Stock Code：6284

INPAQ TECHNOLOGY CO., LTD.

2022 Annual Report
(Translation)

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

Printed on May 5, 2023

Taiwan Stock Exchange Market Observation Post System：

http://mops.twse.com.tw

Inpaq annual report is available at：www.inpaq.com.tw

Spokesperson, Acting Spokesperson's Name, Title, Contact number and Email address

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Corporate Headquarters & Branch office& Plant

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Tel：(02)2586-5859

Auditors

Name：Hai Ning Huang and Wan Yuan Yu.

Firm：KPMG

Address：68F, Taipei 101 Tower, No. 7, Sec. 5, Xinyi Road, Taipei 110, Taiwan

Name of Any Exchanges Where the Company's Securities Are Traded Offshore and Information：N/A

Corporate Website：www.inpaq.com.tw

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7. Review and Analysis of Financial Status and Business Results and Risk Issues

8. Special notes

1、 Letter to Shareholders

2022 was a year full of challenges and opportunities for Inpaq Technology. The Russian-Ukrainian conflict drove up international raw material and energy prices, causing inflation and interest rate pressure. Lack of supplies and port congestion also had a negative impact on supply chains, which in turn affected customer demand and global economies. As a result, businesses have become more cautious about their future economic prospects.

As the COVID-19 pandemic subsided, the global economy began to recover gradually. Inpaq Technology capitalized on the next wave of economic growth opportunities and met customer demand for rapid expansion. By constructing the second and third phases of their plant in Chunan, Miaoli, they fully utilized their team spirit and adaptability to adjust their business strategy. They proactively laid the groundwork for future expansion. The second plant was officially opened in the fourth quarter of 2022, and the third plant, which will serve as the Company's operational headquarters and technology research and development center, is scheduled to open in the second quarter of 2023. This demonstrates Inpaq Technology's proactive strategy to establish a strong presence in Miaoli, invest in Taiwan, and expand into the international market in order to respond to the rapidly changing global economy.

Inpaq Technology is a professional electronic component manufacturer with four main product lines: antennas, high-frequency inductors, power inductors, and protection components. Among them, the Company is the main supplier of GPS-positioning ceramic antennas in the world. With the trend of global electronic industries towards 5G, the Internet of Things, smart homes, industrial automation, and automotive electronics, Inpaq Technology actively expanded into the automotive electronics, high-end 5G communication, and smartphone markets. Below is the Company's annual report for 2022:

A. 2022 Business Report

1. Implementation results of the business plan

The implementation results of the parent company's business plan for 2022 are as follows:

Unit: NT$ thousands

Item	2022	2021	Growth
Net operating revenue	3,354,478	3,200,113	5%
Realized operating margin	644,332	776,756	-17%
Operating expenses	518,364	490,740	6%
Operating net profit	125,968	286,016	-56%
Net non-operating income	540,112	336,769	60%
Income before income tax	666,080	622,785	7%

The implementation results of the consolidated business plan for the group in 2022 are as follows:

Unit: NT$ thousands

Item	2022	2021	Growth
Net consolidated operating revenue	6,287,071	6,756,544	-7%
Consolidated realized operating margin	1,553,345	1,684,968	-8%
Consolidated operating expenses	1,039,643	1,014,271	3%
Consolidated operating net profit	513,702	670,697	-24%
Consolidated non-operating net income (expenses)	203,799	2,415	8339%
Consolidated income before income tax	717,501	673,112	7%

2. Budget implementation: Not applicable.
3. Parent company's financial revenue and expenditure and analysis of profitability

Item	2022	2021
Liabilities to assets ratio (%)	39.63	33.88
Long-term funds to fixed assets ratio (%)	347.61	378.07
Return on assets (%)	6.58	7.45
Return on shareholders' equity (%)	10.44	10.18
Net profit ratio (%)	17.62	17.48
Earnings per share (NT$)	4.22	4.04

4. Research and Development Status:
Material development, component design, and process integration are the Company's core technologies. The Company focuses on researching and developing key components such as system protection components, high-frequency antennas, power inductors, and RF components based on customer applications and future component development directions. The Company is dedicated to developing new technologies and patents, and it has grown to become a world-class leader in the field of protective components and antenna modules. Thick film printing technology, material layer stacking technology, ceramic iron powder integrated molding technology, thin film fine circuit, low-temperature co-fired ceramic (LTCC) asymmetric forming technology, and polymer low-loss dielectric material 3D molding technology are all part of the Company's established technology platform. The Company's electronic components are used in a wide range of 3C electronics, communication, and automotive applications, including mobile phones, computers, LCD displays, TVs, digital cameras, WLAN, broadband network equipment, automobiles, satellite communication, digital wearables, and so on.

Research and Development Technical Focus:
(1) Application of thin-film packaging technology
(2) Miniaturization of high-current integrated molding/industrial high current integral power inductors
(3) 5G high-frequency precision molding inductors
(4) Low-temperature ceramic co-fired RF inductors, passive components, and antenna integrated packaging manufacturing technology
(5) RFID/NFC antennas, wireless charging modules, and 3C/automotive/network communication antenna product design and manufacturing
(6) High-frequency signal application ultra-low capacitance-surge protection components
(7) Ka-band (26~40GHz) ultra-wideband low-earth orbit satellite antennas
(8) Signal anti-interference transmission antennas for electric vehicle BMS (Battery Management System)
(9) High-precision, dual-frequency, lightweight GPS ceramic antennas
(10) Application of ultra-small CSP thin-film packaging technology
(11) Development of ultra-high surge protection varistors components.

B. Summary of the Business Plan for 2023, Future Company Development Strategy, and Future Impact from External Competitive, Regulatory, and Macroeconomic Environments

5G, Internet of Things (IoT), smart homes, industrial automation, and automotive electronics are among the projects being developed in the global electronics industry. These market trends have been the focus and direction of our long-term strategy. We will continue to focus on selecting the right products, maintaining high product quality, and improving organizational effectiveness in the future. In 2023, we will continue to strengthen the following plans:
(1) Focus on Featured Products to Increase Competitiveness:
Continue to improve product design, materials, and processes to increase competitiveness, strengthen the core value of advantageous products, and convert them into high-margin revenue.
(2) Continuously Adjust Company Structure:
(a) Proactively cultivate and recruit exceptional talent, and enhance education and training.
(b) Integrate multiple departments and external resources, and manage professionally.
(c) Actively control costs and strengthen management capabilities.
(d) Increase automation and enhance labor productivity.
(e) Strengthen the application of "KPI performance management system" to improve the Company's core competitiveness and ensure steady operation.
(3) Enter New Market Applications:
(a) Continuously develop corresponding products and technologies for new market applications such as IoT (vehicles), mobile payments, smart wearable devices, wireless charging and automotive electronics, and 5G communication products.
(b) Enhance the ODM Model of Main Customers and Establish Strategic Alliance Relationships with Well-known Companies:
(c) In response to the rise of new industries such as electric vehicles and wind power generation, we will focus on the development and production of magnetic elements such as power, motors, and signals.
(4) Build an Internationally Renowned Brand:
(a) Recruit and train international talents of various languages.

(b) Strengthen product network promotion.
(c) Establish overseas branches and professional FAE technical service teams.
(d) Continuously cooperate with major IC manufacturers and enter IC reference circuit design.

Outlook:

The Company's management team will adopt the following principles of management as the direction for sustainable development:

Cultivate outstanding talent with courtesy, create a good and honest working environment, continuously develop excellent technologies, improve product quality and cost competitiveness to meet customer needs, obtain reasonable returns, and create shareholder benefits. At the same time, the Company will continue to improve the working environment and employee benefits, thereby attracting talented individuals. Looking to the future, the COVID-19 situation, international political and economic conditions, and inflation are all significant variables affecting the economy. Inpaq Technology will fully leverage the team spirit and adaptability to adjust its management strategy, establish deep cooperative partnerships with customers, and grasp industry trends to continue growing. While pursuing corporate profit and growth, the Company will also continuously enhance corporate governance to safeguard shareholder interests, develop green products to reduce negative environmental impacts, care for employees' physical and mental health and safety, and participate in ESG-related public welfare activities to achieve the goal of sustainable business operations.

Finally, thank you to all of our customers, suppliers, shareholders, and the public for their long-term support and trust in Inpaq Technology, as well as to all of our employees for their wholehearted dedication to the Company's operations. Let us continue to work together to create greater value.

Wishing everyone good health and all the best!

Chairman Pei-Cheng Chen

General Manager Ming-Tsan Tseng

2. **Company Profile**

1. Establishment date

Establishment date: June 23, 1998

2. Company history

(1) In the early stages of the Company's establishment, its core technology was the assembly of integrated SMD components, and it established a company that designs, manufactures, and sells high-density integrated products. The Company provides miniaturized integrated assembly technology and product services for product areas such as overvoltage, overcurrent, noise protection components, and microwave communication antenna components. Using its innovative technological advantages, it produces and sells key components for consumer products, communication, computers, and their peripherals in Taiwan and around the world. The important events of the Company are as follows:

1998
- The Company was established, and the registered capital was NT$240 million, with a paid-in capital of NT$60 million.
- The Company issued 12 million new shares with a paid-in capital of NT$180 million.
- The Company was authorized to establish a factory in Miaoli and obtained a factory registration certificate.

1999
- The Company obtained an approval letter for "Important Technology Enterprise" in accordance with the Act for Upgrading Industries.
- The Company obtained certification for ISO-9001 & QS-9000.
- The Company changed its registered capital to NT$500 million and issued 12.5 million new shares.
- The Company successfully developed and mass-produced the thick-film array capacitor (CN41).

2000
- The Company obtained approval for "Leading New Plan for the Development of Microwave Compound Micro Antenna Products" from the Industrial Development Bureau, MOEA.
- The Company issued 9.5 million new shares with a paid-in capital of NT$400 million.
- The Company successfully developed the Multilayer Varistor (MLV Series).
- The Company successfully developed and mass-produced the GPS Patch Antenna (PA Series)

2001
- The Company obtained approval for the "Static Discharge Protection Material and Substrate Integration Technology" plan from the Department of Industrial Technology, MOEA
- The Company issued 7,845,580 new shares through retained earnings and capital reserve, with a paid-in capital of NT$478,458,000.
- The Company successfully developed and mass-produced the Multilayer Chip Capacitor Array (CA41 Series).
- The Company indirectly invested in and established Inpaq Technology (Suzhou) Co., Ltd. through a third-party country.

2002
- The Hsinchu Science Park Bureau, NSTC gave the Company permission to relocate to the Science Park and change its business address to No. 23, Gongye E. 4th Rd., East Dist., Hsinchu City
- The WLAN Chip Antenna and GPS AAF were officially mass-produced.
- The Company's overseas production base, Inpaq Technology (Suzhou) Co., Ltd., officially started production.
- The Company was listed on the Taipei Exchange, stock code R243.

2003
- The Company obtained a license to establish a branch office in Zhunan.
- The Company obtained an approval letter for "Successful Product Development with Marketability" from the Industrial Bureau of the Ministry of Economic Affairs.

2004
- The SMD PPTC (Polymer Positive Temperature Coefficient) and EGA (ESD Guard) were officially mass-produced.
- The Company obtained ISO14000 certification.
- Approved by the Taiwan Stock Exchange and Futures Exchange to become an OTC-listed company.

2005
- Merged with Etronic Team Co., Ltd..
- Developed LC Filter, officially mass-produced Multilayer Type Common mode filters.

2006 • Increased capital by issuing 4.1 million new shares and issuing NT$150 million of the first domestic unsecured convertible corporate bond in Taiwan.

• Increased capital by issuing 4,671,073 new shares through earnings and reserves, increasing paid-in capital to NT$652,578,210.

• Indirectly invested in establishing Inpaq Trading (Kunshan) Co., Ltd. through a third-party country.

• Amended the Company's Articles of Incorporation to increase the authorized capital to NT$1 billion.

2007 • Completed private placement by issuing 20 million new shares and raising NT$973,000,000.

• Increased capital by issuing 5,276,063 shares through earnings and reserves, increasing paid-in capital to NT$732,280,840.

• Amended the Company's Articles of Incorporation to increase the authorized capital to NT$1.5 billion.

• Indirectly invested in establishing Inpaq Technology (Wuxi) Co., Ltd. through a third-party country.

2008 • Investments in Inpaq Korea Co., Ltd. are re-invested businesses with 33% equity ownership.

• Signed a subsidy contract for "Multilayer Power Inductors for High-Density Micro Power Modules Produced by Low-Temperature Co-fired Ceramic" with the Industrial Development Bureau, MOEA.

• Increased capital by issuing 7,374,907 new shares through earnings and reserves, increasing paid-in capital to NT$982,590,250.

• Indirectly invested in establishing Inpaq Technology (Hong Kong) Co., Ltd.

2009 • Increased capital by issuing 4,730,702 new shares through earnings and reserves, increasing paid-in capital to NT$1,029,897,270.

• Established a factory in Wuxi, China.

• Changed the address of the head office to No. 11, Keyi St., Zhunan Township, Miaoli County.

2010 • Developed thin-film common-mode filters and established a mass production process.

2011 • Established dry process capabilities for the base layer.

• Reduced the number of treasury shares by 3,645,000, and the paid-in capital was changed to NT$993,447,270.

2012 • Established a branch in Taichung, and relocated the Taichung factory to the Taichung Science Park.

2013 • Conducted a second domestic convertible corporate bond offering of NT$300 million.

2014 • Increased capital by issuing 3,094,879 new shares through the conversion of convertible bonds, increasing paid-in capital to NT$1,024,396,060.

• Listed in the Directory of Excellent Taiwan Exporters and Importers in 2013.

2015 • Increased capital by issuing 118,648 new shares through the conversion of convertible bonds, increasing paid-in capital to NT$1,025,582,540.

2016 • Subsidiary Inpaq Technology (Suzhou) Co., Ltd. received the first "Zifeng Award" for Taiwan-funded enterprises in Jiangsu.

• Repayed the second domestic guaranteed convertible corporate bond.

2018 • Conducted private cash capital increase and issued 45,000,000 new shares, increasing paid-in capital to NT$1,475,582,540.

• Acquired the antenna business unit of Walsin Technology Corp.

2019 • Conducted cash capital reduction of 7,377,913 shares, reducing paid-in capital to NT$1,401,803,410.

• Established Inpaq Europe to accelerate the development of the European market.

2020 • To meet market demand, the Company increased its production capacity by constructing a second factory in Zhunan.

• Subsidiary Inpaq Technology (Suzhou) Co., Ltd. received the second prize for tax contribution in Xiangcheng District, Jiangsu.

2021 • Acquired Hunan Hongdian Electronic Co., Ltd. to increase the product portfolio of inductors and expand market visibility and share.

• Invested in Joyin Co., Ltd. to expand the product lines of varistors, thermistors, and sensors.

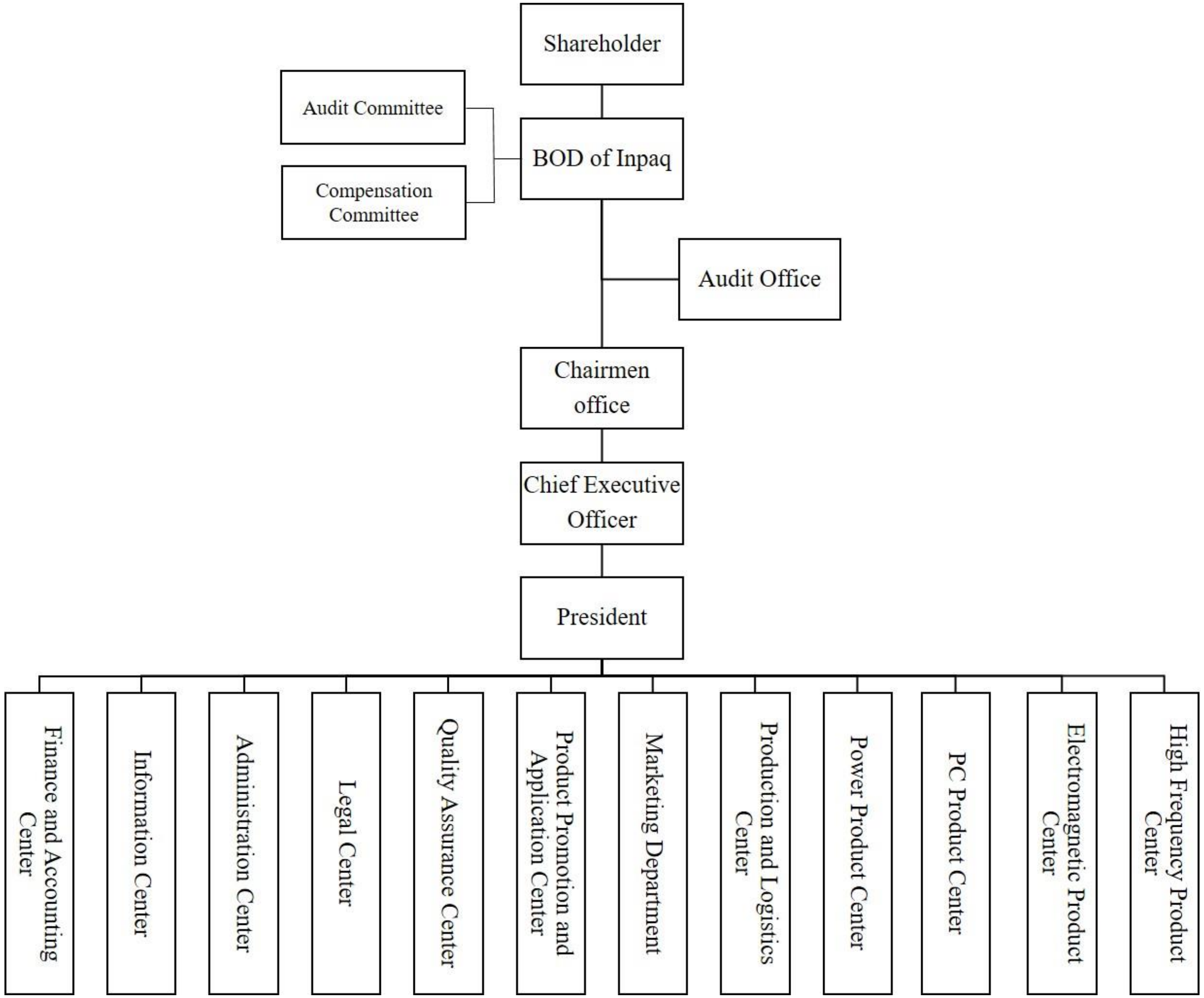
2022 • Sold the equity of Joyin Co., Ltd. to Prosperity Dielectric Co., Ltd.

• Acquired 72.9% shares of Eleceram Technology Co., Ltd. through the acquisition of Joyin Co., Ltd., becoming a subsidiary of the Company from July.

• The new factory in Zhunan was completed and put into operation.

(2) Any major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the Company is transferred or otherwise changes hands: None

3. **Corporate Governance Report**
1. Organization Structure
1. Organization Chart



2. Major Corporate Functions

Department	Functions	Note
CEO, General Manager	1. Assumes responsibility for the success or failure of company operations. 2. Sets company operation objectives and strategies. 3. Shapes the organizational structure and culture. 4. Establishes external relationships and develops talent. 5. Assigns management representatives.	
General Manager's Room	1. Plans and supervises the execution performance of business groups. 2. Prepare and present plans, execution status, and recommendations to the General Manager and relevant management levels for decision-making. 3. Assists in coordinating the needs and tasks of various departments. 4. Executes and manages projects.	
Finance and Accounting Center	1. Prepares and analyzes financial statements. 2. Plans and integrates funding and risk management. 3. Communicates and maintains shareholder equity. 4. Plans and integrates taxation. 5. Manages fixed assets.	
Information Center	1. Establishes and implements information management systems. 2. Sets up and manages software and hardware equipment, networks, enterprise information systems, and application systems.	
Legal Center	1. Drafts, reviews, and manages contracts; provides legal advice and resolves litigation and mediation cases. 2. Collects laws and regulations and conducts special studies; manages and protects intellectual property. 3. Promotes legal education and training.	
Administration Center	1. Plans, executes, and manages related operations such as personnel, administration, and general affairs. 2. Plans and manages labor safety and health-related businesses. 3. Plans and manages environmental safety-related businesses (wastewater, exhaust gas, waste, noise, toxic substances, drinking water, etc.). 4. Contact, declaration and approval of business related to the competent authority. 5. Manages environmental safety risk assessment.	
Quality Assurance Center	1. Plans and maintains quality systems. 2. Calibrates and manages inspection, measuring instruments, and testing equipment. 3. Controls product quality operations. 4. Controls document operations. 5. Verifies product reliability. 6. Applies for and manages safety regulations. 7. Manages customer quality complaints. 8. Promotes the Company's quality image. 9. Measures and manages the laboratory.	
Production and Logistics Center	1. Plans and executes procurement strategies and supply chain management. 2. Plans and executes outsourcing. 3. Manages import and export and overseas business support.	
Audit Office	Evaluates the deficiencies of the Company's internal control system and measures operational efficiency, submits audit reports, provides timely improvement suggestions, and ensures that the internal control system is continuously and effectively implemented, and assists management in fulfilling their responsibilities.	

Departments	Functions	Note
PC Product Center Electromagnetic Product Center High Frequency Product Center Power Product Center Marketing Department Product Promotion and Application Center	1. Formulating and achieving production quality/cost/lead time goals. 2. Capacity planning and execution. 3. Developing and promoting corrective and preventive measures and continuous improvement plans. 4. Developing and managing production technology and equipment. 5. Planning and managing the operational environment. 6. Establishing, maintaining, and improving factory facilities. 7. Coordinating and managing production, sales, and inventory. 8. Planning and supervising inventory management. 9. Developing new products and providing technical support. 10. Implementing research and development project system 11. Verifying and approving new materials. 12. Developing and revising material, product, and packaging specifications. 13. Managing intellectual property rights. 14. Assisting the marketing department in promoting products and company image to external parties.	

2. Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information

1. Information on Directors (1)

April 18, 2023
Unit: shares

Title	Nationality/ Place of Registration	Name	Gender Age	Date of election/ appointment to current term	Term of office	Commencement date of first term	No. of shares held at the time of election		No. of shares currently held		Shares currently held by spouse and minor children		Sharesholdings through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note
							No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%			Title	Name	Relation-ship	
Chairman	Taiwan	Walsin Technology Corp.	-	2020.6.15	3 Years	2018.8.24	46,284,950	33.02	47,848,650	34.13	-	-	-	-	None	None	None	None	None	
	Taiwan	Walsin Technology Corp. Representative: Pei-Cheng Chen	Female 41~50 years old	2020.6.15	3 Years	2018.8.24	-	-	45,000	0.03	-	-	-	-	Academic Qualifications: George Washington University MBA	Note 1	None	None	None	
Director	Taiwan	Walsin Technology Corp.	-	2020.6.15	3 Years	2018.8.24	46,284,950	33.02	47,848,650	34.13	-	-	-	-	None	None	None	None	None	
	Taiwan	Walsin Technology Corp. Representative: Yu-Heng Chiao	Male 61~70 years old	2020.6.15	3 Years	2018.8.24	-	-	-	-	-	-	-	-	Academic Qualifications: Golden Gate University MBA Work Experience: Vice Chairman, Walsin Technology Corp.	Note 2	None	None	None	
Director	Taiwan	Walsin Technology Corp.	-	2020.6.15	3 Years	2018.8.24	46,284,950	33.02	47,848,650	34.13	-	-	-	-	None	None	None	None	None	
	Taiwan	Walsin Technology Corp. Representative: Ming-Tsan Tseng	Male 51~60 years old	2020.6.15	3 Years	2018.8.24	586,650	0.42	529,650	0.38	22,800	0.02	-	-	Academic Qualifications: Ph.D., Chemical Engineering, National Taiwan University Work Experience: COO, Inpaq Technology Co., Ltd.; Corporate Director Representative, Joyin Co., Ltd.; Corporate Director Representative, APAQ Technology Co., Ltd.	Note 3	None	None	None	
Director	Taiwan	Dun-Ren Cheng	Male 61~70 years old	2020.6.15	3 Years	1998.6.15	1,496,606	1.07	1,496,606	1.07	139,459	0.10	-	-	Academic Qualifications: Ph.D., Material Science, National Cheng Kung University Work Experience: Research Fellow, ITRI Material and Chemical Laboratory	Note 4	None	None	None	
Independent Director	Taiwan	Ji-Zu Gao	Male 61~70 years old	2020.6.15	3 Years	2008.6.13	6	-	6	-	-	-	-	-	Academic Qualifications: Ph.D. in Chemistry, University of California, Berkeley; Bachelor of Chemistry, National Taiwan University Work Experience: Co-founder of ITEQ Corporation; Founding Chairman, Taiwan ITRI New Venture Association; Independent Director, Joyin Co., Ltd.	Note 5	None	None	None	

Title	Nationality/ Place of Registration	Name	Gender Age	Date of election/ appointment to current term	Term of office	Commencement date of first term	No. of shares held at the time of election		No. of shares currently held		Shares currently held by spouse and minor children		Sharesholdings through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note
							No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%			Title	Name	Relation-ship	
Independent Director	Taiwan	Min-Hsiung Hong	Male 71~80 years old	2020.6.15	3 Years	2014.6.6	50,559	0.04	50,559	0.04	28,500	0.02	-	-	Academic Qualifications: Ph.D. in Materials Engineering, North Carolina State University Work Experience: Department Chair of Material Science and Engineering, National Cheng Kung University; President, Dayeh University	Emeritus Chair Professor, National Cheng Kung University Independent Director, China Steel Corporation	None	None	None	
Independent Director	Taiwan	Teh-Fu Huang	Male 61~70 years old	2020.6.15	3 Years	2020.6.15	-	-							Academic Qualifications: Ph.D. in Political Science, Northwestern University Work Experience: Professor, Department of Social and Public Affairs, University of Taipei; Professor, Department of Political Science, National Chengchi University; Legislator of the Fifth and Sixth Legislative Yuan	Part-time Professor, Department of Social and Public Affairs, University of Taipei	None	None	None	

Note 1: Chairman Pei-Cheng Chen currently holds positions in the Company and other companies

Company Name	Title	Company Name	Title	Company Name	Title
Passive System Alliance	CSO	Inpaq (BVI) Ltd.	Director	Inpaq (Cayman Islands) Ltd.	Director
INPAQ TECHNOLOGY USA,INC.	Director	Kamaya Electric Co., Ltd.	Director	Matsuo Electric Co., Ltd.	Director

Note 2: Director Yu-Heng Chiao currently holds positions in the Company and other companies

Company Name	Title	Company Name	Title	Company Name	Title
Career Technology (MFG.) Co., Ltd.	Chairman and CSO	Walsin Technology Corp.	Chairman	Silitech Technology Corporation	Chairman
Walton Advanced Engineering, Inc.	Chairman and CEO	HannStar Board International Holdings Ltd.	Chairman and CEO	Global Brands Manufacture Ltd.	Chairman and CEO
Prosperity Dielectric Co., Ltd.	Chairman and CEO	Info-Tel Corporation	Chairman and CEO	Walsin Lihwa. Corp.	Director

Note 3: Director Ming-Tsan Tseng currently holds positions in the Company and other companies

Company Name	Title	Company Name	Title	Company Name	Title
Inpaq Technology Co., Ltd.	General Manager	Eleceram Technology Co., Ltd.	Chairman	INPAQ Technology (Suzhou) Co., Ltd.	Director
Inpaq Technology (China) Co., Ltd.	Director	Hunan Hongdian Electronic Co., Ltd.	Director	Inpaq Technology (Hong Kong) Co., Ltd.	Representative
Inpaq Trading (Suzhou) Co., Ltd.	Director	Taiwan Inpaq Electronic Co., Ltd.	Representative	INPAQ TECHNOLOGY USA,INC.	Chairman
Inpaq Europe GmbH	Director	Canfield Ltd.	Director		

Note 4: Director Dun-Ren Cheng currently holds positions in the Company and other companies

Company Name	Title	Company Name	Title	Company Name	Title
Inpaq Technology Co., Ltd.	CEO	APAQ Technology Co., Ltd.	Chairman and Technical Director	Phoenix Innovation Venture Capital Co., Ltd	Corporate Director Representative
Phoenix Innovation Entrepreneurship Investment II Co., Ltd.	Corporate Director Representative	Bioptik Technology,Inc	Director	Imat Corporation	Corporate Supervisor Representative
Jin Jia Wang Financial Management Co., Ltd.	Director	Inpaq Technology (Suzhou) Co., Ltd.	Director	APAQ Technology (Wuxi) Co., Ltd.	Representative
APAQ Technology (Hubei) Co., Ltd.	Representative	Cheng Gong Innovation Management Consulting Co., Ltd.	Director	Bei Ke Zhi Xing Entrepreneurship Investment Co., Ltd.	Corporate Chairman Representative
Syntec Technology Co., Ltd.	Director	Leantec Intelligence Co., Ltd.	Corporate Supervisor Representative	SteadyBeat Technology Corporation	Corporate Chairman Representative

Note 5: Independent Director Ji-Zu Gao currently holds positions in the Company and other companies

Company Name	Title	Company Name	Title	Company Name	Title
Taiwan ITRI New Venture Association	President	FuSheng Precision Co., Ltd.	Independent Director	Taliang Technology Company Limited	Independent Director
Global Tech Venture Corporation	Chairman	AI Investment Consulting Corporation	Chairman	Taiwan BASE Tech Venture Corporation	Chairman
Shengmao Investment Co., Ltd.	Director	I-BOT Technology Inc.	Director	Imat Corporation	Director
Grandway Wonice Technology Inc.	Corporate Director Representative	Astron Materials Corporation	Supervisor	Demao Investment Co., Ltd.	Supervisor

Table 1: Directors and Supervisors who are representatives of corporate shareholders, should identify the name of the corporate shareholder and the names of the top ten shareholders of that corporation, as well as their respective shareholding ratios.

April 22, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Walsin Technology Corp.	Walsin Lihwa. Corp.	18.30%
	HannStar Board International Holdings Ltd.	7.66%
	Global Brands Manufacture Ltd.	3.31%
	Walton Advanced Engineering, Inc.	2.75%
	Yu-Heng Chiao	2.65%
	Citi Group in custody for Kim Eng Securities Private Ltd. Investment Account	2.62%
	Winbond Electronics Corporation	1.73%
	JPMorgan Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund Investment account of The Vanguard Group	1.39%
	Giga Investment Co.	1.37%
	JPMorgan Taipei Branch in custody for PGIA Advanced Global Equity Index Fund Account	1.34%

Table 2: For each of the top ten shareholders that are corporate shareholders listed in Table 1, the name of the corporate shareholder and the shareholder's ownership percentage of that corporation should be disclosed, as well as the names and ownership percentages of the top ten shareholders

March 21, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Walsin Technology Corp.	Walsin Lihwa. Corp.	18.30%
	HannStar Board International Holdings Ltd.	7.66%
	Global Brands Manufacture Ltd.	3.31%
	Walton Advanced Engineering, Inc.	2.75%
	Yu-Heng Chiao	2.65%
	Citi Group in custody for Kim Eng Securities Private Ltd. Investment Account	2.62%
	Winbond Electronics Corporation	1.73%
	JPMorgan Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund Investment account of The Vanguard Group	1.39%
	Giga Investment Co.	1.37%
	JPMorgan Taipei Branch in custody for PGIA Advanced Global Equity Index Fund Account	1.34%

April 17, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
HannStar Board International Holdings Ltd.	Walsin Technology Corp.	20.32%
	Walsin Lihwa. Corp.	12.06%
	Career Technology (MFG) Co., Ltd.	5.44%
	Chin Xin Investment Corp.	3.55%
	Yu-Heng Chiao	2.19%
	Pai-Yun Hung	1.86%
	Prosperity Dielectric Co., Ltd.	1.07%
	Tsai Yi Corporation	0.96%
	Sing Sing Investment Co., Ltd.	0.92%
	Yuyue Co., Ltd.	0.89%

April 16, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Global Brands Manufacture Ltd.	HannStar Board International Holdings Ltd.	40.65%
	Citibank in custody for Norges Bank Investment Account	1.32%
	Yu-Heng Chiao	0.84%
	Min-Hui Liao	0.74%
	Keston Investment Ltd.	0.68%
	JPMorgan in custody for Vanguard Emerging Markets Stock Index Fund Account	0.66%
	JPMorgan in custody for PGIA Advanced Global Equity Index Fund Account	0.62%
	Citibank in custody for DFA Dimensional Emerging Core Equity Market Investment Account	0.52%
	Yingzhao Investment Co., Ltd.	0.50%
	Chi-Fu Chiu	0.50%

April 18, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Walton Advanced Engineering, Inc.	Walsin Lihwa. Corp.	21.17%
	Winbond Electronics Corporation	9.67%
	Prosperity Dielectric Co., Ltd.	6.16%
	Walsin Technology Corp.	6.16%
	HannStar Board International Holdings Ltd.	2.85%
	Yu-Heng Chiao	1.97%
	Yu-Lun Chiao	0.94%
	Tsai Yi Corporation	0.58%
	Chun-Fen Li	0.53%
	JPMorgan Chase Bank Taipei Branch in custody for JP Morgan Securities Limited Investment Account	0.51%

March 31, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Winbond Electronics Corporation	Walsin Lihwa. Corp.	22.20%
	Chin Xin Investment Corp.	6.03%
	Yu-Chun Chiao	1.59%
	JPMorgan in custody for Vanguard Emerging Markets Stock Index Fund Account	1.05%
	Standard Chartered International Business Bank in custody for Royal Bank of Scotland (Singapore) Limited Investment Account	1.04%
	Pai-Yun Hung	0.97%
	JPMorgan in custody for PGIA Advanced Global Equity Index Fund Account	0.96%
	Yu-Heng Chiao	0.75%
	Standard Chartered Bank Banking Branch in custody of iShares MSCI Taiwan Index Fund Investment Account	0.69%
	Yu-Lun Chiao	0.65%

March 31, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Giga Investment Co.	GIGABYTE Technology	100.00%

Information on Directors (2)

Information Disclosure of Directors and Independent Director's Qualification and Independence April 16, 2023

Qualification Name	Professional Qualifications and Experience (Note 1)	Independence Analysis (Note 2)	No. of other public companies atwhich the person concurrentlyserves as an independent director
Walsin Technology Corp. Representative: Pei-Cheng Chen	lease refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has accounting or financial expertise and experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	• The individual served as the chairman of the Company's board of directors and as a director of its affiliated companies for two years prior to and during the term of appointment. Prior to execution, all significant matters were reported to the Board of Directors for resolution, but this did not compromise the individual's independence. • The individual's spouse, parents up to the second degree of kinship, and direct blood relatives up to the third degree of kinship are not employed by the Company or its affiliated companies as employees, directors, supervisors, or managers. • The individual, their spouse, their minor children, or those holding shares in the Company under another name hold 45,000 shares, representing 0.03% of the issued shares. • The individual serves as the representative of a corporate shareholder under Article 27-2 of the Company Act and holds three seats on the Board of Directors. The individual has no ability to control a majority of seats on the Board of Directors or the voting rights of other directors. • The individual is not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. • The individual is not a professional, sole proprietor, partner, corporate owner, partner, director (supervisor), supervisor (auditor), or manager, and their spouse who provides business, legal, financial, accounting, or other related services to the Company or its affiliated companies, with a cumulative remuneration of less than NT$500,000 in the last two years. The individual does not have a marital relationship, or a relative within the second degree of kinship to any other director of the Company and has not violated any provisions of Article 30 of the Company Law.	
Walsin Technology Corp. Representative: Yu-Heng Chiao	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has experience in various areas of electronic components and has accounting or financial expertise as well as experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	• The individual served as the chairman of the parent company for two years prior to and during the term of appointment. Prior to execution, all significant matters were reported to the Board of Directors for resolution, but this did not compromise the individual's independence. • The individual's spouse, parents up to the second degree of kinship, and direct blood relatives up to the third degree of kinship are not employed by the Company or its affiliated companies as employees, directors, supervisors, or managers. • The individual, their spouse, their minor children, or those holding shares in the Company under another name hold 0 shares, representing 0% of the issued shares. • The individual serves as the representative of a corporate shareholder under Article 27-2 of the Company Act and holds three seats on the Board of Directors. The individual has no ability to control a majority of seats on the Board of Directors or the voting rights of other directors. • The individual is not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. • The individual is not a professional, sole proprietor, partner, corporate owner, partner, director (supervisor), supervisor (auditor), or manager, and their spouse who provides business, legal, financial, accounting, or other related services to the Company or its affiliated companies, with a cumulative remuneration of less than NT$500,000 in the last two years. The individual does not have a marital relationship, or a relative within the second degree of kinship to any other director of the Company and has not violated any provisions of Article 30 of the Company Law.	
Walsin Technology Corp. Representative: Ming-Tsan Tseng	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has experience in various areas of electronic components and has experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	• The individual served as the General Manager of the Company and as a Director and General Manager of its affiliated companies for two years prior to and during the term of appointment. Prior to execution, all significant matters were reported to the Board of Directors for resolution, but this did not compromise the individual's independence. • The individual's spouse, parents up to the second degree of kinship, and direct blood relatives up to the third degree of kinship are not employed by the Company or its affiliated companies as employees, directors, supervisors, or managers. • The individual, their spouse, their minor children, or those holding shares in the Company under another name hold 578,450 shares, representing 0.42% of the issued shares. • The individual serves as the representative of a corporate shareholder under Article 27-2 of the Company Act and holds three seats on the Board of Directors. The individual has no ability to control a majority of seats on the Board of Directors or the voting rights of other directors. • The individual is not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. • The individual is not a professional, sole proprietor, partner, corporate owner, partner, director (supervisor), supervisor (auditor), or manager, and their spouse who provides business, legal, financial, accounting, or other related services to the Company or its affiliated companies, with a cumulative remuneration of less than NT$500,000 in the last two years. The individual does not have a marital relationship, or a relative within the second degree of kinship to any other director of the Company and has not violated any provisions of Article 30 of the Company Law.	

Dun-Ren Cheng	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has experience in various areas of electronic components and has experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	• The individual served as the CEO of the Company for two years prior to and during the term of appointment. Prior to execution, all significant matters were reported to the Board of Directors for resolution, but this did not compromise the individual's independence. • The individual's spouse, parents up to the second degree of kinship, and direct blood relatives up to the third degree of kinship are not employed by the Company or its affiliated companies as employees, directors, supervisors, or managers. • The individual, their spouse, their minor children, or those holding shares in the Company under another name hold 1,636,065 shares, representing 1.17% of the issued shares. • The individual is not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. • The individual is not a professional, sole proprietor, partner, corporate owner, partner, director (supervisor), supervisor (auditor), or manager, and their spouse who provides business, legal, financial, accounting, or other related services to the Company or its affiliated companies, with a cumulative remuneration of less than NT$500,000 in the last two years. The individual does not have a marital relationship, or a relative within the second degree of kinship to any other director of the Company and has not violated any provisions of Article 30 of the Company Law.	
Ji-Zu Gao	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has experience in various areas of electronic components and has experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met. 1. Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; 2. Whether the individual, their spouse, or relatives up to the second degree of kinship do not hold any shares (or shares held through nominees) in the Company: 3. Whether the person served as a director, supervisor, or employee of a company that has a specific relationship with the Company (as defined in Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): No; Whether the person received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	
Min-Hsiung Hong	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has long-term experience in academia and corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met. 1. Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; 2. Whether the individual, their spouse, or relatives up to the second degree of kinship do not hold any shares (or shares held through nominees) in the Company and the proportion is 0.06%; 3. Whether the person served as a director, supervisor, or employee of a company that has a specific relationship with the Company (as defined in Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): No; Whether the person received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	
Teh-Fu Huang	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has long-term experience in academia and corporate management capabilities. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met. 1. Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; 2. Whether the individual, their spouse, or relatives up to the second degree of kinship hold any shares (or shares held through nominees) in the Company: None; 3. Whether the person served as a director, supervisor, or employee of a company that has a specific relationship with the Company (as defined in Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): No; Whether the person received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	

The Company's "Corporate Governance Guidelines" stipulate that the composition of the board of directors should consider diversity, without limiting gender, race, and nationality. In addition to possessing the knowledge, skills, and qualities necessary to perform their duties, the overall abilities that the board of directors should have to achieve the ideal goal of corporate governance include 1. Operational Judgment Ability; 2. Accounting and financial analysis capability; 3. Business management capability; 4. Crisis Management; 5. Industry knowledge; 6. Global Market Insights; 7. Leadership capability; 8. Decision-making ability and other diversified professional backgrounds. The current board of directors consists of seven members, including three independent directors, one female director, and two employee directors, accounting for 42.85%, 14.28%, and 28.57% of the total board members, respectively. As of the end of 2022, one director was aged between 41-50, one was aged between 51-60, and the other directors were aged over 60. All independent directors comply with the regulations of the Financial Supervisory Commission regarding independent directors. For relevant information on each director's education, gender, professional qualifications, work experience, and diversity, please refer to section 2, 1. Information on Directors (1).

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

2. General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information:

April 18, 2023 Unit: Shares

Title	Nationality	Name	Gender	Date of Inauguration	Shareholding		Shareholdings of the spouse and minor children		Sharesholdings through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO	Taiwan	Dun-Ren Cheng	Male	2015.3.17	1,496,606	1.07	139,459	0.10	-	-	Ph.D., Material Science, National Cheng Kung University Research Fellow, ITRI Material and Chemical Laboratory	Note 1	None	None	None	
General Manager	Taiwan	Ming-Tsan Tseng	Male	2015.3.17	555,650	0.40	22,800	0.02	-	-	Ph.D., Chemical Engineering, National Taiwan University	Note 2	None	None	None	
Deputy General Manager	Taiwan	Chi-Lung Chang,	Male	2019.2.1	306,467	0.22	5,000	0.00	-	-	Master of Material Science and Engineering, National Taiwan University of Science and Technology	Director, Inpaq Technology (Suzhou) Co., Ltd.; Director, Inpaq Technology (China) Co., Ltd.; Director, Inpaq Trading (Suzhou) Co., Ltd.; Director, Inpaq Trading (Suzhou) Co., Ltd. Director, Hunan Hongdian Electronic Co., Ltd.; Director Representative, Inpaq Korea Co.,Ltd; General Manager, Eleceram Technology Co., Ltd.	None	None	None	
Deputy General Manager	Taiwan	Jen-Chieh Hsu	Male	2019.2.1	247,554	0.18	10,000	0.01	-	-	Department of Business Administration, National Chung Cheng University	None	None	None	None	
Associate	Taiwan	Ming-Tsan Huang	Male	2021.3.1	-	-	-	-	-	-	Department of Automatic Control Engineering, Feng Chia University	None	None	None	None	Note 3
Financial and Accounting Manager	Taiwan	Kuo-Shu Huang	Male	2018.10.8	15,000	0.01	-	-	-	-	Master of Accounting, Chung Yuan Christian University Department of Accounting, Fu Jen Catholic University	Supervisor, Inpaq Technology (Suzhou) Co., Ltd.; Supervisor, Inpaq Technology (China) Co., Ltd.; Supervisor, Inpaq Trading (Suzhou) Co., Ltd.; Supervisor, Inpaq Trading (Suzhou) Co., Ltd.; Supervisor, Hunan Hongdian Electronic Co., Ltd.	None	None	None	

Note 1: Chairman and Technical Director, APAQ Technology Co., Ltd.; Corporate Director Representative, Phoenix Innovation Venture Capital Co., Ltd; Corporate Director Representative, Phoenix Innovation Entrepreneurship Investment II Co., Ltd.; Director, Bioptik Technology, Inc; Corporate Supervisor Representative, Imat Corporation; Director, Jin Jia Wang Financial Management Co., Ltd.; Director, Inpaq Technology (Suzhou) Co., Ltd.; Representative, APAQ Technology (Wuxi) Co., Ltd.; Representative, APAQ Technology (Hubei) Co., Ltd.; Director, Cheng Gong Innovation Management Consulting Co., Ltd.; Corporate Director Representative, Bei Ke Zhi Xing Entrepreneurship Investment Co., Ltd.; Director, Syntec Technology Co., Ltd.; Corporate Supervisor Representative, Leantec Intelligence Co., Ltd.; Corporate Director Representative, SteadyBeat Technology Corporation.

Note 2: Chairman, Eleceram Technology Co., Ltd.; Director, INPAQ Technology (Suzhou) Co., Ltd.; Director, INPAQ Technology (China) Co., Ltd.; Director, Hunan Hongdian Electronic Co., Ltd.; Representative, INPAQ Technology (Hong Kong) Co., Ltd.; Representative, INPAQ Trading (Suzhou) Co., Ltd.; Representative, Taiwan Inpaq Electronic Co., Ltd.; Chairman, INPAQ TECHNOLOGY USA,INC.; Director, Inpaq Europe GmbH; Director, Canfield Ltd.

Note 3: Ming-Tsan Huang was discharged on April 10, 2023.

3. Remuneration to Directors, Supervisors, General Manager, and Deputy General Manager

1. Remuneration to Directors and Independent Directors

2022 Unit: NT$ thousands; thousand shares

Title	Name	Remuneration to Directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pay and pension (B)		Directors' remuneration (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F) (Note 1)		Employee Compensation (G)						
		The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company		Companies in the consolidated financial report		The Company	Companies in the consolidated financial report	
																Cash	Stock	Cash	Stock			
Director	Walsin Technology Corp. Representative: Pei-Cheng Chen Walsin Technology Corp. Representative: Yu-Heng Chiao Walsin Technology Corp. Representative: Ming-Tsan Tseng Dun-Ren Cheng	0	0	0	0	9,251	9,251	476	476	9,727 1.65%	9,727 1.65%	11,765	13,663	216	216	1,200	0	1,269	0	22,907 3.88%	24,806 4.20%	44,030
Independent Director	Ji-Zu Gao Min-Hsiung Hong Teh-Fu Huang	0	0	0	0	5,551	5,551	450	450	6,001 1.02%	6,001 1.02%	0	0	0	0	0	0	0	0	6,001 1.02%	6,001 1.02%	25

1. Please describe the policy, system, standards, and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: According to the Company's articles of association (which are based on not exceeding 3% of the pretax profit after deducting employee and director/supervisor remuneration for the year), the remuneration committee must review and report to the board of directors for resolution, as well as report to the shareholders' meeting.
2. In addition to the disclosure in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial report (such as serving as consultants for non-employees of the parent company/ all companies in the financial report/ investee companies) in the most recent fiscal year: None.

Note 1: It is the amount withheld for retirement pension expenses.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Name of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	Companies in the consolidated financial statements H	The Company	Parent company and Re-invested businesses I
Less than NT$1,000,000				
NT$1,000,000 (incl.) ～ NT$2,000,000 (excl.)	Dun-Ren Cheng、Ji-Zu Gao	Dun-Ren Cheng、Ji-Zu Gao	Ji-Zu Gao	Ji-Zu Gao
NT$2,000,000 (incl.) ～ NT$3,500,000 (excl.)	Min-Hsiung Hung、Te-Fu Huang	Min-Hsiung Hung、Te-Fu Huang	Min-Hsiung Hung、Te-Fu Huang	Min-Hsiung Hung、Te-Fu Huang
NT$3,500,000 (incl.) ～ NT$5,000,000 (excl.)				
NT$5,000,000 (incl.) ～ NT$10,000,000 (excl.)	Walsin Technology Corp.	Walsin Technology Corp.	Dun-Ren Cheng	
NT$10,000,000 (incl.) ～ NT$15,000,000 (excl.)				
NT$15,000,000 (incl.) ～ NT$30,000,000 (excl.)			Walsin Technology Corp.	Dun-Ren Cheng、
NT$30,000,000 (incl.) ～ NT$50,000,000 (excl.)				
NT$50,000,000 (incl.) ～ NT$100,000,000 (excl.)				Walsin Technology Corp.
NT$100,000,000 or above				
Total	7	7	7	7

2. Remuneration of the General Manager and Deputy General Manager

Remuneration of the General Manager and Deputy General Manager

2022;Unit: NT$ thousands; thousand shares

Title	Name	Salary (A)		Retirement pay and pension (B) (Note)		Rewards and special disbursements (C)		Employee remuneration (D)				Sum of A+B+C+D and ratio to net profit after-tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Dun-Ren Cheng	10,054	11,953	432	432	8,839	8,839	2,350	0	2,350	0	3.67	3.99	12,708
General Manager	Ming-Tsan Tseng													
Deputy General Manager	Chi-Lung Chang,													
Deputy General Manager	Jen-Chieh Hsu													

Note: It is the amount withheld for retirement pension expenses.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's General Manager (s) and Deputy General Manager (s)	Names of General Manager (s) and Deputy General Manager (s)	
	The Company	Parent company and Re-invested businesses E
Less than NT$1,000,000		
NT$1,000,000 (incl.) ～ NT$2,000,000 (excl.)		
NT$2,000,000 (incl.) ～ NT$3,500,000 (excl.)		
NT$3,500,000 (incl.) ～ NT$5,000,000 (excl.)	Dun-Ren Cheng、 Jen-Chieh Hsu	Jen-Chieh Hsu
NT$5,000,000 (incl.) ～ NT$10,000,000 (excl.)	Ming-Tsan Tseng、Chi-Lung Chang,	Ming-Tsan Tseng 、Chi-Lung Chang,
NT$10,000,000 (incl.) ～ NT$15,000,000 (excl.)		
NT$15,000,000 (incl.) ～ NT$30,000,000 (excl.)		Dun-Ren Cheng
NT$30,000,000 (incl.) ～ NT$50,000,000 (excl.)		
NT$50,000,000 (incl.) ～ NT$100,000,000 (excl.)		
NT$100,000,000 or above		
Total	4	4

3. Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

May 4, 2023; Unit: NT$ thousands

	Title	Name	Stock	Cash	Total	Total amount to net profit after-tax ratio (%)
Managerial officers	CEO	Dun-Ren Cheng	0	3,350	3,350	0.59
	President	Ming-Tsan Tseng				
	Vice President	Chi-Lung Chang,				
	Vice President	Jen-Chieh Hsu				
	AVP	Ming-Zan Huang				
	Chief Financial and Accounting Officer	Guo-Shu Huang				

4. Compare and explain the total remuneration paid to Directors, Supervisors, General Manager and Deputy General Managers of the Company and all companies included in the consolidated financial statements in the past two fiscal years as a percentage of the tax-after net income of the individual or separate financial reports, and analyze and explain the policies, standards, and composition of remuneration, the process of setting remuneration, and the relationship with operating performance and future risks:

Item	Total amount to net profit after-tax (%)			
	2021		2022	
	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report
Directors	5.12	5.45	4.90	5.22
President and Vice President	4.10	4.43	3.67	3.99

Note: The Company established an Audit Committee to replace the supervisors on June 15, 2020; therefore, supervisor information is withheld.

(1) Policy, Standards, and Composition of Remuneration, and Procedures for Determining Remuneration:

Item	**Description**
Directors	The director's remuneration consists primarily of director's fees and transportation costs. The director's fees are paid in cash and are based on Article 27 of the Company's articles of association, which states that no more than 3% of the annual profit can be allocated for director remuneration. The factors taken into account include the practical implementation of the Company's core values and operational management capabilities, financial and business performance indicators, comprehensive management indicators, continuous learning, and participation in sustainable management. Special contributions and significant negative events are also considered. The transportation expenses for attending board meetings are paid regardless of profit or loss, and a fixed amount of transportation allowance is given for each board meeting attended.
General Manager and Deputy General Manager	In accordance with industry standards and company regulations, the Company pays fixed salaries for managerial compensation, as well as performance bonuses based on performance evaluations. The bonus is based on the manager's performance evaluation items, which include financial indicators (such as the Company's revenue achievement rate, pre-tax net profit, and after-tax net profit) and non-financial indicators (such as serving as a mentor or evaluator for innovative incubation programs, significant deficiencies in compliance with laws and regulations, or operational risks in the subordinate department). The authorized person that the board of directors appoints or the board of directors themselves determine the value of their participation in and contribution to the Company's operations.

(2) Correlation between risks and business performance:

Regarding the payment of remuneration, the remuneration committee considers the actual business performance and evaluates future risks to propose a resolution each year. The board of directors then endorses and puts the resolution into action.

4. Corporate Governance Status

1. Implementation Status of the Board of Directors:
   In 2022, the Board of Directors held eight (A) meetings, and the attendance of directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings with entrusted attendees	In-person attendance rate (%)【B/A】	Note
Chairman	Walsin Technology Corp. Corporate Representative: Pei-Cheng Chen	8	0	100%	
Director	Walsin Technology Corp. Corporate Representative: Yu-Heng Chiao	2	6	25%	
Director	Walsin Technology Corp. Corporate Representative: Ming-Tsan Tseng	8	0	100%	
Director	Dun-Ren Cheng	8	0	100%	
Independent Director	Ji-Zu Gao	6	2	75%	
Independent Director	Min-Hsiung Hong	8	0	100%	
Independent Director	Teh-Fu Huang	8	0	100%	

Attendance of independent directors at each board meeting is as follows:

○: Attended in person ▲: Attended with entrusted attendance X: Absent

9th Board of Directors	12th Session (2022.01.13)	13th Session (2022.02.22)	14th Session (2022.03.23)	15th Session (2022.05.03)	16th Session (2022.06.17)	17th Session (2022.08.04)	18th Session (2022.08.30)	19th Session (2022.11.01)
Ji-Zu Gao	○	○	▲	▲	○	○	○	○
Min-Hsiung Hong	○	○	○	○	○	○	○	○
Teh-Fu Huang	○	○	○	○	○	○	○	○

Other mentionable items:

1、 If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, which does not apply to Article 14-3 of the Securities and Exchange Act. For relevant information, please refer to "Audit Committee Implementation Status" in this annual report.

(2) Other matters involving objections or reserved opinions recorded or stated in writing by Independent Directors that require a resolution by the board of directors: None.

2、 Specify the date of the board meeting, the meeting session number, the content of the motion, the outcome of the board's resolution, and the actions taken by the Company based on the supervisor's stance if he or she recused from a board meeting due to a conflict of interest:

Date and Session of Board Meeting	Agenda	Names of Directors	Reasons of recusal due to conflicts of interest	Participation in voting
January 13, 2022, 12th Session of the Ninth Board of Directors	Discussion on the Bonus for the Second Half of 2021 and Year-end Bonuses for General Manager	Director Ming-Tsan Tseng	Conflict of interest with Directors	Recused from participation
February 22, 2022, 13th Meeting of the Ninth Board of Directors	Matters concerning donations to the related party "Passive System Alliance"	Director Yu-Heng Chiao	Conflict of interest with Directors	Recused from participation
March 23, 2022, 14th Meeting of the Ninth Board of Directors	Proposal to lift the restrictions on managers' non-compete agreements.	Director Ming-Tsan Tseng	Conflict of interest with Directors	Recused from participation
May 3, 2022, 15th Meeting of the Ninth Board of Directors	Proposal to lift the restrictions on managers' non-compete agreements.	Director Ming-Tsan Tseng	Conflict of interest with Directors	Recused from participation
	Discussion on lifting the restrictions on directors' non-compete agreements.	Chairman Pei-Cheng Chen Director Yu-Heng Chiao Director Ming-Tsan Tseng Independent Director Ji-Zu Gao	Conflict of interest with Directors	Recused from participation
June 17, 2022, 16th Meeting of the Ninth Board of Directors	Proposal to dispose of equity in "Joyin Co., Ltd."	Chairman Pei-Cheng Chen Director Yu-Heng Chiao Director Ming-Tsan Tseng	Conflict of interest with Directors	Recused from participation
	Proposal to acquire equity in "Eleceram Technology Co., Ltd." from the related party Joyin Co., Ltd.	Chairman Pei-Cheng Chen Director Yu-Heng Chiao Director Ming-Tsan Tseng	Conflict of interest with Directors	Recused from participation
November 1, 2022, 19th Meeting of the Ninth Board of Directors	Proposal for the Company to repurchase and transfer shares to managers of subsidiary companies.	Chairman Pei-Cheng Chen	Conflict of interest with Directors	Recused from participation

3、 Implementation Status of Board Evaluations:

The Company established the "Rules for Performance Evaluation of the Board of Directors" in January 2020 and planned to conduct a self-evaluation once a year starting this year. The evaluation result for 2022 was reported to the board on February 23, 2023.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
The Board of Directors of the Company conducts an annual internal performance evaluation of the Board of Directors and Functional Committees.	January 1, 2022 to December 31, 2022	Performance evaluation of Board of Directors and Functional Committees	The evaluation is conducted using an internal questionnaire, which includes the organization and operation of the board of directors, the participation of directors, their understanding and awareness of the Company's responsibilities, and their continuous education, etc.	The Board of Directors' and Functional Committee's performance evaluation indicators will at least include aspects listed below: 1. Level of participation in company operations 2. The quality of the Board of Directors and Functional Committee's decisions 3. Board and Functional Committee's composition and structure 4. Appointment of directors and their continued development 5. Internal control The board members' performance evaluation indicators include aspects listed below: 1. Grasp of company targets and missions 2. Understanding of roles and responsibilities 3. Level of participation in company operations 4. Internal relationship management and communication 5. Director's specialty and continued development 6. Internal control

4、 Evaluations of the current and previous years' objectives for strengthening the board of directors' functions (such as establishing an Audit Committee, enhancing information transparency, etc.) and their status of implementation:

- The Company has revised and implemented its board of directors' rules of procedure in accordance with regulations and has established three independent directors. Since 2011, the Company has set up a Remuneration Committee in accordance with regulatory requirements. The Audit Committee has been established since 2020.
- After each board of directors' meeting, the legal and regulatory requirements for the disclosure of resolutions must be announced in a timely manner, enhancing information transparency.
- The Company has also established and revised various related codes and procedures in accordance with regulations and through board of directors' resolutions, focusing on shareholder rights and making operations more transparent. These include the "Procedure for Meetings of Board of Directors," "Rules for Performance Evaluation of Board of Directors" "Procedures for Handling Material Inside Information and the Prevention of Insider Trading," "Corporate Governance Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Codes of Ethical Conduct for Directors and Managers," "Sustainable Development Best Practice Principles," among others.

2. Implementation Status of the Audit Committee or Participation of Supervisors in Board Operations:

(1) Audit Committee Implementation Status:

(1) The Audit Committee's deliberations mainly include:

- Establishing or amending the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- Assessment of the effectiveness of the Internal Control System.
- Establishing or amending the procedures for significant financial transactions such as the Acquisition and Disposal of Assets, engaging in derivative trading, loaning of funds, endorsements or guarantees in accordance with Article 36-1 of the Securities and Exchange Act.
- Matters related to directors' conflicts of interest.
- Significant asset or derivative transactions.
- Significant lending of funds, endorsements, or guarantees.
- Issuance, offering, or private placement of equity securities.
- Appointment, removal, or remuneration of the signing accountant.
- Appointment and removal of financial, accounting, or internal audit executives.
- Annual and semi-annual financial reports.
- Other significant matters required by the Company or regulatory authorities.

（2）The Audit Committee's annual work priorities include:

- Arranging meetings (Audit Committee and communication meetings).
- Handling meeting-related matters of the Audit Committee in accordance with the law (meeting notices and minutes).
- Tracking and executing improvement items requested by the Audit Committee.
- Providing the independent directors with the necessary company information to assist them in fully exercising their duties.
- Establishing and revising organizational regulations and related operating procedures.
- Identifying related party transactions and potential conflicts of interest involving all employees, managers, and directors.
- Reviewing financial reports.
- Supervising the effective implementation of the Company's internal control.
- Compliance with relevant laws and regulations.

(2) In 2022, the Audit Committee held 7 (A) meetings, and the attendance was as follows:

Title	Name	No. of meetings attended in Person (B)	No. of meetings with entrusted attendance	In-person attendance rate (%) 【B/A】	Note
Independent Director	Ji-Zu Gao	5	2	71%	
Independent Director	Min-Hsiung Hong	7	0	100%	
Independent Director	Teh-Fu Huang	7	0	100%	

(3) Professional Qualifications and Experience of the Audit Committee Members

Identity	Name	Professional Qualifications and Experience
Convener, Independent Director	Ji-Zu Gao	The main educational and work experience and concurrent positions in this company and other companies can be found in section 2, 1. Information on Directors (1). The relevant experience covers various fields of electronic components and has experience in corporate management, serving as a specific management target.
Independent Director	Min-Hsiung Hong	The main educational and work experience and concurrent positions in this company and other companies can be found in section 2, 1. Information on Directors (1). The individual have long-term experience in academia and corporate management, serving as a specific management target.
Independent Director	Teh-Fu Huang	The main educational and work experience and concurrent positions in this company and other companies can be found in section 2, 1. Information on Directors (1). The individual have long-term experience in academia and abilities in corporate management.

(4) Other mentionable items:

（1）The dates of meetings, sessions, the contents of motions, independent directors' objections, reservations, or major proposals, the Audit Committee's resolutions, and the Company's response to the Audit Committee's opinion must be specified if any of the following events occur.

（2）Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date and Session of Meeting	Agenda	Independent Directors' opinions or major proposals	Audit Committee Resolution	The Company's response to the Audit Committee's opinion
January 13, 2022 10th	Discussion on the proposed funding to be loaned to subsidiaries by the	None	Independent directors voted unanimously to	All directors present at the board meeting

Date and Session of Meeting	Agenda	Independent Directors' opinions or major proposals	Audit Committee Resolution	The Company's response to the Audit Committee's opinion
Session of 1st Audit Committee	Company. Discussion on the change of auditors within the auditing firm due to internal rotation.		approve the resolution.	agreed and passed the resolution.
February 22, 2022 11th Session of 1st Audit Committee	Discussion on the "Evaluation of Overall Efficacy of Internal Control System" and the "Internal Control System Statement" for 2021. Discussion on the business report and financial report for 2021. Matters concerning donations to the related party "Passive System Alliance Charitable Foundation".	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
March 23, 2022 12th Session of 1st Audit Committee	Discussion on the endorsement and guarantee by the Company for subsidiaries. Discussion on the amendment of certain provisions in the "Regulations Governing the Acquisition and Disposal of Assets" of the Company. Discussion on lifting the restrictions on Directors' non-compete agreements.	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
May 3, 2022 13th Session of 1st Audit Committee	Discussion on the financial report for the first quarter of 2022. Discussion on the endorsements and guarantees by the Company for subsidiaries. Discussion on the proposed distribution of retained earnings for 2021.	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.

Date and Session of Meeting	Agenda	Independent Directors' opinions or major proposals	Audit Committee Resolution	The Company's response to the Audit Committee's opinion
	Removal of the restriction on directors' and representatives' participation in competing companies.			
	Proposal for the subsidiary, Taiwan Inpaq Electronic Co., Ltd., to lease and acquire the right to use real estate assets from the related party, Walsin Technology Corp.			
June 17, 2022 14th Session of 1st Audit Committee	Proposal for the disposal of equity in "Joyin Co., Ltd." by the Company.	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
	Proposal for the acquisition of equity in "Eleceram Technology Co., Ltd." from the related party, Joyin Co., Ltd.			
November 1, 2022 16th Session of 1st Audit Committee	Discussion on the financial report for the third quarter of 2022.	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
	Discussion on the proposed funding to be loaned to subsidiaries by the Company.			
	Discussion on the audit plan for 2023.			
	Discussion on amending certain provisions in the "Internal Control System" and "Implementation of Internal Audit Policies" of the Company.			
	Discussion on revising the "Procedures for Handling Material Inside Information and the Prevention of Insider Trading" of the			

Date and Session of Meeting	Agenda	Independent Directors' opinions or major proposals	Audit Committee Resolution	The Company's response to the Audit Committee's opinion
	Company.			
	Proposal for the company to repurchase shares and transfer them to subsidiary company managers. Proposal for the Company to dispose of real estate usage rights assets to the related party "Info-Tek Corporation."			

（3） Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

(1) If there are independent directors' recusals due to conflicts of interest, the directors' names, contents of motions, causes for avoidance and voting should be specified: None.
(2) Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g., the material items, methods and results of audits of corporate finance or operations, etc.).

➢ Communications Between Independent Directors and Accountants

Date of meeting	Nature of meeting	Content of communication	Independent directors' suggestions and results
2022.11.1	1st Audit Committee, 16th Session	1. Report on the reviewed results of the financial statements for the third quarter of 2022. 2. Communication of major audit matters related to the 2022 financial statements. 3. Update on the latest regulations. 4. Exchange of opinions.	Independent directors express no opinion

➢ Communications Between Independent Directors and Internal Audit Supervisors

Date of meeting	Nature of meeting	Content of communication	Independent directors' suggestions and results
2022.2.22	1st Audit Committee, 11th Session	1. Report on the implementation status of the audit plan for the fourth quarter of 2021. 2. Discussion on the evaluation of overall efficacy of internal control systems and statement of the internal control system.	Passed without objection.
2022.5.3	1st Audit Committee, 13th Session	Report on the implementation status of the audit plan for the first quarter of 2022.	Passed without objection.
2022.8.4	1st Audit Committee, 15th Session	Report on the implementation status of the audit plan for the second quarter of 2022.	Passed without objection.
2022.11.1	1st Audit Committee, 16th Session	1. Report on the implementation status of the audit plan for the third quarter of 2022. 2. Discussion on the audit plan for the year 2023. 3. Discussion on the amendment of certain articles of the Internal Control System and internal audit implementation rules of the Company.	Passed without objection.

3. Corporate Governance Implementation Status and Deviations from“the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons:

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		In order to establish an effective corporate governance system, the Company's board of directors approved its "Corporate Governance Best Practice Principles" in 2020 for compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies." This guideline has also been uploaded to the Taiwan Stock Exchange Market Observation Post System as well as the Company's official website for public access. (http://www.inpaq.com.tw/upload/file/202001141827555874944673.pdf)	Complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
2. The Company's shareholding structure & shareholders' rights (1) Does the Company develop and implement an internal operating procedure for handling shareholder suggestions, questions, disputes, and litigation? (2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the Company establish and execute a risk management and firewall system within its conglomerate structure? (4) Does the Company establish internal rules against insiders trading with undisclosed information?	V V V V		(1) The Company has established a spokesperson system to handle related matters in accordance with regulations. In order to ensure shareholders' rights and interests, the spokesperson may assign personnel to handle shareholder proposals, doubts, and disputes as needed. The Company also provides relevant contact information and stakeholder mailbox on its website and annual report to collect inquiries or suggestions. (2) The Company effectively monitors the shareholding status of directors, executives, and major shareholders holding more than 10% of the Company's shares and reports the relevant personnel in a timely manner. (3) The Company's affiliated companies are all subsidiaries directly or indirectly held by the Company with more than 50% of the shares. For handling matters related to investment companies, the Company follows the "Related Party Transaction Management Operation", "Internal Control System", "Internal Audit System", and relevant laws and regulations to implement necessary control mechanisms. (4) In order to prevent improper disclosure of information and ensure the consistency and accuracy of the Company's external information, and to prevent insider trading, the Company has established the "Procedures for Handling Material Inside Information and the Prevention of Insider Trading" to be followed. This written operating procedure has been sent to the Company's directors and is placed on the Company's website for managers and all employees to consult at any time. In addition, the Company's board of directors passed the "Procedures for Ethical Management and Guidelines for Conduct" and	Complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			"Codes of Ethical Conduct for Directors and Managers" in 2020, which require compliance with relevant regulations prohibiting insider trading under the Company's internal regulations and Securities and Exchange Act, and are also available on the Company's website for relevant personnel to consult at any time.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members? (2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the Company establish "Rules for Performance Evaluation of Board of Directors" and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection? (4) Does the Company regularly evaluate the independence of Certified Public Accountant?	V V V	 V	(1) The board of directors of the Company is responsible to the shareholders' meeting for the various operations and arrangements of the corporate governance system, ensuring that the board of directors exercises its powers in accordance with the regulations, Articles of Incorporation, or resolutions of the shareholders' meeting. The Company has strengthened the functions of the board of directors in Chapter 3 of its "Corporate Governance Best Practice Principles" and formulated a diversified policy. The nomination and selection of the members of the board of directors of the Company follow the provisions of the Articles of Incorporation. Independent directors are nominated through a candidate nomination system and are evaluated based on their qualifications, knowledge, skills, and qualities necessary to perform their duties. The education, experience, and diversity of concurrent positions of the Company's seven directors (including three independent directors) are also disclosed in the "Information on Directors and Supervisors" section of this year's annual report. The Company's corporate governance practice guidelines disclose the policy of diversifying the composition of the members on the Company's website and in Note 1. (2) The Company has established a Remuneration Committee and an Audit Committee, and will evaluate the need to establish other functional committees in the future. (3) The Company regularly reviews the effectiveness of the board of directors, and on August 3, 2020, it established the "Rules for Performance Evaluation of Board of Directors" and its evaluation method, which can be referred to on page 27. The latest (2022) performance evaluation results of the board of directors are as follows: The overall average score of the self-evaluation summary of the 2022 performance evaluation was 4.927 points (out of 5 points). The	No major deviation with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			details of the above-mentioned performance evaluation have been reported to the board of directors on February 23, 2023. (4) The Company's board of directors evaluates the independence of the signing accountant on an annual basis. Please refer to 4. Corporate Governance Status, 14. Evaluation of the Certified Public Accountant's independence.	
4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		On November 2, 2020, the Board of Directors of the Company resolved to appoint Division Director Kuo-Shu Huang as the corporate governance officer to safeguard shareholder rights and strengthen the functions of the Board. Division Director Huang has more than three years of experience as a financial executive in a publicly traded company. The main responsibilities of the corporate governance officer are to handle matters related to Board and shareholder meetings in accordance with the law, prepare Board and shareholder meeting minutes, assist directors and supervisors in appointment and continuing education, provide necessary information for directors and supervisors to carry out their duties, and assist them in complying with laws and regulations. For the corporate governance officer's continuing education status in 2022, please refer to Section 4, 8(2) of the Manager's Continuing Education. The business implementation status for the year 2022 is as follows: (1) Draft the agenda for the Board of Directors meeting and notify the directors seven days in advance, convene the meeting, provide meeting materials, and complete the minutes of the meeting within 20 days after the meeting. (2) Responsible for the disclosure of important information regarding major resolutions of the Board of Directors and shareholders' meetings, ensuring the legality and accuracy of the information to ensure equal access to information for investors. (3) Provide independent directors and general directors with information on continuing education courses and assist them in completing their continuing education plans. For the education status in 2022, please refer to Note 2. (4) Regular communication with independent directors and certified public accountants to understand the Company's financial operations. (5) Evaluate and purchase appropriate directors' and managers'	No major deviation with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			liability insurance. (6) Handle shareholder meeting registration prior to the meeting date in accordance with the law, prepare meeting notices, meeting handbooks, and meeting records within the statutory deadline, and handle registration matters for amendments to the Company's articles of incorporation or director elections.	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		(1) The Company has established a spokesperson and proxy spokesperson in accordance with regulations to communicate with stakeholders. Relevant major information has been disclosed in compliance with regulations on the Taiwan Stock Exchange Market Observation Post System. (2) All relevant financial and equity-related information of the Company is disclosed on its website and the Taiwan Stock Exchange Market Observation Post System. Dedicated personnel are responsible for updating the information and responding to related questions to establish a communication channel with investors. (3) The Company has established a "stakeholder's area" on its website to maintain smooth communication channels with stakeholders, including customers, shareholders, banks, employees, suppliers, communities, regulatory authorities, or other parties related to the Company's interests. The Company's internal and external websites and annual reports have relevant contact points to respond appropriately to the issues of concern to stakeholders.	No major deviation with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed a professional shareholder services agency, Stock Agency Department of Yuanta Securities Co., Ltd., to handle shareholder meeting affairs and other related matters.	Complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor	V V	 V	(1) The Company has established a corporate website where financial and corporate governance-related information is disclosed. The Company's website: www.inpaq.com.tw. (2) The Company has dedicated personnel responsible for regularly updating financial and corporate governance information and responding to related inquiries, with spokespersons and acting spokespersons responsible for communicating with stakeholders. The Company also has an "Procedures for Handling Material	No major deviation with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
conferences)? (3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			Inside Information and the Prevention of Insider Trading" requiring management and employees to keep business and financial confidential information. (3) The Company's monthly operating results have been fully disclosed on the Taiwan Stock Exchange Market Observation Post System and the corporate website ahead of the statutory deadline; however, early announcements and reporting of financial reports for each period have yet to be evaluated for implementation as needed in the future.	
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1)Employee benefits and employee care: The Company has established work rules in compliance with relevant labor laws and publicly disclosed them. The Company has also set up an internal website for company information dissemination, employee feedback, and to enhance employee loyalty and cohesion towards the organization. In addition, the Company has a Welfare Committee dedicated to handling various employee welfare matters. (2)Investor relations, supplier relationships, and stakeholder rights: Based on the concept of co-prosperity, the Company has maintained good and long-term interactive cooperative relationships with investors, suppliers, and other stakeholders. It provides effective communication channels and information dissemination to maintain long-term cooperation and economic operational models as the development direction. (3)Risk management policies and implementation of risk assessment standards: Various internal rules have been established in accordance with the law for various risk management and evaluation. (4)Execution of customer policies: The Company maintains stable and good relationships with customers in order to create company profits. (5)The Company's purchase of liability insurance for directors and supervisors: The Company adopted a resolution to purchase liability insurance for its directors and supervisors in a shareholder meeting held on June 14, 2005, and a coverage limit of US$5 million was set for the year 2022.	No major deviation with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. (If the Company was not included among the companies evaluated for the given				

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
recent year, this item does not need to be completed.) Strengthen the disclosure of corporate governance information, including the early release of corporate governance information; strengthen the governance structure and set up a company with a dedicated unit.				

Note 1: Policy and Implementation of Board Diversity

To strengthen corporate governance and promote the sound development of the board of directors' composition and structure, in accordance with the Company's Corporate Governance Best Practice Principles, the composition of the board of directors should take into account various needs such as the Company's operational structure, business development direction, and future trends, and should evaluate various dimensions of diversity. Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties, and the Company has established eight overall capabilities that board members should possess, all of which are taken into consideration when selecting board members.

The current board of directors of the Company is composed of seven members, including four directors and three independent directors, who possess rich experience and expertise in industries, technology, finance, and management. In addition, the Company also values gender equality in the composition of the board of directors, with a target of over 14% female directors. Currently, there are seven board members, including one female director, representing a ratio of 14.28%.

The specific management goals and achievements of its policy for diversified board composition are as follows:

Management Objectives	Status of Accomplishment
The number of independent board members exceeds one-third of the total number of board members.	Achieved
No more than one-third of the board seats should be held by directors who concurrently serve as company executives	Achieved
Sufficient diversity in professional knowledge and skills	Achieved
The target ratio of female directors is over 14%	Achieved

Policy and Implementation of Board Diversity:

Diversity Policy: Names of Directors	Board composition and structure										Professional Qualifications and Experience					Competency Status							
	Nationality	Gender	Employee of the Company	Age				Independent directors' term of office			Industry	Technology	Finance	Accounting	Marketing	Operational Judgment Ability	Accounting and financial analysis	Business management	Crisis Management	Industial knowledge	Global Market Insights	Leadership	Decision-making
				41to50	51to60	61to70	71to80	Under 3 years	3-9 Years	Over 9 years													
Walsin Technology Corp. Representative: Pei-Cheng Chen	Taiwan	Female		V							V	V	V	V	V	V	V	V	V	V	V	V	V
Walsin Technology Corp. Representative: Yu-Heng Chiao	Taiwan	Male				V					V	V	V	V	V	V	V	V	V	V	V	V	V
Walsin Technology Corp. Representative: Ming-Tsan Tseng	Taiwan	Male	V		V						V	V			V	V	V	V	V	V	V	V	V
Dun-Ren Cheng	Taiwan	Male	V			V					V	V			V	V	V	V	V	V	V	V	V
Ji-Zu Gao	Taiwan	Male				V				V	V	V	V	V	V	V	V	V	V	V	V	V	V
Min-Hsiung Hong	Taiwan	Male					V		V		V	V				V	V	V	V	V	V	V	V
Teh-Fu Huang	Taiwan	Male				V		V			V	V				V	V	V	V	V	V	V	V

Note 2: Continuing Education and Training for Directors in 2022:

Title	Name	Period of Study	Organizer	Course Name	Course Hours
Corporate Director Representative	Pei-Cheng Chen	2022/10/06	Securities and Futures Institute	Legality of Cybersecurity Management Law: From Corporate Fraud Prevention to the Role of the Board and Ransomware Threats	3
		2022/10/07	Securities and Futures Institute	Global Risk Perception: Opportunities and Challenges in the Next Decade	3
		2022/10/25	Taiwan Corporate Governance Association	Research and Outlook on Important Economic and Trade Issues in 2022	3
		2022/11/04	Taiwan Corporate Governance Association	Growth of Passive Components in Walsin Technology	3
Corporate Director Representative	Yu-Heng Chiao	2022/10/06	Securities and Futures Institute	Legality of Cybersecurity Management Law: From Corporate Fraud Prevention to the Role of the Board & Ransomware Threats	3
		2022/10/07	Securities and Futures Institute	Global Risk Perception: Opportunities and Challenges in the Next Decade	3
Corporate Director Representative	Ming-Tsan Tseng	2022/10/06	Securities and Futures Institute	Legality of Cybersecurity Management Law: From Corporate Fraud Prevention to the Role of the Board & Ransomware Threats	3
		2022/10/07	Securities and Futures Institute	Global Risk Perception: Opportunities and Challenges in the Next Decade	3
		2022/10/25	Taiwan Corporate Governance Association	Research and Outlook on Important Economic and Trade Issues in 2022	3
Director	Dun-Ren Cheng	2022/10/06	Securities and Futures Institute	Legality of Cybersecurity Management Law: From Corporate Fraud Prevention to the Role of the Board & Ransomware Threats	3
		2022/10/07	Securities and Futures Institute	Global Risk Perception: Opportunities and Challenges in the Next Decade	3
		2022/10/25	Taiwan Corporate Governance Association	Research and Outlook on Important Economic and Trade Issues in 2022	3
		2022/11/04	Taiwan Corporate Governance Association	Growth of Passive Components in Walsin Technology	3
Independent Director	Ji-Zu Gao	2022/10/06	Securities and Futures Institute	Legality of Cybersecurity Management Law: From Corporate Fraud Prevention to the Role of the Board & Ransomware Threats	3
		2022/10/07	Securities and Futures Institute	Global Risk Perception: Opportunities and Challenges in the Next Decade	3
		2022/10/25	Taiwan Corporate Governance Association	Research and Outlook on Important Economic and Trade Issues in 2022	3
Independent Director	Min-Hsiung Hong	2022/10/25	Taiwan Corporate Governance Association	Research and Outlook on Important Economic and Trade Issues in 2022	3
		2022/11/04	Taiwan Corporate Governance Association	Growth of Passive Components in Walsin Technology	3
Independent Director	Teh-Fu Huang	2022/10/06	Securities and Futures Institute	Legality of Cybersecurity Management Law: From Corporate Fraud Prevention to the Role of the Board & Ransomware Threats	3
		2022/10/07	Securities and Futures Institute	Global Risk Perception: Opportunities and Challenges in the Next Decade	3
		2022/11/04	Taiwan Corporate Governance Association	Growth of Passive Components in Walsin Technology	3

4. Composition, Responsibilities and Operations of the Remuneration Committee:

(1) Information on Remuneration Committee Members

Identity (Note 1)	Qualification / Name	Professional Qualifications and Experience (Note 2)	Independence Analysis (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks
Convener, Independent Director	Min-Hsiung Hong	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has long-term experience in academia and corporate management, which serves as a specific management objective. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met 1. Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; 2. The individual, their spouse, or relatives up to the second degree of kinship do not hold any shares (or shares held through nominees) in the Company and the proportion is 0.06%; 3. Has the individual served as a director, supervisor, or employee of the Company or its affiliates: None; 4. Whether the person received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	1	
Independent Director	Ji-Zu Gao	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has experience in various areas of electronic components and has experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met 1. Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship who have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; 2. The individual, their spouse, or relatives up to the second degree of kinship do not hold any shares (or shares held through nominees) in the Company and the proportion is 0%; 3. Has the individual served as a director, supervisor, or employee of the Company or its affiliates: None. 4. Whether the person received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	2	
Independent Director	Teh-Fu Huang	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has long-term experience in academia and corporate management capabilities. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met 1. Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; 2. Does the individual, their spouse, or relatives up to the second degree of kinship hold any shares (or shares held through nominees) in the Company: None; 3. Has the individual served as a director, supervisor, or employee of the Company or its affiliates: None. 4. Whether the individual received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	0	

Note 1: Please specify in the table the relevant work experience, professional qualifications, and independence status of each member of the remuneration committee. If it is an independent director, please note that the information can be referred to section 2, 1. Information on Directors (1) . Please indicate whether the identity is an independent director or others (if the convener, please annotate).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual members of the remuneration committee.

Note 3: Independent criteria: stating that the members of the compensation committee meet the independence criteria, including but not limited to whether the member, spouse, or second-degree relative holds a position as a director, supervisor, or employee of the Company or its affiliated enterprises; whether the member, spouse, or second-degree relative (or by using someone else's name) holds shares of the Company and their proportion; whether the member holds a position as a director, supervisor, or employee of a company with a specific relationship to the Company (referring to the provisions of Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) or has provided commercial, legal, financial, accounting or other services to the Company or its affiliated enterprises in the past two years and received remuneration for it.

(2) Implementation Status of the Remuneration Committee

(1) The Company's Remuneration Committee consists of three members.

(2) Term of office: The current committee members serve from June 15, 2020, to June 14, 2023. The committee held five meetings (A) in 2022, with the attendance as follows:

Title	Name	No. of meetings attended in Person (B)	No. of meetings with entrusted attendance	In-person attendance rate (%) 【B/A】 (Note)	Remarks
Convener	Min-Hsiung Hong	5	0	100	
Member	Ji-Zu Gao	4	0	80	
Member	Teh-Fu Huang	5	0	100	

Discussion and Resolutions of the Remuneration Committee

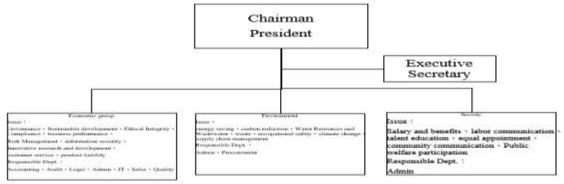
Remuneration Committee	Agenda	Resolution	The Company's response to the Remuneration Committee's opinion
January 13, 2022 9th Meeting of the 4th Remuneration Committee	【Case 1】 Discussion on the distribution of General Manager's bonuses and Manager's year-end bonuses for the second half of 2021. 【Case 2】 Discussion on the allocation of employee and director remuneration for 2021.	Members voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
February 22, 2022 10th Meeting of the 4th Remuneration Committee	【Case 1】 Discussion on the distribution of Manager's GK bonuses for the second half of 2021.	Members voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
March 23, 2022 11th Meeting of the 4th Remuneration Committee	【Case 1】 Discussion on the allocation of Individual Director remuneration for 2021. 【Case 2】 Discussion on the allocation of manager's employee remuneration for 2021.	Members voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
August 4, 2022 12th Meeting of the 4th Remuneration Committee	【Case 1】 Discussion on the distribution of General Manager's bonuses for the first half of 2022. 【Case 2】 Discussion on the salary adjustment for managers in 2022.	Members voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
August 30, 2022 13th Meeting of the 4th Remuneration Committee	【Case 1】 Discussion on the distribution of Manager's GK bonuses for the first half of 2022.	Members voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.

Other mentionable items:

1. If the board of directors declines to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, the resolution by the board of directors, and the company’s response to the remuneration committee’s opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.

5. Implementation Status of Sustainable Development Promotion:

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		1. The Company's board of directors has approved the Sustainable Development Best Practice Principles and established the Sustainable Development Committee in October 2021, with the General Manager as the chairman. The Sustainable Development Committee develops sustainable development policies, which are implemented and gradually integrated into the Inpaq corporate culture.  2. In response to the various dimensions of sustainable development, including environmental, social, and corporate governance, the Sustainable Implementation Committee has established specialized teams to collect stakeholder concerns on environmental protection, occupational safety, supply chain management, labor rights, operational performance, and corporate governance, with respective departments in charge. In line with respecting the rights and interests of stakeholders, the Company has set up a "stakeholder's area" on the corporate website to appropriately respond to important sustainable issues. A report on the implementation status and future direction of sustainable development for 2021 was presented to the Board of Directors on November 1, 2022. Additionally, quarterly reports on the greenhouse gas inventory plan and implementation status will be provided to the Board of Directors from May 3, 2022, to February 23, 2023.The Company reports its implementation results to the board of directors at least once a year to enhance the board's participation in the Company's sustainable development. 3. The board of directors reviews the management team's report, and the management team must present the board with company strategies. The board of directors must evaluate the	No major deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			potential success of these strategies, monitor their progress on a regular basis, and urge the management team to make necessary adjustments.	
2. Does the Company conduct a risk evaluation of environmental, social, and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle and formulate relevant risk management policies or strategies?	V		1. This disclosure covers the sustainability performance of the Company's major locations from January 2022 to December 2022. The risk assessment boundary is primarily focused on the Company and includes Taiwan, mainland China, and existing locations. Subsidiaries including INPAQ Technology (Suzhou) Co., Ltd., INPAQ Technology (China) Co., Ltd., Hanan Frontier Electronics Co., and Taiwan INPAQ Electronic Co., Ltd. in Taiwan are also included based on their relevance to the Company's operations and impact on major topics. 2. The Sustainable Development Committee analyzed and communicated with internal and external stakeholders based on the principle of materiality, and evaluated ESG significance issues by reviewing domestic and international research reports and literature and integrating assessment data from different departments and subsidiaries. In addition, the organization developed effective risk management policies, implemented specific action plans to mitigate the impact of relevant risks, and standardized evaluations, monitoring, and control. 3. Based on the assessed risks, relevant risk management policies or strategies have been developed. Please refer to Note 1 for more details.	No major deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
3. Environmental Issues (1) Has the Company set an environmental management system designed for industrial characteristics? (2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V V V		(1) The Company's numerous factory locations, including those in Taiwan (Zhunan, Taichung), China (Suzhou, Wuxi, and Yongzhou), and China (Suzhou, Wuxi, and Yongzhou), complied with government regulations for environmental management and obtained certification for their environmental management system (ISO 14001:2015). (2) Each plant site has a dedicated personnel responsible for overall environmental resource planning to enhance resource utilization efficiency. The Company sets energy-saving goals at the beginning of each year and promotes energy-saving and carbon reduction efforts through water conservation, waste reduction,	No major deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future, and adopted relevant measures to address them? (4) Has the Company collected data for the past two years on greenhouse gas emissions, water consumption, and total waste weight, as well as formulated policies for greenhouse gas reduction, water consumption reduction, and waste management?	V		and increased energy usage efficiency. The Company also continuously educates its employees on relevant concepts. (3) The Company implements the following measures: 1. Executing in accordance with the emergency response measures. 2. Conducting regular drills, inspections, and disaster prevention training. 3. Stationing personnel on duty during typhoons, earthquakes, heavy rain, and other severe weather conditions to inspect plant conditions, and providing security personnel to look after each other's safety. 4. Before typhoon season, the environmental and safety department checks and prepares sandbags. 5. The Company also pays attention to whether customers' companies or factories are affected by typhoons, hurricanes, earthquakes, heavy rains, etc. If there are any incidents, the business management unit checks their transaction volume and accounts receivable status and notifies the sales team immediately to understand their operational or disaster losses, further reducing bad debt risk. 6. To reduce greenhouse effects and minimize the impact of climate change, the Company currently uses recycled paper for packaging boxes and other materials, with suppliers providing SGS inspection reports to reduce deforestation and achieve carbon reduction goals. 7. The Company's board of directors has adopted Sustainable Development Best Practice Principles and established a Sustainable Development Committee in October 2021. The committee plans for sustainability and zero emissions under the environmental and safety department and reports directly to the general manager on the effectiveness of greenhouse gas management and climate change response results through regular work meetings. (4) 1. Greenhouse gas emissions in the last two years	

Greenhouse	Taiwan Plants (Note 2)

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	

Gas Emission	Direct Emission (metric tons CO2e)	Indirect Emissions (metric tons CO2e)	Intensity of CO2 Emission (metric tons/square meter)
2020	262.01	9,536.97	0.39
2021	275.74	11,518.11	0.48
2022 (Note 3)	-	-	-
Greenhouse Gas Emission	China Plants (Note 3)		
	Direct Emission (metric tons CO2e)	Indirect Emissions (metric tons CO2e)	Intensity of CO2 Emission (metric tons/square meter)
2020	197.66	15,080.89	0.31
2021 (Note 4)	209.61	17,623.61	0.20
2022 (Note 3)	-	-	-

The Company responds to global issues and government policies by regularly examining its greenhouse gas emissions and obtaining the ISO 14064-1 limited assurance level verification statement issued by Underwriters Laboratories Taiwan Co., Ltd. (UL). The Company follows the requirements of ISO 14064-1:2018 to classify greenhouse gas emissions into direct and indirect emissions (Scope 1 and Scope 2) based on emission sources. Direct emissions come from the use of air conditioning refrigerants, carbon dioxide fire extinguishers, emergency generators, diesel forklifts, fuel for official vehicles, and septic tanks within the factory. Indirect greenhouse gas emissions come from the purchase of electricity from power companies.

The Company also sets energy-saving goals and implementation

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			plans in accordance with the Bureau of Energy, MOEA and sets an annual energy-saving target. From 2015 to 2021, the average energy-saving rate was 2.15%, meeting the regulatory requirement of an average energy-saving rate of at least 1%. In terms of reducing carbon emissions, the focus is currently on reducing indirect emissions (Scope 2) of greenhouse gasses, primarily by reducing emissions from electricity use. The Taiwan plant invested NT$1,850 thousand on energy-saving and carbon-reducing equipment in 2022. This includes installing variable frequency drives on the chilled water pumps of the chiller system and replacing heat dissipation materials in the chiller system's cooling tower, as well as lowering the chiller system load. The overall advantages resulted in a savings of 239,352 kWh/year, which equates to a decrease of 124.46 metric tons of CO2e/year in carbon emissions. From 2015 through 2022, the average rate of energy savings was 2.15%. The energy-saving strategy was somewhat tweaked in 2022 to account for production and other operational issues. Zhunan Plant 1 in Taiwan has well-implemented energy-saving measures, while Zhunan Plant 2 is being built to meet capacity needs. Continuous efforts will be undertaken in Plant 1 to improve energy efficiency in various energy-consuming equipment or to replace outdated energy-consuming equipment. Based on their different energy-saving situations, the energy-saving solutions will be extended to other plant locations. 2. Water consumption in the last two years	

Taiwan Plants			
Water intake	Total water intake (million liters)	Total water discharge (million liters)	Water Consumption (million liters)
2021	172.14	130.38	41.76
2022	133.84	114.18	19.66
China Plants (Note 5)			
Water intake	Total water intake	Total water discharge	Water Consumption

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	

	(million liters)	(million liters)	(million liters)
2021	102.45	78.26	24.19
2022	91.99	75.18	16.81

In terms of water conservation and storage measures, some of the factories have water storage tanks and water towers available for emergency use. The Zhunan Plant has also been working hard to improve its production lines. The Taiwan plant's total water intake has decreased from 172.14 million liters in 2021 to 133.84 million liters in 2022.

3. Total weight of waste in the last two years

Waste Output	Taiwan Plants	
	General industrial waste (metric tons)	Hazardous industrial waste (metric tons)
2021	188.80	220.08
2022	188.80	186.17

Waste Output	China Plants	
	General industrial waste (metric tons)	Hazardous industrial waste (metric tons)
2021	132.83	130.88
2022	273.45	182.42

Regarding waste management, INPAQ adheres to the principle of waste reduction and consistently enhances production processes in order to reduce waste generation. Using the Zhunan Plant as an example, the power inductor electroplating line was modified to enhance the frequency of electrolyte replacement from 800 to 1,600 batches per replacement. Further enhancements were implemented in 2022 to raise the frequency of replacement to 1,900 batches per year, leading to a significant reduction in waste liquid and electroplating sludge output. Hazardous industrial waste was reduced from 220.28 metric tons in 2021 to 186.17 metric tons in 2022.

Item	Yes	No	Abstract Illustration	Deviations
4. Social Issues				

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
(1) Has the organization formulated relevant management policies and procedures in accordance with applicable laws and international human rights conventions?	V		(1) The Company adheres to local regulations at each operational site and is committed to upholding basic human rights and protecting the legitimate rights and interests of its employees. The Company has established an employee code of conduct in accordance with relevant labor laws and provides channels for employees to express their opinions and fully understand the Company's business activities. The "Code of Ethics and Social Responsibility" is also established to protect the health and safety of employees' working environment, working conditions, workplace, and labor rights and powers, as well as work safety and compensation. In addition, the Company also provides a whistleblowing channel for employees to use. The Company has a designated person responsible for receiving reports and conducting responsible investigations, and promises to keep the whistleblower's personal information confidential. If the report is verified to be true, the Company promises not to retaliate against the whistleblower. In 2022, the Company had no records of human rights violations.	No major deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(2) Has the Company established and implemented reasonable employee welfare measures (including salary and compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary and compensation?	V		(2) The Company has established employee work rules and performance evaluation management methods, clearly defining the compensation and reward and punishment methods and implementing employee profit sharing, which conforms to corporate social responsibility. The Company conducts regular market salary surveys to ensure that the Company's overall salaries are competitive in the market. Performance bonuses are also provided based on the Company's operational performance, team goal achievement, and individual employee performance, with a minimum of 5% of profits given to employees as remuneration to motivate employees with excellent job performance. The Company is committed to achieving equal pay for equal work between men and women and promoting equal promotion opportunities, promoting sustainable and inclusive economic growth. In 2022, female employees accounted for 49.01%.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(3) The Company has established a welfare committee for employees and management personnel. INPAQ Technology has	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td>V</td><td></td><td>introduced the ISO 45001 occupational health and safety management system to strengthen its management performance in occupational health and safety. The Company regularly holds labor safety education and training, conducts employee health checks, and cares for employees' physical and mental health to ensure their health and safety. The Company has also established an "Environment/Safety and Health Committee" to formulate safety and health work guidelines, implement safety and health management, conduct equipment safety inspections and maintenance, and hold disaster prevention drills.
1. In 2021, the disabling injury frequency of the Company was 2.16, which did not meet the target of a disabling injury frequency of 2. After reviewing and improving the strategies, the Company immediately revised the automatic inspection items, checked the safety interlock devices of the machines, reaffirmed the Company's safety and health policies, and launched initiatives to care for the physical and mental health of employees to ensure their safety during work.
2. The number of people and hours of industrial safety education and training publicity for two years
<table>
<tr><th>Year</th><th>No. of trainees</th><th>Training hours</th></tr>
<tr><td>2022</td><td>5,520</td><td>433</td></tr>
</table>
3. All factories and subsidiaries of the Company have obtained ISO 45001 certification.</td><td></td></tr>
<tr><td>(4) Has the Company established effective employee career development training programs?</td><td>V</td><td></td><td>(4) The human resources department has established an education and training policy to enhance the quality of human resources and develop strengths, and it implements it according to the training plan.In addition, supervisors understand the potential, expertise, and areas for improvement of their subordinates based on their job performance, and jointly develop training, rotation, and project development plans. The following are the education and training hours implemented in 2022:
<table>
<tr><th>Category of training</th><th>No. of trainees</th><th>Training hours</th></tr>
<tr><td>Professional</td><td>10,565</td><td>20,310</td></tr>
</table></td><td></td></tr>
<tr><td>(5) Does the Company comply with the relevant laws and international standards regarding customer health and safety, customer privacy, the marketing and labeling of products and services, and the implementation of consumer protection and grievance policies?</td><td>V</td><td></td><td></td><td></td></tr>
<tr><td>(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?</td><td></td><td></td><td></td><td></td></tr>
</table>

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			(table continued)	

Skills		

(5) The Company adheres to relevant regulations and international standards when it comes to marketing and labeling its products and services. All marketing and labeling of products and services are in compliance with national and international regulations or according to customer requirements. To protect business information and customer privacy, the Company has established guidelines to prevent unauthorized access, alteration, or improper disclosure, thereby safeguarding customer privacy and rights.

(6) The Company has established a supplier management policy and requires suppliers to comply with environmental, occupational health and safety, or labor rights regulations on purchase orders and contracts. In addition to signing a "Supplier Management Commitment Letter," suppliers undergo supplier evaluations to ensure their commitment to sustainable development in the supply chain. INPAQ Technology conducts regular evaluations of suppliers each year, including on-site evaluations of local manufacturing suppliers that cover quality, products, technology, environment, and other areas. If the evaluation score falls below the standard, the supplier is given a three-month deadline for improvement. Failure to complete the improvements within the deadline will result in disqualification as a supplier. Furthermore, risk analysis data is developed based on the importance of the products provided by the supplier, delivery performance, and previous audit deficiencies to strengthen annual audit items and improve supplier performance. From 2020 to 2022, all supplier selections underwent standard screening for environmental and social aspects, with a ratio of 100%.

Supplier	Taiwan Plant		Suzhou Plant	
	New Supplier	Qualified Suppliers	New Supplier	Qualified Suppliers
2020	16	131	19	340

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td>2021</td><td>21</td><td>152</td><td>20</td><td>360</td></tr>
<tr><td>2022</td><td>17</td><td>169</td><td>22</td><td>382</td></tr>
<tr><td rowspan="2">Supplier</td><td colspan="2">Wuxi Plant</td><td colspan="2">Yongzhou Plant</td></tr>
<tr><td>New Supplier</td><td>Qualified Suppliers</td><td>New Supplier</td><td>Qualified Suppliers</td></tr>
<tr><td>2020</td><td>1</td><td>49</td><td>1</td><td>49</td></tr>
<tr><td>2021</td><td>0</td><td>44</td><td>0</td><td>44</td></tr>
<tr><td>2022</td><td>2</td><td>40</td><td>1</td><td>93</td></tr>
</table></td><td></td></tr>
<tr><td>5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?</td><td></td><td>V</td><td>The company has not prepared the annual sustainability report for 2022.</td><td>In the future, it will be compiled according to the company's development needs</td></tr>
<tr><td colspan="5">6. If the Company has adopted its own sustainable development best practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe any deviation from the principles in the Company’s operations:
The board of directors approved and issued the "Sustainable Development Best Practice Principles" on March 23, 2022, to assist the Company in practicing good corporate citizenship and social responsibility during its operations, and to follow the spirit of responsible business alliance codes of conduct. The organization attempts to fulfill its responsibilities by adhering to ecologically and morally acceptable principles for its impact on the natural environment, people, and society.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the Company’s promotion of sustainable development:
The Company firmly believes in the impact of corporate social responsibility on the country and society. With the spirit of "Take from society, give back to society," the Company actively practices social responsibility while engaging in business operations.
1. The Company participates in the Kuan Yuan Technology Park wastewater recycling campaign and invests in the construction of cost-effective recycling equipment, in accordance with the government's policy on wastewater recycling.
2. Recyclable waste such as beverage bottles/cans and cardboard boxes are donated to Tzu Chi Foundation.
3. Donations to the PSA Charitable Foundation.
4. The Company has established cooperative relationships with Chuang-Ching Senior Industrial Home Economics and Vocational High School, Paul Hsu Senior High School, and Wan-Neng Senior&Commercial Vocational School, providing job positions for students from these schools.</td></tr>
</table>

Note 1: Based on the assessed risks, developed relevant risk management policies or strategies

<table>
<tr><th>Risk Category</th><th>Risk Illustration</th><th>Risk Management Strategy</th></tr>
<tr><td rowspan="2">Sustainable Environment</td><td>Greenhouse gas emissions continue to increase</td><td>● In accordance with the Energy Management Act, from 2015 to 2024, an average annual energy saving of 1% is required to reduce energy consumption and greenhouse gas emissions.</td></tr>
<tr><td>Wastewater discharge continues to increase</td><td>● Each factory implements water-saving measures, such as cutting water recycling and reuse, as part of the public water supply.</td></tr>
</table>

	Increased waste disposal/decreased recycling rates	● Continuous promotion of waste reduction, such as reducing the amount of waste generated (e.g. originally planned to replace electroplating solution after 800 batches of power inductor electroplating wire waste liquid, but after technological improvement, it was increased to 1,600 batches per replacement. In 2022, it improved and upgraded to 1900 batches per replacement).
	Water/ electricity outages	● Water shortage: The Zhunan plant in Taiwan has a water storage capacity of 800 cubic meters, which can supply production for about two days. If the water supply is not sufficient, water trucks will be purchased for replenishment. ● Power outage: In case of a power outage, the plant has two generators to temporarily supply power to some areas.
	Violations of environmental regulations	● Risk of violating environmental regulations is reduced through monthly self-checks and annual external audits.
Employee Care	Workplace accidents	● When workplace accidents occur, internal investigations are immediately conducted and improvements are made. ● Various contingency measures are implemented according to the COVID-19 emergency response plan.
	Long working hours	● Abnormal workloads are continuously monitored to prevent disease, and employees are regularly checked for signs of overwork. The workload is appropriately adjusted in accordance with the diagnosis of the occupational physician. The current manpower allocation is examined, and more staff is recruited to share the workload.
	High turnover rate/labor shortage	● Competitive salaries and benefits are provided in a timely manner, and employees are cared for. Understanding colleagues' thoughts on the Company, achieving a balance between corporate operating costs and improving employees' loyalty to the Company. ● Increasing automation equipment to reduce labor demand and improve efficiency; using international division of labor to reduce production costs and supply local customers with timely delivery.
Operation Performance	Decrease in market competitiveness	● Strengthen research and development capabilities and production capacity, develop differentiated products, expand the complete product line, improve product stability, establish trusted partner relationships with customers, expand market share, and widen the gap with competitors. ● Expansion of economies of scale, cost reduction, and active introduction of automated production equipment. ● Improving quality standards, introducing rigorous testing and inspection, and entering the international market of major companies.

	Information security incidents	● Conduct security testing, information security health checkups, social security and information security incident drills annually. ● Strengthen the awareness of information security crises among company colleagues and the ability of information security personnel to respond effectively in the first place, to prevent and effectively detect and prevent dissemination. ● The Company publicly announces its information security policy every year and trains colleagues with information security certificates. ● Information security education and training are provided to all colleagues, with at least 2 hours per person per year.
	Customer complaints	● Obtain feedback from customers related to products and services (including HSF feedback). ● Establish specific requirements for emergency action (including HSF requirements), including production emergencies, unintentional shipment of defective products, product recalls, and other mechanisms.
	Rising raw material prices/supply chain disruption	● Maintain good interaction with suppliers and maintain close relationships to ensure a stable supply of existing sources. INPAQ Technology also actively develops new material formulations and alternative raw materials through cooperation with academic institutions to reduce dependence on high-priced raw materials. ● Supplier management: when developing materials, new material sources should be carefully evaluated, and excellent suppliers should be actively developed to avoid monopoly situations. ● Inventory management: establish a safety stock mechanism to adjust the operation of flexible production needs.
	Research and development bottleneck	● Deeply understand and grasp customer and end application needs, accelerate the development of product materials, production processes, and product applications, and strengthen technical capabilities to cope with rapid external environmental changes. ● Promote smart manufacturing, use the Internet of Things and big data analysis to improve efficiency and quality and reduce costs. ● Pay close attention to and grasp changes and dynamics in the industry, market, and customers, and respond accordingly as a reference for production, technology, and product development directions. ● Develop high-value/high-quality products, strengthen customer service, and shift from manufacturing to manufacturing services.

Note 2: The Taiwan facilities include the Zhunan headquarters and the Taichung plant. The Taoyuan plant in Taiwan was acquired in July 2022 and is not included in the disclosed data in this report.

Note 3: The greenhouse gas inventory for 2022 is scheduled to be conducted in the second half of 2023.

Note 4: The Yongzhou plant in Mainland China was acquired in 2021 and has not conducted a greenhouse gas inventory before. The greenhouse gas inventory for 2021 is scheduled to be conducted in the second half of 2022. The greenhouse gas emissions data disclosed in 2021 already included the Yongzhou plant.

Note 5: The Suzhou and Yongzhou plants in Mainland China only discharge domestic sewage, and therefore, flow meters were not installed at the discharge outlets. The total discharge volume was calculated using the total water intake value.

6. Statement of implementation for the performance of ethical corporate management and measures taken:

Evaluation Items	Implementation Status	Deviations from the “Ethical

	Yes	No	Abstract Illustration	Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
1. Establishment of ethical corporate management policies and programs (1) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy? (2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? (3) Does the Company clearly provide the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?	V V V		(1) The Company has established "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" as its policy for ethical business practices based on the "Procedures for Ethical Management and Guidelines for Conduct". This is available for the board of directors, managers, and employees to access at any time. The Company upholds the principle of integrity in its operations, and strictly prohibits bribery and other improper gains, insider trading, conflicts of interest among directors and supervisors, and regularly conducts audits to ensure compliance. The Company's website also discloses the implementation status of the integrity management policy and reports it regularly at the board of directors meeting every year. (2) The Company has established "Procedures for Ethical Management and Guidelines for Conduct" and "Complaint and Reporting Management Regulations" for compliance. The Company conducts its operations in a fair and transparent manner, and shall not unfairly obtain benefits from stakeholders such as customers and suppliers through improper means. The Company has established a good risk management and auditing system to prevent dishonest behavior. In 2022, the Company had 178 new suppliers sign an integrity commitment agreement and 62 new employees sign a statement of commitment. (3) The Company has established the "Code of Conduct and Operating Procedures for Ethical Management" and "Employee Work Rules" to explicitly regulate unethical behavior. It has also established a reporting system, violation penalties, and complaint procedures through the "Complaint and Reporting Management Regulations." The importance of integrity is	No major deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			emphasized during the training of new employees. The Company has established a "Code of Ethical Conduct for Directors and Senior Managers" to regulate the conduct of stakeholders, who must abide by ethical and honest behavior in order to maintain sound corporate governance.	
2. Implement Ethical Corporate Management (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors, which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations? (3) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them? (4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? (5) Does the Company regularly hold internal and external educational training on ethical corporate management?	V V V V V		(1) Before engaging in any business transactions, the Company will conduct credit checks to avoid doing business with individuals who have a history of unlawful or dishonest conduct. (2) The Company's Human Resources Center is responsible for promoting the Company's ethical corporate management policies, and the Audit Department is responsible for auditing and supervising the Company's ethical corporate management and prevention plans. In accordance with the law, the Company has established an Audit Committee and a Remuneration Committee. Relevant meetings and audit reports have been presented to the Board of Directors for review, and the Company is constantly aware of the development of domestic and international regulations pertaining to integrity in order to enhance the efficacy of its integrity operations. (3) The Company has established "Procedures for Ethical Management and Guidelines for Conduct," "Codes of Ethical Conduct for Directors and Managers," and "Procedures for Handling Material Inside Information and the Prevention of Insider Trading," which regulate the obligations of directors, managers, and employees to the Company. The Company strictly prohibits incidents of interest transfer between itself, related parties, and shareholders, and has established policies to prevent conflicts of interest and provide appropriate reporting channels	No major deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			that are implemented and enforced. (4) The Company actively implements integrity operations, and the Audit Department regularly audits compliance with accounting systems, internal control systems, and relevant regulations, reporting audit results to the Board of Directors. (5) When training new employees, the Company emphasizes the importance of ethical corporate management and holds regular training courses on the subject. The procurement department of the Company also regularly promotes to suppliers the principles of the Company's ethical corporate management in order to eliminate dishonest business practices. In 2022, the Company conducted ethical corporate management-related training (including the Procedures for Ethical Management and Guidelines for Conduct, trade secrets, anti-trust, commercial bribery, confidentiality responsibilities, anti-monopoly laws, basic concepts of signing contracts, and information security) for a total of 2,642 individuals, with a total of 1,868.5 hours of training.	
3. Implementation status of the whistle-blowing system (1) Does the Company establish both a reward/punishment system and an integrity hotline? Can a suitable person get in touch with the accused for follow-up? (2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V V V		(1) The Company's "Procedures for Ethical Management and Guidelines for Conduct" include a complaint reporting mailbox and in-depth investigations based on the nature of the complaints. The Company provides both online and physical reporting mailboxes for internal and external personnel to report integrity regulation violations. The Audit Department is responsible for handling and supervising the content of incidents, which, if proven true, will be punished in accordance with the regulations. (2) The Company has established "Complaint and	No major deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the Company provide proper informant protection?			Reporting Management Regulations", which includes standard operating procedures for investigating reported incidents, follow-up measures to be taken after investigation, and related confidentiality mechanisms. Relevant managers of the Company have the responsibility to protect the confidentiality of the parties involved when accepting reported incidents. (3) The Company handles complaints and reports in accordance with the "Procedures for Ethical Management and Guidelines for Conduct" and the "Complaint and Reporting Management Regulations," and promises to protect whistleblowers from retaliation as a result of reporting incidents.	
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		The Company's website has a corporate governance section that discloses information related to ethical corporate management and discloses the content and effectiveness of the Ethical Corporate Management Best Practice Principles on the website.	No major deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established "Procedures for Ethical Management and Guidelines for Conduct," and there is no deviation between the operation and the established code.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies): The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and added the "Complaint and Reporting Management Regulations" in 2023. These regulations are disclosed on the Company website for managers and employees to consult at any time. The Company strictly adheres to the concept of business integrity, prohibits bribery, insider trading, and requires Directors recusal due to conflicts of interest. The Company also ensures regular audits by audit personnel.				

7. If the Company has developed corporate governance codes and related regulations, its inquiry methods must be disclosed:
Please refer to the corporate governance section on the Taiwan Stock Exchange Market Observation Post System (https://mops.twse.com.tw) or visit the Company's website (http://www.inpaq.com.tw) for more information.

8. Other important information regarding Corporate Governance Status:

(1) The Company has a set of employee work rules as a code of conduct and ethics for employees. For other regulations, please refer to the Company's corporate governance section on the Taiwan Stock Exchange Market Observation Post System or the Company's corporate website.

(2) Manager's continuing education:

Title	Name	Date of Course	Organizer	Course Name	Hour
CEO	Dun-Ren Cheng	2022/10/06 2022/10/07 2022/10/25 2022/11/04	Securities and Futures Institute Securities and Futures Institute Taiwan Corporate Governance Association Taiwan Corporate Governance Association	Legality of Cybersecurity Management Law: From Corporate Fraud Prevention to the Role of the Board & Ransomware Threats Global Risk Perception: Opportunities and Challenges in the Next Decade Research and Outlook on Important Economic and Trade Issues in 2022 Growth of Passive Components in Walsin Technology	3 3 3 3
General Manager	Ming-Tsan Tseng	2022/10/06 2022/10/07 2022/10/25	Securities and Futures Institute Securities and Futures Institute Taiwan Corporate Governance Association	Legality of Cybersecurity Management Law: From Corporate Fraud Prevention to the Role of the Board & Ransomware Threats Global Risk Perception: Opportunities and Challenges in the Next Decade Research and Outlook on Important Economic and Trade Issues in 2022	3 3 3
Governance Manager	Kuo-Shu Huang	2022/11/04 2022/12/08 2022/12/16 2022/12/20	Taiwan Corporate Governance Association Securities and Futures Institute Securities and Futures Institute Securities and Futures Institute	Growth of Passive Components in Walsin Technology Protection of Trade Secrets Short-term Trading by Company Insiders: Introduction and Case Analysis Corporate Tax Governance and Tax Technology Solutions from the Trends and Epidemic Environment of ESG	3 3 3 3
Accounting Manager	Kuo-Shu Huang	2022/12/08 2022/12/09	Accounting Research Development Foundation	Continuing Education for Issuers, Securities Dealers, Stock Exchanges, and Accounting Executives	12
Acting Accounting Manager	Yi-Fan Wu	2022/12/22 2022/12/23	Accounting Research Development Foundation	Continuing Education for Issuers, Securities Dealers, Stock Exchanges, and Accounting Executives	12
Auditing Manager	Si-Hua Huang	2022/6/30 2022/12/13	The Institute of Internal Auditors-Chinese Taiwan The Institute of Internal Auditors-Chinese Taiwan	Practical Seminar on Auditing Business Costs and Value Creation Practical Seminar on Subsidiary Auditing	6 6

(1) The individual related to financial information transparency has obtained the relevant licenses designated by the competent authority:

The Company's internal audit manager has obtained the Internal Audit Certificate of the Republic of China, License No. 9420094, as well as the Certified Public Accountant Certificate, License No. (104)CGA-000019.

9. Implementation Status of Internal Control System:

(1) Statement of the Internal Control System):

INPAQ Technology Co., Ltd.
Internal Control System Statement

Date: February 23, 2023

The internal control system of the Company for the fiscal year 2022 has been evaluated based on self-assessment, and hereby declare the following:

1. The Company recognizes that the establishment, implementation, and maintenance of the internal control system are the responsibility of the board of directors and management. The Company has already established this system in order to achieve the goals of enhancing the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), providing reliable and timely reporting, ensuring compliance with relevant regulations and laws, and maintaining transparency.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may vary. However, the Company's internal control system has a self-supervision mechanism, and any deficiencies identified will be promptly corrected.
3. The Company has evaluated the effectiveness of its internal control system based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Regulations"). The regulations divide the internal control system into five components: 1. Control of Environment, 2. Risk assessment, 3. Control activities, 4. Information and Communication, 5. Monitoring activities. Each constituent element consists of multiple items. Regarding the aforementioned items, please refer to “The Regulations.”
4. The Company has adopted the above-mentioned internal control system to evaluate the effectiveness of the design and implementation of the internal control system, as well as to evaluate the quality of projects.
5. On the basis of the evaluation results described in the preceding paragraph, the Company believes that its internal control system (including the supervision and management of subsidiaries) will be effective as of December 31, 2022, in terms of understanding the effectiveness of operations and the degree of achievement of efficiency goals, the reliability, timeliness, and transparency of reports, and compliance with relevant norms and relevant laws and regulations, as well as the design and implementation of relevant internal controls.
6. This declaration will comprise the majority of the company's annual report and prospectus, and it will be made public. In accordance with Articles 20, 32, 171, and 174 of the Securities and Exchange Act, the above-mentioned disclosed content is subject to legal liability if it contains falsehoods, concealment, or other illegal conduct.
7. On February 23, 2023, the Company's board of directors approved this statement. None of the seven present directors objected to the content of this statement, and all are in agreement with it, as declared here.

INPAQ Technology Co., Ltd.

Chairman Pei-Cheng Chen

CEO Dun-Ren Cheng

General Manager Ming-Tsan Tseng

(2) If CPAs are engaged to review the internal control system, their report shall be disclosed:None

10. If there has been any legal penalty against the Company and its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.
11. Major Resolutions of the Shareholders' Meeting and the Board of Directors during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report:

Item	Date of Meeting	Major Resolutions
Board of Directors	2022.01.13	(1) Approval of the discussion on funding for the subsidiary company. (2) Approval of the substantial investment using undistributed earnings from 2020. (3) Approval of the discussion on the replacement of the accountant due to the internal rotation within the accounting firm. (4) Approval of the discussion on the business plan for 2022 (5) Approval of the discussion on the distribution of the year-end bonuses for the General Manager and executives for the second half of 2021. (6) Approval of the discussion on the allocation of compensation for employees and directors in 2021.
Board of Directors	2022.02.22	(1) Approval of the discussion on the "Evaluation of Overall Efficacy of Internal Control system" and the "Internal Control System Statement" for 2021. (2) Approval of the discussion on the allocation of compensation for employees and directors in 2021. (3) Approval of the discussion on the business report and financial report for 2021. (4) Approval of the establishment of the Cyber Security Committee within the Company. (5) Approval of matters concerning donations to the related party "Passive System Alliance Charitable Foundation". (6) Approval of discussion on the distribution of Manager's GK bonuses for the second half of 2021.
Board of Directors	2022.03.23	(1) Approval of the discussion on the endorsement and guarantee by the Company for subsidiaries. (2) Approval of the discussion on the amendment of certain articles of the company's Articles of Incorporation (3) Approval of the discussion on the amendment of certain articles of the company's Procedure for Shareholders Meetings. (4) Approval of the discussion on the amendment of certain provisions in the "Regulations Governing the Acquisition and Disposal of Assets" of the Company. (5) Approval of the proposal to lift the restrictions on managers' non-compete agreements. (6) Approval of the discussion on lifting the restrictions on Directors' non-compete agreements. (7) Approval of matters related to the 2023 annual general meeting. (8) Approval of the discussion on granting shareholders the right to propose motions at the Company's annual general meeting for 2022. (9) Approval of the discussion on the allocation of individual director remuneration for 2021. (10) Approval of the discussion on the disbursement of managerial staff remuneration for 2021. (11) Approval of the discussion on the amendment and renaming of the "Sustainable Development Best Practice Principles" for the Company.
Board of Directors	2022.05.03	(1) Approval of the discussion on the financial report for the first quarter of 2023. (2) Approval of the discussion on applying for a credit line with the correspondent banks. (3) Approval of the discussion on endorsing and guaranteeing subsidiary companies. (4) Approval of the discussion on the distribution of profits for 2022. (5) Approval of the cash distribution from the capital surplus. (6) Approval of the amendment to certain provisions of the "Regulations Governing Share Repurchase for Transfer to Employees" of the Company. (7) Approval of the lifting of restrictions on managerial competition. (8) Approval of the lifting of restrictions on directors and their representatives regarding competition. (9) Approval of the discussion on the updates and arrangements for the shareholders meeting of shareholders for 2022. (10) Approval of the discussion on the greenhouse gas inventory and verification schedule planning of the Company. (11) Approval of Taiwan Inpaq Electronic Co., Ltd.'s lease and acquisition of property utilization rights from Walsin Technology Corp.
Board of Directors	2022.06.17	(1) Approval of the disposal of equity in "Joyin Co., Ltd." (2) Approval of the proposal to acquire equity in "Eleceram Technology Co., Ltd." from the related party Joyin Co., Ltd.
Board of Directors	2022.08.04	(1) Approval of the discussion on the financial report for the second quarter of 2022. (2) Approval of the discussion on applying for a credit line with the correspondent banks. (3) Approval of the discussion on funding for the subsidiary company. (4) Discussion on the distribution of General Manager's bonuses for the first half of 2022. (5) Discussion on the salary adjustment for managers in 2022.
Board of Directors	2022.08.30	(1) Approval of discussion on the distribution of Manager's GK bonuses for the first half of 2022.
Board of Directors	2022.11.01	(1) Approval of the discussion on the financial report for the third quarter of 2022. (2) Approval of the discussion on applying for a credit line with the correspondent banks. (3) Approval of the discussion on funding for the subsidiary company. (4) Approval of the discussion on the audit plan for 2023. (5) Approval of the discussion on the amendment of certain articles of the Internal Control System and internal audit implementation rules of the company. (6) Approval of the discussion on revising the "Procedures for Handling Material Inside Information and the Prevention of Insider Trading" of the Company. (7) Approval of the discussion on the amendment of the Company's "Procedure for Meetings of Board of Directors." (8) Approval of the proposal for the Company to repurchase and transfer shares to managers of subsidiary companies. (9) Approval of the discussion on the professional service fees for 2022 of the Certified Public Accountant and the independence evaluation. (10) Approval of the proposal for the Company to dispose of real estate usage rights assets to the related party, "Info-Tel Corporation."
Board of Directors	2023.01.17	(1) Approval of the discussion on the distribution of year-end bonuses for the second half of 2022 to the CEO and management team.

Item	Date of Meeting	Major Resolutions
		(2) Approval of the discussion on the allocation ratio of employee and director remuneration for 2022. (3) Approval of the discussion on funding for the subsidiary company. (4) Approval of the discussion on applying for a credit line with the correspondent banks. (5) Approval of the substantial investment using undistributed earnings from 2021. (6) Approval of the discussion on amending the "Corporate Governance Best Practice Principles" of the Company. (7) Approval of the discussion on amending the "Procedures for Handling Material Inside Information and the Prevention of Insider Trading" of the Company.
Board of Directors	2023.02.23	(1) Approval of the discussion on the 2022 business report and financial statements of the Company. (2) Approval of the discussion on the "Evaluation of Overall Efficacy of Internal Control System" and "Internal Control System Statement" for 2022 of the Company. (3) Approval of the discussion on the allocation of remuneration for employees and directors for 2022 of the Company. (4) Approval of the discussion on the operational plan for 2023 of the Company. (5) Approval of the discussion on the donation to the related party, "Passive System Alliance Charitable Foundation". (6) Approval of the discussion on the subsidiary of the company, INPAQ Technology (China) Co., Ltd., purchasing machinery and equipment from the related party, "Prosperity Frontier Electronics (Shenzhen) Co., Ltd.". (7) Approval of the discussion on the comprehensive election of Directors. (8) Approval of the discussion on lifting the restriction on new directors regarding non-compete agreements. (9) Approval of the discussion on matters related to convening the shareholders meeting for 2023 of the Company. (10) Approval of the discussion on shareholder proposal rights and Director candidate nomination matters for the shareholders meeting of the Company for 2023. (11) Approval of the discussion on the distribution of performance bonuses to managers for the second half of 2022.
Board of Directors	2023.05.04	(1) Approval of the discussion on professional service fees and independence assessment of the Company's auditors for 2023. (2) Approval of the discussion on the creation of broad principles for the Company's non-assurance service pre-approval policy. (3) Approval of the discussion on the first quarter's financial report for 2023 of the Company. (4) Approval of the discussion on the application for credit line approval from the Company's correspondent banks. (5) Approval of the discussion on endorsing guarantees for subsidiary companies of the Company. (6) Approval of the discussion on funding for the subsidiary company. (7) Approval of the discussion on the distribution of profits for 2022. (8) Approval of the discussion on the allocation of individual director remuneration for 2022. (9) Approval of the discussion on the disbursement of managerial staff remuneration for 2022. (10) Approval of the proposal and review of the list of director and independent director candidates for the Company. (11) Approval of the discussion on the investment in a subsidiary company in Japan by the Company. (12) Approval of the discussion on the amendment of certain articles of the "Company's Articles of Incorporation". (13) Approval of the discussion on adding items for convening the shareholders meeting for 2023 of the Company.
Shareholders meeting	2023.06.14	1. Matters for Ratification: (1) Approval of the 2021 business report and financial statements. (2) Distribution of earnings for 2021. 2. Matters for Discussion: (1) Cash distribution from capital surplus. (2) Amendment of certain articles of the Company's "Articles of Incorporation". (3) Amendment of certain articles of the Company's "Procedure for Shareholders Meetings". (4) Amendment of certain articles of the Company's "Regulations Governing the Acquisition and Disposal of Assets". (5) Removal of restrictions on competition for directors and their representatives.

Review of the Implementation Status of the Resolution of the Shareholders' Meeting in 2022:

（1）Approval of the operating report and financial statements for the year 2022.
Implementation status: Resolution passed.

（2）Approval of profit distribution for the year 2022.
Implementation status: Resolution passed.

（3）Discussion on the distribution of cash from capital surplus.
Implementation status: Resolution passed. The ex-dividend date was set as August 10, 2022, and the cash distribution from capital surplus of NT$84,081,204 was completed on September 2, 2022.

（4）Discussion on the amendment of certain articles of the Company's Articles of Incorporation.
Implementation status: Resolution passed and executed in accordance with the shareholders' meeting resolution.

（5）Discussion on the amendment of certain articles of the Company's Procedure for Shareholders Meetings.
Implementation status: Resolution passed and executed in accordance with the shareholders' meeting resolution.

（6）Discussion on the amendment of certain articles of the Company's Regulations Governing the Acquisition and Disposal of Assets:
Implementation status: Resolution passed and executed in accordance with the shareholders' meeting resolution.

（7）Discussion of the removal of restrictions on competition for directors and their representatives.
Implementation status: Resolution passed and executed in accordance with the shareholders' meeting resolution.

12. If any directors or supervisors expressed disagreement with important resolutions passed by the Board of Directors during the most recent fiscal year and up to the date of printing of the annual reports and made any records or written statements regarding their disagreement, the following are the main contents of such records or statements: None.
13. Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, General Manager, and Managers of Accounting, Finance, Internal Audit, Corporate Governance, and R&D: None
14. Auditor's Independence Evaluation:

The Audit Committee annually evaluates the independence and suitability of the Company's appointed accountants. In addition to requesting that the accountants provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)", the evaluation is based on the criteria outlined in Note 1 and 13 AQIs. It has been confirmed that the accountants and their firms have no financial interests or business relationships other than the fees for auditing and taxation services provided to the Company. The independence requirements are also not violated by the accountants' family members. Furthermore, based on the information from AQI indicators, it has been verified that the accountants and their firms have superior auditing experience and training hours compared to the industry average. Additionally, in the past three years, they have continuously adopted digital audit tools to enhance audit quality. On May 4, 2023, the Audit Committee discussed and approved the evaluation results for the most recent fiscal year, and on the same day, the Board of Directors approved the independence and suitability assessment of the accountants.

INPAQ Technology Co., Ltd.
Certified Public Accountant's Independence Evaluation
2022

Evaluation of the Certified Public Accountant: Accountants Hai-Ning Huang, Wan-Yuan You of KPMG Taiwan

Evaluation items are developed in accordance with Article 47 of the "Certified Public Accountant Act" and Article 10 of the "Code of Ethics for Certified Public Accountants," "Integrity, Objectivity, Independence, and Professional Behavior."

Independence Evaluation Item	No (Normal)	Yes (Abnormal)	Note
1. Currently employed by the Company for regular work, receiving a fixed salary, or serving as a director or supervisor.	V		
2. Previously served as a director, supervisor, executive, or held a position with significant influence on audit matters in the Company, and have not been separated from such position for less than two years.	V		
3. Have a relationship of spouse, direct blood relation, direct in-law relation, or second-degree blood relation with the Company's responsible person or executive.	V		
4. Have an investment or financial interest sharing relationship with the Company, either personally or through their spouse or minor children.	V		
5. Have a financial borrowing or lending relationship with the Company, either personally or through their spouse or minor children.	V		
6. Engage in management consulting or other non-audit activities that may affect independence.	V		
7. Violate regulations that prohibit accounting firms from rotating, handling accounting matters on behalf of others, or engaging in other activities that may affect independence as stipulated by the competent authority for business events.	V		

Conclusion: After evaluating the independence assessment criteria, it is determined that both accountants Hai-Ning Huang, Wan-Yuan You from KPMG Taiwan meet the Company's independence assessment standards and are suitable to serve as the auditors for the Company's financial statements.

(The attachment is provided separately for the above table.)

5. Accountant Fees for Certified Public Accountants:

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Note
KPMG Taiwan	Hai-Ning Huang/ Wan-Yuan Yu	2022.01.01~2022.12.31	3,630	1,670	5,300	

1. If the audit fees paid for the current year after changing the accounting firm and changing the annual audit fees are less than the previous year, the before-and-after audit fees and the reasons for the change should be disclosed: None.
2. If the audit fees have decreased by more than 10% compared to the previous year, the amount, proportion, and reasons for the decrease in audit fees should be disclosed: None.

3. The non-audit fees mainly consist of a transfer pricing report fee of NT$665 thousand, a business tax certification fee of NT$570 thousand, and other fees amounting to NT$435 thousand.

6. Change of Accountants：None

1. Regarding the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="4">Approved by the board of directors on January 13, 2022</td></tr>
<tr><td>Reasons for the change and explanation</td><td colspan="4">Since the fourth quarter of 2021, this company has rotated the internal organization of its accounting firm, and it has gone from having accountants Yu, Wan-Yuan, and Lu, Chien-Hui, to having accountants Huang, Hai-Ning, and Yu, Wan-Yuan.</td></tr>
<tr><td rowspan="3">Explain whether it was due to the appointer's or accountant's termination or the accountant's declination of the appointment</td><td colspan="2">Counterparty / Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No longer accepted (continued) appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Issuance of reports with opinions other than unreserved opinions in the last two years and the reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Differences with the Company</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Note:</td></tr>
<tr><td>Other Revealed Matters (Article 10, Paragraph 6, Subparagraph 1, Item 4 to Item 7 of this Code shall be disclosed)</td><td colspan="4">None</td></tr>
</table>

2. Regarding the succeeding CPA

CPA firm	KPMG Taiwan
Name of CPA	Huang, Hai-Ning Yu, Wan-Yuan
Date of appointment	Approved by the board of directors on January 13, 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: None.

7. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Firm of the Auditing CPA or its Affiliated Businesses in the Past Year, shall disclose the job title, name, and the accounting firm of the CPA or its affiliated companies: None.

8. Particulars about Changes in Shareholding and Equity Pledge of Directors, Supervisors, Managers and

Shareholders Holding More Than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report:

1. Shareholding Changes of Directors, Managers and Major Shareholders

Unit: thousand shares

Title	Name	2022		As of May 4, 2023	
		Shareholding Increase (Decrease)	Pledged Share Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Share Increase (Decrease)
Chairman	Walsin Technology Corp.	—	—	—	—
Corporate Director Representative	Pei-Cheng Chen	—	—	45	—
Director	Walsin Technology Corp.	—	—	—	—
Corporate Director Representative	Yu-Heng Chiao	—	—	—	—
Director	Walsin Technology Corp.	—	—	—	—
Corporate Director Representative	Ming-Tsan Tseng	(46)	—	—	—
Director	Dun-Ren Cheng	—	—	—	—
Independent Director	Ji-Zu Gao	—	—	—	—
Independent Director	Min-Hsiung Hong	—	—	—	—
Independent Director	Teh-Fu Huang	—	—	—	—
Major Shareholder	Walsin Technology Corp.	—	—	—	—
General Manager	Ming-Tsan Tseng	(46)	—	—	—
Deputy General Manager	Chi-Lung Chang	—	—	—	—
Deputy General Manager	Jen-Chieh Hsu	—	—	—	—
Associate	Ming-Tsan Huang	—	—	—	—
Head of Financial and Accounting Center	Kuo-Shu Huang	—	—	(9)	—

2. Shares Trading with Related Parties: None
3. Shares Pledge with Related Parties: None

9. Relationships Among the Top 10 Shareholders:

April 18, 2023; Unit: Shares

Name	Current Shareholding		Shareholdings of the spouse and minor children		Shares held through nominees		The shareholding ratio accounts for the top ten shareholders, and they are relatives or spouses, information on the relationship within the second degree of relatives		Note
	Shares	%	Shares	%	Shares	%	Name	Relation-ship	
Walsin Technology Corp.	47,848,650	34.13	—	—	—	—	None	None	
Walsin Technology Corp. Representative: Yu-Heng Chiao	—	—	—	—	—	—	None	None	
Tai Feng Shi Co., Ltd.	7,212,759	5.14	—	—	—	—	None	None	
Tai Feng Shi Co., Ltd.Representative: Cheng-Han Tao	—	—	—	—	—	—	None	None	
Fubon Life Insurance Co., Ltd.	6,515,000	4.65	—	—	—	—	None	None	
Fubon Life Insurance Co., Ltd. Representative: Ming-Hsing Tsai	—	—	—	—	—	—	None	None	
Taiwan Life Insurance in custody of CTBC Bank Investment Account (5)	3,000,000	2.14	—	—	—	—	None	None	
Dun-Ren Cheng	1,496,606	1.07	139,459	0.10	—	—	Chiao-Fang Cheng	Father-daughter	
Wu-Chang Chao	1,077,000	0.77	—	—	—	—	None	None	
Fu Kai Investment and Consultation Co., Ltd.	773,800	0.55	—	—	—	—	None	None	
Fu Kai Investment and Consultation Co., Ltd. Representative: Chiao-Fang Cheng	492	0.00	—	—	—	—	Dun-Ren Cheng	Father-daughter	
Wei-Chieh Hsu	680,000	0.49	—	—	—	—	None	None	
HSBC Bank (Taiwan) Limited in custody for Morgan Stanley Investment Account	645,550	0.46	—	—	—	—	None	None	
Ming-Tsan Tseng	555,650	0.40	22,800	0.02	—	—	None	None	

10. The Company, its directors, supervisors, managers, and businesses controlled directly or indirectly by the Company must disclose their respective shareholdings in the Re-invested businesses and calculate the total shareholding percentage through consolidation.

March 31, 2022; Unit: shares

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Inpaq(BVI)Ltd.	39,908,842	100.00%	-	-	39,908,842	100.00%
Inpaq Korea Co.,Ltd.	76,828	44.77%	-	-	76,828	44.77%
Inpaq USA	5,000,000	100.00%	-	-	5,000,000	100.00%
Inpaq Europe GmbH	38,000	19.00%	-	-	38,000	19.00%
Canfield Ltd.	600,000	100.00%	-	-	600,000	100.00%
Yangtze Energy Technologies, Inc.	311,097	19.89%	-	-	311,097	19.89%
Eleceram Technology Co., Ltd.	8,747,750	72.90%	-	-	8,747,750	72.90%

Note: It is a long-term investment of the Company.

4. Capital Overview

1. Capital and Shares

1. Source of Capital

April 18, 2023 Unit: shares; NT$

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
06/1998	10	24,000,000	240,000,000	6,000,000	60,000,000	Capital Establishment	None	
09/1998	10	24,000,000	240,000,000	18,000,000	180,000,000	Capital Increase	None	September 28, 1998, No. (87) Certificate No. 130354
10/1999	10	50,000,000	500,000,000	30,500,000	305,000,000	Capital Increase	None	October 2, 1999, No. (87) Certificate No. 135831
09/2000	10	50,000,000	500,000,000	40,000,000	400,000,000	Capital Increase	None	July 18, 2000, No.:(89) Tai-Cai-Certificate(1) No.60064
04/2001	10	70,000,000	700,000,000	47,845,748	478,457,480	Increase in capital through retained earnings and capital surplus	None	May 22, 2001, No.:(90)Tai-Cai-Certificate(1) No.131764
08/2004	10	70,000,000	700,000,000	53,586,748	535,867,480	Capital Increase	None	April 30, 2004, No.: (93)Tai-Cai-Certificate(1) No.0930116127
10/2005	10	70,000,000	700,000,000	56,486,748	564,867,480	Consolidated capital increase	None	September 19, 2005, No.: Jin-Guan-Certificate-1 No.0940139268
02/2006	10	70,000,000	700,000,000	60,586,748	605,867,480	Capital Increase	None	December 07, 2005, No.: Jin-Guan-Certificate-1 No.0940005753
09/2006	10	100,000,000	1,000,000,000	65,257,821	652,578,210	Increase in capital through retained earnings and capital surplus	None	June 30, 2006, No.: Jin-Guan-Certificate-1 No.0950127708
11/2006	10	100,000,000	1,000,000,000	67,164,021	671,640,210	Issuance of new shares via employee stock options and unsecured convertible corporate bonds.	None	November 17, 2006, Yuan-Shang-Certificate No. 0950030361
04/2007	10	100,000,000	1,000,000,000	67,951,021	679,510,210	Issuance of employee stock option for common stock	None	April 23, 2007, Yuan-Shang-Certificate No. 0960009696
10/2007	10	150,000,000	1,500,000,000	73,549,084	735,490,840	Capital increase via retained earnings and capital surplus, issuance of new shares through employee stock option conversions.	None	October 12, 2007, Yuan-Shang-Certificate No. 0960026923
10/2007	10	150,000,000	1,500,000,000	74,850,147	748,501,470	Issuance of new shares through the conversion of employee stock options and unsecured convertible corporate bonds.	None	November 29, 2007, Yuan-Shang-Certificate No. 0960031817
01/2008	10	150,000,000	1,500,000,000	94,850,147	948,501,470	Private placement of new shares	None	January 3, 2008, Yuan-Shang-Certificate No. 0960035261
03/2008	10	150,000,000	1,500,000,000	95,063,118	950,631,180	Issuance of new shares through the conversion of employee stock options and unsecured convertible corporate bonds.	None	March 17, 2008, Yuan-Shang-Certificate No. 0970006561
05/2008	10	150,000,000	1,500,000,000	95,152,118	951,521,180	Issuance of employee stock option for common stock	None	May 22, 2008, Yuan-Shang-Certificate No. 0970013217
07/2008	10	150,000,000	1,500,000,000	95,280,118	952,801,180	Issuance of employee stock option for common stock	None	July 25, 2008, Yuan-Shang-Certificate No. 0970020159
08/2008	10	150,000,000	1,500,000,000	94,177,118	941,771,180	Reverse stock split via treasury stock retirement	None	August 27, 2008, Yuan-Shang-Certificate No. 0970024055
10/2008	10	150,000,000	1,500,000,000	101,552,025	1,015,520,250	Increase in capital through retained earnings and capital surplus	None	October 8, 2008, Yuan-Shang-Certificate No. 0970027894
11/2008	10	150,000,000	1,500,000,000	98,246,025	982,460,250	Reverse stock split via treasury stock retirement	None	November 18, 2008, Yuan-Shang-Certificate No. 0970031196
12/2008	10	150,000,000	1,500,000,000	98,259,025	982,590,250	Issuance of employee stock option for common stock	None	December 9, 2008, Yuan-Shang-Certificate No. 0970034263
10/2009	10	150,000,000	1,500,000,000	102,989,727	1,029,897,270	Capital increase through capital surplus via new share issuance	None	October 13, 2009, Commercial Affairs Bureau Document No. 09801236190
06/2011	10	150,000,000	1,500,000,000	99,344,727	993,447,270	Reverse stock split via treasury stock retirement	None	June 1, 2011, Commercial Affairs Bureau Document No. 10001113170
04/2014	10	150,000,000	1,500,000,000	100,003,922	1,000,039,220	Conversion of convertible corporate bonds into new share issuance	None	April 3, 2014, Commercial Affairs Bureau Document No. 10301056180
08/2014	10	150,000,000	1,500,000,000	101,493,678	1,014,936,780	Conversion of convertible corporate bonds into new share issuance	None	August 27, 2014, Commercial Affairs Bureau Document No. 10301173380
11/2014	10	150,000,000	1,500,000,000	102,439,606	1,024,396,060	Conversion of convertible corporate bonds into new share issuance	None	November 21, 2014, Commercial Affairs Bureau Document No. 10301243050

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
04/2015	10	150,000,000	1,500,000,000	102,482,450	1,024,824,500	Conversion of convertible corporate bonds into new share issuance	None	April 13, 2015, Commercial Affairs Bureau Document No. 10401061370
08/2015	10	150,000,000	1,500,000,000	102,558,254	1,025,582,540	Conversion of convertible corporate bonds into new share issuance	None	August 20, 2015, Commercial Affairs Bureau Document No. 10401176110
06/2018	10	150,000,000	1,500,000,000	147,558,254	1,475,582,540	Private placement cash capital increase	None	June 28, 2018, Commercial Affairs Bureau Document No. 10701071240
10/2019	10	300,000,000	3,000,000,000	140,180,341	1,401,803,410	Cash capital decrease	None	October 9, 2019, Commercial Affairs Bureau Document No. 10801136820

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Nominal Common Stock	140,180,341	159,819,659	300,000,000	There are 45,000 shares of treasury stock and the remainder are OTC stocks.

Information for Shelf Registration: None.

2. Status of Shareholders

April 18, 2023 Unit: shares

Status of Shareholders Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	3	163	27,988	57	28,211
Shareholding	0	8,706,000	57,324,121	70,315,748	3,834,472	140,180,341
Shareholding percentage (%)	0	6.21	40.89	50.17	2.73	100.00

3. Shareholding Distribution Status

April 18, 2023 Unit: Shares

Shareholding Tiers	No. of Shareholders	Shareholding	Shareholding Ratio (%)
1 to 999	14,056	739,883	0.53
1,000 to 5,000	11,801	22,682,056	16.18
5,001 to 10,000	1,296	10,206,857	7.28
10,001 to 15,000	356	4,590,036	3.27
15,001 to 20,000	222	4,077,204	2.91
20,001 to 30,000	165	4,248,885	3.03
30,001 to 40,000	96	3,420,959	2.44
40,001 to 50,000	50	2,306,797	1.65
50,001 to 100,000	94	6,330,190	4.52
100,001 to 200,000	44	5,812,316	4.15
200,001 to 400,000	16	4,822,815	3.44
400,001 to 600,000	6	2,851,978	2.03
600,001 to 800,000	3	2,099,350	1.5
800,001 to 1,000,000	0	0	0
1,000,001 or over	6	65,991,015	47.07
Total	26,270	140,180,341	100.00

4. List of Major Shareholders

List all shareholders with a stake of 5% or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list:

April 18, 2023 Unit: shares

Shares / Name of Major Shareholders	Shareholdings	Shareholding Ratio (%)
Walsin Technology Corp.	47,848,650	34.13%
Tai Feng Shi Co., Ltd.	7,212,759	5.14%
Fubon Life Insurance Co., Ltd.	6,515,000	4.65%
Taiwan Life Insurance in custody of CTBC Bank Investment Account (5)	3,000,000	2.14%
Dun-Ren Cheng	1,496,606	1.07%
Wu-Chang Chao	1,077,000	0.77%
Fu Kai Investment and Consultation Co., Ltd.	773,800	0.55%
Wei-Chieh Hsu	680,000	0.49%
HSBC Bank (Taiwan) Limited in custody for Morgan Stanley Investment Account	645,550	0.46%
Ming-Tsan Tseng	555,650	0.40%

5. Market price, net worth, earnings, and dividends per share in the last two years

Unit: shares; NT$

<table>
<tr><th colspan="3">Year / Item</th><th>2021</th><th>2022</th><th>As of May 4, 2023 (Note 6)</th></tr>
<tr><td rowspan="3">Market Price per Share</td><td colspan="2">Highest</td><td>93.20</td><td>76.60</td><td>64.80</td></tr>
<tr><td colspan="2">Lowest</td><td>47.10</td><td>38.60</td><td>49.55</td></tr>
<tr><td colspan="2">Average</td><td>72.07</td><td>52.94</td><td>56.46</td></tr>
<tr><td rowspan="2">Net worth per share (Note 1)</td><td colspan="2">Before Distribution</td><td>39.27</td><td>41.54</td><td>42.68</td></tr>
<tr><td colspan="2">After Distribution</td><td>38.07</td><td>39.84 (Note 7)</td><td>–</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted Average (thousand) Shares</td><td>140,136</td><td>140,136</td><td>140,161</td></tr>
<tr><td rowspan="2">Stock Dividends (Note 2)</td><td>Diluted Earnings Per Share</td><td>4.04</td><td>4.22</td><td>0.57</td></tr>
<tr><td>Adjusted Diluted Earnings Per Share</td><td>4.04</td><td>4.22</td><td>0.57</td></tr>
<tr><td rowspan="4">Dividends per Share</td><td colspan="2">Cash Dividends (NT$)</td><td>1.2</td><td>1.7 (Note 7)</td><td>–</td></tr>
<tr><td rowspan="2">Stock Dividends</td><td>Dividends from Retained Earnings (NT$)</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Dividends from Capital Surplus (NT$)</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td colspan="2">Accumulated Undistributed Dividends</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">Price / Earnings Ratio (Note 3)</td><td>17.84</td><td>12.55</td><td>–</td></tr>
<tr><td colspan="2">Price / Dividend Ratio (Note 4)</td><td>60.06</td><td>31.14 (Note 7)</td><td>–</td></tr>
<tr><td colspan="2">Cash Dividend Yield Rate (Note 5)</td><td>1.67%</td><td>3.21% (Note 7)</td><td>–</td></tr>
</table>

Note 1: Fill in based on year-end issued shares and next year's shareholder-approved distribution.

Note 2: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 3: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 6: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 7: The proposed dividend for 2023 is intended to distribute cash of NT$1.7 per share from retained earnings. The shareholders meeting has not yet approved these proposals.

6. Dividend Policy and Implementation Status:

Item	Description
Dividend Policy of the Company	If the Company has a surplus in its annual financial statements, it should first pay taxes and offset accumulated losses. Then, it should set aside 10% of the surplus as legal reserve until the legal reserve reaches the paid-up capital of the Company. Any remaining surplus should be allocated according to relevant laws and regulations or converted into a special surplus reserve. If there is still a balance, the board of directors will propose a surplus distribution plan to the shareholders' meeting for approval of shareholder dividends. Given the Company's presence in an industry characterized by constant changes, being capital and technology-intensive, and being at a stage of stable growth in its business lifecycle, it is necessary to retain earnings to meet the funding requirements for operational growth and investments. Therefore, the Company currently adopts a residual dividend policy. Cash dividends distributed to shareholders shall not be less than 10% of the total distribution amount mentioned in the previous paragraph.
Proposed Dividend Distribution for Shareholders' Meeting	As approved by the Board of Directors on May 4, 2023, the following proposal will be submitted to the shareholders' meeting: It is proposed to distribute a cash dividend of NT$238,306,580 from 2022's undistributed earnings, with each share receiving NT$1.7 in cash.
When there are significant changes expected in the dividend policy, it should be explained.	No significant changes.

7. The impact of the bonus shares proposed at this shareholders' meeting on the Company's operating performance and earnings per share: None.

8. Bonuses of Employees, Directors and Supervisors:

Item	Description
(1) Percentage or range of employee compensation and director remuneration specified in the Articles of Incorporation:	If the Company earns profits in a fiscal year, it should allocate no less than 5% for employee remuneration. The board of directors will decide whether to make the distribution in the form of stock or cash. The recipients of such distributions may include employees of subsidiary companies who meet certain conditions. The Company should allocate no more than 3% of the aforementioned profit amount for director remuneration, as determined by the board of directors. However, if the Company has accumulated losses, an amount should be reserved in advance for offsetting those losses, and the remaining amount should be allocated according to the aforementioned proportions. The distribution of employee remuneration and director remuneration should be subject to a special resolution by the board of directors and presented to the shareholders' meeting for approval.
(2) Accounting treatment of differences between the estimated amount of employee and director remuneration for the current period, the calculation basis for employee compensation paid in stocks, and the actual amount of distribution:	In 2022, the Company generated a pre-tax profit of NT$717,886,432. After deducting the reserved amount for offsetting accumulated losses, the decision was made to allocate 5% for employee remuneration, amounting to NT$37,004,455, and to allocate 2% for director remuneration, amounting to NT$14,801,782. The calculation basis for distributing shares is determined based on the closing price of the trading day preceding the shareholders' meeting, taking into account the impact of ex-dividend and ex-rights dates. However, the Board of Directors decided not to distribute shares in the current period on February 23, 2023. If there are differences between the actual distribution amount and the estimated amount, it will be considered a change in accounting estimate and included in the income statement of the following fiscal year.

Item	Description
(3) Board resolution on the distribution of remuneration: 1. The amount of employee compensation and director remuneration distributed in cash or stocks (if there is a difference between the estimated amount of recognized expenses and the actual amount of distribution, the difference, reasons and treatment shall be disclosed):	On February 23, 2023, the Board of Directors passed a resolution to allocate 5% for employee remuneration, amounting to NT$37,004,455, and to allocate 2% for director remuneration, amounting to NT$14,801,782. The actual distribution amounts for both employee and director remuneration are consistent with the estimated amounts. All the aforementioned employee and director remuneration were disbursed in cash.
2. Ratio of employee compensation paid in stocks to the post-tax net income and total employee compensation in the current individual financial report:	None.
(4) The previous year's actual distribution of employee, director, and supervisor remuneration (including the number of shares allocated, amount, and stock price), as well as any variances from the recognition of employee, director, and supervisor remuneration, should be described. Any differences in the deviation, causes, and handling procedures must be specified.	On February 22, 2022, as per the resolution of the Board of Directors, the Company distributed employee remuneration in cash amounting to NT$34,981,574 and director remuneration in cash amounting to NT$13,992,630. The actual distribution amounts are consistent with the proposed distribution that the Board of Directors approved.

9. Buyback of Treasury Stock:

May 4, 2023

Batch Order	9th	10th
Purpose of buy-back	Transfer shares to Employees	Transfer shares to Employees
Timeframe of buy-back	March 30, 2020 to May 29, 2020	August 4, 2020 to October 3, 2020
Price range	Average buyback price: NT$22.21	Average buyback price: NT$35.33
Class, quantity of shares bought back	Common stock 300,000 shares	Common stock 1,000,000 shares
Value of shares bought-back	NT$6,662,112	NT$35,333,246
Quantity of repurchased shares as a percentage of total shares to be repurchased (%)	60%	100%
Shares sold/transferred	300,000 shares	1,000,000 shares
Accumulated number of company shares held	0 share	0 share
Percentage of total company shares held (%)	0 %	0 %

2. Corporate Bond: Nil.

3. Preferred Shares: Nil.

4. Overseas Depositary Receipts: Nil.

5. Employee Stock Options: Nil.

6. Issuance of restricted share for employees: Nil.

7. Issuance of New Shares for Merger, Acquisition or Exchange of Other Companies’ Shares: Nil.

8. Financing Plans and Implementation: Nil.

5. **Operations Profile**

1. Business Scope

1. Main areas of business operations

（1） Main Business Scope

The main areas of the business:

CC01080 Electronics Components Manufacturing

Research, development, production, manufacturing, and sales of the following products:

(1) Protection Components and Magnetic Components: Electromagnetic shielding components, overvoltage protection components, overcurrent protection components, high-frequency inductors, power inductors.

(2)Microwave Composite Micro Antennas and Modules: Multi-band Miniaturized Automotive Antennas, GPS Satellite Antennas and Modules, Bluetooth Antennas, WiFi/WiFi 6E Antennas, 2G/3G/4G/5G Antennas, DMB Antennas, DVB Antennas, UWB Antennas, SDARS/XM Antennas, NFC Antennas, FR1/FR2 Antennas, Chip Antennas, External Antennas, Customized Antennas, Tuner Antennas, Wireless Charging and its application modules.

（2） Current product (service) of the Company:

(1) High Frequency Component

(2) Protection Components and Magnetic Components:

（3） Operating ratio (consolidated):

Year / Product Type	2022
High Frequency Component	56.33%
Protection Component	43.67%

（4） New products (services) planned to be developed:

(1) High-precision Multi-band Positioning Antenna

(2) 5G Array Antenna Module

(3) 5G FR1-CPE Antenna Module

(4) Inductive Smart Adjustable Antenna

(5) Diplexer/Triplexer Antenna

(6) 5G IDU/ODU Antenna

(7) ESD GuardTM

(8) Next-Generation Ultra-Compact Alloy Power Inductor

(9) Miniaturized Multilayer Electromagnetic Components

(10) WPC QI 1.3 Version TX Module

2. Industry overview

（1） Industry Status and Development

The Company's primary business is the research, development, and manufacture of protective components such as electromagnetic protection (EMI), overvoltage protection (OVP), and overcurrent protection (OCP), as well as power inductors, common-mode filters, and high-frequency components. The products primarily apply to mobile phones, laptops, tablets, GPS, wearable devices, WLAN, wireless charging, and Bluetooth modules in the consumer electronics, information and communication industries, and niche automotive electronics industries. Current industry status, industry characteristics, and future growth trends are analyzed below:

(1)High Frequency Component

Antennas are conductors that act as an intermediate conductor between wireless radio waves propagating over space and electric currents flowing through metallic conductors. They convert voltage and current, transmit and receive electromagnetic energy, and change the dispersion of electromagnetic waves in space.

In contrast to traditional antennas, which are more concerned with hardware performance, the antenna business has increasingly entered an era in which performance is boosted through software and algorithm frameworks. It primarily evolves in response to technological and product improvements. In recent years, various testing requirements prior to the commercialization of 5G networks, widespread adoption of Internet of Things (IoT) and artificial intelligence (AI) applications, and the rise of highly automated vehicles have increased emphasis on high-frequency and smart antennas that can improve signal transmission speed, capacity, and coverage. These applications are regarded as critical components of commercialization. As a result, the future of the antenna industry will continue to focus on developing intelligent products, with major demand coming from fields such as IoT, automotive electronics, and 5G mobile communications:

– **IoT (Internet of Things):** According to an article on "RF Technology for IoT" published by the Taiwan Electromagnetic Industry-Academia Alliance, antenna technologies such as RFID (Radio Frequency Identification), NFC (Near Field Communication), sensors, and sensor networks, which are required for IoT, have become increasingly mature. Combined with the maturity and ongoing development of mobile communication and internet services towards cloud-based and optimized services, IoT has become one of the hot topics in antenna applications. Its application scope includes: industrial applications (Industrial IoT), consumer electronic products, remote healthcare, smart homes, etc. The market demand for related wireless communication devices and modules is steadily growing.

– **Automotive Electronics and connected cars:** The global automotive industry has entered an era of information-based competition. Vehicle bodies and in-vehicle electronics, which previously relied on industrial technology and mechanical structures, have now shifted towards intelligent applications. In this trend, the market for automotive electronics related to autonomous vehicles and connected cars is rapidly expanding, driving opportunities in the antenna market. Taoglas Limited, an antenna technology supplier based in Ireland, has pointed out that the number of antennas in automobiles is exponentially increasing. With the advent of the 5G network era, next-generation vehicles will require at least 18 antennas to possess safe and reliable autonomous driving capabilities.

In addition to smart vehicles equipped with the latest automotive electronics, the "systems" and "platforms" behind the vehicles have become major focal points. The utilization of IoT technology in the transportation sector, the integration of vehicle information and mobile networks, and the provision of intelligent management services such as traffic safety, city management, logistics, and smart tolling through backend platforms have become key development focuses of the concept of "connected cars." Due to the booming development of connected cars, the proportion of new vehicles on the market with connectivity capabilities continues to increase. Furthermore, with the finalization of the 5G Release 16 standard's third phase, more comprehensive support for various industries is being planned for the future. Autonomous driving is one of the objectives, indicating that the applications of connected cars will expand further. According to research by the international research and advisory firm Gartner, connected cars will not only be one of the top ten wireless technology trends in the future but are also predicted to become the largest market for 5G by 2023, reaching a 94% share by 2028. This trend has prompted industry players to accelerate their investments in connected car devices and the development of new products that integrate navigation, safety, entertainment, and other integrated in-vehicle communication systems. The demand for automotive antennas is expected to grow alongside these developments.

– **5G Mobile Communications:** 5G Mobile Communications: Since the advent of smartphones, the number of smartphone users has grown significantly, driving rapid growth in mobile network traffic. According to Ericsson's "Mobility Report" in November 2021, mobile network traffic has grown nearly 300 times in the past decade. With the introduction of 5G, it is estimated that by 2027, the number of 5G users worldwide will surpass that of 4G users, reaching 4.4 billion. Various distance applications, cloud gaming, the virtual worlds of the metaverse, and other innovative services will further drive a fourfold increase in global monthly data traffic.

The 5G network is set to become the fastest-deployed mobile communication technology in global history. With the high demand for 5G infrastructure construction in mainland China and North America surpassing expectations and the rapid decline in prices of 5G terminal devices, Ericsson's report indicates that by the end of 2021, the global coverage of 5G networks will reach over 2 billion people, and the number of global 5G users will reach 660 million.

The report also suggests that by 2027, 5G is expected to dominate global mobile network technology. At that time, the number of 5G users will reach 4.4 billion, surpassing the number of 4G users and accounting for approximately 50% of global mobile users. It is projected to cover around 75% of the global population and carry 62% of global smartphone traffic.

Mobile manufacturers and telecommunications operators worldwide have been launching 5G services one after another. Considering the strong demand from users for faster transmission speeds and better connectivity quality, as well as the increased reliance on data, global 5G usage is expected to increase significantly. The popularity of 5G also drives the accelerated growth of connected devices in IoT applications, with a compound annual growth rate of 28%. According to estimates by the Global Mobile Communications System Association, the introduction of 5G technology is projected to contribute US$2.2 trillion to the global economy over the next 15 years.

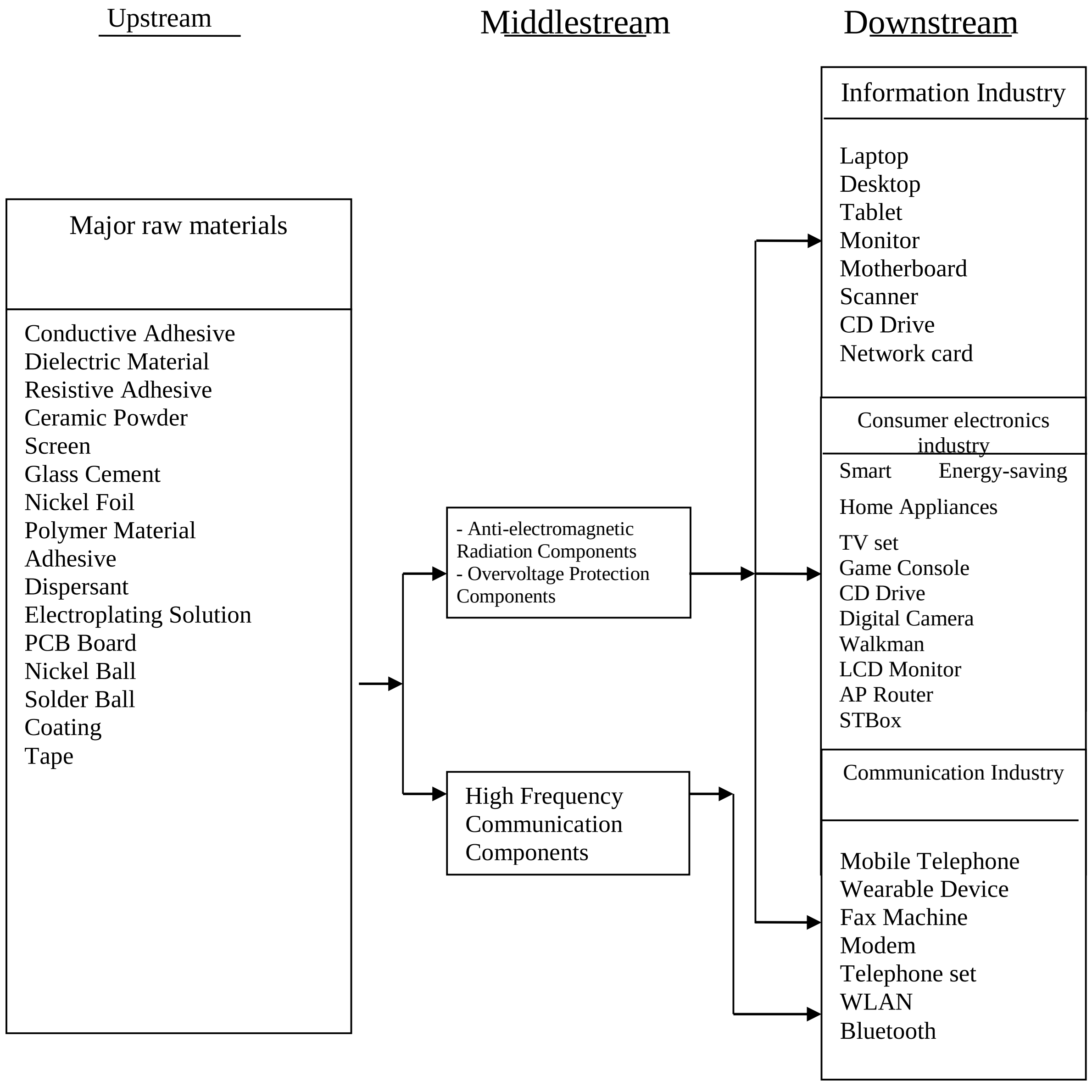
(2)Protection Components and Magnetic Components

With the advancement of technology and the flourishing development of the information industry, electronic products have become essential tools in modern life. The main directions of evolution in electronic products include faster information processing speeds, increased storage capacity, and larger screen sizes. In terms of product size and appearance, lightweight, thin, short, and small designs that demand multifunctionality with low power consumption have become the mainstream in today's electronic products. To meet these development requirements, various components inside electronic products also face the challenge of miniaturization. Special components such as electromagnetic radiation suppression, current protection, overvoltage protection, temperature sensing, miniaturized high-Q high-frequency inductors, and low-loss miniaturized high-current power inductors have gradually gained attention to maintain the reliability and energy efficiency of electronic products. Protective and magnetic components primarily belong to the passive components in electronic devices and are widely used in various sectors such as information, communication, consumer electronics, appliances, automotive electronics, and aerospace. Depending on the size and complexity of electronic products, the number of components used inside can range from a dozen to dozens. There will be a lot of integrated circuits (ICs) used, and passive components will act as peripheral components to active components as a result of trends in continuous intelligence and wireless technology. Due to the high demand for ICs, the demand for passive components is expected to increase significantly.

As major mobile phone brands continue to improve product specifications, including multi-camera designs, 3D sensing, wireless charging, voice assistants, and other features, the number of ICs and passive components required per smartphone continues to increase. Smartphones are also continuously moving towards lighter and thinner designs, leading to a trend of miniaturization for passive components. Additionally, with the increasing market share of 5G mobile communications, the demand for passive components is also growing. The Company has positioned itself in the market for automotive electronics, high-end 5G communication, and smartphones, aiming to enter the niche market of high-unit-priced passive components in line with global trends.

(2) Relationship with Upstream, Middlestream, and Downstream Companies:

The main business of the Company is the research, development, and manufacturing of protective components and high-frequency antenna modules. Here is the analysis of the upstream, midstream, and downstream industry relationships of the Company:



(3) Product Development Trend

(1) Protection Components and Magnetic Components

A. Production Equipment Automation

B. Development towards High Frequency and Thin Film

C. Chip Integration, Miniaturization, and Functional Integration

D. Product Endurance for High Voltage and High Current

(2) High Frequency Components

A. Integration of GPS and other Multiple Antennas and Components

B. Towards Chip Antenna Design

C. FR1/FR2 Array Antenna Design

D. IDU/ODU Antenna Design

E. Designing Compact, Integrated, and Functionally Composite Antenna Modules

F. Combining Antennas with Casings to Reduce Required Space for Antennas

(4) Status of Competition

The company's products mainly focus on noise suppression components, overvoltage protection components, overcurrent protection components, and high-frequency communication components, which make its product line highly comprehensive compared to competitors. In terms of protective components, the main domestic competitors include Chilisin, Thinking Electronic, King Core, Yageo, Tai-Tech, and Amazing Microelectronic, among others. As for international competitors, Panasonic, TDK, Murata, Amotech, Littelfuse, CET, Semtech, Raychem, and Bourns are the major companies. In the field of high-frequency components, the main domestic competitors are Cirocomm, Wha Yu, Yageo, and Advanced-Connectek, while foreign manufacturers primarily include Toko, Moteco, and Anpheno.

3. Research and Development Overview

（1） R&D expenses during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report:

Unit: NT$ thousands

Item	2021	2022	As of March 31, 2023
Development Cost	350,352	383,339	93,999

（2）Successful technology or product development:

No.	Item
1	Overvoltage/Overcurrent Combination Components
2	Resettable Overcurrent Protection Components
3	Low Resistance Current Sensing Components
4	High-Precision Global Positioning System (GPS) Receivers and Modules
5	Application in Automotive and Consumer 3C 2G/3G/4G/5G
6	WiFi/WLAN/FM/DAB/DVB/FM Antennas
7	Miniature Chip Antennas
8	WiFi 6e Array-Type CPE Antenna Modules
9	UWB Indoor Positioning Built-in Antennas
10	Chip Inductors/Magnetic Bead Components with Compact, High Q, and High Frequency
11	Multilayer Type Common mode filter, Thin Film Common-Mode Filters
12	0402 / 0201 SMD Type TVS
13	Miniature High Current Power Inductors

14	Multi-Layer Spiral Structure Common Mode Filters
15	Plastic Enclosure Antenna Plating Technology
16	Wire-Wound Power Inductors
17	Next-Generation 1412 Miniature High Current Power Inductors
18	Closed-Loop Chip-Type Wire-Wound Power Inductors
19	High-Efficiency Wearable Wireless Transmitter Charging Docks
20	QI Certified EPP Subsystem Wireless Transmitter Modules
21	Ultra-Low Capacitance ESD Protection Components
22	Automotive 155℃ High-Temperature High-Power Density Integrated Forming Power Inductors
23	5G Array Antenna Modules
24	High-Precision Multi-Band Positioning Antennas
25	Low-Temperature Sintered Surge Protection Varistors

4. Long and Short-Term Business Development Plans

（1） Short-Term Development Plans

The Company is the global marketing center of INPAQ Technology in Taiwan, with marketing units established in China, the United States, Japan, South Korea, Europe, and India. With the establishment of an international marketing system and the integration of a complete product line, the Company can fully leverage its advantages in market marketing and provide customer service in close proximity.

The product line of the Company includes protective components as well as high-frequency communication components that can be combined with information and communication technology and consumer electronics devices. Customers will appreciate the ease of one-stop shopping.

The Company's short-term development plans are as follows:

(1)Establishing thin-film mass production technology and continuously developing high-speed protection components required for future products. Establishing cooperative partnerships with customers to jointly develop components needed for future system products.

(2)Continuously striving for orders from important domestic and international manufacturers in the notebook, tablet, motherboard, mobile phone, automotive, and 3C industries. Seeking OEM opportunities with international manufacturers to enhance overall market share. Actively supporting the marketing capabilities of distributors and agents to expand domestic and international markets through their channels.

(3)Developing next-generation high-frequency electrostatic discharge protection components and conducting research on miniaturization to increase the breadth of the Company's voltage protection component product line. Using existing GPS planar antennas, GSM antennas, Bluetooth antennas, and FM chip antennas as a foundation to develop WiFi, UWB, WiMAX, DVB, and composite single, dual, and multi-band antennas.

(4)Establishing competitive production capabilities to meet market and customer demands.

（2） Medium to long-term development plans:

(1)Aligning with international sales strategies, actively recruiting and cultivating professional sales talents to enhance overseas marketing capabilities.

(2)Actively researching and developing multi-functional components for electromagnetic interference and electrostatic protection to improve product performance and simplify designs, in line with the future trend of continuously increasing data transmission speed and capacity.

(3)Strengthening research and development capabilities to quickly develop antennas and components required for customer products, and establishing long-term cooperative partnerships with customers.

(4)Continuously investing to meet the sustained growth of various end applications and expand into markets such as automotive electronics, the Internet of Things (IoT), connected cars, and smart homes.

2. Market and Sales Overview:
1. Market Analysis
（1） Main Sales Region (Consolidated)

Unit: NT$ thousands

Year / Region	2021		2022	
	Amount	%	Amount	%
Domestic sales	861,572	12.75	620,623	9.87
Export	5,894,972	87.25	5,666,448	90.13
Total	6,756,544	100.00	6,287,071	100.00

（2） Market Share
The Company's revenue primarily comes from protection components and high-frequency components. Currently, among the listed and OTC companies in Taiwan, there is no company that produces identical products to the Company. However, Thinking Electronic, Yageo, Amazing Microelectronic, Wha Yu, Chilisin, Cirocomm, and Tai-Tech, among others, produce products with similar functionalities. Therefore, it is difficult to estimate the market share.
（3） Future supply and demand situations and growth of the market
(1)Protection Components

The market for anti-noise protection components is expanding as varied frequency currents and electromagnetic wave applications become more common in modern times. With the rising electronization of products ranging from compact smartphones to large-scale systems in the automotive and aerospace industries, the market for protective components that minimize circuit noise is growing in relevance and size. The need to reduce malfunction concerns and increase system performance efficiency is what drives this.

Not only do international electronic technology associations like UL, VDE, JIS, and the FCC have strict regulations on surge and radiation protection for electronic instruments, but major international information, communication, and consumer product manufacturers are also putting more emphasis on addressing technical issues like electromagnetic waves and electrostatic interference. Protection components have evolved into the best solution for dealing with electromagnetic waves, electrostatic interference, and current overload. To satisfy new criteria, protection components must be created and supplied with the latest protective functionalities as electronic goods become more complicated and undergo faster generational changes. The demand for components has been expanding as a result of the constant upgrading of requirements in smart devices. Furthermore, the brisk development of automotive electronics, networking, industrial control, and Internet of Things (IoT) applications has become a driving force for component market demand. Given the steady expansion in overall market demand, large manufacturers have kept capital investment under strict control and have not greatly expanded production. With Japanese manufacturers gradually quitting the production of high-specification components, market supply and demand are steadily rebalancing.

In summary, the user's company attaches great importance to the research and development of protection components. In the field of protection components in Taiwan, they have consistently ranked among the top performers. As the demand for protection components in information, communication, and consumer electronics products continues to grow, it is believed that the Company's future development prospects are promising.

(2) High-Frequency Components

The Company's high-frequency communication components are primarily used in various fields such as the Global Positioning System (GPS), mobile phones, laptops, wireless LANs, and Bluetooth modules. Among them, the main focus of their development in high-frequency communication components is GPS antennas and modules. Furthermore, the Company has created high-frequency components for Near Field Communication (NFC) technology, which is utilized in mobile payments. As NFC's application scope expands, it will be easier to integrate NFC communication technology into more smartphones and other smart platform devices.

Looking ahead, with the development of IoT, connected vehicles, and 5G mobile communications, considering security and convenience, and as GPS technology matures, we have not only developed GPS antennas but also compact chip antennas, NFC, WiFi/WiFi 6E, FR1/FR2, and other related communication antennas, making them a major product group of our company's antennas.

（4） Competitive Niche

(1)Strong management team and a solid financial structure.

(2)Strong research and development capabilities, leading to highly competitive products.

(3)Clear positioning and differentiated products.

(4)Superior manufacturing processes with high product quality standards.

(5)Well-established sales and international division systems.

(6)Expanding the group's component business cluster.

（5） Favorable and Unfavorable Factors and Countermeasures in the Long Term

(1)Favorable Factors

A. Strong research and development team.

B. Robust growth in the 3C industry, leading to continuous demand for protection components.

C. Increasing emphasis on protection components with electrostatic discharge (ESD) and electromagnetic interference (EMI) suppression functionality, along with stricter regulatory requirements.

D. Promising market prospects for IoT, connected vehicles, 5G mobile communications, wireless charging, etc. indicate a rapidly growing product line.

(2)Unfavorable Factors and Countermeasures:

A. Rising raw material prices

Countermeasures:

In addition to maintaining good relationships and close cooperation with suppliers to ensure a consistent supply of existing materials, the Company actively collaborates with academic institutions to develop new material formulations and alternative raw materials in order to reduce reliance on expensive raw materials.

B. Development of domestic and foreign competitors

Countermeasures:

Strengthen research and development capabilities and production capacity, develop differentiated products, expand the complete product line, establish partner relationships with customers, increase market share, and enhance competitiveness to create a distance from competitors.

C. Increasing labor costs and difficulty in recruitment at mainland production sites

Countermeasures:

Increase automation equipment to reduce labor demand and improve efficiency. Establish production lines in other regions, utilize international division of labor to lower production costs, and enable timely supply and proximity to customers.

2. Main uses and production processes of main products

（1） Main Products and Important Applications:

(1)Protection Components

A. Used for ESD and EMI protection in various electrical products, effectively filtering out electromagnetic waves.

B. Used in personal portable electronic devices (such as smartphones, tablets, wearables, laptops/desktops) to prevent damage caused by static electricity, voltage surges, and electromagnetic waves.

C. Overcurrent protection for 3C products (smartphones, tablets, wearables, laptops/desktops).

D. High-efficiency miniaturized power inductors required for power circuits in portable electronic devices like smartphones.

(2)High-Frequency Components
A. Used for receiving signals in global satellite systems for position determination.
B. Used as communication components for receiving GSM, Bluetooth, WiFi, and other system signals in smartphones and tablets.
C. Used for receiving/transmitting RF signals such as FM, XM, etc.
（2） Manufacturing Process:
(1)Protection Components
Substrate Printing → Granulation → Terminal Electrode Coating → Electroplating → Intermediate Inspection → Electrical Testing → Tape Packaging → Finished Product Quality Control → Warehousing
(2)High-Frequency Components
Ceramic Powder Formulation → Molding → Sintering → Electrode Printing → Baking → Sintering → PIN Foot Installation → Testing → Packaging
3. Supply Status of Major Raw Materials

Major Raw Materials	Supplier	Supply Status
Substrate, Chip	Taiwan, China	Good
Joint wire	China	Good
Glue	Japan	Good
Powder	Taiwan	Good

4. Provide the names of customers who accounted for more than 10% of the total sales in either of the past two years, along with their corresponding sales amounts and proportions, and explain the reasons for any changes in their levels of contribution:
(1) Major supplier information in the past two fiscal years:
There were no suppliers who contributed more than 10% of the net total purchase in the past two years.
(2) Major customer information in the past two fiscal years:
There were no customers who contributed more than 10% of the total sales revenue in the past two years.
5. Production volume in the Last Two Years (Consolidated):

Unit: thousand pieces/NT$ thousand

years / quantity / product	2021			2022		
	Capacity	Quantity	Output Value	Capacity	Quantity	Output Value
Protection Components	20,000,000	17,617,140	2,351,571	20,000,000	15,026,892	2,151,148
High-Frequency Components	850,000	698,119	3,162,142	850,000	561,353	3,172,839
Total	Note	18,315,259	5,513,712	Note	15,588,245	5,323,986

Note: Each product has unique production requirements and cannot be consolidated with other production capacities. Therefore, they are not suitable for capacity consolidation.

6. Sales volume in the Last Two Years (Consolidated):
Unit: thousand pieces/NT$ thousand

years / quantity / product	2021				2022			
	Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Protection Components	1,812,253	443,204	14,039,806	2,523,360	1,282,849	295,863	11,346,025	2,449,551
High-Frequency Components	20,659	418,368	634,042	3,371,612	20,896	324,760	476,056	3,216,897
Total	1,832,912	861,572	14,673,848	5,894,972	1,303,745	620,623	11,822,081	5,666,449

3. Employee information for the last two years and up to the date of printing of the annual report, including the number of employees, average years of service, average age, and distribution of educational qualifications (consolidated)

Year		2022	2021	As of March 31, 2023
No. of Employees	Direct Labor	2,268	1,912	1,866
	Indirect Labor	854	841	832
	Total	3,122	2,753	2,698
Average age		34.14	34.85	34.97
Average years of service		4.60	5.29	5.20
Education distribution percentage (%)	Ph.D.	1%	1%	1%
	Master’s degree	4%	4%	4%
	College	28%	26%	26%
	Senior high school	19%	17%	17%
	Below senior high school	48%	52%	52%
	Total	100%	100%	100%

4. Environmental Expenditure Information

1. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None
2. Future response measures and possible expenses: Not applicable.

5. Labor Relations

1. Employee Welfare Measures, Training, Retirement System, and Implementation Status Important Current Labor-Management Agreements and Implementation Status:

（1） Employee Welfare Measures:

To improve employee welfare and promote labor-management harmony in various aspects of work, life, and health, our company implements a variety of welfare measures based on the philosophy "Revere Heaven Love Man."

(1)Employees receive annual year-end bonuses, and salary adjustments are made on a timely and appropriate basis.

(2)Regular health check-ups for employees.

(3)Employees enjoy labor insurance, national health insurance, and group insurance. These benefits not only cover employees themselves but also extend to their spouses and children, ensuring comprehensive protection for employees and their families.

(4)Subsidies for employee marriages, bereavements, celebrations, and birthday gatherings.

(5)The company has a cafeteria where subsidized buffet meals are served. Employees can enjoy a diverse and plentiful selection of meals for a small fee.

(6)To provide accommodation solutions for employees from other counties, the Company provides comfortable dormitories for their convenient stay.

(7)Regular employee trips, family day activities, and year-end party events are organized to foster emotional connections among employees, enhance their loyalty to the Company and boost morale.

(8)Employee ownership of company stock and participation in profit sharing. Individual and team performance, as well as the operational performance of the company, determine the distribution of performance bonuses. Employees are motivated to perform well by receiving a bonus equal to or greater than 5% of annual profits.

（2） Measures to Protect Employee Rights and Interests:

(1)Establishment of the "Code of Ethics and Social Responsibility" to protect employees' labor environment, working conditions, workplace health and safety, and fair compensation. This code is strictly followed.

(2)To prevent occupational hazards and ensure the health and safety of employees, the company has set up an "Environment/Safety and Health Committee" to implement safety and health management and conduct regular inspections.

(3)The Company holds labor-management meetings every three months to facilitate labor-management relations, promote labor-management cooperation, and increase work productivity.

（3） Implementation of the Retirement Pension System:

(1)The retirement system of our company fully complies with the regulations of the Labor Standards Act. Employees who have completed 15 years of service and are over 55 years of age or have completed 25 years of service can apply for retirement. The retirement benefits are provided based on the employee's years of service, with two times the base salary for each completed year. For service exceeding 15 years, one time the base salary is provided for each completed year, for a maximum total of 45 times the base salary. The Company has established a supervisory committee and a dedicated account. As of December 31, 2022, the balance in the Taiwan Bank Labor Retirement Reserve Account was NT$40,477 thousand.

(2)Since July 1, 2005, the Company has been contributing retirement benefits to the Labor Retirement Reserve Account according to the provisions of the Enforcement Rules of the Labor

Pension Act. The monthly contribution is not less than 6% of the monthly salary, and the funds are stored in the Labor Retirement Reserve Account. As of 2022, the retirement pension expenses amounted to NT$28,152 thousand, which has been allocated to the Bureau of Labor Insurance, MOL.

（4） Employee Training Status:

In order to enhance the quality of human resources and promote development advantages, the Company has established an education and training policy. The education and training program is divided into internal training and external training. In 2022, the following training activities were conducted:

Training Category	No. of Trainees	Training Hours
New Employees	2,428	6,379
Safety and Health	5,520	433
Professional Skills	10,565	20,310

（1） Work Environment and Employee Personal Safety Measures:

Item	Content
Access Control Security	Contracted with a security company to maintain the security of the premises, with a strict access control surveillance system in place day and night.
Maintenance and Inspection of Equipment	1. Conduct public safety inspections every 2 years in accordance with building safety regulations. 2. Outsource annual fire safety inspections in accordance with fire regulations. 3. Regular inspections and maintenance of high- and low-voltage electrical equipment, elevators, air conditioning systems, water dispensers, company vehicles, and firefighting equipment.
Physical Hygiene	Physical Examinations: New employees should undergo a physical examination, and existing employees should undergo periodic health checks.
Insurance and Medical Support	Legally insured for labor insurance (including occupational accident insurance) and health insurance. Additional insurance coverage includes accident insurance and accident medical insurance.
Workplace Safety	Employees must undergo comprehensive training before operating machinery and equipment to prevent injuries.

2. Disclosure of losses incurred due to labor disputes in the current and previous fiscal years until the printing date of this annual report (including violations of labor laws resulting from labor inspections, and should state the date of punishment, punishment number, the content of the violation, the content of the violation of the law, and the punishment content). The estimated amount of potential future losses and corresponding measures should also be disclosed: None.

6. Cyber Security Management

1. This section outlines the cyber security risk management framework, cyber security policies, specific management plans, and resources invested in cyber security management.

(1)Management Structure

In February 2022, the company established the "Cyber Security Committee" to improve cyber security management. The committee is in charge of reviewing the company's and its subsidiaries' cyber security governance policies, supervising the operation of cyber security management, and holding "ISMS Management Review Meetings" on a regular basis to examine cyber security governance-related issues and continuous improvement in order to establish information and communication security policy formulation and applicability. The General Manager serves as the Chairman of the Cyber Security Committee, and the convener is the highest information executive, who is responsible for cyber security governance, planning, supervision, and implementation in order to build comprehensive cyber security defense capabilities and raise employee awareness of cyber security. The committee holds regular meetings to review the implementation status and reports to the Board of Directors annually.

(2)Cyber Security Policy

The cyber security strategy focuses on three aspects: security governance, legal compliance, and technological application. It aims to comprehensively enhance security protection capabilities, from systems to technology, from personnel to organizations. Considering current emerging security trends such as DDoS (Distributed Denial of Service) attacks, ransomware, social engineering attacks, and phishing websites, the Company regularly addresses security issues and plans response measures. Different security scenarios are practiced to strengthen the response capabilities of personnel, aiming to detect and block threats in real-time. In addition, regular security audits, such as vulnerability scanning or penetration testing, are conducted to ensure that information systems and network environments meet security implementation standards.

(3)Specific Management Plans:

Complete security-related regulations, conduct regular security assessments, and obtain international security certifications. In the future, we will continue to strengthen security protection and establish collaborative defense mechanisms. Particularly, we aim to keep up with the training of high-quality security personnel. The Company annually announces and promotes cyber security policies and arranges relevant education and training. To address the challenges of cyber security, such as advanced persistent threats (APT), DDoS attacks, ransomware, social engineering attacks, and data breaches, the following strategies are planned:

(1) Conduct annual security testing, cyber security health checkups, social security checks, and cyber security incident drills.

(2) Strengthen the awareness of cyber security crises among colleagues and the ability of cyber security personnel to respond effectively in the first place, to effectively detect and prevent dissemination.

(3) The Company publicly announces its cyber security policy every year and trains colleagues with cyber security certificates.

(4) Provide cyber security education and training for all employees, with a minimum of two hours per person per year.

(5) Report to the board of directors at least once a year, summarizing the annual implementation of cyber security risks.

(4)Resources allocated to cyber security management include:

The Information Department currently has 21 employees in Taiwan and 5 employees in China, totaling 26 people, responsible for cyber security risk management and determining organizational structure, job responsibilities, policy vision, and goals.

(1) A thorough inventory of existing assets, including hardware and software systems such as hosts, networks, system permissions, and databases, has been completed. This inventory will serve as a starting point for continuous improvement in 2023.

(2) To prevent unauthorized disclosure of confidential documents, upgrades, integration, and access control measures have all been implemented. A mechanism for backup and off-site file storage has also been established.

(3) The database has been inventoried and backed up, and the ERP database is restored to a

testing environment at least semi-annually to ensure disaster recovery feasibility.

(4) Upgrades, backups, management, and controls have been implemented for the email system to prevent attacks, forgery, and fraud. The security of the email system is ensured.

2. List of losses, potential impacts, and response measures suffered due to significant cyber security incidents up until the date of publication of the latest annual report. If unable to estimate reasonably, it should be explained that such estimation is not possible: None.

7. Important Contracts

Contract Type	Counterparty	Contract Period	Major Contents	Restrictions
Financing	E.SUN Commercial Bank	2020/03/16 - 2025/03/15	Total credit line of NT$500 million and promissory note guarantee	5-year term, 3-year grace period, monthly equal installment repayment upon maturity
Financing	CTBC Bank	2021/12/24 - 2026/12/15	Total credit line of NT$450 million and promissory note guarantee	5-year term, 3-year grace period, monthly equal installment repayment upon maturity
Financing	Chang Hwa Bank	2020/08/24 - 2027/08/15	Total credit line of NT$583.2 million	7-year term, 3-year grace period, monthly equal installment repayment upon maturity
Financing	Chang Hwa Bank	2021/05/03 - 2031/04/15	Total credit line of NT$384 million	10-year term, 3-year grace period, monthly equal installment repayment upon maturity
Financing	Chang Hwa Bank	2021/02/20 - 2026/07/31	Total credit line of NT$500 million	5-year term, 2-year grace period, monthly equal installment repayment upon maturity
Financing	Hua Nan Commercial Bank	2020/12/18 - 2025/12/18	Total credit line of NT$300 million	5-year term, 2-year grace period, monthly equal installment repayment upon maturity
Financing	Far Eastern International Bank	2021/03/08 - 2024/03/08	Total credit line of NT$500 million and promissory note guarantee	3-year term, repayment of principal upon maturity
Financing	Mega International Commercial Bank	2021/03/24 - 2026/03/23	Total credit line of NT$500 million and promissory note guarantee	5-year term, 2-year grace period, monthly equal installment repayment upon maturity

Contract Type	Counterparty	Contract Period	Major Contents	Restrictions
Financing	Cathay United Bank	2022/05/26 - 2024/05/26	Total credit line of NT$300 million and promissory note guarantee	2-year term, repayment within 180 days

8. Codes of Ethical Conduct for Directors and Managers

Codes of Ethical Conduct for Directors and Managers

Article 1 Purpose and Scope of Application

This code of conduct is intended to ensure that the directors and managers of the Company (including the general manager and equivalent positions, deputy general manager and equivalent positions, assistant manager and equivalent positions, head of the finance department, head of the accounting department, and other individuals with management responsibilities and signing authority for the Company) conduct themselves ethically when conducting business on behalf of the Company. This code of conduct is established to prevent unethical behavior and actions that may harm the Company and shareholders' interests.

Directors who also serve as executives of the Company shall apply the relevant provisions of this code of conduct to the Company's employees. The term "directors" in this code of conduct refers to all directors of the Company (including independent directors).

Article 2 Obligations to be Followed

(1)Prevention of Conflicts of Interest

Directors and managers should avoid personal interests that may conflict with or have the potential to conflict with the Company's overall interests. This includes situations in which these individuals are unable to manage company affairs objectively and efficiently, or in which they or their spouse, parents, children, or second-degree relatives may receive improper benefits as a result of their positions with the Company. Any financial loans or significant asset transactions between the Company and the aforementioned individuals or their affiliated entities must be reviewed and approved in advance by the superintendent and the board of directors in order to prevent conflicts of interest. When a director has a personal interest that could jeopardize the Company's interests, he or she must comply with the director's recusal system outlined in the Company's board meeting rules, refrain from participating in discussions and voting, and not exercise the voting rights of other directors. Sales and purchases should be conducted with the best interests of the Company in mind.

(2) Avoidance of Opportunities for Personal Gain

The company should prevent directors or managers from engaging in the following activities:

1. Using company assets, information, or taking advantage of one's position to seek personal gain;
2. Using company assets, information, or taking advantage of one's position to obtain personal benefits;
3. Competing with the Company.

When the Company has opportunities for profit, its directors or managers are obligated to increase the Company's legitimate and legal benefits.

(3) Duty of Confidentiality:

Unless authorized or required by law to disclose such information, directors or managers have a duty to maintain the confidentiality of information regarding the Company itself or its sales and purchases with customers. Confidential information consists of all non-public information that could be utilized or disclosed by competitors to the detriment of the Company or its customers.

(4) Fair Trades:

Directors or managers must regard the Company's sales and purchasing customers, rivals, and employees with fairness. They should not gain undue advantages through manipulation, concealment, abuse of information obtained through their positions, making fraudulent statements about crucial matters, or engaging in other unfair transaction practices.

(5) Protection and Proper Use of Company Assets:

Directors or managers are responsible for protecting company assets and ensuring their effective and legal use for business purposes, avoiding theft, negligence, or waste that could have a negative

impact on the profitability of the business.
(6) Compliance with Laws and Regulations:
Compliance with securities and other laws and regulations should be strengthened by the Company. Directors and administrators must adhere to a variety of laws and regulations, as well as the organization's internal rules and regulations.
(7) Encouragement to Report Unethical or Illegal Conduct:
The Company should promote ethical awareness internally, establish a specific reporting system, and encourage employees to report any actions that violate laws, regulations, or ethical standards to their supervisor, immediate manager, HR supervisor, or internal audit supervisor. Additionally, the Company provides a complaint mechanism to assure confidentiality, as well as a fair and impartial investigation and resolution.
(8) Disciplinary Measures:
Directors and managers who violate the Codes of Ethical Conduct are subject to criminal and civil liabilities as well as compensation in accordance with applicable laws and regulations upon confirmation. Managers must adhere to the rules of the employee code of conduct and the system of rewards and punishments. The Company must promptly disclose the date of the violation, the reasons for the violation, the applicable provisions, and the disposition of the violating personnel on the Taiwan Stock Exchange Market Observation Post System. The Company should also establish a complaint system to provide those who violate the code of conduct with a channel for corrective action.
Article 3 Procedures for Exemption
When circumstances in the Company's established code of conduct warrant an exemption for directors or managers, the exemption must be approved by the board of directors and promptly disclosed on the Taiwan Stock Exchange Market Observation Post System website, including the date of approval for the exemption, any opposition or reservations from independent directors, the duration of exemption, the reasons for the exemption, and the provisions under which the exemption is granted, in or with respect to the exemption.
Article 4 Disclosure Methods
This code of conduct must be disclosed on the company's website, annual reports, prospectuses, and the website of the Taiwan Stock Exchange Market Observation Post System website, as well as any amendments.
Article 5 Other Provisions
In the event that the Company in the future establishes an Audit Committee, the provisions governing supervisors shall also apply to the Audit Committee.
Article 6 Implementation
This code of conduct will be implemented after approval by the board of directors and presentation to the shareholders' meeting. The same applies to amendments.
The board of directors approved this code of conduct on January 20, 2020.

6. Financial Profile

1. Condensed balance sheet and statement of comprehensive income for the past five fiscal years
1. Condensed balance sheet and comprehensive income statement:

(1) **Consolidated Condensed Balance Sheet**

Unit: NT$ thousands

Item / Year		Financial analysis for the past five years (Note 1)					Financial information as of March 31, 2023 (Note 2)
		2018	2019	2020 (After restatement)	2021	2022	
Current assets		4,482,987	3,831,649	4,699,591	4,828,642	5,644,219	5,498,971
Property, plant and equipment		1,787,495	1,757,768	2,247,368	3,096,334	3,885,619	3,889,239
Intangible assets		41,604	205,558	194,811	188,917	183,260	179,391
Other assets		532,862	693,251	821,024	1,263,453	826,879	1,117,441
Total assets		6,844,948	6,488,226	7,962,794	9,377,346	10,539,977	10,685,042
Current liabilities	Before distribution	1,604,138	1,298,438	1,692,523	2,058,456	2,086,884	2,350,928
	After distribution	1,722,184	1,368,378	1,832,658	2,226,618	-	-
Non-current liabilities		498,032	475,288	783,402	1,816,372	2,583,266	2,303,158
Total liabilities	Before distribution	2,102,170	1,773,726	2,475,925	3,874,828	4,670,150	4,654,086
	After distribution	2,220,216	1,843,666	2,616,060	4,042,990	-	-
Equity attributable to shareholders of the parent		4,742,778	4,714,500	5,122,195	5,502,518	5,820,552	5,982,279
Capital stock		1,475,582	1,401,803	1,401,803	1,401,803	1,401,803	1,401,803
Capital reserve		3,014,449	3,016,375	3,045,890	2,906,644	2,838,983	2,840,046
Retained earnings	Before distribution	395,976	460,990	730,375	1,314,402	1,827,412	1,907,458
	After distribution	277,930	391,050	-	1,230,321	-	-
Other equity interest		(143,229)	(164,668)	(54,455)	(118,913)	(246,228)	(167,028)
Treasury stock		-	-	(1,418)	(1,418)	(1,418)	-
Pre-existing equity under joint control		-	-	364,674	-	-	-
Non-controlling equity		-	-	-	-	49,275	48,677
Total equity	Before distribution	4,742,778	4,714,500	5,486,869	5,502,518	5,869,827	6,030,956
	After distribution	4,624,732	4,644,560	5,346,734	5,334,356	-	-

* If the Company prepares individual financial statements, it should also prepare condensed balance sheets and comprehensive income statements for the most recent five years.

* If the financial data has been adopted under IFRS for fewer than five years, it should be prepared separately.

Note 1: Certified by a certified public accountant.
Note 2: Reviewed by a certified public accountant.
Note 3: The shareholders' meeting has not yet approved the distribution of the surplus of 2022; therefore, the distribution amount is not shown.

(2) Concise Individual Balance Sheet

Unit: NT$ thousands

Item \ Year		2018	2019	2020 (After restatement)	2021	2022	Financial Information as of March 31, 2023 (Note 1)
		Financial analysis for the past five years (Note 1)					
Current assets		2,362,093	1,813,466	2,247,825	2,647,776	3,329,304	Not applicable
Property, plant and equipment		986,387	956,990	1,258,475	1,926,986	2,406,829	
Intangible assets		26,727	22,554	18,619	26,964	25,574	
Other assets		2,392,215	2,878,764	3,369,462	3,720,084	3,879,164	
Total assets		5,767,422	5,671,774	6,894,381	8,321,810	9,640,871	
Current liabilities	Before distribution	526,612	513,506	647,207	1,036,426	1,274,613	
	After distribution	644,658	583,446	787,342	1,204,588	-	
Non-current liabilities		498,032	443,768	760,305	1,782,866	2,545,706	
Total liabilities	Before distribution	1,024,644	957,274	1,407,512	2,819,292	3,820,319	
	After distribution	1,142,690	1,027,214	1,547,647	2,987,454	-	
Equity attributable to shareholders of the parent		4,742,778	4,714,500	5,122,195	5,502,518	5,820,552	
Capital stock		1,475,582	1,401,803	1,401,803	1,401,803	1,401,803	
Capital reserve		3,014,449	3,016,375	3,045,890	2,906,644	2,838,983	
Retained earnings	Before distribution	395,976	460,990	730,375	1,314,402	1,827,412	
	After distribution	277,930	391,050	-	1,230,321	-	
Other equity interest		(143,229)	(164,668)	(54,455)	(118,913)	(246,228)	
Treasury stock		-	-	(1,418)	(1,418)	(1,418)	
Pre-existing equity under joint control		-	-	364,674	-	-	
Non-controlling equity		4,742,778	4,714,500	5,486,869	5,502,518	5,820,552	
Total equity	Before distribution	4,624,732	4,644,560	5,346,734	5,334,356	-	
	After distribution						

Note 1: Certified by a certified public accountant.
Note 2: The shareholders' meeting has not yet approved the distribution of the surplus of 2022; therefore, the distribution amount is not shown

2. Comprehensive income statement:

(1) **Concise Statement of Comprehensive Income (Consolidated)**

Unit: NT$ thousands

Year / Item	Financial analysis for the past five years (Note 1)					Financial information as of March 31, 2023 (Note 2)
	2018	2019	2020 (After restatement)	2021	2022	
Operating revenue	3,998,276	4,230,464	5,562,953	6,756,544	6,287,071	1,450,214
Operating margin	850,570	982,188	1,425,464	1,684,968	1,553,345	351,077
Operating income	32,469	237,389	535,501	670,697	513,702	107,019
Non-operating income and expenses	359,301	23,838	(51,487)	2,415	203,799	(19,211)
Income before income tax	391,770	261,227	484,014	673,112	717,501	87,808
Net income of continuing business units	264,913	195,102	359,958	559,529	590,580	79,448
Loss of suspended business unit	-	-	-	-	-	-
Net income (loss)	264,913	195,102	359,958	559,529	590,580	79,448
Other comprehensive income (Net income after tax)	(116,640)	(33,330)	88,859	5,092	(116,492)	79,200
Total comprehensive income	148,273	161,772	448,817	564,621	474,088	158,648
Net income attributable to shareholders of the parent	264,913	195,102	361,449	566,412	590,929	80,046
Pre-existing equity under joint control	-	-	(1,491)	(6,883)	-	-
Net income attributable to non-controlling interests	-	-	-	-	(349)	(598)
Total comprehensive income attributable to stockholders of the parent	148,273	161,772	449,538	570,689	474,437	159,246
Total comprehensive income attributable to pre-existing interests	-	-	(721)	(6,068)	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	(349)	(598)
Earnings per share	2.14	1.34	2.59	4.04	4.22	0.57

* If the Company prepares individual financial statements, it should also prepare condensed balance sheets and comprehensive income statements for the most recent five years.

* If the financial data has been adopted under IFRS for fewer than five years, it should be prepared separately.

Note 1: Certified by a certified public accountant.

Note 2: Reviewed by a certified public accountant.

(2) Concise Statement of Comprehensive Income (Individual)

Unit: NT$ thousands

Item \ Year	Financial analysis for the past five years (Note 1)					Financial information as of March 31, 2023
	2018	2019	2020 (After restatement)	2021	2022	
Operating revenue	1,617,292	1,724,138	2,369,844	3,200,113	3,354,478	Not applicable
Operating margin	186,159	238,273	570,981	776,756	644,332	
Operating income	(327,145)	(46,071)	87,279	286,016	125,968	
Non-operating income and expenses	663,402	256,767	348,840	336,769	540,112	
Income (loss) before income tax	336,257	210,696	436,119	622,785	666,080	
Net income of continuing business units	264,913	195,102	359,958	559,529	590,929	
Loss of suspended business unit	-	-	-	-	-	
Net income (loss)	264,913	195,102	359,958	559,529	590,929	
Other comprehensive income (Net income after tax)	(116,640)	(33,330)	88,859	5,092	(116,492)	
Total comprehensive income	148,273	161,772	448,817	564,621	474,437	
Equity attributable to shareholders of the parent	264,913	195,102	361,449	566,412	590,929	
Pre-existing equity under joint control	-	-	(1,491)	(6,883)	-	
Total comprehensive income attributable to stockholders of the parent	148,273	161,772	449,538	570,689	474,437	
Total comprehensive income attributable to pre-existing interests	-	-	(721)	(6,068)	-	
Earnings per share	2.14	1.34	2.59	4.04	4.22	

Note 1: Certified by a certified public accountant.

(3) **Auditors'** Name and Audit Opinions for the past five fiscal years

Year	Accounting Firm	Name of Accountant	Audit opinion
2018	KPMG Taiwan	Yu, Wan-Yuan Lu, Chien-Hui	Unqualified opinion
2019	KPMG Taiwan	Yu, Wan-Yuan Lu, Chien-Hui	Unqualified opinion
2020	KPMG Taiwan	Yu, Wan-Yuan Lu, Chien-Hui	Unqualified opinion
2021	KPMG Taiwan	Huang, Hai-Ning Yu, Wan-Yuan	Unqualified opinion
2022	KPMG Taiwan	Huang, Hai-Ning Yu, Wan-Yuan	Unqualified opinion

2. Financial Analysis for The Past Five Fiscal Years

(1) **Consolidated financial ratio analysis**

Item	Year	Financial Analysis for the Last Five Years (Note 1)					As of March 31, 2023 (Note 2)
		2018	2019	2020 (After restatement)	2021	2022	
Financial structure (%)	Debt to asset ratio	30.71	27.34	31.09	41.32	44.31	43.56
	Long term capital to property, plant and equipment ratio	293.19	295.25	279.01	236.37	217.55	214.29
Solvency%	Current ratio	279.46	295.10	277.67	234.58	270.46	233.91
	Quick ratio	247.63	258.14	235.70	180.46	221.25	192.36
	Interest coverage ratio	12.88	19.64	81.75	60.44	28.58	9.93
Operating performance	Accounts receivable turnover (times)	2.71	2.77	3.01	3.03	2.85	2.81
	Average cash recovery day	134.68	131.76	121.26	120.46	128.07	129.89
	Inventory turnover (times)	4.98	5.43	5.91	5.02	4.08	3.99
	Accounts receivable turnover (times)	4.43	4.38	4.48	4.58	4.75	5.19
	Days sales outstanding	73.29	67.21	61.76	72.70	89.46	91.48
	Property, plant and equipment turnover rate (times)	2.36	2.39	2.78	2.53	1.80	1.49
	Total assets turnover (times)	0.62	0.63	0.77	0.78	0.63	0.55
Profitability	Return on total assets (%)	4.55	3.09	5.05	6.56	6.14	3.31
	Return on stockholders' equity (%)	7.11	4.13	7.06	10.18	10.44	5.40
	Pre-tax income to paid-in capital ratio (%)	26.55	18.64	34.53	48.02	51.18	6.26
	Net profit margin (%)	6.63	4.61	6.47	8.28	9.39	5.52
	Earnings per share (NT$)	2.14	1.34	2.59	4.04	4.22	0.57
Cash flow	Cash flow ratio (%)	10.62	44.50	17.88	27.01	48.06	42.67
	Cash flow adequacy ratio (%)	66.09	123.90	85.46	54.34	61.43	61.43
	Cash reinvestment ratio (%)	1.43	6.42	2.65	4.13	7.20	7.22
Leverage	Operating leverage	73.79	10.20	5.28	4.57	6.49	7.71
	Financial leverage	(64.94)	1.06	1.01	1.02	1.05	1.10

Please explain the causes of changes in the financial ratios in the most recent two fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Quick ratio increased: mainly due to the increase in quick assets in 2022 compared to 2021.
2. Interest coverage ratio decreased: mainly due to the increase in interest expenses in 2022 compared to 2021.
3. Days sales outstanding increased: mainly due to the increase in average inventory in 2022 compared to 2021.
4. Property, plant and equipment turnover rate decreased: mainly due to the increase in net fixed assets in 2022 compared to 2021.
5. Cash flow ratio increased: mainly due to the increase in net cash inflow from operating activities in 2022.
6. Cash re-investment ratio increased: mainly due to the increase in net cash inflow from operating activities in 2022.
7. Operating leverage increased: mainly due to the decrease in operating income in 2022.

＊ If the Company prepares individual financial statements, it should also prepare condensed balance sheets and comprehensive income statements for the most recent five years.

* If the financial data has been adopted under IFRS for less than five years, it should be prepared separately.

Note 1: Certified by a certified public accountant.

Note 2: Reviewed by a certified public accountant.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.
(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
(2) Average collection days = 365 / accounts receivable turnover.
(3) Inventory turnover = cost of goods sold / average inventory.
(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
(5) Days sales outstanding = 365 / inventory turnover.
(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
(7) Total asset turnover = net sales / average total assets.
4. Profitability
(1) Return on total assets = (net income + interest expenses * (1 – effective tax rate)) / average total assets.
(2) Return on equity = net income after tax / average total equity.
(3) Net profit ratio = net income after tax / net sales.
(4) Earnings per share = (income attributable to owners of parent – preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
5. Cash Flow
(1) Cash flow ratio = net cash flows from operating activities / current liabilities.
(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage
(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).
(2) Financial leverage = operating income / (operating income – interest expenses).
Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:
1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax, and no adjustment is required if there is a loss.
Note 5: Special attention shall be paid to the following when making the calculations for the cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refer to the annual cash outflow used for capital investment.
3. An increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction for accumulated depreciation.
Note 6: The issuer shall categorize the operating costs and operating expenses into fixed and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensuring that it is done rationally and consistently.

(2) **Individual financial ratio analysis**

Item		2018	2019	2020 (After restatement)	2021	2022	As of March 31, 2023 (Note 2)
Financial structure (%)	Debt to asset ratio	17.77	16.88	20.42	33.88	39.63	Not Applicable
	Long term capital to property, plant and equipment ratio	531.31	539.01	496.41	378.07	347.61	
Solvency%	Current ratio	448.55	353.15	347.31	255.47	261.20	
	Quick ratio	413.34	315.77	307.43	207.41	230.01	
	Interest coverage ratio	18.40	39.56	80.28	71.60	29.38	
Operating performance	Accounts receivable turnover (times)	3.06	3.28	3.39	3.31	3.06	
	Average cash recovery day	119.28	111.28	107.67	110.27	119.28	
	Inventory turnover (times)	5.80	6.06	6.56	5.77	5.52	
	Accounts receivable turnover (times)	6.10	7.38	6.78	5.88	6.04	
	Days sales outstanding	62.93	60.23	55.64	63.26	66.12	
	Property, plant and equipment turnover rate (times)	1.70	1.77	2.14	2.01	1.55	
	Total assets turnover (times)	0.30	0.30	0.38	0.42	0.37	
Profitability	Return on total assets (%)	5.16	3.49	5.80	7.45	6.79	
	Return on stockholders' equity (%)	7.11	4.13	7.06	10.18	10.44	
	Pre-tax income to paid-in capital ratio (%)	22.79	15.03	31.11	44.43	47.52	
	Net profit margin (%)	16.38	11.32	15.19	17.48	17.62	
	Earnings per share (NT$)	2.14	1.34	2.59	4.04	4.22	
Cash flow	Cash flow ratio (%)	-	12.08	5.42	20.22	45.83	
	Cash flow adequacy ratio (%)	22.01	28.73	15.59	14.16	28.85	
	Cash reinvestment ratio (%)	(1.00)	(0.85)	(0.45)	0.78	4.10	
Leverage	Operating leverage	(2.25)	(17.94)	14.12	5.19	13.02	
	Financial leverage	0.94	0.89	1.07	1.03	1.23	

Please explain the causes of changes in the financial ratios in the most recent two fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Interest coverage ratio decreased: mainly due to the increase in interest expenses in 2022 compared to 2021.
2. Property, plant and equipment turnover rate decreased: mainly due to the increase in net fixed assets in 2022 compared to 2021.
3. Cash flow ratio increased: mainly due to the increase in net cash inflow from operating activities in 2022.
4. Cash flow adequacy ratio increased: due to the increase in net cash flow from operating activities in the past five years, particularly in 2022
5. Cash re-investment ratio increased: mainly due to the increase in net cash flow from operating activities from operating activities in 2022.
6. Operating leverage increased: mainly due to the decrease in operating income in 2022.

＊ If the Company prepares individual financial statements, it should also prepare condensed balance sheets and comprehensive income statements for the most recent five years.

* If the financial data has been adopted under IFRS for less than five years, it should be prepared separately.

Note 1: Certified by a certified public accountant.

Note 2: Reviewed by a certified public accountant.
Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:
1. Financial structure
(1) Debt to assets ratio = total liabilities / total assets.
(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
(1) Current ratio = current assets / current liabilities.
(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
(2) Average collection days = 365 / accounts receivable turnover.
(3) Inventory turnover = cost of goods sold / average inventory.
(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
(5) Days sales outstanding = 365 / inventory turnover.
(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
(7) Total asset turnover = net sales / average total assets.
4. Profitability
(1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
(2) Return on equity = net income after tax / average total equity.
(3) Net profit ratio = net income after tax / net sales.
(4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
5. Cash Flow
(1) Cash flow ratio = net cash flows from operating activities / current liabilities.
(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).
(2) Financial leverage = operating income / (operating income – interest expenses).
Note 4: Special attention should be paid to the following when calculating earnings per share using the above equation:
1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax, and no adjustment is required if there is a loss.
Note 5: Special attention shall be paid to the following when making the calculations for the cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refer to the annual cash outflow used for capital investment.
3. An increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction for accumulated depreciation.
Note 6: The issuer shall categorize the operating costs and operating expenses into fixed and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensuring that it is done rationally and consistently.
Note 7: Negative net cash flow from operating activities is excluded from the calculation.

3. Audit Committee’s Report for the Most Recent Fiscal Year's Financial Statement (an attachment file is provided)

Inpaq Technology Co., Ltd.

Audit Committee Review Report

The 2022 annual business report, consolidated financial statements, individual financial statements, and dividend distribution proposal have been submitted to the Company by the Board of Directors. CPAs Hai-Ning Huang and Wan-Yuan You of KPMG Taiwan audited the consolidated financial statements and individual financial statements and issued audit reports. After reviewing the aforementioned documents submitted by the Board of Directors, the Audit Committee has discovered no inconsistencies. Therefore, in accordance with Section 14-4 of the Securities and Exchange Act and Section 219 of the Company Act, we are disclosing the above and requesting your review and approval.

Sincerely,

Inpaq Technology Co., Ltd. 2023 Shareholders Meeting

Audit Committee Convener: Ji-Zu Gao

May 4, 2023

4.Most Recent Fiscal Year's Financial Statement

Representation Letter

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

Company name: Inpaq Technology Co., Ltd.

Chairman: Pei-Cheng, Chen

Date: February 23, 2023

Independent Auditors' Report

To the Board of Directors of Inpaq Technology Co., Ltd.:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Valuation of Inventories

Please refer to Note 4(8), Note 5, and Note 6(4) for accounting policies, accounting assumptions and estimation uncertainty, as well as and related disclosure information for inventory, respectively.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which may lead to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as our key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include selecting samples to examine their net realizable values to verify the accuracy of inventory aging; evaluating the reasonableness of the Group's inventory valuation policy and the management's assumption used when measuring the allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Group's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to evaluate the appropriateness of the estimation and assumption used for inventory valuation; and evaluating the adequacy of the Group's disclosure for inventories.

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Wan-Yuan Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2023

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 1,837,820	17	1,087,882	12
1150	Notes receivable (note 6(3))	166,027	2	124,064	1
1170	Accounts receivable, net (note 6(3))	1,750,826	17	1,925,619	21
1180	Accounts receivable due from related parties (notes 6(3) and 7)	206,184	2	220,967	2
1210	Other receivables due from related parties, net (note 7)	2,225	-	2,463	-
1310	Inventories (note 6(4))	1,027,091	10	1,114,006	12
1476	Other financial assets－current (notes 6(1) and (5))	475,460	5	208,369	2
1479	Other current assets (note 6(13))	178,586	1	145,272	2
		5,644,219	54	4,828,642	52
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(2))	454,314	4	553,513	6
1550	Investments accounted for using the equity method (note 6(6))	11,816	-	290,655	3
1600	Property, plant and equipment (notes 6(9) and 7)	3,885,619	37	3,096,334	34
1755	Right-of-use assets (note 6(10) and 7)	54,490	1	131,553	1
1760	Investment property, net (note 6(11))	9,221	-	-	-
1780	Intangible assets (note 6(12))	183,260	2	188,917	2
1840	Deferred tax assets (note 6(19))	124,981	1	127,068	1
1920	Refundable deposits (notes 7, 8 and 9)	46,935	-	28,570	-
1990	Other non-current assets (note 6(13))	125,122	1	132,094	1
		4,895,758	46	4,548,704	48
	Total assets	$ 10,539,977	100	9,377,346	100

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(14))	$ 100,000	1	152,290	2
2170	Notes and accounts payable	806,326	8	1,066,646	11
2180	Accounts payable to related parties (note 7)	39,808	-	80,356	1
2201	Salary and bonus payable	254,916	2	236,750	3
2213	Payable on machinery and equipment	121,767	1	136,681	1
2220	Other payables to related parties (note 7)	10,212	-	18,990	-
2280	Lease liability—current (notes 6(16) and 7))	10,250	-	26,440	-
2322	Long-term borrowings, current portion (note 6(14))	361,100	4	-	-
2399	Other current liabilities	382,505	4	340,303	4
		2,086,884	20	2,058,456	22
	Non-Current liabilities:				
2313	Deferred revenue (notes 6(14) and (15))	31,099	-	14,921	-
2540	Long-term borrowings (note 6(14))	2,260,615	21	1,457,023	16
2570	Deferred tax liabilities (note 6(19))	223,223	2	216,636	2
2580	Lease liabilities－non-current (notes 6(16) and 7)	31,390	-	92,319	1
2640	Net defined benefit liability, non-current (note 6(18))	22,385	-	29,351	-
2645	Guarantee deposits received	6,122	-	6,122	-
2600	Total other non-current liabilities	8,432	-	-	-
		2,583,266	23	1,816,372	19
	Total liabilities	4,670,150	43	3,874,828	41
	Equity (note 6(20))**:**				
3100	Ordinary share capital	1,401,803	13	1,401,803	15
3200	Capital surplus	2,838,983	27	2,906,644	31
3300	Retained earnings	1,827,412	18	1,314,402	14
3400	Other equity	(246,228)	(2)	(118,913)	(1)
3500	Treasury shares	(1,418)	-	(1,418)	-
	Total equity attributable to owners of parent:	5,820,552	56	5,502,518	59
36XX	Non-controlling interests	49,275	1	-	-
	Total equity	5,869,827	57	5,502,518	59
	Total liabilities and equity	$ 10,539,977	100	9,377,346	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Net operating revenue** (notes 6(22) and 7)	$ 6,287,071	100	6,756,544	100
5000	**Operating costs** (notes 6(4), (16), (18), (23) and 7)	4,733,726	75	5,071,576	75
5900	**Gross profit**	1,553,345	25	1,684,968	25
6000	**Operating expenses** (notes 6(16), (17), (18), (23) and 7):				
6100	Selling	364,669	6	394,755	6
6200	General and administrative	291,336	5	268,509	4
6300	Research and development	383,339	6	350,352	5
6450	Expected credit loss (note 6(3))	299	-	655	-
	Total operating expenses	1,039,643	17	1,014,271	15
6900	**Net operating income**	513,702	8	670,697	10
7000	**Non-operating income and expenses:**				
7100	Interest revenue (note 6(24))	31,523	1	16,646	-
7020	Other gains and losses (notes 6(2) and (24) and 7)	25,411	-	40,179	1
7050	Finance costs (notes 6(14), (24) and 7)	(26,017)	-	(11,325)	-
7060	Share of profit (loss) of associates accounted for using equity method, net (note 6(6))	(17,016)	-	6,896	-
7230	Foreign exchange gain (loss) (note 6(25))	189,898	3	(49,981)	(1)
	Total non-operating income and expenses	203,799	4	2,415	-
7900	**Profit before income tax**	717,501	12	673,112	10
7950	**Less: income tax expenses** (note 6(19))	126,921	2	113,583	2
	Net Income	590,580	10	559,529	8
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(21))	5,414	-	(25)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(112,736)	(2)	28,483	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(338)	-	(258)	-
	Total items that will not be reclassified subsequently to profit or loss	(107,660)	(2)	28,200	-
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	54,393	1	(8,177)	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(56,035)	(1)	(16,085)	-
8371	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	3,770	-	(1,251)	-
8399	Income tax related to items that may be reclassified subsequently (note 6(19))	10,960	-	(2,405)	-
	Total items that may be reclassified subsequently to profit or loss	(8,832)	-	(23,108)	-
8300	**Other comprehensive income**	(116,492)	(2)	5,092	-
	Total comprehensive income	**$ 474,088**	**8**	**564,621**	**8**
	Net profit attributable to:				
	Owners of the Company	$ 590,929	10	566,412	8
	Former owner of business combination under common control	-	-	(6,883)	
	Non-controlling interests	(349)	-	-	-
		$ 590,580	**10**	**559,529**	**8**
	Total comprehensive income attributable to:				
	Owners of the Company	$ 474,437	8	570,689	8
	Former owner of business combination under common control	-	-	(6,068)	-
	Non-controlling interests	(349)	-	-	-
		$ 474,088	**8**	**564,621**	**8**
	Earnings per share (New Taiwan Dollars) (note 6(21))				
9750	Basic earnings per share	**$**	**4.22**		**4.04**
9850	Diluted earnings per share	**$**	**4.19**		**4.02**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Total equity attributable to owners of parent	Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
Balance at January 1, 2021 (After restatement)	$ 1,401,803	3,045,890	138,648	164,668	427,059	730,375	(119,071)	64,616	(54,455)	(1,418)	5,122,195	364,674	-	5,486,869
Net income for the period	-	-	-	-	566,412	566,412	-	-	-	-	566,412	(6,883)	-	559,529
Other comprehensive income for the period	-	-	-	-	(25)	(25)	(7,838)	12,140	4,302	-	4,277	815	-	5,092
Total comprehensive income for the period	-	-	-	-	566,387	566,387	(7,838)	12,140	4,302	-	570,689	(6,068)	-	564,621
Appropriation and distribution of retained earnings:														
Appropriation legal reserve	-	-	33,933	-	(33,933)	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(110,213)	110,213	-	-	-	-	-	-	-	-	-
Due to donated assets received	-	(7)	-	-	-	-	-	-	-	-	(7)	-	-	(7)
Changes in equity of associates and joint ventures accounted for using equity method	-	148	-	-	-	-	-	-	-	-	148	-	-	148
Cash dividends from capital surplus	-	(140,135)	-	-	-	-	-	-	-	-	(140,135)	-	-	(140,135)
Adjustment to capital surplus due to non-proportional investment in associates's increase in capital	-	748	-	-	-	-	-	-	-	-	748	-	-	748
Reorganization	-	-	-	-	13,256	13,256	(64,376)	-	(64,376)	-	(51,120)	(358,606)	-	(409,726)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	4,384	4,384	-	(4,384)	(4,384)	-	-	-	-	-
Balance at December 31, 2021	1,401,803	2,906,644	172,581	54,455	1,087,366	1,314,402	(191,285)	72,372	(118,913)	(1,418)	5,502,518	-	-	5,502,518
Net income for the period	-	-	-	-	590,929	590,929	-	-	-	-	590,929	-	(349)	590,580
Other comprehensive income for the period	-	-	-	-	5,414	5,414	47,203	(169,109)	(121,906)	-	(116,492)	-	-	(116,492)
Total comprehensive income	-	-	-	-	596,343	596,343	47,203	(169,109)	(121,906)	-	474,437	-	(349)	474,088
Appropriation and distribution of retained earnings:														
Appropriation legal reserve	-	-	58,402	-	(58,402)	-	-	-	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	64,458	(64,458)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(84,081)	(84,081)	-	-	-	-	(84,081)	-	-	(84,081)
Due to donated assets received	-	(2)	-	-	-	-	-	-	-	-	(2)	-	-	(2)
Cash dividends from capital surplus	-	(84,081)	-	-	-	-	-	-	-	-	(84,081)	-	-	(84,081)
Disposal of investments accounted for using equity method (note 6(6))	-	16,419	-	-	(117)	(117)	(5,141)	597	(4,544)	-	11,758	-	-	11,758
Changes in equity of associates accounted for using equity method	-	3	-	-	-	-	-	-	-	-	3	-	-	3
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	865	865	-	(865)	(865)	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	49,624	49,624
Balance at December 31, 2022	**$ 1,401,803**	**2,838,983**	**230,983**	**118,913**	**1,477,516**	**1,827,412**	**(149,223)**	**(97,005)**	**(246,228)**	**(1,418)**	**5,820,552**	**-**	**49,275**	**5,869,827**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from operating activities:			
Income before income tax	$	717,501	673,112
Adjustments:			
Adjustments to reconcile profit:			
Depreciation		409,841	354,771
Amortization		21,729	18,989
Expected credit loss		299	655
Interest cost		26,017	11,325
Interest income		(31,523)	(16,646)
Dividend income		(18,057)	(13,218)
Share of loss (gain) of associates accounted for using the equity method		17,016	(6,896)
Loss on disposal of property, plant and equipment		8,188	1,406
Loss on disposal of intangible assets		-	5,026
Provision for inventory devaluation loss		26,855	21,785
Amortization of government grant		-	(1,006)
Others		(2,306)	(1,753)
Total adjustments to reconcile profit		458,059	374,438
Changes in operating assets and liabilities:			
Notes receivable		(40,510)	37,607
Accounts receivable		183,938	(320,446)
Accounts receivable due from related parties		14,783	154,972
Other receivable due from related parties		238	-
Inventories		76,739	(425,397)
Other current assets		32,431	(15,580)
Notes and accounts payable		(278,184)	95,222
Accounts payable to related parties		(40,549)	21,053
Other payable to related parties		(8,777)	-
Salary and bonus payable		18,166	35,583
Other current liabilities		(43,300)	(3,659)
Total adjustments		373,034	(46,207)
Cash inflow generated from operations		1,090,535	626,905
Interest received		31,814	16,907
Dividends received		18,057	13,218
Interest paid		(26,463)	(12,349)
Income taxes paid		(110,893)	(88,649)
Net cash flows from operating activities		1,003,050	556,032

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(43,607)	(46,365)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,488	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	5,798
Acquisition of equity-method investee	(40,076)	(276,383)
Cash dividends received from associates	-	4,454
Proceeds from disposal of investments accounted for using equity method	317,092	-
Acquisition of subsidiary	(187,784)	-
Acquisition of property, plant and equipment	(869,979)	(1,112,716)
Proceeds from disposal of property, plant and equipment	19,819	934
Equity attributable to former owner of business combination under common control	-	(409,726)
Increase in refundable deposits	(18,365)	(20,641)
Acquisition of intangible assets	(11,072)	(18,205)
Decrease (increase) in other financial assets	(260,376)	62,530
Increase in other non-current assets	(100,180)	(59,327)
Net cash flows used in investing activities	(1,192,040)	(1,869,647)
Cash flows from financing activities:		
Increase in short-term loans borrowings	1,188,315	3,158,203
Repayment of short-term borrowings	(1,241,802)	(3,006,000)
Increase in long-term borrowings	1,180,870	974,950
Repayment of long-term borrowings	-	(10,000)
Increase in guarantee deposits received	-	5,859
Payment of lease liabilities	(27,359)	(22,952)
Cash dividends paid	(168,162)	(140,135)
Net cash flows from financing activities	931,862	959,925
Effect of exchange rate changes on cash and cash equivalents	7,066	(1,448)
Net increase (decrease) in cash and cash equivalents	749,938	(355,138)
Cash and cash equivalents at beginning of period	1,087,882	1,443,020
Cash and cash equivalents at end of period	$ 1,837,820	1,087,882

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Inpaq Technology Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history:

Inpaq Technology Co., Ltd. (hereinafter referred to as the "Company") was established with the approval of the Ministry of Economic Affairs on June 23, 1998, and its registered address is 11 Keyi Street, Zhunan Town, Miaoli County. The Company's shares have been listed for trading at the Taipei Exchange in R.O.C. since June 29, 2004.

The Company and its subsidiaries (hereinafter also referred to as the "Group") mainly engaged in the research, development, manufacturing and sales of integrated protection components, microwave composite miniature antennas and modules, and multilayer microwave communication components and their modules.

2. Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on February 23, 2023.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(2) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

● Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

● IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"

● Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

● Amendments to IAS 1 "Non-current Liabilities with Covenants"

● Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "

● Amendments to IFRS16 "Requirements for Sale and Leaseback Transactions"

4. Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

(a) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and,

(b) The net defined benefit liabilities are measured as the fair value of the plan assets, less, the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares its consolidated financial statements using uniform accounting policies for its transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

B. List of subsidiaries in the consolidated financial statements

The list of subsidiaries is included in the consolidated financial statements is as follows:

			Shareholding	
Name of Investor	**Name of subsidiary**	**Principal activity**	**December 31, 2022**	**December 31, 2021**
The Company	Inpaq (BVI) Ltd. (Inpaq BVI)	General investing	100%	100%
The Company	Canfield Limited (Canfield)	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	100%
The Company	Inpaq Technology USA, Inc. (Inpaq USA)	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	100%
Inpaq BVI	Inpaq (Cayman Islands) Ltd. (Inpaq Cayman)	General investing	100%	100%
Inpaq BVI	Inpaq (HK) Co., Limited	General investing	100%	100%

Name of Investor	Name of subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021
Inpaq Cayman	Holypaq Tech (Suzhou) Co. Ltd.	Manufacture and sales of new high-frequency electronic components, power electronic components, optoelectronic devices, sensor components and supporting products	100%	100%
Inpaq Cayman	Inpaq technology (China) Co., Ltd.	Development and production of new electronic components, chip components, sensitive components and sensors, power electronic components, new electromechanical components and sales	100%	100%
Inpaq (HK) Co., Limited	Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	100%
Holypaq Tech (Suzhou) Co., Ltd.	Holypaq (HK) Co., Limited	General investing	100%	100%
Holypaq Tech (Suzhou) Co., Ltd.	Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	100%
Holypaq Tech (Suzhou) Co., Ltd.	Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components	100%	100% (Note 1)
Holypaq (HK) Co., Limited	Taiwan Inpaq Electronic Co., Ltd.	Electronic components manufacturing, wholesale and retail	100%	100%
The Company	Eleceram Technology Co., Ltd.	Manufacturing and selling of electronic components	72.90% (Note 2)	-%

Note 1: On January 27, 2021, the Board of Directors of the Company resolved to acquire 100% equity of Hunan Frontier Electronics Co., Ltd. which was originally 100% held by Prosperity Dielectrics Co., Ltd, and completed the organizational reorganization on April 30, 2021. Please refer to Note 6(7) for details of related transactions of acquiring subsidiaries.

Note 2: The Group obtained control of Elecream on July 1, 2022, and included it in the consolidated financial report from that date, please refer to Note 6(8).

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(a) an investment in equity securities designated as at fair value through other comprehensive income;

(b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(c) qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations are translated to NTD using the exchange rates at the reporting date with the exception of shareholders’ equity, which is translated at historical cost rates, and income and expenses, which are translated to NTD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

A. It expects to settle the liability in its normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprise cash, cash in bank and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value, plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment, are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

(c) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due and the borrower is unlikely to pay its credit obligations to the Company in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(d) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations has been discharged or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On June 17, 2022, the Group sold its entire shares in Joyin to a related party, Prosperity Dielectrics Co., Ltd., through a resolution approved by the board of directors. In accordance with the "Accounting for the transfer of shares of associate by subsidiaries within the group", the book value method should be analogously applied to the “Accounting for Business Combinations of Entities Under Common Control”. In addition, the Group chose not to retrospectively treat Joyin’s shares as held by Prosperity Dielectrics Co., Ltd. from the beginning and not to restate the comparative financial statements in accordance with the "Accounting for retrospective restatement of comparative financial statements under common control".

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset, less, its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 4 to 51 years

(b) Machinery and equipment: 1 to 15 years

(c) Other equipment: 2 to 20 years

(d) Leasehold improvements: 1 to 10 years

Buildings constitute mainly buildings, mechanical and electrical power equipment, laboratory engineering, related engineering, etc. Each constituent is depreciated based on its useful life between 50 years and 20 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Leases

A. Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

B. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less, any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments (including in substance fixed payments);

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the assessment regarding the purchase option; or

(d) there is a change in the assessment on whether the Group will exercise an extension or a termination option; or

(e) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group have elected not to recognize the right-of-use assets and lease liabilities for its other equipment which qualify as low value asset leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(12) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(13) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less, accumulated amortization and any accumulated impairment losses.

Other intangible assets, including computer software, customer relationships, patents and trademarks and others that are acquired by the Group and have finite useful lives, are measured at cost, less, accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less, its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

(a) Computer software: 1~10 year

(b) Customer relationships: 6 year

(c) Trademarks and patents: 6 year

(d) Others: 3 year

Amortization methods, useful lives and residual values, are reviewed at each reporting date and adjusted if appropriate.

(14) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units （CGUs）. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value, less, costs to sell. Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(15) Revenue from contract with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

A. Sale of goods

The Group involves in research, develop, design, manufacture and sales of integrated protection components, microwave composite miniature antennas and modules. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customer's revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

B. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(16) Government grants and government assistance

The Group recognizes an unconditional government grant related to the long-term borrowing other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Group’ s net obligation in respect of the defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability. Net interest expense and other expenses related to the defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non controlling interests in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire's net assets in the event of liquidation. Other components of non controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for temporary differences related to investments in associates to the extent that the Group is able to control the timing of the reversal of the temporary differences, and it is probable that they will not reverse in the foreseeable future.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

A. The entity has the legal right to settle tax assets and liabilities on a net basis; and

B. The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

   (a) levied by the same taxing authority; or

(b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(20) Earnings per share

The Group discloses the Group’s basic and diluted earnings per share attributable to ordinary shareholders of the Group. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Group, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee remuneration through the issuance of shares.

(21) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, the Group uses judgments and estimates to determine the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. However, due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(4) for further description of the valuation of inventories.

The Group's financial department conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data.

For the assumption used in fair value measurement, please refer to note 6(25) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

		December 31, 2022	December 31, 2021
Cash and Demand deposits	$	1,536,423	697,660
Time deposits		301,397	390,222
	$	1,837,820	1,087,882

As of December 31, 2022 and 2021 the bank certificate of deposit with original maturity over 3 months amounting to $464,276 and $200,116, which were reclassified to other financial asset. Please refer to note 6(5).

Please refer to note 6(25) for the exchange rate risk of the financial assets and liabilities of the Group.

(2) Financial assets

Financial assets at fair value through other comprehensive income — non-current:

		December 31, 2022	December 31, 2021
Debt investments at fair value through other comprehensive income:			
Corporate bonds–Microsoft Corporation	$	20,831	23,567
Corporate bonds –Apple Inc.		75,139	91,264
Corporate bonds – Amazon.com, Inc.		39,763	49,916
Corporate bonds – Saudi Arabian Oil Co.		42,053	43,990
Corporate bonds – Bank of America		45,158	-
		222,944	208,737

		December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:			
Stocks in listed domestic companies	$	198,934	291,724
Stocks in unlisted domestic companies		32,436	53,052
		231,370	344,776
	$	**454,314**	**553,513**

A. Debt investment at fair value through other comprehensive income

The Group has assessed that the following securities were held within a business model whose objective was achieved by both collecting the contractual cash flows and by selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

In September 2022, the Group purchased corporate bonds issued by bank of America each having a face value of US$1,500 thousand. The fair values at the time of acquisition was $48,406, with the interest rate of 4.827%, and maturing on July 22, 2026.

In July 2021, the Group purchased corporate bonds issued by Saudi Arabian Oil Co., each having a face value of US$1,500 thousand. The fair values at the time of acquisition was $46,365, with the interest rate of 3.5%, and maturing on April 16, 2029.

B. Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

The dividends income of $18,057 and $13,218 were received from the equity investments at fair value through other comprehensive income for the years ended December 31, 2022 and 2021, respectively, please refer to note 6(24).

The Group sold the shares of King Polytechnic Engineering Co., Ltd. on September 13, 2022. The fair value at the time of disposal was $2,488, and the accumulated disposal benefits amounted to $865. Other interests are transferred to retained earnings.

Yuanrong Venture (Stock) Co., Ltd. was liquidated by the resolution of the Board of Directors on November 17, 2021. The Company has recovered the liquidation share capital of $6,325,865, and the accumulated disposal benefits amounted to $4,384. Other interests are transferred to retained earnings.

(3) Notes and accounts receivables (included related party)

A. Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	$ 166,027	124,064

B. Accounts receivables, net

	December 31, 2022	December 31, 2021
Accounts receivable	$ 1,760,848	1,940,204
Less: Loss allowance	(10,022)	(14,585)
	$ 1,750,826	1,925,619

C. Accounts receivable due from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable due from related parties	$ 206,184	220,967

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions in Taiwan were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 2,083,410	-	-
1 to 90 days past due	48,366	18.07%	8,739
91 to 180 days past due	459	100%	459
More than 181 days past due	824	100%	824
	$ 2,133,059		10,022

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 2,162,742	-	-
1 to 90 days past due	109,436	1.40%	1,528
91 to 180 days past due	4,286	100%	4,286
More than 181 days past due	8,771	100%	8,771
	$ 2,285,235		14,585

The movements in the allowance for notes and accounts receivables were as follows:

	2022	**2021**
Balance at January 1	$ 14,585	24,496
Impairment loss recognized	299	655
Amounts written off	(4,989)	(10,488)
Effect of movements in exchange	127	(78)
Balance at December 31	$ 10,022	14,585

(4) Inventories

	December 31, 2022	**December 31, 2021**
Raw materials	$ 371,738	427,175
Work in progress and semi-finished good	170,940	250,242
Finished goods and goods	484,413	436,589
	$ 1,027,091	1,114,006

The details of operating costs were as follows:

	2022	**2021**
Cost of good sold	$ 4,732,169	5,067,398
Write-down of inventories	26,855	21,785
Income from sale of scrap and wastes	(25,298)	(17,607)
	$ 4,733,726	5,071,576

As of December 31, 2022 and 2021, the Group did not provide any inventories as collateral for its loans.

(5) Other financial assets—current

	December 31, 2022	**December 31, 2021**
Time deposit (over three-month)	$ 464,276	200,116
Others	11,184	8,253
	$ 475,460	208,369

(6) Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Associates	$ 11,816	290,655

The Group did not participate in the capital increase of its investee, Yangtze Energy Technologies, Inc. in 2021, due to its employees stock options being exercised as of December 31, 2021, which resulted in the Group’s ownership interest decreased to 19.89%, and the impact amounts were $748 which were recorded as adjustments to capital surplus due to non-proportional investment in associates’s increase in capital.

Yangtze Energy Technologies, Inc. made up for losses through capital reduction at the extraordinary meeting of shareholders on August 9, 2021. The Board of Directors set the benchmark date for capital reduction on January 4, 2022.

On April 6, 2021, the Company was resolved by the Board of Directors to improve product diversity and expand the scale of operations. On April 28, 2021, the Group acquired a total of 14,847 thousand shares of Joyin Co., Ltd. holding right is 22.84%, and the total transaction price is $276,383. Joyin Co., Ltd. distributed cash dividends of $4,454 in 2021, which were accounted for as investment deductions using the equity method.

On January 3, 2022, the Group increased its investment and acquired a total of 2,672 thousand shares of Joyin Co., Ltd, and the total transaction price is $40,076. The holding right is reduced to 22.46%.

The disposal of the Group's entire 17,519 thousand shares in Joyin to Prosperity Dielectrics Co., Ltd. was deemed as organizational restructure in accordance with the "Accounting for the transfer of shares of associate by subsidiaries within the Group analogously applied to "Accounting for retrospective restatement of comparative financial statements under common control". The difference between the disposal price of $317,092, and the book value of investments accounted for using the equity method of $16,419, was recognized as an addition of the capital surplus.

Associates:

The Group’s financial information for investments accounted for using the equity method as follows:

	December 31, 2022	December 31, 2021
Total assets	$ 93,324	1,067,378
Total liabilities	$ 52,821	985,600

	2022	2021
Revenue	$ 649,527	1,241,938
Net loss	$ (49,852)	(62,933)

In 2022 and 2021, the Group’s share of the net income of associates was as follows:

	2022	2021
Gain (loss) from continuing operations	$ (17,016)	6,896

(7) Organizational restructuring under common control

Acquisition of Hunan Frontier Electronics Co.

In order to integrate its technical products and increase its market share, the Company indirect acquired Hunan Frontier Electronics Co., Ltd. (HFE) from Prosperity Dielectrics Co., Ltd., a substantial related party, through its subsidiary, Inpaq Technology (Suzhou) Co., Ltd., at a total amount of $409,726 (CNY 94,800 thousand), on April 30, 2021, based on a resolution approved during the board meeting held on January 27, 2021, resulting in the Company to fully own HFE after the above transaction.

A. Consideration transferred

The Group acquired 100% of Human Frontier Electronics Co.’s shares amounting to $409,726 in cash.

B. Amounts of identifiable of assets acquired and liabilities assumed

Fair value of assets acquired, and liabilities assumed:

Cash and cash equivalent	$ 117,711
Accounts receivable	101,202
Inventories	52,236
Other current assets	5,328
Non-current asset	173,598
Notes payable and other payables	(88,543)
Other current liabilities	(2,749)
Non-current liabilities	(177)
	$ 358,606

C. Amounts of difference between consideration transferred and amounts of identifiable net assets of subsidiaries acquired.

Consideration transferred	$ (409,726)
Plus: Book value of identifiable net assets acquired	358,606
Accumulated exchange difference from acquiring the control of subsidiaries	64,376
Increased undistributed surplus-equity attributable to former owner of business combination under common control	$ 13,256

(8) Business combination

The Group acquired 72.9% of the shares of Eleceram Technology Co., Ltd. from Joyin Co., Ltd. on July 1, 2022, and the Group has taken control of Eleceram Technology Co., Ltd. since July 1, 2022, and incorporated the financial statements of Eleceram Technology Co., Ltd. into the Group on that date.

Eleceram Technology Co., Ltd., which specializes mainly in manufacturing and selling of electronic components, is expected to expand the market share of the Group in the related fields.

If the acquisition takes place on January 1, 2022, the management estimates that the revenue and net income of the Group in the current period will amount to $6,325,865 and $594,642, respectively, and when determining that amount, the management assumes that the acquisition occurred on January 1, 2022, and assumes that the provisional fair value adjustment resulting from the acquisition date is the same.

A. The following table summarizes the acquisition date fair value of major class of consideration transferred.

	Account
Cash	$ 209,946

B. The following table summarizes the recognized tentative amounts of assets acquired and liabilities assumed at the acquisition date.

	Account
Cash and cash equivalents	$ 22,162
Notes receivable	1,453
Accounts receivable	9,444
Inventory	16,679
Other current financial assets	7,006
Other current assets	8,816
Property, plant and equipment	223,246
Other non-current assets	1,070
Notes payable	(5,369)
Accounts payable	(12,495)
Current tax liabilities	(1,019)
Accrued expense	(6,349)
Other non-current liabilities	(1,398)
Other current liabilities	(8,432)
Total identifiable net assets acquired	$ 254,814

C. Tentative goodwill arising from the acquisition has been recognized as follows:

		Account
Consideration transferred	$	209,946
Add: Fair value of the non-controlling interests		49,624
Less: Tentative fair value of identifiable net assets		(254,814)
Tentative goodwill	**$**	**4,756**

As of the release date of this consolidated financial report, the fair value evaluation and other calculations of the identifiable assets and liabilities acquired on the above acquisition date have not been completed. Therefore, accounted for based on the management's best estimate of the tentative fair value.

(9) Property, plant and equipment

		Land	Buildings and construction	Machinery and equipment	Other facilities	Construction in progress and testing equipment	Total
Cost:							
Balance on January 1, 2022	$	236,552	1,114,141	3,144,038	944,640	591,809	6,031,180
Additions		6	51,144	165,858	84,311	553,746	855,065
Disposal and obsolescence		-	(2,539)	(42,649)	(19,431)	(13,062)	(77,681)
Reclassification		-	79,988	240,122	33,788	(245,366)	108,532
Reclassification to investment property		-	(15,703)	-	-	-	(15,703)
Acquisition through business combinations (note 6(8))		186,866	4,972	54,256	26,437	-	272,531
Effect of movements in exchange rates		-	23,646	16,277	5,921	(2,493)	43,351
Balance on December 31, 2022	**$**	**423,424**	**1,255,649**	**3,577,902**	**1,075,666**	**884,634**	**7,217,275**
Balance on January 1, 2021 (After restatement)	$	195,980	1,098,576	2,678,776	740,050	223,144	4,936,526
Additions		40,572	15,992	429,133	170,356	498,789	1,154,842
Disposal and obsolescence		-	(1,201)	(72,242)	(13,813)	-	(87,256)
Reclassification		-	1,158	108,802	48,844	(129,647)	29,157
Effect of movements in exchange rates		-	(384)	(431)	(797)	(477)	(2,089)
Balance on December 31, 2021	**$**	**236,552**	**1,114,141**	**3,144,038**	**944,640**	**591,809**	**6,031,180**

		Land	Buildings and construction	Machinery and equipment	Other facilities	Construction in progress and testing equipment	Total
Accumulated depreciation:							
Balance on January 1, 2022	$	-	413,690	1,955,470	565,686	-	2,934,846
Depreciation		-	47,023	240,177	93,865	-	381,065
Disposal and obsolescence		-	(1,311)	(37,637)	(10,726)	-	(49,674)
Reclassification to investment property		-	(5,939)	-	-	-	(5,939)
Reclassification		-	-	-	310	-	310
Acquisition through business combinations (note 6(8))		-	4,589	37,360	7,336	-	49,285
Effect of movements in exchange rates		-	5,756	12,124	3,883	-	21,763
Balance on December 31, 2022	$	-	463,808	2,207,494	660,354	-	3,331,656
Balance on January 1, 2021 (After restatement)	$	-	369,409	1,815,348	504,401	-	2,689,158
Depreciation		-	45,036	211,049	74,889	-	330,974
Disposal and obsolescence		-	(544)	(71,280)	(13,092)	-	(84,916)
Effect of movements in exchange rates		-	(211)	353	(512)	-	(370)
Balance on December 31, 2021	$	-	413,690	1,955,470	565,686	-	2,934,846
Carrying amounts:							
Balance on December 31, 2022	$	423,424	791,841	1,370,408	415,312	884,634	3,885,619
Balance on January 1, 2021 (After restatement)	$	195,980	729,167	863,428	235,649	223,144	2,247,368
Balance on December 31, 2021	$	236,552	700,451	1,188,568	378,954	591,809	3,096,334

Please refer to note 7 for the Group's transaction of property, plant and equipment with related parties.

Because the Group no longer uses the office, it decided to lease the original self-used office to a third party on April 1, 2022, and reclassify the fair value $9,764 of the equipment that has changed its use as investment property.

(10) Right-of-use asset

The Group leased several assets including land and buildings. Information about leases for which the Group as a lessee was presented below:

		Land	Buildings	Total
Cost:				
Balance at January 1, 2022	$	28,310	143,262	171,572
Additions		-	4,829	4,829
Decreases		-	(68,116)	(68,116)
Effect of movements in exchange rates		213	-	213
Balance at December 31, 2022	$	28,523	79,975	108,498

		Land	Buildings	Total
Balance at January 1, 2021 (After restatement)	$	28,344	55,225	83,569
Additions		-	105,638	105,638
Decreases		-	(17,601)	(17,601)
Effect of movements in exchange rates		(34)	-	(34)
Balance at December 31, 2021	$	28,310	143,262	171,572
Accumulated depreciation				
Balance at January 1, 2022	$	2,922	37,097	40,019
Depreciation for the year		1,706	26,519	28,225
Decreases		-	(14,281)	(14,281)
Effect of movements in exchange rates		45	-	45
Balance at December 31, 2022	$	4,673	49,335	54,008
Balance at January 1, 2021 (After restatement)	$	1,195	32,630	33,825
Depreciation for the year		1,729	22,068	23,797
Decreases		-	(17,601)	(17,601)
Effect of movements in exchange rates		(2)	-	(2)
Balance at December 31, 2021	$	2,922	37,097	40,019
Carrying amount:				
Balance at January 1, 2022	$	23,850	30,640	54,490
Balance at January 1, 2021 (After restatement)	$	27,149	22,595	49,744
Balance at December 31, 2021	$	25,388	106,165	131,553

Please refer to note 7 for the Group’s transaction of right-of-use asset with related parties.

(11) Investment property

		Buildings
Cost:		
Balance as of January 1, 2022	$	-
Transfer from property, plant and equipment		15,703
Effect of movements in exchange rates		6
Balance as of December 31, 2022	$	15,709
Depreciation and impairment loss:		
Balance as of January 1, 2022	$	-
Depreciation		551
Transfer from property, plant and equipment		5,939
Effect of movements in exchange rates		(2)
Balance as of December 31, 2022	$	6,488

	Buildings
Carrying amounts:	
Balance at December 31, 2022	$ 9,221
Fair value:	
Balance at December 31, 2022	$ 11,541

Investment property comprises commercial real estate owned by the Group leased to third parties by operating lease. The leases of investment properties contain an initial non-cancellable lease term of 3 years. The lessee have the option to extend the lease term pursuant to the lease contract. The additions of the investment properties of the group for the year ended December 31, 2022, please refer to note 6(9). Please refer to note 6(17) for the details of the related rental income.

As of December 31, 2022, the aforesaid investment properties were not pledged as collateral.

(12) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2022 and 2021, were as follows:

	Goodwill	Patent and client relationships	Development costs	Total
Costs:				
Balance at January 1, 2022	$ 120,073	53,019	166,096	339,188
Additions	-	-	11,072	11,072
Acquisition through business combinations (note 6(8))	4,756	-	-	4,756
Effect of movement in exchange rates	-	98	433	531
Balance at December 31, 2022	$ 124,829	53,117	177,601	355,547
Balance at January 1, 2021 (After restatement)	$ 120,073	53,046	153,028	326,147
Additions	-	-	18,205	18,205
Disposals	-	-	(5,026)	(5,026)
Effect of movement in exchange rates	-	(27)	(111)	(138)
Balance at December 31, 2021	$ 120,073	53,019	166,096	339,188
Accumulated amortization:				
Balance at January 1, 2022	$ -	22,666	127,605	150,271
Amortization for the year	-	8,698	13,031	21,729
Effect of movement in exchange rates	-	31	256	287
Balance at December 31, 2022	$ -	31,395	140,892	172,287

	Goodwill	Patent and client relationships	Development costs	Total
Balance at January 1, 2021 (After restatement)	$ -	14,001	117,335	131,336
Amortization for the year	-	8,670	10,319	18,989
Effect of movement in exchange rates	-	(5)	(49)	(54)
Balance at December 31, 2021	$ -	22,666	127,605	150,271
Carrying value:				
Balance at December 31, 2022	$ 124,829	21,722	36,709	183,260
Balance at January 1, 2021 (After restatement)	$ 120,073	39,045	35,693	194,811
Balance at December 31, 2021	$ 120,073	30,353	38,491	188,917

Impairment test of good will

Goodwill and other intangible assets arising from the acquisition of the Group. Allocate goodwill to a current generating unit (or group of cash generating units) that is expected to be affected by merger synergies.

	December 31, 2022	December 31, 2021
High-frequency component department	$ 120,073	120,073
Protective component department	4,756	-
	$ 124,829	120,073

According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. The key assumptions used in the estimation of value in use were as follows:

	December 31, 2022	December 31, 2021
Discount rate	14.08%	15.06%

The discount rate is estimated based on the industry weighted average capital cost, and the risk premium is adjusted to reflect the increasing risk of general investment in equity and the specific systemic risk of cash-generating units. Cash flow projections are based on five-year financial budgets approved by management and extrapolated to subsequent years at a flat growth rate. The growth rate estimated by extrapolated cash flow is 0% sustainable growth.

The values of the aforementioned key assumptions represent management's assessment of the future trends of related industries and consider historical information from internal and external sources. According to the impairment test assessment in the year of 2022 and 2021, the recoverable amount was greater than its carrying amount and no impairment loss was recognized.

(13) Other current assets and other non-current assets

The other current assets others and other non-current assets of the Group were as follows:

	December 31, 2022	December 31, 2021
Prepayments for business facilities	$ 120,079	128,690
Tax receivables and prepaid income tax	74,783	17,854
Net Input VAT	39,426	46,605
Prepaid Expenses	35,481	37,494
Unamortized expenses	22,176	16,220
Prepayments to suppliers	7,349	28,169
Others	4,414	2,334
	$ 303,708	**277,366**
Other current assets	$ 178,586	145,272
Other non-current assets	125,122	132,094
	$ 303,708	**277,366**

(14) Short-term and Long-term borrowings

A. Short term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans	**$ 100,000**	**152,290**
Unused credit line	**$ 3,559,043**	**2,584,228**
Range of interest rate	**1.63%**	**0.75%~0.89%**

For the collateral for short-term borrowings, please refer to note 6(25).

B. Long-term borrowings:

Financial Institution	Objective	Maturity and Repayment	December 31, 2022	December 31, 2021
Far Eastern International Bank	Working capital	December 30, 2021~March 8, 2024, Repayment of principal at maturity	$ 220,000	220,000
Hua Nan Bank	Working capital	December 18, 2020 ~ December 18, 2025，Starting from December 18,2022 , with 36 even monthly repayments.	300,000	300,000
Chang Hwa Bank	Purchase of additional equipment	May 3, 2021~April 15, 2031, June 15. The principle is repayable from June 15, 2024.	347,928	192,982
Chang Hwa Bank	Working capital	August 24, 2020~August 15, 2027. The principle is repayable from September 15, 2023.	573,321	244,286
E. Sun Bank	Purchase of additional equipment	March 16, 2020~March 15, 2025. The principle is repayable from April 15, 2023.	492,438	470,837
CTBC Bank	Purchase of additional equipment	December 24, 2021~December 15, 2026. The principle is repayable from January 15, 2025.	388,028	28,918
Mega Bank	Working capital	December 20, 2022~September 23, 2026. The principle is repayable from October 23, 2023	300,000	-
Less: Long-term liabilities, current portion			(361,100)	-
			$ 2,260,615	1,457,023
Unused credit lines			$ 900,000	2,457,850
Range of interest rate			**1.075%~ 1.875%**	**0.95%~ 1.25%**

C. Government low-interest loan

According to “Loans for Returning Overseas Taiwanese Businesses”, starting from March 2020, Company has successively obtained project loans from E. SunBank, Chang Hwa Bank, and CTBC Bank respectively, the total loans amounted to $1,833,820. The market interest rates of the loans were 1.525%, 1.575% and 1.875%, respectively, which were used to recognize and measure the book value of the loans. The preferential interest rates of the loans were 1.025%, 1.075% and 1.375% and the difference between the market interest rate and preferential rate was deemed as government subsidies. Please refer to note 6 (15) for details.

(15) Deferred income

	December 31, 2022	December 31, 2021
Defferred income	$ 31,099	14,921

If the Group fails to meet the conditions of the above-mentioned project loan, and the National Development Fund will cease to subsidize the Group, and the Group shall pay the interest according to the original agreed interest rate, plus, the annual interest rate.

(16) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 10,250	26,440
Non-current	$ 31,390	92,319

For maturity analysis, please refer to note 6 (25).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 1,375	1,171
Expenses relating to short-term leases	$ 34,101	31,804

The amounts recognized in the statement of cash follow by the Group:

	2022	2021
Total cash outflow for leases	$ 62,835	55,927

A. Land, real estate and building leases

The Group leases land and buildings for its leases of parking spaces, office space and factories. The leases of land typically run for a period of 10 years, and of buildings for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some of the above leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions within the Group. The extension options held are exercisable only by the Group and not by the lessors. In which the lessee is not reasonably certain to use an optional extended lease term, and payments associated with the optional period are not included within the lease liabilities.

B. Other leases

The Group leases dormitories and cars, with lease terms of one to of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(17) Operating lease

The Group leases the investment properties and its offices. These lease contracts are classified as operating lease because substantially all the risks and rewards of ownership of the underlying asset are not transferred.

The maturity analysis of lease payments is based on the undiscounted total lease payments to be received after the reporting date as follows:

	December 31, 2022
Less than a year	$ 649
One to two years	710
Two to three years	242
Total undiscounted lease payments	**$ 1,601**

(18) Employee benefits

A. Defined benefit plans

Reconciliations of the defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 62,862	67,410
Fair value of plan assets	(40,477)	(38,059)
Net defined benefit liabilities	**$ 22,385**	**29,351**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’s Bank of Taiwan labor pension reserve account balance amounted to $40,477 as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company was as follows:

	2022	2021
Defined benefit obligations at January 1	$ 67,410	67,010
Current service costs and interest cost	348	215
Benefits paid	(2,447)	(520)
Remeasurements loss:		
—Return on plan assets excluding interest income	(2,449)	705
Defined benefit obligations at December 31	**$ 62,862**	**67,410**

(c) Movements of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	2022	2021
Fair value of plan assets at January 1	$ 38,059	36,047
Contributions made	1,699	1,849
Interest income	202	119
Benefits paid from plan assets	(2,447)	(520)
Remeasurements gain	2,964	564
Fair value of plan assets at December 31	**$ 40,477**	**38,059**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2022	2021
Net interest of net liabilities for the defined benefit obligations	**$ 146**	**96**

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.36%	0.52%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2022 is $1,699.

The weighted average lifetime of the defined benefits plans is 12 years.

(f) Sensitivity analysis

The Company’ s remeasurements of the net defined benefit liability as of years ended December 31, 2022 and 2021 amounted to $22,385 and $29,351. If the future salary increase rate rises or falls by 0.25%, net defined benefit liability would have increase by $1,775 and $2,061 or decrease by $1,715 and $1,989, respectively.

B. Defined contribution plans

The Company allocates 6% of each employee’ s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $29,376 and $28,198 for the years ended December 31, 2022 and 2021, respectively.

The Company’ s pension costs under the defined contribution plan were $42,357 and $37,292 for the years ended December 31, 2022 and 2021, respectively.

(19) Income taxes

A. Tax expenses

The components of income tax for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Current tax expense		
Current period	$ 129,207	76,929
Adjustment for prior period	-	8
	129,207	76,937
Deferred tax expense		
Origination and reversal of temporary differences	4,768	4,977
Recognition of previously unrecognized tax losses	(7,054)	31,669
	(2,286)	36,646
Income tax expense excluding tax on sale of discontinued operation	**$ 126,921**	**113,583**

The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Foreign currency translation differences for foreign operations	**$ 10,960**	**(2,405)**

Reconciliation of income tax and profit before tax for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Income before income tax	$ 717,501	673,112
Income tax using the Company’s domestic tax rate	143,500	134,622
Effect of tax rates in foreign jurisdiction	34,756	30,523
Permanent differences	(81,154)	(62,183)
Unrecognized deferred tax assets of unused losses	12,460	-
Change in provision in prior periods	17,359	11,091
Total	**$ 126,921**	**114,053**

B. Deferred tax assets and liabilities

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

As of December 31, 2022, the information of the Group’s unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Recognized tax loss	Expiry date
2019 (assessed)	**$ 62,302**	2029

As of December 31, 2022, the information of the Taiwan Inpaq Electronic Co., Ltd. unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2018 (assessed)	$ 116	2028
2019 (assessed)	83,345	2029
2020 (filed)	131,084	2030
2021 (filed)	112,694	2031
2021 (estimated)	128,356	2032
	$ 455,595	

The tax authority approved a tax deduction of $145,647 for the Group’s profit seeking enterprise income tax return in 2019, wherein the Group disagreed and filed an application for reassessment on September 14, 2022, resulting in the Group to not being able to derive at any conclusion as of December 31, 2022.

(a) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities amounting $137,625 and $61,791, respectively.

(b) Recognized deferred tax assets and liabilities

Deferred Tax Assets	January 1, 2021 (After restatement)	Recognized in profit and loss	Recognized in comprehensive income	December 31, 2021	Recognized in profit and loss	Recognized in comprehensive income	December 31, 2022
Inventory valuation losses	$ 17,872	1,388	-	16,484	(1,379)	-	17,863
Unrealized foreign exchange loss	2,145	1,758	-	387	(533)	-	920
Loss carryforward	116,414	31,669	-	84,745	(7,054)	-	91,799
Foreign currency translation differences for foreign operations	17,980	-	(2,405)	20,385	-	10,960	9,425
Others	8,111	3,044	-	5,067	93	-	4,974
	$ 162,522	37,859	(2,405)	127,068	(8,873)	10,960	124,981

Deferred Tax Liabilities	January 1, 2021 (After restatement)	Recognized in profit and loss	Recognized in comprehensive income	December 31, 2021	Recognized in profit and loss	Recognized in comprehensive income	December 31, 2022
Recognized directly in equity	$ (209,439)	851		(210,290)	5,888	-	(216,178)
Acquisition of subsidiary-Property, plant and equipment	(601)	(325)	-	(276)	2,425	-	(2,701)
Acquisition of subsidiary-Intangible asset	(7,809)	(1,739)	-	(6,070)	(1,726)	-	(4,344)
	$ (217,849)	(1,213)	-	(216,636)	6,587	-	(223,223)

C. The Company’s tax returns have been assessed by the tax authorities through 2019.

(20) Capital and other equity

A. Ordinary shares

On June 20, 2018, the Company issue 45,000 thousand ordinary shares, with subscription price of $40.7 per share, under private placement of ordinary shares would be subject to section 43-8 requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded publicly after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the Financial Supervisory Commission. The application of the aforementioned privately placed shares for public offering had been approved by the Competent Authorities. Therefore, the above public offering took effect on October 26,2021.

As of December 31, 2022 and 2021, the Group’s register capital each amounting to $3,000,000, included the shares reserved for issuance of employee stock option of $150,000 and the total outstanding capital for both years each amounted to $1,401,803, with a par value of $10 per share.

Reconciliation of shares outstanding for 2022 and 2021 was as follows(in thousands of shares):

	Ordinary shares	
	2022	2021
Balance of December 31 (As of Balance on January 1)	140,136	140,136

B. Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Premium of common stock	$ 2,558,345	2,642,426
Treasury share transactions	135,745	135,745
Premium of corporate bonds converted to common stock	101,877	101,877
Transfer of stock options payable to corporate bonds sold back	15,722	15,722
Changes in equity of associates accounted for using equity method	16,570	148
Corporate bond options	7,655	7,655
Donation from shareholders	1,917	1,919
Effect of capital increase of associates	1,152	1,152
	$ 2,838,983	2,906,644

According to the R.O.C. Company A, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company’s article of incorporation stipulate that Company’s net earnings should first be used to offset the prior years’ deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

When the Group first adopted the International Financial Reporting Standards approved by the FSC, it selected to apply the IFRS No. 1 "First-time Application of International Financial Reporting Standards" exemption, and the cumulative translations adjustments originally reported under shareholders' equity were reclassified to retained earnings and the amount of $46,817, and the net increase in retained earnings due to the first application of IFRS1 on the conversion date was $9,173. However, in accordance with Ruling No. 1010012865 issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2022 and 2021, the aforementioned special reserve both amounted $9,173.

In accordance with abovementioned ruling, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(c) Earnings distribution

On July 12, 2021, considering the tax incentives such as the government's industrial regulations in recent years, and in order to measure the applicable status in the future, the Company passed the resolution of the ordinary shareholders' meeting to retain earnings, and the earnings will not be used to distribute cash dividends. Except for statutory surplus reserve and reversal of special surplus reserve according to law, the surplus is retained to undistributed surplus and will not be distributed. The amounts of cash dividends on the appropriations of earnings for 2021 had been approved during the shareholders' meeting on June 14, 2022. The relevant dividend distributions to shareholders were as follows:

	2021		**2020**	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Ordinary shares－cash	$ 0.6	84,801	-	-

In addition, on June 14, 2022 and July 12, 2021, the Company passed the resolution of the ordinary shareholders' meeting to distribute cash dividends of $84,081 and $140,135 in cash dividends of the capital reserve of the surplus from the issuance of shares in excess of the par value, at a rate of $0.6 and $1 per share, in accordance with article 241, Paragraph 1, Subparagraph 1 of the Company Act.

The appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

D. Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interest	Total
Balance at January 1, 2022	$ (191,285)	72,372	-	(118,913)
Exchange differences on foreign operations	47,203	-	-	47,203
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(169,109)	-	(169,109)
Cumulative gains (losses) reclassified to profit or loss on disposal of investments in equity instrument at fair value through other comprehensive income	-	(865)	-	(865)
Disposal of investment accounted for using equity method	(5,141)	597	-	(4,544)
Changes in non-controlling interest	-	-	49,624	49,624
Balance at December 31, 2022	**$ (149,223)**	**(97,005)**	**49,624**	**(196,604)**
Balance at January 1, 2021 (After restatement)	$ (119,071)	64,616	-	(54,455)
Exchange differences on translation of foreign financial statements	(7,838)	-	-	(7,838)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	12,140	-	12,140
Cumulative unrealized gain/(loss)of debt instruments transferred to profit or loss due to disposal	-	(4,384)	-	(4,384)
Reorganization of entities under common control	(64,376)	-	-	(64,376)
Balance at December 31, 2021	**$ (191,285)**	**72,372**	**-**	**(118,913)**

E. Treasury stock

The Company implements the treasury stock system, and the reasons for the repurchase were listed as follows:

Unit: Thousand shares

	2022			
Reason	**Outstanding at January 1**	**Granted during the year**	**Exercised during the year**	**Outstanding at December 31**
Transferred to employee	45	-	-	45

	2021			
Reason	**Outstanding at January 1**	**Granted during the year**	**Exercised during the year**	**Outstanding at December 31**
Transferred to employee	45	-	-	45

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Group should not be pledged, and do not hold any shareholder rights before their transfer.

(21) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share as of December 31, 2022 and 2021 were as follows:

	2022	2021
Basic earnings per share:		
Net profit for the period attributable to the Company	$ 590,929	566,412
Weighted average number of ordinary shares (in thousands of shares)	140,136	140,136
Basic earnings per share	$ 4.22	4.04
Diluted earnings per share:		
Net profit for the period attributable to the Company	$ 590,929	566,412
Weighted average number of ordinary shares (in thousands of shares) (basic)	140,136	140,136
Effect of dilutive potential ordinary shares:		
Effect of employee share bonus	992	843
Weighted average number of ordinary shares (in thousands of shares) (diluted)	141,128	140,979
Diluted earnings per share	$ 4.19	4.02

(22) Revenue from contracts with customers

A. Major products lines and Primary geographical markets

	2022			2021		
	High frequency component Department	**Passive component Department**	**Total**	**High frequency component Department**	**Passive component Department**	**Total**
China	$ 2,286,667	1,397,963	3,684,630	2,694,352	1,627,520	4,321,872
Taiwan	324,760	295,863	620,623	431,125	430,447	861,572
Hongkong	245,680	350,038	595,718	145,427	281,247	426,674
Others	684,550	701,550	1,386,100	519,076	627,350	1,146,426
	$ 3,541,657	**2,745,414**	**6,287,071**	**3,789,980**	**2,966,564**	**6,756,544**

B. Contract balances

For details on trade receivables and allowance for impairment, please refer to note 6(3).

(23) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 5% of the profit as employee remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director will have to be approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $37,004 and $34,982, and directors' remuneration amounting to $14,802 and $13,993, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. The numbers of shares to be distributed for 2022 and 2021 were calculated based on the closing price of the Company's ordinary shares on the day before the date of the board meeting. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognized as profit or loss in the following year. The estimated amount of the Republic of China has been approved by a resolution of the Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021.

(24) Non-operating income and expenses

A. Interest income

	2022	2021
Interest income from bank deposits	$ 23,861	10,338
Interest income from financial assets measured at fair value through other comprehensive income	7,612	6,082
Others	50	226
	$ 31,523	16,646

B. Other gains and losses

	2022	2021
Dividend income (Note)	$ 18,057	13,218
Technical service revenue	12,105	8,819
Government grant	5,516	5,640
Sample mold revenue	4,296	7,789
Losses on disposals of property, plant and equipment	(8,188)	(1,406)
Losses on disposal of intangible assets	-	(5,026)
Others	(6,375)	11,145
	$ 25,411	40,179

Note: For related party transactions, please refer to note 7.

C. Finance costs

	2022	2021
Interest expense on bank loans	$ 24,642	10,154
Interest expenses on lease liabilities (Note)	1,375	1,171
	$ 26,017	11,325

Note: For related party transactions, please refer to note 7.

(25) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The Group has a large customer base located in diverse areas and does not significantly concentrate on transactions with a single customer; therefore, there was no concentration of credit risk. In order to reduce credit risk, the Group also regularly and continuously evaluates the financial situation of its customers, but usually does not require customers to provide any collateral.

(c) Receivables and debt securities

For credit risk exposure of notes and trade receivables, please refer to note 6(3).

For debt investments at fair value through other comprehensive income, please refer to note 6(2).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$ 100,000	100,246	100,246	-	-	-	-
Notes and accounts payables (including related parties)	856,346	856,346	856,346	-	-	-	-
Salary and bonus payable	254,916	254,916	254,916	-	-	-	-
Payable on machinery and equipment	121,767	121,767	121,767	-	-	-	-
Lease liabilities (current and non-current)	41,640	43,813	6,092	4,694	5,838	13,530	13,659
Long-term borrowings (including current portion)	2,621,715	2,741,894	127,458	262,526	876,554	1,299,468	175,888
Guarantee deposits received	6,122	6,122	-	-	6,122	-	-
	$ 4,002,506	4,125,104	1,466,825	267,220	888,514	1,312,998	189,547

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non derivative financial liabilities							
Short-term borrowing	$ 152,290	152,904	100,360	52,544	-	-	-
Notes and accounts payables (including related parties)	1,165,992	1,165,992	1,165,992	-	-	-	-
Salary and bonus payable	236,750	236,750	236,750	-	-	-	-
Payable on machinery and equipment	136,681	136,681	136,681	-	-	-	-
Lease liabilities (current and non-current)	118,759	124,689	14,102	13,688	16,377	33,113	47,409
Long-term borrowings (including current portion)	1,457,023	1,491,270	4,247	4,279	308,358	1,007,402	166,984
Guarantee deposits received	6,122	6,122	-	-	6,122	-	-
	$ 3,273,617	3,314,408	1,658,132	70,511	330,857	1,040,515	214,393

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure to foreign currency risk

The Group’ s significant exposure to foreign currency risk is as follows:

	December 31, 2022		
	Foreign currency	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$ 92,902	30.71	2,853,020
Financial liabilities			
Monetary items			
USD	4,758	30.71	146,118

	December 31, 2021		
	Foreign currency	**Exchange rate**	**TWD**
Financial assets			
Monetary items			
USD	$ 67,741	27.69	1,875,748
CNY	42,110	4.3476	183,077
Financial liabilities			
Monetary items			
USD	5,848	27.69	161,931

(b) Sensitivity analysis

The Group' s exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables (including related parties), financial assets at fair value through other comprehensive income, and accounts payables (including related parties) that are denominated in foreign currencies, USD and RMB. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2022 and 2021. A strengthening (weakening) of the NTD against the USD, and RMB as of December 31, 2022 and 2021 would have increased (decreased) as follows:

	Movement	2022	2021
Exchange rate of NTD	Appreciation one dollar against to USD	$ 70,515	49,514
	Depreciation on dollar against to USD	$ (70,515)	(49,514)
	Appreciation one dollar against to CNY	$ 185	33,688
	Depreciation on dollar against to CNY	$ (185)	(33,688)

(c) Exchange gains and losses for monetary items

The foreign currency exchange gains and losses (including realized and unrealized) of the consolidated company, converted into functional currencies, are as follows:

	2022		2021	
	Foreign currency exchange (loss) gain	**Average exchange rate**	**Foreign currency exchange (loss) gain**	**Average exchange rate**
New Taiwan Dollars	$ 189,898	30.53	(49,981)	27.97

D. Other market price risk

For the years ended December 31, 2022 and 2021, the sensitivity analyses for the changes in securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	2022	2021
Increasing 5%	$ 18,173	22,141
Decreasing 5%	$ (18,173)	(22,141)

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Bond investments	$ 222,944	222,944	-	-	222,944
Stocks in listed domestic companies	198,934	198,934	-	-	198,934
Stocks in unlisted domestic companies	32,436	-	-	32,436	32,436
	$ 454,314	421,878	-	32,436	454,314
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,837,820	-	-	-	-
Notes and accounts receivables (including related parties)	2,125,262	-	-	-	-
Other financial assets- current	475,460	-	-	-	-
Refundable deposits	46,935	-	-	-	-
	$ 4,485,477	-	-	-	-

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at amortized cost					
Short-term borrowings	$ 100,000	-	-	-	-
Long-term borrowings (including current portion)	2,621,715	-	-	-	-
Notes and accounts payables (including related parties)	856,346	-	-	-	-
Salary and bonus payable	254,916	-	-	-	-
Payable on machinery and equipment	121,767	-	-	-	-
Lease liabilities (current and non-current)	41,640	-	-	-	-
Guarantee deposits received	6,122	-	-	-	-
	$ 4,002,506	-	-	-	-

	December 31, 2021				
		Fair value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Bond investments	$ 208,737	208,737	-	-	208,737
Stocks in listed companies	291,724	291,724	-	-	291,724
Stocks of domestic private companies	53,052	-	-	53,052	53,052
	$ 553,513	500,461	-	53,052	553,513
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,087,882	-	-	-	-
Notes and accounts receivables (including related companies)	2,273,113	-	-	-	-
Other financial assets- current	208,369	-	-	-	-
Refundable deposits	28,570	-	-	-	-
	$ 3,597,934	-	-	-	-

	December 31, 2021				
		Fair value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at amortized cost					
Short-term borrowing	$ 152,290	-	-	-	-
Long-term borrowings (including current portion)	1,457,023	-	-	-	-
Notes and accounts payables (including related parties)	1,165,992	-	-	-	-
Lease liabilities (current and non-current)	118,759	-	-	-	-
Salary and bonus payable	236,750	-	-	-	-
Payable on machinery and equipment	136,681	-	-	-	-
Guarantee deposits received	6,122	-	-	-	-
	$ 3,273,617	-	-	-	-

(b) Valuation techniques for financial instruments measured at fair value

The Group held its foreign listed US dollar corporate bonds and domestic listed company stocks, which are measured at fair value according to standard provisions and conditions; the fair value is measured using the quoted prices in an active market.

Except for the above financial instruments with an active market, the Group estimated the fair value of the remaining financial instruments by using the valuation techniques. The valuation technique is used to arrive at their fair value, for which the market transaction prices of the similar companies and market conditions are considered.

(c) There were no transfers from Level 2 to Level 1 in 2021 and no transfers in either direction in 2022.

(d) Reconciliation of Level 3 fair values

	Financial assets at FVOCI–equity investment without an active through other comprehensive income
Opening balance, January 1, 2022	$ 53,052
Recognized in other comprehensive income	(20,616)
Ending Balance, December 31, 2022	$ 32,436
Opening balance, January 1, 2021	$ 52,937
Recognized in other comprehensive income	5,913
Capital refund from reduction	(5,798)
Ending Balance, December 31, 2021	$ 53,052

(e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value through other comprehensive income – equity investments.

The Group classified those third level of investment in non-active market equity instruments with multiple significant unobservable inputs. The significant unobservable input values of equity instrument investment without an active market are independent of each other, hence, there is no correlation.

Quantified information of significant unobservable inputs was as follows:

Items	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Market Method	• Price-book ratios as of (December 31, 2022 and December 31, 2021 ranged from 13.94and 29.12, respectively) • Discount for lack of marketability as of December 31, 2022 and December 31, 2021 was both 25%)	• The higher the price-to-net value ratio, the higher the fair value • The higher the liquidity discount, the lower the fair value
Financial assets at fair value through other comprehensive income equity investments without an active market	Net Asset Value Method	• Net asset value • Discount for lack of marketability as of December 31, 2022 and December 31, 2021 was both 15%)	Not applicable • The higher the liquidity discount, the lower the fair value

(26) Financial risk management

A. Overview

The Group is exposed to the following risks from its financial instrument:

(a) credit risk

(b) liquidity risk

(c) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group' s establishment of the risk management policy is to identify and analyze the risks faced by the Group, through setting appropriate risk limits and controls, and supervising the compliance of risks and risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and operations of the management of the Group.

The Group' s financial management department provides services for various business units and to coordinate access to the domestic and international financial markets operation, and supervises and manages the financial risks related to the operation of the Group by analyzing internal risk reports based on risk level and breadth.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group' s exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group' s finance department. The Group only deals with banks, financial institutions and corporate organizations with good credit rating. The Group expects its counterparties to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. When it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on the credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the management of the Group.

The Group' s policy stipulates that only fully owned subsidiaries can be provided with financial guarantees. As of December 31, 2022 and 2021 an, the Group only provided endorsement guarantee to its subsidiaries.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group' s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group' s reputation.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group’ s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group’ s entities, the currencies used in these transactions are the NTD, USD, RMB, EUR and Yuan.

Loan interest is priced in the currency of the principal of the loan. Except for the US dollars, the currency of the loan is the same as the currency of the cash flow generated by the operation of the Group, which is mainly is the New Taiwan dollar. In this case, economic hedging is provided without the need to sign derivatives, so hedging accounting is not adopted.

Regarding other monetary assets and liabilities denominated in foreign currencies, when short-term imbalance occurs, the Group buys or sells foreign currencies at real-time exchange rates to ensure that the net risk of risk remains at an acceptable level.

(b) Interest risk

The short-term and long-term borrowings of the Group are debts with floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of short-term and long-term borrowings to change accordingly, which will cause fluctuations in future cash flows.

(c) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios.

(27) Capital management

The Group’ s objectives for managing capital are to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

Although the Group’ s life cycle is in a stable growth stage of operation, the industry of the Group is changeable, and it is deemed as technology intensive industry; hence, a material amount of capital is needed to sustain its development. The retained surplus must be used to respond to operating growth and investment needs. At this stage, a residual dividend policy is adopted. The cash dividends distributed by shareholder dividends shall not be less than 10% of the total distribution.

In order to maintain or adjust the capital structure semi-annually, the Group may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

There were no changes in the Group’s approach to capital management during the year ended December 31, 2022.

The Group’s debt-to-equity ratio at the end of the reporting period as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 4,670,150	3,874,828
Less: cash and cash equivalents and over three-month period time deposit	(2,302,096)	(1,287,998)
Net debt	$ 2,368,054	2,586,830
Total equity	$ 5,869,827	5,502,518
Debt-to-equity ratio	40.34%	47.01%

(28) Financing activities of non-cash transactions

The Group’s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows:

A. For right-of-use assets under leases, please refer to note 6(10).

B. Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2022	Cash flows	Foreign exchange movement	Acquisition	December31, 2022
Short-term borrowings	$ 152,290	(53,487)	1,197	-	100,000
Long-term borrowings (including current portion)	1,457,023	1,180,870	-	(16,178)	2,621,715
Lease liabilities (current and non-current)	118,759	(27,359)	-	(49,760)	41,640
	$ 1,728,072	1,100,024	1,197	(65,938)	2,763,355

			Non-cash changes		
	January 1, 2021 (After restatement)	Cash flows	Foreign exchange movement	Acquisition	December 31, 2021 (After restatement)
Short-term borrowings	$ -	152,203	87	-	152,290
Long-term borrowings (including current portion)	504,241	964,950	-	(12,168)	1,457,023
Lease liabilities (current and non-current)	36,073	(22,952)	-	105,638	118,759
	$ 540,314	1,094,201	87	93,470	1,728,072

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Walsin obtained a substantial control over the Group; therefore, became the parent company of the Group. Walsin has issued its consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Inpaq Korea Co., Ltd. (Inpaq Korea)	An associate
Inpaq Europe GmbH	An associate
Apaq Technology Co., Ltd. (Apaq)	The Company is its director
Phoenix Innovation Venture Capital Co., Ltd. (Phoenix Innovation)	The Company is its director
Walsin Technology Corporation	Parent Company
Prosperity Dielectrics Co., Ltd. (Prosperity Dielectricsc)	Subsidiary of Walsin
PDC Electronics (Suzhou) Co., Ltd. (PDC Electronics)	Subsidiary of Walsin
Suzhou Walsin Technology Electronics Co., Ltd. (Suzhou Walsin)	Subsidiary of Walsin
Dongguan Frontier Electronic Co., Ltd.	Subsidiary of Walsin
Kamaya Electric Co., Ltd. (Kamaya Electric)	Subsidiary of Walsin
Kamaya Electric (M) Sdn. Bhd.	Subsidiary of Walsin
Dongguan Huafai Trading Co., Ltd.	Subsidiary of Walsin
Dongguan Walsin Technology Electronics Co., Ltd. (Dongguan Walsin)	Subsidiary of Walsin
Frontier Components Co., Ltd.	Subsidiary of Walsin
Walshin Passive Component (H.K.) Ltd. (Walshin Passive (H.K.))	Subsidiary of Walsin
Walshin Technology Corporation (HK) Ltd. (Walshin Technology HK)	Subsidiary of Walsin
Joyin Co., Ltd. (Joyin) (note)	An associate of Walsin
Vvg Inc.	An associate of Walsin
Hannstar Board Corporation	Others
Info-Tek Corporation (Info-Tek)	Others
Winbond Electronics Corporation	Others
PSA Charitable Foundation	Others
Career Technology (Mfg) Co., Ltd.	Others

Note: On July 1, 2022, the Company sold the shares of Joyin to Prosperity Dielectrics Co., Ltd. Since then, Joyin has become an associate of Walsin.

(3) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Group to its related parties were as follows:

	2022	2021
Associates	$ 98,508	128,761
Parent company	50,089	27,786
Other related parties:		
Suzhou Walsin	155,360	505,445
Dongguan Walsin	144,709	1,490
Walsin Passive (H.K.)	105,681	-
Prosperity Dielectrics	15,718	147,952
Others	64,662	67,162
	$ 634,727	878,596

The terms and pricing of sales transactions with related parties were not significantly different from those offered by other customers.

B. Purchases and processing fees

The amounts of significant purchases by the Group from related parties were as follows:

	2022	2021
Parent Ccompany	$ 2,688	2,734
Other related parties:		
PDC Electronics (Suzhou) Co., Ltd.	68,754	101,322
Prosperity Dielectrics Co., Ltd.	40,163	70,836
Others	17,795	9,935
	$ 129,400	184,827

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

The amounts of significant processing fees by the Group to its related parties were as follows:

	2022	2021
Other related parties:		
Suzhou Walsin	$ 695	30,797
Others	-	362
	$ 695	31,159

C. Receivables from Related Parties

Account	Relationship		December 31, 2022	December 31, 2021
Accounts receivable	Suzhou Walsin	$	64,851	139,392
Accounts receivable	Walsin Passive (H.K.)		37,776	-
Accounts receivable	Walsin Technology (HK)		32,486	-
Accounts receivable	Inpaq Europe GmbH		18,277	24,809
Accounts receivable	Parent company		17,862	12,539
Accounts receivable	Associates		16,298	20,096
Accounts receivable	Others		18,634	24,131
		$	**206,184**	**220,967**

D. Payables to Related Parties

Account	Relationship		December 31, 2022	December 31, 2021
Accounts payables	PDC Electronics (Suzhou)	$	17,634	42,165
Accounts payables	Prosperity Dielectrics		12,559	25,809
Accounts payables	Suzhou Walsin		8,697	11,715
Accounts payables	Others		818	446
Accounts payables	Parent company		100	221
		$	**39,808**	**80,356**

E. Acquisition of property, plant and equipment

		Acquisition Price	
		2022	2021
Others－Machineries		158	-
Prosperity Dielectrics －Machineries		-	7,457
	$	**158**	**7,457**

F. Disposal of property, plant and equipment

		Disposal price	
		2022	2021
Apaq	$	1,317	-
Suzhou Walsin		171	-
Parent company		-	384
	$	**1,488**	**384**

	Gain from disposal		
	2022		2021
Apaq	$	215	-
Suzhou Walsin		129	-
Parent company		-	384
	$	344	384

G. Lease

Account	Relationship	2022		2021
Other income	Info-Tek	$	708	-
Rent expense	Others	$	1,160	1,758
Interest expense	Info-Tek	$	619	478
	Others		313	28
	Parents company		25	9
		$	957	515

The Group terminated the lease contract ahead of time, the lease liability decrease by $54,543 and the right-of-use asset decrease by $53,835, and the difference was recognized as lease modification benefits of $708.

Account	Relationship	December 31, 2022		December 31, 2021
Right-of-use assets	Parent company	$	3,834	410
	Info-Tek		-	60,328
	Kamaya Electric		20,625	22,938
		$	24,459	83,676
Lease liability	Kamaya Electric		20,783	22,951
	Parents company		3,864	412
	Info-Tek		-	60,645
		$	24,647	84,008
Refundable deposits	Info-Tek	$	1,095	1,095
	Kamaya Electric		379	379
		$	1,474	1,474

The Group acquisition of right-of-use assets amounted to $4,488 and lease liabilities amounted to $64,927 during the year ended December 31,2021.

H. Other

Account	Relationship	2022	2021
Other income	Parent company	$ 2,554	6,035
	Suzhou Walsin	1,209	-
	Others	3	7
	Prosperity Dielectrics	-	3,294
Cash dividends (Dividend income)	Apaq	9,553	9,075
	Phoenix Innovation	8,504	4,100
Cash dividends (Deduction of investments using the equity method)	Joyin	-	4,454
		$ 21,823	**26,965**
Other expense	Associate	$ 324	457
	Parent company	6	6,486
	Other related parties:		
	Apaq	1,081	3,589
	Prosperity Dielectrics	25	10,263
	Others	2,950	2,195
Commission Expense	Inpaq Korea	19,526	21,113
		$ 23,912	**44,103**

Account	Relationship	December 31, 2022	December 31, 2021
Other receivables	Apaq	$ 1,382	-
	Parent company	387	2,427
	Others	456	36
		$ 2,225	**2,463**
Other payables	Associate	$ 7,752	7,525
	Parent company	1,979	5,626
	Info-Tek	198	3,447
	Others	283	2,392
		$ 10,212	**18,990**

I. Organizational restructuring under common control

The Group and its related party entered into an agreement for organizational restructuring; please refer to note 6(7).

J. Disposal of investments accounted for using the equity method

The Group sold all the shares of Joyin to the Prosperity Dielectrics Co., Ltd.; please refer to note 6(6).

K. Acquisition of subsidiary equity

The Group acquired 72.9% of the shares of Eleceram Technology Co., Ltd. from Joyin, please refer to note 6(8).

(4) Key management personnel compensation

Key management personnel compensation comprised:

		2022	2021
Short-term employee benefits	$	18,602	18,583
Post-employment benefits		216	216
Other long-term benefits		490	1,452
	$	19,308	20,251

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2022	December 31, 2021
Time deposit (classified refundable deposits)	Tariff guarantee	$	14,677	11,148
Time deposit (classified refundable deposits)	Guarantee for plant lease		9,331	9,331
		$	24,008	20,479

9. Significant commitments and contingencies:

(1) The contracted and unpaid construction cost of the Group on December 31, 2022 and 2021 were approximately $18,750 and $237,000, respectively.

(2) The Group signed a procurement contract with iPU Semiconductor Co., Ltd. ("iPU ") on December 31, 2021, wherein the Group shall purchase products equivalent to the agreed number of wafers from January 1, 2022 to December 31, 2023, and cannot terminate the contract. In addition, the Group provided a production capacity deposit of $9,823 (US$350,000 thousand) to guarantee the basic production capacity during the agreement period. The deposit was accounted for as guarantee deposits received, which will be refunded to the Group, without interest, two weeks after the end of this agreement without interest, provided the Group comply with all the conditions stated in the contract before the end of the effective period.

10. Losses Due to Major Disasters: None.

11. Subsequent Events: None.

12. Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the year ended December 31					
	2022			2021		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	625,035	511,538	1,136,573	648,075	463,983	1,112,058
Labor and health insurance	65,830	41,996	107,826	63,784	45,746	109,530
Pension	40,865	31,014	71,879	38,457	27,129	65,586
Others	43,244	18,334	61,578	59,846	18,384	78,230
Depreciation	336,820	73,021	409,841	293,730	61,041	354,771
Amortization	3,247	18,482	21,729	2,625	16,364	18,989

Inpaq Technology Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions of the Group required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” :

A. Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Inpaq Technology (China) Co., Ltd.	Receivables-related party	Yes	180,000	-	-		2	-	Operating	-	NIL	-	1,455,138	2,328,221
0	The Company	Inpaq Technology (Suzhou) Co., Ltd.	Receivables-related party	Yes	180,000	-	-		2	-	Operating	-	NIL	-	1,455,138	2,328,221
0	The Company	Taiwan Inpaq Electronic Co., Ltd.	Receivables-related party	Yes	750,000	750,000	668,000	2.366%	2	-	Operating	-	NIL	-	1,455,138	2,328,221
0	The Company	Inpaq USA	Receivables-related party	Yes	16,105	15,355	15,355	0.128%	2	-	Operating	-	NIL	-	1,455,138	2,328,221

Note 1: a. According to the financing company’s financial management clauses, the financing limit in aggregate is 40% of net equity. An entity which has business transactions with the Company or related parties:

(1) An entity which has short term financing needs:

(2) For companies or entities with short-term financing needs, in which the Company directly holds 50% of the voting shares, the financing limit is 25% of the Company’s net equity, for other companies or entities, and those fund loans approved by the Company’s Board of Directors, the financing limit is both 10% of the Company’s net equity.

b. According to the financing company’s financial management clauses, for financing between foreign companies, in which the Company directly or indirectly holds 100% of the voting shares, the financing limit for each borrower and the aggregate financing limit are both 40% of net equity.

Note 2: a. relate business relationship.

b. relate short-term financing.

B. Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note 1)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Inpaq Technology (China) Co., Ltd.	Indirect subsidiary of the Company	1,164,110	526,395	230,325	-	-	3.96%	2,328,221	Y	N	Y
0	The Company	Inpaq Technology (Suzhou) Co., Ltd.	Indirect subsidiary of the Company	1,164,110	322,100	307,100	-	-	5.28%	2,328,221	Y	N	Y
0	The Company	Taiwan Inpaq Electronic Co., Ltd.	Indirect subsidiary of the Company	1,164,110	1,545,750 (Note 3)	737,040	-	-	12.66%	2,328,221	Y	N	N
0	The Company	Hunan Frontier Electronics Co., Ltd.	Indirect subsidiary of the Company	1,164,110	193,260	184,260	-	-	3.17%	2,328,221	Y	N	Y

Note 1: The total amount of guarantee provided to any individual entity shall not exceed 20% of Inpaq’s equity.

Note 2: The total amount of guarantee provided shall not exceed 40% of Inpaq’s equity.

Note 3: The endorsement guarantee agreement had been renewed with the approval of the board, resulting in the endorsement guarantee to exceed the limit due to the additional amount reflected in the new contract.

C. Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Apaq Technology Co., Ltd. –Stock	The Company is its director	Financial assets at fair value through other comprehensive income－non-current	4,776,329	198,934	5.37%	198,934	5.37%
The Company	Phoenix Innovation Venture Capital Co., Ltd. –Stock	Related party	Financial assets at fair value through other comprehensive income –non-current	3,000,000	26,160	9.38%	26,160	9.38%
The Company	PAN WIN Biotechnology Inc. –Stock	NA	Financial assets at fair value through other comprehensive income –non-current	100,000	-	5.00%	-	5.00%
The Company	AICP Technology Corporation –Stock	NA	Financial assets at fair value through other comprehensive income –non-current	600,000	6,276	8.00%	6,276	8.00%
The Company	Corporate bonds –Apple INC.	NA	Financial assets at fair value through other comprehensive income－non-current	27,500	75,139	- %	75,139	- %
The Company	Corporate bonds –Amazon.com, Inc.	NA	Financial assets at fair value through other comprehensive income –non-current	15,000	39,763	- %	39,763	- %
The Company	Corporate bonds –Microsoft Corporation	NA	Financial assets at fair value through other comprehensive income –non-current	7,500	20,831	- %	20,831	- %
The Company	Corporate bonds –Saudi Arabian Oil Co.	NA	Financial assets at fair value through other comprehensive income –non-current	15,000	42,053	- %	42,053	- %
Inpaq (BVI)	Corporate bonds –Bank of America	NA	Financial assets at fair value through other comprehensive income –non-current	15,000	45,158	- %	45,158	- %

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of 300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Joyin	Investments accounted for using equity method	Prosperity Dielectrics Co., Ltd.	Related－party	14,847	277,229	2,672	40,076	17,519	317,092	305,334	16,419	-	-

Note 1: Gains and losses were derived from the difference between the disposal price and the book value, plus other equity items.

Note 2: The gain is accounted for as capital surplus in accordance with the "Accounting for Business Combination of Entities Under Common Control".

E. Acquisition of individual real estate with amount exceeding the lower of 300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	New construction of Zhunan Second Plant	August 21, 2020	475,000	427,500	Engtown Construction Corporation	Non-related party	None	None	None	-	Bidding	Operation	None

F. Disposal of individual real estate with amount exceeding the lower of 300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of 100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inpaq Technology (Suzhou) Co., Ltd.	Suzhou Walsin	Walsin' subsidiary	Sales	(155,360)	(2)%	60 days after month end	-	Note	64,851	3%	
Inpaq Technology (Suzhou) Co., Ltd.	Dongguan Walsin	Walsin' subsidiary	Sale	(138,234)	(2)%	60 days after month end	-	Note	8,688	-%	
Inpaq Technology (Suzhou) Co., Ltd.	Walsin Passive Component (H.K.) Limited	Walsin' subsidiary	Sale	(105,681)	(2)%	60 days after month end	-	Note	37,776	2%	
Inpaq Technology (Suzhou) Co., Ltd.	Inpaq Trading	Subsidiaries indirectly hold by the company	Sales	(183,782)	(3)%	60 days after month end	-	Note	53,613	3%	
Inpaq Technology (Suzhou) Co., Ltd.	The Company		Sales	(508,719)	(8)%	60 days after month end	-	Note	61,299	3%	
Inpaq Technology (Suzhou) Co., Ltd.	Taiwan Inpaq	Subsidiaries indirectly hold by the company	Sales	(166,374)	(3)%	60 days after month end	-	Note	48,368	2%	
Hunan Frontier Electronics Co.,	The Company	Parent Company	Sales	(339,445)	(5)%	60 days after month end	-	Note	91,686	4%	
The Company	Inpaq Technology (China) Co., Ltd.	Subsidiaries indirectly hold by the company	Sales	(471,184)	(7)%	60 days after month end	-	Note	205,908	10%	
Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	Subsidiaries indirectly hold by the company	Sales	(308,029)	(5)%	60 days after month end	-	Note	98,601	5%	
Inpaq Technology (China) Co., Ltd.	The Company	Parent Company	Sales	(349,385)	(6)%	60 days after month end	-	Note	111,426	5%	

Note : The Group's sales price and credit term for related parties are not significantly different from those of the third parties.

H. Receivables from related parties with amounts exceeding the lower of 100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Inpaq Technology (China) Co., Ltd.	Subsidiaries	205,908	3.63	-	NA	40,121	-
Inpaq Technology (China) Co., Ltd.	The Company	Parent Company	111,426	4.02	-	NA	75,500	-

Note：The amount recovered as of January 31, 2023.

I. Trading in derivative instruments: None

J. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Inpaq Technology (China) Co., Ltd.	The parent company to the subsidiary	Account receivables	205,908	60 days after month end	2.00%
0	The Company	Inpaq Technology (China) Co., Ltd.	The parent company to the subsidiary	Sales	471,184	60 days after month end	7.00%
0	The Company	Inpaq Technology (Suzhou) Co., Ltd.	The parent company to the subsidiary	Sales	69,741	60 days after month end	1.00%
1	Inpaq Technology (Suzhou) Co., Ltd.	The Company	The subsidiary company to the parent	Sales	508,719	60 days after month end	8.00%
1	Inpaq Technology (Suzhou) Co., Ltd.	Inpaq Trading	The subsidiary company to the subsidiary	Sales	183,782	60 days after month end	3.00%
1	Inpaq Technology (Suzhou) Co., Ltd.	Taiwan Inpaq Electronic Co., Ltd.	The subsidiary company to the subsidiary	Sales	166,374	60 days after month end	3.00%
2	Inpaq Technology (China) Co., Ltd.	Inpaq Trading (Suzhou) Co., Ltd.	The subsidiary company to the subsidiary	Sales	308,029	60 days after month end	5.00%
2	Inpaq Technology (China) Co., Ltd.	The Company	The subsidiary company to the parent	Sales	349,385	60 days after month end	6.00%
2	Inpaq Technology (China) Co., Ltd.	The Company	The subsidiary company to the parent	Account receivables	111,426	60 days after month end	1.00%
3	Hunan Frontier Electronics Co., Ltd.	The Company	The subsidiary company to the parent	Sales	339,445	60 days after month end	5.00%

Note: Only those that account for 1% or more of the consolidated total operating income or total assets were disclosed.

(2) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

Unit: Shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Inpaq BVI	BVI	General investing	1,258,296	1,216,521	39,908,842	100.00%	3,090,263	100.00%	383,166	379,169	Subsidiary
The Company	Joyin Co., Ltd.	Taiwan	Sales	-	276,383	-	- %	-	22.84%	(45,331)	(14,998)	Note 2
The Company	Inpaq Korea	Korea	Sales	12,864	12,864	76,828	44.77%	7,797	44.77%	(4,696)	(1,982)	Associate
The Company	Inpaq USA	U.S.A.	Sales	15,315	15,315	5,000,000	100.00%	204	100.00%	(8,623)	(8,623)	Subsidiary
The Company	Inpaq Europe GmbH	Germany	Sales	1,273	1,273	38,000	19.00%	1,822	19.00%	789	150	Associate
The Company	Canfield	Samoa	Sales	14,823	14,823	600,000	100.00%	28,768	100.00%	(2,857)	(2,857)	Subsidiary
The Company	Yangtze Energy Technologies, Inc.	Taiwan	Sales & Production	7,000	7,000	311,097	19.89%	2,197	19.89%	(614)	(186)	Associate
The Company	Eleceram Technology Co., Ltd.	Taiwan	Production and sales of electronic components	209,946	-	8,747,750	72.90%	209,004	- %	2,771	(942)	Subsidiary
Inpaq BVI	Inpaq Cayman	Cayman Islands	General Investing	1,002,550	960,775	32,150,000	100.00%	2,527,775	100.00%	378,544	378,544	Subsidiary
Inpaq BVI	Holoypaq (HK) Co., Limited	Hong Kong	General Investing	277,988	277,988	66,857,629	100.00%	2,640	100.00%	(167)	(167)	Subsidiary
Inpaq Technology (Suzhou) Co., Ltd.	Holoypaq (HK) Co., Limited	Hong Kong	General Investing	122,240	122,240	4,000,000	100.00%	(241,381)	100.00%	(98,228)	(98,228)	Subsidiary
Holoypaq (HK) Co., Limited	Taiwan Inpaq electronic Co., Ltd.	Taiwan	Sales & Production	122,240	122,240	-	100.00%	(241,381)	100.00%	(98,228)	(98,228)	Subsidiary

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.

Note 2: It was sold to Prosperity Dielectrics Co., Ltd. on July 1, 2022, please refer to Note 6(6) for related transaction.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (Notes 2 and 6)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Inpaq Technology (Suzhou) Co., Ltd.	Sales & Production	360,643	Note 1	360,643	-	-	360,643	386,458	100.00%	100.00%	386,458	1,601,999	361,325
Inpaq Trading (Suzhou) Co., Ltd.	Sales	23,179	Note 1	23,179	-	-	23,179	(34)	100.00%	100.00%	(34)	113	-
Inpaq Technology (China) Co., Ltd.	ales & Production	894,480	Note 1	852,705	41,775	-	894,480	(6,707)	100.00%	100.00%	(6,707)	900,990	-
Inpaq Trading (Suzhou) Co., Ltd.	Sales	9,463	Note 4	-	-	-	-	5,835	100.00%	100.00%	5,835	29,504	-
Hunan Frontier Electronics Co.,	Manufacturing and selling of transformer, coils and magnetic components	456,560	Note 4	-	-	-	-	(4,927)	100.00%	100.00%	(4,927)	340,683	-

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment (Note 3)
1,278,302	916,977	3,492,331

Note 1: Investment in companies in Mainland China through the existing companies in the third regions.

Note 2: The amount was recognized based on the audited financial statements.

Note 3: The Company investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" did not exceed the investment amount or percentage limit.

Note 4: Inpaq Trading (Suzhou) Co., Ltd. invested using it own funds; thus, its was not included in the calculation of the investment limit.

Note 5: The cash dividend of $361,325 remitted by Inpaq Trading (Suzhou) Co., Ltd. in 2020 was approved by the Investment Commission, MOEA on January 22, 2021, with approval number 10900410860 for reference.

Note 6: The relevant transactions and ending balance were eliminated in consolidated financial statements.

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, were disclosed in "Information on significant transactions".

(4) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
Walsin Technology Corporation	47,848,650	34.13%
Taifengshuo Corporation	7,212,759	5.14%

The information of major shareholders in this table is based on the last business day of the end of each quarter by the China Insurance Company, who calculates that shareholders holding more than 5% of the Company’s ordinary shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the Company’s financial report and the Company’s actual number of shares delivered without physical registration, there may be differences or differences due to the bases of the calculation.

14. Segment information:

(1) General information

The Group has two reportable segments: high frequency component segment and passive component segment. The high-frequency component segment manufactures various communication components, which are mainly used in mobile phones, global positioning systems (GPS), wireless communication networks, and Bluetooth modules. The passive components segment manufactures protective components such as overvoltage, overcurrent, and noise protection, which are mainly used in consumer electronics and computer peripherals.

The reportable segments are the Group’s strategic divisions. They offer different products and services and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group.

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment.

	2022			
	High frequency component Segment	**Passive component Segment**	**Reconciliation and elimination (Note)**	**Total**
Revenue				
Revenue from external customers	$ 3,541,657	2,745,414	-	6,287,071
Intersegment revenues	-	14,679	(14,679)	-
Total revenue	$ 3,541,657	2,760,093	(14,679)	6,287,071
Depreciation				$ 409,841
Reportable segment profit	$ 274,456	239,246	-	513,702
Segment asset				$ 10,528,161
Investments accounted for using the equity method				11,816
Total assets				$ 10,539,977

	2021			
	High frequency component Segment	**Passive component Segment**	**Reconciliation and elimination (Note)**	**Total**
Revenue				
Revenue from external customers	$ 3,789,980	2,966,564	-	6,756,544
Intersegment revenues	-	17,294	(17,294)	-
Total revenue	$ 3,789,980	2,983,858	(17,294)	6,756,544
Depreciation				$ 354,771
Reportable segment profit	$ 289,862	380,835	-	670,697
Segment asset				$ 9,086,691
Investments accounted for using the equity method				290,655
Total assets				$ 9,377,346

Note: It includes inter-departmental income and head office management expenses.

(2) Product and service information

For information on the revenue from the external customers of the Group in 2022 and 2021, plese refer to note 6(22).

(3) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

A. For information on the revenue from the external customers of the Group in 2022 and 2021, please refer to note 6(22).

B. Non-current assets

Geographical information	**December 31, 2022**	**December 31, 2021**
Taiwan	$ 3,047,105	2,388,327
China	1,210,607	1,160,571
	$ 4,257,712	**3,548,898**

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

(4) Major customers

Revenues from a single customer that account for more than 10% of the combined company’s total revenue are as follows: none.

5.Most Recent Fiscal Year's Individual Financial Statements

Independent Auditors' Report

To the Board of Directors of Inpaq Technology Co., Ltd.:

Opinion

We have audited the parent-company-only financial statements of Inpaq Technology Co., Ltd. ("the Company"), which comprise the parent-company-only balance sheets as of December 31, 2022 and 2021 after restatement, the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Inventories

Please refer to Note 4(7), Note 5, and Note 6(4) for accounting policies, accounting assumptions and estimation uncertainty, as well as and related disclosure information for inventory, respectively.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which may lead to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as our key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include selecting samples to examine their net realizable values to verify the accuracy of inventory aging; evaluating the reasonableness of the Company's inventory valuation policy and the management's assumption used when measuring the allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Company's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to evaluate the appropriateness of the estimation and assumption used for inventory valuation; and evaluating the adequacy of the Company's disclosure for inventories.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Wan-Yuan Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2023

Notes to Readers

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

The independent auditors' audit report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Inpaq Technology Co., Ltd.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 641,970	7	329,660	4
1150	Notes receivable (note 6(3))	2,467	-	7,154	-
1170	Accounts receivable, net (note 6(3))	821,968	8	893,677	11
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	267,263	3	195,109	2
1210	Other receivables due from related parties (note 7)	712,719	7	500,706	6
1310	Inventories (note 6(4))	397,570	4	498,104	6
1476	Other current financial assets－current (notes 6(1) and (5))	449,427	5	162,640	2
1479	Other current assets (note 6(11))	35,920	-	60,726	1
		3,329,304	34	2,647,776	32
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(2))	409,156	5	553,513	7
1551	Investments accounted for using the equity method (note 6(6))	3,318,643	35	2,928,223	35
1600	Property, plant and equipment (notes 6(8) and 7)	2,406,829	25	1,926,986	23
1755	Right-of-use assets (notes 6(9) and 7)	10,416	-	80,892	1
1780	Intangible assets (note 6(10))	25,574	-	26,964	-
1840	Deferred tax assets (note 6(16))	24,182	-	53,422	1
1920	Refundable deposits (notes 7, 8 and 9)	32,487	-	19,524	-
1990	Other non-current assets (note 6(11))	84,280	1	84,510	1
		6,311,567	66	5,674,034	68
	Total assets	**$ 9,640,871**	**100**	**8,321,810**	**100**

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(12))	$ 100,000	1	100,000	1
2170	Notes and accounts payable	71,961	1	140,539	2
2180	Accounts payable to related parties (note 7)	264,794	3	329,125	4
2201	Salary and bonus payable	167,518	2	166,402	2
2213	Payable on machinery and equipment	94,891	1	114,209	1
2220	Other payables to related parties (notes 6(6) and 7)	46,270	-	44,883	-
2280	Lease liabilities-current (notes 6(14) and 7)	1,309	-	16,225	-
2322	Long-term borrowings, current portion (note 6(12))	361,100	4	-	-
2399	Other current liabilities	166,770	2	125,043	2
		1,274,613	14	1,036,426	12
	Non-Current liabilities:				
2313	Deferred revenue (notes 6(12) and (13))	31,099	-	14,921	-
2540	Long-term borrowings (note 6(12))	2,260,615	24	1,457,023	18
2570	Deferred tax liabilities (note 6(16))	216,178	2	210,290	3
2580	Lease liabilities－non-current (notes 6(14) and 7)	9,307	-	65,159	1
2640	Net defined benefit liability, non-current (note 6(15))	22,385	-	29,351	-
2645	Guarantee deposits received	6,122	-	6,122	-
		2,545,706	26	1,782,866	22
	Total liabilities	3,820,319	40	2,819,292	34
	Equity (note 6(17))**:**				
3100	Ordinary share capital	1,401,803	15	1,401,803	17
3200	Capital surplus	2,838,983	29	2,906,644	35
3300	Retained earnings	1,827,412	19	1,314,402	16
3400	Other equity	(246,228)	(3)	(118,913)	(2)
3500	Treasury shares	(1,418)	-	(1,418)	-
	Total equity	5,820,552	60	5,502,518	66
	Total liabilities and equity	**$ 9,640,871**	**100**	**8,321,810**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Inpaq Technology Co., Ltd.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar, Except Earnings Per Share)

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Net operating revenue** (notes 6(19) and 7)	$ 3,354,478	100	3,200,113	100
5000	**Operating costs** (notes 6(4), (14), (15), (20) and 7)	2,707,032	81	2,423,123	76
5900	**Gross profit**	647,446	19	776,990	24
5910	Unrealized loss from sales (note 7)	(3,114)	-	(234)	-
5950	**Realized gross profit**	644,332	19	776,756	24
6000	**Operating expenses** (notes 6(14), (15), (20) and 7)**:**				
6100	Selling	250,268	7	261,052	8
6200	General and administrative	170,534	5	138,761	4
6300	Research and development	97,562	3	95,375	3
6450	Expected credit reversal gain	-	-	(4,448)	-
	Total operating expenses	518,364	15	490,740	15
6900	**Net operating income**	125,968	4	286,016	9
7000	**Non-operating income and expenses:**				
7100	Interest revenue (notes 6(21) and 7)	33,841	1	16,033	1
7020	Other gains and losses (notes 6(2), (6), (7), (21) and 7)	34,968	1	52,108	2
7050	Finance costs (notes 6(14), (21) and 7)	(23,474)	(1)	(8,821)	-
7060	Share of profit of associates accounted for using equity method, net (note 6(6))	349,731	10	312,395	10
7230	Foreign exchange gain (loss) (note 6(22))	145,046	4	(34,946)	(1)
	Total non-operating income and expenses	540,112	15	336,769	12
7900	**Profit before income tax**	666,080	19	622,785	21
7950	**Less: income tax expenses** (note 6(16))	75,151	2	63,256	2
	Net income	590,929	17	559,529	19
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(15))	5,414	-	(25)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(112,736)	(3)	28,483	1
8326	Share of other comprehensive income of subsidiaries, associates accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	(338)	-	(258)	-
	Total items that will not be reclassified subsequently to profit or loss	(107,660)	(3)	28,200	1
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	54,393	2	(8,177)	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(56,035)	(2)	(16,085)	(1)
8371	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	3,770	-	(1,251)	-
8399	Income tax related to items that may be reclassified subsequently (note 6(16))	10,960	-	(2,405)	-
	Total items that may be reclassified to subsequently to profit or loss	(8,832)	-	(23,108)	(1)
8300	**Other comprehensive income**	(116,492)	(3)	5,092	-
	Total comprehensive income	**$ 474,437**	**14**	**564,621**	**19**
	Net profit attributable to:				
	Owners of the Company	$ 590,929	17	566,412	19
	Former owner of business combination under common control	-	-	(6,883)	
		$ 590,929	**17**	**559,529**	**19**
	Total comprehensive income attributable to:				
	Owners of the Company	$ 474,437	14	570,689	19
	Former owner of business combination under common control	-	-	(6,068)	-
		$ 474,437	**14**	**564,621**	**19**
	Earnings per share (New Taiwan Dollars) (note 6(18))				
9750	Basic earnings per share	**$**	**4.22**		**4.04**
9850	5736101Diluted earnings per share	**$**	**4.19**		**4.02**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Inpaq Technology Co., Ltd.
Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollar)

			Retained earnings				Total other equity interest					
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Equity attributable to former owner of business combination under common control	Total equity
Balance as of January 1, 2021	$ 1,401,803	3,045,890	138,648	164,668	427,059	730,375	(119,071)	64,616	(54,455)	(1,418)	364,674	5,486,869
Net income for the period	-	-	-	-	566,412	566,412	-	-	-	-	(6,883)	559,529
Other comprehensive income for the period	-	-	-	-	(25)	(25)	(7,838)	12,140	4,302	-	815	5,092
Total comprehensive income for the period	-	-	-	-	566,387	566,387	(7,838)	12,140	4,302	-	(6,068)	564,621
Appropriation and distribution of retained earnings:												
Appropriation for legal reserve	-	-	33,933	-	(33,933)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(110,213)	110,213	-	-	-	-	-	-	-
Due to donated assets received	-	(7)	-	-	-	-	-	-	-	-	-	(7)
Changes in equity of associates accounted for using equity method	-	148	-	-	-	-	-	-	-	-	-	148
Cash dividends from capital surplus	-	(140,135)	-	-	-	-	-	-	-	-	-	(140,135)
Adjustment to capital surplus due to non-proportional investment in associates 's increase in capital	-	748	-	-	-	-	-	-	-	-	-	748
Reorganization	-	-	-	-	13,256	13,256	(64,376)	-	(64,376)	-	(358,606)	(409,726)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	4,384	4,384	-	(4,384)	(4,384)	-	-	-
Balance as of December 31, 2021	1,401,803	2,906,644	172,581	54,455	1,087,366	1,314,402	(191,285)	72,372	(118,913)	(1,418)	-	5,502,518
Net income for the period	-	-	-	-	590,929	590,929	-	-	-	-	-	590,929
Other comprehensive income for the period	-	-	-	-	5,414	5,414	47,203	(169,109)	(121,906)	-	-	(116,492)
Total comprehensive income for the period	-	-	-	-	596,343	596,343	47,203	(169,109)	(121,906)	-	-	474,437
Appropriation and distribution of retained earnings:												
Appropriation for legal reserve	-	-	58,402	-	(58,402)	-	-	-	-	-	-	-
Appropriation for special reserve	-	-	-	64,458	(64,458)	-	-	-	-	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(84,081)	(84,081)	-	-	-	-	-	(84,081)
Due to donated assets received	-	(2)	-	-	-	-	-	-	-	-	-	(2)
Cash dividends from capital surplus	-	(84,081)	-	-	-	-	-	-	-	-	-	(84,081)
Disposal of subsidiaries or investments accounted for using equity method (note 6(6))	-	16,419	-	-	(117)	(117)	(5,141)	597	(4,544)	-	-	11,758
Changes in equity of associates accounted for using equity method	-	3	-	-	-	-	-	-	-	-	-	3
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	865	865	-	(865)	(865)	-	-	-
Balance as of December 31, 2022	**$ 1,401,803**	**2,838,983**	**230,983**	**118,913**	**1,477,516**	**1,827,412**	**(149,223)**	**(97,005)**	**(246,228)**	**(1,418)**	**-**	**5,820,552**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Inpaq Technology Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

		2022	2021
Cash flows from operating activities:			
Income before income tax	$	666,080	622,785
Adjustments:			
Adjustments to reconcile profit:			
Depreciation		250,467	210,661
Amortization		9,032	7,222
Expected credit reversal gain		-	(4,448)
Interest expense		23,474	8,821
Interest income		(33,841)	(16,033)
Dividend income		(18,057)	(13,218)
Provision for inventory obsolescence and devaluation loss		10,707	-
Share of gain of subsidiaries and associates accounted for using the equity method		(349,731)	(312,395)
Loss on disposal of property, plant and equipment		4,076	467
Unrealized profit from sales		(1,785)	(1,878)
Amortization of government grant		-	(1,006)
Others		(14,129)	3,894
Total adjustments to reconcile profit		(119,787)	(117,913)
Changes in operating assets and liabilities:			
Notes receivable		4,687	(6,286)
Accounts receivable		71,709	(226,581)
Accounts receivable due from related parties		(72,154)	(36,519)
Other receivables due from related parties		30,201	(17,500)
Inventories		89,827	(240,017)
Other current assets		27,606	(10,911)
Notes and accounts payable		(68,578)	(821)
Accounts payable to related parties		(62,945)	205,198
Salary and bonus payable		1,116	22,525
Other current liabilities		(8,501)	1,116
Total adjustments		(106,819)	(427,709)
Cash flows generated from operations		559,261	195,076
Interest received		30,955	15,640
Dividends received		18,057	13,218
Interest paid		(23,405)	(8,674)
Income taxes paid		(739)	(584)
Net cash flows from operating activities		584,129	214,676

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Inpaq Technology Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	2022	2021
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(46,365)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,488	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	5,798
Acquisition of equity method investee	(291,798)	(373,543)
Cash dividends received from associates and subsidiaries	-	4,454
Proceeds from disposal of investments accounted for using equity method	317,092	-
Acquisition of property, plant and equipment	(666,733)	(812,126)
Proceeds from disposal of property, plant and equipment	3,567	2,001
Increase in refundable deposits	(12,963)	(12,878)
Increase in other receivables due from related parties	(242,214)	(124,432)
Acquisition of intangible assets	(7,642)	(15,567)
Decrease (increase) in other financial assets	(286,787)	32,966
Increase in other non-current assets	(83,018)	(26,384)
Net cash flows used in investing activities	(1,268,008)	(1,366,076)
Cash flows from financing activities:		
Increase in short-term loans borrowings	1,000,000	2,055,000
Repayment of short-term borrowings	(1,000,000)	(1,955,000)
Increase in long-term borrowings	1,180,870	974,950
Repayment of long-term borrowings	-	(10,000)
Increase in guarantee deposits received	-	6,122
Payment of lease liabilities	(16,519)	(14,292)
Cash dividends paid	(168,162)	(140,135)
Net cash flows from financing activities	996,189	916,645
Net increase (decrease) in cash and cash equivalents	312,310	(234,755)
Cash and cash equivalents at beginning of period	329,660	564,415
Cash and cash equivalents at end of period	$ **641,970**	**329,660**

See accompanying notes to parent-company-only financial statements.

Inpaq Technology Co., Ltd.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

1. Company history:

Inpaq Technology Co., Ltd. (hereinafter referred to as the "Company") was established with the approval of the Ministry of Economic Affairs on June 23, 1998, and its registered address is 11 Keyi Street, Zhunan Town, Miaoli County. The Company's shares have been listed for trading at the Taipei Exchange in R.O.C. since June 29, 2004.

The Company is mainly engaged in the research, development, manufacturing and sales of integrated protection components, microwave composite miniature antennas and modules, and multilayer microwave communication components and their modules.

2. Approval date and procedures of the financial statements:

The parent-company-only financial statements were authorized for issue by the Board of Directors on February 23, 2023.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS16 "Requirements for Sale and Leaseback Transactions"

4. Summary of significant accounting policies:

The significant accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(1) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the Regulations).

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

(a) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and,

(b) The net defined benefit liabilities are measured as the fair value of the plan assets, less, the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in NTD has been rounded to the nearest thousand.

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(a) an investment in equity securities designated as at fair value through other comprehensive income;

(b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(c) qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations are translated to NTD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to NTD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

A. It is expected to be settled in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprise cash, cash in bank and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value, plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment, are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

(c) Impairment of financial assets

The Company recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due and the borrower is unlikely to pay its credit obligations to the Company in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Company individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(d) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations has been discharged or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(8) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The parent-company-only financial statements include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company’s interests in the associate.

When the Company’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

On June 17, 2022, the Company sold its entire shares in Joyin to a related party, Prosperity Dielectrics Co., Ltd., through a resolution approved by the board of directors. In accordance with the "Accounting for the transfer of shares of associate by subsidiaries within the group", the book value method should be analogously applied to the "Accounting for Business Combinations of Entities Under Common Control". In addition, the Company chose not to retrospectively treat Joyin's shares as held by Prosperity Dielectrics Co., Ltd. from the beginning and not to restate the comparative financial statements in accordance with the "Accounting for retrospective restatement of comparative financial statements under common control".

(9) Investment in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing their parent-company-only financial statements. Under the equity method, profit, other comprehensive income and equity in the parent-company-only financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the consolidated financial statements.

The changes in the parent's interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset, less, its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 4 to 51 years

(b) Machinery and equipment: 1 to 15 years

(c) Other equipment: 2 to 20 years

(d) Leasehold improvements: 1 to 10 years

Buildings constitute mainly buildings, mechanical and electrical power equipment, laboratory engineering, related engineering, etc. Each constituent is depreciated based on its useful life between 50 years and 20 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Leases

A. Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

B. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less, any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments (including in substance fixed payments);

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the assessment regarding the purchase option; or

(d) there is a change in the assessment on whether the Company will exercise an extension or a termination option; or

(e) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company have elected not to recognize the right-of-use assets and lease liabilities for its other equipment which qualify as low value asset leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(12) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less, accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks that are acquired by the Company and have finite useful lives, are measured at cost, less, accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less, its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

(a) Computer software: 1~8 year

(b) Other: 3 year

Amortization methods, useful lives and residual values, are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value, less, costs to sell. Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Revenue from contract with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

A. Sale of goods

The Company involves in research, develop, design, manufacture and sales of integrated protection components, microwave composite miniature antennas and modules. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers' revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(15) Government grants and government assistance

The Company recognizes an unconditional government grant related to the long-term borrowing other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(16) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Company's net obligation in respect of the defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability. Net interest expense and other expenses related to the defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(17) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

A. The entity has the legal right to settle tax assets and liabilities on a net basis; and

B. The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

(a) levied by the same taxing authority; or

(b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(18) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee remuneration through the issuance of shares.

(19) Operating segments

The Company has disclosed its operating segment information in the consolidated financial statements; hence, it need not to be disclosed in the parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, the Company uses judgments and estimates to determine the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. However, due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(4) for further description of the valuation of inventories.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Company's financial department conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data.

For the assumption used in fair value measurement, please refer to note 6(22) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash and Demand deposits	$ 365,580	329,660
Time deposits	276,390	-
	$ 641,970	329,660

As of December 31, 2022 and 2021 the bank certificate of deposit with original maturity over 3 months amounting to $442,224 and $156,640, which were reclassified to other financial asset. Please refer to note 6(5).

Please refer to note 6(22) for the exchange rate risk of the financial assets and liabilities of the Company.

(2) Financial assets

Financial assets at fair value through other comprehensive income－non-current:

		December 31, 2022	December 31, 2021
Debt investments at fair value through other comprehensive income:			
Corporate bonds－Microsoft Corporation	$	20,831	23,567
Corporate bonds－Apple Inc.		75,139	91,264
Corporate bonds－Amzon.com, Inc.		39,763	49,916
Corporate bonds－Saudi Arabian Oil Co.		42,053	43,990
		177,786	208,737
Equity investments at fair value through other comprehensive income:			
Stocks in listed domestic companies	$	198,934	291,724
Stocks in unlisted domestic companies		32,436	53,052
		231,370	344,776
	$	**409,156**	**553,513**

A. Debt investment at fair value through other comprehensive income

The Company has assessed that the following securities were held within a business model whose objective was achieved by both collecting the contractual cash flows and by selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

In July 2021, the Company purchased corporate bonds issued by Saudi Arabian Oil Co., each having a face value of US$1,500 thousand. The fair values at the time of acquisition was $46,365, with the interest rate of 3.5% and maturing on April 16, 2029.

B. Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

The dividends income of $18,057 and $13,218 were received from the equity investments at fair value through other comprehensive income for the years ended December 31, 2022 and 2021, respectively.

The Company sold the stock of King Polytechnic Engineering Co., Ltd. on September 13, 2022. The fair value at the time of disposal was $2,488, and the accumulative disposal benefit amounted to $865. Other interests are transferred to retained earnings.

Yuanrong Venture (Stock) Co., Ltd. was liquidated by the resolution of the Board of Directors on November 17, 2021. The Company has recovered the liquidation share capital of $5,798 and the accumulated disposal benefits amounted to $4,384. Other interests are transferred to retained earnings.

(3) Notes and accounts receivables (included related party)

A. Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	$ 2,467	7,154

B. Accounts receivables, net

	December 31, 2022	December 31, 2021
Accounts receivable	$ 822,767	899,367
Less: Loss allowance	(799)	(5,690)
	$ 821,968	893,677

C. Accounts receivable due from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable due from related parties	$ 267,263	195,109

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions in Taiwan were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,064,004	-	-
1 to 90 days past due	28,195	1.78%	501
91 to 180 days past due	105	100%	105
More than 181 days past due	193	100%	193
	$ 1,092,497		799

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,027,518	-	-
1 to 90 days past due	67,264	-	-
91 to 180 days past due	111	-	-
More than 181 days past due	6,737	84%	5,690
	$ 1,101,630		5,690

The movements in the allowance for notes and accounts receivables were as follows:

	2022	**2021**
Balance at January 1	$ 5,690	10,138
Impairment losses reversed	-	(4,448)
Amounts written off	(4,891)	-
Balance at December 31	$ 799	5,690

(4) Inventories

	December 31, 2022	**December 31, 2021**
Raw materials	$ 134,041	153,296
Work in progress and semi-finished good	75,416	133,981
Finished goods and goods	188,113	210,827
	$ 397,570	498,104

The details of operating costs were as follows:

	2022	**2021**
Cost of good sold	$ 2,713,435	2,434,347
Write-down of inventories	10,707	-
Income from sale of scrap and wastes	(17,110)	(11,224)
	$ 2,707,032	2,423,123

As of December 31, 2022 and 2021, the Company did not provide any inventories as collateral for its loans.

(5) Other financial assets－current

	December 31, 2022	**December 31, 2021**
Time deposit (over three-month)	$ 442,224	156,640
Others	7,203	6,000
	$ 449,427	162,640

(6) Investments accounted for using the equity method

		December 31, 2022	December 31, 2021
Subsidiaries	$	3,328,239	2,657,195
Associates		11,816	290,655
Less: unrealized transaction gain between related companies		21,412	19,627
	$	3,318,643	2,928,223

The Company did not participate in the capital increase of its investee, Yangtze Energy Technologies, Inc. in 2021 due to its employees stock options being exercised as of December 31, 2021, which resulted in the Company ‘s ownership interest decreased to 19.89% and the impact amounts were $748, which were recorded as adjustments to capital surplus due to non-proportional investment in associates ‘s increase in capital.

Yangtze Energy Technologies, Inc. made up for losses through capital reduction at the extraordinary meeting of shareholders in August 9, 2021. The Board of Directors set the benchmark date for capital reduction on January 4, 2022.

On April 6, 2021, the Company was resolved by the Board of Directors to improve product diversity and expand the scale of operations. On April 28, 2021, the Company acquired a total of 14,847 thousand shares of Joyin Co., Ltd. holding right is 22.84%, and the total transaction price is 276,383. Joyin Co., Ltd. distributed cash dividends of 4,454 in 2021, which were accounted for as investment deductions using the equity method.

On January 3, 2022, the Company increased its investment and acquired a total of 2,672 thousand shares of Joyin Co., Ltd., and the total transaction price is $40,076. The holding right is reduced to 22.46%.

The disposal of the Company’s entire 17,519 thousand shares in Joyin to Prosperity Dielectrics Co., Ltd. was deemed as organizational restructure in accordance with the "Accounting for the transfer of shares of associate by subsidiaries within the group" analogously applied to "Accounting for retrospective restatement of comparative financial statements under common control". The difference between the disposal price of $317,092, and the book value of investments accounted for using the equity method of $16,419 thousand, was recognized as an addition of the capital surplus.

On August 6, 2021, with the approval of the Board of Directors, the Company indirectly increased its investment in Inpaq Technology (China) Co., Ltd. amounting to US$$5,000,000 through the subsidiaries in British Virgin Islands and Cayman. The investment amount in 2022 and 2021 were $41,775 and $97,160.

The Company acquired 72.90% of the shares of Elecram Technology Co., Ltd. from Joyin on July 1, 2022 to gain control of the Company. The total transaction price was $209,946.

A. Subsidiaries

Please refer to the consolidated financial statements for the years ended December 31, 2022.

B. Associates

The Company's financial information for investments accounted for using the equity method as follows:

	December 31, 2022	December 31, 2021
Total assets	$ 93,324	1,067,378
Total liabilities	$ 52,821	985,600

	2022	2021
Revenue	$ 649,527	1,241,938
Net loss	$ (49,852)	(62,933)

In 2022 and 2021, the Company's share of the net income of associates was as follows:

	2022	2021
Subsidiary	$ 366,747	305,499
Associates	(17,016)	6,896
Gain from continuing operations	$ 349,731	312,395

(7) Organizational restructuring under common control

Acquisition of Hunan Frontier Electronics Co.

In order to integrate its technical products and increase its market share, the Company indirect acquired Hunan Frontier Electronics Co., Ltd. (HFE) from Prosperity Dielectrics Co., Ltd., a substantial related party, through its subsidiary, Inpaq Technology (Suzhou) Co., Ltd., at a total amount of $409,726 (CNY 94,800 thousand), on April 30, 2021, based on a resolution approved during the board meeting held on January 27, 2021, resulting in the Company to fully own HFE after the above transaction.

A. Consideration transferred

The Company acquired 100% of Canfield Limited's shares amounting to $409,726 in cash.

B. Amounts of assets acquired and liabilities assumed

Fair value of assets acquired, and liabilities assumed:

Cash and cash equivalent	$	117,711
Accounts receivable		101,202
Inventories		52,236
Other current assets		5,328
Non-current assets		173,598
Accounts payable and other payables		(88,543)
Other current liabilities		(2,749)
Non-current liabilities		(177)
	$	358,606

C. Amounts of difference between consideration transferred and amounts of identifiable net assets of subsidiaries acquired.

Consideration transferred	$	(409,726)
Plus: Book value of identifiable net assets acquired		358,606
Accumulated exchange difference from acquiring the control of subsidiaries		64,376
Increased undistributed surplus-equity attributable to former owner of business combination under common control	$	13,256

(8) Property, plant and equipment

		Land	Buildings and construction	Machinery and equipment	Other facilities	Construction in progress and testing equipment	Total
Cost:							
Balance on January 1, 2022	$	236,552	423,015	1,986,685	465,501	411,034	3,522,787
Additions		6	3,489	139,018	18,675	486,227	647,415
Disposal and obsolescence		-	-	(26,057)	(12,604)	(8,641)	(47,302)
Reclassification		-	-	183,102	7,061	(106,915)	83,248
Balance on December 31, 2022	$	236,558	426,504	2,282,748	478,633	781,705	4,206,148
Balance on January 1, 2021	$	195,980	414,292	1,628,740	387,435	112,973	2,739,420
Additions		40,572	8,586	374,892	76,300	338,207	838,557
Disposal and obsolescence		-	(247)	(79,635)	(3,643)	-	(83,525)
Reclassification		-	384	62,688	5,409	(40,146)	28,335
Balance on December 31, 2021	$	236,552	423,015	1,986,685	465,501	411,034	3,522,787

		Land	Buildings and construction	Machinery and equipment	Other facilities	Construction in progress and testing equipment	Total
Depreciation and impairments loss:							
Balance on January 1, 2022	$	-	131,156	1,157,436	307,209	-	1,595,801
Depreciation		-	14,395	179,396	39,694	-	233,485
Disposal and obsolescence		-	-	(25,557)	(4,410)	-	(29,967)
Balance on December 31, 2022	$	-	145,551	1,311,275	342,493	-	1,799,319
Balance on January 1, 2021	$	-	118,394	1,088,216	274,335	-	1,480,945
Depreciation		-	12,829	146,567	36,517	-	195,913
Disposal and obsolescence		-	(67)	(77,347)	(3,643)	-	(81,057)
Balance on December 31, 2021	$	-	131,156	1,157,436	307,209	-	1,595,801
Carrying amounts:							
Balance on December 31, 2022	$	236,558	280,953	971,473	136,140	781,705	2,406,829
Balance on January 1, 2021	$	195,980	295,898	540,524	113,100	112,973	1,258,475
Balance on December 31, 2021	$	236,552	291,859	829,249	158,292	411,034	1,926,986

Please refer to note 7 for the Company’s transaction of property, plant and equipment with related parties.

(9) Right-of-use asset

The Company leased several assets including land and buildings. Information about leases for which the Company as a lessee was presented below:

		Land	Buildings	Total
Cost:				
Balance at January 1, 2022	$	13,586	82,507	96,093
Additions		-	341	341
Decreases		-	(64,927)	(64,927)
Balance at December 31, 2022	$	13,586	17,921	31,507
Balance at January 1, 2021	$	13,586	17,602	31,188
Additions		-	82,507	82,507
Decreases		-	(17,602)	(17,602)
Balance at December 31, 2021	$	13,586	82,507	96,093
Accumulated depreciation				
Balance at January 1, 2022	$	1,812	13,389	15,201
Depreciation for the year		1,358	15,624	16,982
Decreases		-	(11,092)	(11,092)
Balance at December 31, 2022	$	3,170	17,921	21,091

	Land		Buildings	Total
Balance at January 1, 2021	$	453	17,602	18,055
Depreciation for the year		1,359	13,389	14,748
Decreases		-	(17,602)	(17,602)
Balance at December 31, 2021	**$**	**1,812**	**13,389**	**15,201**
Carrying amount:				
Balance at December 31, 2022	**$**	**10,416**	**-**	**10,416**
Balance at January 1, 2021	**$**	**13,133**	**-**	**13,133**
Balance at December 31, 2021	**$**	**11,774**	**69,118**	**80,892**

Please refer to note 7 for the Company's transaction of right-of-use asset with related parties.

(10) Intangible assets

The cost and amortization of the intangible assets of the Company for the years ended December 31, 2022 and 2021 were as follows:

		Computer software and others
Costs:		
Balance at January 1, 2022	$	134,391
Additions		7,642
Balance at December 31, 2022	**$**	**142,033**
Balance at January 1, 2021	$	118,824
Additions		15,567
Balance at December 31, 2021	**$**	**134,391**
Accumulated amortization:		
Balance at January 1, 2022	$	107,427
Amortization for the year		9,032
Balance at December 31, 2022	**$**	**116,459**
Balance at January 1, 2021	$	100,205
Amortization for the year		7,222
Balance at December 31, 2021	**$**	**107,427**
Carrying value:		
Balance at December 31, 2022	**$**	**25,574**
Balance at January 1, 2021	**$**	**18,619**
Balance at December 31, 2021	**$**	**26,964**

(11) Other current assets and other non-current assets

The other current assets and other non-current assets of the Company were as follows:

	December 31, 2022	December 31, 2021
Prepayments for business facilities	$ 84,280	84,510
Tax receivables	17,767	17,854
Net Input VAT	8,558	7,434
Prepaid expenses	8,156	9,677
Prepayments to suppliers	546	24,745
Others	893	1,016
	$ 120,200	**145,236**
Other current assets	$ 35,920	60,726
Other non-current assets	84,280	84,510
	$ 120,200	**145,236**

(12) Short-term and Long-term borrowings

A. Short term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans	**$ 100,000**	**100,000**
Unused credit line	**$ 2,244,200**	**1,353,800**
Range of interest rate	**1.63%**	**0.75%**

Relevant information of exposure to liquidity risk and currency risk, please refer to note 6(22).

B. Long-term borrowings:

Financial Institution	Objective	Maturity and Repayment	December 31, 2022	December 31, 2021
Far Eastern International Bank	Working capital	December 30, 2021~March 8, 2024, Repayment of principal at maturity	$ 220,000	220,000
Hua Nan Bank	Working capital	December 18, 2020 ~ December 18, 2025，Starting from December 18,2022 , with 36 even monthly repayments.	300,000	300,000
Chang Hwa Bank	Purchase of additional equipment	May 3, 2021~April 15, 2031, June 15. The principle is repayable from June 15, 2024.	347,928	192,982
Chang Hwa Bank	Working capital	August 24, 2020~August 15, 2027. The principle is repayable from September 15, 2023.	573,321	244,286
E. Sun Bank	Purchase of additional equipment	March 16, 2020~March 15, 2025. The principle is repayable from April 15, 2023.	492,438	470,837
CTBC Bank	Purchase of additional equipment	December 24, 2021~December 15, 2026. The principle is repayable from January 15, 2025.	388,028	28,918
Mega Bank	Working capital	December 20, 2022~September 23, 2026. The principle is repayable from October 23, 2023	300,000	-
Less: Long-term liabilities, current portion			(361,100)	-
			$ 2,260,615	1,457,023
Unused credit lines			$ 900,000	2,457,850
Range of interest rate			**1.075%~ 1.875%**	**0.95%~ 1.25%**

C. Government low-interest loan

According to “Loans for Returning Overseas Taiwanese Businesses”, starting from March 2020, Company has successively obtained project loans from E. SunBank, Chang Hwa Bank, and CTBC Bank respectively, the total loans amounted to $1,833,820. The market interest rates of the loans were 1.525%, 1.575% and 1.875%, respectively, which were used to recognize and measure the book value of the loans. The preferential interest rates of the loans were 1.025%, 1.075% and 1.375% and the difference between the market interest rate and preferential rate was deemed as government subsidies. Please refer to note 6 (13) for details.

(13) Deferred income

	December 31, 2022	December 31, 2021
Deferred income-government grants	$ 31,099	14,921

If the Company fails to meet the conditions of the above-mentioned project loan, and the National Development Fund will cease to subsidize the Company, and the Company shall pay the interest according to the original agreed interest rate, plus the annual interest rate.

(14) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 1,309	16,225
Non-current	$ 9,307	65,159

For maturity analysis, please refer to note 6 (22).

The amounts recognized in profit or loss was as follows:

	2022	2021
Interest on lease liabilities	$ 860	832
Expenses relating to short-term leases	$ 6,193	8,397

The amounts recognized in the statement of cash flows by the Company were as follows:

	2022	2021
Total cash outflow for leases	$ 23,572	23,521

A. Real estate leases

The Company leases land and buildings for its leases of parking spaces, office space and factories. The leases of land typically run for a period of 10 years, and of buildings for two to ten years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some of the above leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions within the Company. The extension options held are exercisable only by the Company and not by the lessors. In which the lessee is not reasonably certain to use an optional extended lease term, and payments associated with the optional period are not included within the lease liabilities.

B. Other leases

The Company leases dormitories and cars, with lease terms of one to three years. These leases are short-term and/or leases of low-value items. The Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(15) Employee benefits

A. Defined benefit plans

Reconciliations of the defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 62,862	67,410
Fair value of plan assets	(40,477)	(38,059)
Net defined benefit liabilities	$ 22,385	29,351

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $40,477 as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company were as follows:

	2022	2021
Defined benefit obligations at January 1	$ 67,410	67,010
Current service costs and interest cost	348	215
Benefits paid	(2,447)	(520)
Remeasurements loss (gain)	(2,449)	705
Defined benefit obligations at December 31	$ 62,862	67,410

(c) Movements of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

		2022	2021
Fair value of plan assets at January 1	$	38,059	36,047
Contributions made		1,698	1,849
Interest income		202	119
Benefits paid from plan assets		(2,447)	(520)
Remeasurements gain		2,965	564
Fair value of plan assets at December 31	**$**	**40,477**	**38,059**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2022	2021
Net interest of net liabilities for the defined benefit obligations	**$**	**146**	**96**

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.3636%	0.52%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2022 is $1,699.

The weighted average lifetime of the defined benefits plans is 12 years.

(f) Sensitivity analysis

The Company’s remeasurements of the net defined benefit liability as of December 31, 2022 and 2021 amounted to $22,385 and $29,351. If the future salary increase rate rises or falls by 0.25%, net defined benefit liability would have increase by $1,775 and $2,061 or decrease by $1,715 and $1,989, respectively.

B. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $22,088 and $21,866 for the years ended December 31, 2022 and 2021, respectively.

(16) Income taxes

A. Tax expenses

The components of income tax for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Current tax expense		
Current period	$ 50,983	874
Adjustment for prior period	-	8
	50,983	882
Deferred tax expense		
Origination and reversal of temporary differences	4,186	7,040
Recognition of previously unrecognized tax losses	19,982	55,334
	24,168	62,374
Income tax expense	$ 75,151	63,256

The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021 was as follows:

	2022	2021
Exchange differences on translation of foreign financial statements	$ 10,960	(2,405)

Reconciliation of income tax and profit before tax for the years ended December 31, 2022 and 2021 was as follows:

	2022	2021
Income before income tax	$ 666,080	622,785
Income tax at the Company's domestic tax rate	133,216	124,557
Permanent differences	(81,154)	(62,183)
Unrecognized deferred tax assets of unused losses	12,460	-
Others	10,629	882
Total	$ 75,151	63,256

B. Deferred tax assets and liabilities

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

As of December 31, 2022, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unrecognized tax loss	Total	Expiry date
2019 (assessed)	$ 62,302	62,302	2029

The tax authority approved a tax deduction of $62,302 for the Company's profit seeking enterprise income tax return in 2019, wherein the Company disagreed and filed an application for reassessment on September 14, 2022, resulting in the Company to not being able to derive at any conclusion as of December 31, 2022.

(a) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities amounting $137,625 and $61,791, respectively.

(b) Recognized deferred tax assets and liabilities

Deferred Tax Assets	January 1, 2021	Recognized in profit and loss	Recognized in comprehensive income	December 31, 2021	Recognized in profit and loss	Recognized in comprehensive income	December 31, 2022
Provision for inventory devaluation	$ 9,074	1,388	-	7,686	(1,379)	-	9,065
Unused tax loss	75,316	55,334	-	19,982	19,982	-	-
Exchange differences on translation of foreign financial statements	17,980	-	(2,405)	20,385	-	10,960	9,425
Unrealized profit or loss from sales	4,301	376	-	3,925	(358)	-	4,283
Investment loss accounted for using the equity method	1,213	1,213	-	-	-	-	-
Others	4,656	3,212	-	1,444	35	-	1,409
	$ 112,540	61,523	(2,405)	53,422	18,280	10,960	24,182

Deferred Tax Liabilities	January 1, 2021	Recognized in profit and loss	Recognized in comprehensive income	December 31, 2021	Recognized in profit and loss	Recognized in comprehensive income	December 31, 2022
Share of profit of subsidiaries accounted for using equity method	$ (209,439)	851	-	(210,290)	5,888	-	(216,178)

C. The Company's tax returns have been assessed by the tax authorities through 2019.

(17) Capital and other equity

A. Ordinary shares

On June 20, 2018, the Company issue 45,000 thousand ordinary shares, with subscription price of $40.7 per share, under private placement of ordinary shares would be subject to section 43-8 requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded publicly after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the Financial Supervisory Commission. The application of an aforementioned privately placed shares for public offering had been approved by the Competent Authorities. Therefore, the above public offering took effect on October 26, 2021.

As of December 31, 2022 and 2021, the Company's register capital each amounting to $3,000,000, included the shares reserved for issuance of employee stock option of $150,000; and the total outstanding capital for both years each amounted to $1,401,803, with a par value of $10 per share.

Reconciliation of shares outstanding for 2022 and 2021 was as follows (in thousands of shares):

	Ordinary shares	
	2022	2021
Balance of December 31 (as of Balance on January 1)	140,135	140,135

B. Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Premium of common stock	$ 2,558,345	2,642,426
Treasury share transactions	135,745	135,745
Premium of corporate bonds converted to common stock	101,877	101,877
Transfer of stock options payable to corporate bonds sold back	15,722	15,722
Changes in equity of associates accounted for using equity method	16,570	148
Corporate bond options	7,655	7,655
Donation from shareholders	1,917	1,919
Effect of capital increase of associates	1,152	1,152
	$ 2,838,983	2,906,644

According to the R.O.C. Company A, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company’s article of incorporation stipulates that Company’s net earnings should first be used to offset the prior years’ deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

When the Company first adopted the International Financial Reporting Standards approved by the FSC, it selected to apply the IFRS No. 1 "First-time Application of International Financial Reporting Standards" exemption, and the cumulative translations adjustments originally reported under shareholders' equity were reclassified to retained earnings and the amount of $46,817, and the net increase in retained earnings due to the first application of IFRS1 on the conversion date was $9,173. However, in accordance with Ruling No. 1010012865 issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2022 and 2021, the aforementioned special reserve both amounted $9,173.

In accordance with abovementioned ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(c) Earnings distribution

On July 12, 2021, considering the tax incentives such as the government' s industrial regulations in recent years, and in order to measure the applicable status in the future, the Company passed the resolution of the ordinary shareholders' meeting to retain earnings, and the earnings will not be used to distribute cash dividends. Except for statutory surplus reserve and reversal of special surplus reserve according to law, the surplus is retained to undistributed surplus and will not be distributed.

The amounts of cash dividends on the appropriations of earnings for 2021 had been approved during the shareholders' meeting on June 14, 2022. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Ordinary shares－cash dividends	$ 0.6	84,801	-	-

In addition, on June 14, 2022 and July 12, 2021, the Company passed the resolution of the ordinary shareholders' meeting to distribute cash dividends of $84,081 and $140,135 in cash dividends of the capital reserve of the surplus from the issuance of shares in excess of the par value, at a rate of $0.6 and $1 per share, in accordance with article 241, Paragraph 1, Subparagraph 1 of the Company Act.

The appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

D. Other equity, net of tax

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2022	$	(191,285)	72,372	(118,913)
Exchange differences on foreign operations		47,203	-	47,203
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	(169,109)	(169,109)
Cumulative gains (losses) reclassified to profit or loss on disposal of investments in equity instrument at fair value through other comprehensive income		-	(865)	(865)
Disposal of investments accounted for using equity method		(5,141)	597	(4,544)
Balance at December 31, 2022	**$**	**(149,223)**	**(97,005)**	**(246,228)**
Balance at January 1, 2021	$	(119,071)	64,616	(54,455)
Exchange differences on foreign operations		(7,838)	-	(7,838)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	12,140	12,140
Cumulative gains (losses) reclassified to profit or loss on disposal of investments in equity instrument at fair value through other comprehensive income		-	(4,384)	(4,384)
Reorganization of entities under common control		(64,376)	-	(64,376)
Balance at December 31, 2021	**$**	**(191,285)**	**72,372**	**(118,913)**

E. Treasury stock

The Company implements the treasury stock system, and the reasons for the repurchase were as follows:

Unit: Thousand shares

	2022			
Reason	**Outstanding at January 1**	**Granted during the year**	**Exercised during the year**	**Outstanding at December 31**
Transferred to employee	45	-	-	45

	2021			
Reason	**Outstanding at January 1**	**Granted during the year**	**Exercised during the year**	**Outstanding at December 31**
Transferred to employee	45	-	-	45

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(18) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2022 and 2021 were as follows:

	2022	**2021**
Basic earnings per share:		
Profit of the Company for the year	$ 590,929	566,412
Weighted-average number of outstanding shares		
Weighted average number of ordinary shares (in thousands of shares)	140,136	140,136
Basic earnings per share	$ 4.22	4.04
Diluted earnings per share:		
Profit of the Company for the year	$ 590,929	566,412
Weighted average number of ordinary shares (in thousands of shares)(Basic)	140,136	140,136
Effect of dilutive potential ordinary shares:		
Effect of employee share bonus	992	843
Weighted average number of ordinary shares (in thousands of shares)(Diluted)	141,128	140,979
Diluted earnings per share	$ 4.19	4.02

(19) Revenue from contracts with customers

A. Major products lines and primary geographical markets

	2022			2021		
	High frequency component Department	**Passive component Department**	**Total**	**High frequency component Department**	**Passive component Department**	**Total**
China	$ 263,298	1,404,396	1,667,694	306,761	1,388,060	1,694,821
Taiwan	154,083	275,479	429,562	185,371	304,087	489,458
Hong Kong	5	349,345	349,350	383	265,476	265,859
Others	236,428	671,444	907,872	151,980	597,995	749,975
	$ 653,814	2,700,664	3,354,478	644,495	2,555,618	3,200,113

B. Contract balances

For details on accounts receivables and allowance for impairment, please refer to note 6(3).

(20) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 5% of the profit as employee remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director will have to be approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $37,004 and $34,982, and directors' remuneration amounting to $14,802 and $13,993 respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. The numbers of shares to be distributed for 2022 and 2021 were calculated based on the closing price of the Company's ordinary shares on the day before the date of the board meeting. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognized as profit or loss in the following year. The estimated amount of the Republic of China has been approved by a resolution of the Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent-company-only financial statements, are identical to those of the actual distributions for 2021.

(21) Non-operating income and expenses

A. Interest income

		2022	2021
Loans to other parties and interest income	$	13,451	4,587
Interest income from bank deposits		12,741	5,333
Interest income from financial assets measured at fair value through other comprehensive income		7,612	6,082
Others		37	31
	$	33,841	16,033

B. Other gains and losses

		2022	2021
Dividend income (Note)	$	18,057	13,218
Sale of raw materials (Note)		10,800	17,259
Patent income		7,462	5,752
Sample mold revenue		4,099	6,189
Technical service revenue		3,478	1,479
Government grant		563	1,006
Losses on disposal of property, plant and equipment		(4,076)	(467)
Others		(5,415)	7,672
	$	34,968	52,108

Note: For related party transactions, please refer to note 7.

C. Finance costs

		2022	2021
Interest expenses on bank loans (Note)	$	22,614	7,989
Interest expenses on lease liabilities (Note)		860	832
	$	23,474	8,821

Note: For related party transactions, please refer to note 7.

(22) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The Company has a large customer base located in diverse areas and does not significantly concentrate on transactions with a single customer; therefore, there was no concentration of credit risk. In order to reduce credit risk, the Company also regularly and continuously evaluates the financial situation of its customers, but usually does not require customers to provide any collateral.

(c) Receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6(3).

For debt investments at fair value through other comprehensive income, please refer to note 6(2).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$ 100,000	100,246	100,246	-	-	-	-
Notes and accounts payables (including related parties)	382,648	382,648	382,648	-	-	-	-
Salary and bonus payable	167,518	167,518	167,518	-	-	-	-
Payable on machinery and equipment	94,891	94,891	94,891	-	-	-	-
Lease liabilities (current and non-current)	10,616	11,318	738	738	1,476	4,429	3,927
Long-term borrowings (including current portion)	2,621,715	2,741,894	127,458	262,526	876,554	1,299,468	175,888
Guarantee deposits received	6,122	6,122	-	-	6,122	-	-
	$ 3,383,510	3,504,637	873,499	263,264	884,152	1,303,897	179,815

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non derivative financial liabilities							
Short-term borrowings	$ 100,000	100,360	100,360	-	-	-	-
Notes and accounts payables (including related parties)	514,547	514,547	514,547	-	-	-	-
Salary and bonus payable	166,402	166,402	166,402	-	-	-	-
Payable on machinery and equipment	114,209	114,209	114,209	-	-	-	-
Lease liabilities (current and non-current)	81,384	85,416	8,542	8,542	8,196	24,931	35,205
Long-term borrowings (including current portion)	1,457,023	1,491,270	4,247	4,279	308,358	1,007,402	166,984
Guarantee deposits received	6,122	6,122	-	-	6,122	-	-
	$ 2,439,687	2,478,326	908,307	12,821	322,676	1,032,333	202,189

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk is as follows:

	December 31, 2022		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 47,676	30.71	1,464,123
Investment accounted for using equity method			
USD	101,571	30.71	3,119,234
Financial liabilities			
Monetary items			
USD	9,861	30.71	302,841

	December 31, 2021		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary items			
USD	$ 54,586	27.69	1,511,486
CNY	36,401	4.3476	158,257
Investment accounted for using equity method			
USD	95,962	27.69	2,657,188
Financial liabilities			
Monetary items			
USD	14,494	27.69	401,339

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables (including related parties), financial assets at fair value through other comprehensive income, and accounts payables (including related parties) that are denominated in foreign currencies, USD and CNY. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2022 and 2021. A strengthening (weakening) of the NTD against the USD, and RMB as of December 31, 2022 and 2021 would have increased (decreased) as follows:

	Movement	**2022**	**2021**
Exchange rate of NTD	Appreciation one dollar against to USD	$ 30,252	32,074
	Depreciation on dollar against to USD	$ (30,252)	(32,074)
	Appreciation one dollar against to CNY	$ 158	29,121
	Depreciation on dollar against to CNY	$ (158)	(29,121)

(c) Exchange gains and losses for monetary items

The foreign currency exchange gains and losses (including realized and unrealized) of the company, converted into functional currencies, are as follows:

	2022		2021	
	Foreign currency exchange (loss) gain	**Average exchange rate**	**Foreign currency exchange (loss) gain**	**Average exchange rate**
New Taiwan Dollars	$ 145,046	30.53	(34,946)	27.97

D. Other market price risk

For the years ended December 31, 2022 and 2021, the sensitivity analyses for the changes in securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	2022	2021
Increasing 5%	$ 16,366	22,141
Decreasing 5%	$ (16,366)	(22,141)

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Bond investments	$ 177,786	177,786	-	-	177,786
Stocks in listed domestic companies	198,934	198,934	-	-	198,934
Stocks in unlisted domestic companies	32,436	-	-	32,436	32,436
	$ 409,156	376,720	-	32,436	409,156

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 641,970	-	-	-	-
Notes and accounts receivables (including related parties)	1,091,698	-	-	-	-
Other financial assets — current	449,427	-	-	-	-
Refundable deposits	32,487	-	-	-	-
	$ 2,215,582	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	$ 100,000	-	-	-	-
Long-term borrowings (including current portion)	2,621,715	-	-	-	-
Notes and accounts payables (including related parties)	382,648	-	-	-	-
Payroll and bonus payable	167,518	-	-	-	-
Payable on machinery and equipment	94,891	-	-	-	-
Lease liabilities (current and non-current)	10,616	-	-	-	-
Guarantee deposits received	6,122	-	-	-	-
	$ 3,383,510	-	-	-	-

	December 31, 2021				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Bond investments	$ 208,737	208,737	-	-	208,737
Stocks in listed domestic companies	291,724	291,724	-	-	291,724
Stocks in unlisted domestic companies	53,052	-	-	53,052	53,052
	$ 553,513	500,461	-	53,052	553,513
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 329,660	-	-	-	-
Notes and accounts receivables (including related companies)	1,095,940	-	-	-	-
Other financial assets- current	162,640	-	-	-	-
Refundable deposits	19,524	-	-	-	-
	$ 1,607,764	-	-	-	-

	December 31, 2021				
		Fair value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at amortized cost					
Short-term borrowings	$ 100,000	-	-	-	-
Long-term borrowings (including current portion)	1,457,023	-	-	-	-
Notes and accounts payables (including related parties)	514,547	-	-	-	-
Payroll and bonus payable	166,402	-	-	-	-
Payable on machinery and equipment	114,209	-	-	-	-
Lease liabilities (current and non-current)	81,384	-	-	-	-
Guarantee deposits received	6,122	-	-	-	-
	$ 2,439,687	-	-	-	-

(b) Valuation techniques for financial instruments measured at fair value

The Company held its foreign listed US dollar corporate bonds and stocks in listed domestic companies, which are measured at fair value according to standard provisions and conditions; the fair value is measured using the quoted prices in an active market.

Except for the above financial instruments with an active market, the Company estimated the fair value of the remaining financial instruments by using the valuation techniques. The valuation technique is used to arrive at their fair value, for which the market transaction prices of the similar companies and market conditions are considered.

(c) There were no transfers from Level 2 to Level 1 in 2022 and no transfers in either direction in 2021.

(d) Reconciliation of Level 3 fair values

	Financial assets at FVOCI–equity investment without an active through other comprehensive income
Opening balance, January 1, 2022	$ 53,052
Recognized in other comprehensive income	(20,616)
Ending Balance, December 31, 2022	$ 32,436

		Financial assets at FVOCI–equity investment without an active through other comprehensive income
Opening balance, January 1, 2021	$	52,937
Recognized in other comprehensive income		5,913
Capital refund from reduction		(5,798)
Ending Balance, December 31, 2021	$	53,052

(e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value through other comprehensive income – equity investments.

The Company classified those third level of investment in non-active market equity instruments with multiple significant unobservable inputs. The significant unobservable input values of equity instrument investment without an active market are independent of each other, hence, there is no correlation.

Quantified information of significant unobservable inputs was as follows:

Items	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Market Method	• Price-book ratios as of (December 31, 2022 and December 31, 2021 ranged from 13.94 and 29.12, respectively) • Discount for lack of marketability as of December 31, 2022 and 2021 was both 25%)	• The higher the price-to-net value ratio, the higher the fair value • The higher the liquidity discount, the lower the fair value
Financial assets at fair value through other comprehensive income equity investments without an active market	Net Asset Value Method	• Net asset value • Discount for lack of marketability as of December 31, 2022 and 2021 was both 15%.)	Not applicable • The higher the liquidity discount, the lower the fair value

(23) Financial risk management

A. Overview

The Company is exposed to the following risks from its financial instrument:

(a) credit risk

(b) liquidity risk

(c) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's establishment of the risk management policy is to identify and analyze the risks faced by the Company, through setting appropriate risk limits and controls, and supervising the compliance of risks and risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and operations of the management of the Company.

The Company's financial management department provides services for various business units and to coordinate access to the domestic and international financial markets operation, and supervises and manages the financial risks related to the operation of the Company by analyzing internal risk reports based on risk level and breadth.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, financial institutions and corporate organizations with good credit rating. The Company expects its counterparties to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. When it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on the credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the management of the Company.

The Company's policy stipulates that only fully owned subsidiaries can be provided with financial guarantees. As of December 31, 2022 and 2021, the Company only provided endorsement guarantee to its subsidiaries.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, the currencies used in these transactions are the NTD, USD, CNY, EUR and Yuan.

Loan interest is priced in the currency of the principal of the loan. Except for the US dollars, the currency of the loan is the same as the currency of the cash flow generated by the operation of the Company, which is mainly is the New Taiwan dollar. In this case, economic hedging is provided without the need to sign derivatives, so hedging accounting is not adopted.

Regarding other monetary assets and liabilities denominated in foreign currencies, when short-term imbalance occurs, the Company buys or sells foreign currencies at real-time exchange rates to ensure that the net risk of risk remains at an acceptable level.

(b) Interest risk

The short-term and long-term borrowings of the Company are debts with floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of short-term and long-term borrowings to change accordingly, which will cause fluctuations in future cash flows.

(c) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios.

(24) Capital management

The Company’s objectives for managing capital are to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

Although the Company’s life cycle is in a stable growth stage of operation, the industry of the Company is changeable, and it is deemed as technology intensive industry; hence, a material amount of capital is needed to sustain its development. The retained surplus must be used to respond to operating growth and investment needs. At this stage, a residual dividend policy is adopted. The cash dividends distributed by shareholder dividends shall not be less than 10% of the total distribution.

In order to maintain or adjust the capital structure semiannually, the Company may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company’s debt-to-equity ratio at the end of the reporting period as of December 31, 2022 and 2021 is as follows:

		December 31, 2022	December 31, 2021
Total liabilities	$	3,820,319	2,819,292
Less: cash and cash equivalents and over three-month period time deposit		(1,084,194)	(486,300)
Net debt	$	2,736,125	2,332,992
Total equity	$	5,820,552	5,502,518
Debt-to-equity ratio		47.01%	42.40%

(25) Financing activities of non-cash transactions

The Company’s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows:

A. For right-of-use assets under leases, please refer to note 6(9).

B. Reconciliation of liabilities arising from financing activities were as follows:

				Non-cash changes	
		January 1, 2022	Cash flows	Increase (decrease) in this period	December 31, 2022
Short-term borrowings	$	100,000	-	-	100,000
Long-term borrowings (including current portion)		1,457,023	1,180,870	(16,178)	2,621,715
Lease liabilities (current and non-current)		81,384	(16,519)	(54,249)	10,616
	$	1,638,407	1,164,351	(70,427)	2,732,331

	January 1, 2021	Cash flows	Non-cash changes Increase (decrease) in this period	December 31, 2021
Short-term borrowings	$ -	100,000	-	100,000
Long-term borrowings (including current portion)	504,241	964,950	(12,168)	1,457,023
Lease liabilities (current and non-current)	13,169	(14,292)	82,507	81,384
	$ 517,410	1,050,658	70,339	1,638,407

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Walsin obtained a substantial control over the Company; therefore, became the parent company of the Company. Walsin has issued its consolidated financial statements available for public use.

(2) Names and relationship with the Company

The followings are entities that have had transactions with related party during the periods covered in the parent-company-only financial statements:

Name of related party	Relationship with the Company
Inpaq (BVI) Ltd. (Inpaq BVI)	The Company's subsidiary
Inpaq (Cayman Islands) Ltd. (Inpaq Cayman)	The Company's subsidiary
Canfield Ltd. (Canfield)	The Company's subsidiary
Inpaq Technology USA, Inc (Inpaq USA)	The Company's subsidiary
Inpaq (HK) Co., Limited	The Company's subsidiary
Inpaq Technology (Suzhou) Co., Ltd.	The Company's subsidiary
Inpaq Technology (China) Co., Ltd.	The Company's subsidiary
Inpaq Trading (Suzhou) Co., Ltd	The Company's subsidiary
Inpaq Trading (Suzhou) Co., Ltd	The Company's subsidiary
Holypaq (HK) Co., Limited	The Company's subsidiary
Taiwan Inpaq electronic Co., Ltd.	The Company's subsidiary
Hunan Frontier Electronics Co.,	The Company's subsidiary
Eleceram Technology Co., Ltd. (note (1))	The Company's subsidiary
Inpaq Korea Co., Ltd. (Inpaq Korea)	An associate
Inpaq Europe GmbH	An associate
Apaq Technology Co., Ltd. (Apaq)	The Company is its director
Phoenix Innovation Venture Capital Co., Ltd. (Phoenix Innovation)	The Company is its director

Name of related party	Relationship with the Company
Walsin Technology Corporation (Walsin)	Parent Company
Prosperity Dielectrics Co., Ltd. (Prosperity Dielectrics)	Subsidiary of Walsin
Kamaya Electric Co., Ltd. (Kamaya Electric)	Subsidiary of Walsin
Kamaya Electric (M) Sdn. Bhd.	Subsidiary of Walsin
Vvg Inc.	An associate of Walsin
Joyin Co., Ltd. (Joyin) (note (2))	An associate of Walsin
Info-Tek Corporation (Info-Tek)	Others
Hannstar Board Corporation	Others
PSA Charitable Foundation	Others
Career Technology MFG. Co., Ltd.	Others

Note 1: Eleceram became a subsidiary of the Company after July 1, 2022.

Note 2: On July 1, 2022, the Company sold the shares of Joyin to Prosperity Dielectrics Co., Ltd. Since then, Joyin has become an associate of Walsin.

(3) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Company to its related parties were as follows:

	2022	2021
Associates		
Inpaq Korea	$ 50,430	64,322
Others	4,741	8,709
Parent Company	50,089	27,785
Subsidiary:		
Inpaq Technology (China) Co., Ltd.	471,184	304,286
Inpaq Technology (Suzhou) Co., Ltd.	69,741	112,249
Other subsidiaries	1,564	-
Others	42,181	45,123
	$ 689,930	562,474

The terms and pricing of sales transactions with related parties were not significantly different from those offered by other customers.

As of December 31, of 2022 and 2021, the unrealized gross gains or losses of 16,170 and 13,056, respectively, recognized on investment accounted for using the equity method.

B. Purchases and processing fee

The amounts of significant purchases by the Company from related parties were as follows:

	2022	2021
Parent Company	$ 2,688	2,734
Subsidiary:		
Inpaq Technology (Suzhou) Co., Ltd	505,898	497,895
Inpaq Technology (China) Co., Ltd	388,707	361,869
Hunan Frontier Electronics Co.,	336,947	152,055
Others	406	2,764
	$ 1,234,646	1,017,317

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

The amounts of significant processing fees by the Company to its related parties were as follows:

	2022	2021
Others	$ -	362

C. Receivables from Related Parties

Account	Relationship	December 31, 2022	December 31, 2021
Accounts receivable	Inpaq Technology (China) Co., Ltd.	$ 205,908	118,964
Accounts receivable	Inpaq Technology (Suzhou) Co., Ltd.	17,568	23,555
Accounts receivable	Subsidiary	581	-
Accounts receivable	Parent Company	17,862	12,539
Accounts receivable	Associates	16,779	19,888
Accounts receivable	Others	8,565	20,163
		$ 267,263	195,109

D. Payables to Related Parties

Account	Relationship	December 31, 2022	December 31, 2021
Accounts payable	Inpaq Technology (China) Co., Ltd.	$ 111,426	82,070
Accounts payable	Hunan Frontier Electronics Co.,	91,686	76,794
Accounts payable	Inpaq Technology (Suzhou) Co., Ltd.	61,299	155,815
Accounts payable	Parent Company	100	4,318
Accounts payable	Others	41	5,768
Accounts payable	Taiwan Inpaq Electronic Co., Ltd.	-	4,236
Accounts payable	Associates	-	124
		$ 264,552	329,125

E. Commission fee

	2022	2021
Associates:		
Inpaq Korea	$ 19,526	21,113
Subsidiary:		
Taiwan Inpaq Electronic Co., Ltd.	98,072	96,272
Others	(12)	206
	$ 117,586	117,591

Account	Relationship	December 31, 2022	December 31, 2021
Notes payable	Taiwan Inpaq Electronic Co., Ltd.	$ 242	-
Other payables	Taiwan Inpaq Electronic Co., Ltd.	36,602	37,400
	Inpaq Korea	7,427	7,315
	Subsidiary	-	168
		$ 44,029	44,883

F. Acquisition of property, plant and equipment

	Acquisition Price	
	2022	2021
Prosperity Dielectrics —Machineries	$ -	7,457

G. Disposal of property, plant and equipment

	Disposal Price	
	2022	**2021**
Apaq	$ 1,317	-
Parent Company	-	384
Inpaq Technology (China) Co., Ltd.	-	1,527
	$ 1,317	1,911

	Gain (loss) from disposal	
	2022	**2021**
Apaq	$ 215	-
Parent Company	-	384
Inpaq Technology (China) Co., Ltd.	-	(761)
	215	(377)

As of December 31, 2022 and 2021 the balances of unrealized gains or losses arising from the sales of fixed assets amounted to $4,353 and $5,405, respectively, recognized on investment accounted for using the equity method.

H. Lease

Account	Relationship	2022	2021
Other income	Info-Tek	$ 708	-
Rent expense	Info-Tek	$ -	965
Interest expense	Info-Tek	$ 619	478

The Company terminated the lease contract ahead of time, the lease liability decrease by $54,543 and the right-of-use asset decrease by $53,835, and the difference was recognized as profit from lease modification of $708.

Account	Relationship	December 31, 2022	December 31, 2021
Right-of-use assets	Info-Tek	$ -	60,328
Lease liability	Info-Tek	$ -	60,645
Refundable deposits	Info-Tek	$ 1,095	1,095

The Company acquisition of right-of-use assets and lease liabilities amounted to $64,927 during the year ended December 31,2021.

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Notes to the Financial Statements

I. Other transactions

Account	Relationship	2022	2021
Other income	Eleceram Technology	$ 138	-
	Parent Company	75	35
	Prosperity Dielectrics	-	3,294
	Others	3	7
Patents income	Inpaq Technology (China) Co., Ltd.	7,462	5,752
Sale of raw materials	Inpaq Technology (China) Co., Ltd.	72,534	123,796
	Subsidiary	2,719	3,625
Dividend income	Apaq	9,553	9,075
	Phoenix Innovation	8,504	4,100
Cash dividends (Deduction of investments accounted for using the equity method)	Joyin	-	4,454
		$ 100,988	154,138
Cost of raw materials	Taiwan Inpaq electronic Co., Ltd.	$ 62,165	106,996
	Subsidiary	2,288	3,166
Other expenses	Others	3,780	15,580
	Subsidiary	470	29
	Parent Company	6	6,486
	Associates	-	148
		$ 68,709	132,405

As of December 31, 2022 and 2021, the deferred unrealized gains (losses) arising from purchasing materials were $889 and $1,166, respectively, recognized on investment accounted for using the equity method.

Account	Relationship	December 31, 2022	December 31, 2021
Other receivables	Inpaq Technology (China) Co., Ltd.	$ 24,214	53,399
Other receivables	Others	1,383	37
Other receivables	Subsidiary	275	2,310
Other receivables	Parent company	-	327
		$ 25,872	56,073

Account	Relationship	December 31, 2022	December 31, 2021
Other payables	Parent company	$ 1,760	-
Other payables	Inpaq Technology (China) Co., Ltd.	268	-
Other payables	Others	213	-
		$ 2,241	-

J. Guarantee:

The Company had provided guarantees for its subsidiaries were as follows:

	December 31, 2022	December 31, 2021
Inpaq Technology (China) Co., Ltd.	$ 230,325	526,110
Inpaq Technology (Suzhou) Co., Ltd	307,100	304,590
Taiwan Inpaq electronic Co., Ltd.	737,040	830,700
Hunan Frontier Electronics Co.,	184,260	-
	$ 1,458,725	1,661,400

K. Loans to Related Parties:

The loans to related parties were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Other receivable	Inpaq Technology (China) Co., Ltd.	$ 671,484	444,633
Other receivable	Inpaq USA	15,363	-
		$ 686,847	444,633

The interest income charged by the Company to related parties were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Interest income	Inpaq Technology (China) Co., Ltd.	$ 13,269	4,587
Interest income	Inpaq USA	8	-
		$ 13,277	4,587

L. Organizational restructuring under common control

The Company and its related party entered into an agreement for organizational restructuring; please refer to Note 6(7).

M. Disposal of investments accounted for using the equity method

The Company sold all the shares of Joyin to the Prosperity Dielectrics Co., Ltd., please refer to note 6(6).

N. Acquisition of subsidiary equity

The Company acquired 72.9% of the shares of Eleceram Technology Co., Ltd. from Joyin, please refer to note 6(6).

(4) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 17,678	18,583
Post-employment benefits	216	216
Other long-term benefits	490	1,452
	$ 18,384	20,251

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Time deposit (classified refundable deposits)	Tariff guarantee	$ 3,800	3,800
Time deposit (classified refundable deposits)	Guarantee for plant lease	9,331	9,331
		$ 13,131	13,131

9. Significant Commitments and Contingencies:

(1) The contracted and unpaid construction cost of the Company on December 31, 2022 and 2021 were approximately $18,750 and $237,000 respectively.

(2) The Company signed a procurement contract with iPU Semiconductor Co., Ltd. ("iPU ") on December 31, 2021, wherein the Company shall purchase products equivalent to the agreed number of wafers from January 1, 2022 to December 31, 2023, and cannot terminate the contract. In addition, the Company provided a production capacity deposit of $9,823 (US$350,000 thousand) to guarantee the basic production capacity during the agreement period. The deposit was accounted for as guarantee deposits received, which will be refunded to the Company, without interest, two weeks after the end of this agreement without interest, provided the Company comply with all the conditions stated in the contract before the end of the effective period.

10. Losses Due to Major Disasters: None.

11. Subsequent Events: None.

12. Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022			2021		
	Cost of Sale	**Operating Expense**	**Total**	**Cost of Sale**	**Operating Expense**	**Total**
Employee benefits						
Salary	406,119	233,634	639,753	451,627	138,026	589,653
Labor and health insurance	43,548	12,440	55,988	44,674	11,967	56,641
Pension	15,088	7,146	22,234	15,474	6,488	21,962
Remuneration to directors	-	15,728	15,728	-	14,858	14,858
Others	26,836	9,582	36,418	26,728	7,054	33,782
Depreciation	230,115	20,352	250,467	190,311	20,350	210,661
Amortization	2,556	6,476	9,032	1,910	5,312	7,222

The numbers of employees and the amount employee benefits for the years ended December 31, 2022 and 2021 were follows:

	2022	**2021**
The numbers of employees	**968**	**921**
The numbers of directors who were not employees	**5**	**5**
The average of employee benefits	**$ 783**	**766**
The average of salaries	**$ 664**	**644**
The average of adjusted salary rate	**3.11%**	

The remuneration to the directors of the Company is appropriated in accordance with the Company's articles of association and other regulations; the articles of association clearly stipulate that if the Company makes a profit, a minimum of 3% shall be appropriated as directors' remuneration. The directors' remuneration performance policy is based on the evaluation of the performance of the board of directors, the overall operating performance of the Company, the future operating needs and development of the industry, as well as taking into consideration the individual's contribution to the Company's operations, the salary level within the same peer industry, and the remuneration recommended by the remuneration committee and approved by the board. The remuneration to managers and employees is based on the Company's articles of association, as well as the salary and performance appraisal regulations, wherein it stipulates that if the Company makes a profit, a minimum of 5% of the profit shall be allocated as employee remuneration, which is subject to personal performance evaluation (such as target achievement rate, professional ethics and compliance with the regulations), contribution to the Company's overall operations, and the salary level within the same peer industry. The Company's remuneration payment policy does not cause any major uncertain future risks.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions of the Company required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”:

A. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits (note 1)	Maximum limit of fund financing (note 1)
0	The Company	Inpaq Technology (China) Co., Ltd.	Receivables-related party	Yes	180,000	-	-		2	-	Operating	-	None	-	1,455,138	2,328,221
0	The Company	Inpaq Technology (Suzhou) Co., Ltd	Receivables-related party	Yes	180,000	-	-		2	-	Operating	-	None	-	1,455,138	2,328,221
0	The Company	Taiwan Inpaq Electronic Co., Ltd	Receivables-related party	Yes	750,000	750,000	668,000	2.366%	2	-	Operating	-	None	-	1,455,138	2,328,221
0	The Company	Inpaq USA	Receivables-related party	Yes	16,105	15,355	15,355	0.128%	2	-	Operating	-	None	-	1,455,138	2,328,221

Note 1: a. According to the financing company’s financial management clauses, the financing limit in aggregate is 40% of net equity. An entity which has short term financing needs.

(1) The Company directly holds 50% of the voting shares, the financing limit is 25% of the Company’s net equity.

(2) For other companies or entities, and those fund loans approved by the Company’s board of directors, the financing limit is both 10% of the Company’s net equity.

b. According to the financing company’s financial management clauses, for financing between foreign companies, in which the Company directly or indirectly holds 100% of the voting shares, the financing limit for each borrower and the aggregate financing limit are both 40% of net equity.

Note 2: a. relate business relationship.

b. relate short-term financing.

B. Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Inpaq Technology (China) Co., Ltd.	Indirectly Owned Subsidiaries	1,164,110	526,395	230,325	-	-	3.96%	2,328,221	Y	N	Y
0	The Company	Inpaq Technology (Suzhou) Co., Ltd.	Indirectly Owned Subsidiaries	1,164,110	322,100	307,100	-	-	5.28%	2,328,221	Y	N	Y
0	The Company	Taiwan Inpaq electronic Co., Ltd.	Indirectly Owned Subsidiaries	1,164,110	1,545,750 (note 3)	737,040	-	-	12.66%	2,328,221	Y	N	N
0	The Company	Hunan Frontier Electronics Co.,	Indirectly Owned Subsidiaries	1,164,110	193,260	184,260	-	-	3.17%	2,328,221	Y	N	Y

Note 1: The total amount of guarantee provided to any individual entity shall not exceed 20% of Inpaq’s equity.

Note 2: The total amount of guarantee provided shall not exceed 40% of Inpaq’s equity.

Note 3: The endorsement guarantee agreement had been renewed with the approval of the board, resulting in the endorsement guarantee to exceed the limit due to the additional amount reflected in the new contract.

C. Securities held as of December 31, 2022 (excluding investment in subsidiaries and associates):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value
The Company	Apaq Technology Co., Ltd. –Stock	The Company is its director	Financial assets at fair value through other comprehensive income－non-current	4,776,329	198,934	5.37%	198,934
The Company	Phoenix Innovation Venture Capital Co., Ltd.–Stock	The Company is its director	Financial assets at fair value through other comprehensive income－non-current	3,000,000	26,160	9.38%	26,160
The Company	PAN WIN Biotechnology Inc. –Stock	NA	Financial assets at fair value through other comprehensive income－non-current	100,000	-	5.00%	-
The Company	AICP Technology Corporation –Stock	NA	Financial assets at fair value through other comprehensive income－non-current	600,000	6,276	8.00%	6,276
The Company	Corporate bonds – Apple INC.	NA	Financial assets at fair value through other comprehensive income－non-current	27,500	75,139	- %	75,139
The Company	Corporate bonds – Amazon. com, Inc.	NA	Financial assets at fair value through other comprehensive income－non-current	15,000	39,763	- %	39,763
The Company	Corporate bonds – Microsoft Corporation	NA	Financial assets at fair value through other comprehensive income－non-current	7,500	20,831	- %	20,831
The Company	Corporate bonds –Saudi Arabian Oil Co.	NA	Financial assets at fair value through other comprehensive income- Non current	15,000	42,053	- %	42,053

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Company holding securities	Security type and name	Account	counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Joyin	Investments accounted for using equity method	Prosperity Dielectrics Co., Ltd.	Related－Party	14,847	277,229	2,672	40,076	17,519	317,092	305,334	16,419 (note 1,2)	-	-

Note 1: Gains and losses were derived from the difference between the disposal price and the book value, plus other equity items.

Note 2: The gain is accounted for as capital surplus in accordance with the "Accounting for Business Combination of Entities Under Common Control".

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

Unit: Thousands of New Taiwan Dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	New construction of Zhunan second plant	109.08.21	475,000	427,500	Engtown Construction Corporation	Non-related party	None	None	None	-	Bidding	Operation	None

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inpaq Technology (China) Co., Ltd.	Indirectly Owned Subsidiaries	Sales	(471,184)	(14)%	60 days after month end	-	Note 2	205,908	19%	
The Company	Inpaq Technology (Suzhou) Co., Ltd.	Indirectly Owned Subsidiaries	Purchases	508,719	30%	60 days after month end	-	Note 1	(61,299)	(16)%	
The Company	Inpaq Technology (China) Co., Ltd.	Indirectly Owned Subsidiaries	Purchases	349,385	20%	60 days after month end	-	Note 1	(111,426)	(29)%	
The Company	Hunan Frontier Electronics Co.,	Indirectly Owned Subsidiaries	Purchases	339,445	20%	60 days after month end	-	Note 1	(91,686)	(24)%	

Note 1: The Company’s purchase price and credit term for related parties are not significantly different from those of the third parties.

Note 2: The Company’s sales price and credit term for related parties are not significantly different from those of the third parties.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 2)	Allowance for bad debts
					Amount	Action taken		
The Company	Inpaq Technology (China) Co., Ltd.	Subsidiary	205,907	3.63%	-	NA	40,121	-

Note 1: This includes other receivables arising from non-sale transactions.

Note 2: The amount recovered as of January 31, 2023.

I. Trading in derivative instruments: None.

(2) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

Unit: Shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Inpaq BVI	BVI	General investing	1,258,296	1,216,521	39,908,842	100.00%	3,090,263	383,166	379,169	Subsidiary
The Company	Joyin Co., Ltd.	Taiwan	Sales	-	276,383	-	- %	-	(45,331)	(14,998)	Note 1
The Company	Inpaq Korea	Korea	Sales	12,864	12,864	76,828	44.77%	7,797	(4,696)	(1,982)	Associate
The Company	Inpaq USA	U.S.A.	Sales	15,315	15,315	5,000,000	100.00%	204	(8,623)	(8,623)	Subsidiary
The Company	Inpaq Europe GmbH	Germany	Sales	1,273	1,273	38,000	19.00%	1,822	789	150	Associate
The Company	Canfield	Samoa	Sales	14,823	14,823	600,000	100.00%	28,768	(2,857)	(2,857)	Subsidiary
The Company	Yangtze Energy Technologies, Inc.	Taiwan	Sales & Production	7,000	7,000	311,097	19.89%	2,197	(614)	(186)	Associate
The Company	Eleceram Technology Co., Ltd.	Taiwan	Production and sales of electronic components	209,946	-	8,747,750	72.90%	209,004	2,771	(942)	Subsidiary
Inpaq BVI	Inpaq Cayman	Cayman Islands	General Investing	1,002,550	960,775	32,150,000	100.00%	2,527,775	378,544	378,544	Subsidiary
Inpaq BVI	Inpaq (HK) Co., Limited	Hoang Kong	General Investing	277,988	277,988	66,857,629	100.00%	2,640	(167)	(167)	Subsidiary
Inpaq Technology (Suzhou) Co., Ltd.	Holypaq (HK) Co., Limited	Hong Kong	General Investing	122,240	122,240	4,000,000	100.00%	(241,381)	(98,228)	(98,228)	Subsidiary
Holypaq (HK) Co., Limited	Taiwan Inpaq electronic Co., Ltd.	Taiwan	Sales & Production	122,240	122,240	-	100.00%	(241,381)	(98,228)	(98,228)	Subsidiary

Note 1: It was sold to Prosperity Dielectrics Co., Ltd. on July 1, 2022, please refer to note 6(6).

Inpaq Technology Co., Ltd.
Notes to the Financial Statements

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Inpaq Technology (Suzhou) Co., Ltd.	Sales & Production	360,643	Note 1	360,643	-	-	360,643	386,458	100.00%	386,458	1,601,999	361,325
Inpaq Trading (Suzhou) Co., Ltd.	Sales	23,179	Note 1	23,179	-	-	23,179	(34)	100.00%	(34)	113	-
Inpaq Technology (China) Co., Ltd.	Sales & Production	894,480	Note 1	852,705	41,775	-	894,480	(6,707)	100.00%	(6,707)	900,990	-
Inpaq Trading (Suzhou) Co., Ltd.	Sales	9,463	Note 4	-	-	-	-	5,835	100.00%	5,835	29,504	-
Hunan Frontier Electronics Co.,	Manufacturing and selling of transformer, coils and magnetic components	456,560	Note 4	-	-	-	-	(4,927)	100.00%	(4,927)	340,683	-

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment (Note 3)
1,278,302	916,977	3,492,331

Note 1: Investment in companies in Mainland China through the existing companies in the third regions.

Note 2: The amount was recognized based on the audited financial statements.

Note 3: The Company investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" did not exceed the investment amount or percentage limit.

Note 4: Inpaq Trading (Suzhou) Co., Ltd invested using its own funds; thus, it was not included in the calculation of the investment limit.

Note 5: The cash dividend of $361,325 remitted by Inpaq Trading (Suzhou) Co., Ltd. in 2020 was approved by the Investment Commission, MOEA on January 22, 2021, with approval number 10900410860 for reference.

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, were disclosed in "Information on significant transactions".

(4) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Walsin Technology Corporation	47,848,650	34.13%
Taifengshuo Corporation	7,212,759	5.14%

The information of major shareholders in this table is based on the last business day of the end of each quarter by the China Insurance Company, who calculates that shareholders holding more than 5% of the Company's ordinary shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences or differences due to the bases of the calculation.

14. Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2022.

Inpaq Technology Co., Ltd.

Statement of cash and cash equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

(Foreign Currencies Dollars)

Item	Descriptions	Amount
Cash	Cash on hand	$ 154
	Petty cash	110
Bank deposits	Check deposits	6
	Demand deposits	132,314
	Foreign currency deposits (USD:6,865,799.12； EUR:548,272.25； JPY:14,326,068.00； HKD:16,855.76； CNY:184,401.63)	232,996
	Foreign currency fixed deposits (USD:9,000,000)	276,390
	Total	$ 641,970

Note: Foreign exchange rates at the balance sheet date are as follows:

USD exchange rates: 30.71

EUR exchange rates: 32.7189

JPY exchange rates: 0.2324

HKD exchange rates: 3.9386

CNY exchange rates: 4.4105

Inpaq Technology Co., Ltd.

Statement of notes and accounts receivable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Name of customer	Amount
Client A	$ 74,893
Client B	62,007
Client C	56,269
Client D	41,180
Other (individual amount not exceeding 5% of the account balance)	590,885
	825,234
Less: loss allowance	(799)
Total	**$ 824,435**

Note: 1. All accounts receivable are generated from operating activities.

2. Accounts receivable from related parties are not included above; please refer to note 7 for relevant information.

Inpaq Technology Co., Ltd.

Statement of inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net realizable value	Note
Materials	$ 138,338		For the net realizable value of inventories, please refer to note 4(7) for relevant information.
Less: loss allowance	(4,297)		
Subtotal	134,041	136,636	
Work in progress	99,371		
Less: loss allowance	(23,955)		
Subtotal	75,416	157,965	
Finished goods and merchandises	207,091		
Less: loss allowance	(18,978)		
Subtotal	188,113	241,932	
	$ 397,570	**536,533**	

Statement of other financial assets — current

Please refer to note 6(5) for further information on “other financial assets — current”.

Inpaq Technology Co., Ltd.

Statement of other current assets

December 31, 2022

Please refer to note 6(11) for further information on “other current assets”.

Statement of financial assets at fair value throu
other comprehensive income — non-current

Financial assets	Summary	Share/ Units	Carrying value	Acquisition cost	Fair Value		Provision of pledge or guarantee
					Unit price	Total	
APAQ Technology Co., Ltd. –Stock	Listed	4,776,329	198,934	232,846	41.65	198,934	None
Phoenix Innovation Venture Capital Co., Ltd. –Stock	Unlisted	3,000,000	26,160	30,000	8.72	26,160	None
PAN WIN Biotechnology Inc. –Stock	Unlisted	100,000	-	-	-	-	None
AICP Technology Corporation –Stock	Unlisted	600,000	6,276	15,000	10.46	6,276	None
Corporate bonds – Apple Inc.	Listed	7,500	18,731	27,840	2,497.47	18,731	None
Corporate bonds – Apple Inc.	Listed	20,000	56,408	79,975	2,820.40	56,408	None
Corporate bonds – Amazon. com Inc.	Listed	15,000	39,763	59,272	2,650.87	39,763	None
Corporate bonds – Microsoft Corporation	Listed	7,500	20,831	27,311	2,777.47	20,831	None
Corporate bonds – Saudi Arabian Oil Co.	Listed	15,000	42,053	46,365	2,803.53	42,053	None
			$ 409,156	518,609		409,156	

Inpaq Technology Co., Ltd.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Increase		Decrease		Invest	Cumulative		Net change of unrealized gains (losses) from transactions	Ending balance (Note1)			Market value or equity net worth	
Name of investee	Shares	Amount	Shares	Amount	Shares	Amount	income/loss	translation adjustment	Other adjustments	between affiliates	Shares	Amount	% of ownership	Unit price	Total
Subsidiaries:															
Inpaq (BVI) Ltd.	$ 38,409	2,620,735	1,500	41,775	-	-	379,169	50,401	(1,817) (Note2)	-	39,909	3,090,263	100.00 %	-	3,107,010
Inpaq Technology USA Inc.	5,000	8,222	-	-	-	-	(8,623)	605	-	-	5,000	204	100.00 %	-	204
Canfield Ltd.	600	28,238	-	-	-	-	(2,857)	3,387	-	-	600	28,768	100.00 %	-	28,768
Eleceram Technology Co.,Ltd.	-	-	8,748	209,946	-	-	(942)	-	-	-	8,748	209,004	72.90 %	-	209,004
Associates:															
Inpaq Korea Co., Ltd.	77	9,448	-	-	-	-	(1,982)	331	-	-	77	7,797	44.77 %	-	7,797
Inpaq Europe GmbH	38	1,595	-	-	-	-	150	77	-	-	38	1,822	19.00 %	-	1,822
Yangtze Energy Technologies,Inc.	700	2,383	-	-	(389) (Note3)	-	(186)	-	-	-	311	2,197	19.89 %	-	2,197
Joyin Co.,Ltd.	14,847	277,229	2,672	40,076	(17,519)	(305,334)	(14,998)	3,362	(335) (Note2)	-	-	-	-	-	-
		2,947,850		291,797		(305,334)	349,731	58,163	(2,152)	-		3,340,055			3,356,802
Less:Unrealized gains (losses) from transactions between affiliates.		19,627		-		-	-	-	-	1,785		21,412			-
		$ 2,928,223		291,797		(305,334)	349,731	58,163	(2,152)	(1,785)		3,318,643			3,356,802

Note1: All of the above investments were not pledged as collateral.

Note2: The number of changes in equity of investee was recognized by using the equity method.

Note3: On August 9, 2021, the special shareholders’ meeting of Yangtze Energy Technologies, Inc. resolved to set January 4, 2022 as the base date for capital reduction to cover losses.

Inpaq Technology Co., Ltd.

Statement of changes in property, plan equipment

For the year ended December 31, 2022

Please refer to note 6(8) for further information on “property, plant and equipment”.

Statement of changes in right-of-use assets

Please refer to note 6(9) for further information on “right-of-use assets”.

Statement of changes in deferred tax assets

December 31, 2022

Please refer to note 6(16) for further information on “deferred tax assets”.

Inpaq Technology Co., Ltd.

Statement of other non-current assets

December 31, 2022

Please refer to note 6(11) for further information on “non-current assets”.

Statement of short-term borrowings

Please refer to note 6(12) for further information on “short-term borrowings”.

Statement of long-term borrowings

Please refer to note 6(12) for further information on “long-term borrowings”.

Inpaq Technology Co., Ltd.

Statement of account payable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Vendor name		Amount
Everstar Technology Inc.	$	6,953
Jiin Tech Industrial Co., Ltd.		5,132
Solar Plus Company		4,310
Chao Cheng International Teks Co., Ltd.		3,886
Others (individual amount not exceeding 5% of the amount balance)		51,680
Total	**$**	**71,961**

Note 1: All accounts payable were generated from operating activities.

Note 2: Accounts payable from related party are not included above; please refer to note 7 for relevant information.

Inpaq Technology Co., Ltd.

Statement of other current liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Income tax payable	$ 55,253
Accrued expense	20,144
Commissions payable	13,724
Refund liabilities	9,709
Insurance payable	6,539
Others (individual amount not exceeding 5% of the amount balance)	61,402
Total	**$ 166,771**

Statement of lease liabilities

Please refer to note 6(14) for further information on “lease liabilities”.

Statement of changes in deferred tax liabilities

Please refer to note 6(16) for further information on “deferred tax liabilities”.

Inpaq Technology Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity	Amount
Passive component	11,930,645 thousand	$ 2,700,664
High frequency component	157,989 thousand	653,814
Total		**$ 3,354,478**

Inpaq Technology Co., Ltd.

Statement of operating costs

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw material used:	
Raw material, beginning of year	$ 157,627
Add: Raw material purchased	412,967
Less: Raw material, end of year	(138,338)
Sales in the period	(3)
Transferred to expense and others	(68,770)
Direct raw material	363,483
Direct labor	357,069
Manufacturing expenses	623,830
Manufacturing costs	1,344,382
Add: Work in process, beginning of year	149,816
Work in process purchased	32,530
Less: work in process, end of year	(99,371)
Work in process sold	(4,080)
Disposal of work in progress	(279)
Transferred to expenses	(1,623)
Cost of finished goods	1,421,375
Add: finished goods, beginning of year	124,307
Less: Finished goods, end of year	(111,872)
Disposal of finished goods	(1,214)
Cost of finished goods	1,432,596
Sales of raw material	3
Work in process sold	4,080
Cost of production and sales	1,436,679
Goods, beginning of year	104,784
Add: Goods purchased	1,268,619
Less: Goods, end of year	(95,219)
Disposal of goods	(414)
Transferred to expenses	(1,014)
Cost of selling goods	1,276,756
Inventory valuation loss	10,707
Income from sales of scrap and wastes	(17,110)
Total cost of sales	$ 2,707,032

Inpaq Technology Co., Ltd.

Statement of selling expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Commission expense	$ 162,448
Payroll expense	35,407
Import and export expense	28,890
Others (individual amount not exceeding 5% of the amount balance)	23,523
Total	**$ 250,268**

Statement of general and administrative expenses

Item	Amount
Payroll expense	$ 107,483
Miscellaneous expense	11,939
Labor expense	9,507
Others (individual amount not exceeding 5% of the amount balance)	41,605
Total	**$ 170,534**

Inpaq Technology Co., Ltd.

Statement of research and development expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$ 40,571
Depreciation expense	14,421
Labor expense	5,800
Utility expense	5,028
Others (individual amount not exceeding 5% of the amount balance)	31,742
Total	**$ 97,562**

Statement of other income and expenses

Please refer to note 6(21) for further information on “other income and expenses”.

Statement of financial costs

Please refer to note 6(21) for further information on “financial costs”.

Inpaq Technology Co., Ltd.

Statement of current-period employee be

depreciation, and amortization by function

For the year ended December 31, 2022

Please refer to note 12 for further information on "current-period employee benefits, depreciation, and amortization by function".

6. If there were any financial difficulties during the most recent fiscal year or up until the date of printing of this annual report for the Company and its affiliated businesses, please describe their impact on the Company's financial standing: None.

7. Review and Analysis of Financial Status and Business Results and Risk Issues

1. Analysis of Financial Status (Consolidated)

Unit: NT$ thousands

Year / Item	2022	2021	Difference	
			Amount	%
Current assets	5,644,219	4,828,642	815,577	16.89
Property, plant and equipment	3,885,619	3,096,334	789,285	25.49
Other assets	1,010,139	1,452,370	(442,231)	(30.45)
Total assets	10,539,977	9,377,346	1,162,631	12.40
Current liabilities	2,086,884	2,058,456	28,428	1.38
Non-current liabilities	2,583,266	1,816,372	766,894	42.22
Total liabilities	4,670,150	3,874,828	795,322	20.53
Capital stock	1,401,803	1,401,803	-	0.00
Capital reserve	2,838,983	2,906,644	(67,661)	(2.33)
Retained earnings	1,827,412	1,314,402	513,010	39.03
Other interests	(247,646)	(120,331)	(127,315)	105.80
Non-controlling interests	49,275	-	49,275	#DIV/0!
Total Stockholders' Equity	5,869,827	5,502,518	367,309	6.68

Explanation of Significant Changes in Ratio Analysis (for changes of 20% or more and a change in amount of NT$10 million or more between the current and prior periods):

1. Property, plant, and equipment: mainly due to the construction of Plant 2 and Plant 3 at the Zhunan plant in 2022.

2. Other assets: mainly due to the sale of shares in Joyin Co., Ltd. in the third quarter of 2022.

3. Non-current liabilities and total liabilities: mainly due to the increase in long-term borrowing in 2022.

4. Retained earnings: mainly due to the profit earned in 2022.

5. Other equity: mainly due to the decrease in unrealized gains on available-for-sale financial assets in 2022.

6. Non-controlling interests: mainly due to the acquisition of a 72.9% stake in Eleceram Technology Co., Ltd. in the third quarter of 2022, which resulted in the company becoming a subsidiary of the Company.

2. Financial Performance

Analysis of the Financial Performance of the Last Two Years (Consolidated)

Unit: NT$ thousands

Item \ Year	2022 Amount	2021 Amount	Amount change	Percentage change (%)
Net Operating Revenue	6,287,071	6,756,544	(469,473)	(6.95)
Operating costs	4,733,726	5,071,576	(337,850)	(6.66)
Operating margin	1,553,345	1,684,968	(131,623)	(7.81)
Operating expenses	1,039,643	1,014,271	25,372	2.50
Operating income (loss)	513,702	670,697	(156,995)	(23.41)
Non-operating income and expenses	203,799	2,415	201,384	8,338.88
Income before income tax	717,501	673,112	44,389	6.59
Decrease: Total income tax expense	(126,921)	(113,583)	(13,338)	11.74
Net income	590,580	559,529	31,051	5.55

Analysis of Changes in Increase/Decrease Ratios:

Explanation of Significant Changes in Ratio Analysis (for changes of 20% or more and a change in amount of NT$10 million or more between the current and prior periods):

1. Operating profit: mainly due to a decrease in operating revenue, leading to a decrease in operating profit.

2. Non-operating income and expenses: mainly due to the depreciation of the local currency during the period, resulting in an increase in foreign exchange gains.

3. Cash Flow

1. Analysis of cash flow changes during the year:

Cash and Cash Equivalents, Beginning of Year (A)	Net Cash Flow from Operating Activities of the Year (B)	Cash Outflow (C)	Cash surplus (deficiency) (A)+(B)-(C)	Leverage of Cash Deficit: Investment plans	Leverage of Cash Deficit: Financing plans
1,087,882	1,003,050	253,112	1,837,820	—	—
Analysis of cash flow changes during the year: (1) Cash inflows from operating activities: mainly due to continuous profitability. (2) Cash outflows from investing activities: mainly due to the construction of factories and the purchase of machinery and equipment. (3) Cash inflows from financing activities: mainly due to an increase in long-term borrowings.					

2. Improvement plan for insufficient liquidity: Not applicable.

3. Analysis of cash flow liquidity for the next year:

Unit: NT$ thousands

Cash and Cash Equivalents, Beginning of Year (A)	Net Cash Flow from Operating Activities of the Year (B)	Cash Outflow (C)	Cash surplus (deficiency) (A)+(B)-(C)	Leverage of Cash Deficit	
				Investment plans	Financing plans
1,837,820	908,047	1,548,442	1,197,425	—	—

Analysis of cash flow liquidity for the next year:
(1) Cash inflows from operating activities: primarily due to the projected increase in revenue, leading to an increase in profitability.
(2) Cash outflows from investing activities: mainly due to the construction of factories and the purchase of machinery and equipment.
(3) Cash outflows from financing activities: primarily due to the repayment of long-term borrowings and the distribution of cash dividends.

4. Impact of Major Capital Expenditure in the Past Year on the Financial Status

1. The status of major capital expenditures and sources of capital:

In 2022 and 2021, the company and its subsidiaries invested a total of NT$869,979 thousand and NT$1,112,716 thousand, respectively, in the construction of factories and the purchase of machinery and equipment. Internal resources and bank loans helped fund these investments.

2. Possible benefits:

In response to the current market demand, the firm prioritizes the development of new products and the expansion of production capacity. It continues to invest in the construction of factories and the acquisition of apparatus and equipment in order to increase its competitive niche, revenue, and profitability.

5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss,the Improvement Plan and Investment Plan in the Next Year

1. Investment Policy:

By staying abreast of customer and industry developments and aligning investment strategies, the Company optimizes high-performance production and services to meet customer needs and expand domestic and international markets. All the Company's investment activities are carried out by the relevant executing departments following procedures such as "Regulations Governing the Acquisition and Disposal of Assets."

2. The main reinvestment companies are as follows:

December 31, 2022

Item \ Description	Investment amount	Policy	Major reasons for profit or loss	Improvement plans	Other investment plans in the future
INPAQ BVI LTD.	NT$1,258,296 thousand	Holding company	The net profit for 2022 was NT$383,166	None	Necessary increase in investment to match the scale of

			thousand, mainly due to the stable profitability of the investment activities.		operations assessment

6. Risk matters shall be analyzed and evaluated for the following matters during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report:

1. Impact of interest rates, exchange rate fluctuations, and inflation on the Company's income and future response measures

(1)The effect of currency fluctuations on the Company's operating profit and the Company's specific measures in reaction to currency fluctuations

The Company's export amount as a percentage of total revenue in the past two fiscal years was 90.13% and 87.25%, respectively, indicating that exchange rate fluctuations have a certain impact on revenue. However, the Company also adopts the US dollar as the pricing currency for transactions with major suppliers and the purchase of machinery and equipment from overseas, resulting in offsetting effects and providing a certain degree of hedging against exchange rate fluctuations. Therefore, overall, the impact on profitability is not significant. The Company has actively explored foreign exchange hedging tools and will engage in hedging operations at appropriate times to reduce the impact of foreign exchange risks on Company profitability. The recent annual exchange profit or loss is as follows:

Unit: NT$ thousands

Year/Item	2021	2022	As of March 31, 2023
Foreign exchange (loss) gain	(49,981)	189,898	(28,494)
Foreign exchange profit (loss) to operating revenue ratio	-0.74%	3.02%	-1.96%

The specific measures taken by the Company in response to exchange rate changes are as follows:

(1) During the product pricing process, the sales personnel consider the risks arising from exchange rate fluctuations and adjust the selling prices accordingly to safeguard the expected profits.

(2) The Company establishes foreign currency deposit accounts and maintains close communication with key partner banks to gather timely information on exchange rate movements. This enables the Company to fully grasp exchange rate trends and determine the optimal timing for foreign currency purchases and conversions.

(3) A reasonable amount of foreign currency deposits is retained as a natural hedge against foreign currency payment liabilities. The Company actively seeks an understanding of foreign exchange hedging tools and engages in hedging operations at appropriate times to mitigate the impact of foreign exchange risks on profitability.

(2) Regarding interest rates, although market rates have gradually increased, they remain at a low level. The proportion of interest income and expenses to net revenue is not high, so the impact of interest rate fluctuations on the Company is still limited. However, the Company actively pursues other business expansion opportunities while striving to enhance deposit

income in order to improve overall operational efficiency.

(3) Recent two-year inflationary conditions' impact on the Company: The company constantly monitors market price fluctuations and maintains good interactive relationships with suppliers and customers.

2. Policies related to high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivative trading, as well as the main reasons for profit or loss and future response measures.

(1)The Company is currently not engaged in high-risk, high-leverage investments.

(2)Endorsements and guarantees:

March 31, 2023
Unit: NT$ thousands

No.	Endorsement guarantee company	Guaranteed party		Endorsement guarantee limit for a single company	Maximum endorsement guarantee balance for the current period	Endorsement guarantee balance at the end of the period	Actual disbursement amount	Endorsement guarantee amount secured by assets	Ratio of cumulative endorsement guarantee amount to the net value of the recent financial statements	Maximum limit for endorsement guarantees
		Company Name	Relationship							
0	The Company	Inpaq Technology (China)	The Company's subsidiary	1,196,456	228,600	228,405	-	-	4.82%	2,392,912
0	The Company	Inpaq Suzhou	The Company's subsidiary	1,196,456	304,800	304,540	-	-	5.09%	2,392,912
0	The Company	Taiwan Inpaq Electronic	The Company's subsidiary	1,196,456	731,520	-	-	-	- %	2,392,912
0	The Company	Hunan Hongdian	The Company's subsidiary	1,196,456	182,880	182,724	-	-	3.05%	2,392,912

(3) The Company's endorsement and guarantee policy: The Company's endorsement guarantees shall not exceed 40% of the net value of its most recent audited financial statements as certified by the accountant. Any single entity's endorsement guarantee cannot exceed 20% of the Company's most recent audited financial statements' net value, as certified by the accountant. For endorsement guarantees related to business transactions with the Company, the individual endorsement guarantee amount shall not exceed the amount of the business transactions between the parties. "Business transactions" means the greater of the two parties' purchase or sales amounts.

(4) Company loan policy: Company loans cannot exceed 40% of net value. Short-term working capital loans for companies in which the company owns 50% or more cannot exceed 25% of the company's net value. The board of directors may approve loans up to 10% of the company's net value for other companies. Foreign companies in which the Company directly or indirectly holds 100% of the voting shares may borrow up to 40% of the lending company's net value for working capital. Loan details:

March 31, 2023
Unit: NT$ thousands

No.	Lending company	Borrower	Transaction item	Whether it is a relate	Maximum amount for the	Ending balance	Actual disbursement amount	Interest rate range	Nature of the loan	Amount of busin	Reasons for short-term capital	Provision for bad debt	Collateral		Loan limit for individual borrowers	Total loan limit
													Name	Value		

				d party	period					ess transactions	needs					
4 0	The Company	Taiwan Inpaq	Accounts receivable from related parties	Y	750,000	750,000	710,000	2.366%-2.867%	2	-	Operating turnover	-	None	-	1,495,570	2,392,912
0	The Company	INPAQ USA	Accounts receivable from related parties	Y	15,240	15,227	15,227	0.128%	2	-	Operating turnover	-	None	-	1,495,570	2,392,912

3. Future research and development plans and expected R&D expenses

The Company is committed to independent technological development and is constantly improving precision electronic manufacturing techniques. The focus in the field of protective components is on developing products with miniaturization, high reliability, high capacitance, high voltage resistance, and high temperature stability. To meet the demands of the 5G communication era, resources are continuously invested in antenna development as well as integrating technologies related to the Internet of Things, wireless charging, and connected vehicles. These technologies have already resulted in the development of antenna products. Because high-frequency communication components and protective components are both important areas for future development, an estimated R&D expense of NT$200,000 thousand is expected in the coming year. Future research and development plans and the projected R&D expenses are as follows:

Future R&D Project	Estimated Completion Time	Key Factors for Successful Research and Development
High-Precision Multi-Band Positioning Circuit Module	2023~2024	1. Integration and application of antenna technology and materials 2. Circuit design capabilities
Low Earth Orbit Satellite Antenna Module	2023~2025	1. Integration and application of antenna technology and materials 2. Circuit design capabilities
Miniature UWB Antenna	2023~2024	1. Integration and application of antenna technology and materials
Inductive Smart Adjustable Antenna	2022~2023	1. Circuit design capabilities 2. Development of new sintering technology
ID Antenna Application Module	2022~2023	3. Integration and application of antenna technology and materials 4. Circuit design capabilities

5G IDU/ODU Antenna	2022~2023	1. Circuit design capabilities 2. Development of new sintering technology
Ultra-Low Capacitance Protective Components	2022~2023	1. Development of new materials 2. Implementation of special process procedures 3. Design of special component structures
Next-Generation Ultra-Compact Alloy Power Inductor	2022~2023	1. Existing integrated inductor technology and thin-film microcircuit technology capabilities 2. Composite material capabilities and high-precision equipment development achieved
WPC QI 1.3 Version TX Module	2022~2023	1. Independent development of extended simulation system process materials and equipment
Automotive Ultra-Low Capacitance Protective Components	2023~2024	1. 1. Development of highly stable composite materials 2. 2. Design of automotive packaging structures
Development of Ultra-high Surge Protection Varistors Components.	2023~2024	1. 1.Development of ceramic materials 2. 2.Design of special component structures
Ultra-compact CSP Transient Voltage Suppressors	2023~2025	1. 1.Chip design 2. 2.High-precision miniaturized packaging technology 3. 3.Development of composite materials
Automotive 155℃ High-Temperature and High-Voltage Integrated Power Inductor	2023~2026	1. Formula design 2. Implementation of special process procedures 3. Special winding structure
MMuniturized Multilayer Type Common Mode Filter	2023~2024	1. Circuit simulation capabilities 2. Development and obtain of miniaturized materials and high-precision equipment 3. Material Co-Firing Compatibility

4. The impact of important domestic and foreign policies and legal changes on the Company's financial business and response measures:

Regarding inbound and outbound investments, the Company's operations adhere to the applicable current laws and regulations of both domestic and foreign nations. The involved personnel also closely monitor changes in regulations, serving as a resource for management. Therefore, the Company is able to quickly comprehend and effectively respond to significant domestic and international policy and legal changes.

5. The impact of technological changes (including cybersecurity risks) and industry changes on

the Company's financial business and response measures

In February 2022, the Company established the "Cyber Security Committee" to improve cyber security management. The committee is in charge of reviewing the company's and its subsidiaries' information security governance policies, supervising the operation of information security management, and holding "ISMS Management Review Meetings" on a regular basis to examine information security governance-related issues and continuous improvement in order to establish information and communication security policy formulation and applicability. The cyber security strategy focuses on three aspects: security governance, legal compliance, and technological application. It aims to comprehensively enhance security protection capabilities, from systems to technology, from personnel to organizations.

The Company is one of the leaders in its industry, with technological innovation and research serving as its primary competitive advantages. Thus, technological advances have a proactive and positive effect on the Company's financial operations. The Company will continue to invest in R&D and strive to improve its technological capabilities in order to enhance product quality and develop new products that meet market demands.

6. The impact of changes in corporate image on crisis management and response measures:

The Company has a positive corporate image and is a leading manufacturer of protection components and antennas in the listed market. The Company has absorbed more talented individuals and technological expertise through mergers with industry peers, strengthened its management team, and delivered the results of its operations to shareholders and the public. The Company is dedicated to meeting its social responsibilities and has had no incidents that have jeopardized its corporate image. In the future, while pursuing shareholder value maximization, the Company will also fulfill its corporate social responsibilities, enhancing its corporate image.

7. Expected Benefits from, Risks Relating to, and Response to Merger and Acquisition Plans: The Company has made no mergers or acquisitions in this period.

8. Expected benefits, possible risks, and response measures for expanding factories:

The Company's current capital expenditures are market-driven and involve moderate production line expansion and facility construction. After conducting feasibility assessments and financial analyses to identify potential risks, the relevant technical teams make these decisions. In addition to improving operational efficiency, the primary objective is to meet customers' medium- to long-term needs and incorporate research and development achievements. This expansion is intended to increase market share and diversify operational risks. The Company will continue to monitor market conditions and make timely adjustments to its plans in order to mitigate the potential negative effects of potential risks.

9. The impact of concentration of purchase or sales and counter measures: Nil.

(1) The company purchased goods in 2011, and the suppliers are less than 10%. The purchases are still scattered, so there should be no risk of centralized purchases. ◦

(2) The company's 111 years of sales, customers are less than 10%, the company's main customers are long-term cooperation with international manufacturers, the source of customers is still scattered, there should be no risk of concentration of sales. ◦

10. The impact of mass share transfer of or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares, the risks and counter measures:

Nil.

11. The impact of the change of management on the Company, the risks and counter measures: Nil.

12. Litigation or non-litigation：Nil.

13. Other important risks and counter measures: Nil.

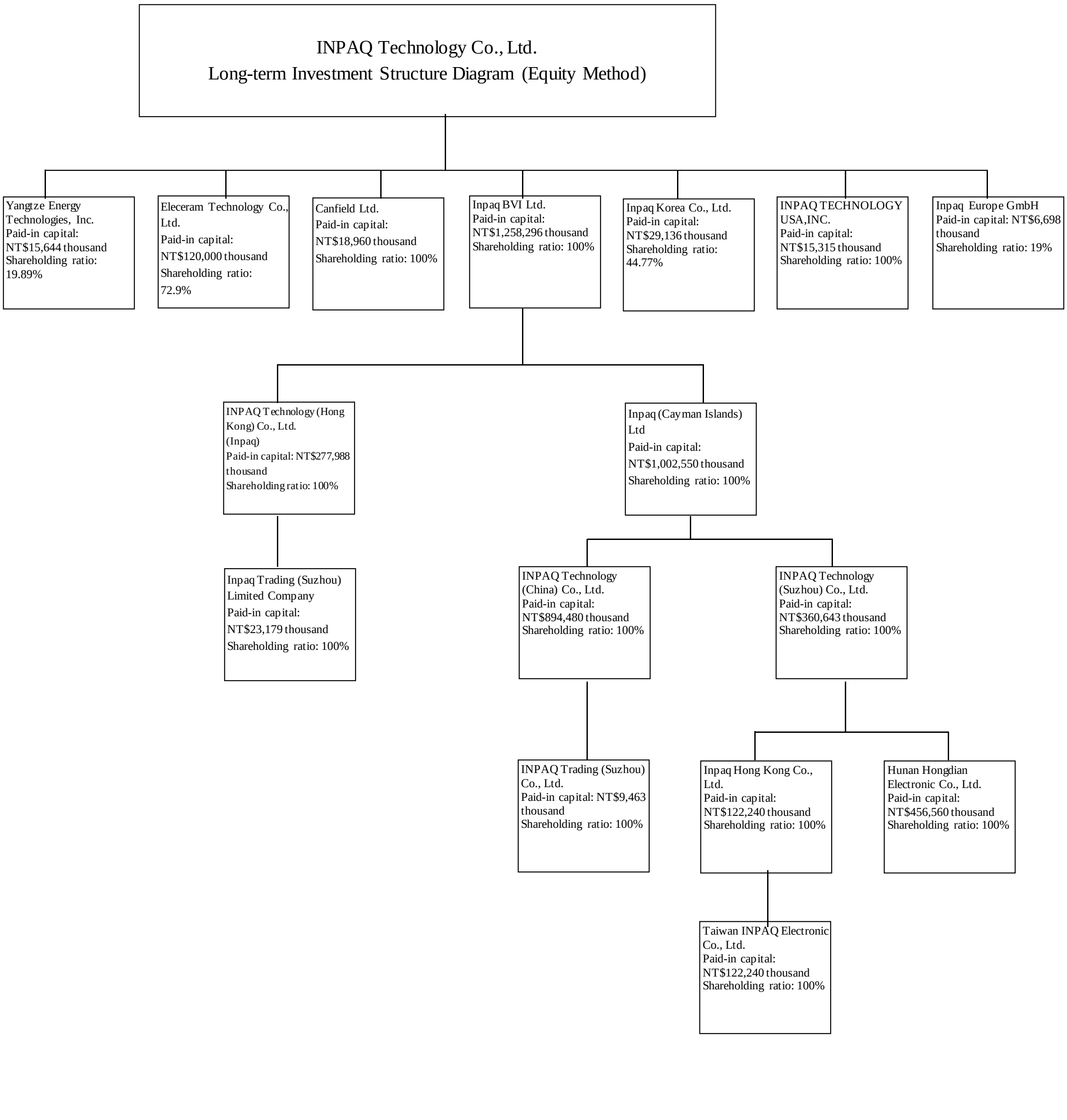
7. Other important matters: Nil.

8. **Special notes**

1. Information about the Company's Affiliates

Operations Profile of Affiliated Companies:

(1) Affiliated Organization Chart(2022.12.31)



(2) Information of Affiliated Companies:

December 31, 2022
Unit: NT$ thousands

Company name	Establishment date	Address	Paid-in capital	Main business activities
Inpaq (BVI) Ltd.	2000.11.24	OMC Chambers, Wickhams Cay 1, Road Town,Tortola, British Virgin Islands	1,258,296	Holding company
Inpaq Cayman	2000.12.14	P.O.Box 31119 Grand Pavilion,Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205,Cayman Islands	1,002,550	Holding company
Inpaq USA	2019.7.23	2055 JUNCTION AVE SUITE 100,SAN JOSE, CA 95131	15,315	Sales
Canfield Ltd.	2002.11.18	Vistra Corporate Services Centre,Ground Floor NPF Building,Beach Road,Apia,Samoa.	18,960	Sales
Eleceram Technology Co., Ltd.	1999.12.14	No. 231, Longshou St., Longshan Vil., Taoyuan Dist., Taoyuan City	120,000	Production and sales of electronic components
Inpaq Hong Kong	2008.11.6	RM 2702-03 CC WU BLDG 302-8 HENNESSY RD WANCHAI HK	277,988	Holding company
Inpaq Suzhou	2002.1.16	No.5, Chunqiu Road, Panyang Industrial Park, Huangdai Town, Xiangcheng Zone, Suzhou City, 215143 Jiangsu Province	360,643	Production and sales of electronic components
Inpaq China	2007.3.13	Antai No 1 road 81, AnZheng town, Xishan Economic Development Zone, Wuxi City, 214105 JiangSu Province, China	894,480	Production and sales of electronic components
Jiabang Trading	2006.6.1	No.5, Chunqiu Road, Panyang Industrial Park, Huangdai Town, Xiangcheng Zone, Suzhou City, 215143 Jiangsu Province	23,179	Sales of electronic components
Inpaq Trading	2011.11.16	Rm 1989, 19th Floor, Xiandai Logistics Building, No. 88 Xiandai Avenue, Suzhou Industrial Park, Jiangsu Province	9,463	Sales of electronic components
Hanan Frontier Electronics	2008.1.16	No.136, Taoyuan West Road Phoenix Development Park, Lengshuitan District, Yongzhou City Hunan	456,560	Production and sales of electronic components
Inpaq Electronics Hong Kong	2012.3.23	Rm 2702-03, C.c. Wu Building, 320-8, Hennessy Road, Wan Chai, Hong Kong	122,240	Holding company
Inpaq Electronics Taiwan	2018.10.29	1F., No. 38, Keyi St., Zhunan Township, Miaoli County	122,240	Production and sales of electronic components

(3) In accordance with Paragraph 2 of Article 369-2 of the Company Act, subsidiaries controlled directly or indirectly by the Company in terms of personnel, finances, or business operations include the following: None.

(4)Information on directors, supervisors, and general managers of each related company:

Company Name	Title	Name or Representative	Shareholding (thousand share)	Shareholding ratio
Inpaq (BVI) Ltd.	Director	Pei-Cheng Chen	39,908	100%
Inpaq Cayman	Director	Pei-Cheng Chen	32,150	100%
Inpaq USA	Chairman Director Director	Ming-Tsan Tseng Pei-Cheng Chen Wan-Fen Yang	5,000	100%
Canfield Ltd.	Director	Ming-Tsan Tseng	600	100%
Inpaq Hong Kong	Director	Ming-Tsan Tseng	66,858	100%
Eleceram Technology	Chairman Director Director Supervisor	INPAQ Technology Co., Ltd. Representative:Ming-Tsan Tseng INPAQ Technology Co., Ltd. Representative:Chi-Lung Chang INPAQ Technology Co., Ltd. Representative:Chih-Wen Hsieh Kuo-Shu Huang	8,748	72.9 %
Inpaq Suzhou	Chairman Director Director Supervisor General Manager	Inpaq (Cayman Islands)Ltd. Representative Ming-Tsan Tseng Inpaq (Cayman Islands)Ltd. Representative Dun-Ren Cheng Inpaq (Cayman Islands)Ltd. Representative Chi-Lung Chang Inpaq (Cayman Islands)Ltd. Representative Kuo-Shu Huang Ming-Tsan Tseng	-	100%
Inpaq China	Chairman Director Director Supervisor General Manager	Inpaq (Cayman Islands)Ltd. Representative Ming-Tsan Tseng Inpaq (Cayman Islands)Ltd. Representative Dun-Ren Cheng Inpaq (Cayman Islands)Ltd. Representative Chi-Lung Chang Inpaq (Cayman Islands)Ltd. Representative Kuo-Shu Huang Ming-Tsan Tseng	-	100%
Inpaq Trading	Chairman Director	Inpaq Technology (Hong Kong) Co., Ltd. Representative:Ming-Tsan Tseng	-	100%

Company Name	Title	Name or Representative	Shareholding (thousand share)	Shareholding ratio
	Director Supervisor General Manager	Inpaq Technology (Hong Kong) Co., Ltd. Representative:Dun-Ren Cheng Inpaq Technology (Hong Kong) Co., Ltd. Representative:Chi-Lung Chang Inpaq Technology (Hong Kong) Co., Ltd. Representative:Kuo-Shu Huang Ming-Tsan Tseng		
Inpaq (BVI) Ltd.	Chairman Director Director Supervisor General Manager	Inpaq Technology (Suzhou) Co., Ltd. Representative:Ming-Tsan Tseng Inpaq Technology (Suzhou) Co., Ltd. Representative:Dun-Ren Cheng Inpaq Technology (Suzhou) Co., Ltd. Representative:Chi-Lung Chang Inpaq Technology (Suzhou) Co., Ltd. Representative:Kuo-Shu Huang Ming-Tsan Tseng	-	100%
Hunan Hongdian	Chairman Director Director Supervisor General Manager	Inpaq Technology (Suzhou) Co., Ltd. Representative:Ming-Tsan Tseng Inpaq Technology (Suzhou) Co., Ltd. Representative:Chi-Lung Chang Inpaq Technology (Suzhou) Co., Ltd. Representative:Chun-Hung Chen Inpaq Technology (Suzhou) Co., Ltd. Representative:Kuo-Shu Huang Ming-Tsan Tseng	-	100%
Inpaq Electronics Hong Kong	Director	Ming-Tsan Tseng	4,000	100%
Taiwan Inpaq Electronics	Director	Inpaq Electronics (Hong Kong) Co., Ltd. Representative:Ming-Tsan Tseng	-	100%

(5) Information about the Directors, supervisors and general managers of the affiliates:
Nil.

2.Operations Profile

Unit: NT$ thousands

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating Revenue	Operating income	Net income	Earnings per share (NT$)
Inpaq (BVI) Ltd.	1,258,296	3,090,263	-	3,090,263	-	(92)	383,166	Not applicable
Inpaq Cayman	1,002,550	2,529,695	1,920	2,527,775	-	(254)	378,544	Not applicable
Inpaq USA	15,315	15,569	15,365	204	-	(8,619)	(8,623)	Not applicable
Canfield	18,960	36,399	7,631	28,768	-	(1,301)	(2,857)	Not applicable
Eleceram Technology Co., Ltd.	120,000	121,027	19,143	101,884	75,533	1,876	2,771	0.23
Inpaq Hong Kong	277,988	2,640	-	2,640	-	(141)	(167)	Not applicable
Inpaq Suzhou	360,643	2,597,742	995,743	1,601,999	3,732,147	499,808	386,458	Not applicable
Inpaq China	894,480	1,207,452	306,462	900,990	813,808	11,113	(6,707)	Not applicable
Jiabang Trading	23,179	113	-	113	-	(5)	(34)	Not applicable
Inpaq Trading	9,463	84,756	55,252	29,504	187,880	3,175	5,835	Not applicable
Hanan Frontier Electronics	456,560	437,790	97,107	340,683	411,824	(15,133)	(4,927)	Not applicable
Inpaq Electronics Hong Kong	122,240	(241,381)	-	(241,381)	-	-	(98,228)	Not applicable
Inpaq Electronics Taiwan	122,240	571,788	813,169	(241,381)	289,000	(119,956)	(98,228)	Not applicable

3.Consolidated Financial Statements of Affiliated Enterprises: Please refer to pages 97~252 of this annual report.

4. Affiliation Report

Statement

The Company's annual related-party report for 2022 (January 1, 2022 through December 31, 2022) is prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises." The information disclosed in the report is not significantly inconsistent with the relevant information disclosed in the footnotes of the financial report for the aforementioned period.

Hereby Declare

INPAQ Technology Co., Ltd.

Chairman: Pei-Cheng Chen

February 23, 2023

Auditor's Review Opinion on the Affiliation Report

To INPAQ Technology Co., Ltd.:

INPAQ Technology Co., Ltd. (hereinafter "Company") has prepared the related-party report for the fiscal year 2022 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" (hereinafter "Guidelines"). The auditor compared the financial information for the aforementioned period to the information disclosed in the financial report footnotes. Conforming to the Guidelines, a review opinion has been issued.

According to the auditor's opinion, the information disclosed in INPAQ Technology Co., Ltd.'s Affiliation Report for the fiscal year 2022 is not materially inconsistent with the information disclosed in the financial report footnotes for the same period, and no violations of the Guidelines have been identified.

Sincerely,

INPAQ Technology Co., Ltd.

KPMG Taiwan

CPA : Hai-Ning Huang
Wan-Yuan Yu

Approval date and document number by the Competent Authority : Order No. Financial-Supervisory-Securities-Auditing-1000011652

February 23, 2023

INPAQ Technology Co., Ltd.

Affiliation Report

2022

1、 Regarding the relationship between the subordinate company and the controlling company

Unit: shares

<table>
<tr><th rowspan="2">Name of the controlling company</th><th rowspan="2">Reasons for the control</th><th colspan="3">Details of the company's shareholding and pledges</th><th colspan="2">Any directors, supervisors or managers appointed to the subordinate company by the controlling company</th></tr>
<tr><th>Shareholding</th><th>Shareholding ratio</th><th>Pledge shareholding</th><th>Title</th><th>Name</th></tr>
<tr><td>Walsin Technology Corp.</td><td>To gain substantive control</td><td>47,848,650</td><td>34.13%</td><td>0</td><td>Chairman
Director
Director</td><td>Pei-Cheng Chen
Yu-Heng Chiao
Ming-Tsan Tseng</td></tr>
</table>

2、 Description of business transactions

The transactions between the Company and the controlling company, Walsin Technology Corp., are as follows:

(1) Purchase and sale transactions: Unit: NT$ thousands

Transactions with the controlling company				Transaction terms and conditions with the controlling company		Ordinary transaction terms and conditions		Reasons for deviation	Accounts/notes receivable (payable)		Overdue Accounts Receivable			Remarks
Purchase (sales) transactions	Amount	Ratio to total purchase (sales) transactions	Gross profit on sales	Unit price (NT$)	Credit period	Unit price (NT$)	Credit period		Balance	Ratio to total accounts/notes receivable (payable)	Amount	Handling method	Provisions for bad debt	
Sales	50,089	0.80	Note 1	Note 1	Credit on 90 days	Note 1	Credit on 0 to 150 days		17,862	0.84	None	None	None	
Purchase	2,688	0.09	Note 1	Note 1	Credit on 90 days	Note 1	Credit on 0 to 120 days		(100)	(0.01)	None	None	None	

Note 1: Based on market price

(2) Property transactions: None

(3) Financing: None

(4) Asset leasing: Unit: NT$ thousands

Transaction Type (rent or lease)	Name and location of the object leased		Lease period	Nature of the lease	Leasing price calculation method	Collection (payment) method	Comparison with ordinary leasing price levels	Total leasing price for the current period	Collection/payment status	Other special stipulations
	Name	Location								
Lease	Plant and office	No. 556 and 566-3, Gaoshi Rd., Yangmei Dist., Taoyuan City	2022/6/1~ 2026/5/31	Capital lease	Reference market price	Monthly payment	Equivalent to ordinary leasing price levels	648	As of December 31, 2022, the outstanding balance of payable rent is NT$0.	-Right-of-use Asset: NT$3,834 thousand -Lease Liabilities: NT$3,864 thousand -Interest Expenses: NT$25 thousand

(5) Other significant business transactions:

Unit: NT$ thousands

Transactions with the controlling company			Comparison of terms and conditions between general transactions and the controlling companies
Subject	Amount	Account receivable (payment) of related parties for unsettled accounts	
Other revenue	2,534	387	No major difference
Other expenses	6	(1,979)	

3、 Endorsements and guarantees: None.

2. Private Securities in the Past Year and as of the Date of Publication of the Annual Report: None.

3. Holdings or disposals of the Company's shares by subsidiaries in the current fiscal year should be disclosed: None.

4. Other Necessary Supplementary Notes:

1. Depreciation Method and Useful Life of Property, Plant, and Equipment:

After deducting the residual value from the asset cost, depreciation is calculated using the straight-line method based on the estimated useful life. The significant components of the assets are evaluated separately, and if a component has a different useful life from the rest of the asset, it is depreciated separately. Depreciation is recognized as an expense in the income statement.

Land is not subject to depreciation.

The estimated useful lives for the current period and comparative periods are as follows:

(1) Buildings and structures: 4-51 years

(2) Machinery and equipment: 1–15 years

(3) Other equipment: 2-20 years

(4) Leasehold improvements: 1-10 years

(5) The significant components of buildings and structures include main buildings, mechanical and electrical equipment, and engineering works. They are depreciated separately based on their respective useful lives of 50 years and 20 years.

The depreciation method, useful life, and residual value are reviewed at the end of each financial year. Changes in the remaining useful life, depreciation method, and residual value are accounted for according to accounting estimation guidelines.

2. The use of hedge accounting and its objectives and methods by the Company:

The Company does not adopt hedge accounting; therefore, it is not applicable.

5. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity or Share Price as Stipulated in Item 2, Paragraph 2 of Article 36 of the Securities Exchange Law:

During the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, any significant events that had a significant impact on shareholders' equity or security prices have been disclosed in accordance with regulations on the Taiwan Stock Exchange Market Observation Post System. The website for the Taiwan Stock Exchange Market Observation Post System is:http://newmops.tse.com.tw/

Date	Item
2022/01/13	The Board of Directors approved a new loan to a wholly-owned subsidiary (Taiwan Inpaq Electronic Co., Ltd.) in an amount exceeding NT$10 million and representing more than 2% of the subsidiary's latest net asset value.
2022/02/22	Announcement of the Board of Directors' approval of the consolidated financial report for 2021.
2022/02/22	Board of directors' approval of donations to related parties.
2022/03/23	Board of directors' decision to convene the 2022 annual general meeting.
2022/03/23	Announcement of the Board of Directors' approval to lift the restriction on competition for managers.
2022/03/23	Announcement in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," Article 25, Paragraph 1, Subparagraph 2, 3, and 4.
2022/04/07	Explanation of the difference between related party transactions' self-reported figures and the audited figures by the accountants for the fourth quarter of 2021.

Date	Item
2022/04/08	Announcement from the important subsidiary, INPAQ Technology (Suzhou) Co., Ltd., and INPAQ Technology (China) Co., Ltd., regarding compliance with local government epidemic prevention and control measures.
2022/04/15	Explanation regarding employees confirmed with COVID-19.
2022/04/15	Announcement from the important subsidiary, INPAQ Technology (Suzhou) Co., Ltd., and INPAQ Technology (China) Co., Ltd., regarding the impact of COVID-19 on supply and production, and compliance with the local government's epidemic prevention policies.
2022/05/03	Announcement of the Board of Directors' decision to convene the annual general meeting for 2022 (additional agenda).
2022/05/03	Announcement of the Board of Directors' resolution on dividend distribution.
2022/05/03	Announcement of the Board of Directors' approval to lift the restriction on competition for managers.
2022/05/03	Announcement in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," Article 25, Paragraph 1, Subparagraph 3, and 4.
2022/05/03	Announcement from the subsidiary, Taiwan Inpaq Electronic Co., Ltd., regarding the acquisition of rights to use assets from related parties.
2022/05/03	Announcement of the Board of Directors' approval of the consolidated financial report for the first quarter of 2022.
2022/05/06	Announcement from the important subsidiary, INPAQ Technology (Suzhou) Co., Ltd., regarding the Board of Directors' approval of profit repatriation.
2022/05/27	Announcement from the important subsidiary, Inpaq (Cayman Islands) Ltd., regarding the Board of Directors' decision on profit repatriation.
2022/06/14	Announcement of important resolutions at the 2022 annual general meeting.
2022/06/14	Announcement of the lifting of directors' and representatives' non-compete restrictions at the 2022 annual general meeting
2022/06/17	Disposal of Joyin Co., Ltd.'s equity by the board of directors
2022/06/17	Announcement of important information conference press release
2022/07/18	Announcement of ex-dividend date resolution
2022/08/04	Approval of Q2 2022 consolidated financial report by the board of directors
2022/09/08	Correction of the 2022 Q2 consolidated financial report, 2021 Q2 consolidated financial report, and iXBRL filing information reviewed by the accountant
2022/09/20	Announcement by the important subsidiary INPAQ Technology (Suzhou) Co., Ltd. of the board of directors' approval of the profit remittance case
2022/11/01	Announcement of the disposal of the right to use assets (early termination of the lease agreement) to related parties
2022/11/01	Approval of Q3 2022 consolidated financial report by the board of directors
2022/11/01	Board of directors' decision to provide new capital loans to the wholly-owned subsidiary Taiwan Inpaq Electronic Co., Ltd. of NT$10 million or more and exceeding 2% of the latest financial report's net value.
2022/12/21	Announcement of the board of directors' approval of the profit remittance case by the important subsidiary Inpaq (Cayman Islands) Ltd.
2023/01/17	Board of directors' decision to provide new capital loans to the wholly-owned subsidiary Taiwan Inpaq Electronic Co., Ltd. of NT$10 million or more and exceeding 2% of the latest financial report's net value.
2023/02/09	Announcement of the employee subscription base date for the transfer of the Company's treasury stock
2023/02/23	Approval of the 2022 consolidated financial report by the board of directors
2023/02/23	Board of directors' approval of donations to related parties
2023/02/23	Board of directors' approval of donations to related parties
2023/02/23	Board of directors' decision to convene the 2023 annual general meeting
2023/03/16	The Company was invited to attend the corporate briefing hosted by Cathay Securities Corporation.

Date	Item
2023/05/04	Announcement of the Board of Directors' approval of the organization's consolidated financial report for the first quarter of 2023.
2023/05/04	Statement of nomination for the three-term-serving independent directors of the Company.
2023/05/04	Board of Directors Resolution on Dividend Distribution
2023/05/04	Announcement: The Board of Directors of the company has resolved to convene the shareholders' meeting for 2023, (including additional agenda).
2023/05/04	This announcement is made in accordance with the provisions of Article 25, Paragraph 1, Subparagraph 3 and 4 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."