expense of investment properties is provided on a straight-line basis over the following useful life:

Main structure	51 years
Elevator equipment	16 years
Air conditioning system	26 years
Improvement to main structures	4 to 49 years

The fair value of the investment property amounted to \$736,644 thousand as of December 31, 2022. This fair value has not been valued by a valuator. It is an estimate determined by the management of the Consolidated Company with reference to the market transaction price of similar properties in neighboring areas.

For the information on the amount of the investment property for secured loans, refer to Note 29.

xvi. Other assets

	December 31, 2022	December 31, 2021
<u>Current</u>		
Tax overpaid retained	\$ 42,759	\$ 20,143
Prepaid expenses	55,527	66,590
Prepayments for goods	18,361	11,989
Business tax refund receivable	4,606	5,114
Non-operating receivables	315	11,162
Temporary payments	12,523	4,554
Others	<u>2,922</u>	<u>3,457</u>
	<u>\$ 137,013</u>	<u>\$ 123,009</u>
<u>Non-current</u>		
Prepaid equipment (Note 30)	\$ 167,909	\$ 126,755
Refundable deposits	18,133	15,246
Long-term prepaid expenses	<u>23,625</u>	<u>42,948</u>
	<u>\$ 209,667</u>	<u>\$ 184,949</u>

xvii. Borrowings

(i). Short-term borrowings

	December 31, 2022	December 31, 2021
<u>Unsecured borrowings</u>		
Credit facility borrowings	<u>\$ 887,418</u>	<u>\$ 1,004,059</u>



As of December 31, 2022 and 2021, the interest rates on bank borrowings for operating turnover ranged from 1.401% to 4.63% and 0.35% to 0.85%, respectively.

(ii). Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings (Note 29)		
Bank borrowings	\$ 345,000	\$ 345,000
Less: Classified as due within 1 year	( <u>9,374</u> )	<u>-</u>
Long-term borrowings	<u>\$ 335,626</u>	<u>\$ 345,000</u>

The bank borrowings were secured by pledges of the Consolidated Company's self-owned land and buildings (see Note 29). The effective interest rates were 1.64% and 1.01% per annum for the years ended December 31, 2022 and 2021, respectively. The interest is paid every month during the period from the first to the second year and amortized together with the principal during the period from the third to the fifth year. The purpose of this drawdown is to raise funds for operating turnover.

The Consolidated Company's borrowings consist of:

	Maturity date	Major terms and conditions	Effective interest rate	December 31, 2022	December 31, 2021
Floating rate borrowings:	2026-12-13	Chang Hwa Commercial Bank, Ltd.			
		The borrowing amount is \$499,512 thousand to finance the medium-term operating turnover with an interest rate equal to one-year floating rate of postal savings plus 0.2%. The borrowing period is from December 13, 2021 to December 13, 2026, with monthly interest deductions. Repayment is made on the 13th day of each month, starting from December 13, 2023, in 36 equal installments of principal and interest.	1.64%	\$ 345,000	\$ 345,000
		Less: Classified as due within 1 year		( <u>9,374</u> )	<u>-</u>
		Long-term borrowings		<u>\$ 335,626</u>	<u>\$ 345,000</u>

(iii) Long-term notes payable

	December 31, 2022	December 31, 2021
Commercial paper payable	\$ 200,000	\$ 200,000

Less: Discount on long-term notes payable	( <u>20</u> )	( <u>65</u> )
Long-term borrowings	<u>\$ 199,980</u>	<u>\$ 199,935</u>

Undue long-term notes payable as follows:

December 31, 2022

Guarantee/ acceptance inst.	Par value	Discount value	Carrying amount	Interest rate range	Collateral	Carrying amount of collateral
<u>Commercial</u> <u>paper payable</u>						
IBFC	<u>\$ 200,000</u>	<u>\$ 20</u>	<u>\$ 199,980</u>	1.86%	None	<u>\$ -</u>

December 31, 2021

Guarantee/ acceptance inst.	Par value	Discount value	Carrying amount	Interest rate range	Collateral	Carrying amount of collateral
<u>Commercial</u> <u>paper payable</u>						
IBFC	<u>\$ 200,000</u>	<u>\$ 65</u>	<u>\$ 199,935</u>	1.19%	None	<u>\$ -</u>

The Company entered into a contract on bank guaranteed revolving release, underwriting and purchase of commercial paper with International Bills Finance Corporation, and can perform circular release of 60-day bank guaranteed commercial paper within 3 years. The Company uses \$200,000 thousand from the underwriting facility on January 18, 2021. The contract expires on January 17, 2024.

xviii. Accounts payable

	December 31, 2022	December 31, 2021
<u>Accounts payable</u>		
Occurred due to business	<u>\$ 1,959,619</u>	<u>\$ 1,481,654</u>

The average credit period for the purchase of some goods is one to three months, and no interest is accrued on the accounts payable. The Consolidated Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit periods.

xiv. Other Liabilities

	December 31, 2022	December 31, 2021
<u>Current</u>		
Other payables		
Salaries and bonuses payable	\$ 154,380	\$ 127,551
Leave payables	51,149	50,006
Interest payables	3,018	804
Other expense payables	<u>97,454</u>	<u>77,233</u>
	<u>\$ 306,001</u>	<u>\$ 255,594</u>
Other liabilities		
Temporary receipts	\$ 16,347	\$ 12,995
Others	<u>1,009</u>	<u>262</u>
	<u>\$ 17,356</u>	<u>\$ 13,257</u>

xx. Post-employment benefit plan

(i). Defined contribution plan

The pension system of the Consolidated Company under the "Labor Pension Act" is a government-administered defined contribution pension plan with 6% of employees' monthly salaries contributed to the personal accounts at the Bureau of Labor Insurance.

(ii). Defined benefit plan

The pension system of the Consolidated Company under the "Labor Standards Act" is a government-administered defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The Company appropriates 2% of the total monthly wage of an employee as the pension and remit the amount to the labor pension reserve fund account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who are expected to meet the retirement conditions in the next year, the Company will make up the difference in one lump sum by the end of March of the following year. The management of the dedicated account is entrusted to the

Bureau of Labor Funds, Ministry of Labor. The Consolidated Company has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets for defined benefit plan are shown below.

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 18,625	\$ 18,790
Fair value of plan assets	( <u>36,945</u> )	( <u>33,812</u> )
Net defined benefit assets	( <u>\$ 18,320</u> )	( <u>\$ 15,022</u> )

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
January 1, 2021	<u>\$ 25,558</u>	( <u>\$ 45,347</u> )	( <u>\$ 19,789</u> )
Service costs			
Service costs for the period	55	-	55
Interest expenses (incomes)	<u>205</u>	( <u>363</u> )	( <u>158</u> )
Recognized in profit or loss	<u>260</u>	( <u>363</u> )	( <u>103</u> )
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	( 402 )	( 402 )
Actuarial losses			
- Change in financial assumptions	238	-	238
- Adjustments through experience	<u>5,034</u>	<u>-</u>	<u>5,034</u>
Recognized in other comprehensive income	<u>5,272</u>	( <u>402</u> )	<u>4,870</u>
Benefit payments	( <u>12,300</u> )	<u>12,300</u>	<u>-</u>
December 31, 2021	<u>18,790</u>	( <u>33,812</u> )	( <u>15,022</u> )
Service costs			
Service costs for the period	55	-	55

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Interest expenses (incomes)	<u>122</u>	( <u>219</u> )	( <u>97</u> )
Recognized in profit or loss	<u>177</u>	( <u>219</u> )	( <u>42</u> )
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	( 2,914 )	( 2,914 )
Actuarial (profit) loss			
- Change in financial assumptions	( 787 )	-	( 787 )
- Adjustments through experience	<u>445</u>	<u>-</u>	<u>445</u>
Recognized in other comprehensive income	( <u>342</u> )	( <u>2,914</u> )	( <u>3,256</u> )
December 31, 2022	<u>\$ 18,625</u>	( <u>\$ 36,945</u> )	( <u>\$ 18,320</u> )

The amounts recognized in profit or loss for defined benefit plan are summarized by function as follows:

	2022	2021
Operating costs	(\$ 6)	(\$ 10)
Promotional expenses	( 2)	( 3)
Administrative expenses	( 27)	( 80)
R&D expenses	( 7)	( 10)
	( <u>\$ 42</u> )	( <u>\$ 103</u> )

The subsidiaries in the Consolidated Company are exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Consolidated Company’s

plan assets is based on the income at a rate no less than the local bank's 2-year time deposit rate.

2. Interest rate risk: A decrease in interest rates on government/corporate bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Consolidated Company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.25%	0.65%
Expected rate of salary increase	3.00%	3.00%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	(\$ 315)	(\$ 389)
Decrease by 0.25%	\$ 328	\$ 405
Expected rate of salary increase		
Increase by 1%	\$ 1,381	\$ 1,676
Decrease by 1%	(\$ 1,217)	(\$ 1,466)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial

assumptions may be correlated and changes in only one assumption are not feasible.

	December 31, 2022	December 31, 2021
Average duration to maturity of defined benefit obligations	12.3 years	13.8 years

xxi. Equity

(i). Common stock

	December 31, 2022	December 31, 2021
Authorized number of shares (thousand shares)	<u>600,000</u>	<u>600,000</u>
Authorized capital stock	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (thousand shares)	<u>307,536</u>	<u>307,536</u>
Issued capital stock	<u>\$ 3,075,366</u>	<u>\$ 3,075,366</u>

The issued common stock has a face value of NT\$10 per share and each share is entitled to one voting right and receiving dividends.

30,000 thousand shares of the authorized capital stock were reserved for the issuance of convertible bonds and employee restricted stock options.

(ii). Capital surplus

	December 31, 2022	December 31, 2021
For loss make-up, payment in cash or capitalization as equity (1)		
Stock issue premium	\$ 772,829	\$ 772,829
Corporate bond conversion premium	1,238,407	1,238,407
Gain on disposal of assets	167	167
Consolidation excess	<u>42,695</u>	<u>42,695</u>
	<u>\$ 2,054,098</u>	<u>\$ 2,054,098</u>

- Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity,

provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(iii). Retained Earnings and Dividend Policy

In accordance with the earnings distribution policy of the Company's Articles of Incorporation, if there are any net earnings as indicated in the final accounts, the Company shall pay tax and make up for the accumulated losses, and then set aside 10% as legal reserve, and the rest shall be set aside as special reserve or offset by reversal of special reserve as required by law; if there are still remaining earnings, the Board of Directors shall prepare a proposal for the distribution of the remainder together with the accumulated unappropriated earnings at the beginning of the period, and submit it to the shareholder meeting for resolution on the distribution of dividends to shareholders. The Company's policy on the distribution of employees' and directors' remuneration as stipulated in the Company's Articles of Incorporation is described in Note 23(7) Employees' Remuneration and Directors' Remuneration.

Based on the resolution of a majority of directors at the meeting attended by two-thirds of the total number of directors, the Company shall distribute the dividend and bonus, in whole or in part, in the form of cash and report to the shareholders' meeting.

The legal reserve should be appropriated until the balance reaches the Company's total paid-in capital. The legal reserve may be used to make up for losses. If the Company has no losses, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to capitalization as equity.

The Company has provided and reversed the special reserve in accordance with the letters Jin-Guan-Zheng-Fa-Zi Nos. 1010012865 (nullified on December 31, 2021), 1030006415 (nullified on December 31, 2021), 1090150022 and 10901500221 and the provisions of the "Questions and Answers on the Application of International Financial Reporting Standards (IFRSs) to the Provision of Special Reserve". If there is a reversal in the



balance of deduction from equity, earnings can be distributed within the reversal.

The distribution of earnings for 2021 and 2020 is described below:

	2021	2020
Legal reserve	<u>\$ 21,802</u>	<u>\$ 11,997</u>
Special reserve	<u>\$ 40,494</u>	<u>(\$ 40,309)</u>
Cash dividends	<u>\$ 148,768</u>	<u>\$ 116,039</u>
Cash dividends per share (NTD)	\$ 0.5	\$ 0.39

The above cash dividends were distributed following the resolutions made in Board of Directors meetings dated March 24, 2022 and May 11, 2021, respectively; the distribution of remaining earnings was resolved at the annual general meeting held on June 16, 2022 and July 20, 2021, respectively.

The Company held the general shareholders' meetings on July 20, 2021 to resolve the distribution capital surplus amounting to \$32,729 thousand (\$0.11 per share) in cash.

The Board of Directors proposed the following earnings distribution for 2022 on March 14, 2023:

	Earnings distribution proposal
Legal reserve	<u>\$ 36,066</u>
Special reserve	<u>(\$ 127,267)</u>
Cash dividends	<u>\$ 297,537</u>
Cash dividends per share	\$ 1

The distribution of the aforementioned cash dividends has been approved by the Board of Directors. The remainder is pending resolution at the shareholders' meeting scheduled for June 20, 2023.

(iv). Treasury stock

Reason for recovery	Transfer of shares to employees (thousand shares)	Repurchase for retirement (thousand shares)	Shares of parent company held by subsidiaries (thousand shares)	Total (thousand shares)
Number of shares as of January 1, 2022	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Number of shares as of December 31, 2022	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Number of shares as of January 1, 2021	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Number of shares as of December 31, 2021	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>

The Company repurchased 10,000 thousand shares amounting to NTD 161,328 thousand and transferred them to the employees to motivate them and enhance their cohesiveness to the Company. The repurchased shares shall be transferred to employees within 5 years in accordance with the Securities and Exchange Act. If the shares are not transferred after the expiration date, they shall be considered as unissued shares of the Company and shall be registered for change.

Treasury stock held by the Company cannot be pledged under the Securities and Exchange Act, and is not entitled to dividend distribution or voting rights.

xxii. Revenue

	2022	2021
Customer contract revenues		
Merchandise sales		
revenues	<u>\$ 7,654,149</u>	<u>\$ 6,478,555</u>
<u>Contract balance</u>		
	December 31,	December 31,
	2022	2021
Accounts receivable (Note 10)	<u>\$ 3,231,689</u>	<u>\$ 2,383,695</u>
Contract liabilities - current		

Merchandise sales	\$ 17,045	\$ 5,221
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The change in contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

xxiii. Net profits before tax

(i). Interest incomes

	2022	2021
Bank deposits	\$ 19,103	\$ 18,182
Bonds with repurchase agreement	76	75
Imputed interest on deposits	24	16
Others	-	50
	<u>\$ 19,203</u>	<u>\$ 18,323</u>

(ii). Other incomes

	2022	2021
Lease incomes		
Rental incomes from operating lease		
- Investment property	\$ 11,550	\$ -
- Rental incomes from dormitory and parking lot	1,135	1,012
- Rental incomes from housing	<u>4,658</u>	<u>3,825</u>
	<u>17,343</u>	<u>4,837</u>
Incomes from insurance claims	11,369	-
Government subsidy incomes	9,886	31,759
Compensation incomes	-	7,436
Others	<u>9,247</u>	<u>6,514</u>
	<u>\$ 47,845</u>	<u>\$ 50,546</u>

(iii). Other incomes (expenses)

	2022	2021
Gain (loss) on financial assets and financial liabilities (Note 7)		
Financial assets mandatorily measured at fair value through profit or loss		
- Realized	(\$ 51,806)	\$ 30,136
- Unrealized	<u>2,680</u>	<u>8,465</u>
	( <u>49,126</u> )	<u>38,601</u>
Net foreign currency exchange loss	\$ 105,876	(\$ 30,743)
Gain on disposal of property, plant and equipment	920	2,099
Impairment reversal profit of property, plant and equipment	11,472	1,704
Others	( <u>849</u> )	( <u>8,387</u> )
	<u>\$ 68,293</u>	<u>\$ 3,274</u>

(iv). Financial costs

	2022	2021
Interest on bank borrowings	\$ 24,301	\$ 12,545
Interest on lease liabilities	<u>59</u>	<u>66</u>
	<u>\$ 24,360</u>	<u>\$ 12,611</u>

No interest capitalization in 2022 and 2021.

(v). Depreciation and amortization

	2022	2021
Depreciation expense is summarized by function		
Operating costs	\$ 344,445	\$ 382,720
Operating expenses	<u>20,521</u>	<u>18,386</u>
	<u>\$ 364,966</u>	<u>\$ 401,106</u>

(vi). Employee benefit expenses

	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 6,854	\$ 5,819
Defined benefit plan (Note 20)	( 42)	( 103)
	<u>6,812</u>	<u>5,716</u>
Other employee benefits	<u>1,482,791</u>	<u>1,396,885</u>
Total employee benefit expenses	<u>\$ 1,489,603</u>	<u>\$ 1,402,601</u>
Summarized by function		
Operating costs	\$ 1,157,108	\$ 1,119,320
Operating expenses	<u>332,495</u>	<u>283,281</u>
	<u>\$ 1,489,603</u>	<u>\$ 1,402,601</u>

(vii). Employees' remuneration and directors' remuneration.

In accordance with the Company's Articles of Incorporation, the Company appropriates no less than 1% and no more than 3% of the profits before tax to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. The estimated remuneration to employees and directors for the years ended 2022 and 2021 were resolved by the Board of Directors on March 14, 2023 and March 24, 2022, respectively, as follow:

Estimated percentage

	2022	2021
Remuneration to employees	3.10%	2.33%
Remuneration to directors	1.65%	1.94%

Amount

	2022	2021
	Cash	Cash
Remuneration to employees	\$ 12,400	\$ 6,000
Remuneration to directors	6,600	5,000

If there is a change in the amount of the consolidated financial statements after the date of its issuance, the amount is adjusted in the

following year in accordance with the rules related to changes in accounting estimates.

There was no difference between the actual amount of employees' and directors' and supervisors' remuneration paid for 2021 and 2020 and the amount recognized in the consolidated financial statements in 2021 and 2020.

Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the remuneration of employees, directors and supervisors resolved by the Board of Directors of the Company.

(viii). Foreign currency exchange gains (losses)

	<u>2022</u>	<u>2021</u>
Total foreign currency exchange gains	\$ 564,790	\$ 138,682
Total foreign currency exchange (losses)	( <u>458,914</u> )	( <u>169,425</u> )
Net gains (losses)	<u>\$ 105,876</u>	<u>( \$ 30,743 )</u>

xxiv. Income tax

(i). Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	<u>2022</u>	<u>2021</u>
Income tax for the period		
Occurred in the year	\$ 62,257	\$ 17,100
Prior year adjustment	<u>1,102</u>	( <u>6,988</u> )
	<u>63,359</u>	<u>10,112</u>
Deferred tax		
Occurred in the year	55,013	37,425
Prior year adjustment	( <u>562</u> )	( <u>2,788</u> )
	<u>54,451</u>	<u>34,637</u>
Income tax expenses recognized in profit or loss	<u>\$ 117,810</u>	<u>\$ 44,749</u>

The reconciliation of accounting income to income tax expense is as follows:

	2022	2021
Net profits before tax	<u>\$ 475,217</u>	<u>\$ 267,642</u>
Income tax expenses at statutory tax rate on net profits before tax (20%)	\$ 95,043	\$ 53,528
Non-deductible expenses for tax purposes	1,394	4,111
Tax-exempt incomes	( 159)	( 58)
Unrecognized loss carryforwards	-	2,129
Tax rate change	43,916	-
Effect of consolidated entities with different tax rates	( 12,056)	9,292
Adjustments to prior years' deferred tax expenses recorded in the year	( 562)	( 2,788)
Adjustments to prior years' current income tax expenses recorded in the year	1,102	( 6,988)
Additional deductions for R&D expenses	( <u>10,868</u> )	( <u>14,477</u> )
Income tax expenses recognized in profit or loss	<u>\$ 117,810</u>	<u>\$ 44,749</u>

(ii). Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets		
Tax refund receivable	<u>\$ 36</u>	<u>\$ 10,369</u>
Current tax liabilities		
Income tax payables	<u>\$ 17,085</u>	<u>\$ 5,532</u>

(iii). Deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2022

	Balance at the beginning of the year	Recognized in profit or loss	Exchange difference	Balance at the end of the year
<u>Deferred tax assets</u>				
Temporary difference				
Leave payables	\$ 11,945	(\$ 3,350)	\$ 174	\$ 8,769
Defined benefit pension plan	954	8	-	962
Unrealized loss on decline in value of inventories	50,245	( 16,320)	867	34,792
Allowance for loss	7,886	( 1,195)	9	6,700
Impairment of property, plant and equipment	1,216	( 1,215)	( 1)	-
Accrued expenses	16,258	( 4,316)	281	12,223
Depreciation of property, plant and equipment	40,693	( 8,448)	694	32,939
Others	<u>69</u>	<u>( 58)</u>	<u>-</u>	<u>11</u>
	129,266	( 34,894)	2,024	96,396
Loss carryforwards	<u>25,741</u>	<u>( 25,741)</u>	<u>-</u>	<u>-</u>
	<u>\$ 155,007</u>	<u>(\$ 60,635)</u>	<u>\$ 2,024</u>	<u>\$ 96,396</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Unrealized exchange gains	(\$ 8,466)	\$ 6,282	\$ -	(\$ 2,184)
Financial assets measured at fair value through profit or loss	( 2,079)	79	( 35)	( 2,035)
Depreciation of property, plant and equipment	<u>( 3,937)</u>	<u>( 177)</u>	<u>( 171)</u>	<u>( 4,285)</u>
	<u>(\$ 14,482)</u>	<u>\$ 6,184</u>	<u>(\$ 206)</u>	<u>(\$ 8,504)</u>



2021

	Balance at the beginning of the year	Recognized in profit or loss	Exchange difference	Balance at the end of the year
<u>Deferred tax assets</u>				
Temporary difference				
Leave payables	\$ 11,708	\$ 289	(\$ 52)	\$ 11,945
Defined benefit pension plan	933	21	-	954
Unrealized loss on decline in value of inventories	63,737	( 13,254)	( 238)	50,245
Allowance for loss	8,672	( 779)	( 7)	7,886
Impairment of property, plant and equipment	1,216	-	-	1,216
Accrued expenses	16,160	174	( 76)	16,258
Depreciation of property, plant and equipment	\$ 49,565	(\$ 8,674)	(\$ 198)	\$ 40,693
Others	263	( 194)	-	69
	152,254	( 22,417)	( 571)	129,266
Loss carryforwards	45,774	( 20,033)	-	25,741
	<u>\$ 198,028</u>	<u>(\$ 42,450)</u>	<u>(\$ 571)</u>	<u>\$ 155,007</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Unrealized exchange gains	(\$ 5,339)	(\$ 3,127)	\$ -	(\$ 8,466)
Financial assets measured at fair value through profit or loss	( 8,403)	6,316	8	( 2,079)
Depreciation of property, plant and equipment	( 8,649)	4,624	88	( 3,937)
	<u>(\$ 22,391)</u>	<u>\$ 7,813</u>	<u>\$ 96</u>	<u>(\$ 14,482)</u>

- (iv). Unused loss carryforwards for deferred tax assets not recognized in the consolidated balance sheets

	December 31, 2022	December 31, 2021
Temporary difference	<u>\$ 6,082</u>	<u>\$ 6,082</u>
Loss carryforwards		
Expire in 2029	<u>\$ 10,413</u>	<u>\$ 22,257</u>

(v). Approval of Income Tax Returns

The Company's income tax returns have been assessed by the tax authorities up to 2020, but not yet for 2021.

xxv. Earnings per share

Weighted-average number of shares of common stock used to calculate earnings per share is as follows:

Net profits for the year

	<u>2022</u>	<u>2021</u>
Net profits used to calculate basic earnings per share	<u>\$ 357,407</u>	<u>\$ 222,893</u>
Net profits used to calculate diluted earnings per share	<u>\$ 357,407</u>	<u>\$ 222,893</u>

Number of shares      Unit: Thousand shares

	<u>2022</u>	<u>2021</u>
Weighted-average number of shares of common stock used to calculate basic earnings per share	297,536	297,536
Impact of potential common stock with dilutive effect:		
Remuneration to employees	<u>765</u>	<u>427</u>
Weighted-average number of shares of common stock used to calculate diluted earnings per share	<u>298,301</u>	<u>297,963</u>

If the Consolidated Company may choose to have the employee compensation distributed via a stock or cash dividend, the calculation of the diluted earnings per share assumes that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. The diluting effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees in the following year's resolution.

xxvi. Capital risk management

The Consolidated Company engages in capital management to ensure that the Group's enterprises can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The Consolidated Company's capital structure consists of the Consolidated Company's net debt (i.e., borrowings less cash and cash equivalents) and equity attributable to the shareholders of the Company (i.e., capital stock, capital surplus, retained earnings and other equity).

The Consolidated Company is not subject to any other external capital requirements.

The Consolidated Company's key management reviews the Group's capital structure annually, which includes consideration of the cost of various types of capital and the associated risks. The Consolidated Company will balance its overall capital structure by paying dividends, issuing new shares, repurchasing shares and issuing new debt or paying off old debt, as recommended by key management.

xxvii. Financial instruments

- (i). Fair value information - Financial instruments that are not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value on the balance sheet approximate their fair values.

- (ii). Fair value information - Financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u> <u>measured at fair</u> <u>value through profit</u> <u>or loss</u>				
Fund beneficiary certificates	\$ 60,082	\$ -	\$ -	\$ 60,082
Derivatives	-	11,387	-	11,387
	<u>\$ 60,082</u>	<u>\$ 11,387</u>	<u>\$ -</u>	<u>\$ 71,469</u>
<u>Financial assets</u> <u>measured at fair</u> <u>value through other</u> <u>comprehensive</u> <u>income</u>				
Investment in equity instruments — Domestic listed (OTC) stocks	\$ -	\$ -	\$ 12,000	\$ 12,000

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u> <u>measured at fair</u> <u>value through profit</u> <u>or loss</u>				
Fund beneficiary certificates	\$ 163,444	\$ -	\$ -	\$ 163,444
Derivatives	-	8,307	-	8,307
	<u>\$ 163,444</u>	<u>\$ 8,307</u>	<u>\$ -</u>	<u>\$ 171,751</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2022 and 2021.

2. Adjustments to financial instruments measured at Level 3 fair value

	2022
Financial assets measured at fair value through other comprehensive income - equity instrument	
Balance as of January 1, 2022	\$ -
Purchase	<u>12,000</u>
Balance as of December 31, 2022	<u>\$ 12,000</u>

3. Level 2 fair value measurement valuation techniques and input values

Class of financial instruments	Valuation techniques and input values
Derivatives - Forward foreign exchange contracts	The discounted cash flow method: The future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of the period, and are discounted at a rate that reflects the credit risk of each counterparty.

4. Level 3 fair value measurement valuation techniques and input values

The fair value of non-listed (non-OTC) stocks is evaluated with reference to the recent closing prices of the underlying investment targets.

(iii). Types of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial asset</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 71,469	\$ 171,751
Financial assets at amortized cost (Note 1)	5,108,172	4,513,682
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	12,000	-
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	3,505,966	3,115,717

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes receivable, accounts receivable and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, including short-term borrowings, accounts payable, other payables (excluding employee benefits payable), deposits received, long-term borrowings due within one year or operating cycle, long-term borrowings, and long-terms notes payable.

(iv). Financial risk management objectives and policies

The Consolidated Company's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, and borrowings. The risks associated with the operations of the above financial instruments include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The main financial risks to which the Consolidated Company is exposed as a result of its operating activities are changes in foreign currency exchange rates (see (1) below) and changes in interest rates (see (2) below).

(1). Exchange rate risk

The Consolidated Company engages in foreign currency-denominated sales and purchase transactions, which expose the Consolidated Company to exchange rate risk. The Consolidated Company manages its exposure to exchange rate risk by using forward exchange contracts and options to the extent permitted by policy.

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements) and the carrying amounts of derivative instruments with exchange rate risk exposure as of the balance sheet date are described in Note 32.

Sensitivity analysis

The Consolidated Company is primarily affected by fluctuations in the USD exchange rate.

The following table details the sensitivity analysis of the Consolidated Company when the exchange rate of the NTD (functional currency) increases and decreases by 1% against each relevant foreign currency. 1% is the sensitivity percentage used for the Group's internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency monetary items and forward exchange contracts designated as cash flow hedges, and adjusts their period-end translation by a 1% change in exchange rates. The negative amount for USD below represents the decrease in net profits before tax when NTD strengthens by 1% against USD, and the positive amount when NTD depreciates by 1% against USD.

	Impact of USD	
	2022	2021
Profit (loss)	<u>\$ 10,607</u>	<u>\$ 8,785</u>

(i). Mainly derived from the Consolidated Company's receivables and payables that were outstanding at the balance sheet date and not hedged for cash flow.

(2). Interest rate risk

The Consolidated Company's bank deposits and borrowed funds carry both fixed and floating interest rates, resulting in interest rate risk.

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	\$ 530,710	\$ 1,155,840
- Financial liabilities	887,418	1,004,059
Cash flow interest rate risk		
- Financial assets	1,299,275	926,828
- Financial liabilities	544,980	544,935

#### Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding during the reporting period. The rate of change used in reporting interest rates internally to key management is a 0.25% basis point increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased/decreased by 0.25% basis points, with all other variables held constant, the Consolidated Company's net profits before tax would have decreased/increased by \$1,886 thousand and \$955 thousand for 2022 and 2021, respectively.

#### (3). Other price risk

The Consolidated Company has equity price risk due to its investment in equity securities.

#### Sensitivity analysis



The following sensitivity analysis is based on the equity price exposure at the balance sheet date.

If the equity price had increased/decreased by 10%, profits or losses before tax for 2022 and 2021 would have increased/decreased by \$6,008 thousand and \$16,344 thousand, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss. Other comprehensive incomes before tax in 2022 and 2021 were increased/decreased by NTD1,200 thousand and \$0 thousand due to increase/decrease of the fair value of the financial assets measured at fair value through other comprehensive income.

There was no significant change in the sensitivity of the Consolidated Company's investment in equity securities compared with the previous year.

## 2. Credit risk

Credit risk refers to the risk of financial loss due to default on contract obligations by the counterparties. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk of financial loss due to non-performance by counterparties and the provision of financial guarantees by the Consolidated Company was mainly due to:

- (1) The carrying amount of financial assets recognized in the consolidated balance sheets.
- (2). The maximum amount that the Consolidated Company may be required to pay for the provision of financial guarantees, regardless of the likelihood of occurrence.

The Consolidated Company's primary potential credit risk arises from financial instruments such as cash and cash equivalents and accounts receivable. The Consolidated Company's cash is deposited with various banks and financial institutions. The cash is held in time deposits with maturities of approximately 3 months, which have high

liquidity and flexibility and enjoy high interest rates with near-zero risk. The Consolidated Company controls its exposure to the credit risk of each financial institution and believes that the Consolidated Company's cash and cash equivalents are not subject to significant concentrations of credit risk.

The counterparties of the Consolidated Company's accounts receivable are customers in the electronics industry. In order to reduce the credit risk of accounts receivable, the Consolidated Company's management has assigned a dedicated team to establish credit management rules and regulations and to be responsible for credit limit determination, credit approval and other monitoring procedures for the credit management of accounts receivable.

In addition, the Consolidated Company reviews the recoverable amounts of accounts receivable on a case-by-case basis every month to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk is limited.

The Consolidated Company's credit risk is mainly concentrated in the Consolidated Company's top ten customers. As of December 31, 2022 and 2021, the percentage of total accounts receivable from the aforementioned customers was 67.05% and 62.51%, respectively.

### 3. Liquidity risk

The Consolidated Company manages and maintains sufficient balance of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management monitors the use of bank financing facilities and ensures compliance with the terms and conditions of the borrowing agreements.

Bank borrowings are an important source of liquidity for the Consolidated Company. See (2) below for a description of the

Consolidated Company's unused financing facilities as of December 31, 2022 and 2021.

(1). Liquidity and interest rate risk of non-derivative financial liabilities.

The analysis of the remaining contract maturities of non-derivative financial liabilities is prepared using the undiscounted cash flows of financial liabilities (including principal and estimated interest) based on the earliest possible date on which the Consolidated Company could be required to make repayment. Therefore, bank borrowings that the Consolidated Company may be required to repay immediately are shown in the the earliest period below, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contract repayment dates.

December 31, 2022

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 1,959,619	\$ -	\$ -	\$ -	\$ 1,959,619
Other payables	96,343	-	-	-	96,343
Borrowings	899,810	535,606			1,435,416
Lease liabilities	2,845	2,179	1,635	-	6,659
	<u>\$ 2,958,617</u>	<u>\$ 537,785</u>	<u>\$ 1,635</u>	<u>\$ -</u>	<u>\$ 3,498,037</u>

December 31, 2021

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 1,481,654	\$ -	\$ -	\$ -	\$ 1,481,654
Other payables	75,518	-	-	-	75,518
Borrowings	1,004,863	345,000	199,935	-	1,549,798
Lease liabilities	1,332	666	-	-	1,998
	<u>\$ 2,563,367</u>	<u>\$ 345,666</u>	<u>\$ 199,935</u>	<u>\$ -</u>	<u>\$ 3,108,968</u>

(2). Financing facilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank borrowing facility (extendable by mutual consent)		
Financing facilities used	\$ 1,087,418	\$ 1,204,059
Financing facilities unused	<u>4,111,326</u>	<u>3,786,205</u>
	<u>\$ 5,198,744</u>	<u>\$ 4,990,264</u>
Secured bank borrowing facility (extendable by mutual consent)		
Financing facilities used	\$ 345,000	\$ 345,000
Financing facilities unused	<u>154,512</u>	<u>154,512</u>
	<u>\$ 499,512</u>	<u>\$ 499,512</u>

xxviii. Related party transactions

All transactions, account balances, incomes and expenses between the Company and its subsidiaries, which are related parties of the Company, are eliminated upon consolidation and are therefore not disclosed in this note. In addition to those disclosed in other notes, the transactions between the Company and other related parties are as follows:

Key management remuneration

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 21,344	\$ 19,661
Post-employment benefits	<u>521</u>	<u>380</u>
	<u>\$ 21,865</u>	<u>\$ 20,041</u>

The remuneration of directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

xxix. Pledged assets

The following assets have been pledged as collaterals for borrowings and tariff guarantees for imported raw materials:

	December 31, 2022	December 31, 2021
Pledged time deposits (recorded as financial assets at amortized cost - current)	\$ 51,444	\$ 6,512
Pledged time deposits (recorded as financial assets at amortized cost - noncurrent)	2,127	2,127
Self-owned land	-	227,663
Buildings - net	-	78,702
Investment property	303,376	-
	<u>\$ 356,947</u>	<u>\$ 315,004</u>

xxx. Significant contingent liabilities and unrecognized contract commitments

- (i). The total contract amount of the equipment contracted by the Consolidated Company with vendors was NTD 298,471 thousand. As of December 31, 2022, the Consolidated Company had paid NTD 167,909 thousand (recorded as prepayment for equipment) and the remaining NTD 130,562 thousand had not been paid.
- (ii). As of December 31, 2022, the Consolidated Company had guaranteed for cooperative education and provided a reserve for the issuance of refundable deposit notes (including long-term borrowings and short-term borrowings) of approximately NTD 2,060,000 thousand and USD 8,500 thousand, respectively.
- (iii). As of December 31, 2022, the Consolidated Company had received NTD 9,626 thousand in guarantee deposit notes for the purchase of equipment and construction.

xxxi. Other matters

As assessed by the Consolidated Company, the global COVID-19 pandemic did not have material effect on the ability of going concern, impairment of assets, and financing risk of the Consolidated Company.

xxxii. Information on foreign currency assets and liabilities with significant effect

The following information is expressed in aggregate in foreign currencies other than the entities of the Consolidated Company's functional currencies, and the exchange rates disclosed represent the rates at which such foreign currencies were converted to the functional currency. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 84,699	30.710 (USD : NTD)	\$ 2,601,112
USD	72,653	6.9646 (USD : RMB)	<u>2,231,167</u>
			<u>\$ 4,832,279</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	84,327	30.710 (USD : NTD)	\$ 2,589,688
USD	38,486	6.9646 (USD : RMB)	<u>1,181,890</u>
			<u>\$ 3,771,578</u>

December 31, 2021

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 68,881	27.680 (USD : NTD)	\$ 1,906,640
USD	67,484	6.3757 (USD : RMB)	<u>1,867,945</u>
			<u>\$ 3,774,585</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	70,951	27.680 (USD : NTD)	\$ 1,963,912
USD	33,678	6.3757 (USD : RMB)	<u>932,215</u>
			<u>\$ 2,896,127</u>

The Consolidated Company's foreign currency exchange gains and losses (realized and unrealized) amounted to \$105,876 thousand and \$30,743 thousand for 2022 and 2021, respectively. Due to the wide variety of foreign currency transactions and the functional currencies of the entities of the Group, it is not possible to disclose the exchange gains and losses by each major currency.

xxxiii. Other disclosures

- (i). Significant transactions and (ii) information on the investee enterprises:

No.	Item	Description
1	Lending funds to others	Exhibit 1
2	Endorsements and guarantees for others.	None
3	Marketable securities held at the end of the period. (Excluding investment in subsidiaries, affiliated enterprises and joint venture interests)	Exhibit 2
4	The cumulative amount of purchases or sales of the same marketable securities reaches at least NTD 300 million or 20% of the paid-in capital.	None
5	Acquisition of property amounting to at least NTD 300 million or 20% of the paid-in capital.	None
6	Disposal of property amounting to at least NTD 300 million or 20% of the paid-in capital.	None
7	The amount of purchase or sale with related parties is at least NTD 100 million or 20% of the paid-in capital.	Exhibit 3
8	Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital.	Exhibit 4
9	Engagement in derivative transactions.	Note 7
10	Others: Business relationships and significant transactions between the parent and subsidiaries and between subsidiaries and the amounts involved.	Exhibit 7
11	Information on investees	Exhibit 5

(iii). Information on investment in Mainland China:

No.	Item	Description
1	The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China.	Exhibit 6
2	The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses:	
	(1). Amounts and percentages of purchases and related payables at the end of the period.	Exhibit 3
	(2). Amounts and percentages of sales and related receivables at the end of the period.	None
	(3). The amount of property transactions and the amount of gain or loss resulting from such transactions.	None
	(4). The ending balance of endorsement and guarantee of notes or provision of collateral and its purpose.	None
	(5). The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation.	None
	(6). Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.	None

(iv). Information on major shareholders:

Name, number and percentage of shares held by shareholders with 5% or more of the shares: Exhibit 8.

xxxiv. Segment information

(i). Financial information by industry and segment

The information provided to the chief business decision maker for allocating resources and measuring segment performance focuses on the type of product or service delivered or provided. In accordance with IFRS 8 “Operating Segments”, the Consolidated Company does not have an operating segment that meets the requirements of the IFRS, and the Consolidated Company’s business is concentrated on the production and



sale of flexible boards and keypads, and there is no division of industrial segments, so the segment revenues, operating results and segment assets are the same as those in the income statement and balance sheet.

(ii). Regional information

The Consolidated Company operates in two main regions - Asia, the Americas and Europe.

Information on the Consolidated Company's revenues from external customers by region of operations and noncurrent assets by region of assets is presented below:

	Revenues from external customers		Noncurrent assets	
	2022	2021	December 31, 2022	December 31, 2021
America	\$ 215,715	\$ 217,298	\$ 24,872	\$ 23,256
Europe	55,440	16,279	36,014	24,908
Asia	7,382,774	6,217,537	2,993,144	2,996,706
Africa	220	27,441	-	-
	<u>\$ 7,654,149</u>	<u>\$ 6,478,555</u>	<u>\$ 3,054,030</u>	<u>\$ 3,044,870</u>

Noncurrent assets exclude financial instruments, deferred tax assets and assets arising from net defined benefit assets.

(iii). Information on major customers

Customers whose revenues accounted for more than 10% of the amount of revenues on the consolidated income statements were as follows:

Type of customer	2022		2021	
	Amount	Percentage of revenues on the consolidated income statement %	Amount	Percentage of revenues on the consolidated income statement %
Company I	<u>\$ 1,999,038</u>	<u>26</u>	<u>\$ 937,676</u>	<u>14</u>

(iv). Revenues from major products

Analysis of the revenues of the Consolidated Company's major products is as follows:

	2022	2021
Electronic components	<u>\$ 7,654,149</u>	<u>\$ 6,478,555</u>

ICHIA TECHNOLOGIES INC. and subsidiaries

Lending funds to others

January 1 to December 31, 2022

Exhibit 1

Unit: NTD and foreign currency in thousands, unless otherwise stated

No. (Note 1)	The lender company of funds	The borrower of funds	Transaction	Related party or not	Maximum balance for the period	Balance at the end of the period	Actual amounts drawn	Interest rate range	Nature of funds lending (Note 2)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral		The limit for individual funds lending (Note 3)	The limit for total funds lending (Note 3)	Remarks
													Name	Value			
1	BVI-ICHIA	ICHIA Technologies Hungary Limited Liability Company	Other receivables - related party	Yes	\$ 60,806 ( USD 1,980 )	\$ 60,806 ( USD 1,980 )	\$ 58,656 ( USD 1,910 )	-	2	\$ -	Operating turnover	\$ -	None	\$ -	\$11,153,083 (Note 4)	\$11,153,083 (Note 4)	
		ICHIA TECHNOLO GIES INC.	Other receivables - related party	Yes	531,283 ( USD 17,300 )	531,283 ( USD 17,300 )	531,283 ( USD 17,300 )	-	2	-	Operating turnover	-	None	-	11,153,083 (Note 4)	11,153,083 (Note 4)	

Note 1: The number column is filled out as follows:

- (1) Fill in 0 for the issuer.
- (2). Investees are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The nature of the funds lending is described as follows:

- (1). Fill in 1 for those who have business transactions.
- (2). Fill in 2 for those in need of short-term financing.

Note 3: Calculation and amount of funds lending limits.

i. The limit for individual funds lending

- (1). The amount of funds lending of the Company to individual counterparties is limited to 30% of the Company's current net worth (December 31, 2022), in accordance with the Company's Operating Procedures for Lending Funds to Others.
- (2). The amount of funds lending of an investee to individual counterparties is limited to 200% of the investee's current net worth (December 31, 2022), in accordance with the investee's Operating Procedures for Lending Funds to Others.
- (3). The amount of funds lending of BVI-ICHIA to the Group's parent company is limited to 200% of BVI-ICHIA's current net worth (December 31, 2022) in accordance with BVI-ICHIA's Operating Procedures for Lending Funds to Others.

ii. The limit for total funds lending:

- (1). The cumulative amount of funds lending of the Company to external counterparties is limited to 40% of the Company's current net worth (December 31, 2022), in accordance with the Company's Operating Procedures for Lending Funds to Others.
- (2). The cumulative amount of funds lending of an investee is limited to 200% of the investee's current net worth (December 31, 2022), in accordance with the investee's Operating Procedures for Lending Funds to Others.
- (3) The cumulative amount of funds lending of BVI-ICHIA to the Group's parent company is limited to 200% of BVI-ICHIA's current net worth (December 31, 2022) in accordance with BVI-ICHIA's Operating Procedures for Lending Funds to Others.

iii. The Company's funds lending limit was calculated based on the net worth of the Company's financial statements reviewed by CPA; the investee's funds lending limit was calculated based on the net worth of the investee's financial statements in foreign currencies reviewed by CPA.

v. The funds lending limits here are presented in NTD. If foreign currencies are involved, they are translated into NTD at the prevailing exchange rate on the date of the financial statements. (The spot exchange rate for USD as of December 31, 2022 was 30.71.)

Note 4: The funds lending between companies outside of the Republic of China in which the Company directly or indirectly holds 100% of the voting rights is not subject to the funds lending limits in Note 3.

ICHIA TECHNOLOGIES INC. and subsidiaries  
Marketable securities held at the end of the period  
December 31, 2022

Exhibit 2

Unit: NTD and foreign currency in thousands, unless otherwise stated

Subsidiaries held	Type and name of marketable securities (Note 1)	Relationship with the issuer of marketable securities	Account in the book	Period end				Remarks
				Number of shares	Carrying amount	Shareholding (%)	Fair value	
ICHIA TECHNOLOGIE S INC.	Fund beneficiary certificates							
	UPAMC James Bond Money Market Fund	None	Financial assets measured at fair value through profit or loss - current	1,183,523	\$ 20,056	-	\$ 20,056	
	Sinopac TWD Money Market Fund	"	"	1,417,424	20,021	-	20,021	
	Cathay Taiwan Money Market Fund	"	"	1,585,251	20,005	-	20,005	
	Non-listed (non-OTC) stock - preferred stock Ten Shen Precision Co., Ltd. (preferred stock)	"	Financial assets measured at fair value through other comprehensive income - non-current	1,200,000	<u>12,000</u>	6%	<u>12,000</u>	
					<u>\$ 72,082</u>		<u>\$ 72,082</u>	

Note 1: Marketable securities referred to here are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: For information on investments in subsidiaries, affiliates and joint venture interests, please refer to Exhibit 5 and Exhibit 6.

ICHIA TECHNOLOGIES INC. and subsidiaries

The amount of purchase or sale with related parties is at least NTD 100 million or 20% of the paid-in capital.

January 1 to December 31, 2022

Exhibit 3

Unit: NTD thousand, unless otherwise stated

Purchase (sale) company	Trading partner name	Relationship	Transactions				The circumstances and reasons why the trading terms are different from those of ordinary transactions		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Purchase (sale) company	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
ICHIA TECHNOLOGIES INC.	ICHIA SUZHOU	The same affiliate	Purchase	\$ 4,017,004	85	150 days from monthly cut-off day	-	-	(\$ 1,821,567)	( 87 )	
	ZHONGSHAN ICHIA	"	"	492,262	10	150 days from monthly cut-off day	-	-	( 187,553)	( 9 )	

ICHIA TECHNOLOGIES INC. and subsidiaries

Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital.

December 31, 2022

Exhibit 4

Unit: NTD thousand, unless otherwise stated

Companies with accounts receivable	Trading partner name	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Receivables from related parties collected during the subsequent period	Amount of allowance for bad debts
					Amount	Processing method		
ICHIA SUZHOU	ICHIA TECHNOLOGIES INC.	The same affiliate	Accounts receivable \$ 1,821,567	2.80	\$ -	—	\$ 815,842	\$ -
ZHONGSHAN ICHIA	ICHIA TECHNOLOGIES INC.	The same affiliate	Accounts receivable 187,553	2.49	-	—	88,122	-
BVI-ICHIA	ICHIA TECHNOLOGIES INC.	The same affiliate	Other receivables 531,283	Note	-	—	-	-

Note: The turnover rate is not calculated because it is mainly due to other receivables arising from the lending of funds.

ICHIA TECHNOLOGIES INC. and subsidiaries

Information on investees, locations, ....., etc.

January 1 to December 31, 2022

Exhibit 5

Unit: NTD and foreign currency in thousands, unless otherwise stated

Investor	Investee	Location	Principle business	Original investment amount		Holding at the end of period			Profit or loss of investees for the period	Investment gain (loss) recognized in the period	Remarks
				The end of the period	The end of last year	Number of shares (thousand shares)	Percentage %	Carrying amount			
ICHIA TECHNOLOGIES INC.	ICHIA HOLDINGS (B.V.I) Co., Ltd.	P.O. BOX957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands	Various investment businesses	\$ 3,532,566 ( USD 108,693 )	\$ 3,532,566 ( USD 108,693 )	108,693	100	\$ 5,568,830	\$ 276,576	\$ 279,126	Subsidiary
	ICHIA USA Inc.	1057 Tierra Del Rey, Suite G, Chula Vista, CA 91910 U.S.A.	International trading of various electronic components and materials	118,309 ( USD 4,106 )	118,309 ( USD 4,106 )	4,106	100	36,984	( 4,422 )	( 4,422 )	Subsidiary
	ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.	997-A, Solok Pervshaan Tiga Prai Industrial Estate 13600 Prai, P.W. West Halasia Malaysia	Manufacturing, processing and trading of various electronic components and materials for various electronic and telecommunication computers.	119,432 ( USD 3,762 )	- ( USD - )	9,000	100	120,748	12,113	( 541 )	Subsidiary Note 2
ICHIA HOLDINGS (B.V.I) Co., Ltd.	ICHIA UK. LTD.	P.O. Box 3152, Town, Tortola, British Virgin Islands	Various investment businesses	151,277 ( USD 4,926 )	151,277 ( USD 4,926 )	4,926	100	( 25,520 ) ( USD -831 )	3,163 ( USD 103 )	3,163 ( USD 103 )	Subsidiary
	ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.	997-A, Solok Pervshaan Tiga Prai Industrial Estate 13600 Prai, P.W. West Halasia Malaysia	Manufacturing, processing and trading of various electronic components and materials for various electronic and telecommunication computers.	- ( USD - )	92,898 ( USD 3,025 )	-	-	- ( USD - )	12,113 ( USD 415 )	12,654 ( USD 433 )	Subsidiary Note 2
	ICHIA HOLDINGS (H.K.) Co., Ltd.	Room 1004, National Health Centre, 151 Gloucester Road, Wanchai, Hong Kong	Various investment businesses	2,303,250 ( USD 75,000 )	2,303,250 ( USD 75,000 )	75,000	100	4,175,300 ( USD 135,959 )	228,237 ( USD 7,432 )	228,237 ( USD 7,432 )	Subsidiary
ICHIA UK. LTD.	ICHIA Technologies Hungary Limited Liability Company	2900 Komarom Ipari Park Banki Domat U. 2. Hungary	Manufacturing, processing and trading of rubber and plastic keypads	151,277 ( USD 4,926 )	151,277 ( USD 4,926 )	-	100	( 25,520 ) ( USD -831 )	3,163 ( USD 103 )	3,163 ( USD 103 )	Subsidiary

Note 1: Please refer to Exhibit 6 for information on the investees in Mainland China.

Note 2: The Consolidate Company performed the adjustment of the organizational structure in September 2022 by completely transferring the equity held by B.V.I-ICHIA in ICHIA Malaysia to ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.

ICHIA TECHNOLOGIES INC. and subsidiaries

Information on investment in Mainland China

January 1 to December 31, 2022

Exhibit 6

Unit: NTD and foreign currency in thousands, unless otherwise stated

1. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount, repatriated investment gains and losses:

Investee in Mainland China	Principle business	Paid-in capital	Type of investment (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of investees for the period	Shareholding percentage of the Company's direct or indirect investment	Investment gain (loss) recognized in the period (Note 2)	Carrying amount of investments at the end of the period	Investment income remitted back as of the end of the period
					Remittance	Recovery						
ICHIA SUZHOU	Rubber, plastic keypads and flexible printed circuit boards	\$ 2,671,770 ( USD 87,000 )	(ii) B	\$ 2,671,770 ( USD 87,000 )	\$ -	\$ -	\$ 2,671,770 ( USD 87,000 )	\$ 228,605 ( USD 7,444 )	100	\$ 228,298 ( USD 7,434 ) (ii) B	\$ 4,172,997 ( USD 135,884 )	\$ -
ZHONGSHAN ICHIA	Rubber and plastic keypads	522,070 ( USD 17,000 )	(ii) A	522,070 ( USD 17,000 )	-	-	522,070 ( USD 17,000 )	34,886 ( USD 1,136 )	100	35,624 ( USD 1,160 ) (ii) C	806,076 ( USD 26,248 )	-

2. Investment quota for Mainland China.

Accumulated amount of investment from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Investment quota for mainland China as stipulated by the Investment Commission, Ministry of Economic Affairs
NTD 3,193,840 ( USD 104,000 )	NTD 3,193,840 ( USD 104,000 )	NTD 3,642,844 ( USD 118,621 )

Note 1: The investment methods can be divided into the following three types, indicating as such suffices:

- (i). Investment in Mainland China directly.
- (ii). Investment in Mainland China through companies in third regions (please specify the investment company of the third region).
  - A. BVI-ICHIA
  - B. ICHIA HOLDINGS (H.K.) Co., Ltd.
- (iii). Other types.

Note 2: In the column of investment gain or loss recognized in the current period:

- (i). If the investment is under preparation and there is no investment gain or loss, it should be noted.
- (ii). The basis for recognizing investment gains or losses is divided into the following three categories, which should be specified.
  - A. The financial statements have been audited by an international CPA firm with which CPA firms in the Republic of China have a cooperative relationship.
  - B. The financial statements have been audited by the attesting CPA of the parent company in Taiwan.
  - C. Others.

Note 3: The figures in this Exhibit are presented in NTD. Where foreign currencies are involved, the exchange rate at the date of financial reporting is used to translate into NTD. (The spot exchange rate for USD as of December 31, 2022 was 30.71)

ICHIA TECHNOLOGIES INC. and subsidiaries

Business relationships and significant transactions between the parent and subsidiaries and between subsidiaries and the amounts involved.

January 1 to December 31, 2022

Exhibit 7

Unit: NTD thousands

No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Account	Amount	Trading terms (Note 4)	Percentage of consolidated total revenues or total assets (Note 3)
0	ICHIA TECHNOLOGIES INC.	ICHIA SUZHOU	1	Purchase	\$ 4,017,004	—	52
		"	1	Other receivables	29,362	—	-
		"	1	Accounts payable	1,821,567	—	18
		ZHONGSHAN ICHIA	1	Purchase	492,262	—	6
		"	1	Accounts payable	187,553	—	2
		"	1	Other receivables	905	—	-
		BVI-ICHIA	1	Current accounts payables to related parties	531,283	—	5
1	BVI-ICHIA	ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.	1	Sale	122	—	-
		ICHIA Technologies Hungary Limited Liability Company	3	Current accounts - receivables to related parties	58,656	—	1
		"	3	Non-operating receivables	1,489	—	-
2	ICHIA SUZHOU	"	3	Temporary payments	2,291	—	-
		ICHIA USA Inc.	3	Sale	8,880	—	-
		"	3	Accounts receivable	4,813	—	-
		ZHONGSHAN ICHIA	3	Sale	3,390	—	-
		"	3	Accounts receivable	13	—	-
		ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.	3	Sale	3,890	—	-
		"	3	Sales return	141	—	-



No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Account	Amount	Trading terms (Note 4)	Percentage of consolidated total revenues or total assets (Note 3)
3	ZHONGSHAN ICHIA	"	3	Accounts receivable	1,617	—	-
		ICHIA RUBBER	3	Purchase	332	—	-
		INDUSTRY (M) Sdn. Bhd.					
		"	3	Sale	2,879	—	-
		"	3	Accounts receivable	869	—	-
		"	3	Accounts payable	132	—	-
		ICHIA USA Inc.	3	Sale	2,111	—	-
		"	3	Accounts receivable	1,145	—	-

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the number should be filled in as follows:

1. 0 is for the parent company.
2. Subsidiaries are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The relationship with the traders is classified into three types as follows, indicating the type suffices:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The percentage of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the amount to consolidated total revenues in the case of profit or loss.

Note 4: The trading terms for sales between parent company and subsidiaries are not materially different from those of ordinary sales. The trading terms for other transactions are based on the agreements between the parties because there are no similar transactions to follow.

ICHIA TECHNOLOGIES INC. and subsidiaries

Information on major shareholders

December 31, 2022

Exhibit 8

Name of Major Shareholder	Shares	
	Shareholding	Shareholding Percentage
Fa La Li Investment Co., Ltd.	19,098,481	6.21%
Creative Investment Co., Ltd.	18,872,480	6.13%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.