



# YoungTek Electronics Corp.

## 2022 Annual Report (TRANSLATION)

(This Annual Report can be accessed from MOPS <http://mops.twse.com.tw>)

Printed on May 22, 2023

### **Notice to Readers**

**This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.**

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Website: <http://www.capital.com.tw>

**四、Auditors:**

Deloitte & Touche

Auditors: Su-Li Fang、Tung-Hui Yeh

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei, Taiwan

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**五、Overseas Securities Exchange: None.**

**六、Corporate Website: <http://www.ytec.com.tw>**

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## **I. Letter to Shareholders**

Dear Shareholders,

2022 remarks the 19<sup>th</sup> year of the Corporation to be OTC-listed. Under the support and encouragement of the shareholders and the joint effort of all the employees, the consolidated profit and the individual profit after tax are NT\$ 890 million and NT\$ 854 million. The annual EPS is NT\$ 6.65 after tax. The crucial keys to our profit, besides the benefit exerted from self-made machines in the OEM field and equipment sales market, are the effort of our professional RD and the strategy of diversification deployed by our management team – the hinge to enhance the Corporation’s profit in the future and stimulate our business into blooming in the related industries.

YoungTek Electronics Corp., rising from the business of dicing and sorting semiconductors, is aimed at providing the service of Integrated back-end IC OEM, mainly engaged in dicing, lapping, sorting, and testing of semiconductors and optoelectronic products. Our business also includes the manufacture and sales of optoelectronic and semiconductor equipment. For the past 30 years, the Corporation always uphold the faith of the owner’s business philosophy and believes that a project begets a client. Each employee can take the job as a personal business, maintain high coherence to the Corporation, actively improve the working process, satisfy clients’ demands with low cost, and high efficiency, and provide the best quality of service. Therefore, recently the Corporation has achieved great performance on business growth and cost control and has earned recognition from the clients.

The Corporation emphasizes the attitude: the winners search for ways to succeed; the losers search for excuses for failures. Never look for excuses for failures and only look for methods to succeed. Those who seek solutions are successors; those who seek excuses are losers. The methods always outnumber the problems. Success and victory always belong to the solution-seekers. As for “excavation to the bottom” and “commitment to excellence”: we have to pursue a thorough understanding of the truth of everything, and we have to tackle the problems from the roots, and keep improving from good to better to eventually achieve perfection. We expect the Corporation to thrive from brilliant to excellence, build sustainable management, create more job opportunities, and contribute to society.

Besides OEM business, the Corporation has spared no effort to develop our products. Not only do the testing techniques possess high autonomy so that the cost of production can be effectively controlled, but the existing techniques and resources are also actively integrated toward innovation and research and development so that we can create products with higher-added value. Furthermore, the Corporation has acquired many patents in semiconductor-related fields, especially in the research and development and manufacture of testing equipment. Not only do we provide the equipment for testing OEM business for our clients to reduce the enormous production cost, but we also have tangible achievement in selling our self-developed equipment to semiconductor-related manufacturers. The full function IC testing machine developed by the Corporation has been subsidized by the Industrial Development Bureau, Ministry of Economic Affairs, and has obtained the affirmation and recognition from the competent authorities and experts. The Corporation has been the testing standard platform of the industry and has established an important milestone for the SoC product testing solution, which is the key development of the industry.

The Corporation has continuously developed innovative and high value-added-products based on the attitude of step-by-step pragmatic management. The Corporation seeks steady a return on investment for shareholders through the growth of overall revenue and profit. We are glad that the shareholders can recognize the Corporation’s business philosophy and meanwhile, the Corporation acquired the affirmation and support from many clients and manufacturers last year. Moreover, the Corporation promotes ATE testing platform and AE automation equipment for related products such as semiconductors, LED optoelectronics, and passive components. The achievement has gradually exerted the benefits, which enhances our international competitiveness and creates our advantages, makes the core value extendable, and grants the business performance to be expected.

Due to the continuous growth of related industries such as semiconductors, optoelectronics, communication, passive components, IoT, and Vehicle-to-everything, the demand for backend OEM services has increased significantly. Therefore, the Corporation will continue focusing on the development of OEM and new products in the future. The followings are the main directions:

1. Semiconductor OEM Service: Besides OEM services of diversified specification satisfying the existing PC peripherals, logic, mix-signal, non-volatile memory, MCU, USB, touch

control, remote control, analog power supply, we have stepped into the CIS, MEMS, fingerprint recognition, RF communication product testing, LCD driver IC testing, and the consistent OEM of dicing and sorting as the response to the market and clients' demands, expanding the field of OEM to intensify the industrial competitiveness.

2. Optoelectronic OEM Service: In response to the market's demand, the Corporation will continuously provide the OEM services of optoelectronic, automotive products, optical communication products, Flip Chip, RFID, passive components SMD, Mini LED, and timely provide substantial benefits for business performance growth. The Corporation has obtained the certification and mass production of many prestigious foreign manufacturers and boosted the growth of the Corporation's revenue
3. Development of IC Testing System and QFN Testing & Packaging Machine : The Corporation has successfully developed 100MHZ 512/768 pins full-functioned IC testing machine which can test products such as multimedia, Digital TV, high-speed logic SoC products, and will introduce it into mass production. The higher-end model will also be launched to the market gradually. Also, the Corporation has developed the QFN Testing & Packaging Machine, which can be applied to the testing and production of IC finished products, processing the three-in-one function (testing, appearance inspection, and packaging). Other new-developed products are the full-functioned IC testing machine with 100MHz Upgrade to 1,536 pins, RF testing module, LCDD testing solutions, and higher-speed testing systems to enhance the competitiveness of IC testing OEM services.
4. Development of CIS, CCM, AOI, wafer sorting equipment, Mini LED, backlight device, etc.: The Corporation has successfully developed CIS (CMOS image sensor system) and CCM (image sensor module testing equipment), with solutions for high-speed image processing and complete electrical test. The fastest frequency of the test pattern generation can reach 100MHz, the fastest image capture rate is 100MIPS, and the maximum image capture size is 16M pixels, which can be applied to the verification and the mass production test of products with more than a million pixels. Also, in response to the demand of the market, the Corporation further expands the sale of AOI (Automatic Optical Inspection System) Six-sided Inspection Machine to boost our revenue promptly through the AOI equipment. The research and development of AOI equipment are to resolve the blind spot when conducting visual inspections of industries such as semiconductors, optoelectronics, and passive components, which can considerably save human resources. The Corporation also has combined optoelectronics techniques with image analysis and automation equipment design, successfully developed appearance inspection machines of various types such as 2D AOI inspection machine for LED and passive component heat dissipation substrate (auto load/ unload), mask inspection, solar panel crack inspection, innovative TSV critical dimension measurement technology and system development, X-Ray Taping AOI, IC wafer bonder, IC wafer sorter, RFID, Mini LED backlight equipment. Therefore, the development is optimistic.

Finally, on behalf of the management team of YoungTek Electronic Corp, we present the most genuine gratitude to all the shareholders. Looking ahead to the new year, the Corporation will spare no efforts, adhering to the philosophy of sustainable management, strive for excellence to meet everyone's expectations for YoungTek.

Best Regard,  
YoungTek Corp.

Chairman : Ping-Lung Wang



President : Hsiao Wei-Tang



Accounting Supervisor : Chen Chiao-Fen



## II. Company Profile

2.1 Date of Establishment: July 22, 1991

### 2.2 Company History

1991 July,	founded in July with a paid-in capital of NT\$5,000,000.
1992 April,	established the ASSY'A Hsinchu factory.
1994 February,	officially established the Chip Testing OEM Service Division.
1994 May,	conducted cash capital increase to a paid-in capital of NT\$15,000,000.
1994 May,	developed the assembly method of semiconductor thermoelectric materials and awarded a US patent.
1994 November,	purchased a factory located at No.21, Alley 17, Lane 99, Puding Road, Hsinchu City.
1996 July,	obtained the ROC patent of SMD packaging for integrated circuits.
1997 August,	conducted cash capital increase to a paid-in capital of NT\$28,000,000.
1998 March,	purchased a factory located at No.56, Lane 99, Puding Road, Hsinchu City to build YTEC's Second factory focusing on IC testing services.
1998 March,	conducted cash capital increase to a paid-in capital of NT\$80,000,000.
1998 May,	purchased a factory located at No.13, Alley 17, Lane 99, Puding Road, Hsinchu City.
1998 July,	conducted cash capital increase to a paid-in capital of NT\$120,000,000.
1998 October,	developed the 5 MHz/40 Pins Logic tester (Goblin).
1999 March,	developed LED photoelectric tester.
2000 January,	purchased a factory located at No.11, Alley 17, Lane 99, Puding Road, Hsinchu.
2000 March,	achieved ISO-9001 Quality System Certification.
2000 April,	conducted cash capital increase to a paid-in capital of NT\$130,000,000.
2000 May,	conducted cash capital increase to a paid-in capital of NT\$165,000,000.
2000 July,	the full-featured IC tester passed the review of the "Development Program of New Leading Product" of the Industrial Development Bureau of the Ministry of Economic Affairs.
2000 August,	conducted capital increase from retained earnings to a paid-in capital of NT\$190,000,000.
2001 March,	exported the first LED photoelectric tester to South Korea.
2001 June,	developed the second-generation photoelectric testing machine, which can switch the integrating sphere or spectrometer card conversion device.
2001 August,	conducted capital increase from retained earnings to a paid-in capital of NT\$235,000,000.
2001 September,	participated in the Taipei World Trade Semiconductor Exhibition with a full-featured IC tester.
2001 November,	awarded a US patent for "Floating Power Supply Using NPN Transistor".
2002 March,	participated in the Shanghai Semiconductor Exhibition to provide a complete SOC chip testing concept.
2002 June,	conducted capital increase from retained earnings and capital reserve to a paid-in capital of NT\$ 287,000,000.
2002 August,	the public listing was approved by the Securities Supervisory Commission.
2002 November,	the Company stocks are listed for trading at the Emerging Market of Taipei Exchange.
2003 September,	conducted capital increase from retained earnings to a paid-in capital of NT\$360,826,100.
2003 November,	officially entered the LED (photoelectric) pick & place and testing OEM service.
2004 January,	the Taiwan Stock Exchange (TWSE) approved our application for listing on the over-the-counter (OTC) market.
2004 March,	purchased the plant building in Hsinchu Science Park and received the approval to establish Young Tek Electronics Science Park Subsidiary Company.

2004 March,	the Company stocks are listed for trading on the Mainboard of the Taipei Exchange.
2004 October,	conducted capital increase from retained earnings to a paid-in capital of NT\$452,000,000.
2004 December,	the GPS R&D team joined the company for the GPS-related domain officially.
2005 March,	participated in CeBIT, the Hanover Exhibition in Germany, to promote GPS products of the Company to Europe.
2005 August,	conducted capital increase from retained earnings to a paid-in capital of NT\$565,200,000.
2005 December,	developed CCM image sensing module test equipment, providing the functions of self-manufactured full-range graphics simulation lightbox, etc.
2006 March,	Signed the cooperation agreement of the IC test system technology with Agilent Technologies.
2006 April,	conducted capital increase from stock options to a paid-in capital of NT\$569,630,000.
2006 July,	conducted cash capital increase to a paid-in capital of NT\$649,630,000.
2006 August,	conducted capital increase from retained earnings to a paid-in capital of NT\$726,430,000.
2006 December,	achieved ISO-14001 and OHSAS-18001 environmental safety management system certifications.
2007 May,	conducted capital increase from stock options to a paid-in capital of NT\$728,680,000.
2007 August,	conducted capital increase from retained earnings to a paid-in capital of NT\$831,323,000.
2007 December,	purchased a factory located at No. 7, Chuangxin 1st Road., Baoshan Township, Hsinchu County.
2008 January,	purchased a factory located at No. 2 Lixing Road, Hsinchu Science Park, Hsinchu City.
2008 January,	conducted capital increase from M&A to a paid-in capital of NT\$841,323,000.
2008 April,	conducted capital increase from stock options to a paid-in capital of NT\$843,073,000.
2008 May,	issued the first unsecured domestic corporate bonds, with a total issuance amount of NT\$500,000,000.
2008 August,	conducted capital increase from retained earnings and employee stock options to a paid-in capital of NT\$920,000,000.
2008 October,	achieved ISO/TS 16949 Quality Management System Certification for Automotive Supply Chain.
2009 June,	Established the Subsidiary Company Xiamen Youngtek Electronics Ltd. in Xiamen Xiang'an Industrial Park.
2009 September,	conducted capital increase from retained earnings to a paid-in capital of NT\$940,021,640.
2009 October,	issued the second unsecured domestic corporate bond, with a total issuance amount of NT\$ 350,000,000.
2010 January,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$ 946,545,720.
2010 August,	conducted capital increase from retained earnings to a paid-in capital of NT\$956,011,180.
2010 September,	subsidiary Changzhou YoungTek Optoelectronics Co., Ltd. was established in Wujin High-tech Industrial Development Zone, Jiangsu, China.
2010 November,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$973,417,160.
2011 January,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$978,949,180.
2011 May,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,013,704,910.
2011 July,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,045,552,170.
2011 August,	conducted capital increase from capital reserve to a paid-in capital of NT\$1,055,341,660.
2011 October,	issued the third unsecured domestic corporate bond, with a total issuance amount of NT\$1,000,000,000.
2012 January,	indirectly invested in Mightytek Semiconductor Ltd.(Mightytek) via the third-place overseas company of YTEC Samoa.
2012 March,	established the Subsidiary Company Langfu Technology (Shenzhen) Co., Ltd. via a holding company of Clear Reach Limited which is invested by the third-place overseas company of YTEC Samoa.
2012 May,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,109,065,130.

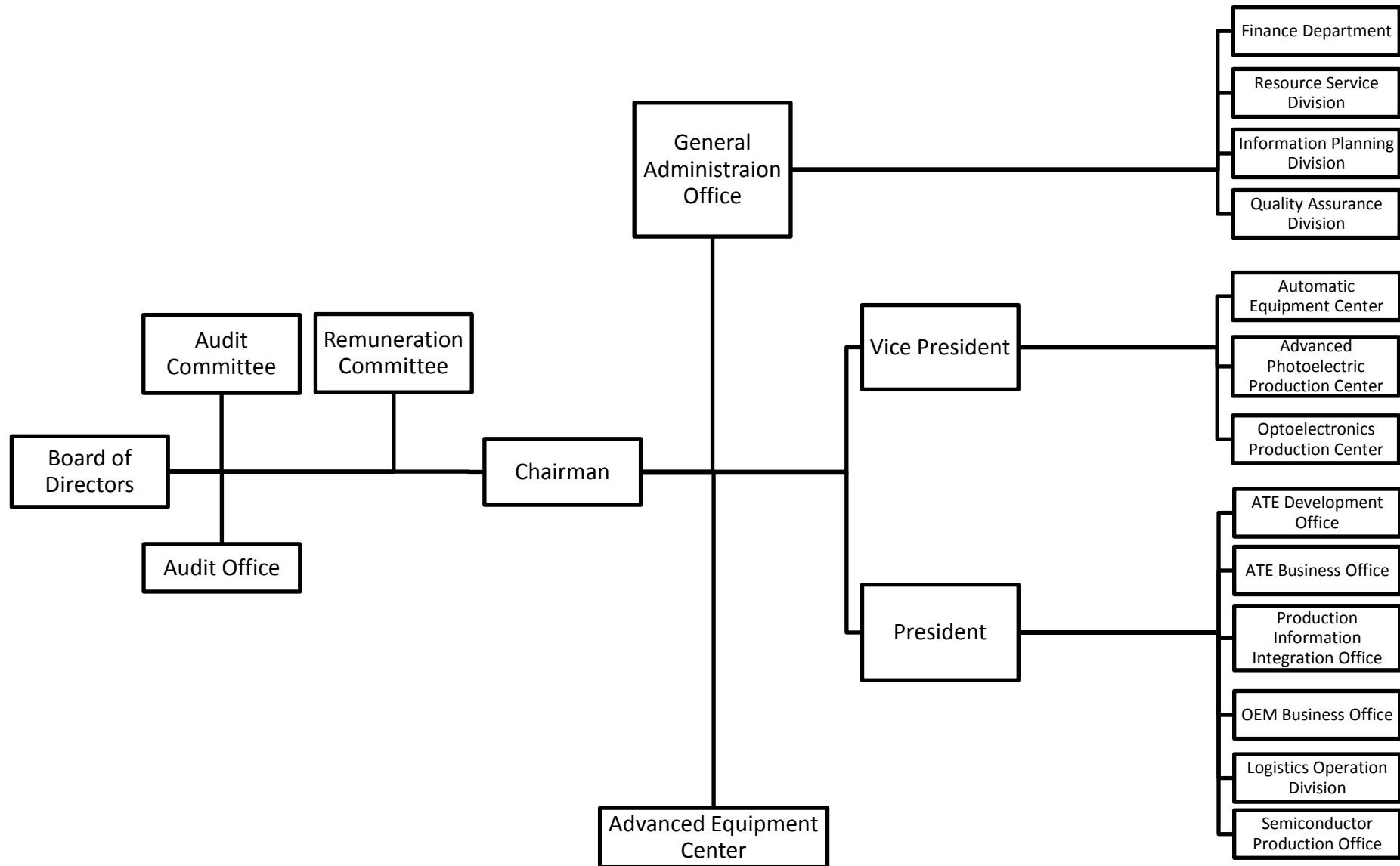


2012 May,	signed an MoU with the Japanese Company of Yoshikawa Semiconductor Co., Ltd.
2012 August,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,118,097,430.
2012 September,	conducted capital increase from retained earnings to a paid-in capital of NT\$1,128,746,330.
2012 November,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,142,259,200.
2013 May,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,155,255,840.
2013 August,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,164,417,330.
2013 August,	conducted capital increase from retained earnings to a paid-in capital of NT\$1,175,839,930.
2013 November,	honored with the "2013 Industrial Sustainable Excellence Award".
2014 May,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,176,143,460.
2014 August,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,181,202,480.
2014 September,	conducted capital increase from retained earnings to a paid-in capital of NT\$1,192,960,880.
2014 November,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,255,230,470.
2015 January,	merged Wecon Automation Machinery Co., Ltd.
2015 February,	conducted capital increase from the conversion of the corporate bond to a paid-in capital of NT\$1,272,257,320.
2015 August,	Honored with the "Excellence in Corporate Social Responsibility" by Commonwealth Magazine.
2015 September,	increased the capital by issuing new shares from the retained earnings to the paid-in capital of NT\$1,284,979,890.
2016 September,	established the Subsidiary Company " Yangzhou Youngtek Electronics Ltd. (Yangzhou YTEC)" in the Yangzhou Economic and Technological Development Zone.
2017 August,	subsidiary Langfu Technology (Shenzhen) Co.,Ltd.renamed YoungTek Microelectronics (Shenzhen) Ltd. (Shenzhen YTEC)
2018 October,	purchased 40% shares of Mightytek Semiconductor, resulting in a total shareholding of 100%.
2019 May,	established the Subsidiary Suzhou Youngtek Microelectronics Co., Ltd. (Suzhou YTEC)" in Suzhou i, China.
2019 July,	sold 100% shares of the important subsidiary Mightytek Semiconductor HK, resulting in loss of control over Mightytek Semiconductor and its subsidiaries (Mightytek Electronics & Wujiang Mightytek)
2020 December,	canceled the subsidiary "Changzhou Young TEC Optoelectronics Co., Ltd."
2020 December,	the subsidiary "Wecon Trading Shenzhen Ltd." was merged with the subsidiary " YoungTek Microelectronics (Shenzhen) Ltd. (Shenzhen YTEC), and the former was dissolved, while the latter remained as the surviving company.
2021 September,	canceled the subsidiary Tianyao Investment Co., Ltd.
2022 December,	a second-level subsidiary company "AnHui Utest Electronics co., Ltd." was established in Hefei, China.
2022 December,	a second-level subsidiary company "AnHui Utest Electronics co., Ltd." was established in Hefei, China.
2022 December,	acquired Authorized Economic Operator (AEO) qualification.
2023 January,	obtain the RBA VAP Silver Certificate.
2023 January,	achieved ISO50001Energy Management Systems-Requirements with guidance for use(EnMS) certifications.
2023 February,	Completed the parent company's GHG inventory and verification, and obtained the ISO14064-1 certificate.

### III. Corporate Governance Report

3.1 Organization System: The organizational structure of the company and major corporate functions.

#### 3.1.1 Organizational Chart



### 3.1.2 Major Corporate Functions

Department	Major Functions
Audit Office	Promotion, supervision, and planning of the internal control system. Implementation of internal audit plans, provision of improvement suggestions at appropriate times, and submission of audit-related matters to the competent authority.
Advanced Equipment Center	Development of advanced production equipment, sale, and development of RFID equipment.
Semiconductor Production Office	Semiconductor back-end foundry services, including wafer testing, chip grinding and sawing, die Pick and Place, product manufacturing, technology integration, and more.
Logistics Operation Division	Production plan planning, production and sales coordination, and management of semiconductor foundry and equipment. Manufacture, assembly, and maintenance of ATE equipment.
OEM Business Office	Sales & marketing of IC testing & wafer grinding, sawing, die Pick and Place inspection for foundry customers.
Production Information Integration Office	Production system integration and automation function development and maintenance, product introduction process analysis and control, and abnormal production operation analysis and improvement.
ATE Business Office	Market development and sales of ATE equipment.
ATE Development Office	IC test design and development, test program development; ATE equipment development, and customer engineering support.
Optoelectronic Production Center	OEM services for LED and RFID products.
Advanced Photoelectric Production Center	Manufacture, sales, customer service, and technology integration of Mini LED products.
Automatic Equipment Center	Development and sales of semiconductor automation equipment. Manufacture, assembly, and sales of automation equipment, LED equipment, and RFID equipment
Quality Assurance Office	Quality strategy and target formulation and implementation. Customer service and customer complaint handling.
Information Planning Division	Information system establishment and maintenance. Rationalization and standardization of production and operation processes. Procurement of raw materials and equipment.
Resource Service Division	Human resource planning and execution. Installation and maintenance of factory facilities. Occupational safety and health management plan, supervision and promotion of safety and health management matters.
Finance Department	Control of financial capital planning, taxation, stock affairs, fundraising operations and investment.

## 3.2 Background Information on Directors, Supervisors, General Managers, Vice General, Managers, Assistant Managers and Heads of Various Departments and Branches

### 3.2.1 Directors

April 15, 2023 ; Unit: Share ; %

Title	Nation ality or place of registra tion	Name	Gender, age		Date of election /appoin tment to the current term	Term of office	Commen t date of the first term	No. of shares held at the time of the election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held 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 a spouse or relative within the second degree		
								No. of shares	Share-h olding ratio	No. of shares	Share-h olding ratio	No. of shares	Share-h olding ratio	No. of shares	Share-h olding ratio			Title	Name	Rela tion ship
Chairman	R.O.C.	IN & OUT Bio Beauty Corp. Representative : Ping-Lung Wang	-	-	2021. 08.12	3 years	2006.06.13	8,475,617	6.60%	8,475,617	6.60%	0	0%	0	0%	-	-	None	None	None
			Male	61~70				3,276,175	2.55%	4,796,175	3.73%	117,669	0.09%	0	0%	Department of Aeronautics, National Chiao Tung University Director of Unimicron Manager of UMC	Chairman and General Manager of HARVATEK Corporate Director Representative of Hyenetek CORP.	None	None	None
Director	R.O.C.	Cheng-Kung Chang	Male	61~70	2021. 08.12	3 years	1992.08.03	402,880	0.31%	392,880	0.31%	1,156	0%	0	0%	Department of Aeronautics and Astronautics, National Cheng Kung University Assistant Manager of UMC Manager of Mosel Vitelic Inc.	Vice Chairman of YTEC Corporate Director Representative of YTEC Holding (Samoa) Co., Ltd.	None	None	None
Director	R.O.C.	Gui-Biao Chen	Male	61~70	2021. 08.12	3 years	2000.07.20	456,527	0.36%	289,137	0.23%	5,340	0%	0	0%	Department of Electronics, National Taiwan University of Science and Technology Manager of HUALON MICROELECTRONICS CORP. Assistant Vice President of First International Computer Vice Chairman of YTEC	Vice Chairman of YTEC Corporate Director Representative of Chensiang Automation Corp. Corporate Director Representative of SISSCA Co., Ltd.	None	None	None
Director	R.O.C.	De-Zhang Yao	Male	61~70	2021. 08.12	3 years	2012.06.27	0	0%	0	0%	0	0%	0	0%	Master of Finance, National Taiwan University Master of Electrical Engineering, University of Southern California Deputy General Manager of Xubang Investment Consultant General Manager of Taya Venture Capital	Independent Director of Fitipower Integrated Technology Inc. Independent Director of Jentech Precision Industrial Co., Ltd. Director of ASIX Electronics Corporation Corporate Director Representative of Ledlink Optics Inc. Director of TAITIEN ELECTRONICS CO., LTD. Corporate Director Representative of U.D. ELECTRONIC CORP. Corporate Director Representative of ACTI Corporation Director of Gigastone Corporation Corporate Director Representative of NCKU Venture Capital Co., Ltd. Chairman of Success Innovation Management Consultant Co., Ltd. Chairman of Phoenix Innovation Venture Capital Co., Ltd. Chairman of Phoenix Second Innovation Venture Capital Co., Ltd. Chairman of Phoenix Third Innovation Venture Capital Co., Ltd. Chairman of SinoStar Capital Inc. Chairman Chairman of Yongchuang Investment	None	None	None
Independ ent Director	R.O.C.	Meng-Hua Huang	Female	61~70	2021. 08.12	3 years	2015.06.12	0	0%	0	0%	0	0%	0	0%	MBA, Tulane University EMBA, National Taiwan University of Science and Technology Texas Instruments Taiwan Branch Manager Texas Instruments Taiwan Branch Chief Financial Officer Xu Li Company, Director of General Manager Office (Deputy General Manager) Senior General Manager of Lite-On Technology Co., Ltd. Chief Auditor (Deputy General Manager) of Lite-On Group Chief Legal Officer (Deputy General Manager) of Lite-On Group General Manager of LITE-ON Technology Corporation Chinese Taipei Olympic Committee Member Independent Director, Audit Committee member, Remuneration Committee member of Sino-American Silicon Products Inc.	Supervisor of Formica Optoelectronics Inc.	None	None	None

Title	Nation ality or place of registra tion	Name	Gender, age		Date of election /appoin tment to the current term	Term of office	Commencement date of the first term	No. of shares held at the time of the election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held 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 a spouse or relative within the second degree		
								No. of shares	Share-h olding ratio	No. of shares	Share-h olding ratio	No. of shares	Share-h olding ratio	No. of shares	Share-h olding ratio			Title	Name	Rela tion ship
																Supervisor of Global Prosperity Social Enterprise Taiwan Co., Ltd.				
Independent Director	R.O.C.	Ya-Xian Tsai	Female	71~80	2021. 08.12	3 years	2021.08.12	0	0%	0	0%	0	0%	0	0%	School of Management Science, Ming Chuan University Director of Taiwan Rotary Clubs Association Full-time Director of Yuanpei University of Medical Technology Vice President of Yuanpei University of Technology Chairperson of the Health Management Society of Taiwan Executive Director of Guang-Yu Cultural & Educational Foundation	Chairperson of Yuanpei University of Medical Technology Honorable Chairperson of the Health Management Society of Taiwan Chairperson of Guang-Yu Cultural & Educational Foundation Director of Medical Imaging Education Foundation	None	None	None
Independent Director	R.O.C.	Jun-Ting Liu	Male	61~70	2021. 08.12	3 years	2021.08.12	0	0%	0	0%	0	0%	0	0%	Ph.D. of the Department of Electrical Engineering at Princeton University MBA, Thunderbird School of International Management, Arizona, USA Bachelor of Science in Electrical Engineering, National Taiwan University Senior Director of TSMC Executive Vice President of ITRI Chairman of Taiwan-Japan Fund Vice Chairman of Monte Jade Science and Technology Association of Taiwan COO, World Vision Taiwan Senior Consultant of Delta Electronics Senior Consultant of Everlight Chemical General Manager of AU Optronics Business Group Department Manager, Bell Laboratories, USA	Independent Director of Arima Lasers Corp.	None	None	None

### Form 1: Major Shareholders of Corporate Shareholders

April 15, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder
IN & OUT Bio Beauty Corp.	Li-Chi Investment Co., Ltd. (99.44%)

### Form 2: If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

April 15, 2023

Name of corporate/juristic person	Major shareholders of the corporate/juristic person
Li-Chi Investment Co., Ltd.	Ping-Lung Wang (90%) 、Yu Wang (10%)

### 3.2.2 Professional Qualifications and Independence Analysis of Directors

Qualification Name	Professional Qualifications and Experiences	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Representative Ping-Lung Wang	He graduated from the Department of Aeronautics of National Chiao Tung University and used to be a manager of the manufacturing department of UMC and the factory director of Unimicron. He is currently the chairman of the Company and Harvatek. He is qualified with the requirement of at least 5 years of work experience in commerce, finance for the business of the Company. He has been committed to the electronics industry for over 30 years, possessing the ability of professional leadership, operational management, and strategic planning. With keen sensitivity to emerging technologies, he has led the company to continuously improve its core business and innovate. Not being a person of any conditions defined in Article 30 of the Company Act.	(1)Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company. (2)Not a director, supervisor, or employee of a company of which the chairman or president (or equivalent) themselves or their spouse also serve as the Company's chairman or president (or equivalent). (3)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. (4)Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing or commercial, legal, financial, or accounting services to the Company or to any affiliate of the Company with compensation within the recent two years, or a spouse thereof. (5)Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company.	0
Director Cheng-Kung Chang	He graduated from the Department of Aeronautics and Astronautics of National Cheng Kung University and used to be an assistant Manager of UMC and a Manager of Mosel Vitelic Inc. He currently serves as the Vice Chairman of the Company. He is qualified with the requirement of at least 5 years of work experience in commerce, finance for the business of the Company. He excels in leadership and business development and has successfully brought YoungTek to OTC during his tenure. He has rich experience in market competition decision making and business development. Not being a person of any conditions defined in Article 30 of the Company Act.	(1)Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders or has a representative director(s) serving on the Company's board based on Article 27 of the Company Act. (2)Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; (3) Not a director, supervisor, or employee of a company of which the chairman or president (or equivalent) themselves or their spouse also serve as the Company's chairman or president (or equivalent).	0
Director Gui-Biao Chen	He graduated from the Department of Electronics of the National Taiwan University of Science and Technology and currently serves as the Vice Chairman of the Company. He is qualified with the requirement of at least 5 years of work experience in commerce, finance for the business of the Company. He committed to the development and innovation of machines, providing professional advice on the company's product development and innovation direction. Not being a person of any conditions defined in Article 30 of the Company Act.	(4) 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. (5) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing or commercial, legal, financial, or accounting services to the Company or to any affiliate of the Company with compensation within the recent two years, or a spouse thereof. (6) Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company.	0
Director De-Zhang Yao	He had a Master degree in Finance from the National Taiwan University and a Master degree in Electrical Engineering from the University of Southern California and had served as a director and an independent director in many public companies. He is qualified with the requirement of at least 5 years work experience in commerce, finance for the business of the Company. He has abundant management experience and a finance background and is capable to offer professional suggestions to the company from various aspects. Not being a person of any conditions defined in Article 30 of the Company Act.	(1)Not an employee of the Company or any of its affiliates. (2)Not a director or supervisor of the Company or any of its affiliates. (3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders. (4)Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officers in the preceding (1) subparagraph, or of any of the above	2

Qualification Name	Professional Qualifications and Experiences	Independence Analysis	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Meng-Hua Huang	She graduated with an MBA from Tulane University in the USA and served as a CFO of Texas Instruments Taiwan Branch, a Senior Deputy General Manager of Lite-On Technology Co., Ltd., a General Manager of Leotek Electronics Corporation, etc. She is qualified with the requirement of at least 5 years of work experience in commerce, finance for the business of the Company. She is very experienced in business administration, especially in finance planning, professional accounting, corporate governance, and other fields. Not being a person of any conditions defined in Article 30 of the Company Act.	persons in the preceding subparagraphs (2) and (3). (5)Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders or has a representative director(s) serving on the Company's board based on Article 27 of the Company Act. (6)Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company. (7)Not a director, supervisor, or employee of a company of which the chairman or president (or equivalent) themselves or their spouse also serve as the Company's chairman or president (or equivalent).	0
Independent Director Ya-Xian Tsai	She graduated from the School of Management Science at Ming Chuan University and served as the Vice President of the Yuanpei University of Technology. She is currently the Chairperson of Yuanpei University of Medical Technology. She is qualified with the requirement of at least 5 years work experience in commerce, finance for the business of the Company and can provide professional governance suggestions to the company. Not being a person of any conditions defined in Article 30 of the Company Act.	(8) 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. (9)Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing or commercial, legal, financial, or accounting services to the Company or to any affiliate of the Company with compensation within the recent two years, or a spouse thereof.	0
Independent Director Jun-Ting Liu	He had a Ph.D. degree from the Department of Electrical Engineering of Princeton University in the USA, and served as the Executive Vice President of ITRI and a Senior Director of TSMC. He is qualified with the requirement of at least 5 years work experience in commerce, finance for the business of the Company. He has extensive experience and high acuity in the electronics industry, and can provide professional advice on the company's product and market development. Not being a person of any conditions defined in Article 30 of the Company Act.	(10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. (11)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	1

### 3.2.3 Diversity of the Board of Directors

In accordance with Article 20 of the “Corporate Governance Best Practice Principles” of the Company, the composition of Board members shall be considered in a diversified manner, directors concurrently serving as company officers do not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions

The Board of the Company consists of 7 members in total, including 3 Independent Directors who accounted for 43% of the Board. The member compositions include professional fields including technology, manufacturing, finance and accounting, and academics. The age distribution is between 61 to 80; and there are 2 females in the Board, accounting for 29%. The tenure of one Independent Director has been over 6 years and the other two have been over 1 year and their qualifications have all complied with the regulations. The Company shall keep the diversifications in gender, nationality, and industry. The implementation of diversification policies is as follows:

Diverse Key Items  Name		Nationality	Gender	Age Group		Tenure of the Independent Director		Part-time employee	Domain Knowhow			Professional capabilities								
				51 ~ 60	61 ~ 70	71 ~ 80	Less than 3	3 ~ 6	More than 9		Manufacturing	Electronic technology	Finance & Accounting	Operational judgment	Accounting & financial analysis	Management administration	Crisis management	Knowledge of the industry	Leadership & decision making	
Director	IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang	R.O.C.	Male		✓						✓	✓		✓	✓	✓	✓	✓	✓	
	Cheng-Kung Chang		Male		✓					✓	✓	✓		✓	✓	✓	✓	✓	✓	
	Gui-Biao Chen		Male		✓						✓	✓		✓	✓	✓	✓	✓	✓	
	De-Zhang Yao		Male		✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director	Meng-Hua Huang		Female		✓			✓					✓	✓	✓	✓	✓	✓	✓	✓
	Ya-Xian Tsai		Male			✓	✓						✓		✓	✓	✓	✓	✓	✓
	Jun-Ting Liu		Female		✓		✓					✓	✓		✓	✓	✓	✓	✓	✓

3.2.4 The specific management objectives of the Board Diversity Policy and their achievement are as follows

Management Objectives	Status of Achievement
More than half of the Independent Directors do not serve more than 3 consecutive terms.	Achieved
At least one female board member.	Achieved
Directors concurrently serving as company officers do not exceed one-third of the total number of the board members	Achieved



### 3.2.5 Information on the Management Team

April 15, 2023 ; Unit: Share ; %

Title	Nationality	Name	Gender	Date of appointment to position	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Vice Chairman	R.O.C.	Cheng-Kung Chang	Male	2003.10.01	392,880	0.31%	1,156	0%	0	0%	Department of Aeronautics and Astronautics, National Cheng Kung University Assistant Manager of UMC Manager of Mosel Vitelic Inc.	Corporate Director Representative of YTEC Holding(Samoa) Co., Ltd.	None	None	None
Vice Chairman	R.O.C.	Gui-Biao Chen	Male	2004.02.18	321,960	0.25%	5,340	0%	0	0%	Department of Electronics, National Taiwan University of Science and Technology Manager of Hualon Microelectronics Corp. Assistant Vice President of First International Computer Vice Chairman of YTEC	Corporate Director Representative of Chensiang Automation Corp. Corporate Director Representative of SISSCA Co., Ltd.	None	None	None
President	R.O.C.	Wei-Tang Hsiao	Male	2020.09.01	175,686	0.14%	0	0%	0	0%	Department of Electrical Engineering, Chung Hua University Test Engineer of Hualon Microelectronics Corp.	Corporate Director Representative of Clear Reach Ltd. Corporate Director Representative of Youngtek Microelectronics (Shenzhen) Ltd. Corporate Director Representative of Suzhou Youngtek Microelectronics Co., Ltd.	None	None	None
Vice President	R.O.C.	Han-Tsung Hsiao	Male	2020.09.01	102,033	0.08%	0	0%	0	0%	Department of Industrial Engineering, Tunghai University Manager of UMC Assistant Manager of Liancheng Electronics Section Chief of Macronix Electronics	Corporate Director Representative of YTEC (Hong Kong) Global Ltd. Corporate Director Representative of Xiamen Youngtek Electronics Ltd. Corporate Director Representative of Yangzhou Youngtek Electronics Ltd.	None	None	None
Finance, accounting, and corporate governance manager	R.O.C.	Chiao-Fen Chen	Female	2021.01.01	13,007	0.01%	0	0%	0	0%	School of Management Science, Jiaotong University Assistant Manager of Deloitte & Touche	Corporate Director Representative of Chensiang Automation Corp. Corporate Director Representative of Hyenetek CORP.	None	None	None

### 3.2.6 Remuneration of Directors, President and Vice President

#### Remuneration of Directors and Independent Directors

Unit: NT\$ thousands / Share

Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (Note 10)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+ F+G and ratio to net income (Note 10)		Remuner ation received from investee enterpris es other than subsidia ries or from the parent company (Note 11)
		Base compensation (A) (Note 2)		Retirement pay and pension (B)		Director profit-sharing compensation (C) (Note 3)		Expenses and perquisites (D) (Note 4)				Salary, rewards, and special disbursements (E) (Note 5)		Retirement pay and pension (F)		Employee profit-sharing compensation (G) (Note 6)						
		Th e Co mp an y	All consoli dated entities (Note 7)	Th e Co mp an y	All consoli dated entities (Note 7)	The Com pany	All consoli dated entities (Note 7)	Th e Co mp an y	All consoli dated entities (Note 7)	The Compa ny	All consoli dated entities (Note 7)	The Com pany	All consoli dated entities (Note 7)	Th e Co mp an y	All consoli dated entities (Note 7)	The Company		All consolidated entities (Note 7)		The Comp any	All conso litate d entitie s	
																Cash	Sto ck	Cas h	Stoc k			
Chairman	IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang	0	0	0	0	7,596	7,596	0	0	0.85%	0.85%	815	815	0	0	0	0	0	0	0.95%	0.95%	None.
Director	Cheng-Kung Chang																					
Director	Gui-Biao Chen																					
Director	De-Zhang Yao																					
Independent Director	Meng-Hua Huang	0	0	0	0	3,014	3,014	0	0	0.34%	0.34%	0	0	0	0	0	0	0	0	0.34%	0.34%	None.
Independent Director	Ya-Xian Tsai																					
Independent Director	Jun-Ting Liu																					
1. Please state the policies, systems, standards and structure of independent directors' remuneration, and, according to the responsibilities, risks, time invested and other factors, describe the relevance to the remuneration amount: The remuneration of independent directors of the company is based on Article 18 of the Articles of Incorporation, authorizing the board of directors to determine the extent of their participation in the company's operations and the value of their contribution to the company's operations, with reference to the standards of the industry; The remuneration is based on the results of the director's performance evaluation. After the Compensation Committee's deliberation, it was submitted to the board of directors for resolution and approval. 2. Besides those disclosed in the above table, remunerations paid to directors in the most recent year for having provided services to all companies covered in the Financial Report (such as working as a consultant who is not an employee): None																						

Unit: NT\$ thousands / Share

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements (I)
Less than NT\$ 1,000,000	Ya-Xian Tsai 、Jun-Ting Liu	Ya-Xian Tsai 、Jun-Ting Liu	Ya-Xian Tsai 、Jun-Ting Liu	Ya-Xian Tsai 、Jun-Ting Liu
NT\$1,000,000 ~ NT\$1,999,999	Cheng-Kung Chang 、 Gui-Biao Chen 、De-Zhang Yao 、Meng-Hua Huang	Cheng-Kung Chang 、 Gui-Biao Chen 、De-Zhang Yao 、Meng-Hua Huang	Cheng-Kung Chang 、 De-Zhang Yao 、Meng-Hua Huang	Cheng-Kung Chang 、De-Zhang Yao 、Meng-Hua Huang
NT\$2,000,000 ~ NT\$3,499,999	IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang	IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang	Gui-Biao Chen 、 IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang	Gui-Biao Chen 、 IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang
NT\$3,500,000 ~ NT\$4,999,999	0	0	0	0
NT\$5,000,000 ~ NT\$9,999,999	0	0	0	0
NT\$10,000,000 ~ NT\$14,999,999	0	0	0	0
NT\$15,000,000 ~ NT\$29,999,999	0	0	0	0
NT\$30,000,000 ~ NT\$49,999,999	0	0	0	0
NT\$50,000,000 ~ NT\$99,999,999	0	0	0	0
Greater than or equal to NT\$100,000,000	0	0	0	0
Total	7	7	7	7

### Remuneration Paid to President and Vice Presidents

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances(C)		Employees' Profit Sharing Bonus (D)				Total Compensation as a % of Net Profit (A+B+C+D)		Any remuneration outside of subsidiaries from reinvestment businesses or the parent
		The company	All companies in the consolidated	The company	All companies in the consolidated financial	The company	Companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Wei-Tang Hsiao	5,646	5,646	0	0	21,165	21,165	13,183	0	13,183	0	4.49%	4.49%	None.
Vice President	Han-Tsung Hsiao													

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements
Less than NT\$ 1,000,000	0	0
NT\$1,000,000 ~ NT\$1,999,999	0	0
NT\$2,000,000 ~ NT\$3,499,999	0	0
NT\$3,500,000 ~ NT\$4,999,999	0	0
NT\$5,000,000 ~ NT\$9,999,999	0	0
NT\$10,000,000 ~ NT\$14,999,999	Han-Tsung Hsiao	Han-Tsung Hsiao
NT\$15,000,000 ~ NT\$29,999,999	Wei-Tang Hsiao	Wei-Tang Hsiao
NT\$30,000,000 ~ NT\$49,999,999	0	0
NT\$50,000,000 ~ NT\$99,999,999	0	0
Greater than or equal to NT\$100,000,000	0	0
Total	2	2

## Remuneration Paid to managerial officers

Unit: NT\$ thousands

Title		Name	Employee Compensation - in Stock	Employee Compensation	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Wei-Tang Hsiao	0	13,585	13,585	1.53%
	Vice President	Han-Tsung Hsiao				
	Finance and Accounting Supervisor	Chiao-Fen Chen				

The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Item  Title	Ratio of Total Amount to Net Income (%)				Increase (decrease)  ratio	
	2022		2021			
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements		
Directors	1.29%	1.29%	1.07%	1.07%	0.22%	0.22%
Supervisor	NA	NA	0.09%	0.09%	-	-
President and Vice President	4.49%	4.49%	3.92%	3.92%	0.57%	0.57%

The remuneration paid to Directors and Supervisors of the Company is authorized by the Board of Directors in accordance with the Company's Articles of Incorporation, taking into account their level of participation in the Company's operations and the value of their contributions, as well as industry standards. If there are profits in the annual financial statements, remuneration for Directors and Supervisors will be paid in cash in accordance with Article 23 of the Company's Articles of Incorporation. The compensation for the President and Vice President, including salary, bonuses, and employee compensation, is determined by the Chairman of the Board based on the company's operational performance and their positions. The compensation system will be reviewed from time to time in accordance with actual operating conditions and relevant laws and regulations to balance the company's sustainable management and risk control.

### 3.3 Status of Corporate Governance

#### 3.3.1 Operation of the Board of Directors

The number of board meetings held in the year 2022 was 7 (A). The attendance by the directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【 B/A 】 (Note 1)	Remarks
Chairman	IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang	7	0	100%	
Director	Cheng-Kung Chang	7	0	100%	
Director	Gui-Biao Chen	7	0	100%	
Director	De-Zhang Yao	7	0	100%	
Independent Director	Meng-Hua Huang	7	0	100%	
Independent Director	Ya-Xian Tsai	7	0	100%	
Independent Director	Jun-Ting Liu	7	0	100%	

Other information required to be disclosed:

- If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
  - Any matter under Article 14-3 of the Securities and Exchange Act: Please refer to P.37 ~ P.40 for important resolutions of the Board of Directors.
  - In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing concerning any board resolution: None.
- The status of implementation of recusals of directors concerning any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted: None.
- The Company conducts evaluations for the Board and the board members each year according to the "Rules for Performance Evaluation of Board of Directors". Improvement plans would be established based on the evaluation result to strengthen the operational efficiency of the Board. The Board performance evaluation for the year 2022 was completed by 2023 Q1, and the result is as follows:
  - Evaluation Period: 2022/01/01 ~ 2022/12/31
  - The score for the Board as a whole: 4.89
  - The score for the Board member as a whole: 4.94
  - Evaluation Result: Fairly outstanding, the directors have a certain level of recognition to the current board operations.
- Information of the Board's self-evaluation (or peer evaluations) includes the evaluation cycle and period(s), evaluation scope, method, and content for the Company is as follows:

### Board Evaluation Implementation Status

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	2022.1.1 ~ 2022.12.31	Including Board of Directors, Individual Directors, and Remuneration Committee and Audit Committee	Internal self-evaluation for Board of Directors and board members.	<p>(1) The evaluation for the Board performance includes: the degree of participation in the operation of the company; decision-making quality of the Board; composition and structure of the Board; Election and continuing education for the Directors; internal controls.</p> <p>(2) The evaluation for Individual Directors includes: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal controls.</p> <p>(3) The evaluations for Remuneration Committee and Audit Committee include: the degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal controls.</p>

5. Give an evaluation of the targets that were adopted for strengthening the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof:
- (1) The financial statements compiled by the Company itself are regularly reported to the Board of Directors, and Deloitte & Touche is appointed to audit and attest the statements. The Company discloses all information according to the laws and regulations and has appointed a full-time employee to be responsible for information collection and disclosure. A spokesperson system has been established to ensure all the material information will be disclosed at the right time appropriately.
  - (2) The Company established the Remuneration Committee on December 27, 2021. The Committee evaluates the remuneration policy and system for the Directors and Managers of the Company in a professional and objective perspective, and makes recommendations to the Board of Directors for reference in its decision-making. The Remuneration Committee had 3 meetings on January 1, 2022 and December 31.
  - (3) The Company established the Audit Committee on August 12, 2021 to enhance the corporate governance. The Committee is responsible for reviewing the fair expression of the company's financial statements, ensuring the effectiveness of the internal control system of the company, appointing (dismissing) independent CPAs and assessing their independence and performance, ensuring compliance with applicable laws and regulations, and managing the existing or potential risks of the company, etc. The Audit Committee meeting shall be held at least once a quarter and may convene a meeting at any time when necessary.

### 3.3.2 Audit Committee ( or Attendance of Supervisors at Board Meetings )

#### 1. Operation of the Audit Committee

(1) The Company's first Audit Committee was established on August 12, 2021, comprising all 3 Independent Directors.

The professional qualification and experiences of the Audit Committee members:

Title	Name	Professional qualifications and experience
Convenor	Meng-Hua Huang	Please refer to page 14 for the professional qualification and experiences of Directors.
member	Ya-Xian Tsai	
member	Jun-Ting Liu	

(2) The number of audit committee meetings held in 2022 was: 4 (A)

The attendance by the Independent Directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Independent Director	Meng-Hua Huang	4	0	100%	
Independent Director	Ya-Xian Tsai	4	0	100%	
Independent Director	Jun-Ting Liu	4	0	100%	

Other information required to be disclosed:

- The Audit Committee of the Company is formed by all Independent Directors and is operated in accordance with the "Audit Committee Charter."
- The work summary of the 2021 Audit Committee: Review the Company's financial statements, internal control system, audit plan and its implementation status, and review the appointment, fees, independence and capability of CPAs, etc.
- In the operation of the Audit Committee, if any of the following circumstances occur, the date, session, content of the motion, Independent Director's dissenting opinions, reserved opinions or significant recommendations, the decision of the Audit Committee, and the measures taken by the Company based on the opinions of the Audit Committee should be disclosed.
  - Any matter under Article 14-5 of the Securities and Exchange Act.: Please refer to page 40~ 43 for the major resolution of the Audit Committee.
  - In addition to the matters referred to above, any matter that was not approved by the Audit Committee but was approved by a two-thirds or greater majority resolution of the Board of Directors: None.
- Implementation of recusals of Independent Directors with respect to any motions with which they may have a conflict of interest: specify the Independent Director's name, the content of the motion, the cause for recusal, and whether and how the Independent Director voted: None.
- The Board performance evaluation for the year 2022 was completed by 2023 Q1, and the result is as follows:  
 Evaluation Period: 2022/01/01 ~ 2022/12/31  
 The score for the Board member as a whole: 4.86  
 Evaluation Result: outstanding
- Communication between the Independent Directors and the Chief Internal Audit Officer and the CPAs:
  - The Chief Internal Audit Officer presented the meetings of the Audit Committee and Board of Directors in person, and reported to the Independent Directors the implementation status of the internal audit. A monthly audit report and follow-up report are submitted to the Independent Directors who may ask the Chief Internal Audit Officer to provide more detailed information or convene formal meetings.
  - The Company invites CPAs to attend the Audit Committee or have a separate meeting with the Independent Directors to report the financial status, audit results, key audit items, impacts to the Company for IFRSs amendments or other regulation announcement. Both parties keep a smooth and open communication channel.



### 3.3.3 Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practices for TWSE/TPEX Listed Companies and the Reasons

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The company has formulated the "Corporate Governance Best-Practice Principles", and all operations are implemented in accordance with the Principle, and there have been no major deviations so far.	No deviations
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓  ✓  ✓  ✓		(1) The Company established a spokesperson and deputy spokesperson system, and an investor e-mail to handle suggestions, disputes, or other questions of the shareholders.  (2) The stock related operations of the Company are responsible by the entrusted stock agency and are handled by a dedicated person. The Company maintained good relationships with major shareholders and can contact them at any time.  (3) The affiliates who have business transactions with the Company are treated as an independent third party. The Company has formulated "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises" for the finance and business transactions between affiliates to uphold the fair and reasonable principle. (4) To maintain the fairness of the stock market, the Company has formulated "Management Operation of the prevention of insider trading" and "Ethical Corporate Management Best Practice Principles" to follow according to the regulations.	No deviations
3. Composition and responsibilities of the Board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented? (2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee? (3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as a reference in determining	✓  ✓  ✓	  ✓	(1) The composition of the Board of Director for the Company follows the diversification factors and Board members obtains professional knowledge, skills and accomplishment necessary to implement their duties.  (2) The Company has set up the Remuneration Committee and Audit Committee according to regulations. Other functional committees will be evaluated for their necessities depending on the operation status of the company.  (3) The Company has formulated "Rules and Methods for Performance Evaluation of Board of Directors" for implementation.	No deviations

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons																														
	Yes	No	Summary description																															
salary/compensation for individual directors and their nomination and additional office terms?																																		
(4) Does the Company regularly evaluate its external auditors' independence?	✓		<div>(4) The Board of Directors of the Company regularly refers to the Audit Quality Indicators (AQIs) to evaluate the independence and capability of CPAs every year; The evaluation process and result for 2022 was approved by the Board of Directors on 2023/03/15. The evaluation for the CPAs Su-Li Fang and Tung-Hui Yeh from Deloitte &amp; Touche by the Board of Directors determined that they have met the independence criteria of the Company (See details in the table below). Each year, the members of the audit service team from the accounting firm sign an “Independent Statement” as provided.</div> <div>Independence Evaluation Criteria for CPAs</div> <table><tr><th>Evaluation item</th><th>Result</th><th>Independence</th></tr><tr><td>1. Whether CPA has direct or significant indirect financial interests with the Company.</td><td>No</td><td>Yes</td></tr><tr><td>2. Whether CPA has any financing or guarantees of conduct with the Company or the directors of the Company.</td><td>No</td><td>Yes</td></tr><tr><td>3. Whether CPA has a close business relationship and potential employment relationship with the Company.</td><td>No</td><td>Yes</td></tr><tr><td>4. Whether the CPA or members of their audit team had any positions in the Company as directors, managers or significant influence on the audit in recent two years.</td><td>No</td><td>Yes</td></tr><tr><td>5. Whether the CPA or members of their audit team held shares of the Company.</td><td>No</td><td>Yes</td></tr><tr><td>6. Whether CPA has any non-audit services to the Company which may directly affect the audit work.</td><td>No</td><td>Yes</td></tr><tr><td>7. Whether CPA takes a concurrent position in the Company for regular tasks with a fixed payment.</td><td>No</td><td>Yes</td></tr><tr><td>8. Whether CPA has acted as the Company's defender or on behalf of the Company to coordinate conflicts with other third parties.</td><td>No</td><td>Yes</td></tr><tr><td>9. Whether CPA has a kinship with the directors, managers of the Company or persons who have a significant influence on the audit work.</td><td>No</td><td>Yes</td></tr></table>	Evaluation item	Result	Independence	1. Whether CPA has direct or significant indirect financial interests with the Company.	No	Yes	2. Whether CPA has any financing or guarantees of conduct with the Company or the directors of the Company.	No	Yes	3. Whether CPA has a close business relationship and potential employment relationship with the Company.	No	Yes	4. Whether the CPA or members of their audit team had any positions in the Company as directors, managers or significant influence on the audit in recent two years.	No	Yes	5. Whether the CPA or members of their audit team held shares of the Company.	No	Yes	6. Whether CPA has any non-audit services to the Company which may directly affect the audit work.	No	Yes	7. Whether CPA takes a concurrent position in the Company for regular tasks with a fixed payment.	No	Yes	8. Whether CPA has acted as the Company's defender or on behalf of the Company to coordinate conflicts with other third parties.	No	Yes	9. Whether CPA has a kinship with the directors, managers of the Company or persons who have a significant influence on the audit work.	No	Yes	No deviations
Evaluation item	Result	Independence																																
1. Whether CPA has direct or significant indirect financial interests with the Company.	No	Yes																																
2. Whether CPA has any financing or guarantees of conduct with the Company or the directors of the Company.	No	Yes																																
3. Whether CPA has a close business relationship and potential employment relationship with the Company.	No	Yes																																
4. Whether the CPA or members of their audit team had any positions in the Company as directors, managers or significant influence on the audit in recent two years.	No	Yes																																
5. Whether the CPA or members of their audit team held shares of the Company.	No	Yes																																
6. Whether CPA has any non-audit services to the Company which may directly affect the audit work.	No	Yes																																
7. Whether CPA takes a concurrent position in the Company for regular tasks with a fixed payment.	No	Yes																																
8. Whether CPA has acted as the Company's defender or on behalf of the Company to coordinate conflicts with other third parties.	No	Yes																																
9. Whether CPA has a kinship with the directors, managers of the Company or persons who have a significant influence on the audit work.	No	Yes																																
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		The Company has appointed a Corporate Governance Officer and appointed finance staff to assist related matters to provide information necessary for Directors and functional committees to perform their duties, draft and prepare agenda and minutes of the Board Meeting and Shareholders’ Meeting, and complete the registration and relevant change of the company.	No deviations																														

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company has set up a dedicated section for stakeholders on its website, providing communication channels and avenues for stakeholders to address and respond to important corporate social responsibility issues.	No deviations
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The company has engaged the professional share registrar agency " Capital Securities Corporation" to assist with the handling of shareholders' meetings and related share registry matters.	No deviations
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✓  ✓	  ✓	(1) Apart from the MOPS, the Company also discloses information on its website ( <a href="http://www.ytec.com.tw">http://www.ytec.com.tw</a> ) to allow the public to enquire information about the finance, business and corporate governance of the Company.  (2) The Company has appointed dedicated personnel responsible for the company's information collection and disclosure and has implemented the spokesperson and deputy spokesperson system according to regulations.  (3) The Company currently reports its annual financial reports, financial reports for Q1 to Q3, as well as its operating statements for each month before the specified deadlines in accordance with the regulations. It has not been announced and reported in advance.	No deviations
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability	✓		(1) Employee rights: Handled in accordance with the work rules of the Company. (2) Employee wellness: Handled in accordance with the work rules of the Company. (3) Investor relations: The Company has established a spokesperson and deputy spokesperson system to maintain the relationship with the investors. (4) Supplier relations: The Company always maintains a good relationship with the suppliers. (5) Right of stakeholders: The stakeholders may make communications and suggestions to the Company to maintain their legal rights. (6) Directors' and supervisors' continuing education: The company does not mandate directors and supervisors to participate in professional training courses, but rather encourages them to do so voluntarily. The details of the training hours, courses, and organizers attended by directors and supervisors in 2022 are provided in the attached table: "Professional Training and Development for Executives in Corporate Governance for the Year 2022". (7) The implementation of risk management policies and risk evaluation standards: N/A (8) The implementation of customer relations policies: The Company signs contracts with all customers to provide relevant services and products. (9) Purchasing liability insurance for directors and supervisors: The Company has purchased US\$	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
insurance for directors and supervisors)?			3,000,000 liability insurance for all directors and supervisors. (10) Employee behaviors or code of ethics: Handled in accordance with the work rules of the Company.	
<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.</p> <p>(1) Improvement implementation: Continue to strengthen the company website – information for the corporate governance items.</p> <p>(2) Improvement plan for the coming year: The Company plans to publish English consolidated and stand-alone financial statements for the coming year.</p>				

#### Professional Training and Development for Executives in Corporate Governance for the Year 2022:

Title	Name	Training Period		Host by	Course	Training hours
		from	to			
Chairman	IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang	2022/08/11	2022/08/11	Taiwan Corporate Governance Association	Contents of the ESG Report	3.0
		2022/08/11	2022/08/11	Taiwan Corporate Governance Association	Corporate Carbon Issues and Strategies	3.0
Director	Cheng-Kung Chang	2022/08/11	2022/08/11	Taiwan Corporate Governance Association	Contents of the ESG Report	3.0
		2022/08/11	2022/08/11	Taiwan Corporate Governance Association	Corporate Carbon Issues and Strategies	3.0
Director	Gui-Biao Chen	2022/08/11	2022/08/11	Taiwan Corporate Governance Association	Contents of the ESG Report	3.0
		2022/08/11	2022/08/11	Taiwan Corporate Governance Association	Corporate Carbon Issues and Strategies	3.0
Director	De-Zhang Yao	2022/08/11	2022/08/11	Taiwan Corporate Governance Association	Contents of the ESG Report	3.0
		2022/08/11	2022/08/11	Taiwan Corporate Governance Association	Corporate Carbon Issues and Strategies	3.0
Independent Director	Meng-Hua Huang	2022/01/05	2022/01/05	Securities & Future Institute	Blockchain technology development and business model	3.0
		2022/08/11	2022/08/11	Taiwan Corporate Governance Association	Contents of the ESG Report	3.0
		2022/08/11	2022/08/11	Taiwan Corporate Governance Association	Corporate Carbon Issues and Strategies	3.0
Independent Director	Ya-Xian Tsai	2022/03/22	2022/03/22	Taiwan Corporate Governance Association	Development trends of green industry – low carbon investment prospects and responding business strategies	3.0
		2022/08/16	2022/08/16	Taiwan Corporate Governance Association	Aspects of ESG governance – from knowing to doing	3.0
Independent Director	Jun-Ting Liu	2022/03/22	2022/03/22	Taiwan Corporate Governance Association	Development trends of green industry – low carbon investment prospects and responding business strategies	3.0
		2022/08/16	2022/08/16	Taiwan Corporate Governance Association	Aspects of ESG governance – from knowing to doing	3.0

### 3.3.4 Operations of the Remuneration Committee

1. The fifth Remuneration Committee of the Company has a total of 3 members.

Title	Name	Professional qualifications and experience	Number of other public companies at which the person concurrently serves as a remuneration committee member
Convenor	Meng-Hua Huang	Please refer to page 14 for the professional qualification and experiences of Directors.	0
Member	Ya-Xian Tsai		0
Member	Jun-Ting Liu		1

The operation of the Remuneration Committee follows the Remuneration Committee Charter, and its main responsibilities include:

- (1) Formulate and regularly review the annual and long-term performance goals and policies, systems, standards and structures of remuneration for the Company's Directors and managerial officers.
- (2) Regularly evaluate the achievement of the performance goals of the Company's Directors, and managerial officers, and determine the content and amount of their individual remunerations.

#### 2. Operation of the Remuneration Committee

The term of the current members: 2021/8/12 to 2024/8/11. The number of remuneration committee meetings held in the most recent fiscal year was 3 (A). The qualification and attendance of the members are shown as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A) (Note )	Remarks
Convenor	Meng-Hua Huang	3	0	100%	
Member	Jun-Ting Liu	3	0	100%	
Member	Ya-Xian Tsai	3	0	100%	

Other information required to be disclosed:

1. If the Board of Directors does not accept, or amend, any recommendation of the Remuneration Committee, specify the board meeting date, session, content of the motion, the outcome of the resolution(s) of the Board of Directors, and the measures taken by the Company with respect to the opinions given by of the Remuneration Committee (e.g., if the salary/compensation approved by the Board is better than the recommendation of the Remuneration Committee, specify the difference(s) and the reasons): None.
2. With respect to any matter for resolution by the Remuneration Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the Remuneration Committee meeting date, session, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.
3. Performance Evaluation of the Remuneration Committee for the Year 2022 has been completed in the first quarter of 2023 (Q1), and the evaluation results are as follows:  
Evaluation Period: January 1, 2022, to December 31, 2022  
Overall Rating of the Remuneration Committee Members: 4.91  
Evaluation Result: Excellent

### 3.3.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
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?	✓		The Company has yet to establish a dedicated unit for the promotion of sustainable development. Each department is responsible for carrying out its duties and responsibilities related to sustainable development. In the event of significant matters or potential significant damage to the company, they are promptly reported to senior management. If it involves major violations or potential significant harm, a written report is provided to the Independent Director and presented at the most recent Audit Committee and Board meetings.	No major deviations
2. Does the company conduct risk assessments 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?	✓		The Company has formulated "Sustainable Development Best Practice Principles", carry out risk assessments for key issues based on the materiality principle of corporate social responsibility, and established risk management policies or strategies. The risk assessments cover environmental protection, ecology preservation, social issues and other areas.	No major deviations
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	✓		(1) The company has been committed to fulfilling CSR and pursuing sustainable development. It places great importance on environmental protection and the enhancement of occupational safety and health since its establishment. Therefore, it actively establishes and implements management systems related to environmental, occupational health, and safety, such as ISO14001, ISO45001, and CSR report. Furthermore, it will complete the verification of ISO50001 & GHG inventory in the coming year to ensure the management activities of environment and occupational safety and health comply with the international trend. The operation of the environmental safety and health management system of the Company follows the related policy announced by the management representative or the President. The implementation of the management system is planned based on the existing organizational structure to promote environmental, occupational health, and safety management activities. Each year, the Company identifies major risk and impact directions related to environmental, occupational health and safety based on the CSR material issue selection process and result. After the management representative of the President approved the annual strategic target in environmental, occupational safety and health issues, each department shall draft a specific work target for implementation based on the departmental risk and opportunity evaluation result, and would follow up on the implementation progress. Through the annual internal audit, the system operation is checked and improved. The audit result and system implementation result would be reported to the Environmental, Occupational Safety and Health Management Committee for review to achieve the goal of continuous improvement.	No major deviations
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		(2) In response to the issues of climate change mitigation and adaptation, as well as sustainable resource utilization, the Company implements energy conservation, carbon reduction, and resource optimization as important environmental principles and guidelines in our environmental, occupational health, and safety policy. Each year, the management goal of environmental, occupational health, and safety is reviewed to decrease pollution and energy consumption to increase corporate social responsibility.	
(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?	✓		(3) In light of the long-term neglect of global warming, energy crises, and ozone depletion, various countries around the world have witnessed the escalating severity of climate change. As a result, international environmental protection treaties and domestic regulations have become increasingly stringent. Reducing GHG emissions has thus become the primary task in climate change management. In addition to comply with the environmental regulations of the government, YTEC obtained various environmental	

Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons					
	Yes	No	Summary description						
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		<p>management system certifications. In responding to the global climate change and the industry characteristics the Company belongs to, it also reviewed the overall operation procedure to conduct the GHG self-inventory and reduction, resource inventory management, waste reduction and recycling, together with other inspections and improvement measures to achieve the goal of environmental sustainability. YTEC introduced international management systems of ISO 50001 &amp; ISO 14064-1 to assess the potential threats and opportunities of climate change to the Company. It also considered the requirements of the environmental competent authority and the stakeholders.</p> <p>Electricity purchase is the main source of the GHG emission for the Company. The most effective energy-saving way is to adopt power-saving engineering. In addition to administrative measures to reduce power consumption, it conducted energy efficiency inventory and improvement evaluations for all power equipment such as air conditioning, etc. It can further promote various energy-saving projects to lower power consumption effectively to achieve the goal of GHG emission reduction. Please refer to the environmental protection section on the Company’s website for power-saving projects details of all factories: <a href="https://www.ytec.com.tw/csr/environment">https://www.ytec.com.tw/csr/environment</a></p> <p>(4) YTEC’s GHG emission amount was verified by the external party in 2022/12. The inventory results for the most recent 2 years are as follows:</p> <table><tr><th>Inventory period</th><th>GHG emission equivalent (metric tons CO2e/year)</th></tr><tr><td>2021</td><td>241,417.62</td></tr><tr><td>2022</td><td>440,105.08</td></tr></table> <p>➤ <b>GHG Emission</b> YTEC’s GHG emission sources can be classified into 3 parts: Scope 1 is the direct emission source of YTEC, including oil for generators, petrol for business vehicles, and fire extinguishers, etc.; Scope 2 comes from the purchased electricity; Scope 3 is the indirect GHG emission. YTEC carbon emission in Taiwan Factories accounted for 94.61%. The total carbon emission from Taiwan Factories in 2022 was 440,105.08 tons of CO2e.</p> <p>➤ <b>Water Resource</b> Water resource management is also a crucial aspect of corporate and environmental sustainability. In recent years, the rapid changes in the water environment caused by extreme climate change have had a significant impact on both businesses and the domestic water supply. Therefore, YTEC has been implementing various policies to promote the efficient and responsible use of water resources, recognizing the importance of valuing and conserving every drop of water. Even though the total water consumption in Taiwan Factory is not significant, the conservation measure does not bring a major influence on the current water resource, however, YTEC always upholds the policy of “Reduction, Recycle, Reuse” and keeps promoting various water saving measures.</p> <p>YTEC has continuously improved its wastewater recycling and treatment policy in factory processes. It removes non-dissolved solids, particularly silicon sludge generated from the sawing and grinding procedures, through hollow fiber filtration membranes in the UF (Ultrafiltration) filter. This enables the recycling and reutilization of the sawing and grinding process wastewater within the factory. In recent years, YTEC has consistently maintained a wastewater recycling rate of over 85%.</p> <p>➤ <b>Wastes</b> With a commitment towards environmental protection, YTEC</p>	Inventory period	GHG emission equivalent (metric tons CO2e/year)	2021	241,417.62	2022	440,105.08
Inventory period	GHG emission equivalent (metric tons CO2e/year)								
2021	241,417.62								
2022	440,105.08								

Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			places great importance on the impact of its own production equipment and materials on environmental issues. In the aspect of OEM services, it focuses on protecting customers' green products by providing green OEM processes to prevent product contamination. Under the existing quality management system, YTEC has implemented the IECQ QC080000 system, with the Green Product Restricted Substance Management Specification (YT03-QA-016) as the main document. Starting far om customer or external demands, it engages in green product design, green process control, green procurement, and other activities, ensuring appropriate protection for both our customers and the environment.	
4. Social Issues				No major deviations
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(1) The Company complies with relevant labor laws and respects internationally recognized fundamental principles of labor rights. It has formulated the "Principles for Anti-Retaliation, Slavery and Human Trafficking, Forced Labor, and Prison Labor Management" and the "Principles for Anti-Discrimination and Anti-Harassment Management." Appropriate employee appointment and dismissal procedures, compensation, and codes of conduct have been established. In accordance with the Company's internal control management regulations, it ensures the full protection of employee rights and benefits through regular reviews and continuous improvement.	
(2) Has the Company established and implemented reasonable employee welfare measures (including salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		(2) The Company has established an employee handbook, salary management regulations, performance management regulations, position management regulations, and overtime management principles. It references industry salary levels and inflation rate annually to make salary adjustments based on performance. In addition, employees receive remuneration and training and development opportunities based on the company's operational and individual performance. Bonuses are allocated based on profitability quarterly and in the following year. The Company allocates 0.1% of its monthly revenue and 40% of its miscellaneous income to the Employee Welfare Committee (EWC) as the EWC Fund. The EWC utilizes these funds to provide regular birthday and holiday vouchers to employees. Additionally, the Committee subsidizes the establishment of various clubs such as badminton, basketball, board games, and popular music clubs. The company provides annual financial support to encourage club participation and organize activities such as trips and parties.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		(3) The Company conducts annual employee health examinations and organizes various health promotion activities. It provides individual case care and offers health education information for employees with any physical abnormalities or those who are pregnant. The Company has established measures to prevent workplace sexual harassment, procedures for complaints and disciplinary actions, as well as a plan to prevent unlawful acts against employees in the performance of their duties. These measures aim to prevent any physical or psychological harm caused by the actions of others in the workplace and effectively prevent and address incidents of workplace violence, ensuring the physical and mental well-being of employees. The Company has established the "Implementation Measures for the Protection of Maternal Health for Female Workers" to provide a safe, hygienic, healthy, and supportive work environment for employees during pregnancy, postpartum, and lactation periods. This is to ensure the physical and mental well-being of female employees during pregnancy, childbirth, and breastfeeding, aiming to protect the health of maternal workers. The Company prioritizes employee safety in the design of various hardware and software facilities in the office	



Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(4) Has the Company established effective career development training programs for employees?	✓		<p>environment, ensuring that employees receive maximum protection during work. Access control devices and surveillance cameras are installed at the entrances and exits of each floor, and security personnel are stationed at the main entrances of the building 24 hours a day to ensure the personal safety of employees.</p> <p>The Company conducts regular maintenance or repairs of various mechanical, electrical, and fire protection equipment (such as fire alarms or fire extinguishers) according to their prescribed schedules to ensure that they are in optimal working condition at all times. Additionally, it has established emergency response procedures to minimize personnel injuries in the event of accidents that may occur within the company.</p> <p>Every year, the Company conducts fire evacuation drills and occupational safety and health training and seminars for all employees in compliance with the law, aimed at promoting safety knowledge and maintaining employee well-being.</p> <p>(4) The Company has established an education and training system for employees at various levels and positions. Each year, training plans are developed and implemented based on the needs of the employees. This includes training programs for new employees (pre-employment training) as well as on-the-job training programs (skill upgrading and reinforcement training) for existing employees.</p> <p>(1) Pre-employment training: To facilitate a quick understanding of the company and the necessary knowledge for new employees, the training department arranges comprehensive common training on the company's organization, policies, management philosophy, products, quality policies, and environmental awareness. This training also includes education on occupational health and safety as well as fire safety awareness. Additionally, each department conducts job-specific pre-employment training based on the requirements of the respective positions.</p> <p>(2) On-the-job training: Supervising managers provide timely guidance and instruction to their subordinates in the workplace. In addition, employees receive internal and external training according to their job requirements. The company also organizes management courses, professional training programs, and general knowledge lectures from time to time. Furthermore, employees are supported in their language learning endeavors to enhance their overall knowledge and work capabilities.</p>	
(5) Does the company comply with the relevant laws and international standards with regard to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		<p>(5) The Company adheres to relevant intellectual property laws and international standards in ensuring customer health and safety, customer privacy, marketing, and labeling of products and services.</p> <p>The Company also places importance on customer feedback and has a customer service desk to promptly address customer opinions. Irregular customer satisfaction surveys are conducted to ensure the highest level of service performance and safeguard customer rights.</p>	
(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?	✓		<p>(6) The Company has established a "Supplier Management Procedure" to ensure the optimal competitiveness of our supply chain. Through a cross-department Supply Chain Management Team, regular supplier audits are conducted, assessing factors such as quality, pricing, cost, service level, environmental practices, workplace safety and health, technology, and labor rights. These evaluations aim to maintain the quality standards of the suppliers while providing necessary guidance as needed. Furthermore, suppliers are required to sign the "Code of Conduct for Responsible Business Alliances" to ensure their commitment to sustainable management practices. They are expected to use environmentally friendly materials, adhere to ISO 14001</p>	

Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			standards and local environmental regulations, and comply with sustainable development norms.	
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?	✓		The Company has yet to prepare a CSR report, but has formulated the "Corporate Social Responsibility Principle" and discloses CSR-related issues on its website.	No major deviations
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 Company has formulated the "Sustainable Development Best Practice Principle" which has no major deviations from the "Sustainable Development Best Practice Principle for TWSE/TPEX Listed Companies".				
7. Other important information to facilitate a better understanding of the company's promotion of sustainable development: <p>(1)The Company complies with and respects relevant labor laws and internationally recognized principles of fundamental labor rights, in order to fully protect the legitimate rights and interests of its employees. It ensures the effective management and continuous improvement of labor, health and safety, environment, ethics, and performance. In the current year, the Company has been awarded the Excellent Award for Workplace Gender Equality Promotion by the Hsinchu Science Park of the Ministry of Science and Technology, recognizing its outstanding efforts in promoting workplace equality.</p> <p>(2)The Company has passed the Responsible Business Alliance (RBA) certification in 2022 with a high score of 193.5. To actively implement corporate social responsibility to meet the international trend of balanced environment, social and corporate governance, the Company promises:</p> <ol style="list-style-type: none"> <li>1. Comply with RBA behavior principles, laws and customer requirements to fulfill integrity operation and code of conduct.</li> <li>2. Prioritize labor rights and strive to create a healthy and safe workplace environment.</li> <li>3. Advocate for energy and resource conservation, as well as environmental protection, to promote green initiatives.</li> <li>4. Encourage business partners to adhere to and continuously cultivate corporate social responsibility, aiming for sustainable development.</li> <li>5. Establish a management system to implement risk management and pursue the goals of "zero accidents" and "zero harm."</li> </ol> <p>(3)In our efforts to contribute to combating the pandemic, the Company has taken several measures. These include providing pandemic prevention insurance for all employees, offering free pandemic prevention supplies, and timely information updates. Additionally, YTEC has made donations to the negative pressure ward facilities at National Taiwan University Hospital Hsinchu Branch. Furthermore, it has donated rapid test kits to organizations such as the Long-Term Care Development Association of Yilan County, the Caregivers' Care Association of Yilan County, and Jen Hao Yuan Care Center of Yilan County, affiliated with the Keng Sheng Health Management Vocational School.</p> <p>(4)The Company has a dedicated Occupational Health and Safety Management unit and obtained certifications in ISO 14001, ISO 45001, and IECQ QC080000. In 2022, it successfully completed the verification for the ISO 50001 Energy Management System and conducted GHG inventory and verification ahead of government requirements. The Company's environmental, health and safety, and energy reduction policies encompass the following: (a) Emphasizing the concept of "owner's management" to create a high-quality work environment; (b) Compliance with energy regulations to reduce pollution and GHG emissions; (c) Using green materials and energy-efficient products to provide green and low-carbon services; (d) Continuously improving energy efficiency and providing necessary resources to achieve energy goals; (e) Enhancing employee knowledge in environmental, health and safety, and green practices to strive for zero pollution and zero accidents; (f) Continuously maintaining employee health and improving the work environment, implementing environmental, health and safety, and energy management systems.</p> <p>(5)YTEC actively participates in industry-academia collaboration and internship programs, engaging several interns from technological universities. By providing these opportunities, it aims to allow students to gain early exposure to the workplace and enhance their competitiveness in the job market. It believes that by combining industry resources with academic collaboration, a close partnership between practical industry experience and academic research capabilities can be fostered, leading to a win-win situation for the company, educational institutions, and students.</p> <p>(6)As part of YTEC's commitment to corporate social responsibility and talent development, it has made donations to support the National Yang-Ming Chiao Tung University's International Office Global Talent Program and Hsuan Chuang University's Silver Medal awarded by the Ministry of Education in 2022.</p>				

Item	Implementation Status (Note1)			Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No			
(7) The current certification list is as follows:					
System	Registration No.	Certification Body	Valid period	Scope	Remark
ISO 9001:2015	44100 112018	TUV NORD	2023/01/11-2026/01/10	Design and Manufacturing of Semiconductor Equipment's and Automatic Optical Inspection Equipment's Wafer Pick and Place, Grinding, Sawing, IC and Module Testing, and Turn-key Services Substrate Sawing Services LED Pick and Place, AOI and RFID Pick and Place Services IC Testing Services	-
ISO 14001:2015	44 104 102115	TUV NORD	2022/11/18-2025/01/03	Design and Manufacturing of Semiconductor Equipment's and Automatic Optical Inspection Equipment's Wafer Pick and Place, Grinding, Sawing, IC and Module Testing, and Turn-key Services Substrate Sawing Services LED Pick and Place, AOI and RFID Pick and Place Services IC Testing Services	-
ISO 45001:2018	44 126 20 82 0123	TUV NORD	2022/07/29-2025/01/17	Design and Manufacturing of Semiconductor Equipment's and Automatic Optical Inspection Equipment's Wafer Pick and Place, Grinding, Sawing, IC and Module Testing, and Turn-key Services Substrate Sawing Services LED Pick and Place, AOI and RFID Pick and Place Services IC Testing Services	-
IATF 16949:2016	44 111 087141 IATF: 0372811	TUV NORD	2020/10/07-2023/10/06	Wafer Grinding and Sawing of Semiconductors	-
IECQ QC080000:2017	TW-HSPM-1445 IECQ Cert: IECQ-H TUVNTW 11.0002	TUV NORD	2023/01/24-2026/01/23	Design and Manufacturing of Semiconductor Equipment's Wafer Pick and Place, Grinding, Sawing, IC and Module Testing, and Turn-key Services Substrate Sawing Services LED Pick and Place, AOI and RFID Pick and Place Services IC Testing Services	-

### 3.3.6 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation item	Implementation status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> <p>(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Board of Directors has approved the establishment of the "Ethical Corporate Management Best Practice Principles" at the Board meeting on 2016/3/10. The ethical operation policy of the Company has been disclosed in documents including internal regulations, the company website, the annual report and others. The Board of Directors also perform their duties withholding the ethical management principles.</p> <p>(2) The Company has clearly defined and implemented prevention measures and procedures for the following matters: "prohibition of bribery and corruption", "prohibition of illegal political contributions", "prohibition of improper charitable donations or sponsorships", and "prohibition of unreasonable gifts, entertainment or other improper benefits" in accordance with the "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conducts". If any company personnel violate these principles, they will be handled in accordance with relevant laws or company regulations, and the information will be promptly disclosed to raise awareness.</p> <p>(3) The Company conducts its business activities in a fair and transparent manner. Prior to engaging in any business dealings, the Company shall consider the legality of its agents, suppliers, customers, or other business transaction counterparties and whether they have any records of dishonest behavior, and shall strictly prohibit brokerage, bribes, or any other illicit benefits. In order to ensure the implementation of ethical operations, the Company has established effective accounting systems, internal control systems, and "Guidelines for the Adoption of Codes of Ethical Conducts," and internal auditors regularly review compliance with the aforementioned systems.</p>	No major deviations
<p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p> <p>(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> <p>(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p> <p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has established the "Ethical Corporate Management Best Practice Principles" which clearly prohibit bribery and corruption. The Company also ensures that business partners are fully aware of its policies, determination to conduct business with ethical management, prevention measures, and the consequences of any non-compliant behavior.</p> <p>(2) The Company has assigned the Administration Office for promoting ethical corporate management within the Board of Directors. Through this organizational structure and mutual oversight, the Board of Directors has delegated authority and responsibilities to effectively oversee and manage the implementation of ethical corporate management practices.</p> <p>(3) The Company has established "Guidelines for the Adoption of Codes of Ethical Conducts for Directors, Managerial Officers, and Employees" and "Employee Code of Conduct" to define policies to prevent conflicts of interest and provide appropriate reporting channels, and to implement them accordingly.</p> <p>(4) To ensure the implementation of ethical management, the Company has established effective accounting and internal control systems. The internal audit personnel regularly check the compliance of these systems.</p>	No major deviations

Evaluation item	Implementation status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?  (5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		(5) The Company regularly holds training on ethical business practices and promotes its corporate culture and ethical management obligations through various meetings.	
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?  (2) Has the company established standard operating procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?  (3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓  ✓  ✓		The Company has established a dedicated hotline and email address for reporting any violations of ethical management. To date, we have not identified any incidents of ethical violations.	No major deviations
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The Company has established a website to disclose information related to our corporate culture and management policies. We also disclose the implementation of the Ethical Corporate Management Best Practice Principles in our annual report and on the MOPS.	No major deviations
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: The Company has formulated the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and its operation has no major deviations from the regulation.				
6. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles): The Company conducts business with ethical management practices in all dealings with suppliers, and also communicates our commitment to ethical business practices to them.				

### 3.3.7 Corporate Governance Guidelines and Regulations

The Company has formulated its “Corporate Governance Principles for TWSE/TPEX Listed Companies” and relevant regulations, including “Rules of Procedure for Shareholders’ Meetings”, “Rules of Procedure for Board of Directors’ Meetings”, “Rules for the Election of Directors and Supervisors”, “Remuneration Committee Charter” according to the aforementioned Principles. These regulations have been disclosed on the company website.

### 3.3.8 Other Important Information Regarding Corporate Governance: Decided by the board of directors on March 15, 2023, and the establishment of a corporate governance manager was completed.

### 3.3.9 Implementation Status of the Internal Control System should include the following:

1. Internal Control System Statement: Please refer to Page 45.
2. The investigative report of Entrusting CPA to examine the internal control system: None.

### 3.3.10 During the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, 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, the main shortcomings, and condition of improvement: None.

### 3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings in the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Publication Date of the Annual Report

#### 1. Major Resolutions of Shareholders' Meeting

Date	Summary of Major Resolution	Result	Implementation status
2022.06.15	1. Approval of 2021 business report and financial statements.	Passed by voting according to the original resolution.	Implemented according to the resolution results.
	2. Approval of 2021 profit distribution.	Passed by voting according to the original resolution.	Implemented according to the resolution results. The ex-dividend date was set at 2022/8/3 with a profit for a cash dividend of NT\$642,489,945, i.e. NT\$5.00 per share.
	3. Discussion for amendment of the "Article of Incorporations" of the Company.	Passed by voting according to the original resolution.	Implemented according to the resolution results.
	4. Discussion for amendment of the "Regulation Governing the Acquisition and Disposal of Assets".	Passed by voting according to the original resolution.	Implemented according to the resolution results.

#### 2. Major Resolutions of Board Meetings

Board Meetings Session/Date	Content of Motion	Independent Director's opinion and company's response
11 <sup>th</sup> – 4 <sup>th</sup> 2022.01.13	Report Items: 1. Minute of last meeting and implementation status. Matters for Discussions: 1. The Remuneration Committee approved the Company's 2021 year-end bonus distribution case for managers.	None
11 <sup>th</sup> – 5 <sup>th</sup> 2022.03.07	Report Items: 1. Minute of last meeting and implementation status. 2. Important finance business report. 3. Internal audit report. 4. Purchase liability insurance for Directors and managers. 5. Evaluation results for the performance of the Board and Functional Committee of the Company. 6. Progress report for the "Ability enhancement for the self-preparation of the financial statement". Matters for Discussions: 1. 2022 Business plan of the Company. 2. 2021 Remuneration for the Directors and Supervisors and the bonus for the employees. 3. 2021 Business report and financial statements. 4. 2021 Profit distribution. 5. 2021 "Review of the effectiveness for the internal control system", and "Internal Control System Statement" 6. The routine evaluation result for the independence of the CPAs of the Company. 7. Convening 2022 Annual General Shareholders' Meeting.	None

Board Meetings Session/Date	Content of Motion	Independent Director's opinion and company's response
	8. The amount of account receivable is transferred to the capital lending to others as of 2021/12/31. 9. Amendment of the "Article of Incorporation" of the Company. 10. Amendment of "Sustainable Development Best Practice Principles" of the Company. 11. Amendment of the "Regulations Governing the Acquisition and Disposal of Assets". 12. Amendment of "Management of the procedures for preparation of financial statements".	
11 <sup>th</sup> – 6 <sup>th</sup> 2022.05.03	Report Items: 1. Minute of last meeting and implementation status. 2. Important finance business report. 3. Internal audit report. 4. Consolidated financial statement for 2022Q1 Matters for Discussions: 1. Amendment of the "Article of Incorporation" of the Company. 2. Since 2022Q1, the change of deputy CPAs of the Company due to the internal job rotation of the accounting firm. 3. The amount of account receivable is transferred to the capital lending to others as of 2022/3/31.	None
11 <sup>th</sup> – 7 <sup>th</sup> 2022.08.08	Report Items: 1. Minute of last meeting and implementation status. 2. Consolidated financial statement for 2022Q2. 3. Important finance business report. 4. Internal audit report. 5. Progress report for the "Ability enhancement for the self-preparation of the financial statement". 6. Propose the schedule of "GHG inventory and verification" of the Company. Matters for Discussions: 1. The Remuneration Committee approved the Company's 2021 profit distribution for the remuneration of the directors and compensation of the managers 2. Establishment of the 2022 ex-dividend date and cash dividend payment date. 3. Propose to establish a new 2 <sup>nd</sup> tier subsidiary in China. 4. YTEC Samoa, which is the 100% holding subsidiary of the Company, plans to lend its capital to Suzhou Youngtek Microelectronics Co., Ltd. 5. The amount of account receivable is transferred to the capital lending to others as of 2022/6/30. 6. Renew the comprehensive credit contract with the bank. 7. The Company provides the renewed guarantee and endorsement to its subsidiary YTEC (HONG KONG) GLOBAL LIMITED.	None
11 <sup>th</sup> – 8 <sup>th</sup> 2022.11.11	Report Items: 1. Minute of last meeting and implementation status. 2. Consolidated financial statement for 2022Q3. 3. Important finance business report. 4. Internal audit report. 5. Progress report for the "Ability enhancement for the self-preparation of the financial statement". 6. Progress report of "GHG inventory and verification" of the Company.	None

Board Meetings Session/Date	Content of Motion	Independent Director's opinion and company's response
	<p>Matters for Discussions:</p> <ol style="list-style-type: none"> <li>1. Amendment of the "Procedures for Handling Material Inside Information".</li> <li>2. The amount of account receivable is transferred to the capital lending to others as of 2022/9/30.</li> <li>3. Propose the 2023 audit plan.</li> </ol>	
11 <sup>th</sup> – 9 <sup>th</sup> 2023.01.11	<p>Report Items:</p> <ol style="list-style-type: none"> <li>1. Minute of last meeting and implementation status.</li> </ol> <p>Matters for Discussions:</p> <ol style="list-style-type: none"> <li>1. The Remuneration Committee approved the Company's 2022 year-end bonus distribution case for managers.</li> <li>2. Propose the 2023 operation plan.</li> </ol>	None
11 <sup>th</sup> – 10 <sup>th</sup> 2023.03.15	<p>Report Items:</p> <ol style="list-style-type: none"> <li>1. Minute of last meeting and implementation status.</li> <li>2. Important finance business report.</li> <li>3. Internal audit report.</li> <li>4. Purchase liability insurance for Directors and managers.</li> <li>5. Evaluation results for the performance of the Board and Functional Committee of the Company.</li> <li>6. Progress report for the "Ability enhancement for the self-preparation of the financial statement".</li> <li>7. Progress report of "GHG inventory and verification" of the Company.</li> </ol> <p>Matters for Discussions:</p> <ol style="list-style-type: none"> <li>1. Propose 2022 Remuneration for the Directors and Supervisors and the bonus for the employees.</li> <li>2. 2022 Business report and financial statements.</li> <li>3. 2022 Profit distribution.</li> <li>4. 2022 "Review of the effectiveness for the internal control system", and "Internal Control System Statement"</li> <li>5. The routine evaluation result for the independence and capability of the CPAs of the Company.</li> <li>6. Amendment of the "Article of Incorporation" of the Company.</li> <li>7. Since 2023Q1, the change of main CPAs of the Company due to the internal job rotation of the accounting firm.</li> <li>8. The amount of account receivable is transferred to the capital lending to others as of 2022/12/31.</li> <li>9. Convening 2023 Annual General Shareholders' Meeting.</li> <li>10. Amendment of the "Delegation and Proxy Operation Procedures"</li> <li>11. Amendment of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".</li> <li>12. The Company established a Corporate Governance Officer.</li> <li>13. Propose to liquidate the 100% holding subsidiary "Chensiang Automation Corp." and "Hyenetek CORP."</li> <li>14. Propose to sign a new comprehensive credit contract with the bank.</li> <li>15. Propose to increase investment in subsidiary Xiamen Youngtek Electronics Ltd. in China.</li> </ol>	None



Board Meetings Session/Date	Content of Motion	Independent Director's opinion and company's response
11 <sup>th</sup> – 11 <sup>th</sup> 2023.05.10	<p>Report Items:</p> <ol style="list-style-type: none"> <li>1. Minute of last meeting and implementation status.</li> <li>2. Important finance business report.</li> <li>3. Internal audit report.</li> <li>4. Consolidated financial statement for 2023Q1</li> <li>5. Evaluation results for the performance of the Board and Functional Committee of the Company.</li> <li>6. Progress report for the “Ability enhancement for the self-preparation of the financial statement”.</li> </ol> <p>Matters for Discussions:</p> <ol style="list-style-type: none"> <li>1. Amendment of the “Standard Operating Procedures for Handling Directors' Requests”</li> <li>2. Amendment of the “Board of Directors Procedures.”</li> <li>3. The amount of account receivable is transferred to the capital lending to others as of 2023/3/31.</li> <li>4. Subsidiary Xiamen Youngtek Electronics Ltd.'s debt and external capital demand support project.</li> </ol>	None

## 2. Major Resolutions of Audit Committee Meetings

Audit Committee Meetings Session/Date	Content of Motion	Independent Director opinions	Resolution of Audit Committee	The Company's (the board of directors') handling of Audit Committee's opinion
1 <sup>th</sup> – 3 <sup>th</sup> 2022.03.07	<p>Report Items:</p> <ol style="list-style-type: none"> <li>1. Minute of last meeting and implementation status.</li> <li>2. Internal audit report.</li> </ol> <p>Matters for Discussions:</p> <ol style="list-style-type: none"> <li>1. 2022 Business plan of the Company.</li> <li>2. 2021 Business report and financial statements.</li> <li>3. 2021 “Review of the effectiveness for the internal control system”, and “Internal Control System Statement”</li> <li>4. The amount of account receivable is transferred to the capital lending to others as of 2021/12/31.</li> <li>5. Amendment of the “Article of Incorporation” of the Company.</li> <li>6. Amendment of the “Regulations Governing the Acquisition and Disposal of Assets”.</li> </ol>	None	The proposal has been approved by all attending committee members.	The proposal has been approved by all attending committee members.
1 <sup>th</sup> – 4 <sup>th</sup> 2022.05.03	<p>Report Items:</p> <ol style="list-style-type: none"> <li>1. Minute of last meeting and implementation status.</li> <li>2. Important finance business report.</li> <li>3. Internal audit report.</li> </ol> <p>Matters for Discussions:</p> <ol style="list-style-type: none"> <li>1. Amendment of the “Article of Incorporation” of the Company.</li> <li>2. Since 2022Q1, the change of deputy CPAs of the</li> </ol>	None	The proposal has been approved by all attending committee members.	The proposal has been approved by all attending committee members.

Audit Committee Meetings Session/Date	Content of Motion	Independent Director opinions	Resolution of Audit Committee	The Company's (the board of directors') handling of Audit Committee's opinion
	Company due to the internal job rotation of the accounting firm. 3. The amount of account receivable is transferred to the capital lending to others as of 2022/3/31.			
1 <sup>th</sup> – 5 <sup>th</sup> 2022.08.08	<p>Report Items:</p> <ol style="list-style-type: none"> <li>1. Minute of last meeting and implementation status.</li> <li>2. Consolidated financial statement for 2022Q2.</li> <li>3. Important finance business report.</li> <li>4. Internal audit report.</li> <li>5. Progress report for the “Ability enhancement for the self-preparation of the financial statement”.</li> <li>6. Propose the schedule of “GHG inventory and verification” of the Company.</li> </ol> <p>Matters for Discussions:</p> <ol style="list-style-type: none"> <li>1. The Remuneration Committee approved the Company's 2021 profit distribution for the remuneration of the directors and compensation of the managers</li> <li>2. Establishment of the 2022 ex-dividend date and cash dividend payment date.</li> <li>3. Propose to establish a new 2<sup>nd</sup> tier subsidiary in China.</li> <li>4. YTEC Samoa, which is the 100% holding subsidiary of the Company, plans to lend its capital to Suzhou Youngtek Microelectronics Co., Ltd.</li> <li>5. The amount of account receivable is transferred to the capital lending to others as of 2022/6/30.</li> <li>6. Renew the comprehensive credit contract with the bank.</li> <li>7. The Company provides the renewed guarantee and endorsement to its subsidiary YTEC (HONG KONG) GLOBAL LIMITED.</li> </ol>	None	The proposal has been approved by all attending committee members.	The proposal has been approved by all attending committee members.
1 <sup>th</sup> – 6 <sup>th</sup> 2022.11.11	<p>Report Items:</p> <ol style="list-style-type: none"> <li>1. Minute of last meeting and implementation status.</li> <li>2. Consolidated financial statement for 2022Q3.</li> <li>3. Important finance business report.</li> <li>4. Internal audit report.</li> <li>5. Progress report for the “Ability enhancement for the self-preparation of the financial statement”.</li> <li>6. Progress report of “GHG inventory and verification” of the Company.</li> </ol> <p>Matters for Discussions:</p> <ol style="list-style-type: none"> <li>1. Amendment of the “Procedures for Handling Material Inside Information”.</li> <li>2. The amount of account receivable is transferred to the capital lending to others as of 2022/9/30.</li> <li>3. Propose the 2023 audit plan.</li> </ol>	None	The proposal has been approved by all attending committee members.	The proposal has been approved by all attending committee members.

Audit Committee Meetings Session/Date	Content of Motion	Independent Director opinions	Resolution of Audit Committee	The Company's (the board of directors') handling of Audit Committee's opinion
1 <sup>th</sup> – 7 <sup>th</sup> 2023.01.11	Report Items: 1. Minute of last meeting and implementation status. Matters for Discussions: 1. The Remuneration Committee approved the Company's 2022 year-end bonus distribution case for managers. 2. Propose the 2023 operation plan.	None	The proposal has been approved by all attending committee members.	The proposal has been approved by all attending committee members.
1 <sup>th</sup> – 8 <sup>th</sup> 2023.03.15	Report Items: 1. Minute of last meeting and implementation status. 2. Important finance business report. 3. Internal audit report. 4. Purchase liability insurance for Directors and managers. 5. Evaluation results for the performance of the Board and Functional Committee of the Company. 6. Progress report for the “Ability enhancement for the self-preparation of the financial statement”. 7. Progress report of “GHG inventory and verification” of the Company. 8. Audit instructions and communication matters with Accountants for 2022 financial statements. Matters for Discussions: 1. Propose 2022 Remuneration for the Directors and Supervisors and the bonus for the employees. 2. 2022 Business report and financial statements. 3. 2022 Profit distribution. 4. 2022 “Review of the effectiveness for the internal control system”, and “Internal Control System Statement” 5. The routine evaluation result for the independence and capability of the CPAs of the Company. 6. Amendment of the “Article of Incorporation” of the Company. 7. Since 2023Q1, the change of main CPAs of the Company due to the internal job rotation of the accounting firm. 8. The amount of account receivable is transferred to the capital lending to others as of 2022/12/31. 9. Convening 2023 Annual General Shareholders’ Meeting. 10. Amendment of the “Delegation and Proxy Operation Procedures” 11. Amendment of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”. 12. The Company established a Corporate	None	The proposal has been approved by all attending committee members.	The proposal has been approved by all attending committee members.

Audit Committee Meetings Session/Date	Content of Motion	Independent Director opinions	Resolution of Audit Committee	The Company's (the board of directors') handling of Audit Committee's opinion
	<p>Governance Officer.</p> <p>13. Propose to liquidate the 100% holding subsidiary "Chensiang Automation Corp." and "Hyenetek CORP."</p> <p>14. Propose to sign a new comprehensive credit contract with the bank.</p> <p>15. Propose to increase investment in subsidiary Xiamen Youngtek Electronics Ltd. in China.</p>			
1 <sup>st</sup> – 19 <sup>th</sup> 2023.05.10	<p>Report Items:</p> <p>1. Minute of last meeting and implementation status.</p> <p>2. Important finance business report.</p> <p>3. Internal audit report.</p> <p>4. Consolidated financial statement for 2023Q1</p> <p>5. Evaluation results for the performance of the Board and Functional Committee of the Company.</p> <p>6. Progress report for the "Ability enhancement for the self-preparation of the financial statement".</p> <p>Matters for Discussions:</p> <p>1. Amendment of the "Standard Operating Procedures for Handling Directors' Requests"</p> <p>2. Amendment of the "Board of Directors Procedures."</p> <p>3. The amount of account receivable is transferred to the capital lending to others as of 2023/3/31.</p> <p>4. Subsidiary Xiamen Youngtek Electronics Ltd.'s debt and external capital demand support project.</p>	None	The proposal has been approved by all attending committee members.	The proposal has been approved by all attending committee members.

4. Compensation Committee's Important Decisions and Implementation Status:

Compensation Committee Meeting Date	Agenda	Compensation Committee Decision Result
5 <sup>th</sup> – 1 <sup>st</sup> 2022.01.13	<p>Matters for Discussions:</p> <p>1. Proposal for the Year-End Bonus Disbursement for Company Executives in 2021.</p>	<p>1. The proposal for the Year-End Bonus for Company Executives was approved by all attending committee members.</p> <p>2. The average monthly salary for direct personnel has been adjusted to 2 months following the committee's approval.</p>
5 <sup>th</sup> – 2 <sup>nd</sup> 2022.03.07	<p>Matters for Discussions:</p> <p>1. The proposal for the remuneration amount of directors (including Independent Directors) and employees for the fiscal year 2021 is submitted for</p>	The proposal has been approved by all attending committee members.

Compensation Committee Meeting Date	Agenda	Compensation Committee Decision Result
	review.	
5 <sup>th</sup> -3 <sup>th</sup> 2022.08.08	Matters for Discussions: 1. The proposal for the remuneration amount of directors (including Independent Directors) and employees for the fiscal year 2021 is submitted for review.	The proposal has been approved by all attending committee members.
5 <sup>th</sup> -4 <sup>th</sup> 2023.01.11	Matters for Discussions: 1. Proposal for the Year-End Bonus Disbursement for Company Executives in 2022.	1. The proposal for the Year-End Bonus for Company Executives was approved by all attending committee members. 2. The average monthly salary for direct personnel has been adjusted to 1.5 months following the committee's approval.
5 <sup>th</sup> -5 <sup>h</sup> 2023.03.15	Matters for Discussions: 1. The proposal for the remuneration amount of directors (including Independent Directors) and employees for the fiscal year 2022 is submitted for review.	The proposal has been approved by all attending committee members.

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors in the Current Fiscal Year Up to the Publication Date of the Annual Report: N/A.

3.3.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, General Manager, and Heads of Accounting, Finance, Internal Audit, and R&D in the Current Fiscal Year Up to the Publication Date of the Annual Report: None.

YoungTek Electronics Corp.  
The Internal Control System Statement



Date: March 15, 2023

The Company states the following with regard to its internal control system during 2022, based on the findings of a self-evaluation:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and managerial officers. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws, and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies promulgated by the Securities and Futures Commission, Ministry of Finance (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. Information and communications 5. monitoring. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as at December 31, 2022 its internal control system (including its supervision of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 15, 2023, where none of the 7 attending Directors expressed dissenting opinions, all affirmed the content of this Statement.

YoungTek Electronics Corp.

Chairman: Ping-Lung Wang

President: Wei-Tang Hsiao



### 3.4 Public Expenditure on CPAs

Unit: NT\$ Thousands

Name of accounting firm	Name of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees (Note)	Total
Deloitte & Touche	Su-Li Fang	2022.01.01~ 2022. 12.31	3,480	320	3,800
	Tung-Hui Yeh				

Note: This included the information review for full-time employee's salary of non-supervisory employees and income tax review and certification for profit-making enterprise.

3.4.1 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: N/A

3.4.2 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more: N/A.

### 3.5 Information on Replacement of Accountants

#### 3.5.1 Information regarding the former CPAs

Date of replacement	The Change of main CPA was approved upon the resolution of the Board on March 15, 2023.		
Reason for replacement and explanation	Since the year 2023, CPAs Su-Li Fang and Tung-Hui Yeh of Deloitte & Touche were replaced by CPAs Ya-Yun Chang and Tung-Hui Yeh of the same accounting firm due to the internal operation adjustment.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties	CPAs	The Company
	Circumstances		
	Terminated the engagement	-	-
	No longer accepted (discontinued) the engagement	-	-
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	✓	
	Specify details		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

#### 3.5.2 Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche
Name of CPAs	CPAs Ya-Yun Chang and Tung-Hui Yeh
Date of engagement	The Change of main CPA was approved upon the resolution of the Board on March 15, 2023.
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

3.5.3 The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.1 and 10.6.2(3) of the Regulations: N/A

3.6 Disclosure of Name, Position and Duration of Service at Firms or Their Associated Enterprises within the Past Year of Chairman, General Manager, and Managers in Charge of Financial or Accounting Affairs. The foresaid associated enterprises of the certified accounting firm refer to the accountant of the certified accounting firm holds more than 50% of the shares or obtains more than half of the directors' seats, or the company or institution listed as an affiliated enterprise in the materials released or published by the certified accounting firm: N/A

3.7 Transfer of Stock Options and Changes in Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of Shares in the Latest Year and as of the Date of Printing of the Annual Report

3.7.1 Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Unit: Share

Job Title (Note1)	Name	2022		As of 2023/4/30	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Director and Chairman	IN & OUT Bio Beauty Corp. Representative: Ping-Lung Wang	0	0	0	0
		0	0	0	0
Director and Vice Chairman	Cheng-Kung Chang	32,823	0	0	0
Director and Vice Chairman	Gui-Biao Chen	0	0	0	0
Director (Note 4)	De-Zhang Yao	0	0	0	0
Independent Director (Note 4)	Meng-Hua Huang	0	0	0	0
Independent Director (Note 4)	Ya-Xian Tsai	0	0	0	0
Independent Director (Note 4)	Jun-Ting Liu	0	0	0	0
President (Note 5)	Wei-Tang Hsiao	21,390	0	0	0
Vice President (Note 5)	Han-Tsung Hsiao	21,391	0	0	0
Finance, accounting, and corporate governance manager (Note 3)	Chiao-Fen Chen	2,508	0	0	0

Note 1: Shareholders who hold 10% of the company shares or more is defined as major shareholders and should be listed separately.

Note 2: If the counterparty of a transfer of shareholding or a pledge of shareholding is a related party, additionally complete the table below.

Note 3: Took the position since 2011/1/1.

Note 4: Elected at 2021/8/12

Note 5: Took the position since 2020/9/1.

3.7.2 Information on Transfers of Shareholding : N/A

3.7.3 Information on Pledges of Shareholding : N/A



### 3.8 Information of Relationship among Top 10 Shareholders Who Are Related, Spouses, or Relatives within the Second Degree of Kinship

April 15, 2023 ; Unit: Share ; %

Name (Note 1)	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
IN & OUT Bio Beauty Corp. Representative: Yu Wang	8,475,617	6.60%	0	0%	0	0%	Li-Chi Investment	Major shareholders	None
	769,907	0.60%	0	0%	0	0%	Li-Chi Investment	Major shareholders	
Li-Chi Investment Co., Ltd. Representative: Yu Wang	6,721,937	5.23%	0	0%	0	0%	Ping-Lung Wang	The Company representative is a relative within 2nd degree	None
	769,907	0.60%	0	0%	0	0%	Ping-Lung Wang	The Company representative is a relative within 2nd degree	
Li Yang Investment Co., Ltd. Representative: Cui-Fang Tsai	5,820,705	4.53%	0	0%	0	0%	Ping-Lung Wang	The director is a relative within 2nd degree	None
	5,099	0.00%	0	0%	0	0%	None	None	
Ping-Lung Wang	4,796,175	3.73%	117,669	0.09%	0	0%	Li-Chi Investment	The Company representative is a relative within 2nd degree	None
Hung-Cheng Investment Co., Ltd Representative: Li Fa Investment Co., Ltd.	2,800,200	2.18%	0	0%	0	0%	Li-Chi Investment Li Fa Investment	Major shareholders	None
	1,906,775	1.48%	0	0%	0	0%	Li Yang Investment	Major shareholders	
Li Fa Investment Co., Ltd. Representative: Pei-Shin Chen	1,906,775	1.48%	0	0%	0	0%	Li Yang Investment	Major shareholders	None
	5,565	0.00%	0	0%	0	0%	None	None	
Li Wei Investment Co., Ltd. Representative: Pei-Shin Chen	2,486,190	1.94%	0	0%	0	0%	None	None	None
	5,565	0.00%	0	0%	0	0%	None	None	
CTBC Bank is entrusted with YoungTek Employee Stock Ownership Trust	1,052,128	0.82%	0	0%	0	0%	None	None	None
Taipei Fubon Commercial Bank Co., Ltd.	848,000	0.66%	0	0%	0	0%	None	None	None
Yu Wang	769,907	0.60%	0	0%	0	0%	Ping-Lung Wang	A relative within 2nd degree	None

### 3.9 Shares Held by the Company, Directors, Supervisors, Managers of the Company and Businesses Controlled Directly or Indirectly by the Company of the Same Reinvestment Business and the Consolidated Calculation of the Comprehensive Shareholding Ratio

December 31, 2022 ; Unit: Thousand Shares ; %

Investee enterprise (Note 1)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
YTEC Holding(Samoa)Co. Ltd	1,967,924(Note 2)	100.00	0	0	1,967,924(Note 2)	100.00
Wecon Limited (Samoa)	22,738(Note 2)	100.00	0	0	22,738(Note 2)	100.00
Hyenetek CORP.	2,900	100.00	0	0	2,900	100.00
Chensiang Automation Corp.	2,900	100.00	0	0	2,900	100.00
Wecon Automation Machinery Co., Ltd.	1,000(Note 2)	100.00	0	0	1,000(Note 2)	100.00
Tian Zheng International Precision Machinery Co., Ltd.	5,395	16.22	0	0	5,395	16.22
Sissca Co., Ltd	3,370	15.52	0	0	3,370	15.52

Note 1: It is a long-term investment of the company by adopting the equity method.

Note 2: It is a limited company that provides capital without shareholding.

## IV. Fundraising

### 4.1 Capital and Shares

#### 4.1.1 Capitalization

Month/ Year	Issue Price (Per Share )	Authorized Share Capital		Capital Stock		Remark		
		Shares (In Thousand)	Amount (In Thousand)	Shares (In Thousand)	Amount (In Thousand)	Sources of Capital	Capital Increase by Assets Other than Cash	Other (Note)
1991.07	10	500	5,000	500	5,000	Founded share capital	None	-
1984.05	10	1,500	15,000	1,500	15,000	Capital increase of NT\$10,000 thousand by cash.	None	-
1987.08	10	2,800	28,000	2,800	28,000	Capital increase of NT\$13,000 thousand by cash.	None	-
1988.03	10	15,800	158,000	8,000	80,000	Capital increase of NT\$52,000 thousand by cash.	None	-
1989.10	10	15,800	158,000	12,000	120,000	Capital increase of NT\$40,000 thousand by cash.	None	Note 1
1990.04	15	15,800	158,000	13,000	130,000	Capital increase of NT\$10,000 thousand by cash.	None	Note 2
1990.05	35	16,500	165,000	16,500	165,000	Capital increase of NT\$35,000 thousand by cash.	None	Note 3
1990.08	10	19,000	190,000	19,000	190,000	Stock dividends of common stock NT\$ 25,000 thousand.(include employee bonus NT\$ 2,200 thousand.)	None	Note 4
1991.10	10	37,000	370,000	23,500	235,000	Stock dividends of common stock NT\$ 45,000 thousand.(include employee bonus NT\$ 5,000 thousand.)	None	Note 5
1992.06	10	47,000	470,000	28,700	287,000	Capital increase of NT\$11,750 thousand by Additional paid-in capital. Stock dividends of common stock NT\$ 40,250 thousand.(include employee bonus NT\$ 5,000 thousand.)	None	Note 6
1993.10	10	47,000	470,000	36,083	360,826	Stock dividends of common stock NT\$ 73,826 thousand.(include employee bonus NT\$ 16,426 thousand.)	None	Note 7
1994.10	10	78,000	780,000	45,200	452,000	Stock dividends of common stock NT\$ 91,174 thousand.(include employee bonus NT\$ 19,008 thousand.)	None	Note 8
1995.08	10	78,000	780,000	56,520	565,200	Stock dividends of common stock NT\$ 113,200 thousand.(include employee bonus NT\$ 22,800 thousand.)	None	Note 9
1996.04	10	78,000	780,000	56,963	569,630	Employee stock options into common stock NT\$ 4,430 thousand.	None	Note 10
1996.07	10	78,000	780,000	64,963	649,630	Capital increase of NT\$80,000 thousand by cash.	None	Note 11
1996.09	10	88,000	880,000	72,643	726,430	Stock dividends of common stock NT\$ 76,800 thousand.(include employee bonus NT\$ 20,280 thousand.)	None	Note 12
1997.05	10	88,000	880,000	72,868	728,680	Employee stock options into common stock NT\$ 2,250 thousand.	None	Note 13
1997.08	10	100,000	1,000,000	83,132	831,323	Stock dividends of common stock NT\$ 102,643 thousand.(include employee bonus NT\$ 30,000 thousand.)	None	Note 14
1996.01	10	100,000	1,000,000	84,132	841,323	Capital increase of NT\$10,000 thousand by merge.	None	Note 15
1996.04	10	100,000	1,000,000	84,307	843,073	Employee stock options into common stock NT\$ 1,750 thousand.	None	Note 16
1996.08	10	120,000	1,200,000	92,000	920,000	Stock dividends of common stock NT\$ 76,197 thousand.(include employee bonus NT\$ 34,007 thousand.) Employee stock options into common stock NT\$ 730 thousand.	None	Note 17
1999.09	10	120,000	1,200,000	94,002	940,022	Stock dividends of common stock NT\$ 20,022 thousand.(include employee bonus NT\$ 10,822 thousand.)	None	Note 18
1999.12	10	120,000	1,200,000	94,655	946,546	Convertible bonds into common stock NT\$ 6,524 thousand.	None	Note 19
2000.08	10	120,000	1,200,000	95,601	956,011	Stock dividends of common stock NT\$ 9,465 thousand.	None	Note 20
2000.11	10	120,000	1,200,000	97,342	973,417	Convertible bonds into common stock NT\$ 17,406 thousand.	None	Note 21

Month/ Year	Issue Price (Per Share )	Authorized Share Capital		Capital Stock		Remark		
		Shares (In Thousand)	Amount (In Thousand)	Shares (In Thousand)	Amount (In Thousand)	Sources of Capital	Capital Increase by Assets Other than Cash	Other (Note)
2000.12	10	120,000	1,200,000	97,895	978,949	Convertible bonds into common stock NT\$ 5,532 thousand.	None	Note 22
2001.05	10	120,000	1,200,000	101,370	1,013,705	Convertible bonds into common stock NT\$ 34,756 thousand.	None	Note 23
2001.08	10	120,000	1,200,000	104,555	1,045,552	Convertible bonds into common stock NT\$ 31,847 thousand.	None	Note 24
2001.08	10	120,000	1,200,000	105,534	1,055,341	Capital increase of NT\$ 9,789 thousand by Additional paid-in capital.	None	Note 25
2001.11	10	120,000	1,200,000	106,489	1,064,890	Convertible bonds into common stock NT\$ 9,549 thousand.	None	Note 26
2002.05	10	120,000	1,200,000	110,907	1,109,065	Convertible bonds into common stock NT\$ 44,175 thousand.	None	Note 27
2002.08	10	120,000	1,200,000	111,810	1,118,097	Convertible bonds into common stock NT\$ 9,032 thousand.	None	Note 28
2002.09	10	120,000	1,200,000	112,875	1,128,746	Stock dividends of common stock NT\$ 10,649 thousand.	None	Note 29
2002.11	10	120,000	1,200,000	114,226	1,142,259	Convertible bonds into common stock NT\$ 13,513 thousand.	None	Note 30
2003.05	10	120,000	1,200,000	115,526	1,155,256	Convertible bonds into common stock NT\$ 12,997 thousand.	None	Note 31
2003.08	10	120,000	1,200,000	116,442	1,164,417	Convertible bonds into common stock NT\$ 9,161 thousand.	None	Note 32
2003.09	10	120,000	1,200,000	117,584	1,175,840	Stock dividends of common stock NT\$ 11,423 thousand.	None	Note 33
2004.05	10	120,000	1,200,000	117,614	1,176,143	Convertible bonds into common stock NT\$ 303 thousand.	None	Note 34
2004.08	10	120,000	1,200,000	118,120	1,181,202	Convertible bonds into common stock NT\$ 5,059 thousand.	None	Note 35
2004.09	10	120,000	1,200,000	119,296	1,192,960	Stock dividends of common stock NT\$ 11,758 thousand.	None	Note 36
2004.11	10	150,000	1,500,000	125,523	1,255,230	Convertible bonds into common stock NT\$ 62,270 thousand.	None	Note 37
2005.02	10	150,000	1,500,000	127,226	1,272,257	Convertible bonds into common stock NT\$ 17,027 thousand.	None	Note 38
2005.09	10	150,000	1,500,000	128,498	1,284,980	Stock dividends of common stock NT\$ 12,723 thousand.	None	Note 39

Note 1: Approved by (087) Shang No.119083 on July 29, 1989.

Note 2: Approved by (089) Shang No.111950 on April 24, 1990.

Note 3: Approved by (089) Shang No.115573 on May 19, 1990.

Note 4: Approved by (089) Shang No.125728 on August 1, 1990.

Note 5: Approved by (090) Shang No.09001392810 on October 8, 1991.

Note 6: Approved by Jing Shou Shang No.09101293080 July 24, 1992.

Note 7: Approved by Jing Shou Zhong No.09232764220 on October 8, 1993.

Note 8: Approved by Jing Shou Zhong No.09332805900 on October 5, 1994.

Note 9: Approved by Jing Shou Zhong No.09401165320 on August 23, 1995.

Note 10: Approved by Jing Shou Shang No. 09501066930 on April 14, 1996.

Note 11: Approved by Jing Shou Shang No. 09501156760 on July 24, 1996.

Note 12: Approved by Jing Shou Shang No. 09501207620 dated September 15, 1996.

Note 13: Approved by Jing Shou Shang No.09601104080 dated May 14, 1997.

Note 14: Approved by Jing Shou Shang No.09601205530 on August 24, 1997.

Note 15: Approved by Jing Shou Shang No.09601319410 on January 18, 1998.

Note 16: Approved by Jing Shou Shang No.09701089710 dated April 18, 1998.

Note 17: Approved by Jing Shou Shang No.09701209920 dated August 26, 1998.

Note 18: Approved by Jing Shou Shang No.09801209300 dated September 9, 1999.

Note 19: Approved by Jing Shou Shang No.09901011630 on January 18, 2000.

Note 20: Approved by Jing Shou Shang No.09901186600 dated August 18, 2000.

Note 21: Approved by Jing Shou Shang No.09901250270 dated November 09, 2000.

Note 22: Approved by Jing Shou Shang No.10001007940 dated January 12, 2001.

Note 23: Approved by Jing Shou Shang No.10001093930 dated May 10, 2001.

Note 24: Approved by Jing Shou Shang No.10001176930 dated August 2, 2001.

Note 25: Approved by Jing Shou Shang No.10001195820 dated August 24, 2001.

Note 26: Approved by Jing Shou Shang No.10001259710 dated Nov. 17, 2001.

Note 27: Approved by Jing Shou Shang No.10101083900 dated May 11, 2002.

Note 28: Approved by Jing Shou Shang No.10101160580 dated August 6, 2002.

Note 29: Approved by Jing Shou Shang No.10101184000 dated September 5, 2002.

Note 30: Approved by Jing Shou Shang No.10101233500 dated Nov. 12, 2002.

Note 31: Approved by Jing Shou Shang No.10201088990 dated May 14, 2003.

Note 32: Approved by Jing Shou Shang No.10201158050 dated August 1, 2003.

Note 33: Approved by Jing Shou Shang No.10201180200 dated August 30, 2003.

Note 34: Approved by Jing Shou Shang No.10301092290 dated May 23, 2004.

Note 35: Approved by Jing Shou Shang No.10301175700 dated August 22, 2004.

Note 36: Approved by Jing Shou Shang No.10301194790 dated September 16, 2004.

Note 37: Approved by Jing Shou Shang No.10301245050 dated Nov. 26, 2004.

Note 38: Approved by Jing Shou Shang No.10401011370 on February 12, 2005.

Note 39: Approved by Jing Shou Shang No.10401196850 dated September 17, 2005.

April 15, 2023 Unit: share

Type of Stock	Authorized Share Capital			Remark
	Outstanding shares	Unissued Shares	Total	
Common Stock	128,497,989	21,502,011	150,000,000	50,000,000 shares of the authorized capital was reserved for the issuance of employee stock option certificates.

Relevant information on the shelf registration: None.

#### 4.1.2 Composition of Shareholders

Apr 15, 2023 Unit: Share 、 %

Type of shareholders Number	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions And Natural Persons	Total
Number of Shareholders	0	3	262	107	36,630	37,002
Shareholding	0	1,528,000	30,917,812	4,767,376	91,284,801	128,497,989
Holding Percentage (%)	0.00%	1.19%	24.06%	3.71%	71.04%	100.00%

#### 4.1.3 Distribution Profile of Share Ownership

Apr 15, 2023 Per Share Issue Price is NT\$10

Shareholder Ownership (Unit: Share)	Number of Shareholders	Ownership	Ownership (%)
1 ~ 999	19,133	715,439	0.56%
1,000 ~ 5,000	14,454	28,284,470	22.01%
5,001 ~ 10,000	1,872	14,240,300	11.08%
10,001 ~ 15,000	574	7,075,735	5.51%
15,001 ~ 20,000	303	5,481,389	4.27%
20,001 ~ 30,000	266	6,669,723	5.19%
30,001 ~ 40,000	127	4,474,463	3.48%
40,001 ~ 50,000	80	3,681,532	2.87%
50,001 ~ 100,000	118	8,304,212	6.46%
100,001 ~ 200,000	43	5,819,259	4.53%
200,001 ~ 400,000	14	3,930,341	3.06%
400,001 ~ 600,000	6	2,805,924	2.18%
600,001 ~ 800,000	3	2,107,475	1.64%
800,001 ~ 1,000,000	1	848,000	0.66%
1,000,001 or over	8	34,059,727	26.50%
Total	37,002	128,497,989	100.00%

## 4.1.4 Major Shareholders

Apr 15, 2023

Shareholders	Shares	Total Shares Owned	Ownership (%)
IN & OUT Bio Beauty Corp.		8,475,617	6.60%
Li-Chi Investment Ltd.		6,721,937	5.23%
Li Yang Investment Co., Ltd.		5,820,705	4.53%
Ping-Lung Wang		4,796,175	3.73%
Hung-Cheng Investment Co., Ltd		2,800,200	2.18%
Li-Fa Investment Ltd.		2,486,190	1.94%
Li-Wei Investment Ltd.		1,906,775	1.48%
CTBC Bank is entrusted with YoungTek Employee Stock Ownership Trust		1,052,128	0.82%
Taipei Fubon Commercial Bank Co., Ltd.		848,000	0.66%
Yu Wang		769,907	0.60%

## 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Item		Year	2021	2022	March 31, 2023
Market Price Per Share	Highest Market Price		104.50	88.5	67.90
	Lowest Market Price		60.50	53.4	57.10
	Average Market Price		83.25	77.21	64.36
Net Worth Per Share	Before Distribution		52.08	53.04	54.64
	After Distribution		47.08	48.04	—
Earnings Per Share	Weighted Average Shares (thousand shares)		128,498	128,498	128,498
	EPS		8.41	6.65	0.74
Dividends Per Share	Cash Dividends		5.0	5.0	—
	Stock Dividends	Share Dividend	0.00	0.00	—
		Capital Surplus stock dividend	0.00	0.00	—
	Accumulated Undistributed Dividend		—	—	—
Return on Investment	Price/Earnings Ratio		9.90	11.61	—
	Price/Dividend Ratio		16.65	15.44	—
	Cash Dividend Yield (%)		6.01	6.48%	—

## 4.1.6 Dividend Policy and Implementation Status

## 1. Dividend Policy

Considering the stable stage of the Company's current industry development and the planned expansion and capital requirements in the coming years, a portion of the shareholders' dividends will be allocated. In principle, the cash dividend shall not be lower than 20% of the total dividend amount. However, this decision will depend on factors such as the company's current and future investment environment, capital requirements, domestic and international competitive conditions, and capital budgeting. YTEC aims to balance the interests of shareholders, dividend distribution, and the company's long-term financial planning. Each year, the Board of Directors formulates a profit distribution proposal based on our dividend policy and present it to the shareholders' meeting for approval of shareholder dividends and bonuses allocation.

## 2. Dividend distribution to be proposed in this shareholders' meeting

The 2022 cash dividend amount approved upon the resolution of the Board of Directors is as follows:

Unit: NTD

Date of Board Approval	Cash Dividend per Share	Total Cash Dividend Amount
2023/03/15	5.00	642,489,945

4.1.7 Effects on Business Performance and EPS Resulting from Stock Dividend Distribution Proposed by This Shareholders' Meeting: None.

4.1.8 Compensation of Employees, Directors and Supervisors

1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

In the year of making profit, the Company shall allocate no less than 2% of the profits as employee compensation. The Board of Directors shall decide whether to distribute the compensation in the form of stocks or cash. The recipients of such compensation may include employees of subsidiary companies who meet certain conditions, which shall be determined by the authorized Board of Directors. Furthermore, the Company may allocate a portion of aforementioned profits, as determined by the Board of Directors, not exceeding 5% for director remuneration. Director remuneration shall be distributed in cash. The distribution of employee compensation and director remuneration shall be reported to the shareholders' meeting. However, if the company has accumulated losses, the necessary amount for offsetting the losses shall be reserved before the allocation of employee compensation and director remuneration made in proportion to the aforementioned criteria.

2. The Employee Compensation approved upon the resolution of the Board:

The 2022 profit distribution of the Company approved by the Board of Directors at the meeting held on 2023/03/15 was a cash dividend of NT\$5.00 per share.

(1) The employee compensation is NT\$118,200,000, and the director remuneration is NT\$8,500,000.

(2) The amount of employee compensation distributed in the form of stock dividends and its percentage of the net profit after tax and total employee profit-sharing compensation in the individual or separate financial reports for the current period: None.

(3) The estimated earnings per share of the proposed compensation distribution for employees, directors and supervisors is NT\$5.66.

3. Information of Compensation Distribution for Employees, Directors and Supervisors for prior year:

(1) The employee compensation was NT\$158,700,000, and the director remuneration was NT\$10,610,000.

(2) There was no deviations for the compensation distribution for employees, directors and supervisors between the actual 2021 distribution and the amount approved by the Board of Directors.

4.1.9 Buy-back of Treasury Stock by the Company: None.

4.2 Corporate Bonds: None.

4.3 Special Stock: None.

4.4 Global Depositary Receipts: None.

4.5 Employee Stock Option Certificates: None.

4.6 Restricted Employee Shares: None.

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions : None.

4.8 Implementation of Capital Utilization Plan:

As of the date of printing of this annual report, for each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: None.

## V. Operational Status

### 5.1 Business Activities

#### 5.1.1 Business Scope

1. Main areas of business operations
  - (1) Electronics Components Manufacturing
  - (2) Mechanical Equipment Manufacturing
  - (3) Manufacturing Export
  - (4) Retail Sale of Telecommunication Apparatus
  - (5) Wholesale of Telecommunication Apparatus
  - (6) Wireless Communication Mechanical Equipment Manufacturing
  - (7) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
2. Revenue distribution of the current major products in the Company

Unit: NT\$ Thousands

Operation Items	2022 Revenue	Revenue distribution %
Testing OEM income	\$ 2,392,075	52.00%
Sawing, pick and place OEM income	1,146,470	24.92%
Machine assembly related product sale and others	1,077,414	23.42%
Minus: Sales return and rebate	(15,917)	(0.34%)
Net income	\$ 4,600,042	100.00 %

3. Current products and services of the Company

The company is engaged in the professional semiconductor and LED (optoelectronics) product OEM, as well as R&D, manufacturing, sales and service of its own products. Our main service offerings include final product testing, wafer testing, grinding, sawing, and Pick and Place. We also provide LED product testing, grinding, sawing, Pick and Place, as well as other specialized sawing services for PCB substrates, quartz, LEDs, and other semiconductor and optoelectronic products. Additionally, we focus on the R&D, manufacturing, and sales of testing systems and automation equipment related to semiconductor and optoelectronic products. We are actively involved in the development of new products through in-house R&D, such as IC testing system development and optoelectronic automation equipment development, including AOI automatic optical inspection systems, and other module product development.
4. New products and services development
  - (1) DPB function board
  - (2) New Soc Tester System
  - (3) MVI function board
  - (4) RF Protocol Wi-Sun
  - (5) YT6190-TrayHandler
  - (6) FR30MP-IC Bonder
  - (7) MB-121-IC Bonder

## 5.1.2 Industry Overview

### 1. Current Status and Development of the Industry

#### (1) Testing service

In the thriving Twenty-first century of information technology, mobile communications, digital entertainment, and the internet, semiconductor (active components) and passive components are widely used in a diverse range of electronic systems and applications. Based on the functional characteristics of semiconductor products, they can be primarily categorized into four major integrated circuit (IC) products: microcontrollers (Micro), logic components (Logic), analog components (Analog), and memory (Memory). Additionally, there are two other categories: discrete components (Discrete) and optoelectronic components (Opto electronics). Among the six categories of semiconductor products, Memory requires centralized mass production due to economies of scale. Analog, Discrete, and Opto electronic require specialized production processes and therefore need dedicated manufacturing facilities. On the other hand, Micro and Logic have become the mainstream outsourcing products for specialized foundries due to their characteristics of low volume and high diversity in product applications. As for passive components, they can be primarily categorized into four types: resistors, capacitors, inductors, and filters. Filters, in particular, are essential components for 5G devices. Consequently, there has been significant investment and subsidies in filter companies in mainland China in recent years.

Looking at the semiconductor industry's performance in 2020, 2021, and 2022, Taiwan has consistently outperformed the global market for three consecutive years. Furthermore, Taiwan has played a crucial role as a vital link between the United States and China during the technology war, highlighting the transformation of semiconductor industry in Taiwan. Under the leadership of TSMC, the industry has undergone a significant metamorphosis, shifting its focus from quantity to quality. The estimated and forecasted values for 2021 and 2022 have been revised upwards. Despite the global challenges caused by the pandemic, the semiconductor industry's sales in 2021 did not enter a declining trend. This is primarily due to the new opportunities and prospects created by the pandemic, leading to increased demand for semiconductor applications. Looking ahead to the full year of 2023, the IC packaging and testing industry is expected to benefit from the stabilization of the COVID-19 pandemic as vaccines become more widely available. The global economy is gradually recovering as vaccination efforts progress, and the sales of electronic end-products are gradually picking up. Taiwan, with its advanced packaging and testing capabilities and expertise in chip heterogeneous integration, is well-positioned to meet the demand for highly integrated and high-performance chips in electronic end-products worldwide. However, it is important to note that external factors such as the ongoing conflict between Russia and Ukraine and the trade tensions between the United States and China continue to have an impact. These factors introduce uncertainties to the global macroeconomic environment and end-demand dynamics.



## (2) Sawing, Pick and Place service

### LED and Micro LED

According to the latest research from TrendForce, Micro LED large-size displays are expected to penetrate the home theater and high-end commercial display markets. It is estimated that the chip production value of Micro LED large-size displays will reach 54 million US dollars in 2022 and is projected to increase to 4.5 billion US dollars by 2026, with a compound annual growth rate of 204%. Furthermore, as time progresses, technological barriers will be gradually overcome, and the development of Micro LED large-size displays will enter a peak period between 2026 and 2030. There is a potential for the annual chip production value of Micro LED to surpass billions of US dollars in a single year.

The lighting industry is placing increasing emphasis on the light quality of products, such as high color rendering index (CRI), R9 value, and color deviation, as well as human-centric lighting. With LED lighting products gradually transitioning to digitally controlled intelligent dimming and color adjustment, the penetration rate of LED smart lighting continues to rise. In light of new technological applications and potential demand, the lighting market is experiencing a revitalized growth. According to TrendForce's estimation, the global LED lighting market is projected to reach 72.1 billion US dollars in 2022 (+11.7% YoY), and is expected to maintain steady growth, reaching 93.47 billion US dollars by 2026.

From the perspective of LED lighting product categories, both light source and luminaire products are experiencing growth in market demand in 2022. However, in the long term, the demand for LED light source products is expected to slow down, primarily due to a decrease in replacement demand and consumers' increasing preference for luminaire products. The compound annual growth rate (CAGR) for light source and luminaire products from 2020 to 2022 is projected to be 8.5% and 12.0% respectively.

From the perspective of LED lighting product applications, lighting products are increasingly equipped with various sensors and communication modules, leading to a higher penetration rate of smart Connected Lighting. Additionally, the global push towards achieving carbon neutrality has increased the demand for LED retrofit projects for energy efficiency. This presents new growth opportunities in the commercial, residential, outdoor, and industrial lighting application markets.

### RFID tag

The application scenarios of RFID products are gradually expanding, and with the increasing amount of data, RFID systems require stronger data processing capabilities. RFID systems are being integrated with other advanced technologies such as GPS and biometric identification, enabling cross-regional and cross-industry applications.

According to the research report "Development Status and Industry Outlook of China's RFID (Radio Frequency Identification) Market" published by Zhiyan Consulting website, the demand for RFID chips in the Chinese market continues to

rise with the development of the Internet of Things in sectors such as power, logistics, and transportation. However, due to technological advancements, the unit price of RFID chips has decreased, resulting in a relatively modest growth rate in the market size. In 2017, the RFID market in our country was approximately 4.4 billion yuan, which increased to 5.5 billion yuan by 2021. With the upgrading of industrial intelligence and the digital transformation in our country, the demand for RFID applications is expected to continue to grow. It is projected that the market size will reach 6.8 billion yuan annually by 2026. In terms of application market structure, RFID is mainly used in smart transportation and logistics sectors, which have shown a decline due to the impact of the pandemic. However, the application proportion in the smart healthcare sector is continuously increasing. In terms of industry development, the main growth drivers in the RFID industry in the future will come from areas such as social security cards, mobile payments, anti-counterfeiting, financial IC cards, and logistics warehousing.

The RFID industry is a subfield of automatic identification technology, and the overseas market is relatively mature. In comparison to the overseas market, the RFID industry in our country is still in the growth stage. There is a higher demand for low-frequency RFID applications, and the application areas are relatively low-end. However, there is significant room for improvement and growth in the future.

### (3) Machine assembly related product sale

The leading companies in the semiconductor testing field are mainly Japanese and American manufacturers. In 2022, Teradyne and Advantest held a market share of 51% and 33% respectively, while Cohu accounted for 11%. These companies primarily focus on SoC (System-on-Chip) and memory testing systems. Basically, Advantest and Teradyne have secured major orders from semiconductor giants. Advantest primarily holds testing equipment orders from Samsung, while Teradyne has a long-standing partnership with TSMC. Cohu, on the other hand, mainly secures orders from Intel. The collaboration between test equipment suppliers and key customers begins early in the process planning stage, as the transition of testing platforms typically takes at least six months or more. As long as the position of semiconductor giants in the industry remains unchanged, it becomes difficult for new entrants to compete. Additionally, with the full support of the Chinese government in subsidizing domestic semiconductor equipment manufacturers, companies like Acco TEST in Beijing and Changchuan in Hangzhou have employed low-cost and emulation strategies to enter the digital market, posing challenges for Taiwanese test equipment sales, including YTEC. On the other hand, in order to overcome potential challenges arising from intensified regional competition, YTEC will continue to develop higher-level platforms and expand its product lines into new applications, and will actively pursue market development beyond Taiwan and mainland China.

## 2. Relationship with Up-, Middle- and Downstream Companies

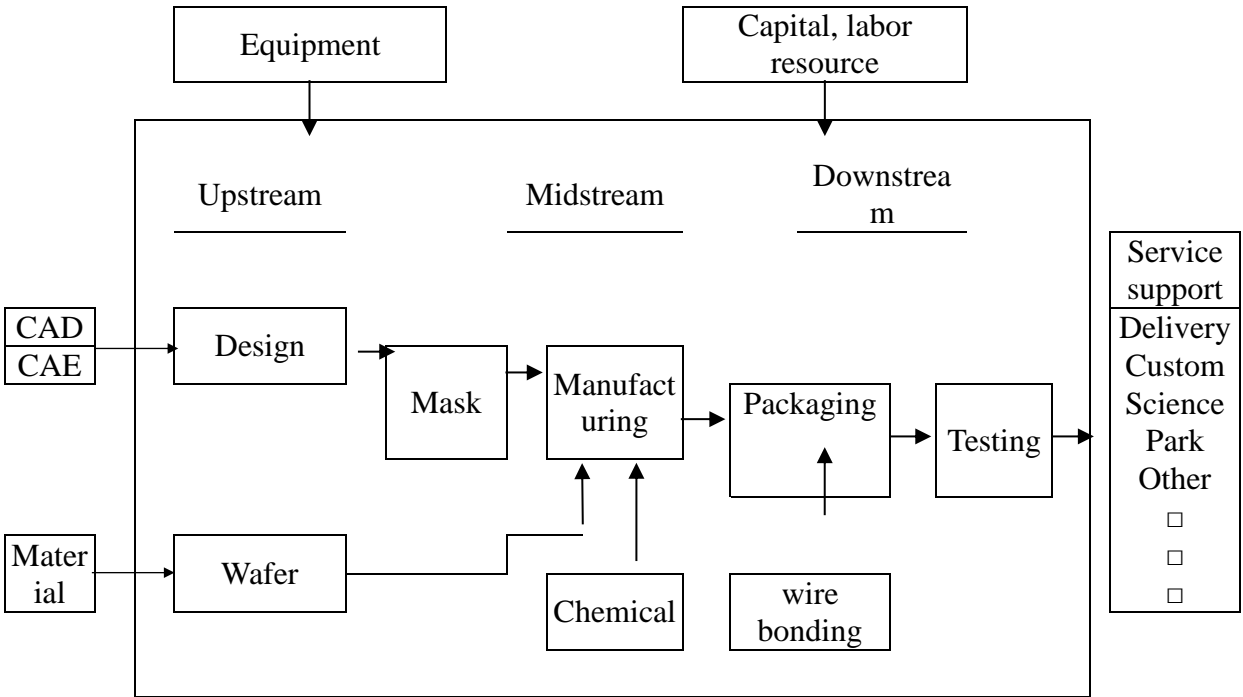
### (1) Testing service

Taiwan's semiconductor industry has undergone years of development and has established a unique vertical division of manufacturing system. It encompasses a

series of IC processes ranging from IC design to mask production, wafer fabrication, packaging, and testing. This vertical division of manufacturing, from upstream to downstream, allows for independent production departments, which enhances specialization and precision while reducing operational management difficulties. It also enables shorter production cycles, significant inventory reduction, and cost reduction. Moreover, the direct competition faced by production departments from international rivals helps enhance the overall competitiveness of the industry.

The entire IC manufacturing process begins with IC design. Once it is completed, it is handed over to a mask company, which follows predetermined chip manufacturing steps to transfer the IC's circuit layout onto a flat glass surface. This glass is known as a mask. After the IC mask is completed, the IC manufacturing facility utilizes photolithography techniques and chemical materials such as photoresists to replicate the extremely fine circuit pattern from the mask onto a silicon wafer. Chemical processes like etching and cleaning with chemicals like nitric acid are employed to complete the wafer fabrication. Next, the wafer is sawn into individual chips, and wire bonding is used to connect the chips to wire leads. The chips are then packaged in insulated plastic or ceramic casings. The functionality of the IC is tested to ensure proper operation, marking the completion of the IC manufacturing process.

IC design is the front-end segment of the IC industry system (as shown in the diagram below), which includes subsequent industries such as mask making, wafer fabrication, packaging, and testing. This unique system of specialized division of manufacturing has established a vast and intricate support network, distinguishing it from the vertically integrated business models of international giants. The upstream and downstream relationships in Taiwan's IC industry are listed as follows:



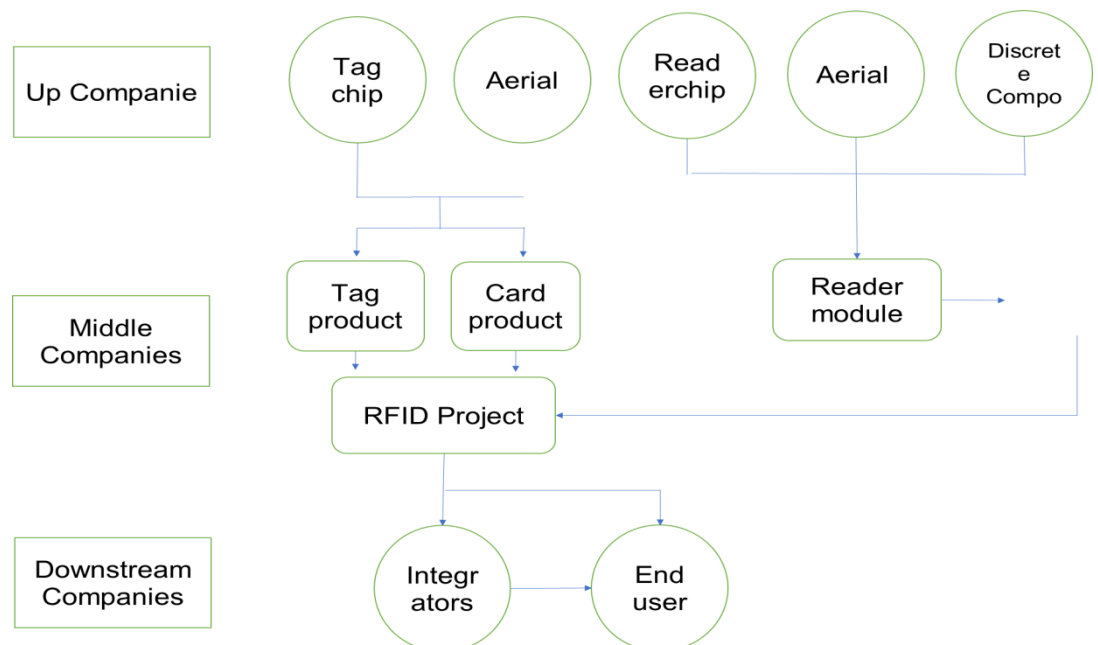
## (2) Sawing, Pick and Place service

### LED and Micro LED

Brand	LED Chip	Encapsulation	Transfer process and equipment	Detection and sorting equipment	Backplane	Backlight module	Drive	Panel
Apple	Epistar	Everlight	Yenrich	FitTech	Zhen Ding	Radiant	TI	AUO
	Nichia							Innolux
ASUS	Cree	AOT	TSMT	SaulTech	YP Electronics			BOE
Acer	Osram	Lextar	K&S					
Lenovo	Lextar	Harvatek	GIS-KY	YTEC	Uniflex			Sharp
	Epileds							
MSI	Sanan	Nationstar	ASM pacific	MPI	Unimicron	Qisda	Novatek	
	HC Semitek							

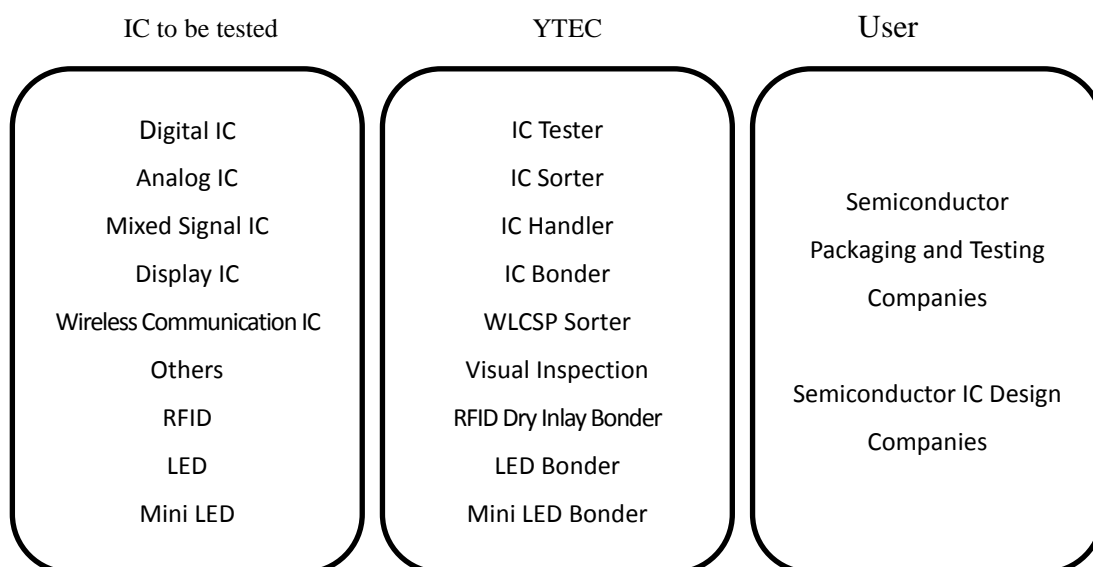
### RFID TAG

The upstream segment primarily consists of chip and antenna manufacturers. The midstream segment is primarily composed of suppliers of tags, readers, and complete solutions. The downstream segment is mainly comprised of various end users in the application market and their integrators.



### (3) Machine assembly related product sale

YTEC provides equipment tailored to different types of semiconductor ICs, catering to both semiconductor packaging and testing companies as well as IC design companies.



### 3. Future Development Trend

The Company has established a presence in the testing industry in mainland China, aiming to provide customers with greater convenience and comprehensive, effective manufacturing solutions. Leveraging YTEC's years of experience and research capabilities in the field of testing OEM, we deeply understand our customers and strive to push testing services to new milestones. With rapid generational shifts in IC products, equipment investment trends have also become polarized. Large capital-intensive IDM companies allocate around 20% or even higher of their total investment to testing equipment. They have increasingly outsourced their manufacturing orders to specialized testing facilities, primarily for Memory and Logic products. On the other hand, smaller Fabless (Design House) companies, considering operational costs and risks, have entrusted a variety of products to competitive small-scale testing factories, focusing primarily on niche products. In terms of the development trends in IC product OEM, factors such as lead time, service, quality, and cost are crucial for determining the success or failure of operations. Additionally, having a team of skilled testing professionals with the expertise to adapt to the rapid changes and complexities in product life cycles is essential for a successful professional testing OEM factory. The Company provides the following major services:

(1) Testing service

4" to 12" wafer testing, IC final product electrical testing, Logic testing, Analog testing, Mixed-signal testing, non-volatile memory testing, MCU testing, LCD driver IC testing, High-speed/High-pin-count product testing, CIS, RF, MES testing, fingerprint recognition testing, SoC testing, and more.

(2) Sawing, Pick and Place service

LED Testing: including various visible light (such as blue, green, yellow, red, etc.) and invisible light (such as infrared IR, LD, etc.) testing, as well as testing for MOS\_RELAY, CHIP RESISTANCE, REGULATOR, and static electricity testing.

RFID TAG: Electronic tags are widely used in various applications such as access cards, keychains, animal foot rings, and Geo tags. High-frequency RFID tags, which include inlays, semi-finished tags, and finished tags, focus on production and have relatively lower technical barriers. The application scenarios of RFID products are gradually expanding, and with the increasing amount of data, RFID requires stronger data processing capabilities. RFID systems are being integrated with other high-tech technologies such as GPS and biometrics, enabling cross-regional and cross-industry applications in the future.

(3) Machine assembly related product sale

Traditional IC testing systems are limited by technology and material costs. They are functionally categorized into Logic, Memory, and Mixed-Signal Testers. With continuous innovation in IC functionality, such as Logic products incorporating Embedded Memory and the increasing popularity of SoC devices that integrate Logic, Memory, and Analog functions, single-function testing systems are no longer able to meet market demands. In recent years, thanks to the advancement of IC functionality, multi-function testing equipment has emerged to cater to these evolving needs. These equipment are also trending towards being lightweight, compact, and portable, while requiring higher testing speeds and accuracy.

The Company is currently committed to the R&D of related machines, which are divided into the following projects:

- a. IC Tray handler: Equipped with an industry-standard testing machine (ATE), it can test ICs through GPIB connection and sort products (JDEC Tray in/out).
- b. IC TR handler: Equipped with an industry-standard testing machine (ATE), it can test ICs through GPIB connection and sort products (Tape Reel out).

- c. WLCSP handler: Equipped with an industry-standard testing machine (ATE), it can test ICs through GPIB connection and sort products.
- d. IC die bond: It can automatically identify and pick up the 8-inch sawn chip of the largest wafer (wafer) on UV/Blue Tape, and accurately fix the chip on the substrate (Substrate) that has completed automatic gluing.
- e. LED die bond: After the LED chip film is expanded, it is installed on the die bonder which realizes the bonding of multiple LED chips on the LED bracket through CCD, computer control, etc.
- f. 6 Side Automated Optical Inspection (AOI): It has the function of high-speed and stable inspection of product appearance (six sides), and its speed can reach up to 8000EA per minute. It can classify good products and defective products according to the set product appearance specifications.
- g. IC Tester:
  - S-series (Logic and Mixed-signal Tester):  
With Logic, Analog, mixed-signal and other test boards to provide a variety of test solutions, with the same test capability (256 Sites), and provide a variety of complete and easy-to-use test development tools to provide both performance and cost-effective test solutions.
  - Gen.3 (LCD Driver Tester):  
With multi-set RVS and HSIF high-speed channels and CPHY functions, it supports the high-speed interface mLVDS/P2P/MIPI test requirements, and provides large, medium and small size COG/COF test solutions with price advantages.
  - T-series (RF Tester):  
It has multiple groups (4 groups) of VSG and VSA, supports signal source half-duplex testing, and can support 8 or 16 ports at the same time. Supports wireless communication protocols including various WiFi & BT, 5G\_NR1, 4G\_LTE, and NB-IoT, and provides an integrated RF test solution with a price advantage.

#### 4. Competition

##### Competitive Niche of the Company:

###### The Company's management team

The Company's management team has remained stable since its establishment without major changes. We maintain a high level of cohesion within the company, which helps to strengthen relationships with our customers and employees. This stability has allowed us to build a strong reputation and positive

###### R & D technology

goodwill's in the industry.

As IC functionalities become increasingly complex, the design of test programs and the utilization of testing equipment are becoming more important. The Company places a strong emphasis on developing our own testing equipment. In 2001, we successfully developed the " Full-featured Automatic Tester" and completed relevant validations. This has greatly helped us control testing costs and has established a solid foundation for our R&D in the testing field.

Since its establishment, the Company's management team has always placed a

###### Cost control ability

high emphasis on cost control. Our capital expenditures have been relatively lower compared to our industry peers, allowing us to achieve favorable cost-efficiency. Considering the global business landscape, where supply often exceeds demand, effective cost control has become a crucial factor for profitability. The Company has maintained a high sensitivity towards cost management, which has become our competitive advantage in the industry.

###### Achieve economies of scale in mass production.

After establishing a strong reputation in the market for delivering superior quality, prompt delivery, and competitive pricing to our customers, the Company has been able to achieve economies of scale in mass production. Additionally, our effective cost-control capabilities have contributed to maintaining a relatively low breakeven point for overall operations. As a result, tangible profits can be easily realized, leading to sustained financial benefits for the Company.

###### Balance revenue fluctuations

Given the cyclic nature of the industry with its peak and off-peak seasons, the Company is susceptible to significant fluctuations in revenue within a one-year cycle. This often requires adjustments to cash flow management and operational planning. To mitigate the impact, the Company engages in consumer product testing, Sawing OEM, and actively seeks a diverse range of orders. We maintain high utilization rates for our state-of-the-art equipment and during off-peak seasons, we intensify the sale of self- developed testing equipment to balance revenue fluctuations and enhance profitability.

##### (1) Testing service

In the testing services industry, there are several domestic companies of comparable caliber, such as Greaktek, KYEC, Sigurd UTC, Winstek, and Powertech. When



customers choose partners, they often distribute their products among multiple partners to mitigate risks. Competitive companies (with strong engineering capabilities, efficient production cycles, competitive pricing, and excellent service) tend to attract more orders. The Company, with its in-house testing equipment capabilities, possesses a high level of autonomy in testing technology. This allows us to meet customers' capacity needs, reduce production costs, and enhance our competitiveness as well as that of our customers. Moreover, we have developed flexible service capabilities to accommodate diverse customer requirements. Additionally, YTEC has ventured into the optoelectronics industry and have achieved significant progress in LED product testing and Pick and Place technology development.

## (2) Sawing, Pick and Place service

In the domestic sawing services market, the main competitors are Chipbond, ChipMOS, and KYEC. These OEM suppliers primarily focus on semiconductor wafer sawing. In contrast, the Company not only provides wafer sawing services but also specializes in sawing for special materials such as ceramics, quartz glass, and substrates, which accounts for over half of our sawing business. This distinction sets us apart from other domestic competitors. Additionally, we leverage our stable and pragmatic experience along with highly flexible production line configurations to meet customers' backend process requirements. YTEC demonstrates a competitive edge with greater flexibility in response to market fluctuations.

### **LED and Micro LED**

In terms of equipment sales and OEM services, FitTech and MPI are competitors of Taiwan LED.

### **RFID Tag**

- A. RFID Tag business competition: The intensification of competition within the industry can be attributed to several factors mentioned below: 1) Slow industry growth leads to fierce competition for market share. 2) The large number of competitors in the market creates a relatively equal level of competition. 3) Competitors offer similar products or services with minimal differentiation. 4) Some companies, in pursuit of economies of scale, expand their production capacity, disrupting market equilibrium and resulting in product oversupply, leading to price competition.
- B. RFID Tag customer's bargaining power: Industry customers can be consumers or users of industry products, as well as purchasers of goods. The bargaining power of customers is manifested in their ability to influence sellers to lower prices, improve product quality, or provide better services.
- C. RFID Tag supplier's price negotiation power: Suppliers' ability to effectively encourage buyers to accept higher prices, earlier payment terms, or more reliable payment methods.
- D. RFID Tag potential competitors: Potential competitors refer to those enterprises that may enter and participate in the competition. They bring new production capabilities and share existing resources and market share. As a result, industry production costs increase, market competition intensifies, product prices decrease, and industry profits decline.

### (3) Machine assembly related product sale

YTEC's developed testing machine can be integrated with the automation equipment of the Company, enabling the testing of products across six major functions: Logic, Mixed-Signal, Power, LCD Driver, Sensor, and RF. Depending on the characteristics of the products being tested, it can be combined with laboratory instruments, making it an all-function IC Tester. By incorporating the testing machine into the automation equipment, we provide customers with a complete testing platform, optimizing the stability of their product testing. The machine has already been sold to Design Houses and IDM companies both domestically and internationally, achieving remarkable results.

#### 5.1.3 Research and Development

The R&D expenditures for the past four fiscal years and the first quarter of fiscal year 2023, as a percentage of the operating revenue, are presented in the table below. All R&D projects aim to provide advanced technology and enhance customer satisfaction, while also contributing to the overall growth of the company's operations.

1. R&D expenditure and their ratio to revenue for the most recent 4 years and as of the quarterly report up to the first quarter of 2022

Unit: NT\$ Thousands

Item \ Year	2019	2020	2021	2022	2023/3/31
Net revenue	3,232,841	3,503,969	5,221,420	4,600,042	843,826
R&D Expenditure	238,134	302,956	341,476	361,065	72,186
R&D Expenditure to net revenue	7.37%	8.65%	6.54%	7.85%	8.55%

The total R&D expenditure to be invested by the Company in 2023 is around NT\$ 385,667 thousand dollars. It will be promptly adjusted according to the global market and actual operation status of the company.

2. Successfully developed technology or product

Year	R&D Result	Year	R&D Result
2009	1. GPS second generation small track recording device 2. Multi-tasking, multi-station parallel processing LED tester 3. High current rate IC measurement board 4. Automatic positioning high-speed multi-head dispensing system 5. High-speed multi-station rotary positioning device	2010	1. High-speed CIS/CCM image capture and measurement system 2. Fully automatic multi-station (16 Sites) CCM image test system 3. The 5th generation 768 Pin 100Mhz IC TESTER 4. Multi-station testing packaging machine suitable for QFN packaging 5. Disc-type LED test packaging machine
2011	1. LED power module 2. LED dimming module 3. LED Driver IC TESTER 4. High-precision analog tester 5. Double disc LED test sorter 6. Light Sensor test packaging machine	2012	1. MIP board 2. LED HV board 3. LED heating test sorter 4. Multi-station turret type automatic testing, sorting and packaging system

Year	R&D Result	Year	R&D Result
	7. Sub-component high-speed double-track six-sided appearance inspection machine		
2013	1.HVlog board 2.IC substrate appearance automatic detection system	2014	1.IC substrate appearance automatic detection system 2 <sup>nd</sup> generation 2. X-Ray inspection system for LED products
2015	1. Development of high-performance LCD test platform 2. RF multi-channel test module development 3. Automatic intelligent image detection system 4. Optical detection plug-in module 5. Hard disk head visual inspection machine 6. Fully automatic grain multi-faceted identification and sorting machine 7. Fully automatic optical communication component bonder	2016	1. 3DIC TSV critical dimension measurement system 2. TDBI for RA test system
2017	1. AI high speed 6-sided inspection machine 2. Industrial energy-saving control module 3. Super high speed hedgehog picker 4. RFID full process equipment 5. High frequency IC TESTER	2018	1.12" Tape to Tape IC Six-sided Inspection Bin Pick and Place Machine 2. Diode loading machine for vehicles 3. RFID multi-row antenna production equipment 4. MVI automotive electronic detection module 5.WGL Pattern Conversion Tool 6. Connected industrial intelligent control module
2019	1. High resolution and high precision timing edge generator 2. AI technology applied to appearance defect inspection machine 3. PKB70 (three-in-one) combined sub-millimeter light-emitting diode high-speed bonder 4. SB400G automatic soldering chip flip-chip machine 5. Medium and high-power brushless DC motor driver module 6. AI automatic optical inspection selection module 7. Power SiP advanced packaging process development	2020	1. YT5520 burn-in machine test logic unit design 2. RFID wireless radio frequency wide multi-row placement machine (FR10MP) 3. Fully automatic chip sorter (IS706) 4. Test sorter (YT6180) 5. Innovative advanced semiconductor packaging technology
2021	1. High-tech test system basic technology development plan 2. High-speed and high-resolution multi-channel mixed-signal analysis function board 3. Wireless communication IC physical layer mass production test solution	2022	1. Programmable power supply (DPB) 2. Sequential Vector Control Module (SPM) 3. Wireless communication IC physical layer mass production test solution 4. "RFID radio frequency high-capacity wide-width multi-row placement

Year	R&D Result	Year	R&D Result
	4. Design of programmable DC power supply unit for semiconductor burn-in test 5. Wafer-level flip-chip IC testing sorting packaging machine 6. High-speed non-same-distance multi-side detection technology machine 7. Submillimeter light-emitting diode high-speed bonder.		machine 5. Fully automatic visual adjustment system 6. Submillimeter light-emitting diode high-speed bonder.

#### 5.1.4 Long-term and Short-term Development

##### 1. Short-term Business Development

- (1) Decentralize the sales market to reduce dependence on a single customer.
- (2) Effectively grasp the progress of product OEM and flexible scheduling, so as to shorten the delivery time and increase customer satisfaction.
- (3) Implement ISO quality management, establish a complete and efficient quality assurance system, and hope to expand the market with a high-quality image.
- (4) Keep close contact with material suppliers to increase the support of raw material suppliers to shorten the procurement cycle, speed up the production speed, meet customers' needs for delivery time, and increase customer satisfaction.

##### 2. Long-term Business Development

- (1) Strengthen customer support operations, assist customers to solve problems, and maintain long-term working relationship with customers.
- (2) In line with the rapid changes in products, expand the introduction of foundry service items (test standard platform, SLT, Burn in Oven), and develop customers in other industries to expand the scale of operation.
- (3) Continue to develop IC semiconductor testing for individual companies in Taiwan, and will expand European and American customers.
- (4) Expand the business scope of electronic tag OEM, such as printing and coding. Provide customers with overall solutions to maintain long-term cooperative relationships with customers.
- (5) Increase the number of machines and expand the scale of operation, resulting in a steady increase in gross profit margin.

Looking into the medium to long term, the ongoing US-China trade war continues to have an impact. In addition, there are still variables such as the global macroeconomic conditions, end-user demand, and the development of semiconductor strategies in Europe, the United States, and Mainland China. It is necessary to continuously monitor the subsequent effects of these factors.

#### 5.2 Overview of Marketing and Production/Distribution

##### 5.2.1 Market Analysis

##### 1. Sales (Service) Region

Unit: NT\$ Thousands

Sales Region	2020		2021		2022	
	Revenue	%	Revenue	%	Revenue	%
Domestic	2,843,498	81.15	4,019,726	76.99	3,250,739	70.67
Export	660,471	18.85	1,201,694	23.01	1,349,303	29.33
Total	3,503,969	100.00	5,221,420	100.00	4,600,042	100.00

The main customers of the Company's product sales and OEM services are domestic semiconductor packaging and testing companies, as well as passive component manufacturers, etc. As the nature of our products belongs to the consumer electronics industry, where the majority of the IC design industry is distributed domestically, most of our customers are domestic companies or from mainland China. As for the sales of semiconductor backend equipment, the current customer base is also mainly domestic. However, with the trend of internationalization in the semiconductor market, expanding export markets will be our future direction of effort.

## 2. Market Supply and Demand in the Long Term and its Growth Potential

### (1) Testing service

According to the statistics of the renowned industry research firm MIC, the IC industry in Taiwan achieved a production value of NT\$4,302.3 billion in 2022, representing a growth of 15.8% compared to 2021. Among them, the IC packaging and testing industry reached NT\$661.6 billion, showing a growth of 5.2% compared to 2021.

Benefiting from the continuous growth of applications such as 5G, Artificial Intelligence (AI), High-Performance Computing (HPC), and automotive electronics, major Taiwanese PCB and IC substrate manufacturers are expected to continue their strong capital expenditure plans in 2022, following the momentum of 2021. The leading Chinese manufacturers are also no exception and emphasize the importance of high precision and stability in equipment procurement. Apart from supply chain partners in Europe, the United States, Japan, and Singapore, Taiwanese equipment suppliers are considered indispensable in the procurement lists of these companies.

In 2023, as demand stabilizes, IC design customers have started cautiously placing orders since 2022Q4. The leading companies have proactively taken action to secure long-term capacity and ensure sales stability. However, as the growth momentum converges, there may be pressure on operating margins, making it challenging to maintain volume increase and price stability. Nevertheless, the emergence of applications such as 5G, automotive, AI, and IoT has generated strong demand, partially offsetting the moderate adjustments in certain product applications. Each product segment experiences varying levels of demand, and the semiconductor industry will need to continue monitoring the impact of external uncertainties in 2023.

### (2) Sawing, Pick and Place service

#### **LED and Micro LED**

In recent years, major brands worldwide in different regions have been unveiling Micro/Mini LED self-emitting large-scale displays. Samsung, the leading TV manufacturer, introduced "The Wall," a 146-inch TV wall, in 2018, and has since

continued to showcase large-scale patched display panels at CES each year, including sizes such as 75-inch, 89-inch, 101-inch, 110-inch, 219-inch, and 292-inch. With different application scenarios and technological advancements, the future of Micro LED large-scale displays will focus on home theater-grade displays, as well as displays for corporate headquarters and high-end retail stores. On the other hand, commercial indoor and outdoor large-scale displays will primarily feature Mini LED self-emitting technology.

According to data from the global LED industry database and "LED Vendor Quarterly Updates," the global LED market reached a size of US\$17.65 billion in 2021 (+15.4% YoY), exceeding expectations as the impact of COVID-19 gradually subsided and economic activities resumed across various sectors. Looking ahead, TrendForce projects that the LED market value will continue to grow, driven by the gradual increase in the adoption of Mini LED backlighting and displays, the ongoing improvement in the penetration rate of LEDs in automotive applications, the continuous growth in demand for high-end lighting, and further expansion of display applications. It is estimated that the LED market value will reach US\$30.312 billion by 2026, with a compound annual growth rate of 11% from 2021 to 2026. In the coming years, the demand for Micro/Mini LED will be a major driving force for LED chip manufacturers to expand their production capacity. Apart from Chinese manufacturers, companies in Taiwan (such as Epistar), Europe and U.S. (ams OSRAM), Japan, and South Korea also have expansion needs. The additional production capacity will primarily come from the demand for Micro/Mini LED, resulting in an expected increase in the production ratio of six-inch/eight-inch wafers year by year.

### **RFID Tag**

According to the "2022 RFID Market Size and Development Outlook Forecast Analysis" released by the China Industry Research Institute; the RFID market has experienced significant growth due to its widespread application in various fields. In 2020, the RFID market size in our country exceeded 120 billion yuan and is projected to further increase to 160.1 billion yuan in 2022. The industry has shown a noticeable growth trend in recent years, indicating the substantial development potential of the ultra-high frequency RFID sector.

- A 、Policy Support. With the introduction of policies such as "Internet+" and "Internet of Things," the ultra-high frequency RFID industry has received strong support from the government. Its application in various industrial sectors has been expanding, thereby promoting industry development.
- B 、Technology Advancement. With the continuous development of technology, the application of ultra-high frequency RFID technology has been expanding. Technological advancements and upgrades have also propelled the industry's development.
- C 、Consumer Upgrading. With the improvement of consumer living standards and changing consumer preferences, there is a growing demand for safe, efficient, and convenient services. Ultra-high frequency RFID technology can meet these demands, further expanding the market in the industry.

D 、 Intensified Market Competition. With the integration of various resources in the industry market, the competition in the ultra-high frequency RFID industry has become increasingly fierce. There is a continuous improvement in technology advancement, economic efficiency, and service quality as companies strive to gain a competitive edge.

From the perspective of industry development trends, the ultra-high frequency RFID industry still holds significant growth potential. Its prospects will be influenced by factors such as technological advancements, policy support, consumer upgrades, and market competition. In the future, with further improvements in technology and the introduction of supportive policies, the market size of the ultra-high frequency RFID industry is expected to continue growing, offering even broader development prospects.

### (3) Testing equipment

- A 、 Starting from 2022 Q4, due to unfavorable market conditions, semiconductor foundries are expected to reduce capital expenditures and slow down their expansion plans. As a result, global semiconductor equipment spending in 2023 is projected to moderate. The DRAM market is anticipated to experience an expanding gap in supply-demand and rapid price declines in the second half of 2022. Taiwanese manufacturers, focusing on niche products, may face larger price declines compared to standard products.
- B 、 It is expected that the IC packaging and testing industry will gradually recover in the second half of 2023, driven by improving market conditions and the increasing complexity and transistor count of chip designs. This will contribute to revenue growth for related companies in the industry.
- C 、 The chip shortage is expected to be significantly alleviated; however, there are still inconsistent wafer allocations across different application domains, leading to varying degrees of long and short supply issues. Some areas such as automotive and industrial power semiconductors may still face capacity shortages.
- D 、 Geopolitical factors will continue to impact the semiconductor industry in 2023. It is anticipated that Taiwanese IC design and foundry companies will face limitations in the Chinese market, and Chinese IC design companies will face more restrictions in non-domestic markets. This will also affect the global supply chain planning for IC design companies worldwide.

The sales revenue of the global semiconductor testing equipment in 2022 has declined 2.6% to US\$7.63 billion from a historical high record of US\$7.83 billion in 2021. In 2023, due to the external environment factor, weak consumer market demand, and high inventory levels throughout the semiconductor supply chain, including end-users, system manufacturers, and semiconductor chip supply chains, the excess inventory and Memory oversupply will continue until the first half of 2023. It is anticipated that the revenue of semiconductor testing equipment shall decline 8 percentage points to US\$ 7.02 billion in the 2023 market.

## 5.2.2 Main Uses and Production Procedures of Main Products

### (1) Main Uses of Main Products

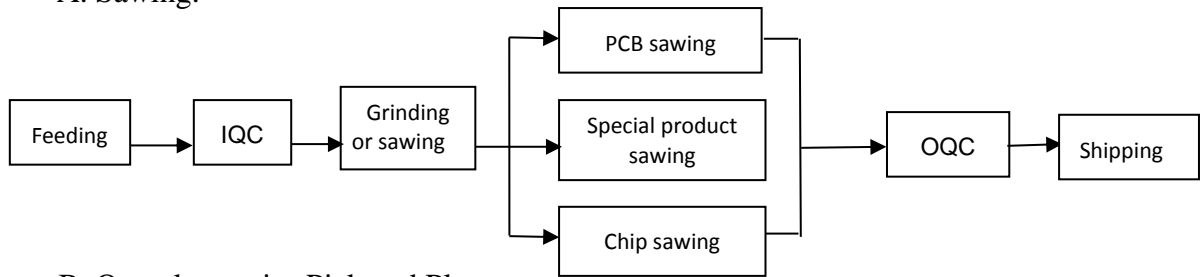
Major products or services	Main Uses or Functions
Wafer Sawing Pick and Place Service	Process wafers and saw them to chips for pick and place.
Substrate Sawing Service	The main purpose is to produce LED and PPTC substrates which are further sawn as particles to meet the needs of subsequent processes.
Wafer Packaging and Testing Service	Mainly to do IC inspection, packaging and testing for any defects in the wafer itself.
Finished Product Testing Service	Mainly to confirm whether the properties of the semiconductor component, such as function, speed, tolerance, electronic consumption, and electronic emission, meet the standards.
Optoelectronics Pick and Place Service	AOI & Pick and Place processing services for LED&VSCEL products.
RFID Tag	<ol style="list-style-type: none"> <li>1. Anti-counterfeiting: Each product is equipped with a unique RFID tag that records all information from the original manufacturer to the end of the sales process. By scanning the tag, detailed information can be recorded, ensuring authenticity and traceability.</li> <li>2. Production line management: RFID tags facilitate accurate recording of process information and operational details on the production line, meeting the requirements of flexible production. Recording worker ID, time, operations, and quality inspection results ensures full traceability and eliminates errors caused by manual or visual information recording in the production environment.</li> <li>3. Warehouse management: RFID tags effectively address the challenges of warehouse inventory management. Real-time tracking of goods' locations and storage conditions enhances warehouse efficiency and guides production processes.</li> <li>4. Management of high-value items: RFID tags are used for theft prevention, settlement, and after-sales guarantee of valuable items such as cameras, camcorders, laptops, CD players, and jewelry. The RFID tags are attached or embedded in the packaging. Dedicated shelf scanners provide real-time scanning, enabling instant recording of item information.</li> <li>5. Library and rental product management: Electronic tags are placed on books to conveniently receive book information, improving efficiency in organizing books without the need to physically move them and reducing work errors.</li> </ol>
Equipment	<ol style="list-style-type: none"> <li>1. The Full-featured IC TESTER is primarily used for engineering and mass production testing. It features functions such as Function Pattern, DC and AC parameter measurements, and test statistics reporting.</li> <li>2. The IC &amp; Optoelectronic Pick and Place Machine uses image data obtained from wafer testing to perform selection. Its multi-detection</li> </ol>



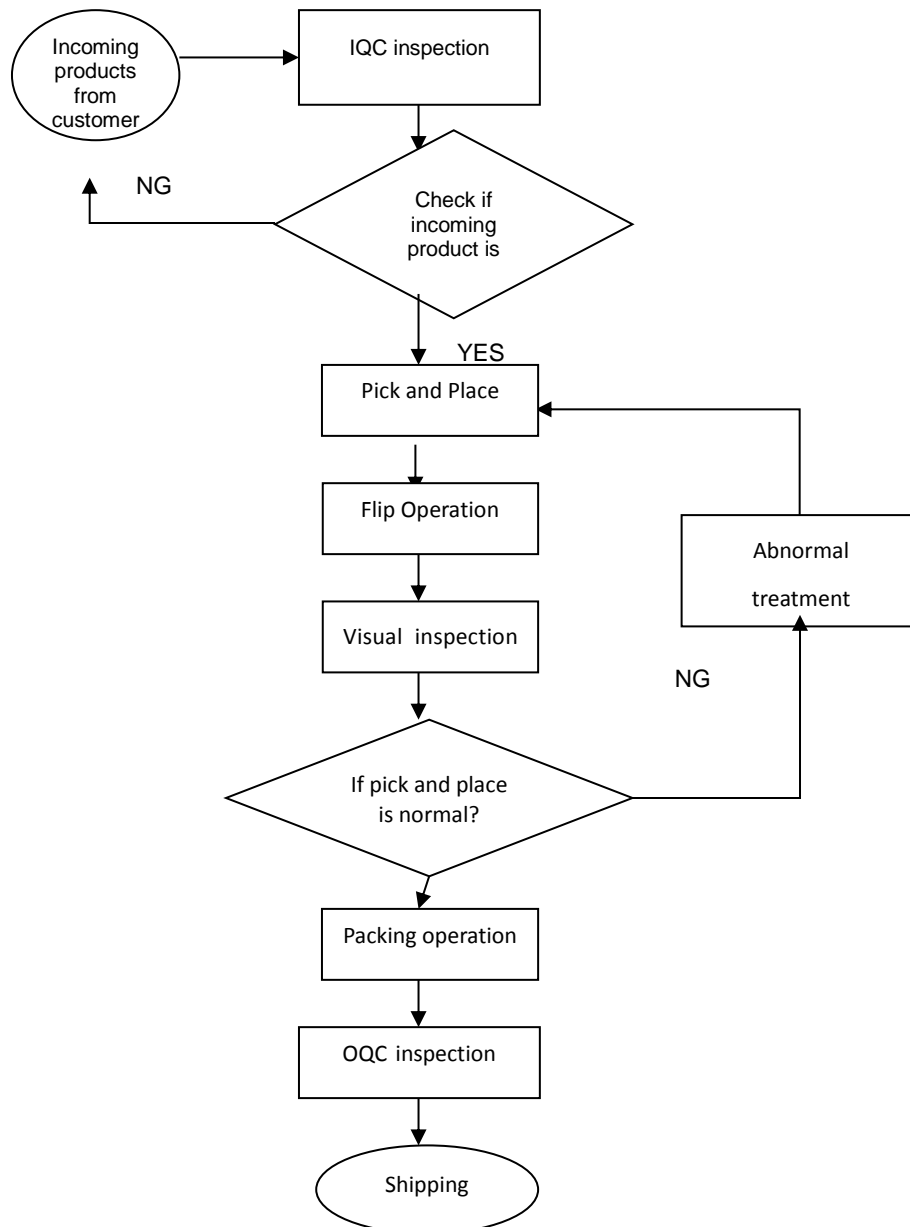
Major products or services	Main Uses or Functions
	<p>system provides advanced inspection of the chips, and with precise Pick and Place and arranging systems, it automatically collects and identifies good and defective chips.</p> <p>3.The IC Test Packing Machine (WLCSP) performs selection based on image data from the wafer. Its multi-detection system provides inspection of the chip's appearance from 6 sides, and with a precise testing system, it identifies good and defective chips. It then packages the good chips in various forms (Reel &amp; Tray) according to customer requirements.</p> <p>4.The 6-Sided Automated Optical Inspection (AOI) machine employs 6 or 8 sets of CCD cameras to inspect all 6 sides of the product, categorizing them based on customer-specified appearance criteria (passive components/LEDs).</p>

## (2) Production Procedures

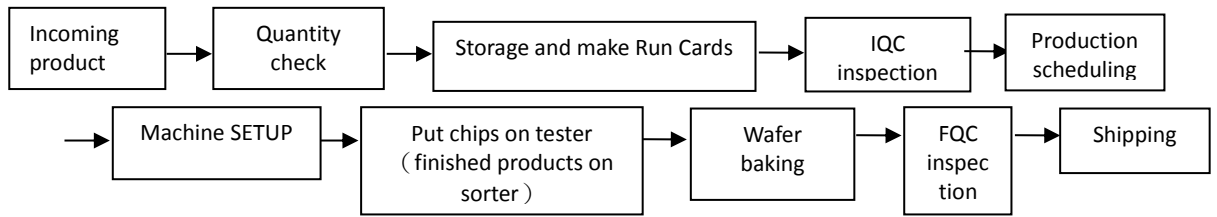
### A. Sawing:



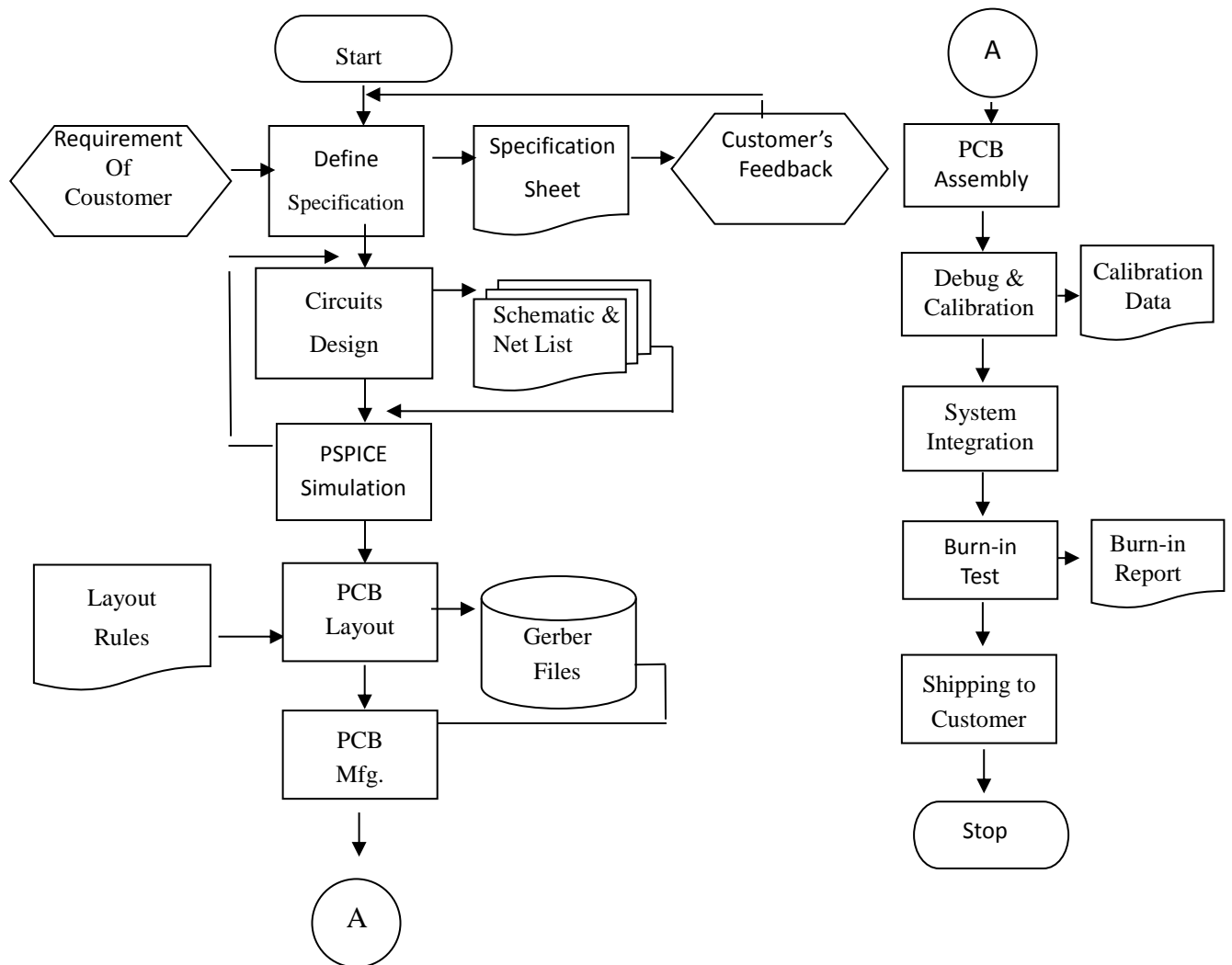
### B. Optoelectronics Pick and Place:



### C. Testing:



### D. Machine and equipment:



### 5.2.3 Supply Status of Main Materials

The main raw materials used by the company are ICs, capacitors, resistors, printed circuit boards, power supplies, and machine components for assembly equipment. We have stable and long-term relationships with our suppliers for the acquisition of all raw materials, ensuring good quality and on-time delivery.

### 5.2.4 Major customers/ suppliers who have accounted for at least 10% of sales/ procurement in the most recent two years

#### 1. Major suppliers

Unit: NT\$ Thousands

2021				2022				For the fiscal year 2023, up until the end of the previous quarter.			
Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
A Company	66,167	4.16		A Company	187,430	16.15		A Company	48,008	35.32	
B Company	167,981	10.55	-	B Company	137,745	11.87	-	B Company	46,006	33.85	-
C Company	172,300	10.82	-	C Company	52,800	4.55	-	C Company	0	0	-
											-
Others	1,185,442	74.47	-	Others	782,270	67.43	-	Others	41,898	30.83	-
Net Total Suppliers	1,591,890	100.00			1,160,245	100.00		Net Total Suppliers	135,912	100.00	

#### 2. Major customers

Unit: NT\$ Thousands

2021				2022				For the fiscal year 2023, up until the end of the previous quarter.			
Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
Others	5,221,420	100.00	-	Others	4,600,042	100.00		Others	843,826	100.00	-
Net Sales	5,221,420	100.00		Net Sales	4,600,042	100.00		Net Sales	843,826	100.00	

There is no customer that have accounted for more than 10% of total sales in the most recent two years in the Company.

### 5.2.5 Production volume in the most recent two years

Unit: NT\$ Thousands/ Thousand units/ Thousand sets

Output Major product	Year	2021			2022		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Testing OEM		1,064,736	1,011,499	1,748,123	852,427	724,563	1,547,580
Sawing, Pick and Place OEM		11,284,283	6,770,570	641,394	8,675,732	5,205,439	742,267
Machine assembly related product sale and others		-	5	806,617	-	7	688,601
Total		12,349,019	7,782,074	3,196,134	9,528,159	5,930,009	2,978,449

### 5.2.6 Volume of units sold in the most recent two years

Unit: NT\$ Thousands/ Thousand units/ Thousand sets

Sales Major products	Year	2021				2022			
		Local		Export		Local		Export	
Major products	Year	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Testing OEM		871,747	2,467,584	139,752	388,268	598,924	1,922,782	125,639	467,366
Sawing, Pick and Place OEM		1,765,736	823,633	5,004,834	224,191	1,384,030	811,983	3,821,409	334,406
Machine assembly related product sale and others		3	728,509	2	589,235	4	515,974	3	547,531
Total		2,637,486	4,019,726	5,144,588	1,201,694	1,982,958	3,250,739	3,947,051	1,349,303

### 5.3 Information of Employees

Information of employees in the most recent two years, and as of the current year and the printing date of this annual report

Unit: No. of people

Year		2021	2022	As of 2022/4/30
Number of Employees	Managers	57	59	59
	R&D engineer	165	155	153
	Sales	25	31	34
	General employees	423	437	423
	Direct personnel	644	635	604
	Total	1,314	1,317	1,273
Average Age		35.97	38.51	37.30
Average Years of Service		6.33	8.03	6.87
Education	Ph.D.	0.1%	0.2%	0.2%
	Masters	9.3%	11.2%	11.3%
	Bachelor's Degree	66.4%	64.2%	63.8%
	Senior High School	19.8%	20.4%	20.8%
	Below Senior High School	4.5%	4.1%	3.9%

### 5.4 Information on Environmental Protection Expenditure

5.4.1 According to the relevant laws and regulations, those who are required to apply for Pollution Facility Installation Permit, Pollution Discharge Permit, pay pollution prevention and control fees, or establish dedicated environmental personnel shall provide an explanation regarding their application, payment, or establishment status:

Our Pudding Plant is engaged in operations involving optoelectronic materials and discharges wastewater into surface water bodies. In accordance with the law, it is necessary to apply for a wastewater discharge permit for this operation. The Company submitted the Water Pollution Prevention and Control Measures Plan on March 29, 2022, and obtained approval from the Hsinchu City Environmental Protection Bureau for this plan on June 15, 2022. Currently, the discharged wastewater meets the environmental standards, and we have obtained the wastewater discharge permit issued by the Hsinchu City Government.

5.4.2 The Company's investment in major equipment for the prevention and control of environmental pollution, its use and possible benefits: None.

5.4.3 The Company has improved its environmental pollution process, and if it has pollution disputes for the most recent two years and up to the date of publication of this annual report, it shall explain its handling process:

The Company has no pollution disputes for the most recent two years and up to the date of publication of this annual report.

5.4.4 Any losses or penalties suffered by the Company due to environmental pollution incidents for the most recent two years and up to the date of publication of this annual report. Disclosure on current and future estimates of possible damages and countermeasures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:

The Company has no pollution incidents for the most recent two years and up to the date of publication of this annual report.

5.4.5 The impact of the current pollution situation and its improvement on the company's earnings, competitive position or capital expenditure, and its expected major environmental protection capital expenditure in the next two years: None.

5.4.6 Information regarding EU Restriction of Hazardous Substance (RoHS) Directive

With customer satisfaction as our primary goal, YTEC is committed to meeting external regulations regarding hazardous substances. Since January 2011, the Company has obtained the IECQ QC080000 system certification, which establishes control procedures for the management of hazardous substances. This certification ensures pollution prevention and enables us to consistently provide products that meet customer requirements. Additionally, YTEC has implemented product processes in accordance with the European Union's RoHS directive and other related specifications to comply with customer and international environmental regulations.

## 5.5 Employer-employee Relations

### 5.5.1 System and implementation status of various employee welfare and retirement, as well as labor-management agreements, and measures to protect the rights of the employees :

- 1、The Company has established a retirement system in accordance with the Labor Standards Act and the Labor Pension Act to safeguard the rights and benefits of the employees.
- 2、The Company complies with the law by providing labor insurance, health insurance, and paid leave to the employees. It also offers free group insurance, health check-ups, quarterly bonuses, year-end bonuses, employee profit-sharing, subsidies for marriage, funeral, and other joyous occasions, annual company trips, year-end parties and raffles, departmental meal subsidies, and family day activities.
- 3、The Company issues year-end bonuses and performance bonuses based on the overall performance of the company, departments, and individuals.
- 4、In accordance with the Employee Welfare Fund Act, the Company has established an Employee Welfare Committee to regularly allocate welfare funds for employee welfare purposes. This includes providing festival gift certificates, birthday gift certificates, subsidies for marriage, funeral, and other joyous occasions. We have also set up various clubs such as badminton, basketball, board games, and pop music clubs, and the company provides annual funding to encourage club participation and organize activities.
- 5、The Company holds labor-management meetings at least once every three months, providing a platform for both parties to express their opinions and fostering a constructive dialogue to maintain a harmonious labor-management relationship.
- 6、To ensure the personal and occupational safety of our employees, YTEC has established a Safety and Health Committee in addition to formulating measures such as the "Prevention and Handling of Workplace Harassment, Complaints, and Disciplinary Measures" and the "Plan for Preventing Unlawful Infringement on Duties." These measures aim to prevent any physical or mental harm inflicted on employees during their work and to effectively prevent and address workplace violence incidents, ensuring the well-being of our employees. We also have the "Implementation Measures for the Protection of Maternal Health for Workers," to provide a safe, sanitary, healthy, and friendly work environment for employees during pregnancy, childbirth, and breastfeeding, prioritizing the physical and mental health of female employees during these stages and ensuring maternal health protection in the workplace.

### 5.2.2 Any losses suffered by the company in the most recent two fiscal year and up to the annual report publication date due to labor disputes. Disclosure on current and future estimates of possible losses and countermeasures :

The management of the Company recognizes that employees are the foundation of profit creation and has always placed great importance on labor-management relations. As a result, we have never experienced any labor disputes nor suffered any losses due to labor disputes. We anticipate that there will be no labor disputes or potential losses in the future.

### 5.2.3 Employee Training Expenses :

- 1、The Company develops an annual training plan based on the needs of employees, managerial officers, and the company. This plan includes training for new hires (pre-employment training) as well as on-the-job training (skill enhancement and reinforcement training).
  - (1) Training for New Hires: To ensure that new hires quickly grasp the necessary knowledge about the company and their job responsibilities, the training department arranges comprehensive educational courses on the company's organization, policies, management philosophy, products, quality policies, and environmental aspects. Additionally, there are educational sessions on labor safety and health, as well as fire safety awareness training. Each department also provides pre-employment training tailored to the specific job requirements.
  - (2) On-The-Job Training: In addition to providing guidance and instruction by immediate supervisors in the workplace, employees receive timely guidance and coaching as needed. Furthermore, all employees receive internal and external training based on job requirements. The company also organizes periodic management courses, professional training programs, and general knowledge seminars. Additionally, we provide subsidies for employees' foreign language studies to enhance their overall knowledge and job skills.

2、The employee training statistics and expenditures in 2022 are as follows:

Training Type	Internal Training	External Training
No. of Participant	14,055 (participants)	93 (participants)
Expenditure	2,972(thousands NTD)	87(thousands NTD)
<b>Main Course Name</b>	<ol style="list-style-type: none"> <li>General training for newcomers</li> <li>High-level evaluation and dialogue</li> <li>AEO quality enterprise supply chain security</li> <li>RBA basic training</li> <li>KR Code of conduct consensus camp</li> <li>AB accountable worker workshop</li> <li>LB accountable leadership implementation seminar</li> <li>Continuous improvement of CIT</li> <li>ISO 26262:2018 Functional Safety Concept training program (Part 8.)</li> <li>Calibration Practice and Management of Measuring Instruments</li> <li>Proposal activity</li> <li>IECQ QC080000 risk identification and regulation interpretation training</li> <li>IATF 16949 Automotive Industry Process Audit (VDA6.3) Training</li> <li>IATF 16949 Automotive Industry Product Audit (VDA6.5) Training</li> <li>Excel/VBA application</li> <li>Chemical Hazard General Course</li> <li>IATF 16949 Five Core Tools Training-APQP/CP</li> <li>IATF 16949 Five Core Tools Training -FMEA</li> <li>IATF 16949 Five Core Tools Training -MSA</li> <li>IATF 16949 Five Core Tools Training -SPC</li> <li>How to read and interpret financial statements</li> <li>IATF 16949 Five Core Tools Training -PPAP</li> <li>IATF16949/ISO9001 regulations and internal audit training</li> <li>IECQ QC080000 regulations and internal audit training</li> <li>AP Consensus Camp</li> </ol>	<ol style="list-style-type: none"> <li>Audit Skills and Practical Articles</li> <li>Data visualization and analysis implementation (implementation)</li> <li>The method and technique of compensation management - compensation strategy planning and practice from the perspective of organizational development</li> <li>Business and procurement two-way negotiation skills and practice</li> <li>Tolerance design and measurement application engineer training course unit 4: tolerance analysis and dimension chain application practice</li> <li>Analysis and design of signal integrity (SI) and electromagnetic interference (EMI) effects of high-speed digital circuits</li> <li>Small Weekend【Mr. Xiaomi Labor Case Study Class】 Human resources counterattack-dinosaur employees don't come</li> <li>LINE official account operation guide</li> <li>PAS 2060:2014 Carbon neutral construction training course</li> <li>Lanxueyuan-Core fundamentals of compensation management package online workshop</li> <li>Analysis of laws and regulations of the board of directors and functional committees (audit, remuneration) and audit focus</li> <li>2022 Continuing education course for accounting executives</li> <li>Establishment of smart factory - virtual adjustment and logic verification of automated production line equipment</li> </ol>

## 5.6 Cyber Security Management

### 5.6.1 Cyber security management framework, information security policy, specific management plan and resources invested

#### 1、Cyber security management framework



Information Technology Division (Information Security) is responsible for the coordination and implementation of the information security policy of the company. It promotes information security awareness and educates employees on self-protection measures. It also provides regular information security achievement reports to the Vice President and conducts audits to assess the effectiveness of internal controls for information operations within the company. To ensure the confidentiality, integrity, and availability of information, the division established a proactive "Active Information Security Detection and Defense" framework which aims to prevent unauthorized access, damage, or leakage of information, thus mitigating the risks associated with information security breaches.

#### 2、Information security policy: Strengthening personnel awareness; Preventing data leaks; ensuring daily maintenance and operation; ensuring service availability.

According to the purpose of the information security policy, the target of the information security is set as follows:

- (1) Regular information security training for all employees (for AEO), aiming to promote and strengthen employees' awareness of information security and their understanding of related responsibilities.
- (2) Protect critical company information to prevent unauthorized access and modification, ensuring its accuracy and integrity.
- (3) Perform regular internal audits to ensure proper implementation of related operations.
- (4) Ensure the key core system of the Company maintaining a certain level of system availability.

#### 3、Specific management plan and resources invested are as follows:

- (1) Network hardware equipment such as firewalls, email antivirus, spam filters, blocking of malicious websites and messages, website filters, and managed network switches, etc.
- (2) Software systems such as endpoint protection systems, backup management software, VPN authentication and encryption software.
- (3) Telecommunication services such as multiple lines, off-site backup services, intrusion prevention services, etc.
- (4) Allocation of manpower, including daily monitoring of system status, regular weekly backups and off-site storage of backup media, at least four annual information security awareness training programs, annual system disaster recovery drills, and internal and external audits of information circulation at least once a year (by the chartered accounting firm: Deloitte & Touche ).
- (5) Information security personnel: one information security officer and two information security personnel responsible for designing security architecture, security operations and monitoring, incident response and investigation, review and revision of security policies. The Information Technology Division manager provides regular reports to the Vice President.

### 5.6.2 Loss occurs due to information security disputes in the most recent year and up to the annual report publication date. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None

## 5.7 Important Contract: List the parties, main contents, restrictive clauses, and contract start and end dates of the supply and marketing contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other important contracts that can affect shareholders' rights and interests that are still valid as of the publication date of this annual report and expired in the most recent year.



## VI. Financial Status

### 6.1 Brief Balance Sheet and Income Statement for the Past Five Years

#### 6.1.1 Condensed Balance Sheet (consolidated entities)

Unit: NT\$ Thousands

Item \ Year		Five-Year Financial Summary and last Q1 Financial Summary (Note.1)					March 31, 2023
		2018	2019	2020	2021	2022	(Note.1)
Current Asset		4,814,694	4,482,162	4,510,081	5,199,893	5,263,360	5,082,234
Property, plant and equipment		2,095,955	1,860,944	2,349,705	2,526,585	2,432,808	2,499,194
Intangible Assets		51,549	44,877	38,697	32,605	30,842	30,657
Other Assets		697,712	793,920	984,418	1,146,119	952,956	1,070,655
Total Assets		7,659,910	7,181,903	7,882,901	8,905,202	8,679,966	8,682,740
Current Liabilities	Before Distribution	1,530,282	1,016,486	1,581,788	1,723,478	1,516,398	1,256,783
	After Distribution	1,915,776	630,992	1,067,796	2,365,968	(Note2)	(Note3)
Non-Current Liabilities		155,089	202,968	116,180	305,836	126,504	176,971
Total Liabilities	Before Distribution	1,685,371	1,219,454	1,697,968	2,029,314	1,642,902	1,433,754
	After Distribution	2,070,865	833,960	1,183,976	2,671,804	(Note2)	(Note3)
Equity attributable to owners of parent		5,805,446	5,781,186	6,009,915	6,692,399	6,815,074	7,021,124
Share Capital		1,284,980	1,284,980	1,284,980	1,284,980	1,284,980	1,284,980
Capital Surplus		2,427,686	2,428,030	2,449,818	2,461,818	2,454,456	2,443,268
Retained Earnings	Before Distribution	2,167,939	2,179,013	2,293,477	2,872,457	3,108,333	3,203,040
	After Distribution	1,782,445	1,793,519	1,779,485	2,229,967	(Note2)	(Note3)
Other equity Interest		(75,159)	(110,837)	(18,360)	73,144	(32,695)	89,836
Treasury Stock		-	-	-	-	-	-
Non-Controlling Interest		169,093	181,263	175,018	183,489	221,990	227,862
Total Equity	Before Distribution	5,974,539	5,962,449	6,184,933	6,875,888	7,037,064	7,248,986
	After Distribution	5,589,045	5,576,955	5,670,941	6,233,398	(Note2)	(Note3)

Note.1: The above financial data have been audited and attested by the CPAs.

Note 2: The Company's 2022 retained earnings proposal has been resolved by the Board of Directors, but its distribution has not yet been resolved by the shareholders' meeting.

Note 3: The Company's 2023Q1 retained earnings proposal has been resolved by the Board of Directors, but its distribution has not yet been resolved by the shareholders' meeting.

### 6.1.2 Condensed Statement of Comprehensive Income (Consolidated entities)

Unit: NT\$ Thousands

Item \ Year	Five-Year Financial Summary and last Q1 Financial Summary (Note)					March 31,2023
	2018	2019	2020	2021	2022	(Note)
Operating Revenue	3,490,642	3,232,841	3,503,969	5,221,420	4,600,042	843,826
Gross Profit from Operations	922,987	828,005	1,126,662	2,025,28	1,621,593	212,252
Net operating income(loss)	492,871	423,130	690,263	1,393,472	1,043,572	84,918
Non-Operating Income and Expense	97,047	119,768	(19,211)	(2,688)	103,657	3,746
Income (Loss) before Tax	589,918	542,898	671,052	1,390,784	1,147,229	88,664
Income (Loss) for Continued Operations	439,322	422,254	520,692	1,089,669	890,041	99,493
Income(Loss)on discontinued operations	-	-	-	-	-	-
Net Income (Loss)	439,322	422,254	520,692	1,089,669	890,041	99,493
Other Comprehensive Income (Income after Tax)	(76,074)	(49,194)	65,498	103,278	(79,013)	123,617
Total Comprehensive Income	343,248	373,060	586,190	1,192,947	811,028	223,110
Net Income Attributable to Owners of the Parent	460,582	402,544	529,542	1,080,084	854,180	94,707
Net Income Attributable to Non-Controlling Interest	(21,260)	19,710	(8,850)	9,585	35,861	4,786
Comprehensive Income Attributable to Owners of the Parent	386,599	360,890	592,435	1,184,476	772,527	217,238
Comprehensive Income Attributable to Non-Controlling Interest	(23,351)	12,170	(6,245)	8,471	38,501	5,872
Earnings (Loss) Per Share	3.58	3.13	4.12	8.41	6.65	0.74

Note.1: The above financial data have been audited and attested by the CPAs.

Note 2: The Company's 2022 retained earnings proposal has been resolved by the Board of Directors, but its distribution has not yet been resolved by the shareholders' meeting.

Note 3: The Company's 2023Q1 retained earnings proposal has been resolved by the Board of Directors, but its distribution has not yet been resolved by the shareholders' meeting.

### 6.1.3 Condensed Balance Sheet (individual entity)

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

Item \ Year		Five-Year Financial Summary Financial Summary (Note.1)				
		2018	2019	2020	2021	March 31,2023
Current Asset		3,855,165	3,568,624	3,575,330	4,248,200	4,236,679
Property, plant and equipment		1,252,802	1,263,074	1,865,877	2,176,609	2,142,683
Intangible Assets		47,927	41,459	36,291	31,355	30,177
Other Assets		1,540,588	1,596,856	1,696,581	1,765,271	1,538,196
Total Assets		6,696,482	6,470,013	7,174,079	8,221,435	7,947,735
Current Liabilities	Before Distribution	847,074	636,590	1,048,679	1,361,601	1,006,157
	After Distribution	1,232,568	1,022,084	1,562,671	2,004,091	(Note2)
Non-Current Liabilities		43,962	52,237	115,485	167,435	126,504
Total Liabilities	Before Distribution	891,036	688,827	1,164,164	1,529,036	1,132,661
	After Distribution	1,276,530	1,074,321	1,678,156	2,171,526	(Note2)
Share Capital		1,284,980	1,284,980	1,284,980	1,284,980	1,284,980
Capital Surplus		2,427,686	2,428,030	2,449,818	2,461,818	2,454,456
Retained Earnings	Before Distribution	2,167,939	2,179,013	2,293,477	2,872,457	3,108,333
	After Distribution	1,782,445	1,793,519	1,779,485	2,229,967	(Note2)
Other equity Interest		(75,159)	(110,837)	(18,360)	73,144	(32,695)
Treasury Stock		-	-	-	-	-
Total Equity	Before Distribution	5,805,446	5,781,186	6,009,915	6,692,399	6,815,074
	After Distribution	5,419,952	5,395,692	5,495,923	6,049,909	(Note2)

Note.1: The above financial data have been audited and attested by the CPAs.

Note 2: The Company's 2022 retained earnings proposal has been resolved by the Board of Directors, but its distribution has not yet been resolved by the shareholders' meeting.

### 6.1.4 Condensed Statement of Comprehensive Income (individual entity)

Unit: NT\$ thousands

Item \ Year		Five-Year Financial Summary Financial Summary (Note.1) (Note2)				
		2018	2019	2020	2021	March 31,2023
Operating Revenue		2,929,790	2,722,359	3,120,402	4,720,773	3,920,554
Gross Profit from Operations		1,063,232	923,164	1,231,704	1,950,080	1,493,914
Net operating income(loss)		730,335	579,298	852,456	1,457,258	1,008,736
Non-Operating Income and Expense		(125,293)	(63,255)	(175,911)	(91,639)	82,896
Income (Loss) before Tax		605,042	516,043	676,545	1,365,619	1,091,632
Income (Loss) for Continued Operations		460,582	402,544	529,542	1,080,084	854,180
Income(Loss)on discontinued operations		-	-	-	-	-
Net Income (Loss)		460,582	402,544	529,542	1,080,084	854,180
Other Comprehensive Income (Income after Tax)		(73,983)	(41,654)	62,893	104,392	(81,653)
Total Comprehensive Income		386,599	360,890	592,435	1,184,476	772,527
Earnings (Loss) Per Share		3.58	3.13	4.12	8.41	6.65

Note.1: The above financial data have been audited and attested by the CPAs.

Note 2: The Company's 2022 retained earnings proposal has been resolved by the Board of Directors, but its distribution has not yet been resolved by the shareholders' meeting

#### 6.1.5 Auditors' Name and Opinions for the Past Five Years

Year	Accounting Firm	Name of CPAs	Audit Opinion
2018	Deloitte & Touche	Fang, Su-Li; Chen, Ming-Hui	Unqualified opinion plus other matters paragraph (Note1)
2019	Deloitte & Touche	Su-Li Fang ; Ming-Hui Chen	Unqualified opinion plus other matters paragraph (Note1)
2020	Deloitte & Touche	Su-Li Fang ; Ming-Hui Chen	Unqualified opinion plus other matters paragraph (Note1)
2021	Deloitte & Touche	Su-Li Fang ; Ming-Hui Chen	Unqualified opinion plus other matters paragraph (Note1)
2022	Deloitte & Touche	Su-Li Fang ; Tung-Hui Yeh	Unqualified opinion plus other matters paragraph (Note1)

Note 1: In the consolidated financial statements for year between 2018 and 2022, financial statements of some invested companies which is evaluated by equity method were not audited by Deloitte & Touche, but by other accounting firm.

Note 2: Since 2022Q1, the deputy CPA is changed from Ming-Hui Chen to Tung-Hui Yeh.

6.1.6 In the event of CPAs replacement, disclosure of the company, the former and successor CPAs and the reason for the change shall be listed: N/A

## 6.2 Financial Analysis of the Past Five Years

### 6.2.1 Financial Analysis

Year ( Note 1 ) Item ( Note 3 )		Financial Analysis for the Last Five Years - Consolidated					As of 2023/3/31 ( Note 2 )
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio	22.00	16.98	21.54	22.79	18.93	16.51
	Ratio of long-term capital to property, plant and equipment	292.45	331.31	268.17	284.25	294.46	297.13
Solvency (%)	Current ratio	314.63	440.95	285.13	301.71	347.10	404.38
	Quick ratio	257.62	386.63	237.09	243.13	273.60	317.40
	Interest earned ratio (times)	27.83	26.13	74.77	229.71	102.52	24.04
Operating performance	Accounts receivable turnover (times)	3.02	3.03	3.28	4.17	4.19	3.01
	Average collection period	120.86	120.46	111.28	87.53	87.11	121.26
	Inventory turnover (times)	4.83	4.57	4.50	4.31	3.16	2.63
	Accounts payable turnover (times)	7.37	7.13	5.27	5.65	5.99	5.57
	Average days in sales	75.57	79.86	81.11	84.69	115.50	138.78
	Property, plant and equipment turnover (times)	1.48	1.63	1.66	2.14	1.84	1.36
	Total assets turnover (times)	0.45	0.44	0.47	0.62	0.52	0.38
Profitability	Return on total assets (%)	5.91	5.92	7.01	13.04	10.23	1.14
	Return on stockholders' equity (%)	7.26	7.07	8.57	16.69	12.79	1.38
	Pre-tax income to paid-in capital (%) (Note 7)	45.91	42.25	52.22	108.23	89.28	6.90
	Profit ratio (%)	12.59	13.06	14.86	20.87	19.35	11.79
	Earnings per share (NT\$)	3.58	3.13	4.12	8.41	6.65	0.74
Cash flow	Cash flow ratio (%)	51.72	126.86	34.47	67.23	85.72	0.69
	Cash flow adequacy ratio (%)	103.19	134.43	123.03	107.38	107.44	101.43
	Cash reinvestment ratio (%)	2.05	7.68	1.34	4.95	4.76	0.06
Leverage	Operating leverage	1.87	1.95	1.40	1.31	1.41	2.39
	Financial leverage	104.67	105.38	101.34	100.44	101.09	104.75
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)							
1. Decrease in interested earned ratio, return on total assets, return on stockholders' equity, and earnings per share: mainly due to decrease in 2022 after-tax net profit, operating net profit, pre-tax net profit, and net profit attributable to the company's owners.							
2. Decrease in inventory turnover, increase in average days in sales: mainly due to increase in inventory.							
3. Increase in cash flow ratio: mainly due to increase in the cash flow from the operating activities in 2022.							

Year ( Note 1 ) Items ( Note 3 )		Financial Analysis for the Last Five Years - Individual				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	13.31	10.65	16.23	18.60	14.25
	Ratio of long-term capital to property, plant and equipment	466.91	461.84	328.29	319.21	323.97
Solvency (%)	Current ratio	455.12	560.58	340.94	312.00	421.08
	Quick ratio	361.20	485.92	277.17	246.20	319.56
	Interest earned ratio (times)	694.86	335.66	294.13	564.84	291.40
Operating performance	Accounts receivable turnover (times)	2.90	2.85	3.39	4.57	4.48
	Average collection period	125.85	127.89	107.67	79.87	81.47
	Inventory turnover (times)	4.23	3.91	4.11	4.25	2.87
	Accounts payable turnover (times)	7.02	6.50	5.23	5.41	6.53
	Average days in sales	86.38	93.26	88.81	85.88	127.18
	Property, plant and equipment turnover (times)	2.00	2.16	1.99	2.35	1.82
	Total assets turnover (times)	0.44	0.41	0.46	0.61	0.48
Profitability	Return on total assets (%)	6.89	6.13	7.79	14.06	10.60
	Return on stockholders' equity (%)	7.87	6.95	8.98	17.01	12.65
	Pre-tax income to paid-in capital (%) (Note 7)	47.09	40.16	52.65	106.28	84.95
	Profit ratio (%)	15.72	14.79	16.97	22.88	21.79
	Earnings per share (NT\$)	3.58	3.13	4.12	8.41	6.65
Cash flow	Cash flow ratio (%)	106.32	167.23	60.75	74.76	133.23
	Cash flow adequacy ratio (%)	124.70	134.10	128.47	111.69	106.94
	Cash reinvestment ratio (%)	3.70	6.94	2.51	4.64	6.02
Leverage	Operating leverage	1.29	1.53	1.37	1.28	1.42
	Financial leverage	100.12	100.27	100.27	100.17	100.37
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)						
1. Decrease in debt ratio, increase in current ratio and quick ratio: mainly due to decrease in accounts payable.						
2. Decrease in inventory turnover: mainly due to decrease in cost of sales.						
3. Decrease in interested earned ratio, property, plant and equipment turnover, total asset turnover, return on total assets, return on stockholders' equity, pre-tax income to paid-in capital, and earnings per share: mainly due to decrease in 2022 after-tax net profit, operating net profit, after-tax net profit, and net profit attributable to the company's owners.						
4. Increase in cash flow ratio, and cash reinvestment ratio: mainly due to increase in the cash flow from the operating activities in 2022.						

#### 6.2.2 Financial Analysis – Based on ROC GAAP: N/A

6.3 Impact of the latest financial difficulties encountered by the company and its associated enterprises on the company's financial standing as of the date of printing of this annual report: None.

6.4 Audit Committee Review Report of the most recent annual financial report: Please refer to page 86.

#### 6.5 Latest Financial Report

Including the auditor's audit report, two-year comparative balance sheet, comprehensive profit and loss statement, statement of equity changes, cash flow statement, and notes or attachments: Please refer to page 87 to 167.

6.6 Standalone Financial Statement of the Latest Year Inspected and Authenticated by CPAs: Please refer to page 168 to 256.

## **YoungTek Electronics Corp. Supervisor's Report of Audit Committee**

After auditing the Corporation's consolidated financial statement and the individual financial statement of 2022, Deloitte Taiwan has issued the audit report with an unqualified opinion (enlisted in the financial statement. The financial statements of the companies invested by the Corporation, which were partially accounted by the equity method, were audited by other accountants instead of Deloitte Taiwan, commissioned by the Corporation.) and acknowledged the aforementioned statements to be reasonably expressed to present the financial status, business performance, and cash flow of the Corporation. The aforementioned statements, together with Business Report and the Profit Distribution have been determined to be correct and accurate by the Audit Committee. Therefore, according to the relevant laws, we hereby submit this report.

The above is respectfully submitted to  
YoungTek Electronic Corp

Convener of the Audit Committee:  
Huang, Meng-Hua

March 15<sup>th</sup>, 2023



YOUNGTEK ELECTRONICS CORP. and  
Subsidiaries

Consolidated Financial Statements for the Years  
Ended December 31, 2022 and 2021 and Audit  
Report of Independent Accountants

Add: No 13, Aly. 17, Ln. 99, Puding Rd., Hsinnchu City  
Tel: (03)5711509



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## Representation Letter

The entities that are required to be included in the combined financial statements of YOUNGTEK ELECTRONICS CORP. 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 the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, YOUNGTEK ELECTRONICS CORP. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours

YOUNGTEK ELECTRONICS CORP.

Ping-Lung Wang  
Chairman

March 15, 2023

## AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

The Board of directors and Shareholders  
YOUNGTEK ELECTRONICS CORP.

### Opinion

We have audited the accompanying consolidated financial statements of YOUNGTEK ELECTRONICS CORP. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years and ended, and notes to the consolidated financial statements, including a summary of significant accountings policies.

In our opinion, based on the audit result of our accountants and the audit report of other accountants. The accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company 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 the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the YOUNGTEK ELECTRONICS CORP.'s consolidated financial statements for the year ended December 31, 2022 is stated as follows:

#### Accrued Revenue

The amount of sales revenue of YOUNGTEK ELECTRONICS CORP. and its subsidiaries is significant. We are mainly engaged in testing, cutting and picking and sales of machines assembly products, please refer to Note 24. In which own product revenue has a higher gross profit. YOUNGTEK ELECTRONICS CORP. is a TPEx-listed company in Taiwan, there may be an incentive to inflate revenue due to investors; concern about the pressure on the industry's revenue growth. Therefore, the occurrence of the above mentioned sales is considered the Key Audit Matters.

Our accountants' audit program include (but not limited to the following), assess the appropriateness of the Sales Recognition policies of YOUNGTEK ELECTRONICS CORP. and its subsidiaries.

### **Other Matter**

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

Include in the preceding consolidated financial statements, the financial statements of certain equity method invest have not been audited by our accountants, and it is by the other accountants. Therefore, in the opinion of our accountants on the consolidated financial statements referred to above, we have the following opinion. The equity method investment in the aforementioned and its related share of profit and loss, and it is based on the audit reports of other accountants. The balances of investment accounted for using equity method, total amount to NT\$ 32,135 thousand and NT\$ 36,390 thousand, respectively, representing 0.37% and 0.41% of the total consolidated assets as of December 31, 2022. The share of the profits or losses of its associated accounted for using equity method \$(1,788) thousand and \$3,373 thousand, respectively, representing (0.16)% and 0.24% of the Income from continuing operations before income tax as of December 31, 2022 and 2021.

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

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

In preparation of the consolidated financial statements, management is responsible for assessing the YOUNGTEK ELECTRONICS CORP.'s ability and using the going concern basis of accounting unless management either intends to liquidate the YOUNGTEK

ELECTRONICS CORP. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the YOUNGTEK ELECTRONICS CORP.'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 auditors' report include 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 a part of an audit in accordance with the Standards of Auditing of the Republic of China, we exercise professional judgment and maintain the economic decisions of users taken on the basis of these consolidated financial statements. We also:

1. Identify and assess the risk 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 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 YOUNGTEK ELECTRONICS CORP. and its subsidiaries' 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 YOUNGTEK ELECTRONICS CORP. and its subsidiaries' 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 conclusion is based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the YOUNGTEK ELECTRONICS CORP. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the 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 Company 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 determined those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and therefore the key matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche  
Accountant, Su-Li Fang

Accountant, Tung-Hui Yeh

The approval number of Financial  
Supervisory Commission R.O.C.  
(Taiwan)  
No.  
Financial-Supervisory-Securities-VI-09  
40161384

The approval number of Financial  
Supervisory Commission R.O.C.  
(Taiwan)  
The approval number of  
Financial Supervisory Commission R.O.C.  
(Taiwan)  
No.  
Financial-Supervisory-Securities-Audit  
g-0980032818

March 15, 2023

YOUNGTEK ELECTRONICS CORP. and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2022 and 2021

(In Thousand of New Taiwan Dollars)

Code	ASSETS	December 31, 2022		December 31, 2021		Code	LIABILITIES AND EQUITY	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash and cash equivalents (Note 4 and Note 6)	\$ 3,088,125	36	\$ 2,592,813	29	2100	Short-term borrowings (Note 18)	\$ 149,280	2	\$ 134,198	2
1120	Financial assets measured at fair value through other comprehensive income-current (Note 4 and Note 7)	39,898	-	57,210	1	2130	Contract liabilities -current (Note 4 and Note 24)	71,031	1	100,561	1
1136	Financial assets at amortized cost-current (Note 4 、Note 8 and Note 33)	165,314	2	169,768	2	2170	Notes and accounts payable (Note 19)	422,286	5	572,800	6
1170	Notes and accounts receivable, net (Note 4 、Note 9 and Note 24)	782,543	9	1,323,095	15	2180	Accounts payable-related parties (Note 32)	-	-	628	-
1180	Accounts receivables - related parties (Note 4 and Note 32)	63,580	1	25,1107	-	2219	Other Payables (Note 20 and Note 32)	513,067	6	601,834	7
1200	Other receivables (Note 9)	8,458	-	22,232	-	2230	Current tax liabilities (Note 4 and Note 26)	150,694	2	257,000	3
1210	Other receivables - related parties (Note 32)	988	-	-	-	2250	Provisions -current (Note 4 and Note 21)	25,399	-	30,926	-
130X	Inventories (Note 4 、Note 10 and Note 29)	986,959	11	897,061	10	2280	Lease liabilities - current (Note 4 and Note 14)	18,320	-	19,633	-
1470	Other current assets (Note 17 and Note 32)	<u>127,495</u>	<u>2</u>	<u>112,607</u>	<u>1</u>	2320	Current portion of long-term loans payable (Note 18)	153,549	2	-	-
11XX	Total current assets	<u>5,263,360</u>	<u>61</u>	<u>5,199,893</u>	<u>58</u>	2399	Other current liabilities (Note 20)	<u>12,772</u>	<u>-</u>	<u>5,898</u>	<u>-</u>
	Non-current assets					21XX	Total current liabilities	<u>1,516,398</u>	<u>18</u>	<u>1,723,478</u>	<u>19</u>
1517	Financial assets measured at fair value through other comprehensive income -Non-current (Note 4 and Note 7)	423,530	5	539,106	6		Non-current liabilities				
1535	Financial assets of carried at amortized cost-non-current (Note 4, Note 8 and Note 33)	17,595	-	10,578	-	2540	Long-term loan (Note 18)	-	-	138,041	2
1550	Investment that accounted for using equity method (Note 4 and Note 12)	198,118	2	225,765	3	2580	Lease liabilities - non-current (Note 4 and Note 14)	119,420	1	143,854	2
1600	Property, plant and equipment (Note 4 、Note 5 Note 13 、Note 29 and Note 33)	2,432,808	28	2,554,221	29	2640	Defined benefit liabilities (Note 4 and Note 22)	-	-	16,497	-
1755	Right-of-use asset (Note 4, Note 14 and Note 29)	165,236	2	185,950	2	2645	Guarantee deposit received	<u>7,084</u>	<u>-</u>	<u>7,084</u>	<u>-</u>
1760	Net of Investment properties (Note 4 and Note 15)	21,971	-	22,889	-	25XX	Total non-current liabilities	<u>126,504</u>	<u>1</u>	<u>305,836</u>	<u>4</u>
1780	Intangible assets (Note 4 and Note 16)	30,842	1	32,605	1	2XXX	Total liabilities	<u>1,642,902</u>	<u>19</u>	<u>2,209,314</u>	<u>23</u>
1840	Deferred tax assets (Note 4 and Note 26)	82,115	1	106,892	1		Equity attributable to shareholders of the parent (Note 23)				
1915	Prepayment for equipment	15,771	-	22,281	-	3110	Capital				
1975	Net defined benefit assets (Note 4 and Note 22)	15,001	-	-	-	3200	Common stock	<u>1,284,980</u>	<u>15</u>	<u>1,284,980</u>	<u>14</u>
1990	Other assets- non-current (Note 17 and Note 32)	<u>13,619</u>	<u>-</u>	<u>5,022</u>	<u>-</u>		Additional paid-in capital	<u>2,454,456</u>	<u>28</u>	<u>2,461,818</u>	<u>28</u>
15XX	Total non-current assets	<u>3,416,606</u>	<u>39</u>	<u>3,705,309</u>	<u>42</u>		Retained earnings				
						3310	Legal reserve	1,067,713	12	958,416	11
						3320	Special reserve	-	-	18,360	-
						3350	Unappropriated earnings	<u>2,040,620</u>	<u>24</u>	<u>1,895,681</u>	<u>21</u>
						3300	Total retained earnings	<u>3,108,333</u>	<u>36</u>	<u>2,872,457</u>	<u>32</u>
						3400	Other equity interest	<u>( 32,695 )</u>	<u>( 1 )</u>	<u>73,144</u>	<u>1</u>
						31XX	Equity attributable to shareholders of the parent	6,815,074	78	6,692,399	75
						36XX	Non-controlling interests (Note 11 and Note 23)	<u>221,990</u>	<u>3</u>	<u>183,489</u>	<u>2</u>
						3XXX	Total equities	<u>7,037,064</u>	<u>81</u>	<u>6,875,888</u>	<u>77</u>
1XXX	Total assets	<u>\$ 8,679,966</u>	<u>100</u>	<u>\$ 8,905,202</u>	<u>100</u>		Total liabilities and equities	<u>\$ 8,679,966</u>	<u>100</u>	<u>\$ 8,905,202</u>	<u>100</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.  
Please referred to the audit report of Deloitte & Touche in the March 15, 2023.

YOUNGTEK ELECTRONICS CORP. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
December 31, 2022 and 2021

(In Thousand of New Taiwan Dollars,  
Except Earnings Per Share)

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note 4 、 Note 24 and Note 32)	\$ 4,600,042	100	\$ 5,221,420	100
5000	Operating costs (Note 10 、 Note 16 、 Note 22 、 Note 25 and Note 32)	<u>2,978,449</u>	<u>65</u>	<u>3,196,134</u>	<u>61</u>
5900	Operating margin	<u>1,621,593</u>	<u>35</u>	<u>2,025,286</u>	<u>39</u>
	Operating expenses (Note 16 、 Note 22 、 Note 25 and Note 32)				
6100	Sales and marketing	154,169	3	144,073	3
6200	General and administrative	250,692	5	234,861	4
6300	Research and development	361,065	8	341,476	7
6450	The expected credit loss impairment model	( <u>55,664</u> )	( <u>1</u> )	<u>27,636</u>	-
6000	Total operating expenses	<u>710,262</u>	<u>15</u>	<u>748,046</u>	<u>14</u>
6500	Other income and net of loss (Note 4, Note 25 and Note 32)	<u>132,241</u>	<u>3</u>	<u>116,232</u>	<u>2</u>
6900	Operating net profit	<u>1,043,572</u>	<u>23</u>	<u>1,393,472</u>	<u>27</u>
	Non-operating income and expenses				
7100	Interest income from bankdeposits (Note 4 and Note 25)	29,235	1	14,706	-
7010	Other income (Note 4 、 Note 25 and Note 32)	27,218	-	26,421	1
7020	Other gains and losses (Note 4 and Note 25)	55,645	1	( 78,649 )	( 2 )
7050	Finance costs (Note 25 and Note 32)	( 11,300 )	-	( 6,081 )	-
7060	Share of profits of associated accounted for using the equity method (Note 4 and Note 12)	<u>2,859</u>	-	<u>40,915</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>103,657</u>	<u>2</u>	( <u>2,688</u> )	-

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Code		2022		2021	
		Amount	%	Amount	%
7900	Income from continuing operations before income tax	\$ 1,147,229	25	\$ 1,390,784	27
7950	Total income tax expense (Note 4 and Note 26)	<u>257,188</u>	<u>5</u>	<u>301,115</u>	<u>6</u>
8200	Net profit for the year	<u>890,041</u>	<u>20</u>	<u>1,089,669</u>	<u>21</u>
	Other comprehensive income				
	Note 22 and Note 23)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Measure on defined benefit plans	20,832	-	( 7,326 )	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	( 114,215 )	( 2 )	116,383	2
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences resulting from translating the financial statements of foreign operations	<u>114,370</u>	=	( <u>5,779</u> )	=
8300	Total other comprehensive income	( <u>79,013</u> )	( 2 )	<u>103,278</u>	<u>2</u>
8500	Total comprehensive income	<u>\$ 811,028</u>	<u>18</u>	<u>\$ 1,192,947</u>	<u>23</u>
	Net income attributable to:				
8610	Shareholders of the company	\$ 854,180	18	\$ 1,080,084	21
8620	Non-controlling interests	<u>35,861</u>	<u>1</u>	<u>9,585</u>	-
8600		<u>\$ 890,041</u>	<u>19</u>	<u>\$ 1,089,669</u>	<u>21</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the company	\$ 772,527	17	\$ 1,184,476	23
8720	Non-controlling interests	<u>38,501</u>	<u>1</u>	<u>8,471</u>	-
8700		<u>\$ 811,028</u>	<u>18</u>	<u>\$ 1,192,947</u>	<u>23</u>
	Earnings per share (Note 27)				
9750	Basic earnings per share	<u>\$ 6.65</u>		<u>\$ 8.41</u>	
9850	Diluted earning per share	<u>\$ 6.53</u>		<u>\$ 8.27</u>	

The accompanying notes are an integral part of these Consolidated Financial Statements.  
Please referred to the audit report of Deloitte & Touche in the March 15, 2023.

YOUNGTEK ELECTRONICS CORP. and Subsidiaries  
Consolidated Statements of Changes in Equity  
December 31, 2022 and 2021

(In Thousand of New Taiwan Dollars,  
Except the dividend per share is Yuan)

		Equity attributable to the Company's owners.					Other equity items				
		Capital	Additional paid-in capital	Retained earnings			Foreign currency translation reserve exchange difference	Through other comprehensive income measured by fair value unrealized profit or loss on financial assets	Total	Non-controlling interests	Total Equities
Code				Legal reserve	Special reserve	Unappropriated earnings					
A1	Balance, January 1, 2021	\$ 1,284,980	\$ 2,449,818	\$ 908,421	\$ 110,837	\$ 1,274,219	( \$ 88,867 )	\$ 70,507	\$ 6,009,915	\$ 175, 018	\$ 6,184,933
	Profit distribution, 2020										
B1	Listing of Legal reserve	-	-	49,995	-	( 49,995 )	-	-	-	-	-
B3	Special reserve	-	-	-	( 92,477 )	92,447	-	-	-	-	-
B5	Cash dividends to shareholders of the company	-	-	-	-	( 513,992 )	-	-	( 513,992 )	-	( 513,992 )
C7	Changes in associated accounted for using the equity method	-	12,000	-	-	-	-	-	12,000	-	12,000
D1	Net income, 2021	-	-	-	-	1,080,084	-	-	1,080,084	9,585	1,089,669
D3	Other comprehensive income, 2021	=	=	=	=	( 7,326 )	( 4,665 )	116, 383	104,392	( 1,114 )	103,278
D5	Total amount of Profit or loss, 2021	=	=	=	=	1,072,758	( 4,665 )	116,383	1,184,476	8,471	1,192,947
Q1	Disposal on the equity instruments measured at fair value through Other comprehensive income	=	=	=	=	20,214	=	( 20,214 )	=	=	=
Z1	Balance, December 31, 2021	1,284,980	2,461,818	958,416	18,360	1,895,681	( 93,532 )	166,676	6,692,399	183,489	6,875,888
	Profit distribution, 2021										
B1	Listing of Legal reserve	-	-	109,297	-	( 109,297 )	-	-	-	-	-
B3	Special reserve	-	-	-	( 18,360 )	18,360	-	-	-	-	-
B5	Cash dividends to shareholders of the company	-	-	-	-	( 642,490 )	-	-	( 642,490 )	-	( 642,490 )
C3	Donation from shareholders	-	39	-	-	-	-	-	39	-	39
C7	Changes in associated accounted for using the equity method	-	( 7,401 )	-	-	-	-	-	( 7,401 )	-	( 7,401 )
D1	Net profit, 2022	-	-	-	-	854,180	-	-	854,180	35,861	890,041
D3	Other comprehensive income, 2022	=	=	=	=	20,832	11,730	( 114,215 )	( 81,633 )	2,640	( 79,013 )
D5	Total Profit or loss, 2022	=	=	=	=	875,012	11,730	( 114,215 )	772,527	38,501	811,028
Q1	Disposal on the equity instruments measured at fair value through Other comprehensive income	=	=	=	=	3,354	=	( 3,354 )	=	=	=
Z1	Balance, December 31, 2022	<u>\$ 1,284,980</u>	<u>\$ 2,454,456</u>	<u>\$ 1,067,713</u>	<u>\$ -</u>	<u>\$ 2,040,620</u>	<u>( \$ 81,802 )</u>	<u>\$ 49,107</u>	<u>\$ 6,815,074</u>	<u>\$ 221,990</u>	<u>\$ 7,037,064</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.  
Please referred to the audit report of Deloitte & Touche in the March 15, 2023.

YOUNGTEK ELECTRONICS CORP. and Subsidiaries

Individual Statements of Cash Flows

December 31, 2022 and 2021

(In Thousand of New Taiwan Dollars)

Code		2022	2021
	Cash flows from Operating activities		
A10000	Income from continuing operations		
	before income tax	\$ 1,147,229	\$ 1,390,784
A20010	Provided by (used in) operating activities:		
A20100	Depreciation	546,785	532,383
A20200	Amortization	9,359	9,281
A20400	The expected credit loss impairment model (reversal of Impairment in profit or loss)	( 55,664 )	27,636
A20900	Finance costs	11,300	6,081
A21200	Interest income from bank deposits	( 29,235 )	( 14,706 )
A21300	Dividend revenue	( 16,153 )	( 7,983 )
A22300	Share of profits of associates	( 2,859 )	( 40,915 )
A22500	Disposal on property, plant and equipment	( 80,611 )	( 57,657 )
A23700	Loss on property, plant and equipment	109,616	60,139
A23700	Inventory falling price losses and obsolescence losses	20,672	70,376
A24100	Foreign exchange (profit and) loss	( 51,600 )	( 14,805 )
A29900	Profit from lease modification	( 508 )	( 4 )
A30000	Net profit changes of business assets and liabilities		
A31150	Notes and accounts receivable	609,046	( 223,061 )
A31160	Accounts receivables-related parties	( 39,461 )	( 5,896 )
A31180	Other receivables	15,486	10,973
A31200	Inventories	( 313,358 )	( 774,098 )
A31240	Other current assets	( 16,973 )	59,361
A32125	Contract liabilities	( 29,530 )	65,491
A32150	Notes and accounts payable	( 151,473 )	15,051
A32160	Accounts payable-related parties	( 628 )	542
A32180	Other Payables	( 92,159 )	209,266
A32200	Provisions liabilities	( 5,527 )	13,003
A32230	Other current liabilities	6,874	778
A32240	Accrued pension liabilities	( 10,666 )	( 10,228 )
A33000	Cash generated from operations	1,579,962	1,321,792
A33100	Interest received	27,523	14,279
A33200	Dividends recieved	40,431	16,076
A33300	Interest paid	( 11,423 )	( 6,264 )
A33500	income tax paid	( 336,632 )	( 187,249 )
AAAA	Net cash generated by operating activities	<u>1,299,861</u>	<u>1,158,634</u>

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Code		2022	2021
	Cash flows from investing activities		
B00010	Acquisitions of financial assets at fair value through income statement	\$ -	( \$ 63,420 )
B00020	For sale on financial assets at fair value through other comprehensive income	18,673	2,596
B00040	Acquisition on financial assets at amortized cost	( 17 )	( 20 )
B00050	Disposal on financial assets at amortized cost	-	48,140
B02700	To purchase on property, plant and equipment	( 310,478 )	( 400,510 )
B02800	Disposal on property, plant and equipment	89,953	101,669
B03700	Refundable deposits paid	( 100 )	( 3,556 )
B03800	Refundable deposits refunded	-	2,777
B04500	To purchase on intangible assets	( 7,573 )	( 3,208 )
B04600	Disposal on intangible assets	-	6
B06700	Increase non-current assets	( 8,466 )	-
B07100	Decrease (increase) decrease on Prepayment for equipment	<u>6,510</u>	<u>104,390</u>
BBBB	Net cash used in investing activities	( <u>211,498</u> )	( <u>211,136</u> )
	Cash flows from financing activities		
C03000	Guarantee deposit received	-	100
C00200	Decrease in short-term borrowings	-	( 136,650 )
C04020	Repayment of the principal portion of lease liabilities	( 22,410 )	( 26,174 )
C04500	Proceed cash dividends	( 642,490 )	( 513,992 )
C09900	Donation from shareholders	39	-
CCCC	Cash provided used in Financing activities	( <u>664,861</u> )	( <u>678,716</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>71,810</u>	<u>7,275</u>
EEEE	Net increase in cash and cash equivalents	495,312	276,057
E00100	Cash and cash equivalents, beginning of the year	<u>2,592,813</u>	<u>2,316,756</u>
E00200	Cash and cash equivalents, end of year	<u>\$ 3,088,125</u>	<u>\$ 2,592,813</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.  
Please referred to the audit report of Deloitte & Touche in the March 15, 2023.

YOUNGTEK ELECTRONICS CORP. and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. COMPANY HISTORY

YOUNGTEK ELECTRONICS CORP. (the "Company" or "YTEC"), a Republic of China (R.O.C.) corporation, was incorporated on July 22, 1991. The Company is a dedicated foundry in the Electronic Parts and Components Manufacturing, Machinery and Equipment Manufacturing and Manufacture Export.

On March 29, 2004, the Company's shares were listed on the Taipei Exchange.

On January 1, 2015, the Company merged with WECON Co., Ltd. WECON Co., Ltd. is dissolved company, the Company's is surviving company.

The consolidated financial statements present in New Taiwan Dollars.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 15, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Consolidated Company's policies.

- b. The IFRs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies "Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Disclosure of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Disclosure Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 1: The group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: Apart from recognizing deferred income tax based on the provisional differences of leases and decommissioning obligations, the amendments also apply to transaction occurred subsequently. Note 3: Apart from recognizing deferred income tax based on the provisional differences of leases and decommissioning obligations, the amendments also apply to transaction occurred subsequently.

As of the date the consolidated financial statements were authorized for issue, the Consolidated Company is continuously assessing the interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

- c. The IFRs issued by ISAB but not yet endorsed and issued into effect by the FSC.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS and ISA 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Leases to add subsequent measurement requirements for lease liabilities arising from sale and leaseback transactions"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Insurance Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to the IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual beginning on or after their respective effective dates.

Note 2: Sellers and lessees should apply the amendments to IFRS 16 retrospective application transaction entered into after the date initial application of IFRS 16.

As of the date the accompanying consolidated financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, "Taiwan-IFRSs").

b. Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value of the consideration given in exchange for the assets.

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

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

c. Classification of Current and Non-current Assets and Liabilities

Current assets are:

1. Assets held for trading purpose;
2. Assets expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period;
3. Cash and cash equivalents (not included restrictions on the exchange or settled liabilities more than 12 months after balance sheet date)

Current liabilities are:

1. Obligations incurred for trading purposes;
2. Obligations expected to be settled within 12 months from the end of the reporting period.
3. Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liabilities that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Terms of a liabilities that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets or current liabilities other than those mentioned above are classified as non-current assets or non-current liabilities.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of YTEC and entities controlled by YTEC (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted

and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between: a. the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and b. the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. The Company shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

For details of subsidiaries, shareholding ratio and operating items, please refer to Note 11 and Table 6.

e. Business Combinations

Business Combinations accounted for using acquisition method. Acquisition-related costs are expenses in the period which the costs are incurred and the services are rendered.

Goodwill is measured as the aggregate of the fair value of the consideration transferred and the fair value of the acquirer's previously held interest in the acquiree at the date of acquisition, over the net amount of the identifiable assets acquired and liabilities assumed at the date of acquisition. If, after the reassessment the net amount of the identifiable assets acquired and liabilities assumed at the acquisition date still exceeds the aggregate of the consideration transferred and acquisition-date fair value of acquirer's previously held interest in the acquiree, the difference is a bargain purchase gain and is recognized immediately in profits and losses.

The non-controlling interest in the acquiree that has a current ownership interest in the acquiree and is entitled to a proportionate share of the acquiree's net assets upon liquidation is measured as its proportionate share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at fair value.



f. Foreign Currencies

In preparing the consolidated financial statements, transaction in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transaction.

Foreign currencies transactions are translated into the functional currencies using the exchange rates prevailing at the dates of the transactions or valuation where Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the year in which they occur.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items in respect of which profits and losses are recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, affiliates, joint ventures or branches that operate in a country or currency different from that of the Company) are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non- controlling interests as appropriate).

g. Inventories

Inventories are included Raw materials, Work in process, Semi-finished product and Finished goods. Inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Inventories cost is determined using the weighted-average method.

h. Investments in Associates

An associate is an entity over which the Consolidated Company has significant influence and that is neither a subsidiary nor a joint venture.

Investments in associates accounted for using equity method.

Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognized its share in the changes in the equity of associates.

Any excess of the cost of acquisition over the Consolidated Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Consolidated Company's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

If the Consolidated Company does not subscribe for new shares of an associates in proportion to its shareholding, resulting in a change in the Consolidated Company's shareholding and a resulting increase or decrease is adjusted to capital reserve changes in the net equity of the associates and joint venture recognized under the

equity method and the investment accounted for under the equity method. However, if the ownership interest in an associates is reduced as a result of not subscribing for or acquiring shares in proportion to the ownership interest, the amount recognized in other comprehensive income or loss related to the associates are reclassified on the same basis as the required for the direct disposal of the related assets or liabilities of the associates; if the former adjustment should be debited to capital reserve from equity method investments is insufficient, the difference is debited to retained earnings.

The recognition of further losses ceases when the Consolidated Company's share of losses in an associated equals or exceeds its interest in the associated (including the carrying amount of its investment in the associated under the equity method and other long-term interests that are in substance a component of the Consolidated Company's net investment in the associated). The Consolidated Company recognizes additional losses and liabilities only to the extent the legal obligations, constructive obligations or payments on behalf of associates have been incurred.

In assessing the expected credit loss impairment model, Consolidated Company considers the overall carrying amount of the investment (including goodwill) as a single asset to compare the recoverable amount with the carrying amount for the purpose of the expected credit loss impairment model testing, and the expected credit loss impairment model is also part of the carrying amount of the investment. Any reversal of the expected credit loss impairment model is recognized to the extent of the subsequent increase in recoverable amount of the investment.

The Consolidated Company ceases to adopt the equity method from the date its investment ceases to be an associate, and its retained interest in the former associates is measured at fair value. The difference between the fair value and the disposal price and the carrying amount of cessation of the equity method is recognized in profits and losses for the current period. In addition, the amounts previously in other comprehensive income in relation to the associate are reclassified to profits and losses, on the same basis as would be required if the relevant assets or liabilities were disposed.

Profits or losses resulting from counter-current and upstream transactions with associates are recognized in the consolidated financial statements only to the extent that they are not related to the Consolidated Company's interest in the associates.

- i. **Property, plant and equipment**  
Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.  
Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. The assets' values, useful lives and depreciation methods are reviewed, and adjust if appropriate, at each balance sheet date, and deferring the effect of changes in applicable accounting estimates.  
When property, plant and equipment is derecognized, the difference between Deferred tax income (expense) recognized in P/L and carrying amount of the asset is recognized in profits or losses.
- j. **Investment properties**  
Investment properties is real estate held to earn rentals or for capital appreciation or both. Investment properties also includes land held for future use that is currently undetermined.  
Owned investment properties are initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated the expected credit loss impairment model.  
Investment properties accounted for using the straight-line method to allocate their cost over their estimated useful lives.  
When investment properties is derecognized, the difference between Deferred tax income (expense) recognized in P/L and carrying amount of the asset is recognized in profits or losses.
- k. **Goodwill**  
Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.  
For the purpose of the expected credit loss impairment model testing, goodwill is allocated to each cash-generating unit or group of cash-generating unit from which the Consolidated Company expects to benefit as a result of the consolidated effect of the merger.  
Cash-generating unit subject to goodwill is tested annually (and whenever there is an indication that the unit may be impaired) for impairment by comparing the carrying amount of the unit that contains goodwill with its recoverable amount. If goodwill allocated to a cash-generating unit is acquired in a business combination during the year, the unit should be tested for the expected credit loss impairment model before the end of the year. If the recoverable amount of a cash-generating unit subject to goodwill is less than its carrying amount, the expected credit loss impairment model is calculated by first reducing the carrying amount of cash-generating unit subject to goodwill and then reducing the carrying amount of each asset in proportion to the carrying amount of the other assets in that unit. Any impairment loss is recognized directly as current loss. Goodwill impairment losses are not reversed in subsequent periods.  
When disposal of an operation within an amortized goodwill cash-generating unit, the amount of goodwill associated with the

disposed operation is included in the carrying amount of the operation to determine the profits or losses on disposal.

1. Intangible assets

1. Separately acquisition

Separately acquisition intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the following estimated useful lives, and the Consolidated Company reviews the estimated useful lives, residual values and amortization method at least at each year ended and defers the effect of changes in applicable accounting estimates. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Internally generated - research and development expenses

Research expenses are recognized as expenses as incurred.

3. Acquired through business combinations

Intangible assets acquired through business combinations are recognized at fair value at the date of acquisition and separately from goodwill, and are subsequently measured in the same manner as intangible assets acquired separately.

4. Derecognize

When an intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the year.

m. Impairment of Tangible Assets, Right-of-use Assets and Intangible Assets Other than Goodwill

The Consolidated Company assesses at each balance sheet date whether there are any indications of impairment of tangible assets, right-of-use assets and intangible assets other than goodwill. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to individual cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher of the fair value less costs to sell and its value in use. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is deferred tax income (expense) recognized in P/L.

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

n. Financial Instruments

Financial assets and liabilities shall be recognized when the Consolidated Company becomes a party to the contractual provisions of the instrument.

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

1. Financial assets

The classification of financial assets depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

(1) Category of measurement

The categories of financial assets held by the Consolidated Company are financial assets measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income or loss.

A. Measured at amortized cost

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

- a. Held under an operating model whose objective is to hold financial assets to collect contractual cash flows.
- b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost (including cash and cash equivalents, accountants receivable measured at amortized cost, other receivables and time deposits with original maturities of more than 3 months) are measured at amortized cost using the effective interest method, less any impairment loss, after initial recognition, and any foreign currency exchange profit or loss is recognized in profit or loss. Interest income from bank deposits is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- a. Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
- b. Interest income is computed by multiplying the effective interest rate by the amortized cost of the financial assets for financial assets that are not acquired or created as credit impairment but subsequently become credit-impaired.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulty, default, a substantial likelihood that the debtor will declare bankruptcy or other financial reorganization, or the disappearance of an active market for the financial assets due to financial difficulties.

Cash equivalents include time deposits and bonds with repurchase agreements that are highly liquid and readily convertible to fixed cash

within 3 months from the date of acquisition with minimal risk of changes in value and are used to meet short-term cash commitments.

**B. Investment in equity instruments at FVTOCI**

On initial recognition, the Consolidated Company may irrevocably designate in equity investments that is not held for trading as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with profits and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, accumulated profits and losses are transferred directly to retained earnings and are not reclassified to profits and losses.

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

**(2) Impairment of financial assets**

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable) and for investments in debt instruments that are measured at FVTOCI.

The loss allowance for accounts receivable is measured at an amount equal of lifetime expected credit losses. For financial assets at amortized cost and instruments that are measured at FVTOCI, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal expected credit loss resulting from possible default events of a financial instrument within 12 months after reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life to financial instrument.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults of the financial instrument within 12 months after the reporting date, and the expected credit loss over the life of the instrument represents the expected credit loss arising from all possible defaults of the financial Instrument during the expected life of the instrument.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

**(3) Derecognition of financial assets**

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

On derecognition of a financial assets at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized. On derecognition of

an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity Instruments

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

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

The carrying amount of a reacquisition of the Company's own equity instruments is recognized and deductive under equity. The carrying amount of a reacquisition is calculated based on the weighted-average number of shares and the purchase, sale, issuance or cancellation of the Consolidated Company's own equity instruments are not recognized in profit or loss, depending on the reason for the reacquisition.

3. Financial liabilities

(1) Subsequently measured

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liabilities derecognized and the consideration paid and payable is recognized in profit or loss.

o. Provision for liabilities

The amount recognized as provision for liabilities is the best estimate of the amount required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. The provision for liabilities is measured as the discounted value of estimated cash flows to settle the obligation.

1. Warranty

The warranty obligation to conform to the agreed-upon specifications is based on management's best estimate of the expenses required to settle the Company's obligations and is recognized as revenue from the related merchandise.

p. Revenue Recognition

The Consolidated Company recognizes revenue when performance obligations are satisfied. The performance obligations are satisfied when customers obtain control of the promised goods which is generally when the goods are delivered to the customers' specific locations.

If the Company enters into several contracts with the same customer (or a related party of the customer) almost simultaneously, the Company treats them as a single contract because the goods or services promised in these contracts are a single performance obligation.

If the interval between the transfer of goods or services and the receipt of consideration is less than one year, the transaction price is not adjusted for significant financial components of the contract.



1. Revenue from sale of goods

Revenue from sale of goods is derived from sales of test foundry, cut-and-pick foundry and machine assembly products. The Consolidated Company recognizes revenue and accounts receivable at the time of delivery of the test and pick-and-place products to the customer, when the customer has the right to set the price and use the products and has the primary responsibility for reselling the products, and bears the risk of obsolescence of the products.

Therefore, no revenue is recognized when the product is removed.

q. Leases

For a contract that contains a lease component and non-lease component, the Consolidated Company may elect to account for the lease and non-lease components as a single lease component.

1. The Consolidated Company as lessor

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

Rental income from operating lease is recognized on a straight-line basis over the term of the lease. the original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. The Consolidated Company as lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value underlying assets and short-term leases where an exemption from recognition applies, where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made before the commencement date of the lease less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented separately in the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of lease to the earlier of the end of the useful lives or the end of the lease term.

Lease liabilities are measured initially at the present value of the lease payment. If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If that the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expenses is amortized over the lease term. If there is a change in future lease payments due to changes in the lease term, expected payments under the residual value guarantee or the index or rate used to determine lease payments, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheets.

r. Government Grants

Government grants are recognized only when there is reasonable assurance that the Consolidated Company will comply with the conditions attached to the government grants and that the grant will be received.

Government grants related to revenue are recognized in profit or loss on a systemic basis over the period in which they are intended to compensate for the related costs recognized as expenses by the Consolidated Company.

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

s. Employee Benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2. Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Project Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company's defined benefit plan. The net defined benefit asset may not exceed the present value of refunds of contributions from the plan or reductions in future contributions.

t. Taxation

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

1. Current tax

The Consolidated Company determines the current income (loss) in accordance with the regulations enacted by the R.O.C. and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the Income Tax Act of the R.O.C. is recognized in the year in which the shareholder's meeting resolves.

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

2. Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the individual financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are not recognized for temporary differences arising from the initial recognition of assets and liabilities that are not part of a business combination that affects neither taxable income nor accounting profit at the time of recognition. Deferred tax liabilities also are not recognized for taxable temporary differences arising from the original recognition of goodwill.

Deferred tax liabilities are generally recognized for all deductible temporary differences, net operating loss carry-forwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered.

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

consequences that would follow from the manner in which the Consolidated Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

The Consolidated Company has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as result of the pandemic. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Key Sources of Estimation and Uncertainty

(1) Impairment of Property, plant and equipment

Operating-related equipment impairment is assessed based on the recoverable amount of such equipment (the higher of the fair value of such assets less costs to sell and their value in use). Changes in market prices or future cash flows will affect the recoverable amount of such assets and may require the Consolidated Company to recognize an additional impairment loss or reverse an impairment loss already recognized.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 1,057	\$ 938
Bank cheque and demand deposits	1,036,088	1,828,440
Cash equivalents (investments with original maturity of less than 3 months)		
Repurchase agreements collateralized by bonds	-	568,615
Time deposits	<u>2,050,980</u>	<u>194,820</u>
	<u>\$ 3,088,125</u>	<u>\$ 2,592,813</u>

The interest rates of bank deposits at the balance sheet date ranged as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash in banks	0.001%~4.250%	0.001%~3.150%
Repurchase agreements collateralized by bonds	-	0.350%

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Investment in equity instruments at FVTOCI	\$ 39,898	\$ 57,210
<u>Non-current</u>		
Investment in equity instruments at FVTOCI	<u>423,530</u>	<u>539,106</u>
	<u>\$ 463,428</u>	<u>\$ 596,316</u>

(1) Investment in equity instruments at FVTOCI

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Listed (TSE and OTC) stocks	<u>\$ 39,898</u>	<u>\$ 57,210</u>
<u>Non-current</u>		
Domestic investment		
Listed (TSE and OTC) stocks	\$ 212,065	\$ 286,528
Unlisted (TSE and OTC) stocks	<u>5,000</u>	<u>37,012</u>
Total	217,065	323,540
Foreign investment		
Unlisted (TSE and OTC) stocks	<u>206,465</u>	<u>215,566</u>
	<u>\$ 423,530</u>	<u>\$ 539,106</u>

The Consolidated Company invests in domestic and foreign listed (TSE and OTC) stocks for strategic purposes and expects to make profits from its investments. The Consolidated Company's management believes that it would be inconsistent with the foregoing investment planning to include short-term fair value fluctuations of these investments in profit or loss and has elected to designate these investments as measured at fair value through other comprehensive income.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Time deposits with original of more than 3 months (1)	\$ 165,314	\$ 169,768
<u>Non-current</u>		
Domestic investment		
Time deposits with original of more than 1 year (1)	<u>17,595</u>	<u>10,578</u>
	<u>\$ 182,909</u>	<u>\$ 180,346</u>

(1) As of December 31, 2021 and 2020, the interest rate range for time deposits with original maturity over 3 months was 0.160%~2.880% and 0.160% ~ 3.080%.

(2) Pledges on financial assets measured at amortized cost, please refer to Note 33.

9. NOTES RECEIVABLE, TRADE RECEIVABLE AND OTHER RECEIVABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivables</u>		
Occurred as a result of operating	<u>\$ 33,488</u>	<u>\$ 98,821</u>
<u>Trade receivables</u>		
Measured at amortized cost		
Total carrying amount	803,346	1,333,435
Less: loss allowance	( 54,291)	( 109,161)
	<u>749,055</u>	<u>1,224,274</u>
Notes and accounts receivable, net	<u>\$ 782,543</u>	<u>\$ 1,323,095</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 3,240	\$ 4,216
Non-operating revenues receivable	2,697	985
Equipment receivables	-	14,580
Others	<u>2,521</u>	<u>2,451</u>
	<u>\$ 8,458</u>	<u>\$ 22,232</u>

The average credit period for merchandise sales ranges from 90 to 180 days. Accounts receivable are non-interest-bearing and are fully guaranteed, if necessary, to mitigate the risk of financial loss due to default. The Consolidated Company uses other publicly available financial information and historical transaction records to rate its major customers. The Consolidated Company monitors credit risk and counterparty credit ratings on an ongoing basis and manages credit risk through annual review and approval of counterparty credit limits.

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

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation, the Consolidated Company directly eliminates the related accounts receivable, but continues the recovery activities and recognizes the amount recovered in profit or loss as a result of the recovery.

The Consolidated Company measured the allowance for losses on accounts receivable based on the allowance matrix as follows:

December 31, 2022

	Not past due	91~120 days	121~150 days	151~180 days	Over 181 days	Total
Excepted Credit Loss	-	3.27%	8.08%	13.26%	50.37%	-
Total carrying amount	\$ 560,992	\$ 122,732	\$ 20,545	\$ 3,485	\$ 95,592	\$ 803,346
Loss allowance						
(excepted credit loss on duration)	=	( 4,014 )	( 1,661 )	( 462 )	( 48,154 )	( 54,291 )
Amortized cost	<u>\$ 560,992</u>	<u>\$ 118,718</u>	<u>\$ 18,884</u>	<u>\$ 3,023</u>	<u>\$ 47,438</u>	<u>\$ 749,055</u>

December 31, 2021

	Not past due	91~120 days	121~150 days	151~180 days	Over 181 days	Total
Excepted Credit Loss	-	2.78%	35.19%	19.65%	63.52%	-
Total carrying amount	\$ 994,035	\$ 159,213	\$ 13,667	\$ 13,331	\$ 153,189	\$ 1,333,435
Loss allowance						
(excepted credit loss on duration)	=	( 4,430 )	( 4,810 )	( 2,619 )	( 97,302 )	( 109,161 )
Amortized cost	<u>\$ 994,035</u>	<u>\$ 154,783</u>	<u>\$ 8,857</u>	<u>\$ 10,712</u>	<u>\$ 55,887</u>	<u>\$ 1,224,274</u>

Movements of the loss allowance for trade receivables:

	2022	2021
Balance, beginning of the year	\$ 109,161	\$ 81,665
Add: impairment loss for the year	-	27,636
Less: reversal of impairment loss for the year	( 55,664 )	-
Foreign currency exchange differences	<u>794</u>	<u>(140)</u>
Balance, end of the year	<u>\$ 54,291</u>	<u>\$ 109,161</u>

10. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	\$ 340,083	\$ 448,826
Semi-finished products	6,793	7,664
Work in process	241,698	139,452
Raw materials	<u>398,385</u>	<u>301,119</u>
	<u>\$ 986,959</u>	<u>\$ 897,061</u>

The nature of cost of sales is as follows:

	December 31, 2022	December 31, 2021
Cost of inventories cost	<u>\$ 2,978,449</u>	<u>\$ 3,196,134</u>
Inventory Falling Price Losses and Obsolescence Losses	<u>\$ 20,672</u>	<u>\$ 70,376</u>

11. SUBSIDIARIES

a. Subsidiaries Included in Consolidated Financial Statements

The principal components of the consolidated financial statements are as follows:

Investor Company	Name of subsidiaries	Nature of Business	Shareholding (%)		Explanation
			2022 December 31	2021 December 31	
YTEC	YTEC Holding (Samoa) Co., Ltd. ( YTEC Samoa )	Investment Holdings	100.00	100.00	-
	HYEne Technology Co., Ltd. (HYEne Technology)	Research and development of chemical raw materials	100.00	100.00	Note 1
	SHINSHOU AUTOMATION Co., Ltd. (SHINSHOU AUTONATION)	Precision Instruments Wholesale	100.00	100.00	Note 1
	WECON CORP. (Samoa) (WECON Samoa)	Investment Holdings	100.00	100.00	Note 1
	WECON CORP. (Samoa) (WECON Samoa)	Automated machinery trading	100.00	100.00	Note 1
	YTEC (Hong Kong) Global Limited	Investment Holdings	100.00	100.00	-
	Clear Reach Limited	Investment Holdings	100.00	100.00	Note 1
YTEC Samoa	Soochow YOUNGTEK MICRO ELECTRONICS CORP.	Design of integrated circuits; testing, packaging and processing of chips; technology development, technical services and technical consultation in the field of semiconductors and integrated circuits; computer software design and development; sales of semiconductors, electronic products, mechanical and electrical equipment and electronic components; repair, leasing and sales of machinery and equipment; import and export business of various commodities and technologies on a self-operated and agency basis.	100.00	100.00	Note 1
YTEC HK	Xiamen YOUNGTEK ELECTRONICS CORP.	Research and development, production and processing of high brightness light-emitting diodes and LED die inspection equipment, and provide related technical consultation and services	100.00	100.00	-
	Yangzhou YOUNGTEK ELECTRONICS CORP.	Engaged in research and development, production and processing of frequency control and selection components (radio frequency tags) and related equipment, as well as providing related technical consultation and services	45.00	45.00	Note 1 and 2

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Investor Company	Name of subsidiaries	Nature of Business	Shareholding (%)		Explanation
			2022 December 31	2021 December 31	
Clear Reach Limited	YOUNGTEK MICRO-ELECTRONIC Shenzhen	Wafer and IC test foundry, and provide related technical consultation and services	89.04	89.04	Note 1 and 3
WECON Samoa	Soochow YOUNGTEK MICRO ELECTRONICS CORP.	Wafer and IC test foundry, and provide related technical consultation and services	10.96	10.96	Note 1 and 3

Note 1: For the years ended December 31, 2022 and 2021, the financial statements of Jihongxin CORP., SHINSHOU AUTOMATION Co., Ltd., WECON CORP., WECON Samoa, Clear Reach Limited, Soochow YOUNGTEK, Yangzhou YOUNGTEK and Shenzhen YOUNGTEK were not audited because they were insignificant subsidiaries; however, the management of the Consolidated Company believes that the financial statements of the above insignificant subsidiaries would not have been materially different had they been audited.

Note 2: The Company's shareholding ratio is 45%, but the Company's management assesses that it still has control over Yangzhou YOUNGTEK, taking into account the absolute number of voting rights held by other shareholders.

Note 3: In December 2020, the Company cancelled Changzhou YOUNGTEK ELECTRONICS CORP. (Changzhou YTEC), which was invested by YTEC Samoa, due to operational planning, and merged WECON Samoa Shenzhen (WECON AUTOMATION), which was invested by WECON Samoa, and YOUNGTEK MICRO-ELECTRONIC Shenzhen (Shenzhen YTEC Micro), which was invested by YTEC Samoa, with WECON AUTOMATION as the dissolved company and Shenzhen YTEC Micro as the surviving company. As of December 31, 2022, the equity interest in YOUNGTEK MICRO-ELECTRONIC Shenzhen is jointly held by Clear Reach Limited, a company investing in YTEC Samoa, and WECON Samoa with 89.04% and 10.96%, respectively.

Note 4: Based on the operation plan, Talent - Yaw International Ltd. was dissolved by the resolution of the board of directors on March 11, 2021 and the liquidation was completed on September 21, 2021.

b. Information on subsidiaries with significant non-controlling interests

Name of subsidiaries	Non-controlling interests shareholding and Voting Rights	
	December 31, 2022	December 31, 2021
Yangzhou YTEC	55.00%	55.00%

National information on principal place of business and company registration, please refer to Table 7.

Name of subsidiaries	Profit or loss allocated to non-controlling interests		Non-controlling interests	
	2022	2021	December 31, 2022	December 31, 2021
Yangzhou YTEC	<u>\$ 35,861</u>	<u>\$ 9,585</u>	<u>\$ 221,990</u>	<u>\$ 183,489</u>

The following aggregated financial information for subsidiaries with significant non-controlling interests has been prepared using amounts before elimination of intercompany transactions:

	December 31, 2022	December 31, 2021
Current assets	\$ 420,671	\$ 365,040
Non-current assets	167,618	173,480
Current liabilities	( 184,671)	( 204,903)
Equity	<u>\$ 403,618</u>	<u>\$ 333,617</u>

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	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equities attributable to:		
Shareholders of the Company	\$ 181,628	\$ 150,128
Non-controlling interests in subsidiaries	<u>221,990</u>	<u>183,489</u>
	<u>\$ 403,618</u>	<u>\$ 333,617</u>
	<u>2022</u>	<u>2021</u>
Operating Revenue	<u>\$ 528,892</u>	<u>\$ 425,723</u>
Net profit for the year	\$ 65,202	\$ 17,427
Other comprehensive income	=	=
Total amount of profit or loss	<u>\$ 65,202</u>	<u>\$ 17,427</u>
Net income attributable to:		
Shareholders of the Company	\$ 29,341	\$ 7,842
Non-controlling interests in subsidiaries	<u>35,861</u>	<u>9,585</u>
	<u>\$ 65,202</u>	<u>\$ 17,427</u>
Total comprehensive income attributable to:		
Shareholders of the Company	\$ 29,341	\$ 7,842
Non-controlling interests in subsidiaries	<u>35,861</u>	<u>9,585</u>
	<u>\$ 65,202</u>	<u>\$ 17,427</u>
Cash Flow		
Operating activities	\$ 119,539	\$ 91,478
Investing activities	( 17,029 )	( 6,242 )
Financing activities	( 58,128 )	15,408
Effect of exchange rate changes	<u>2,522</u>	<u>( 1,143 )</u>
Net cash flow	<u>\$ 46,904</u>	<u>\$ 99,501</u>

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investments in associates	<u>\$ 198,118</u>	<u>\$ 225,765</u>
<u>No investments in associates are individually material</u>		
Tian Zheng International Precision Machinery Co., Ltd. (TZI)	\$ 165,983	\$ 189,375
SISSCA Co., Ltd. (SISSCA)		
(SIGOLD OPTICS INC.)	<u>32,135</u>	<u>36,390</u>
	<u>\$ 198,118</u>	<u>\$ 225,765</u>

The Consolidated Company's ownership interest and percentage of voting rights in associates as of the balance sheet date were as follows:

Name	December 31, 2022	December 31, 2021
TIZ	16.22%	16.22%
SISSCA (SIGOLD)	15.52%	24.00%

TIZ

	2022	2021
Share of the Consolidated Company		
Net profit for the year	<u>\$ 4,647</u>	<u>\$ 37,542</u>

SISSCA (SIGOLD)

	2022	2021
Share of the Consolidated Company		
Net profit (loss) for the year	( <u>\$ 1,788</u> )	<u>\$ 3,373</u>

October 20, 2022, SISSCA merged and absorbed (SIGOLD), the Company's shareholding percentage changed from 24% to 15.52%.

The Consolidated Company holds less than 20% of the voting rights in TIZ and SISSCA, and the management considers that the Company can appoint or remove the directors of these companies and has significant influence on them, therefore, the Company continues to use the equity method of accounting.

The share of income or loss and other comprehensive income or loss of investments and the Consolidated Company using the equity method for the years ended December 31, 2022 and 2021 were recognized on the basis of the financial statements of each associate audited by other auditors for the same periods.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2022	December 31, 2021
Assets used by the Company	<u>\$ 2,370,759</u>	<u>\$ 2,489,218</u>
Assets subject to operating leases	<u>62,049</u>	<u>65,003</u>
	<u>\$ 2,432,808</u>	<u>\$ 2,554,221</u>

(1) Assets used by the Company

	Land	Buildings	Machinery and Equipment	Test Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	and Construction in Progress	Total
<b>Cost</b>										
Balance at January 1, 2022	\$ 28,893	\$ 1,129,278	\$ 7,761,427	\$ 56,681	\$ 10,682	\$ 60,182	\$ 5,939	\$ 150,523	\$ 27,636	\$ 9,231,241
Additions	-	15,860	175,859	40	3,275	794	1,165	23,972	23,972	313,993
Disposal	-	-	( 47,587 )	-	-	-	-	( 241 )	-	( 47,828 )
Net exchange difference	-	2,489	24,736	-	50	770	-	159	-	28,204
Reclassification	-	( 1,460 )	212,908	( 1,036 )	100	-	-	391	( 12,397 )	198,506
Balance at December 31, 2022	<u>\$ 28,893</u>	<u>\$ 1,146,167</u>	<u>\$ 8,127,343</u>	<u>\$ 55,685</u>	<u>\$ 14,107</u>	<u>\$ 61,746</u>	<u>\$ 7,104</u>	<u>\$ 174,804</u>	<u>\$ 108,267</u>	<u>\$ 9,724,116</u>
<b>Accumulated depreciation</b>										
Balance at January 1, 2022	\$ -	\$ 681,805	\$ 5,626,492	\$ 42,141	\$ 8,798	\$ 57,008	\$ 2,339	\$ 118,148	\$ -	\$ 6,536,731
Additions	-	56,287	437,024	10,038	1,134	1,661	2,072	10,187	-	518,403
Disposal	-	-	( 38,262 )	-	-	-	-	( 224 )	-	( 38,486 )
Net exchange difference	-	965	15,248	-	19	170	-	622	-	17,024
Reclassification	-	( 951 )	4,078	( 934 )	31	-	-	-	-	2,224
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 738,106</u>	<u>\$ 6,044,580</u>	<u>\$ 51,245</u>	<u>\$ 9,982</u>	<u>\$ 58,839</u>	<u>\$ 4,411</u>	<u>\$ 128,733</u>	<u>\$ -</u>	<u>\$ 7,035,896</u>
<b>Accumulated depreciation</b>										
Balance at January 1, 2022	\$ -	\$ -	\$ 205,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,292
Additions	-	-	109,616	-	-	-	-	-	-	109,616
Net exchange difference	-	-	2,553	-	-	-	-	-	-	2,553
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,461</u>
Net at December 31, 2022	<u>\$</u>	<u>\$ 408,061</u>	<u>\$ 1,765,302</u>	<u>\$ 4,440</u>	<u>\$ 4,125</u>	<u>\$ 2,907</u>	<u>\$ 2,693</u>	<u>\$ 46,071</u>	<u>\$ 108,267</u>	<u>\$ 2,370,759</u>
<b>Cost</b>										
Balances at January 1, 2021	\$ 28,893	\$ 1,079,960	\$ 7,276,487	\$ 64,068	\$ 10,749	\$ 66,598	\$ 4,615	\$ 136,609	\$ 60,718	\$ 8,728,697
Additions	-	34,878	299,587	1,648	-	73	1,324	14,019	25,105	376,634
Disposal	-	-	( 204,530 )	( 9,266 )	( 49 )	( 474 )	-	( 359 )	-	( 214,678 )
Net exchange difference	-	( 854 )	( 8,459 )	-	( 18 )	( 298 )	-	( 55 )	-	( 9,684 )
Reclassification	-	15,294	398,342	231	-	( 5,717 )	-	309	( 58,187 )	350,272
Balance at December 31, 2021	<u>\$ 28,893</u>	<u>\$ 1,179,778</u>	<u>\$ 7,761,427</u>	<u>\$ 56,681</u>	<u>\$ 10,682</u>	<u>\$ 60,182</u>	<u>\$ 5,939</u>	<u>\$ 150,523</u>	<u>\$ 27,636</u>	<u>\$ 9,231,241</u>
<b>Accumulated depreciation</b>										
Balances at January 1, 2021	\$ -	\$ 624,555	\$ 5,399,607	\$ 37,285	\$ 7,771	\$ 61,362	\$ 796	\$ 109,691	\$ -	\$ 6,241,067
Additions	-	57,196	419,582	11,922	1,051	2,012	1,543	8,802	-	502,108
Disposal	-	-	( 148,297 )	( 7,066 )	( 19 )	( 377 )	-	( 327 )	-	( 156,086 )
Net exchange difference	-	( 304 )	( 5,085 )	-	( 5 )	( 272 )	-	( 18 )	-	( 5,684 )
Reclassification	-	368	( 39,315 )	-	-	( 5,717 )	-	-	-	( 44,674 )
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 681,805</u>	<u>\$ 5,626,492</u>	<u>\$ 42,141</u>	<u>\$ 8,798</u>	<u>\$ 57,008</u>	<u>\$ 2,339</u>	<u>\$ 118,148</u>	<u>\$ -</u>	<u>\$ 6,536,731</u>
<b>Accumulated depreciation</b>										
Balances at January 1, 2021	\$ -	\$ -	\$ 145,701	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,701
Additions	-	-	60,139	-	-	-	-	-	-	60,139
Net exchange difference	-	-	( 548 )	-	-	-	-	-	-	( 548 )
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,292</u>
Net at December 31, 2021	<u>\$ 28,893</u>	<u>\$ 447,473</u>	<u>\$ 1,929,643</u>	<u>\$ 14,540</u>	<u>\$ 1,884</u>	<u>\$ 3,174</u>	<u>\$ 3,600</u>	<u>\$ 32,375</u>	<u>\$ 27,636</u>	<u>\$ 2,489,218</u>

The Consolidated Company depreciates property, plant and equipment for its own use on a straight-line basis over the following useful lives:

Buildings	
Plant Main Building	5~41 years
Construction System	8~41 years
Machinery and Equipment	2~10 years
Test Equipment	3~6 years
Transportation Equipment	2~6 years
Office Equipment	3~10 years
Lease assets	3~10 years
Other Equipment	3~20 years

The Consolidated Company recognized impairment losses of \$109,616 thousand and \$60,314 thousand in 2022 and 2021, respectively, because the Consolidated Company expects that the future cash flow of some of the equipment used for ODM production will decrease due to price cutting competition in the market, and assesses that some of the other equipment will be idle, resulting in its recoverable amount will be less than its carrying amount (using value in use). The Consolidated Company uses the value in use as the recoverable amount of this equipment and the discount rate used is 11.26% and 10.13%. The impairment loss is included in other gains and losses in the consolidated statements of comprehensive income.

For the amount of property, plant and equipment used as collaterals for loans, please refer to Note 33.

(2) Assets subject to operating leases

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2022	<u>\$ 106,362</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 41,359
Depreciation	<u>2,954</u>
Balance at December 31, 2022	<u>\$ 44,313</u>
Net at January 1, 2022	<u>\$ 65,003</u>
Net at December 31, 2022	<u>\$ 62,049</u>
<u>Cost</u>	
Balances at January 1, 2021	\$ 107,256
Reclassification	( <u>894</u> )
Balance at December 31, 2021	<u>\$ 106,362</u>
<u>Accumulated depreciation</u>	
Balances at January 1, 2021	\$ 38,762
Depreciation	2,955
Reclassification	( <u>358</u> )
Balance at December 31, 2021	<u>\$ 41,359</u>
Net at December 31, 2021	<u>\$ 68,494</u>
Net at December 31, 2021	<u>\$ 65,003</u>

Operating leases relate of buildings with lease terms ranging between approximately 5 years. All operating lease agreements include a provision for the lessee to adjust the rent according to the market rent when exercising the right to renew the lease. The lessees do not have purchase options to acquire the assets at the expiration of the lease periods.

As of December 31, 2022 and 2021, the deposits received for operating lease contracts were \$6,830 thousand.

The maturity analysis of operating lease payments receivable from the property, plant and equipment is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year1	\$ 29,719	\$ 28,408
Year2	29,838	2,367
Year3	30,070	-
Year4	30,091	-
Year5	30,091	-
more than 5 years	<u>2,508</u>	<u>-</u>
	<u>\$ 152,317</u>	<u>\$ 30,775</u>

The Consolidated Company operating leases property, plant and equipment for its own use on a straight-line basis over the following useful lives:

Buildings

Plant Main Building

35 years

The amount of property, plant and equipment leased under operating leases is not set as a guarantee for borrowings.

14. LEASEARRANGEMENTS

(1) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Land	\$ 135,438	\$ 147,447
Buildings	29,798	32,722
Machinery and Equipment	<u>-</u>	<u>5,781</u>
	<u>\$ 165,236</u>	<u>\$ 185,950</u>
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 328</u>	<u>\$ 74,088</u>
Depreciation of right-of-use assets		
Land	\$ 8,969	\$ 10,322
Buildings	12,345	12,415
Machinery and Equipment	<u>3,196</u>	<u>3,666</u>
	<u>\$ 24,510</u>	<u>\$ 26,403</u>

(2)	Lease liabilities		
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Carrying amounts		
	Current	<u>\$ 18,320</u>	<u>\$ 19,633</u>
	Non-current	<u>\$ 119,420</u>	<u>\$ 143,854</u>

Rages of discount rates for lease liabilities are as follow :

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	3.15%	3.15%
Buildings	3.15%	3.15%
Machinery and Equipment	2.69%	2.69%

(3) Materials terms of significant tenant activities

The Consolidated Company leases certain machinery and equipment for the use of product manufacturing and research and development with lease terms of 5 years. At the end of lease term, the Consolidated Company has the option to purchase the equipment for the then current notional amount without renewal of the lease or option to purchase.

The Consolidated Company leases land and buildings mainly for the use of plants and offices with lease terms of 2~20 years. The Consolidated Company does not have purchase options to acquire the leasehold land and buildings at the end of the lease terms.

As of December 31, 2022 and 2021, the refundable deposits paid for operating leases were \$1,474 thousand and \$1,694 thousand, respectively.

(4) Other lease information

	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	<u>\$ 23,453</u>	<u>\$ 23,453</u>
Total cash outflow for leases	<u>( \$ 49,620 )</u>	<u>( \$ 60,302 )</u>

The Consolidated Company has elected to apply the recognition exemption to leases of buildings, machinery and equipment and transportation equipment that qualify as short-term leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

2022				
<u>Completed investment properties</u>	Balance, beginning of the year	Additions in Investment	Reclassification on	Balance, end of the year
<u>Cost</u>				
Land	\$ 13,208	\$ -	\$ -	\$ 13,208
Buildings	<u>33,633</u>	<u>-</u>	<u>-</u>	<u>33,633</u>
Total	46,841	<u>\$ -</u>	<u>\$ -</u>	46,841
<u>Accumulated depreciation</u>				
Buildings	<u>23,952</u>	<u>\$ 918</u>	<u>\$ -</u>	<u>24,870</u>
Net amount	<u>\$ 22,889</u>			<u>\$ 21,971</u>

2021				
<u>Completed investment properties</u>	Balance, beginning of the year	Additions in Investment	Reclassification on	Balance, end of the year
<u>Cost</u>				
Land	\$ 13,208	\$ -	\$ -	\$ 13,208
Buildings	<u>33,633</u>	<u>-</u>	<u>-</u>	<u>33,633</u>
Total	46,841	<u>\$ -</u>	<u>\$ -</u>	46,841
<u>Accumulated depreciation</u>				
Buildings	<u>23,035</u>	<u>\$ 917</u>	<u>\$ -</u>	<u>23,952</u>
Net amount	<u>\$ 23,806</u>			<u>\$ 22,889</u>

The lease term for investment properties is 3~5 years, and the lessee does not have preferential rights to acquire the investment properties at the end of the lease term.

As of December 31, 2022 and 2021, the deposits received under operating leases for investment properties were \$154 thousand.

The maturity analysis of lease payments receivable under operating subleases is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year1	<u>\$ 179</u>	<u>\$ 1,650</u>

Investment properties is depreciated on a straight-line basis over the following useful lives:

Main Buildings	33~40 years
Construction System	5~10 years

The fair value of investment properties was estimated by the Consolidated Company's management with reference to the most recent sales market price announced by the government in the surrounding areas of the subject investment properties, and was evaluated without any indication of impairment:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair Value	<u>\$ 25,325</u>	<u>\$ 25,325</u>



16. All of the Consolidated Company's investment properties are owned by the Company.  
**INTANGIBLEASSETS**

	Software Costs	Goodwill	Patents	Others	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 28,906	\$ 2,583	\$ 68,157	\$ 13,990	\$ 113,636
Separately acquisition	5,113	-	-	2,460	7,573
Net exchange difference	<u>33</u>	-	-	<u>44</u>	<u>77</u>
Balance at December 31, 2022	<u>\$ 34,052</u>	<u>\$ 2,583</u>	<u>\$ 68,157</u>	<u>\$ 16,494</u>	<u>\$ 121,286</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2022	\$ 24,119	\$ -	\$ 43,884	\$ 13,028	\$ 81,031
Amortization	1,842	-	6,065	1,452	9,359
Net exchange difference	<u>27</u>	-	-	<u>27</u>	<u>54</u>
Balance at December 31, 2022	<u>\$</u>	<u>\$ -</u>	<u>\$ 49,949</u>	<u>\$ 14,507</u>	<u>\$ 90,444</u>
Net at December 31, 2022	<u>\$ 8,064</u>	<u>\$ 2,583</u>	<u>\$ 18,208</u>	<u>\$ 1,987</u>	<u>\$ 30,842</u>
<u>Cost</u>					
Balances at January 1, 2021	\$ 26,140	\$ 2,583	\$ 68,157	\$ 14,692	\$ 111,572
Separately acquisition	2,868	-	-	340	3,208
Disposal	-	-	-	( 7 )	( 7 )
Reclassification	( 90 )	-	-	( 1,012 )	( 1,012 )
Net exchange difference	( <u>12</u> )	-	-	( <u>23</u> )	( <u>35</u> )
Balance at December 31, 2021	<u>\$ 28,906</u>	<u>\$ 2,583</u>	<u>\$ 68,157</u>	<u>\$ 13,990</u>	<u>\$ 113,636</u>
<u>Accumulated amortization and impairment</u>					
Balances at January 1, 2021	\$ 23,483	\$ -	\$ 37,798	\$ 11,594	\$ 72,875
Amortization	1,765	-	6,086	1,430	9,281
Disposal	-	-	-	( 1 )	( 1 )
Reclassification	( 1,121 )	-	-	19	( 1,102 )
Net exchange difference	( <u>8</u> )	-	-	( <u>14</u> )	( <u>22</u> )
Balance at December 31, 2021	<u>\$ 24,119</u>	<u>\$ -</u>	<u>\$ 43,884</u>	<u>\$ 13,028</u>	<u>\$ 81,031</u>
Net at December 31, 2021	<u>\$ 4,787</u>	<u>\$ 2,583</u>	<u>\$ 24,273</u>	<u>\$ 962</u>	<u>\$ 32,605</u>

Other than goodwill, is accrued on a straight-line basis over a durable life as follow:

Software Costs	2~5 years
Patents	10~11 years
Others	2~10 years

Total amortization by function:

	2022	2021
Operating costs	\$ 1,641	\$ 1,742
General and Administrative Expenses	1,119	1,087
Research and Development Costs	<u>6,599</u>	<u>6,452</u>
	<u>\$ 9,359</u>	<u>\$ 9,281</u>

17. OTHER ASSETS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayments	\$ 84,608	\$ 43,389
Office Supplies	41,142	63,239
Limited assets (Note 34)	8,466	-
Refundable deposits (Note 14)	4,123	3,992
Refundable deposits - related parties (Note 32)	1,030	1,030
Prepayments - related parties (Note 32)	-	2,580
Others (Note)	<u>1,745</u>	<u>3,399</u>
	<u>\$ 141,114</u>	<u>\$ 117,629</u>
Current	\$ 127,495	\$ 112,607
Non-current	<u>13,619</u>	<u>5,022</u>
	<u>\$ 141,114</u>	<u>\$ 117,629</u>

Note: Temporary payment and payment on behalf of others.

18. LOANS

(1) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-collateral loans</u>		
Bank loans	<u>\$ 149,280</u>	<u>\$ 134,198</u>

The interest rates on bank petty cash loans were 5.81% and 2.05% as of December 31, 2022 and 2021, respectively.

(2) Long-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Collateral loans (Note 33)</u>		
Bank loans	\$ 153,549	\$ 138,401
Less: classified as part due within 1 year	( 153,549)	-
Long-term loans	<u>\$ -</u>	<u>\$ 138,401</u>

The interest rate on the borrowings is based on a floating rate with interest-bearing LIBOR. The interest rate resets every three months and the borrowings matured in June, 2023 and the effective interest rates were 5.38% and 0.65% as of December 31, 2022 and 2021, respectively.

19. NOTES PAYABLE AND ACCOUNTS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts Payable</u>		
Occurred as a result of operating	<u>\$ 422,286</u>	<u>\$ 572,800</u>

The Consolidated Company has a financial risk management policies to ensure that all payables are repaid within the pre-agreed credit terms.

20. OTHER LIABILITIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other Payables		
Salaries and Incentive Bonus	\$ 184,773	\$ 186,033
Bonus to Employees (Note 25)	118,200	158,700
Payables On Equipment	97,465	93,950
Board compensation (Note 25)	8,500	10,610
Others (Note)	<u>104,129</u>	<u>152,541</u>
	<u>\$ 513,067</u>	<u>\$ 601,834</u>
<u>Other Liabilities</u>		
Other (Temporary Receipts and Collection)	<u>\$ 12,772</u>	<u>\$ 5,898</u>

Note: Mainly electricity bills, insurance premiums and other payable expenses.

21. PROVISIONS LIABILITIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Employee Welfare (1)	\$ 5,824	\$ 5,671
Warranty (2)	<u>19,575</u>	<u>25,255</u>
	<u>\$ 25,399</u>	<u>\$ 30,926</u>

	<u>Employee Welfare</u>	<u>Warranty</u>	<u>Total</u>
Balance at January 1, 2022	\$ 5,671	\$ 25,255	\$ 30,926
New for the year	5,824	19,876	25,700
Reversal, use during the year	( 5,671 )	( 25,556 )	( 31,227 )
Balance at December 31, 2022	<u>\$ 5,824</u>	<u>\$ 19,575</u>	<u>\$ 25,399</u>
Balances at January 1, 2021	\$ 5,388	\$ 12,535	\$ 17,923
New for the year	5,671	25,823	31,494
Reversal, use during the year	( 5,388 )	( 13,103 )	( 18,491 )
Balance at December 31, 2021	<u>\$ 5,671</u>	<u>\$ 25,255</u>	<u>\$ 30,926</u>

- (1) The provision for employee welfare liabilities is an estimate of the employees' vested long-term service leave rights.
- (2) Provision for warranty liabilities represents the present value of the Consolidated Company's management's best estimate of future economic outflows due to warranty obligations in accordance with the contracts for the sale of goods. The estimate is based on historical warranty experience and adjusted to take into account new raw materials, process changes or other factors affecting product quality.

## 22. RETIREMENT BENEFIT PLANS

### (1) Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, YTEC, JiuHongxin, SHINSHOU and WECON CORP. have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

Employees of the Consolidated Company's subsidiaries in Mainland China are members of the retirement benefit plans operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to a retirement benefit plan to fund the plan. The Consolidated Company's obligation for this government-operated retirement benefit plan is only to contribute a specific amount.

### (2) Defined benefit plans

The Company defined benefit plans under the R.O.C. Labor Standards Law provide defined benefit pension plan. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before end of each year, the Company assesses the balance in the Funds. The Funds are operated and managed by the government's designated authorities; as such, the Consolidated Company does not have any right to intervene in the investments of the Funds.

Amounts included in the consolidated balance sheets for defined benefit plans were as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Defined benefit obligation	\$ 93,786	\$ 110,256
Fair value of plan assets	( <u>108,787</u> )	( <u>93,759</u> )
Accrued pension (assets) liabilities	( <u>\$ 15,001</u> )	<u>\$ 16,497</u>

Movements in accrued pension liabilities (assets) are as follow:

	<u>Defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Accrued pension liabilities (assets)</u>
Balances at January 1, 2021	<u>\$ 105,105</u>	( <u>\$ 85,706</u> )	<u>\$ 19,399</u>
Service cost			
Current service cost	70	-	70
Interest expenses (revenue)	<u>452</u>	( <u>369</u> )	<u>83</u>
Deferred tax income (expense)			
recognized in P/L	<u>522</u>	( <u>369</u> )	<u>153</u>

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	Defined benefit obligation	Fair value of plan assets	Accrued pension liabilities (assets)
Remeasurement			
Return on plan assets			
(excluding amounts included in net interest expense)	\$ -	( \$ 1,190 )	( \$ 1,190 )
Actuarial (gain) loss arising			
- from changes in			
demographic			
assumptions	( 316 )	-	( 316 )
- from changes in financial			
assumptions	10,365	-	10,365
- experience adjustments	( <u>1,533</u> )	=	( <u>1,533</u> )
Deferred tax income			
(expense) recognized			
in OCI	<u>8,516</u>	( <u>1,190</u> )	<u>7,326</u>
Contributions from employer	=	( <u>10,381</u> )	( <u>10,381</u> )
Benefits payment	( <u>3,887</u> )	<u>3,887</u>	=
December 31, 2021	<u>110,256</u>	( <u>93,759</u> )	<u>16,497</u>
Service cost			
Current service cost	68	-	68
Interest expenses (revenue)	<u>904</u>	( <u>769</u> )	<u>135</u>
Deferred tax income			
(expense) recognized			
in P/L	<u>972</u>	( <u>769</u> )	<u>203</u>
Remeasurement			
Return on plan assets			
(excluding amounts included in net interest expense)	-	( 6,763 )	( 6,763 )
Actuarial (gain) loss arising			
- from changes in			
demographic			
assumptions	( 5,024 )	-	( 5,024 )
- from changes in financial			
assumptions	( 10,262 )	-	( 10,262 )
- experience adjustments	<u>1,217</u>	=	<u>1,217</u>
Deferred tax income			
(expense) recognized			
in OCI	( <u>14,069</u> )	( <u>6,763</u> )	( <u>20,832</u> )
Contributions from employer	=	( <u>10,869</u> )	( <u>10,869</u> )
Benefits payment	( <u>3,373</u> )	<u>3,373</u>	=
December 31, 2022	<u>\$ 93,786</u>	( <u>\$ 108,787</u> )	( <u>\$ 15,001</u> )

Deferred tax income (expense) recognized in P/L:

	December 31, 2022	December 31, 2021
Total amortization by function		
Operating costs	\$ 147	\$ 99
Sales and marketing	11	11
General and administrative	9	6
Research and Development Costs	<u>36</u>	<u>37</u>
	<u>\$ 203</u>	<u>\$ 153</u>

The Consolidated Company exposed to the following risks as a result of the R.O.C. Labor Standards Law's pension system:

1. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor standards Law, the rate of return on assets shall not be less than the average interest rate on two-year time deposit published by the local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.46%	0.82%
Salary increase rate	3.00%	3.00%
Return on plan assets	1.46%	0.82%

The expected return on plan assets as a whole is based on historical compensation trends and actuarial projections of the market in which the assets will be held over the life of the related obligation, taking into account the impact of the utilization and minimum return of the aforementioned plan assets.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase 0.505	( <u>\$ 6,971</u> )	( <u>\$ 9,591</u> )
Decrease 0.50%	<u>\$ 7,614</u>	<u>\$ 9,659</u>
Salary increase rate		
Increase 0.505	<u>\$ 7,458</u>	<u>\$ 9,397</u>
Decrease 0.50%	( <u>\$ 6,903</u> )	( <u>\$ 8,652</u> )

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expects to make contributions to the defined benefit obligation in the next year.	<u>\$ 10,869</u>	<u>\$ 10,381</u>
The weighted average duration of the defined benefit obligation is:	16 years	17 years

23. EQUITY

(1) Stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (in thousands)	<u>150,000</u>	<u>150,000</u>
Authorized capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Issued and paid shares (in thousands)	<u>128,498</u>	<u>128,498</u>
Issued capital	<u>\$ 1,284,980</u>	<u>\$ 1,284,980</u>

There have been no significant movements in the Company's share capital. A holder of issued common shares with par value of NT\$ 10 per share is entitled to vote and to receive dividends.

The authorized shares include 5,000 thousand shares allocated for the exercise of employee stock options.

(2) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>The Company may be used to offset losses, make cash payments or capitalize.</u> <u>(Note 1)</u>		
Additional paid-in capital	\$ 2,275,616	\$ 2,275,616
From merger	89,710	89,710
From share of changes in equities of associates	62,453	69,854
Employ stock option	15,948	15,948
Convertible corporate bond with stock options	2,176	2,176
Donations	39	-
<u>Only to cover losses (Note 2)</u>		
From share of changes in equities of subsidiaries	<u>8,514</u>	<u>8,514</u>
	<u>\$ 2,454,456</u>	<u>\$ 2,454,456</u>

Note 1: Such capital surplus may be used to offset losses or, when the Company has no losses, to distribute cash or to capitalize capital, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

Note 2: This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company did not actually acquire or dispose of the subsidiaries' equity, or the adjustment to the capital surplus of the Company's subsidiaries recognized under the equity method.

(3) Retained earnings and dividend policy

The Company's Articles of Incorporation provide that, earnings distribution may be made on a quarterly basis after the close of each quarter. Distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting. When allocating earnings, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings. For the policies on the distribution of employees' and directors' and supervisors' remuneration as stipulated in the Company's Articles of Incorporation, please refer to Note 25 - (8): Employees' Remuneration and Board compensation.

In consideration of the Company's future capital needs and long-term financial planning, and to satisfy the shareholders' demand for cash inflows, the Board of Directors prepares a distribution plan each year in accordance with the law and submits it to the shareholders' meeting for approval, among which the distribution of dividends to shareholders may be made in cash or in shares, provided that the percentage of cash dividends distributed is not less than 20% of the total dividends.

The legal reserve should be appropriated until the remaining balance reaches the Company's total paid-in capital. The legal capital reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

The appropriations of 2021 and 2020 profit distribution have been approved by the Company's Board of Directors in its meeting in June 15, 2022 and August 12, 2021, respectively.

	2021	2020
Legal reserve	<u>\$ 109,297</u>	<u>\$ 49,995</u>
Special reserve	<u>( \$ 18,360)</u>	<u>( \$ 92,447 )</u>
Cash dividends to shareholders	<u>\$ 642,490</u>	<u>\$ 513,992</u>
Cash dividends per share (NT\$)	\$ 5.0	\$ 4.0

The Board of Directors proposed the following distribution of earnings for 2022 on March 15, 2023.

	2022
Legal reserve	<u>\$ 87,837</u>
Special reserve	<u>\$ 32,695</u>
Cash dividends to shareholders	<u>\$ 642,490</u>
Cash dividends per share (NT\$)	\$ 5.0

The special capital reserve for 2022 is to be presented for approval in the Company's shareholders' meeting to be held on June 13, 2023.



(4) Special reserve			
		<u>2022</u>	<u>2021</u>
Balance, beginning of the year		\$ 18,360	\$ 110,837
Reversal of special reserve			
Reversal of other equity item		( 18,360 )	( 92,477 )
Balance, end of the year		<u>\$ -</u>	<u>\$ 18,360</u>
(5) Others			
1. Exchange differences arising on translation of foreign operations			
		<u>2022</u>	<u>2021</u>
Balance, beginning of the year		( \$ 93,532 )	( \$ 88,867 )
Exchange differences resulting from translating net assets of foreign operations.		<u>11,730</u>	( 4,665 )
Balance, end of the year		( <u>\$ 81,802</u> )	( <u>\$ 93,532</u> )
2. Unrealized profit or loss on investments in financial assets at fair value through other comprehensive income.			
		<u>2022</u>	<u>2021</u>
Balance, beginning of the year		\$ 166,676	\$ 70,507
Unrealized profit or loss Equity instruments cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal		( 114,215 )	116,383
		( <u>3,354</u> )	( <u>20,214</u> )
Balance, end of the year		<u>\$ 49,107</u>	<u>\$ 166,676</u>
(6) Non-controlling interests			
		<u>2022</u>	<u>2021</u>
Balance, beginning of the year		\$ 183,489	\$ 175,018
Share attributable to non-controlling interests			
Net profit for the year		35,861	9,585
Exchange differences arising on translation of foreign operations		<u>2,640</u>	( 1,114 )
Balance, end of the year		<u>\$ 221,990</u>	<u>\$ 183,489</u>

24. REVENUE

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers		
Processing revenue	\$ 3,759,313	\$ 4,213,900
Sale revenue	436,520	745,740
Other revenue	<u>404,209</u>	<u>261,780</u>
	<u>\$ 4,600,042</u>	<u>\$ 5,221,420</u>

(1) Contract balances

	December 31, <u>2022</u>	December 31, <u>2021</u>	Balances at January 1, 2021
Trade receivables (Note 9)	<u>\$ 749,055</u>	<u>\$ 1,224,274</u>	<u>\$ 1,097,173</u>
Contract liabilities			
Contract liabilities - current	\$ 73,950	\$ 100,561	\$ 33,990
Contract liabilities - related parties (Note 32)	<u>=</u>	<u>=</u>	<u>1,080</u>
	<u>\$ 73,950</u>	<u>\$ 100,561</u>	<u>\$ 35,070</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

The Company recognized revenue from the beginning balance of contract liability, which amounted to as follow:

	<u>2022</u>	<u>2021</u>
<u>Beginning of the year</u>		
Sale of goods	<u>\$ 100,395</u>	<u>\$ 35,070</u>

Analysis of the revenue of each major product and arising from rendering of services, please refer to Note 37.

25. NET INCOME FROM CONTINUING OPERATIONS

(1) Other gains and losses, net

	<u>2022</u>	<u>2021</u>
Disposal on Property, plant and equipment	\$ 80,611	\$ 57,657
Rental revenue from operating leases	55,502	62,447
Depreciation expense on rental assets	( 2,954 )	( 2,955 )
Investment properties	<u>( 918 )</u>	<u>( 917 )</u>
	<u>\$ 132,241</u>	<u>\$ 116,232</u>

(2) Interest income from bank deposits			
		2022	2021
Cash in banks		<u>\$ 29,235</u>	<u>\$ 14,706</u>
(3) Other revenue			
		2022	2021
Dividend revenue		\$ 16,153	\$ 7,983
Others		<u>11,065</u>	<u>18,438</u>
		<u>\$ 27,218</u>	<u>\$ 26,421</u>
(4) Other gains and losses			
		2022	2021
Net foreign currency exchange gain (loss)		\$ 172,393	( \$ 30,029 )
Loss on Property, plant and equipment		( 109,616 )	( 60,139 )
Others		<u>( 7,132 )</u>	<u>11,519</u>
		<u>\$ 55,645</u>	<u>( \$ 78,649 )</u>
(5) Finance costs			
		2022	2021
Interest of bank loans		\$ 7,532	\$ 3,641
Interests on lease liabilities		3,757	2,429
Other interest expenses		<u>11</u>	<u>11</u>
		<u>\$ 11,300</u>	<u>\$ 6,081</u>
(6) Depreciation and Amortization			
		2022	2021
Property, plant and equipment		\$ 521,357	\$ 505,063
Right-of-use assets		24,510	26,403
Investment properties		918	917
Intangible assets		<u>9,359</u>	<u>9,281</u>
Total		<u>\$ 556,144</u>	<u>\$ 541,664</u>
Depreciation total amortization by function			
Operating costs		\$ 507,820	\$ 479,875
Operating expenses		35,093	48,636
Other gains and losses, net		<u>3,872</u>	<u>3,872</u>
		<u>\$ 546,785</u>	<u>\$ 532,383</u>

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	2022	2021
Amortization total amortization by function		
Operating costs	\$ 1,641	\$ 1,742
Operating expenses	<u>7,718</u>	<u>7,539</u>
	<u>\$ 9,359</u>	<u>\$ 9,281</u>
(7) Employee benefits expense		
	2022	2021
Retirement benefits		
Defined contribution plan	\$ 40,659	\$ 36,463
Defined benefit plan (Note 22)	<u>203</u>	<u>153</u>
	40,862	36,616
Other employee welfare	<u>1,367,837</u>	<u>1,314,040</u>
Total	<u>\$ 1,408,699</u>	<u>\$ 1,350,656</u>
Total amortization by function		
Operating costs	\$ 914,573	\$ 905,664
Operating expenses	<u>494,126</u>	<u>444,992</u>
	<u>\$ 1,408,699</u>	<u>\$ 1,350,656</u>
(8) Employee bonus stock and board compensation		
In accordance with the Copay's Article of Incorporation, the Company contributes no less than 2% and no more than 5% of the employees' and directors' and supervisors' remuneration, respectively, of the pre-tax income before the distribution of employees' and board compensation for the year. The remuneration of employees and remuneration of directors and supervisors estimated in 2022 and 2021 were resolved by the Board of Directors on March 15, 2023 and March 7, 2022, respectively, is as follow:		
<u>Estimated percentage</u>		
	2022	2021
Employee Welfare	9.70%	10.34%
Board compensation	0.70%	0.69%
<u>Amount</u>		
	2022	2021
	Cash	Cash
Employee Welfare	\$ 118,200	\$ 158,700
Board compensation	8,500	10,610

If there is a change in the amount of the annual financial report after the date of its issuance, the change in accounting estimate is treated as an adjustment in the following year.

The actual amounts of compensation to employees and directors and supervisors for 2021 and 2020 did not from the amounts recognized in the consolidated financial statements for 2021 and 2020.

Please refer to "MOPS" of the TWSE for information on the remuneration of employees and directors and supervisors resolved by the Board of Directors of the Company.

(9) Foreign currency exchange (gain) or loss

	<u>2022</u>	<u>2021</u>
Foreign exchange profit total amount	\$ 227,392	\$ 59,580
Foreign exchange loss total amount	( 54,999)	( 89,609)
Net profit (loss)	<u>\$ 172,393</u>	<u>( \$ 30,029 )</u>

26. INCOME TAX PAID FROM CONTINUING OPERATIONS

(1) Income tax expense (income) recognized in profit or loss  
Income tax paid expense:

	<u>2022</u>	<u>2021</u>
Current tax		
Current tax expense recognized in the current year	\$ 232,411	\$ 315,954
Deferred income tax		
Current tax expense recognized in the current year	<u>24,777</u>	( 14,839 )
Income tax expense recognized in profit or loss	<u>\$ 257,188</u>	<u>\$ 301,115</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follow:

	<u>2022</u>	<u>2021</u>
Net income before income tax of continuing operations	<u>\$ 1,147,229</u>	<u>\$ 1,390,784</u>
Income tax expense at the statutory rate	\$ 238,030	\$ 288,670
Nondeductible items in determining taxable income	( 4,236 )	( 8,988 )
Unrecognized deductible temporary differences	<u>23,394</u>	<u>21,433</u>
Income tax expense recognized in profit or loss	<u>\$ 257,188</u>	<u>\$ 301,115</u>

The tax rate applicable to subsidiaries in the Mainland China is 25%; the tax rate applicable to other jurisdictions is based on the tax rate of the respective jurisdictions.

(2) Current tax liabilities		<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax liabilities			
Income tax paid		<u>\$ 150,694</u>	<u>\$ 257,000</u>
(3) Deferred income tax assets			
Movements in deferred income tax assets ere as follow:			
<u>2022</u>			
	Balance,	Deferred tax	
	beginning of the	income	
	year	(expense)	
		recognized in	Balance, end of
<u>Deferred income tax assets</u>	<u></u>	<u>P/L</u>	<u>the year</u>
Temporary differences			
Allowance for loss on			
inventory falling price	\$ 40,537	\$ 4,237	\$ 44,774
Deferred revenue	32,078	( 6,742 )	25,336
Provisions liabilities	5,051	( 1,136 )	3,915
Loss allowance	9,287	( 6,477 )	2,810
Others	<u>19,939</u>	<u>( 14,659 )</u>	<u>5,280</u>
	<u>\$ 106,892</u>	<u>( \$ 24,777 )</u>	<u>\$ 82,115</u>
<u>2021</u>			
	Balance,	Deferred tax	
	beginning of the	income (expense)	
	year	recognized in P/L	Balance, end of
<u>Deferred income tax assets</u>	<u></u>	<u></u>	<u>the year</u>
Temporary differences			
Deferred revenue	\$ 32,697	( \$ 619 )	\$ 32,078
Allowance for loss on			
inventory falling price	26,268	14,269	40,537
Provisions liabilities	2,507	2,544	5,051
Loss allowance	9,121	166	9,287
Others	<u>21,460</u>	<u>( 1,521 )</u>	<u>19,939</u>
	<u>\$ 92,053</u>	<u>\$ 14,839</u>	<u>\$ 106,892</u>
(4) The deductible temporary differences for which no deferred income tax assets have been recognized			
Unused loss carry-forward credits			
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Loss deduction credit			
Expires in 2022	\$ 95,561	\$ 95,561	
Expires in 2023	154,820	154,820	
Expires in 2024	125,755	125,755	
Expires in 2025	166,441	166,441	
Expires in 2026	152,141	152,141	
Expires in 2027	<u>144,639</u>	<u>-</u>	
	<u>\$ 839,357</u>	<u>\$ 694,718</u>	
Deductible temporary differences	<u>\$ 1,140,497</u>	<u>\$ 1,044,359</u>	

(5) Income tax examination

The tax authorities have examined income tax returns of the Company through 2020.

27. EARNINGS PER SHARE

	2022	Unit: Per share (in yuan) 2021
Basic EPS	<u>\$ 6.65</u>	<u>\$ 8.41</u>
Diluted EPS	<u>\$ 6.53</u>	<u>\$ 8.27</u>

The weighted average number of shares of common stock and EPS used in the calculation of EPS were as follow:

Net profit for the year

	2022	2021
Net attributable to the Company's owners.	<u>\$ 854,180</u>	<u>\$ 1,080,084</u>

Numbers of Shares (In Thousands)

	2022	2021
Weighted average number of shares of common stock for basis EPC calculation	128,498	128,498
Effect of dilutive potential common stock:		
Employee Welfare	<u>2,403</u>	<u>2,096</u>
Weighted average number of common shares for the purpose of diluted EPC	<u>130,901</u>	<u>130,594</u>

If the Consolidated Company has the option to pay employees in stock or cash, the calculation of diluted EPC assumes that employee compensation will be paid in stock and is included in the weighted average number of shares outstanding for the purpose of calculating diluted EPC when the potential common stock has a diluted effect. The dilutive effect of these potential common shares also continues to be considered in the calculation of diluted EPC before the number of shares awarded to employees in the following year's resolution.

28. DISOSAL IN SUBSIDIARIES

Talent - Yaw International Ltd. was dissolved by the resolution of the board of directors on March 11, 2021 and the liquidation was completed on September 27, 2021.

<u>2021</u>	
(1)	Consideration received
	BRILLIANT SKY INVESTMENTS L I M I T E D
	<u>\$ 132</u>
(2)	Analysis of assets and liabilities for loss of control
	BRILLIANT SKY INVESTMENTS L I M I T E D .
	<u>\$ 132</u>
(3)	Interest of the subsidiaries
	BRILLIANT SKY INVESTMENTS L I M I T E D
	Interest received
	\$ 132
	Disposal on Intangible assets
	( <u>132</u> )
	Gains
	<u>\$ -</u>
(4)	Net cash inflows from subsidiaries
	BRILLIANT SKY INVESTMENTS L I M I T E D
	Consideration received in cash and cash equivalents
	\$ 132
	Less: balance of cash and cash equivalents
	( <u>132</u> )
	<u>\$ -</u>

29. CASH FLOW INFORMATION

- (1) Non-cash transactions
- In addition to those disclosed in other notes, the Consolidated Company made the following investments and raised funds in non-cash transactions in 2022 and 2021:
- The Consolidated Company reclassified inventories of \$202,836 thousand and 400,453 thousand to property, plant and equipment in 2022 and 2021, respectively; and the Company reclassified net property, plant and equipment of \$102 thousand (carrying cost of \$16,339 thousand less accumulated depreciation of \$16,237 thousand) and \$6,043 thousand (carrying cost of \$51,075 thousand less accumulated depreciation of \$ 45,032 thousand) to inventories in 2022 and 2020, respectively. The Consolidated Company reclassified \$2,585 thousand (record cost of \$21,997 thousand less accumulated depreciation of \$19,412 thousand) of property, plant and equipment as right-of-use assets in 2022 and \$9,037 thousand (recorded cost of \$9,988 thousand less accumulated depreciation of \$951 thousand) of net property, plant and equipment as right-of-use assets in 2022 and \$536 thousand (record cost of \$894 thousand less accumulated depreciation of \$358 thousand) of net operating lease assets of property, plant and equipment as self-use in 2021. (Please refer to Note 13)



30. CAPITAL RISK MANAGEMENT

The Consolidated Company engages in capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate. There have been no significant movements in the Consolidated Company's overall strategy.

The Consolidated Company's capital structure consist of net debt (borrowings less cash and cash equivalents) and equity (equity, capital surplus, retained earnings and other equity items).

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

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

31. FINANCIAL INSTRUMENTS

- (1) Fair Value Information - Financial Instruments not measured at fair value

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

- (2) Fair value of financial Instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Investments in equity instruments				
Domestic listed (TSE and OTC) stocks	\$ 251,963	\$ -	\$ -	\$ 251,963
Domestic unlisted (TSE and OTC) stocks	-	-	5,000	5,000
Foreign unlisted (TSE and OTC) stocks	=	=	<u>206,465</u>	<u>206,465</u>
Total	<u>\$ 251,963</u>	<u>\$ -</u>	<u>\$ 211,465</u>	<u>\$ 463,428</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Investments in equity instruments				
Domestic listed (TSE and OTC) stocks	\$ 343,738	\$ -	\$ -	\$ 343,738
Domestic unlisted (TSE and OTC) stocks	-	-	37,012	37,012
Foreign unlisted (TSE and OTC) stocks	-	-	<u>215,566</u>	<u>215,566</u>
Total	<u>\$ 343,738</u>	<u>\$ -</u>	<u>\$ 252,578</u>	<u>\$ 596,316</u>

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

2. Level 3 fair value measurements valuation techniques and inputs.  
The fair value of domestic and foreign unlisted (TSE and OTC) equity investments is determined by using the Asset-Based Approach or by adjusting liquidity for the price at which the shares in the same industry are traded in an active market.
3. Reconciliation of level 3 fair value measurements of financial assets  
The financial assets measured at Level 3 fair value were equity investments classified as financial assets at FVTOCI.

	2022	2021
Balance, beginning of the year	\$ 252,578	\$ 189,158
Purchase	-	63,420
Disposal	( 9,101 )	-
Transfer out of Level 3	( <u>32,012</u> )	-
Balance, end of the year	<u>\$ 211,465</u>	<u>\$ 252,578</u>

(3) Category of financial Instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Investments of equities investments	\$ 463,428	\$ 596,316
Financial assets of carried at amortized cost (Note 1)	4,135,069	4,143,593
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,238,182	1,447,861

Not 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes and accounts receivable (including amounts due from related parties) and other receivables (including amounts due from related parties).

Note 2: The balance includes financial liabilities measured at amortized cost, such as notes and accounts payable (including amounts due for related parties) and other payables (including amounts due from related parties).

(4) Financial risk management objectives and policies

The Consolidated Company's major financial Instruments include equity investments, accounts receivable, accounts payable and lease liabilities. The Consolidated Company's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages financial risks associated with the Consolidated Company's operations through internal risk reports that analyze risk exposures based on risk level and breadth. The Company manages its exposure to foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk.

The Consolidated Company uses derivative financial instruments to hedge its exposure to hedge risk in order to mitigate the impact of these risk. The use of derivative financial instruments is governed by the policies approved by the Board of Directors, which are written principles of exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity. Internal auditors review policy compliance and risk limits on an ongoing basis. The Consolidated Company does not trade in financial instruments (including derivative financial instruments) for speculative purposes.

The financial management department regularly presents reports at the Consolidated Company's management meetings to mitigate the risk of exposure.

1. Market risk

The main financial risks to which the Consolidated Company is exposed as a result of its operating activities are changes in foreign currency exchange rates (refer to (1) ) and changes in interest rates (refer to (2) ). The Consolidated Company engages in derivative financial instruments to manage its exposure to foreign currency exchange rate risk, including forward exchange contracts to hedge exchange rate risk arising from the export of equipment or the provision of labor to other regions.

There has been no change in the Consolidated Company's exposure to market risk in financial Instruments or in the manner in which such exposure is managed and measured.

(1) Foreign currency risk

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

The carrying amounts of monetary assets and monetary liabilities (Including monetary items eliminated in the consolidated financial statements that are not denominated in functional currency) denominated in non-functional currencies and the carrying amounts of derivative instruments with exchange rate risk as of the balance sheet date, please refer to Note 35.

Sensitivity analysis

The Consolidated Company is primarily affected by fluctuations in the exchange rates of the USD, RMB and JPY.

The following table details the sensitivity analysis of the Company when the exchange rate of the NTD (functional currency) increased by 5%, 5% and 10% against the USD, RMB and JPY. The 5% and 10% sensitivity percentage are used for internal reporting of exchange rate risk to key management and represent management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency monetary items and forward exchange contracts designated as cash flow hedges. The (negative) positive figures in the table below represent the amount by which the Company's net income before income taxes would increase (decrease) if the Company's functional currency appreciated by 5%, 5% and 10% relative to each of the relevant currencies.

	The impact of USD		The impact of RMB		The impact of JPY	
	2022	2021	2022	2021	2022	2021
Net (loss) income before income tax	( \$ 332)	( \$ 85,275)	( <u>\$ 712</u> )	( <u>\$ 12,562</u> )	( <u>\$ 10,288</u> )	<u>\$ 365</u>

The change in sensitivity mainly arises from the Consolidated Company's receivables and payables denominated in USD, RMB and JPY that were outstanding at the balance sheet date and not hedge for cash flow. The decrease in exchange rate sensitivity to the USD was mainly due to the decrease in USD denominated bank deposits and the decrease in USD denominated sales resulting in the decrease in USD denominated accounts receivable balances. The decrease in sensitivity to the exchange rate of RMB was mainly due to the decrease in RMB denominated bank deposits during the period. The increase in sensitivity to the JPY was mainly due to the increase in bank deposits denominated in JPY.

(2) Interest rate risk

Interest rate exposure arises because individuals within the Consolidated Company hold both fixed and floating rate assets. The Consolidated Company manages interest rate risk by maintaining an appropriate mix of fixed and floating rates.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
- financial assets	\$ 2,233,889	\$ 943,781
- financial liabilities	137,740	163,487
Cash flow rate risk		
- financial assets	1,045,545	1,829,410
- financial liabilities	302,829	272,599

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of the non-derivative instruments at the balance sheet date. For floating rate assets, the analysis assumes that the amount of assets outstanding at the balance sheet date is outstanding at the reporting date. The rate of change used in the Group's interest reporting of interest rates to key management is a 0.1% increase or decrease in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates were to increase / decrease by 0.1%, with all other variables held constant, the Company's net income before income taxes would increase / decrease by \$743 thousand and \$1,557 thousand for 2022 and 2021, respectively.

(3) Other price risk

The Consolidated Company has equity price exposure due to investments in listed (TSE and OTC) equity securities. The equity investment is not held for trading and is a strategic investment. The Consolidated Company has not actively traded these investments. The Consolidated Company equity price risk is mainly diversified in the electronic industry equity instruments.

### Sensitivity analysis

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

If the equity price had increased / decreased by 1%, other comprehensive income before income tax would have increased / decreased by \$4,634 thousand and \$5,963 thousand for 2022 and 2021, respectively. Due to the increase / decrease in fair value of financial assets measured at fair value through other comprehensive income.

There have been no significant movements in the Consolidated Company's investment in equity securities compared with the previous year.

#### 2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk of financial loss due to non-performance by counterparties and the provision of financial guarantees by the Company was mainly due to:

- (1) The carrying amount of financial assets recognized in the consolidated balances sheets.
- (2) The amount of contingent liabilities arising from financial guarantees provided by the Consolidated Company.

To mitigate credit risk, the Consolidated Company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Consolidated Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

As of December 31, 2022 and 2021, the Consolidated Company's six largest customers accounted for 47% and 43% of accounts receivable in both years.

#### 3. Liquidity risk

The Consolidated Company manages and maintains sufficient areas of cash and cash equivalents to support the business operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management monitors the use of bank financing lines and ensures compliance with the terms of the loan agreements.

As of December 31, 2022 and 2021, the Company had unused short-term bank facilities as described in (2) Financing Facilities below.

##### (1) Non-derivative financial liabilities and Interest rate risk table

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

other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the expected borrowing rate at the balance sheet date.

December 31, 2022

	overdraft and demand or less than 1 month	1~3 months	3 months 1 year	1~5 years	more than 5 years
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
No					
interest-bearing					
liabilities	\$ 509,280	\$ 317,655	\$ 108,418	\$ 7,084	\$ -
Variable rate					
instrument	-	-	302,829	-	-
Lease liabilities	<u>1,058</u>	<u>2,116</u>	<u>7,794</u>	<u>30,853</u>	<u>105,226</u>
	<u>\$ 510,338</u>	<u>\$ 319,771</u>	<u>\$ 419,041</u>	<u>\$ 37,937</u>	<u>\$ 105,226</u>

Information about the maturity analysis for lease liabilities:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	More than 20 years
Lease						\$ -
liabilities	<u>\$ 10,968</u>	<u>\$ 30,853</u>	<u>\$ 38,566</u>	<u>\$ 38,566</u>	<u>\$ 28,094</u>	

December 31, 2021

	overdraft and demand or less than 1 month	1~3 months	3 months 1 year	1~5 years	more than 5 years
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
No					
interest-bearing					
liabilities	\$ 535,598	\$ 513,469	\$ 126,195	\$ 7,084	\$ -
Variable rate					
instrument	-	-	134,198	138,041	-
Lease liabilities	<u>2,379</u>	<u>4,757</u>	<u>19,258</u>	<u>56,415</u>	<u>115,908</u>
	<u>\$ 537,977</u>	<u>\$ 518,226</u>	<u>\$ 279,651</u>	<u>\$ 201,900</u>	<u>\$ 115,908</u>

Information about the maturity analysis for lease liabilities:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	More than 20 years
Lease						\$ -
liabilities	<u>\$ 26,394</u>	<u>\$ 56,415</u>	<u>\$ 39,634</u>	<u>\$ 39,634</u>	<u>\$ 36,640</u>	

The amount of floating-rate instruments for the above non-derivative financial liabilities will vary depending on the difference between the floating rate and the interest rate estimated at the balance sheet date.

(2) Loan Commitments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank overdraft facility		
- used amount	\$ 149,280	\$ 134,198
- Unused amount	<u>650,000</u>	<u>780,000</u>
	<u>\$ 799,280</u>	<u>\$ 914,198</u>
Secured bank overdraft facility		
- used amount	<u>\$ 153,549</u>	<u>\$ 138,401</u>

As of December 31, 2022 and 2021, the unsecured bank loans utilized included performance bonds of \$8,000 thousand and \$70,000 thousand, respectively. Which were guaranteed by the banks under the test bond guarantee letter and the performance bond for the industrial infrastructure project of the information policy commission.

32. RELATED PARTY TRANSACTIONS

All transactions, account balances, revenues and expenses between the Company and its subsidiaries, which are related parties of the Company, are eliminated upon consolidation and are therefore not disclosed in this note. The transactions between the Consolidated Company and other related parties were as follows.

(1) Related party name and categories

<u>Name of related party</u>	<u>Abbreviation</u>	<u>Related Party Categories</u>
Tian Zheng International Precision Machinery Co., Ltd.	TIZ	Associated
SISSCA Co., Ltd.	SISSCA	Associated
Harvatek Corporation	Harvatek	Other related parties
iReach Corporation	iReach	Other related parties

(2) Net revenue

<u>Item</u>	<u>Related Party Categories</u>	<u>2022</u>	<u>2021</u>
Net revenue from sale of goods	Other related parties	\$ 196,112	\$ 110,292
	Associated	<u>=</u>	<u>289</u>
		<u>\$ 196,112</u>	<u>\$ 110,581</u>

The consolidated company provides testing, cutting, and other processing services based on customer products. Therefore, the transaction prices are determined based on the characteristics of the products. The payment terms for processing income from regular customers are generally 45 to 180 days from the end of the month. However, the payment terms for the related parties mentioned above are all within 90 to 120 days from the end of the month.



(3)	Purchases		
	Related Party Categories	2022	2021
	Associated	\$ 628	\$ 566
	Other related parties	<u>131</u>	<u>160</u>
		<u>\$ 759</u>	<u>\$ 726</u>

The Consolidated Company's purchases are based on market prices less discounts to reflect the quantity purchased and the relationship with the related party. Transactions with related parties are conducted on normal trading terms and prices.

(4)	Transactions with related parties are conducted on normal trading terms and prices.			
	Trade receivables - related parties and Other receivables - related parties			
	Item	Related Party Categories	December 31, 2022	December 31, 2021
	Trade receivables-related party	Other related parties		
		Harvatek	\$ 63,529	\$ 25,088
		Others	<u>51</u>	<u>19</u>
			<u>\$ 63,580</u>	<u>\$ 25,107</u>

Accounts receivable in circulation - related parties have not received guarantees. Trade receivable for 2022 and 2021 - No allowance for bad debt expenses has been made by the related party.

	Item	Related Party Categories	December 31, 2022	December 31, 2021
	Other receivables - Related parties	Other related parties		
		Harvatek	<u>\$ 988</u>	<u>\$ -</u>

(5)	Accounts payable - related parties and other payables			
	Item	Related Party Categories	December 31, 2022	December 31, 2021
	Accounts payable - related parties	Associated		
		TIZ	\$ -	\$ 493
		Other related parties		
		Harvatek	-	<u>135</u>
			\$ -	<u>\$ 628</u>

Accounts receivable in circulation - the remaining balance of the related party is not guaranteed and will be settled in cash. Accounts payable - no warranty has been provided by the related party.

	Item	Related Party Categories	December 31, 2022	December 31, 2021
	Payables on equipment (account for other payables)	Other related parties		
		Harvatek	<u>\$ 2,703</u>	<u>\$ -</u>

(6) Disposal of property, plant and equipment

Related Party Categories	Proceeds		Gains	
	2022	2021	2022	2021
Other related parties	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ -</u>

(7) Lease agreement

Item	Related Party Categories / Names	December 31, 2022	December 31, 2021
Lease liabilities	Other related parties		
	Harvatek	<u>\$ 20,762</u>	<u>\$ 30,736</u>

Related Party Categories / Names	2022	2021
<u>Interest Expenses</u>		
Investors with significant impact		
Other related parties		
Harvatek	<u>\$ 826</u>	<u>\$ 1,136</u>

In January 2020, the Consolidated Company leased a plant from an investor with significant impact for a period of five years at a fixed lease payment payable quarterly in accordance with the lease agreement with reference to the rental rate of similar assets.

(8) Others

	2022	2021
<u>Rental revenue</u>		
Other related parties	<u>\$ 450</u>	<u>\$ 750</u>
<u>Dividend revenue</u>		
Other related parties		
Harvatek	<u>\$ 15,346</u>	<u>\$ 7,161</u>
<u>Other revenue</u>		
Associated	\$ 1,413	\$ -
Other related parties	<u>52</u>	<u>-</u>
	<u>\$ 1,465</u>	<u>\$ -</u>
<u>Manufacturing expenses</u>		
Other related parties	<u>\$ 34,534</u>	<u>\$ 30,655</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Refundable deposits</u>		
Other related parties		
Harvatek	<u>\$ 1,030</u>	<u>\$ 1,030</u>
<u>Prepayments</u>		
Associated	<u>\$ -</u>	<u>\$ 2,580</u>

For leases between the Consolidated Company and its related parties, rentals are determined and payment terms are based on contractual provisions and there are no other comparable transactions.

The related party payments for manufacturing expenses are related to the utilities and repair expenses borne by the Company and other related parties for the shared use of the plant.

(9) Compensation of key personnel

The compensation to directors and other key management personnel in 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 60,253	\$ 38,647
Retirement benefits	<u>284</u>	<u>256</u>
	<u>\$ 60,537</u>	<u>\$ 38,903</u>

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

33. PLEDGE AND MORTGAGED ASSETS

The following assets have been provided to financial and government related institutions as security deposits for their operations:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Pledge certificate of deposit (financial assets at amortized cost)	\$ 182,909	\$ 180,346
Property, plant and equipment - Net	<u>44,673</u>	<u>54,124</u>
	<u>\$ 227,582</u>	<u>\$ 234,470</u>

Some of the Consolidated Company's own land and buildings (recorded as property, plant and equipment) are pledged as security for bank loans. The Consolidated Company is not allowed to use the pledged assets as collateral for other loans or sell them to other enterprises.

34. SIGNIFICANT OR IMPORTANT EVENTS

(YTEC Samoa), a subsidiary of YTEC HK, was reinvested in Yangzhou YTEK. After terminating the cooperation with its sales customer, SOARING Radio Technology Yangzhou Company Limited (SOARING ) in 2020, Yangzhou YTEK filed a lawsuit against SOARING in June 2021 and won the lawsuit in March, 2022, and SOARING repaid the outstanding amount with interest in April, 2022. However, in May, 2022, SOARING countersued Yangzhou YTEK on the grounds that Yangzhou YTEK had not delivered the orders in time, and the People's Court of Yangzhou City, Jiangsu Province ruled that SOARING requested to freeze Yangzhou YTEK's bank deposits of RMB8,466,000 (RMB1,920,000) (recorded as other assets - non-current). Due to the disagreement between the two parties on the subject account, the court requested both parties to reconcile their accounts and postponed the first hearing until January 11, 2023. The first trial ruling recognized that some of the goods of Yangzhou YTEK were delivered late, and both parties are still communicating and coordinating the amount of default.

35. SIGNIFICANT EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Consolidated Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant assets and liabilities denominated in foreign currencies were as follow:

December 31, 2022

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Value</u>
<u>Foreign assets</u>			
<u>Monetary items</u>			
USD	\$ 11,180	30.66	\$ 342,779
JPY	474,213	0.23	109,069
RMB	3,251	4.38	<u>14,239</u>
			<u>\$ 466,087</u>
<u>Foreign liabilities</u>			
<u>Monetary items</u>			
USD	10,928	30.76	\$ 336,145
JPY	26,906	0.23	<u>6,188</u>
			<u>\$ 342,333</u>

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Value
<u>Foreign assets</u>			
<u>Monetary items</u>			
USD	\$ 78,558	27.63	\$ 2,170,558
JPY	6,082	0.24	1,460
RMB	58,159	4.32	<u>251,247</u>
			<u>\$ 2,423,265</u>
<u>Foreign liabilities</u>			
<u>Monetary items</u>			
USD	16,771	27.73	\$ 465,060
JPY	21,304	0.24	5,113
EUR	4	31.52	<u>126</u>
			<u>\$ 470,299</u>

The net realized and unrealized foreign currency exchange gains (losses) of the Consolidated Company amounted to \$172,393 thousand and \$(30,029) thousand in 2022 and 2021, respectively. Due to the wide variety of foreign currency transactions and the Group's individual functional currencies, it is not possible to disclose the exchange gains and losses by each significant impact.

36. ADDITIONAL DISCLOSURES

- (1) Additional disclosures required by the Securities:
1. Financings provided: See Table 1 attached;
  2. Endorsement/guarantee provided: See Table 2 attached;
  3. Marketable securities held (excluding investments in subsidiaries and associates): See Table 3 attached;
  4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
  5. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
  6. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
  7. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached;
  8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
  9. Information about the derivative financial instruments transaction: None;
  10. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 5 attached;

(2) Futures Bureau for the Company: See Table 6 attached.

(3) Information on investment in mainland China:

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 7 attached.
2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: See Table 8 attached.

(4) Information of major shareholder: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 9 attached.

37. SEGMENT INFORMATION

The information used by the Consolidated Company's operating decision makers to allocate resources and evaluate the performance of their divisions focuses on the financial information of product-specific sales, which is measured on the same basis as the consolidated financial statements. The reportable segments of the Consolidated Company are the foundry business segment and the proprietary products business segment.

(1) Segment revenue and operating results

	Segment revenue	
	2022	2021
OEM business segment	\$ 3,759,313	\$ 4,213,900
Owned products business segment	<u>840,729</u>	<u>1,007,520</u>
Total amount of continuing operations	<u>\$ 4,600,042</u>	<u>\$ 5,221,420</u>
	Segment profit	
	2022	2021
OEM business segment	\$ 1,202,014	\$ 1,265,626
Owned products business segment	<u>419,579</u>	<u>759,660</u>
Total amount of continuing operations	1,621,593	2,025,286
Operating expenses	( 710,262 )	( 748,046 )
Other gains and losses, net	132,241	116,232
Interest income from bank deposits	29,235	14,706
Other revenue	27,218	26,421
Other gains and losses	55,645	( 78,649 )
Finance costs	( 11,300 )	( 6,081 )
Share of profit or loss of associated companies recognized under the equity method	<u>2,859</u>	<u>40,915</u>
Net income before income tax of continuing operations	<u>\$ 1,147,229</u>	<u>\$ 1,390,784</u>

Segment profit represents the profit earned by each segment, excluding the share of operating expenses, non-operating income and gains and non-operating expenses and losses. This measure is provided to the chief operating decision maker to allocate resources to departments and to measure their performance.

(2) Revenue from major products and services

Analysis of the revenue of each major product and arising from rendering of services of the Consolidated Company's continuing operations.

	2022	2021
Processing revenue	\$ 3,759,313	\$ 4,213,900
Net revenue from sale of goods	436,520	745,740
Other revenue	<u>404,209</u>	<u>261,780</u>
	<u>\$ 4,600,042</u>	<u>\$ 5,221,420</u>

(3) Geographic information

The Consolidated Company's main operating regions are Taiwan and China.

Information on the Consolidated Company's revenue from external customers by location of operations and non-current assets by location of assets is presented below:

	Revenue from external customers		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Domestic	\$ 2,570,029	\$ 3,055,765	\$ 2,225,116	\$ 2,406,136
Foreign	<u>2,030,013</u>	<u>2,165,655</u>	<u>455,131</u>	<u>416,832</u>
	<u>\$ 4,600,042</u>	<u>\$ 5,221,420</u>	<u>\$ 2,680,247</u>	<u>\$ 2,822,968</u>

Non-current assets exclude financial instruments, investments accounted for by the equity method, deferred income tax assets and other financial assets.

(4) Major customers' information

Revenues from a single customer amounting to more than 10% of the Consolidated Company's total revenues were as follows:

Client Name	2022		2021	
	Amount	%	Amount	%
Client A	\$ 394,468	9	\$ 428,064	8
Client B	308,252	7	226,461	4
Client C	219,553	5	346,335	7

YOUNGTEK ELECTRONICS CORP. AND SUBSIDIARIES  
FINANCINGS PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 1:

Amounts in Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the	Period (Note 1)	Amount Actually Amount	Interest Rate	Nature for Financing	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
0	YOUNGTEK	Yangzhou YOUNGTEK	Other receivables - related parties	Yes	\$ 67,652	\$ -	\$ -	(Note 2)	For operational use	\$ -	For operational use	\$ -	-	\$ -	\$ 321,244 (Note 3)	\$ 385,494 (Note 3)
1	YTEC Samoa	Soochow YOUNGTEK	Other receivables - related parties	Yes	61,780	61,420	-	(Note 2)	For operational use	-	For operational use	-	-	-	291,459 (Note 4)	291,459 (Note 4)

Note 1: The original foreign currency was converted based on the exchange rate as of December 31, 2022.

Note 2: The interest rate is 3% per annum.

Note 3: The lending limit to individual customers is 40% of the net value of the enterprise and shall not exceed 25% of financing Company's total; the total lending limit is 30% of financing Company's total.

Note 4: YTEC Holding (Samoa) Co., Ltd. The lending limit to individual customers is 40% of the lending enterprise's net worth and shall not exceed 25% of financing Company's total; the total lending limit is 30% of financing Company's total.



YOUNGTEK ELECTRONICS CORP. and Subsidiaries  
ENDORSEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 2:

Amounts in Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement / Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance For the Period	Ending Balance	Amount Actually Amount	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	YOUNGTEK	YTEC HK	Indirect subsidiary	\$ 2,044,522 (Note 1)	\$ 322,150	\$ 307,100	\$ 153,550	\$ -	4.51%	\$ 2,726,029 (Note 2)	Y	N	N
1	YTEC HK	Xiamen YOUNGTEK	Indirect subsidiary	137,375 (Note 3)	161,075	153,550	153,550	153,550	2.25	137,375 (Note 3)	Y	N	Y

Note 1: The limit of the Company's endorsement and guarantee for a single enterprise shall not exceed 30% of the Company's net worth; the limit of the Company's inter-company endorsement and guarantee for companies in which the Company directly and indirectly holds 90% or more of the voting shares shall not exceed 10% of the Company's net, except for the Company's inter-company endorsement and guarantee for companies in which the Company directly and indirectly holds 100% of the voting shares.

Note 2: The total amount of the Company's external endorsement guarantee shall not exceed 40% of the Company's net.

Note 3: The total amount of external endorsement guarantee by YTEC HK shall not exceed 50% of the net of YTEC HK, and the amount of endorsement guarantee for a single enterprise shall not exceed 50% of the net worth of YTEC HK.

Note 4: YTEC (Hong Kong) Global Limited, a subsidiary of the Company, has an endorsement limit of approximately NT\$137,376 thousand based on the net value of RMB 62,310 thousand in the latest accounting financial statements. The actual amount of guarantee endorsed by YTEC (Hong Kong) Global Limited was US\$ 5,000,000, which was converted to NT\$ 153,550,000. There was no real increase or decrease in the amount of guarantee endorsed during the year because of the recent significant depreciation of the Taiwan dollar against the U.S. dollar, and the exchange rate conversion caused the amount to exceed the limit.

YOUNGTEK ELECTRONICS CORP. AND SUBSIDIARIES  
MARKETABLE SECURITIES HELD  
December 31, 2022

Table 3:

Amounts in Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
YOUNGTEK ELECTRONICS CORP. Co., Ltd.	<u>Stock</u>							
	Edison Opto Corporation	The Company is a director of the Company	Financial assets at fair value through other comprehensive income - current	2,549,367	\$ 39,898	1.88	\$ 39,898	Note 1
	Harvatek Corporation	The Chairman of the Company and the Chairman of the Company are the same person	Financial assets at fair value through other comprehensive income - non-current	10,230,336	180,053	4.96	180,053	Note 1
	SUBTRON TECHNOLOGY Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	133,507	2,012	0.04	2,012	Note 2
	NAVIFUS CORPORATION	-	Financial assets at fair value through other comprehensive income - non-current	1,500,000	30,000	2.66	30,000	Note 2
	YTTEK Technology Corp	-	Financial assets at fair value through other comprehensive income - non-current	333,333	5,000	1.39	5,000	Note 2
	CSVI Ventures L.P.	-	Financial assets at fair value through other comprehensive income - non-current	-	142,581	12.94	142,581	Note 2
	Aeolus Robotics Corporation (Cayman)	-	Financial assets at fair value through other comprehensive income - non-current	2,000,000	63,884	3.08	63,884	Note 2

Note 1: Calculated based on the closing price on December 31, 2022.

Note 2: Calculated on the basis of the most recent financial statements obtained by the Company or market transaction prices.

YOUNGTEK ELECTRONICS CORP. AND SUBSIDIARIES  
THE AMOUNT OF PURCHASE OR SALE OF GOODS WITH RELATED PARTIES REACHES AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
December 31, 2022 and 2021

TABLE 4

In Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Company Name	Related Party	Nature of Relationship	Transactions Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases / Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Soochow YOUNGTEK	YTEC	Indirect subsidiary	Purchase	\$ 352,221	8.98%	Net 120 days from the end of the month of when invoice is issued	\$ -	-	\$ 87,790	14.41%	-
Harvatek	YTEC	Other related parties	Purchase	195,538	4.99%	Net 120 days from the end of the month of when invoice is issued	-	-	63,529	10.43%	-

Note: The paid-in capital refers to the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company in the balance sheet.

YOUNGTEK ELECTRONICS CORP. AND SUBSIDIARIES  
INTER-COMPANY RELATIONSHIPS AND SIGNIFICANT INTER-COMPANY TRANSACTIONS  
2022

Table 5:

Amounts in Thousands of New Taiwan Dollars,

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Inter-company Transactions			
				Financial Statements Item	Amount	Terms (Note 2)	Percentage of Consolidated Net Revenue or Total Assets
0	YOUNGTEK	Xiamen YOUNGTEK	1	Operating Revenue	\$ 863	Note 2	-
				Trade receivables	815	Note 2	-
				Deferred credits - inter-company transactions	10,264	Note 2	-
		Yangzhou YOUNGTEK	1	Operating Revenue	83	Note 2	-
				Purchases	57	Note 2	-
				Other revenue	420	Note 2	-
				Interest income from bank deposits	847	Note 2	-
				Other receivables	7,309	Note 2	-
				Collection	174	Note 2	-
				Deferred credits - inter-company transactions	36,478	Note 2	-
		Shenzhen YOUNGTEK	1	Operating Revenue	66,623	Note 2	1%
				Trade receivables	2,283	Note 2	-
				Deferred credits - inter-company transactions	18,847	Note 2	-
		Jiuhongxin	1	Labor	12,000	Note 2	-
				Trade receivables	143	Note 2	-
				Collection	2,919	Note 2	-
		Soochow YOUNGTEK	1	Operating Revenue	352,221	Note 2	8%
				Purchases	3,241	Note 2	-
				Sales of fixed assets	11,860	Note 2	-
				Trade receivables	87,790	Note 2	1%
				Other receivables	74,845	Note 2	1%
				Deferred credits - inter-company transactions	61,092	Note 2	1%
1	Xiamen YOUNGTEK	Soochow YOUNGTEK	2	Other revenue	80	Note 2	-
2	Shenzhen YOUNGTEK	Yangzhou YOUNGTEK	2	Leasehold Improvements	8,079	Note 2	-
				Trade receivables	658	Note 2	-
		Soochow YOUNGTEK	2	Leasehold Improvements	5,321	Note 2	-
				Trade receivables	498	Note 2	-
3	Yangzhou YOUNGTEK	Shenzhen YOUNGTEK	2	Other revenue	38	Note 2	-
				Sales of fixed assets	17	Note 2	-
				Other receivables	2,037	Note 2	-

Note 1: No. 1 represents the transactions from parent company to subsidiary.

No. 2 represents the transactions between subsidiaries.

Note 2: The decision is based on the mutually agreed terms.

YOUNGTEK ELECTRONICS CORP. AND SUBSIDIARIES  
INFORMATION OF INVESTEEs OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 6:

Amounts in Thousands of New Taiwan Dollars,

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		The Company holds			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
YOUNGTEK ELECTRONICS CORP.	YTEC Holding (Samoa) Co., Ltd.	Samoa	Investment Holdings	\$ 1,967,924	\$ 1,967,924	Note 1	100.00	\$ 604,033 (Note 2)	( \$ 107,571 )	( \$ 107,571 )	-
	WECON CORP.	Hsin-Chu, Taiwan	Design, manufacture, assembly and sale of various controllers, optoelectronic parts and equipment, automatic machines and test instruments	1,000	1,000	100,000	100.00	977 (Note 3)	2	2	-
	HYEneTek CORP.	Hsin-Chu, Taiwan	Research and development of chemical raw materials	29,000	29,000	2,900,000	100.00	2,337 (Note 3)	1,875	1,875	-
	SHINSHOU AUTOMATION Co., Ltd. (SHINSHOU AUTONATION)	Hsin-Chu, Taiwan	Precision Instruments Wholesale	29,000	29,000	2,900,000	100.00	612 (Note 3)	-	-	-
	Tian Zheng International Precision Machinery Co., Ltd.	Kaohsiung, Taiwan	Precision equipment, electronic components, molds	36,256	36,256	5,395,136	16.22	165,983 (Note 2)	28,648	4,647	-
	WECON CORP. (Samoa) (WECON Samoa)	Samoa	Investment Holdings	USD 800	USD 800	Note 1	100.00	14,977 (Note 3)	( 463 )	( 463 )	-
	SISSCA Co., Ltd. (SISSCA) (SIGOLD OPTICS INC.)	Hsin-Chu, Taiwan	Precision equipment, electronic components, molds	\$ 23,738	\$ 23,738	3,370,752	15.52	32,135 (Note 2)	( 12,961 )	( 1,788 )	-
				24,000	24,000						
YTEC Holding (Samoa) Co., Ltd.	YTEC (Hong Kong) Global Limited	Hong Kong	Investment Holdings	RMB 224,270	RMB 224,270	Note 1	100.00	274,751 (Note 2)	( 124,868 )	( 124,868 )	-
	Clear Reach Limited	British Virgin Islands	Investment Holdings	USD 7,198	USD 7,198	Note 1	100.00	138,458 (Note 2)	( 3,765 )	( 3,765 )	-
				\$ 209,057	\$ 209,057						

Note 1: It is a limited company with only capital contribution and no shares.

Note 2: The calculation is based on the financial statements audited by the accountants for the same period.

Note 3: The calculation is based on the financial statements that were not audited by the accountants for the same period because they did not meet the accounting standards.

Note 4: For information on the Mainland China investee companies, please refer to Table 7.

YOUNGTEK ELECTRONICS CORP. AND SUBSIDIARIES  
INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 7:

Amounts in Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Investee Item	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investment Flows		December 31, 2022 Investment from Taiwan as of December 31, 2022 (Note 2)	Net Income (Losses) of the Ownership Percentage	Percentage of Equity Method	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow					
Xiamen YOUNGTEK ELECTRONICS CORP.	Research and development, production and processing of high brightness light-emitting diodes and LED die inspection equipment, and provide related technical consultation and services	RMB 194,235 \$ 899,021	Note 1	RMB 194,235 \$ 899,021	\$ -	\$ -	RMB 194,235 \$ 899,021	100%	( \$ 144,981 ) (Note 3)	( \$ 3,900 ) (Note 3)	\$ -
Yangzhou YOUNGTEK ELECTRONICS CORP.	Engaged in research and development, production and processing of frequency control and selection components (radio frequency tags) and related equipment, as well as providing related technical consultation and services	RMB 67,887 \$ 308,250	Note 1	RMB 30,035 \$ 140,895	-	-	RMB 30,035 \$ 140,895	45%	29,341 (Note 3)	181,628 (Note 3)	-
YOUNGTEK MICRO-ELECTRONICS Shenzhen	Wafer and IC test foundry, and provide related technical consultation and services	RMB 50,172 \$ 202,673	Note 1	RMB 47,717 \$ 192,368	-	-	RMB 47,717 \$ 192,368	100%	( 4,228 ) (Note 3)	155,501 (Note 3)	-
Soochow YOUNGTEK MICRO ELECTRONICS CORP.	Design of integrated circuits; testing, packaging and processing of chips; technology development, technical services and technical consultation in the field of semiconductors and integrated circuits; computer software design and development; sales of semiconductors, electronic products, mechanical and electrical equipment and electronic components; repair, leasing and sales of machinery and equipment; import and export business of various commodities and technologies on a self-operated and agency basis.	RMB 20,677 \$ 93,330	Note 1	RMB 20,677 \$ 93,330	-	-	RMB 20,677 \$ 93,330	100%	( 3,423 ) (Note 3)	95,330 (Note 3)	-

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment 60% or 80 million
USD 44,448 \$ 1,325,614	USD 44,448 \$ 1,325,614	\$ 4,089,044

Note 1: The Company invests in Mainland China through a third-party company.

Note 2: The original foreign-currency amount was converted at the original exchange rate.

Note 3: The calculation of investment income or loss and the balance of long-term equity investments were based on the financial statements of the investees audited by the accountants for the same period.

Note 4: Please refer to Note 11 of financial statements.

YOUNGTEK ELECTRONICS CORP. and Subsidiaries

Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 8

In Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Investee Company	Transactions Categories	Purchases and sales of fixed assets		Terms (Note 2)		Trade receivables-related party		Unrealized profit or loss	Note
		Amount	%	Payment Article	Amount compared	Amount	%		
Soochow YOUNGTEK	Revenue from sales of machines / Sale of fixed assets	\$ 364,275	9%	Note	Note	\$ 87,790	57%	\$ 28,202	-
Shenzhen YOUNGTEK	Revenue from sales of machines	66,623	2%	Note	Note	2,283	1%	2,001	-
Xiamen YOUNGTEK	Other industry revenue	863	-	Note	Note	815	1%	25	-
Yangzhou YOUNGTEK	Other industry revenue	83	-	Note	Note	-	-	-	-

Note: The transaction prices of sales to related parties are not comparable to other appropriate counter-parties, and the payment terms are 90 to 180 days after acceptance.

YOUNGTEK ELECTRONICS CORP. and Subsidiaries  
INFORMATION ON MAJOR SHAREHOLDERS  
December 31, 2022

TABLE 9

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
IN & OUT Bio Beauty Corp.	8,475,617	6.59%
Li Chi Investment CORP.	6,721,937	5.23%

Note: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders hold 5% or more of the Company's common shares and preferred shares that have been delivered without physical registration (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of preparation of the calculations.



**YOUNGTEK ELECTRONICS CORP.**

Individual Financial Report for the Years Ended December  
31, 2022 and 2021 and Independent Auditors' Report

Add: No 13, Aly. 17, Ln. 99, Puding Rd., Hsinnchu City

Tel : (03)5711509

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## **Independent Auditors' Report**

The board The Board of directors and Shareholders  
YOUNGTEK ELECTRONICS CORP.

### **Opinion**

We have audited the accompanying parent company only financial statements of YOUNGTEK ELECTRONICS CORP. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and 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 accompanying 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of the year ended December 31, 2022. These matters were addressed in the context of audit of the parent company only financial statements as a whole, and in forming our opinion, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows:

## Revenue Recognition

The amount of sales revenue of YOUNGTEK ELECTRONICS CORP. and its subsidiaries is significant. We are mainly engaged in testing, cutting and picking and sales of machines assembly products, please refer to Note 22. In which own product revenue has a higher gross profit. YOUNGTEK ELECTRONICS CORP. is a TPEx-listed company in Taiwan, there may be an incentive to inflate revenue due to investors; concern about the pressure on the industry's revenue growth. Therefore, the occurrence of the above mentioned sales is considered the Key Audit Matters.

Our accountants' audit program include (but not limited to the following), assesses the appropriateness of the Sales Recognition policies of YOUNGTEK ELECTRONICS CORP. and its subsidiaries.

## **Other Matter**

Include in the preceding individual financial statements, the financial statements of certain equity method investees have not been audited by our accountants, and it is by the other accountants. Therefore, in the opinion of our accountants on the individual financial statements referred to above, we have the following opinion. The equity method investment in the aforementioned and its related share of profit and loss, and it is based on the audit reports of other accountants. The balances of investments in the aforementioned investees under the Equity Method were NT\$32,135 thousand and NT\$36,390 thousand, respectively as of year end of 2022 and 2021, representing 0.40% and 0.44% of the total assets. And recognized its share of profit and loss of affiliates recognized by the Equity method as of year end of 2022 and 2021, amounting to NT\$1,788 thousand and NT\$3,373 thousand, respectively. And representing (0.16)% and 0.25% of Income from continuing operations before income tax.

## **Responsibilities of Management and Those Charged with Governance for the Independent Financial Statements.**

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

In preparation of the parent company only financial statements, management is responsible for assessing the Company's ability 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Independent 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 an part of an audit in accordance with the Standards of Auditing of the Republic of China, we exercise professional judgment and maintain the economic decisions of users taken on the basis of these independent financial statements. Our accountants also enforce the following tasks :

1. Identify and asses the risk 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 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 and its subsidiaries' 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 appropriates of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainly exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainly exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual 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 Company to express an opinion on the individual financial statements. We are responsible for the guidance, 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 determined those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and therefore the key matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche  
Accountant, Su-Li Fang

Accountant, Tung-Hui Yeh

The approval number of Financial  
Supervisory Commission R.O.C.  
(Taiwan)  
No.Financial-Supervisory-Securities-VI  
-0940161384

The approval number of Financial  
Supervisory Commission R.O.C.  
(Taiwan)The approval number of  
Financial Supervisory Commission R.O.C.  
(Taiwan)  
No.Financial-Supervisory-Securities-Audi  
ting-0980032818

March 15, 2023

YOUNGTEK ELECTRONICS CORP.  
Individual Balance Sheets  
December 31, 2022 and 2021

(In Thousand of New Taiwan Dollars)

Code	ASSETS	December 31, 2022		December 31, 2021		Code	LIABILITIES AND EQUITY	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash and cash equivalents (Note 4 and Note 6)	\$ 2,479,380	31	\$ 1,976,251	24	2130	Contract liabilities -current (Note 4 and Note 22)	\$ 59,075	1	\$ 36,024	1
1120	Financial assets measured at fair value through other comprehensive income -current (Note 4 and Note 7)	39,898	-	57,210	1	2170	Notes and accounts payable (Note 17)	279,780	4	462,184	6
1136	Financial assets at amortised cost-current (Note 4, Note 8 and Note 30)	-	-	7,000	-	2180	Accounts payable-related parties (Note 29)	-	-	1,519	-
1170	Notes and accounts receivable , net (Note 4 and Note 9)	454,443	6	940,681	12	2219	Other payables (Note 18 and Note 29)	460,535	6	549,337	7
1180	Accounts receivable -related parties (Note 4 and Note 29)	154,611	2	199,034	2	2230	Current tax liabilities (Note 4 and Note 24)	150,694	2	257,000	3
1200	Other receivables (Note 9)	3,831	-	985	-	2250	Provisions -current (Note 4 and Note 19)	25,399	-	30,926	-
1210	Other receivables-related parties (Note 29)	83,142	1	171,089	2	2280	Lease liabilities -current (Note 4 and Note 13)	17,971	-	19,310	-
130X	Inventories (Note 4, Note 10 and Note 26)	902,510	11	788,759	10	2399	Other current liabilities (Note 18)	<u>12,703</u>	-	<u>5,304</u>	-
1470	Other current assets (Note 16 and Note 29)	<u>118,864</u>	<u>2</u>	<u>107,191</u>	<u>1</u>	21XX	Total current liabilities	<u>1,006,157</u>	<u>13</u>	<u>1,361,601</u>	<u>17</u>
11XX	Total current assets	<u>4,236,679</u>	<u>53</u>	<u>4,248,200</u>	<u>52</u>		Non-current liabilities				
	Non-current assets					2580	Lease liability-non-current (Note 4 and Note 13)	119,420	1	143,854	2
1517	Financial assets measured at fair value through other comprehensive income -Non-current (Note 4 and Note 7)	423,530	5	539,106	7	2640	Defined benefit liabilities (Note 4 and Note 20)	-	-	16,497	-
1535	Financial assets of carried at amortized cost-non-current (Note 4, Note 8 and Note 30)	17,595	-	10,578	-	2670	Guarantee deposit received	<u>7,084</u>	-	<u>7,084</u>	-
1550	Investments accounted for using equity method (Note 4 and Note 11)	821,054	11	910,593	11	25XX	Total non-current liabilities	<u>126,504</u>	<u>1</u>	<u>167,435</u>	<u>2</u>
1600	Property, plant and equipment (Note 4, Note 12, Note 26 and Note 30)	2,142,683	27	2,176,609	27	2XXX	Total liabilities	<u>1,132,661</u>	<u>14</u>	<u>1,529,036</u>	<u>19</u>
1755	Right-of-use asset (Note 4, Note 13 and Note 26)	144,391	2	164,853	2		Equities (Note 4 and Note 21)				
1760	Net of Investment properties (Note 4 and Note 14)	21,971	-	22,889	-		Capital				
1780	Intangible assets (Note 4 and Note 15)	30,177	1	31,355	-	3110	Common stock	<u>1,284,980</u>	<u>16</u>	<u>1,284,980</u>	<u>15</u>
1840	Deferred tax assets (Note 24)	82,155	1	106,892	1	3200	Additional paid-in capital	<u>2,454,456</u>	<u>31</u>	<u>2,461,818</u>	<u>30</u>
1915	Prepayment for equipment	9,423	-	7,344	-		Retained earnings				
1975	Net defined benefit assets (Note 4 and Note 20)	15,001	-	-	-	3310	Legal reserve	1,067,713	13	958,416	12
1990	Other assets- non-current (Note 16 and Note 29)	<u>3,116</u>	-	<u>3,016</u>	-	3320	Special reserve	-	-	18,360	-
15XX	Total non-current assets	<u>3,711,056</u>	<u>47</u>	<u>3,973,235</u>	<u>48</u>	3350	Unappropriated earnings	<u>2,040,620</u>	<u>26</u>	<u>1,895,681</u>	<u>23</u>
1XXX	Total assets	<u>\$ 7,947,735</u>	<u>100</u>	<u>\$ 8,221,435</u>	<u>100</u>	3300	Total retained earnings	<u>3,108,333</u>	<u>39</u>	<u>2,872,457</u>	<u>35</u>
						3400	Other equity interest	<u>(32,695)</u>	-	<u>73,144</u>	<u>1</u>
							Total equities	<u>6,815,074</u>	<u>86</u>	<u>6,692,399</u>	<u>81</u>
						3XXX	Total liabilities and equities	<u>\$ 7,947,735</u>	<u>100</u>	<u>\$ 8,221,435</u>	<u>100</u>

The accompanying notes are an integral part of these individual financial report.  
Please referred to the audit report of Deloitte & Touche in the March 15, 2023.

YOUNGTEK ELECTRONICS CORP.  
Individual Statements of Comprehensive Income  
December 31, 2022 and 2021

(In Thousand of New Taiwan Dollar,  
Except Earnings Per Share)

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note 4, Note 22 and Note 29)	\$ 3,920,554	100	\$ 4,720,773	100
5000	Operating costs (Note 10, Note 15, Note 20, Note 23 and Note 29)	<u>2,426,640</u>	<u>62</u>	<u>2,770,693</u>	<u>59</u>
5900	Operating margin	1,493,914	38	1,950,080	41
5910	(Un)realized benefits with the subsidiaries and affiliates	<u>19,081</u>	<u>1</u>	<u>(19,628)</u>	<u>-</u>
5950	Realized operating margin	<u>1,512,995</u>	<u>39</u>	<u>1,930,452</u>	<u>41</u>
	Operating expenses (Note 15, Note 20, Note 23 and Note 29)				
6100	Sales and marketing	132,547	3	135,271	3
6200	General and administrative	156,618	4	147,906	3
6300	Research and development	338,804	9	324,144	7
6450	The expected credit loss impairment model	<u>(38,070)</u>	<u>(1)</u>	<u>2,971</u>	<u>-</u>
6000	Total operating expenses	<u>589,899</u>	<u>15</u>	<u>610,292</u>	<u>13</u>
6500	Other income and net of loss (Note 4, Note 23 and Note 29)	<u>85,640</u>	<u>2</u>	<u>137,098</u>	<u>3</u>
6900	Operating net profit	<u>1,008,736</u>	<u>26</u>	<u>1,457,258</u>	<u>31</u>
	Non-operating income and expenses				
7100	Interest income from bank deposits (Note 4, Note 23 and Note 29)	16,917	-	8,382	-
7010	Other income (Note 4, Note 23 and Note 29)	21,032	1	20,142	1
7020	Other gains and losses (Note 4 and Note 23)	152,004	4	( 37,073 )	( 1 )
7050	Finance costs (Note 23 and Note 29)	<u>( 3,759 )</u>	<u>-</u>	<u>( 2,422 )</u>	<u>-</u>

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Code		2022		2021	
		Amount	%	Amount	%
7060	Share of profits of subsidiaries and associated accounted for using the equity method (Note 4 and Note 11)	(\$ <u>103,298</u> )	( <u>3</u> )	(\$ <u>80,668</u> )	( <u>2</u> )
7000	Total o non-operating income and expenses	<u>82,896</u>	<u>2</u>	( <u>91,639</u> )	( <u>2</u> )
7900	Income from continuing operations before income tax	1,091,632	28	1,365,619	29
7950	Total income tax expense (Note 4 and Note 24)	<u>237,452</u>	<u>6</u>	<u>285,536</u>	<u>6</u>
8200	Net profit for the year	<u>854,180</u>	<u>22</u>	<u>1080,084</u>	<u>23</u>
	Other comprehensive income (Note 20 and Note 21)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Measure on defined benefit plans	20,832	1	( 7,326 )	-
8316	Unrealized gain/(loss) on investments in equity instrument at fair value through other comprehensive income.	( 114,215 )	( 3 )	116,383	2
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences resulting from translating the financial statements of foreign operations.	<u>11,730</u>	=	( <u>4,665</u> )	=
8300	Total other comprehensive income	( <u>81,653</u> )	( <u>2</u> )	<u>104,392</u>	<u>2</u>
8500	Total comprehensive income	<u>\$ 772,527</u>	<u>20</u>	<u>\$ 1,184,476</u>	<u>25</u>
	Earnings per share (Note 25)				
9750	Basic earnings per share	<u>\$ 6.65</u>		<u>\$ 8.41</u>	
9850	Diluted earnings per share	<u>\$ 6.53</u>		<u>\$ 8.27</u>	

The accompanying notes are an integral part of these individual financial report.  
Please referred to the audit report of Deloitte & Touche in the March 15, 2023.

YOUNGTEK ELECTRONICS CORP.  
Individual Statements of Changes in Equity  
December 31, 2022 and 2021

(In Thousand of New Taiwan Dollars,  
Except the dividend per share is Yuan)

Equity attributable to the Company's owners.

Code		Capital	Additional paid-in capital	Retained earnings			Other equity items		Total Equities
				Legal reserve	Special reserve	Unappropriated earnings	Foreign currency translation reserve exchange difference	Through other comprehensive income measured by fair value unrealized profit or loss on financial assets	
A1	Balance, January 1, 2021.	\$ 1,284,980	\$ 2,449,818	\$ 908,421	\$ 110,837	\$ 1,274,219	( \$ 88,867 )	\$ 70,507	\$ 6,009,915
	Profit distribution, 2020								
B1	Listing of Legal reserve	-	-	49,995	-	( 49,995 )	-	-	-
B3	Special reserve	-	-	-	( 92,477 )	92,477	-	-	-
B5	Cash dividends to shareholders of the company	-	-	-	-	( 513,992 )	-	-	( 513,992 )
C7	Changes in associated accounted for using the equity method	-	12,000	-	-	-	-	-	12,000
D1	Net income, 2021	-	-	-	-	1,080,084	-	-	1,080,084
D3	Other comprehensive income, 2021	=	=	=	=	( 7,326 )	( 4,665 )	116,383	104,392
D5	Total Profit or loss, 2021	=	=	=	=	1,072,758	( 4,665 )	116,383	1,184,476
Q1	Disposal on the equity instruments measured at fair value through Other comprehensive income	=	=	=	=	20,214	=	( 20,214 )	=
Z1	Balances, December 31, 2021	1,284,980	2,461,818	958,416	18,360	1,895,681	( 93,532 )	166,676	6,692,399
	Profit distribution, 2021								
B1	Listing of Legal reserve	-	-	109,297	-	( 109,297 )	-	-	-
B3	Special reserve	-	-	-	( 18,360 )	18,360	-	-	-
B5	Cash dividends to shareholders of the company	-	-	-	-	( 642,490 )	-	-	( 642,490 )
C3	Donation from shareholders	-	39	-	-	-	-	-	39
C7	Changes in associated accounted for using the equity method	-	( 7,401 )	-	-	-	-	-	( 7,401 )
D1	Net profit, 2022	-	-	-	-	854,180	-	-	854,180
D3	Other comprehensive income, 2022	=	=	=	=	20,832	11,730	( 114,215 )	( 81,653 )
D5	Total Profit or loss, 2022	=	=	=	=	875,012	11,730	( 114,215 )	772,527
Q1	Disposal on the equity instruments measured at fair value through Other comprehensive income	=	=	=	=	3,354	=	( 3,354 )	=
Z1	Balances, December 31, 2022	\$ 1,284,980	\$ 2,454,456	\$ 1,067,713	\$ -	\$ 2,040,620	( \$ 81,802 )	\$ 49,107	\$ 6,815,074

The accompanying notes are an integral part of these individual financial report.  
Please referred to the audit report of Deloitte & Touche in the March 15, 2023.

YOUNGTEK ELECTRONICS CORP.

Individual Statements of Cash Flows

December 31, 2022 and 2021

(In Thousand of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A10000	Income from continuing operations before income tax	\$ 1,091,632	\$ 1,365,619
A20010	Provided by (used in) operating activities:		
A20100	Depreciation	522,341	513,979
A20200	Amortization	8,214	8,144
A20400	The expected credit loss impairment model (reversal of Impairment in profit or loss)	( 38,070 )	2,971
A20900	Finance costs	3,759	2,422
A21200	Interest income from bank deposits	( 16,917 )	( 8,382 )
A21300	Dividend revenue	( 16,153 )	( 7,983 )
A22400	Share of profits of associates	103,298	80,668
A22500	Disposal on Property, plant and equipment	( 48,292 )	( 95,770 )
A22600	Loss on property, plant and equipment	19,602	-
A23700	Inventory falling price losses and obsolescence losses	21,182	71,346
A24000	Realized benefits with the subsidiaries and affiliates	( 19,081 )	19,628
A24100	Foreign exchange (profit and) loss	( 84,475 )	1,326
A29900	Profit from lease modification	( 508 )	( 4 )
A30000	Net profit changes of business assets and liabilities		
A31150	Notes and accounts receivable	537,932	( 155,769 )
A31160	Accounts receivables-related parties	73,103	( 101,184 )
A31180	Other receivables	( 149 )	1,263
A31190	Other receivables-related parties	59,267	( 15,781 )
A31200	Inventories	( 333,478 )	( 731,918 )
A31240	Other current assets	( 11,673 )	46,163
A32125	Contract liabilities	23,051	2,477
A32150	Notes and accounts payable	( 183,363 )	( 11,086 )
A32160	Accounts payable-related parties	( 1,516 )	1,126
A32180	Other payables	( 92,290 )	176,262
A32200	Provisions liabilities	( 5,527 )	13,003
A32230	Other current liabilities	7,399	265
A32240	Accrued pension liabilities	( 10,666 )	( 10,228 )
A33000	Cash generated from operations	1,608,622	1,168,557

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Code		2022	2021
A33100	Interest received	\$ 14,220	\$ 7,397
A33200	Dividends recieved	40,431	16,076
A33300	Interest paid	( 3,759 )	( 2,422 )
A33500	income tax paid	( <u>318,981</u> )	( <u>171,680</u> )
AAAA	Net cash generated by operating activities	<u>1,340,533</u>	<u>1,017,928</u>
Cash flows from investing activities			
B00010	Acquisition on financial assets at fair value through other comprehensive income	-	( 63,420 )
B00020	To sell on financial assets at fair value through other comprehensive income	18,673	2,596
B00040	Acquisition on financial assets at amortized cost	( 17 )	( 20 )
B01800	Disposal on long-term equity investment on stocks accounted for using equity method	-	132
B02700	To purchase on property, plant and equipment	( 285,954 )	( 348,595 )
B02800	Disposal on property, plant and equipment	31,646	80,268
B03700	Refundable deposits paid	( 100 )	( 1,550 )
B03800	Refundable deposits refunded	-	2,777
B04500	To purchase on intangible assets	( 7,036 )	( 3,208 )
B07100	Decrease (increase) on prepayment for equipment	( <u>2,079</u> )	<u>13,329</u>
BBBB	Net cash used in investing activities	( <u>244,867</u> )	( <u>317,691</u> )
Cash flows from financing activities			
C03000	To recieve on guaranteed deposit received	-	100
C04020	Repayment of the principal portion of lease liabilities	( 21,896 )	( 25,693 )
C04500	Proceed cash dividends	( 642,490 )	( 513,992 )
C04600	Donation from shareholders	<u>39</u>	=
CCCC	Cash provided used in financing activities	( <u>664,347</u> )	( <u>539,585</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>71,810</u>	<u>7,275</u>
EEEE	Net increase in cash and cash equivalents	503,129	167,927
E00100	Cash and cash equivalents, beginning of the year	<u>1,976,251</u>	<u>1,808,324</u>
E00200	Cash and cash equivalents, end of year	<u>\$ 2,479,380</u>	<u>\$ 1,976,251</u>

The accompanying notes are an integral part of these individual financial report.

Please referred to the audit report of Deloitte & Touche in the March 15, 2023.

YOUNGTEK ELECTRONICS CORP.

NOTES TO INDIVIDUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

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

1. COMPANY HISTORY

YOUNGTEK ELECTRONICS CORP. (the "Company" or "YTEC"), a Republic of China (R.O.C.) corporation, was incorporated on July 22, 1991. The Company is a dedicated foundry in the Electronic Parts and Components Manufacturing, Machinery and Equipment Manufacturing and Manufacture Export.

On March 29, 2004, the Company's shares were listed on the Taipei Exchange.

On January 1, 2015, the Company merged with WECON Co., Ltd. WECON Co., Ltd. is dissolved company, the Company's is surviving company.

The individual financial statements present in New Taiwan Dollars.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUANCE

The accompanying individual financial statements were approved and authorized for issue by the Board of Directors on March 15, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company's policies.

- b. The IFRs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Disclosure of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Disclosure Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The group shall apply these amendments prospectively to the changes of accounting estimates and accounting policies for annual reporting periods beginning after January 1, 2023.

Note 3: Apart from recognizing deferred income tax based on the provisional differences of leases and decommissioning obligations, the amendments also apply to transaction occurred subsequently.

As of the date the individual financial report were authorized for issue, the Company is continuously assessing the interpretations will have on the Company's financial

position and financial performance, and will disclose the relevant impact when the assessment is completed.

- c. The IFRs issued by ISAB but not yet endorsed and issued into effect by the FSC.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS and ISA 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Leases to add subsequent measurement requirements for lease liabilities arising from sale and leaseback transactions"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Insurance Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to the IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual beginning on or after their respective effective dates.

Note 2: Sellers and lessees should apply the amendments to IFRS 16 retrospective application transaction entered into after the date of initial application of IFRS 16.

As of the date the accompanying individual financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of Compliance

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

- b. Basis of Preparation

The accompanying individual financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value of the consideration given in exchange for the assets.

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

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

3. Level 3 inputs are unobservable inputs for an asset or liability.

For the purposes of presenting individual financial statements, investments on subsidiaries, associated and jointly controlled entity accounted for using equity method. In order to make the profits and losses for the year, other comprehensive income and equity in the individual financial statements the same as the profits and losses for the year, other comprehensive income and equity attributable to the Company. Certain accounting differences on individual basis are adjustments to "Investment that accounted for using equity method", "Share of profits and losses of subsidiaries accounted for using equity method" and "Share of other comprehensive income of subsidiaries accounted for using equity method."

c. Classification of Current and Non-current Assets and Liabilities

Current assets are:

1. Assets held for trading purpose;
2. assets expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period;
3. Cash and cash equivalents (not included restrictions on the exchange or settled liabilities more than 12 months after balance sheet date)

Current liabilities are:

1. Obligations incurred for trading purposes;
2. Obligations expected to be settled within 12 months from the end of the reporting period.
3. Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liabilities that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets or current liabilities other than those mentioned above are classified as non-current assets or non-current liabilities.

d. Business Combinations

Business Combinations accounted for using acquisition method. Acquisition-related costs are expenses in the period which the costs are incurred, and the services are rendered.

Goodwill is measured as the aggregate of the fair value of the consideration transferred and the fair value of the acquirer's previously held interest in the acquiree at the date of acquisition, over the net amount of the identifiable assets acquired and liabilities assumed at the date of acquisition. If, after the reassessment the net amount of the identifiable assets acquired and liabilities assumed at the acquisition date still exceeds the aggregate of the consideration transferred and acquisition-date fair value of acquirer's previously held interest in the acquiree, the difference is a bargain purchase gain and is recognized immediately in profits and losses.

The non-controlling interest in the acquiree that has a current ownership interest in the acquiree and is entitled to a proportionate share of the acquiree's net assets upon liquidation is measured as its proportionate share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at fair value.

e. Foreign Currencies

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

Foreign currencies transactions are translated into the functional currencies using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profits and losses.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items in respect of which profits and losses are recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting individual financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

f. Inventories

Inventories are included Raw materials, Work in process, Semi-finished product and Finished goods. Inventories are stated at the lower of cost and net realizable value.



The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Inventories cost is determined using the weighted-average method.

g. Investments in subsidiaries

Investments on subsidiaries accounted for using equity method.

Subsidiaries are an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The differences between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equal or exceed its interests in the subsidiaries (including the carrying amount of the subsidiaries under the equity method and other long-term interests that are in substance a component of the Company's net investment in the subsidiaries), the Company continues to recognize losses in proportion to its equity in the subsidiaries.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date is recorded as goodwill, which is included in the carrying amount of the investments and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date over the acquisition cost is recorded as current income.

The Company assesses the expected credit loss impairment model by considering the cash-generating units as a whole and comparing their recoverable amounts with their carrying amounts in the financial statements. If the recoverable amount of an asset subsequently increases, the reversal of the expected credit loss impairment model is recognized as a gain, provided that carrying amount of the asset after the reversal of the expected credit loss impairment model does not exceed the carrying amount that would have been determined the expected credit loss impairment model been recognized, net of amortization. The expected credit loss impairment model attributed to goodwill are not reversed in subsequent periods.

When loss the control of subsidiaries, Company measures its remaining investment in the former subsidiaries in fair value at the date of loss of control. The differences between fair value of the remaining investment and carrying amount of the investment at the date of loss of control is recognized in profits and losses for the period. In addition, the amounts previously in other comprehensive income in relation to the associate are reclassified to profits and losses, on the same basis as would be required if the relevant assets or liabilities were disposed.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the

asset transferred. Profits or losses resulting from counter-current and upstream transactions with subsidiaries are recognized in the individual financial statements only to the extent that they are not related to the Company's interest in the subsidiaries.

h. Investments in associates

Associates are companies over which the Company has significant influence, but which are not subsidiaries or joint ventures.

Investments on associates accounted for using equity method.

Accounted for using equity method, the original investments on associates are recognized the cost, and the carrying amount of the investments after the acquisition date increases or decreases with the Company's share of the profits and losses of the subsidiaries and other comprehensive income. Also, changes in the Company's other interests in associates are recognized in proportion to the Company's shareholding.

The excess of acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the associates at the date of acquisition is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets at the date of acquisition over the acquisition is recorded as profits and losses.

If the company does not subscribe for new shares of an associates in proportion to its shareholding, resulting in a change in the Company's shareholding and a resulting increase or decrease is adjusted to capital reserve changes in the net equity of the associates and joint venture recognized under the equity method and the investment accounted for under the equity method. However, if the ownership interest in an associates is reduced as a result of not subscribing for or acquiring shares in proportion to the ownership interest, the amount recognized in other comprehensive income or loss related to the associates are reclassified on the same basis as the required for the direct disposal of the related assets or liabilities of the associates; if the former adjustment should be debited to capital reserve from equity method investments is insufficient, the difference is debited to retained earnings.

When the Company's share of losses in a associate equal or exceed its interests in the subsidiaries (including the carrying mount of the subsidiaries under the equity method and other long-term interests that are in substance a component of the Company's net investment in the subsidiaries), the Company continues to recognized losses in proportion to its equity in the subsidiaries. Company recognizes additional losses and liabilities only to the extent the legal obligations, constructive obligations, or payments on behalf of associates have been incurred.

In assessing the expected credit loss impairment model, Company considers the overall carrying amount of the investment (including goodwill) as a single asset to compare the recoverable amount with the carrying amount for the purpose of the expected credit loss impairment model testing, and the expected credit loss impairment model is also part of the carrying amount of the investment. Any reversal of the expected credit loss impairment model is recognized to the extent of the subsequent increase in recoverable amount of the investment.

The Company ceases to adopt the equity method from the date its investment ceases to be an associate, and its retained interest in the former associates is measured at fair

value. The difference between the fair value and the disposal price and the carrying amount of cessation of the equity method is recognized in profits and losses for the current period. In addition, the amounts previously in other comprehensive income in relation to the associate are reclassified to profits and losses, on the same basis as would be required if the relevant assets or liabilities were disposed.

Profits or losses resulting from counter-current and upstream transactions with associates are recognized in the individual financial statements only to the extent that they are not related to the Company's interest in the associates.

i. Property, Plant and Equipment

Property, plant and equipment are recognized at cost and subsequently measured at the expected credit loss impairment model accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. The assets' values, useful lives and depreciation methods are reviewed, and adjust if appropriate, at each balance sheet date, and deferring the effect of changes in applicable accounting estimates.

When property, plant and equipment is derecognized, the difference between Deferred tax income (expense) recognized in P/L and carrying amount of the asset is recognized in profits or losses.

j. Investment Properties

Investment properties is real estate held to earn rentals or for capital appreciation or both. Investment properties also includes land held for future use that is currently undetermined.

Owned investment properties are initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated the expected credit loss impairment model.

Investment properties accounted for using the straight-line method to allocate their cost over their estimated useful lives.

When investment properties is derecognized, the difference between Deferred tax income (expense) recognized in P/L and carrying amount of the asset is recognized in profits or losses.

k. Goodwill

Goodwill acquired through a business combination is measured at cost based on the amount of goodwill recognized on the acquisition date and subsequently measured at cost less accumulated the expected credit loss impairment model.

For the purpose of the expected credit loss impairment model testing, goodwill is allocated to each cash-generating unit or group of cash-generating unit from which the Company expects to benefit as a result of the consolidated effect of the merger.

Cash-generating unit subject to goodwill is tested annually (and whenever there is an indication that the unit may be impaired) for impairment by comparing the carrying amount of the unit that contains

goodwill with its recoverable amount. If goodwill allocated to a cash-generating unit is acquired in a business combination during the year, the unit should be tested for the expected credit loss impairment model before the end of the year. If the recoverable amount of a cash-generating unit subject to goodwill is less than its carrying amount, the expected credit loss impairment model is calculated by first reducing the carrying amount of cash-generating unit subject to goodwill and then reducing the carrying amount of each asset in proportion to the carrying amount of the other assets in that unit. Any impairment loss is recognized directly as current loss. Goodwill impairment losses are not reversed in subsequent periods.

When disposal of an operation within an amortized goodwill cash-generating unit, the amount of goodwill associated with the disposed operation is included in the carrying amount of the operation to determine the profits or losses on disposal.

1. Intangible assets

(1) Separately Acquisition

Separately acquisition intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the following estimated useful lives, and the Company reviews the estimated useful lives, residual values and amortization method at least at each year ended and defers the effect of changes in applicable accounting estimates. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

(2) Internally generated - research and development expenses

Research expenses are recognized as expenses as incurred.

(3) Acquired through business combinations

Intangible assets acquired through business combinations are recognized at fair value at the date of acquisition and separately from goodwill and are subsequently measured in the same manner as intangible assets acquired separately.

(4) Derecognize

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the year.

m. Impairment of Tangible Assets, Right-of-use Assets and Intangible Assets Other than Goodwill

The Company assesses at each balance sheet date whether there are any indications of impairment of tangible assets, right-of-use assets, and intangible assets other than goodwill. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to individual cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher of the fair value less costs to sell and its value in use. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is deferred tax income (expense) recognized in P/L.

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

n. Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instrument.

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

1. Financial assets

The classification of financial assets depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

(1) Category of measurement

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

A. Measured at amortized cost

The Company's investment financial assets are classified as financial assets carried at amortized cost if both of the following conditions are met:

- a. Held under an operating model whose objective is to hold financial assets to collect contractual cash flows.
- b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost (including cash and cash equivalents, accountants receivable measured at amortized cost, other receivables and time deposits with original maturities of more than 3 months) are measured at amortized cost using the effective interest method, less any impairment loss, after initial recognition, and any foreign currency exchange profit or loss is recognized in profit or loss. Interest income from bank deposits is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- a. Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
- b. Interest income is computed by multiplying the effective interest rate by the amortized cost of the financial assets for financial assets that are not acquired or created as credit impairment but subsequently become credit-impaired.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulty, default, a substantial likelihood that the debtor will declare bankruptcy or other financial reorganization, or the disappearance of an active market for the financial assets due to financial difficulties.

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

B. Investment in equity instruments at FVTOCI

On initial recognition, the Company may irrevocably designate in equity investments that is not held for trading as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with profits and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, accumulated profits and losses are transferred directly to retained earnings and are not reclassified to profits and losses.

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

(2) Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable) and for investments in debt instruments that are measured at FVTOCI.

The loss allowance for accounts receivable is measured at an amount equal of lifetime expected credit losses. For financial assets at amortized cost and instruments that are measured at FVTOCI, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal expected credit loss resulting from possible default events of a financial instrument within 12 months after reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life to financial instrument.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults of the financial instrument within 12 months after the reporting date, and the expected credit loss over the life of the instrument represents the expected credit loss arising from all possible defaults of the financial Instrument during the expected life of the instrument.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

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

On derecognition of a financial assets at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the

consideration received and receivable is recognized. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity Instruments

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

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

The carrying amount of the reacquisition of the Company's own equity instruments is recognized under equity. The carrying amount of the reacquisition is calculated by the weighted-average amount of the type of shares and the reason for the requisition is determined separately. Purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequently measured

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liabilities derecognized and the consideration paid and payable is recognized in profit or loss.

o. Provision for liabilities

The amount recognized as provision for liabilities is the best estimate of the amount required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. The provision for liabilities is measured as the discounted value of estimated cash flows to settle the obligation.

1. Warranty

The warranty obligation to conform to the agreed-upon specifications is based on management's best estimate of the expenses required to settle the Company's obligations and is recognized as revenue from the related merchandise.



p. Revenue Recognition

The Company recognizes revenue when performance obligations are satisfied. The performance obligations are satisfied when customers obtain control of the promised goods which is generally when the goods are delivered to the customers' specific locations.

If the Company enters into several contracts with the same customer (or a related party of the customer) almost simultaneously, the Company treats them as a single contract because the goods or services promised in these contracts are a single performance obligation.

If the interval between the transfer of goods or services and the receipt of consideration is less than one year, the transaction price is not adjusted for significant financial components of the contract.

1. Revenue from sale of goods

Revenue from sale of goods is derived from sales of test foundry, cut-and-pick foundry and machine assembly products. The Company recognizes revenue and accounts receivable at the time of delivery of the test and pick-and-place products to the customer, when the customer has the right to set the price and use the products and has the primary responsibility for reselling the products, and bears the risk of obsolescence of the products.

Therefore, no revenue is recognized when the product is removed.

q. Leases

For a contract that contains a lease component and non-lease component, the Company may elect to account for the lease and non-lease components as a single lease component.

1. The Company as lessor

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

Rental income from operating lease is recognized on a straight-line basis over the term of the lease. the original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expenses on a straight-line basis over the lease term.

2. The Company as lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value underlying assets and short-term leases where an exemption from recognition applies, where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made before the commencement date of the lease less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented separately in the individual balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of lease to the earlier of the end of the useful lives or the end of the lease term.

Lease liabilities are measured initially at the present value of the lease payment. If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If that the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expenses is amortized over the lease term. If there is a change in future lease payments due to changes in the lease term, expected payments under the residual value guarantee or the index or rate used to determine lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the individual balance sheets.

r. Government Grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to the government grants and that the grant will be received.

Government grants related to revenue are recognized in profit or loss on a systemic basis over the period in which they are intended to compensate for the related costs recognized as expenses by the Company.

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

s. Employee Benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2. Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Project Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company's defined benefit plan. The net defined benefit asset may not exceed the present value of refunds of contributions from the plan or reductions in future contributions.

t. Taxation

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

1. Current tax

The Company determines the current income (loss) in accordance with the regulations enacted by the R.O.C. and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the Income Tax Act of the R.O.C. is recognized in the year in which the shareholder's meeting resolves.

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

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the individual financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are not recognized for temporary differences arising from the initial recognition of assets and liabilities that are not part of a business combination that affects neither taxable income nor accounting profit at the time of recognition. Deferred tax liabilities also are not recognized for taxable temporary differences arising from the original recognition of goodwill.

Deferred tax liabilities are generally recognized for all deductible temporary differences, net operating loss carry-forwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered.

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

3. Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

The Company has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as result of the pandemic.

Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Key Sources of Estimation and Uncertainty

(1) Impairment of Property, plant and equipment

Operating-related equipment impairment is assessed based on the recoverable amount of such equipment (the higher of the fair value of such assets less costs to sell and their value in use). Changes in market prices or future cash flows will affect the recoverable amount of such assets and may require the Company to recognize an additional impairment loss or reverse an impairment loss already recognized.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2021</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 934	\$ 801
Bank cheque and demand deposits	728,446	1,296,701
Cash equivalents (investments with original maturity of less than 3 months)		
Repurchase agreements collateralized by bonds	-	568,615
Time deposits	<u>1,750,000</u>	<u>110,134</u>
	<u>\$ 2,479,380</u>	<u>\$1,976,251</u>

The interest rates of bank deposits at the balance sheet date ranged as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deposits in bank	0.001%~4.000%	0.001%~3.050%
Repurchase agreements collateralized by bonds	-	0.350%

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Investment in equity instruments at FVTOCI	\$ 39,898	\$ 57,210
<u>Non-current</u>		
Investment in equity instruments at FVTOCI	<u>423,530</u>	<u>539,106</u>
	<u>\$ 463,428</u>	<u>\$ 596,316</u>

(1)	Investment in equity instruments at FVTOCI		
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Current</u>		
	Domestic investment		
	Listed (TSE and OTC) stocks	<u>\$ 39,898</u>	<u>\$ 57,120</u>
	<u>Non-current</u>		
	Domestic investment		
	Listed (TSE and OTC) stocks	\$ 212,065	\$ 286,528
	Unlisted (TSE and OTC)		
	stocks	<u>5,000</u>	<u>37,012</u>
	Total	217,065	323,540
	Foreign investment		
	Unlisted (TSE and OTC)		
	stocks	<u>206,465</u>	<u>215,566</u>
		<u>\$ 423,530</u>	<u>\$ 539,106</u>

The Company invests in domestic and foreign listed (TSE and OTC) stocks for strategic purposes and expects to make profits from its investments. The Company's management believes that it would be inconsistent with the foregoing investment planning to include short-term fair value fluctuations of these investments in profit or loss and has elected to designate these investments as measured at fair value through other comprehensive income.

8. FINANCIAL ASSETS AT AMORTIZED COST

		<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Current</u>		
	Domestic investment		
	Time deposits with original of		
	more than 3 months (1)	\$ -	\$ 7,000
	<u>Non-current</u>		
	Domestic investment		
	Time deposits with original of		
	more than 1 year (1)	<u>17,595</u>	<u>10,578</u>
		<u>\$ 17,595</u>	<u>\$ 17,578</u>

- (1) As of December 31, 2021 and 2020, the interest rate range for time deposits with original maturity over 3 months was 0.160%~0.755%.
- (2) Pledges on financial assets measured at amortized cost, please refer to Note 30.

9. NOTES RECEIVABLE, TRADE RECEIVABLE AND OTHER RECEIVABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivables</u>		
Occurred because of operating	<u>\$ 7,596</u>	<u>\$ 28,617</u>
<u>Trade receivables</u>		
Measured at amortized cost		
Total carrying amount	467,191	970,478
Less: loss allowance	( 20,344)	( 58,414)
	<u>446,847</u>	<u>912,064</u>
Notes and accounts receivable, net	<u>\$ 454,443</u>	<u>\$ 940,681</u>
<u>Other receivables</u>		
Non-operating revenues receivable	\$ 2,697	\$ 985
Tax refund receivable	<u>1,134</u>	=
	<u>\$ 3,831</u>	<u>\$ 985</u>

The average credit period for merchandise sales ranges from 90 to 180 days. Accounts receivable are non-interest-bearing and are fully guaranteed, if necessary, to mitigate the risk of financial loss due to default. The Company uses other publicly available financial information and historical transaction records to rate its major customers. The Company monitors credit risk and counterparty credit ratings on an ongoing basis and manages credit risk through annual review and approval of counterparty credit limits.

The Company recognizes an allowance for losses on accounts receivable on the basis of expected credit losses over the life of the receivable. Excepted credit losses for the ongoing period are calculated using an allowance matrix, which considers the customer's past default history, current financial condition, and the economic conditions of the industry. since the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead further differentiating the customer groups, the reserve matrix only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation, the Company directly eliminates the related accounts receivable, but continues the recovery activities and recognizes the amount recovered in profit or loss because of the recovery.

The Company measured the allowance for losses on accounts receivable based on the allowance matrix as follows:

December 31, 2022

	<u>Not past due</u>	<u>91~120 days</u>	<u>121~150 days</u>	<u>151~180 days</u>	<u>Over 181 days</u>	<u>Total</u>
Excepted Credit Loss	-	6.26%	6.82%	8.59%	74.89%	-
Total carrying amount	\$370,150	\$ 63,792	\$ 12,365	\$ 198	\$ 20,686	\$ 467,191
Loss allowance (excepted credit loss on duration)	-	( 3,992 )	( 843 )	( 17 )	( 15,492 )	( 20,344 )
Amortized cost	<u>\$ 370,15</u>	<u>\$ 59,800</u>	<u>\$ 11,522</u>	<u>\$ 181</u>	<u>\$ 5,194</u>	<u>\$ 446,847</u>

### December 31, 2020

	<u>Not past due</u>	<u>91~120 days</u>	<u>121~150 days</u>	<u>151~180 days</u>	<u>Over 181 days</u>	<u>Total</u>
Excepted Credit Loss	-	5.47%	36.97%	15.18%	77.47%	-
Total carrying amount	\$ 812,717	\$ 81,002	\$ 13,012	\$ 336	\$ 63,411	\$ 970,478
Loss allowance (excepted credit loss on duration)	=	( 4,430 )	( 4,810 )	( 51 )	( 49,123 )	( 58,414 )
Amortized cost	<u>\$ 812,717</u>	<u>\$ 76,572</u>	<u>\$ 8,202</u>	<u>\$ 285</u>	<u>\$ 14,288</u>	<u>\$ 912,064</u>

### Movements of the loss allowance for trade receivables

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$58,414	\$ 55,443
Add: impairment loss for the year	-	2,971
Less: reversal of impairment loss for the year	( 38,070 )	=
Balance, end of the year	<u>\$ 20,344</u>	<u>\$ 58,414</u>

### 10. INVENTORIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished goods	\$ 307,780	\$ 370,454
Semi-finished products	6,793	7,664
Work in process	29,654	125,599
Raw materials	<u>368,283</u>	<u>285,042</u>
	<u>\$ 902,510</u>	<u>\$ 788,759</u>

The nature of cost of sales is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cost of inventories cost	<u>\$ 2,424,640</u>	<u>\$ 2,770,693</u>
Inventory Falling Price and Obsolescence Losses	<u>\$ 21,182</u>	<u>\$ 71,346</u>

### 11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment in subsidiaries	\$ 622,936	\$684,828
Investments in associates	<u>198,118</u>	<u>225,765</u>
	<u>\$ 821,054</u>	<u>\$ 910,593</u>



(1) Investments in subsidiaries		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unlisted (TSE and OTC)</u> <u>stocks</u>		
YTEC Holding (Samoa) Co., Ltd.(YTEC Samoa)	\$ 604,033	\$668,026
WECON CORP. (Samoa) (WECON Samoa)	14,977	14,753
Jiuhongxin Technology Co., Ltd. (Jiuhongxin Technology)	2,337	462
SHINSHOU AUTOMATION Co., Ltd. (SHINSHOU AUTONATION)	612	612
WECON CORP. (Samoa) (WECON Samoa)	<u>977</u>	<u>975</u>
	<u>\$ 622,936</u>	<u>\$684,828</u>

	Percentage of Ownership Resolutions and Voting Rights	
<u>Name of subsidiaries</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
YTEC Samoa	100%	100%
WECON Samoa	100%	100%
Jiuhongxin CORP. SHINSHOU	100%	100%
AUTOMATION Co., Ltd.	100%	100%
WECON CORP.	100%	100%

As of December 31, 2022, the equity interest in YOUNGTEK MICRO-ELECTRONIC Shenzhen is jointly held by Clear Reach Limited, a company investing in YTEC Samoa, and WECON Samoa with 89.04% and 10.96%, respectively.

Based on the operation plan, BRILLIANT SKY INVESTMENTS International Ltd. was dissolved by the resolution of the board of directors on March 11, 2021 and the liquidation was completed on September 27, 2021.

For the years ended December 31, 2022 and 2021, the equity method subsidiaries' profit or loss and other comprehensive income or loss shares were calculated based on the financial statements audited by the accountants for the same periods, except for Jiuhongxin CORP., SHINSHOU AUTOMATION Co., Ltd., WECON Samoa and WECON CORP., which were based on the unaudited financial statements; however, the Company's management believes that the financial statements of the above subsidiaries would not have resulted in material adjustments had they been audited by the accountants.

(2)	Investments in associates		
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>No investments in associates</u>		
	<u>are individually material</u>		
	Tian Zheng International		
	Precision Machinery Co.,		
	Ltd. (TZI)	\$ 165,983	\$ 189,375
	SISSCA Co., Ltd. (SISSCA)		
	(SIGOLD OPTICS INC.)	<u>32,135</u>	<u>36,390</u>
		<u>\$ 198,118</u>	<u>\$ 225,765</u>
		<u>Shareholding and Voting Rights</u>	
	<u>Name of Associates</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	(TIZ)	16.22%	16.22%
	SISSCA (SIGOLD)	15.52%	24.00%
	<u>TIZ</u>		
		<u>2022</u>	<u>2021</u>
	Share of the Company		
	Net profit for the year	<u>\$ 4,647</u>	<u>\$ 37,542</u>
	<u>SISSCA (SIGOLD)</u>		
		<u>2022</u>	<u>2021</u>
	Share of the Company		
	Net profit for the year	( <u>\$ 1,788</u> )	<u>\$ 3,373</u>

October 20, 2022, SISSCA merged and absorbed (SIGOLD), the Company's shareholding percentage changed from 24% to 15.52%.

The Company holds less than 20% of the voting rights in TIZ and SISSCA, and the management considers that the Company can appoint or remove the directors of these companies and has significant influence on them, therefore, the Company continues to use the equity method of accounting.

The share of income or loss and other comprehensive income or loss of associates using the equity method for the years ended December 31, 2022 and 2021 were recognized on the basis of the financial statements of each associate audited by other auditors for the same periods.

## 12. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Assets used by the Company	\$ 2,080,634	\$ 2,111,606
Assets subject to operating leases	<u>62,049</u>	<u>65,003</u>
	<u>\$ 2,142,683</u>	<u>\$ 2,176,609</u>

### (1) Assets used by the Company

	Land	Buildings	Machinery and Equipment	Test Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>										
Balance at January 1, 2022	\$ 28,893	\$ 970,115	\$ 5,748,097	\$ 54,881	\$ 7,475	\$ 7,165	\$ 5,939	\$ 138,156	\$ 27,636	\$ 6,988,357
Additions	-	15,860	156,102	40	3,275	-	1,165	19,972	93,028	289,442
Disposal	-	-	( 55,012 )	-	-	-	-	-	-	( 55,012 )
Reclassification	-	( 1,460 )	213,008	( 1,036 )	-	-	-	391	( 14,328 )	196,575
Balance at December 31, 2022	<u>\$ 28,893</u>	<u>\$ 984,515</u>	<u>\$ 6,062,195</u>	<u>\$ 53,885</u>	<u>\$ 10,750</u>	<u>\$ 7,165</u>	<u>\$ 7,104</u>	<u>\$ 158,519</u>	<u>\$ 106,336</u>	<u>\$ 7,419,362</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2022	\$ -	\$ 617,112	\$ 4,094,397	\$ 39,274	\$ 6,584	\$ 6,757	\$ 2,339	\$ 110,288	\$ -	\$ 4,876,751
Additions	-	48,093	426,503	10,038	473	116	2,072	7,628	-	494,923
Disposal	-	-	( 54,772 )	-	-	-	-	-	-	( 54,772 )
Reclassification	-	( 951 )	4,109	( 934 )	-	-	-	-	-	2,224
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 664,254</u>	<u>\$ 4,470,237</u>	<u>\$ 48,378</u>	<u>\$ 7,057</u>	<u>\$ 6,873</u>	<u>\$ 4,411</u>	<u>\$ 117,916</u>	<u>\$ -</u>	<u>\$ 5,319,126</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	-	-	19,602	-	-	-	-	-	-	19,602
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,602</u>
Net at December 31, 2022	<u>\$ 28,893</u>	<u>\$ 320,261</u>	<u>\$ 1,572,356</u>	<u>\$ 5,507</u>	<u>\$ 3,693</u>	<u>\$ 292</u>	<u>\$ 2,693</u>	<u>\$ 40,603</u>	<u>\$ 106,336</u>	<u>\$ 2,080,634</u>
<u>Cost</u>										
Balance at January 1, 2021	\$ 28,893	\$ 919,943	\$ 5,183,761	\$ 62,268	\$ 7,475	\$ 7,165	\$ 4,615	\$ 125,486	\$ 60,718	\$ 6,400,324
Additions	-	34,878	282,198	1,648	-	-	1,324	12,641	25,105	357,794
Disposal	-	-	( 125,095 )	( 9,266 )	-	-	-	( 280 )	-	( 134,641 )
Reclassification	-	15,294	407,233	231	-	-	-	309	( 58,187 )	364,880
Balance at December 31, 2021	<u>\$ 28,893</u>	<u>\$ 970,115</u>	<u>\$ 5,748,097</u>	<u>\$ 54,881</u>	<u>\$ 7,475</u>	<u>\$ 7,165</u>	<u>\$ 5,939</u>	<u>\$ 138,156</u>	<u>\$ 27,636</u>	<u>\$ 6,988,357</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2021	\$ -	\$ 567,580	\$ 3,822,773	\$ 34,418	\$ 6,190	\$ 6,640	\$ 796	\$ 103,826	\$ -	\$ 4,542,223
Additions	-	49,174	414,873	11,922	394	117	1,543	6,742	-	484,765
Disposal	-	-	( 119,078 )	( 7,066 )	-	-	-	( 280 )	-	( 126,424 )
Reclassification	-	358	( 24,171 )	-	-	-	-	-	-	( 23,813 )
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 617,112</u>	<u>\$ 4,094,397</u>	<u>\$ 39,274</u>	<u>\$ 6,584</u>	<u>\$ 6,757</u>	<u>\$ 2,339</u>	<u>\$ 110,288</u>	<u>\$ -</u>	<u>\$ 4,876,751</u>
Net at December 31, 2021	<u>\$ 28,893</u>	<u>\$ 353,003</u>	<u>\$ 1,653,700</u>	<u>\$ 15,607</u>	<u>\$ 891</u>	<u>\$ 408</u>	<u>\$ 3,600</u>	<u>\$ 27,868</u>	<u>\$ 27,636</u>	<u>\$ 2,111,606</u>

The company depreciates property, plant and equipment for its own use on a straight-line basis over the following useful lives:

#### Building

Plant Main Building

8~41 years

Construction System

8~41 years

Machinery and Equipment

2~10 years

Test Equipment

3~6 years

Transportation Equipment

2~6 years

Office Equipment

5~8 years

Leasehold Improvements

3~10 years

Other Equipment

3~20 years

As a result, the recoverable amount will be less than the carrying amount (using value in use), and therefore an impairment loss of \$19,602 thousand was recognized in 2022. The Company uses the value in use as the recoverable amount of this equipment and the discount rate used is 11.26%. The impairment loss is included in other gains and losses in the individual statements of comprehensive income.

For the amount of property, plant and equipment pledged as collateral for loans, please refer to Note 30.

(2) Assets subject to operating leases

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1 and December 31, 2022	<u>\$ 106,362</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 41,359
Depreciation	<u>2,954</u>
Balance at December 31, 2022	<u>\$ 44,313</u>
Net at December 31, 2022	<u>\$ 65,003</u>
Net at December 31, 2022	<u>\$ 62,049</u>
<u>Cost</u>	
Balances at January 1, 2021	\$ 107,256
Reclassification	<u>( 894)</u>
Balance at December 31, 2021	<u>\$ 106,362</u>
<u>Accumulated depreciation</u>	
Balances at January 1, 2021	\$ 38,762
Depreciation	2,955
Reclassification	<u>( 358)</u>
Balance at December 31, 2021	<u>\$ 41,359</u>
Net at December 31, 2021	<u>\$ 68,494</u>
Net at December 31, 2021	<u>\$ 65,003</u>

Operating leases relate of buildings with lease terms ranging between approximately 5 years. All operating lease agreements include a provision for the lessee to adjust the rent according to the market rent when exercising the right to renew the lease. The lessees do not have purchase options to acquire the assets at the expiration of the lease periods.

As of December 31, 2022 and 2021, the deposits received for operating lease contracts were \$6,830 thousand.

The maturity analysis of operating lease payments receivable from the property, plant and equipment is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year1	\$ 29,719	\$ 28,408
Year2	29,838	2,367
Year3	30,070	-
Year4	30,091	-
Year5	30,091	-
Over 5 Years	<u>2,508</u>	-
	<u>\$ 152,317</u>	<u>\$ 30,775</u>

Property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their useful lives as follow:

Buildings	
Plant Main Building	35 years

The amount of property, plant and equipment leased under operating leases is not set as a guarantee for borrowings.

13. LEASE ARRANGEMENTS

(1) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Land	\$ 114,942	\$ 126,673
Buildings	29,449	32,399
Machinery and Equipment	=	<u>5,781</u>
	<u>\$ 144,391</u>	<u>\$ 164,853</u>
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 328</u>	<u>\$ 74,088</u>
Depreciation of right-of-use assets		
Land	\$ 8,363	\$ 9,728
Buildings	11,987	11,948
Machinery and Equipment	<u>3,196</u>	<u>3,666</u>
	<u>\$ 23,546</u>	<u>\$ 25,342</u>

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts		
Current	<u>\$ 17,971</u>	<u>\$ 19,310</u>
Non-current	<u>\$ 119,420</u>	<u>\$ 143,854</u>

Rages of discount rates for lease liabilities are as follow :

	December 31, 2022	December 31, 2021
Land	3.15%	3.15%
Buildings	3.15%	3.15%
Machinery and Equipment	2.69%	2.69%

(3) Materials terms of significant tenant activities

The Company leases certain machinery and equipment for the use of product manufacturing and research and development with lease terms of 5 years. At the end of lease term, the Company has the option to purchase the equipment for the then current notional amount without renewal of the lease or option to purchase.

The Company leases land and buildings mainly for the use of plants and offices with lease terms of 2~20 years. The Company does not have purchase options to acquire the leasehold land and buildings at the end of the lease terms.

As of December 31, 2022 and 2021, the refundable deposits paid for operating leases were \$1,474 thousand and \$1,694 thousand, respectively.

(4) Other lease information

	2022	2021
Expenses relating to short-term leases	<u>\$ 13,789</u>	<u>\$ 23,968</u>
Total cash outflow for leases	<u>( \$ 39,433)</u>	<u>( \$ 52,072)</u>

The Company has elected to apply the recognition exemption to leases of buildings, machinery and equipment and transportation equipment that qualify as short-term leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

14. INVESTMENTS PROPERTIES

2022				
Completed investment properties	Balance, beginning of the year	Net profit for the year	Reclassification	Balance, end of the year
<u>Cost</u>				
Land	\$ 13,208	\$ -	\$ -	\$ 13,208
Buildings	<u>33,633</u>	=	=	<u>33,633</u>
Total	46,841	<u>\$ -</u>	<u>\$ -</u>	46,841
<u>Accumulated depreciation</u>				
Buildings	<u>23,952</u>	<u>\$ 918</u>	<u>\$ -</u>	<u>24,870</u>
Net amount	<u>\$ 22,889</u>			<u>\$ 21,971</u>
2021				
Completed investment properties	Balance, beginning of the year	Net profit for the year	Reclassification	Balance, end of the year
<u>Cost</u>				
Land	\$ 13,208	\$ -	\$ -	\$ 13,208
Buildings	<u>33,633</u>	=	=	<u>33,633</u>
Total	46,841	<u>\$ -</u>	<u>\$ -</u>	46,481
<u>Accumulated depreciation</u>				
Buildings	<u>23,035</u>	<u>\$ 917</u>	<u>\$ -</u>	<u>23,952</u>
Net amount	<u>\$ 23,806</u>			<u>\$ 22,889</u>

The lease term for investment properties is 3~5 years, and the lessee does not have preferential rights to acquire the investment properties at the end of the lease term.

As of December 31, 2022 and 2021, the deposits received under operating leases for investment properties were \$154 thousand.

The maturity analysis of lease payments receivable under operating subleases is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year1	<u>\$ 179</u>	<u>\$ 1,650</u>

Investment properties is depreciated on a straight-line basis over the following useful lives:

Main Buildings	33~40 years
Construction System	5~10 years

The fair value of investment properties was estimated by the Company's management with reference to the most recent sales market price announced by the government in the surrounding areas of the subject investment properties, and was evaluated without any indication of impairment:

<u>December 31, 2022</u>	<u>December 31, 2021</u>
--------------------------	--------------------------

Fair Values

\$ 25,325

\$ 25,325

All of the company's investment properties are owned by the Company.

15. INTANGIBLE ASSETS

	Software Costs	Goodwill	Patents	Other	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 26,074	\$ 2,583	\$ 68,157	\$ 5,205	\$ 102,019
Separately acquisition	<u>4,576</u>	=	=	<u>2,460</u>	<u>7,036</u>
Balance at December 31, 2022	<u>\$ 30,650</u>	<u>\$ 2,583</u>	<u>\$ 68,157</u>	<u>\$ 7,665</u>	<u>\$ 109,055</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2022	\$ 22,049	\$ -	\$ 43,884	\$ 4,731	\$ 70,664
Amortization	<u>1,521</u>	=	<u>6,065</u>	<u>628</u>	<u>8,214</u>
Balance at December 31, 2022	<u>\$ 23,570</u>	<u>\$ -</u>	<u>\$ 49,949</u>	<u>\$ 5,359</u>	<u>\$ 78,878</u>
Net at December 31, 2022	<u>\$ 7,080</u>	<u>\$ 2,583</u>	<u>\$ 18,208</u>	<u>\$ 2,306</u>	<u>\$ 30,177</u>
<u>Cost</u>					
Balances at January 1, 2021	\$ 23,296	\$ 2,583	\$ 68,157	\$ 4,775	\$ 98,811
Separately acquisition	2,868	-	-	340	3,208
Reclassification	( <u>90</u> )	=	=	<u>90</u>	=
Balance at December 31, 2021	<u>\$ 26,074</u>	<u>\$ 2,583</u>	<u>\$ 68,157</u>	<u>\$ 5,205</u>	<u>\$ 102,019</u>
<u>Accumulated amortization and impairment</u>					
Balances at January 1, 2021	\$ 21,643	\$ -	\$ 37,798	\$ 3,079	\$ 62,520
Amortization	1,527	-	6,086	531	8,144
Reclassification	( <u>1,121</u> )	=	=	<u>1,121</u>	=
Balance at December 31, 2021	<u>\$ 22,049</u>	<u>\$ -</u>	<u>\$ 43,884</u>	<u>\$ 4,731</u>	<u>\$ 70,664</u>
Net at December 31, 2021	<u>\$ 4,025</u>	<u>\$ 2,583</u>	<u>\$ 24,273</u>	<u>\$ 474</u>	<u>\$ 31,355</u>

Amortization expenses, other than goodwill, is accrued on a straight-line basis over a durable life as follow:

Software Costs	2~5 years
Patents	10~11 years
Other	2~10 years

Total amortization by function:

	December 31, 2022	December 31, 2021
Operating Costs	\$ 712	\$ 740
General and Administrative	903	952
Research and Development		
Costs	<u>6,599</u>	<u>6,452</u>
	<u>\$ 8,214</u>	<u>\$ 8,144</u>



16. OTHER ASSETS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayments	\$ 76,884	\$ 40,530
Office Supplies	41,142	63,239
Refundable Deposits	2,086	1,986
Refundable deposits - related parties (Note 29)	1,030	1,030
Prepayments - related parties (Note 29)	-	2,580
Others (Note)	<u>838</u>	<u>842</u>
	<u>\$ 121,980</u>	<u>\$ 110,207</u>
Current	\$ 118,864	\$ 107,191
Non-current	<u>3,116</u>	<u>3,016</u>
	<u>\$ 121,980</u>	<u>\$ 110,207</u>

Note: Temporary payment and payment on behalf of others.

17. NOTES PAYBLE AND ACCOUNTS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts Payable</u>		
Occurred as a result of operating	<u>\$ 279,780</u>	<u>\$ 462,184</u>

The Company has a financial risk management policies to ensure that all payables are repaid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other Payables		
Salaries and Incentive Bonus	\$ 153,852	\$ 160,536
Bonus to Employees (Note 23)	118,200	158,700
Payables On Equipment	94,207	90,719
Directors' Remuneration (Note 23)	8,500	10,610
Others (Note)	<u>85,776</u>	<u>128,772</u>
	<u>\$ 460,535</u>	<u>\$ 549,337</u>
<u>Other Liabilities</u>		
Other (Temporary Receipts and Collection)	<u>\$ 12,703</u>	<u>\$ 5,304</u>

Note: Mainly electricity bills, insurance premiums and other payable expenses.

19. PROVISIONS LIABILITIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Employee Welfare (1)	\$ 5,824	\$ 5,671
Warranty (2)	<u>19,575</u>	<u>25,255</u>
	<u>\$ 25,399</u>	<u>\$ 30,926</u>

	<u>Employee Welfare</u>	<u>Warranty</u>	<u>Total</u>
Balance at January 1, 2022	\$ 5,671	\$ 25,255	\$ 30,926
New for the year	5,824	19,876	25,700
Reversal, use during the year	( <u>5,671</u> )	( <u>25,556</u> )	( <u>31,227</u> )
Balance at December 31, 2022	<u>\$ 5,824</u>	<u>\$ 19,575</u>	<u>\$ 25,399</u>
Balances at January 1, 2021	\$ 5,388	\$ 12,535	\$ 17,923
New for the year	5,671	25,823	31,494
Reversal, use during the year	( <u>5,388</u> )	( <u>13,103</u> )	( <u>18,491</u> )
Balance at December 31, 2021	<u>5,671</u>	<u>\$ 25,255</u>	<u>\$ 30,926</u>

- (1) The provision for employee welfare liabilities is an estimate of the employees' vested long-term service leave rights.
- (2) Provision for warranty liabilities represents the present value of the Company's management's best estimate of future economic outflows due to warranty obligations in accordance with the contracts for the sale of goods. The estimate is based on historical warranty experience and adjusted to take into account new raw materials, process changes or other factors affecting product quality.

20. RETIREMENT BENEFIT PLANS

- (1) Defined contribution plans  
The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.
- (2) Defined benefit plans  
The Company defined benefit plans under the R.O.C. Labor Standards Law provide defined benefit pension plan. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before end of each year, the Company assesses the balance in the Funds. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

Amounts included in the individual balance sheets for defined benefit plans were as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Defined Benefit Obligation	\$ 93,786	\$ 110,256
Fair Value of Plan Assets	( <u>108,787</u> )	( <u>93,759</u> )
Accrued pension (assets) liabilities	( <u>\$ 15,001</u> )	<u>\$ 16,497</u>

Movements in accrued pension liabilities (assets) are as follow:

	<u>Defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Accrued pension liabilities (assets)</u>
Balances at January 1, 2021	<u>\$ 105,105</u>	( <u>\$ 85,706</u> )	<u>\$ 19,399</u>
Service cost			
Current service cost	70	-	70
Interest expenses (revenue)	<u>452</u>	( <u>369</u> )	<u>83</u>
Deferred tax income (expense) recognized in P/L	<u>522</u>	( <u>369</u> )	<u>153</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	( 1,190 )	( 1,190 )
Actuarial (gain) loss arising - from changes in demographic assumptions	( 316 )	-	( 316 )
- from changes in financial assumptions	10,365	-	10,365
- experience adjustments	( <u>1,533</u> )	-	( <u>1,533</u> )
Deferred tax income (expense) recognized in OCI	<u>8,516</u>	( <u>1,190</u> )	<u>7,326</u>
Contributions from Employer	-	( <u>10,381</u> )	( <u>10,381</u> )
Benefits payment	( <u>3,887</u> )	<u>3,887</u>	-
December 31, 2021	<u>110,256</u>	( <u>93,759</u> )	<u>16,497</u>
Service cost			
Current service cost	68	-	68
Interest expenses (revenue)	<u>904</u>	( <u>769</u> )	<u>135</u>
Deferred tax income (expense) recognized in P/L	<u>972</u>	( <u>769</u> )	<u>203</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	( 6,763 )	( 6,763 )

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	Defined benefit obligation	Fair value of plan assets	Accrued pension liabilities (assets)
Actuarial (gain) loss arising			
- from changes in demographic assumptions	( \$ 5,024 )	\$ -	( \$ 5,024 )
- from changes in financial assumptions	( 10,262 )	-	( 10,262 )
- experience adjustments	<u>1,217</u>	=	<u>1,217</u>
Deferred tax income (expense) recognized in OCI	( <u>14,069</u> )	( <u>6,763</u> )	( <u>20,832</u> )
Contributions from employer	=	( <u>10,869</u> )	( <u>10,869</u> )
Benefits payment	( <u>3,373</u> )	<u>3,373</u>	=
December 31, 2022	<u>\$ 93,786</u>	( <u>\$ 108,787</u> )	( <u>\$ 15,001</u> )

Deferred tax income (expense) recognized in P/L

	2022	2021
Total amortization by function		
Operating costs	\$ 147	\$ 99
Sales and marketing	11	11
General and administrative	9	6
Research and Development		
Costs	<u>36</u>	<u>37</u>
	<u>\$ 203</u>	<u>\$ 153</u>

The Company exposed to the following risks as a result of the R.O.C. Labor Standards Law's pension system:

1. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor standards Law, the rate of return on assets shall not be less than the average interest rate on two-year time deposit published by the local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.46%	0.82%
Salary increase rate	3.00%	3.00%
Return on plan assets	1.46%	0.82%

The expected return on plan assets as a whole is based on historical compensation trends and actuarial projections of the market in which the assets will be held over the life of the related obligation, taking into account the impact of the utilization and minimum return of the aforementioned plan assets.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase 0.50%	( <u>\$ 6,971</u> )	( <u>\$ 9,591</u> )
Decrease 0.50%	<u>\$ 7,614</u>	<u>\$ 9,659</u>
Salary increase rate		
Increase 0.50	<u>\$ 7,458</u>	<u>\$ 9,397</u>
Decrease 0.50%	( <u>\$ 6,903</u> )	( <u>\$ 8,652</u> )

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expects to make contributions to the defined benefit obligation in the next year.	<u>\$ 10,869</u>	<u>\$ 10,381</u>
The weighted average duration of the defined benefit obligation is:	16 years	17 years

21. EQUITY  
(1) Stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (in thousands)	<u>150,000</u>	<u>150,000</u>
Authorized capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Issued and paid shares (in thousands)	<u>128,498</u>	<u>128,498</u>
Issued capital	<u>\$ 1,284,980</u>	<u>\$ 1,284,980</u>

There have been no significant movements in the Company's share capital. A holder of issued common shares with par value of NT\$ 10 per share is entitled to vote and to receive dividends.

The authorized shares include 500,000 thousand shares allocated for the exercise of employee stock options.

(2) Capital Surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>The Company may be used to offset losses, make cash payments or capitalize. (Note 1)</u>		
Additional paid-in capital	\$ 2,275,616	\$ 2,275,616
From merger	89,710	89,710
From share of changes in equities of associates	62,453	69,854
Employ stock option	15,948	15,948
Convertible corporate bond with stock options	2,176	2,176
Donations	39	-
<u>Only to cover losses (Note 2)</u>		
From share of changes in equities of subsidiaries	<u>8,514</u>	<u>8,514</u>
	<u>\$ 2,454,456</u>	<u>\$ 2,461,818</u>

Note 1: Such capital surplus may be used to offset losses or, when the Company has no losses, to distribute cash or to capitalize capital, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

Note 2: This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company did not actually acquire or dispose of the subsidiaries' equity, or the adjustment to the capital surplus of the Company's subsidiaries recognized under the equity method.

(3) Retained Earnings and Dividend Policy

The Company's Articles of Incorporation provide that, earnings distribution may be made on a quarterly basis after the close of each quarter. Distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting. When allocating earnings, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings. For the policies on the distribution of employees' and directors' and supervisors' remuneration as stipulated in the Company's Articles of Incorporation, please refer to Note 23 - (8): Employees' Remuneration and Directors' and Supervisors' Remuneration.

In consideration of the Company's future capital needs and long-term financial planning, and to satisfy the shareholders' demand for cash inflows, the Board of Directors prepares a distribution plan each year in accordance with the law and submits it to the shareholders' meeting for approval, among which the distribution of dividends to shareholders may be made in cash or in shares, provided that the percentage of cash dividends distributed is not less than 20% of the total dividends.

The legal reserve should be appropriated until the remaining balance reaches the Company's total paid-in capital. The legal capital reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

The appropriations of 2021 and 2020 profit distribution have been approved by the Company's Board of Directors in its meeting in June 15, 2022 and August 12, 2021, respectively.

	2021	2020
Legal reserve	<u>\$ 109,297</u>	<u>\$ 49,995</u>
Special reserve	<u>( 4 18,360 )</u>	<u>( \$ 92,477 )</u>
Cash dividends to shareholders	<u>\$ 642,490</u>	<u>\$ 513,992</u>
Cash dividends per share (NT\$)	\$ 5.0	\$ 4.0

The Board of Directors proposed the following distribution of earnings for 2022 on March 15, 2023.

	2022
Legal reserve	<u>\$ 87,837</u>
Special reserve	<u>\$ 32,695</u>
Cash dividends to shareholders	<u>\$ 642,490</u>
Cash dividends per share (NT\$)	\$ 5.0

The special capital reserve for 2022 is to be presented for approval in the Company's shareholders' meeting to be held on June 13, 2023.

(4) Special Reserve

	2022	2021
Balance, beginning of the year	<u>\$ 18,360</u>	<u>\$ 110,837</u>
Reversal of special reserve		
Reversal of other equity item	<u>( 18,360 )</u>	<u>( 92,477 )</u>
Balance, end of the year	<u>\$ -</u>	<u>\$ 18,360</u>

(5) Others

1. Exchange differences arising on translation of foreign operations

	2022	2021
Balance, beginning of the year	<u>( \$ 93,532 )</u>	<u>( \$ 88,867 )</u>
Exchange differences resulting from translating net assets of foreign operations.	<u>11,730</u>	<u>( 4,665 )</u>
Balance, end of the year	<u>( \$ 81,802 )</u>	<u>( \$ 93,532 )</u>

2. Unrealized profit or loss on investments in financial assets at fair value through other comprehensive income.

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 166,676	\$ 70,507
Unrealized profit or loss		
Equity instruments	( 114,215 )	116,383
cumulative unrealized gain		
(loss) of equity		
instruments transferred to		
retained earnings due to		
disposal	( 3,354 )	( 20,214 )
Balance, end of the year	<u>\$ 49,107</u>	<u>\$ 166,676</u>

22. REVENUE

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers		
Processing revenue	\$ 2,536,464	\$ 3,147,512
Sale revenue	979,881	1,301,685
Other revenue	<u>404,209</u>	<u>271,576</u>
	<u>\$ 3,920,554</u>	<u>\$ 4,720,773</u>

(1) Contract balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Balances at January 1, 2021</u>
Trade receivables (Note 9)	<u>\$ 446,847</u>	<u>\$ 912,064</u>	<u>\$ 783,265</u>
Contract liabilities			
Contract liabilities – current	\$ 59,075	\$ 36,024	\$ 32,467
Contract liabilities – related parties (Note 29)	=	=	<u>1,080</u>
	<u>\$ 59,075</u>	<u>\$ 36,024</u>	<u>\$ 33,547</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

The Company recognized revenue from the beginning balance of contract liability, which amounted to as follow:

	<u>2022</u>	<u>2021</u>
<u>Beginning of the year</u>		
Sale of goods	<u>\$ 35,858</u>	<u>\$ 33,547</u>



- (2) Disaggregation of revenue from contracts with customers  
The Company mainly operates in Taiwan and China.  
The Company's revenue from external customers for the continuing business units is shown below by location:

	Revenue from external customers	
	2022	2021
Domestic	\$ 2,571,251	\$ 3,519,080
Foreign	<u>1,349,303</u>	<u>1,201,693</u>
	<u>\$ 3,920,554</u>	<u>\$ 4,720,773</u>

23. NET INCOME FROM CONTINUING OPERATIONS

(1) Other gains and losses, net	2022	2021
Disposal on Property, plant and equipment	\$ 48,292	\$ 95,770
Rental revenue from operating leases	41,220	45,200
Depreciation expense on rental assets	( 2,954 )	( 2,955 )
Investment properties	( <u>918</u> )	( <u>917</u> )
	<u>\$ 85,640</u>	<u>\$ 137,098</u>
(2) Interest income from bank deposits	2022	2021
Deposits in bank	<u>\$ 16,917</u>	<u>\$ 8,382</u>
(3) Other revenue	2022	2021
Dividend revenue	\$ 16,153	\$ 7,983
Others	<u>4,879</u>	<u>12,159</u>
	<u>\$ 21,032</u>	<u>\$ 20,142</u>
(4) Other gains and losses	2022	2021
Net foreign currency exchange gain (loss)	\$ 173,176	( \$ 36,725 )
Loss on Property, plant and equipment	( 19,602 )	-
Others	( 1,570 )	( <u>348</u> )
	<u>\$ 152,004</u>	( <u>\$ 37,073</u> )

(5)	Finance costs	2022	2021
	Interests on lease liabilities	\$ 3,748	\$ 2,411
	Other interest expenses	<u>11</u>	<u>11</u>
		<u>\$ 3,759</u>	<u>\$ 2,422</u>
(6)	Depreciation and Amortization	2022	2021
	Property, plant and equipment	\$ 497,877	\$ 487,720
	Right-of-use assets	23,546	25,342
	Investment properties	918	917
	Intangible assets	<u>8,214</u>	<u>8,144</u>
	Total	<u>\$ 530,555</u>	<u>\$ 522,123</u>
	Depreciation total		
	amortization by function		
	Operating costs	\$ 492,986	\$ 481,535
	Operating expenses	25,483	28,572
	Other gains and losses, net	<u>3,872</u>	<u>3,872</u>
		<u>\$ 522,341</u>	<u>\$ 513,979</u>
	Amortization total		
	amortization by function		
	Operating costs	\$ 712	\$ 740
	Operating expenses	<u>7,502</u>	<u>7,404</u>
		<u>\$ 8,214</u>	<u>\$ 8,144</u>
(7)	Employee benefits expense	2022	2021
	Retirement benefits		
	Defined contribution plan	\$ 40,659	\$ 36,463
	Defined benefit plan (Note 20)	<u>203</u>	<u>153</u>
		40,862	36,616
	Other employee welfare	<u>1,217,275</u>	<u>1,186,832</u>
	Total	<u>\$ 1,258,137</u>	<u>\$ 1,223,448</u>
	Total amortization by function		
	Operating costs	\$ 839,120	\$ 840,367
	Operating expenses	<u>419,017</u>	<u>383,081</u>
		<u>\$ 1,258,137</u>	<u>\$ 1,223,448</u>

(8) Employee bonus stock and directors' remuneration

In accordance with the Copay's Article of Incorporation, the Company contributes no less than 2% and no more than 5% of the employees' and directors' and supervisors' remuneration, respectively, of the pre-tax income before the distribution of employees' and directors' and supervisors' remuneration for the year. The remuneration of employees and remuneration of directors and supervisors estimated in 2022 and 2021 were resolved by the Board of Directors on March 15, 2023 and March 7, 2022, respectively, is as follow:

Estimated percentage

	<u>2022</u>	<u>2021</u>
Employee Welfare	9.70%	10.34%
Directors' remuneration	0.70%	0.69%

Amount

	<u>2022</u>	<u>2021</u>
	<u>C a s h</u>	<u>C a s h</u>
Employee Welfare	\$ 118,200	\$ 158,700
Directors' remuneration	8,500	10,610

If there is a change in the amount of the annual financial report after the date of its issuance, the change in accounting estimate is treated as an adjustment in the following year.

The actual amounts of compensation to employees and directors and supervisors for 2021 and 2020 did not from the amounts recognized in the individual financial statements for 2021 and 2020.

Please refer to "MOPS" of the TWSE for information on the remuneration of employees and directors and supervisors resolved by the Board of Directors of the Company.

(9) Foreign currency exchange (gain) or loss

	<u>2022</u>	<u>2021</u>
Foreign exchange profit total amount	\$ 179,106	\$ 14,582
Foreign exchange loss total amount	(5,930)	( 51,307 )
Net profit (loss)	<u>\$ 173,176</u>	<u>( \$ 36,725 )</u>

24. INCOME TAX PAID FROM CONTINUING OPERATIONS

(1) Income tax expense (income) recognized in profit or loss

Income tax paid expense:

	<u>2022</u>	<u>2021</u>
Current tax		
Current tax expense recognized in the current year	\$ 212,675	\$ 300,374
Deferred income tax		
Current tax expense recognized in the current year	<u>24,777</u>	<u>(14,839)</u>
Income tax expense recognized in profit or loss	<u>\$ 237,452</u>	<u>\$ 285,535</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follow:

	<u>2022</u>	<u>2021</u>
Net income before income tax of continuing operations	<u>\$ 1,091,632</u>	<u>\$ 1,365,619</u>
Income tax expense at the statutory rate	\$ 218,326	\$ 273,124
Nondeductible items in determining taxable income	( 4,268 )	( 9,022 )
Unrecognized deductible temporary differences	<u>23,394</u>	<u>21,433</u>
Income tax expense recognized in profit or loss	<u>\$ 237,452</u>	<u>\$ 285,535</u>

(2) Current tax liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax liabilities		
Income tax paid	<u>\$ 150,694</u>	<u>\$ 257,000</u>

(3) Deferred income tax assets

Movements in deferred income tax assets ere as follow:

2022

<u>Deferred income tax assets</u>	<u>Balance, beginning of the year</u>	<u>Deferred tax income (expense) recognized in P/L</u>	<u>Balance, end of the year</u>
Temporary differences			
Allowance for loss on inventory falling price	\$ 40,537	\$ 4,237	\$ 44,774
Deferred revenue	32,078	( 6,742 )	25,336
Provisions liabilities	5,051	( 1,136 )	3,915
Allowance for uncollectible accounts	9,287	( 6,477 )	2,810
Others	<u>19,939</u>	<u>( 14,659 )</u>	<u>5,280</u>
	<u>\$ 106,892</u>	<u>( \$ 24,777 )</u>	<u>\$ 82,115</u>

2021

<u>Deferred income tax assets</u>	<u>Balance, beginning of the year</u>	<u>Deferred tax income (expense) recognized in P/L</u>	<u>Balance, end of the year</u>
Temporary differences			
Deferred revenue	\$ 32,697	( \$ 619 )	\$ 32,078
Allowance for loss on inventory falling price	26,268	14,269	40,537
Provisions liabilities	2,507	2,544	5,051
Allowance for uncollectible accounts	9,121	166	9,287
Others	<u>21,460</u>	<u>( 1,521 )</u>	<u>19,939</u>
	<u>\$ 92,053</u>	<u>\$ 14,839</u>	<u>\$ 106,892</u>

- (4) The deductible temporary differences for which no deferred income tax assets have been recognized

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	<u>\$ 1,140,497</u>	<u>\$ 1,044,359</u>

- (5) Income tax examination

The tax authorities have examined income tax returns of the Company through 2020.

25. EARNINGS PER SHARE

	Earnings per share (in dollars)	
	<u>2022</u>	<u>2021</u>
Basic EPS	<u>\$ 6.65</u>	<u>\$ 8.41</u>
Diluted EPS	<u>\$ 6.53</u>	<u>\$ 8.27</u>

The weighted average number of shares of common stock and EPS used in the calculation of EPS were as follow:

Net profit for the year

	<u>2022</u>	<u>2021</u>
Net profit for the year	<u>\$ 854,180</u>	<u>\$ 1,080,084</u>

Numbers of Shares

	<u>2022</u>	<u>(In Thousands) 2021</u>
Weighted average number of shares of common stock for basis EPC calculation	128,498	128,498
Effect of dilutive potential common stock:		
Employee Welfare	<u>2,403</u>	<u>2,096</u>
Weighted average number of common shares for the purpose of diluted EPC	<u>130,901</u>	<u>130,594</u>

If the Company has the option to pay employees in stock or cash, the calculation of diluted EPC assumes that employee compensation will be paid in stock and is included in the weighted average number of shares outstanding for the purpose of calculating diluted EPC when the potential common stock has a diluted effect. The dilutive effect of these potential common shares also continues to be considered in the calculation of diluted EPC before the number of shares awarded to employees in the following year's resolution.

26. CASH FLOW INFORMATION

(1) Non-cash transactions

In addition to those disclosed in other notes, the Company made the following investments and raised funds in non-cash transactions in 2022 and 2021:

The Company reclassified inventories of \$200,905 thousand and 390,494 thousand to property, plant and equipment in 2022 and 2021, respectively; and the Company reclassified net property, plant and equipment of \$102 thousand (carrying cost of \$16,339 thousand less accumulated depreciation of \$16,237 thousand) and \$2,337 thousand (carrying cost of \$26,508 thousand less accumulated depreciation of \$ 24,171 thousand) to inventories in 2022 and 2020, respectively. The Company reclassified \$2,585 thousand (record cost of \$21,997 thousand less accumulated depreciation of \$19,412 thousand) of property, plant and equipment as right-of-use assets in 2022 and \$9,037 thousand (recorded cost of \$9,988 thousand less accumulated depreciation of \$951 thousand) of net property, plant and equipment as right-of-use assets in 2022 and \$536 thousand (record cost of \$894 thousand less accumulated depreciation of \$358 thousand) of net operating lease assets of property, plant and equipment as self-use in 2021. (Please refer to Note 12)

27. CAPITAL RISK MANAGEMENT

The Company engages in capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate. There have been no significant movements in the Company's overall strategy.

The Company's capital structure consist of net debt (borrowings less cash and cash equivalents) and equity (equity, capital surplus, retained earnings and other equity items).

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

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

28. FINANCIAL INSTRUMENTS

- (1) Fair Value Information - Financial Instruments not measured at fair value

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

- (2) Fair value of financial Instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Investments in equity instruments				
Domestic listed (TSE and OTC) stocks	\$ 251,963	\$ -	\$ -	\$ 251,963
Domestic unlisted (TSE and OTC) stocks	-	-	5,000	5,000
Foreign unlisted (TSE and OTC) stocks	=	=	<u>206,465</u>	<u>206,465</u>
Total	<u>\$ 251,963</u>	<u>\$ -</u>	<u>\$ 211,465</u>	<u>\$ 463,428</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Investments in equity instruments				
Domestic listed (TSE and OTC) stocks	\$ 343,738	\$ -	\$ -	\$ 343,738
Domestic unlisted (TSE and OTC) stocks	-	-	37,012	37,012
Foreign unlisted (TSE and OTC) stocks	=	=	<u>215,566</u>	<u>215,566</u>
Total	<u>\$ 343,738</u>	<u>\$ -</u>	<u>\$ 252,578</u>	<u>\$ 596,316</u>

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

2. Level 3 fair value measurements valuation techniques and inputs.  
The fair value of domestic and foreign unlisted (TSE and OTC) equity investments is determined by using the Asset-Based Approach or by adjusting liquidity for the price at which the shares in the same industry are traded in an active market.

3. Reconciliation of level 3 fair value measurements of financial assets  
The financial assets measured at Level 3 fair value were equity investments classified as financial assets at FVTOCI.

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 252,578	\$ 189,158
Purchase	-	63,420
Disposal	( 9,101 )	-
Transfer out of Level 3	( <u>32,012</u> )	-
Balance, end of the year	<u>\$ 211,465</u>	<u>\$ 252,578</u>

(3) Category of financial Instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Investments of equities investments	\$ 463,428	\$ 596,316
Financial assets of carried at amortized cost (Note 1)	3,193,002	3,305,618
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	740,315	1,013,037

Not 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes and accounts receivable (including amounts due from related parties) and other receivables (including amounts due from related parties).

Note 2: The balance includes financial liabilities measured at amortized cost, such as notes and accounts payable (including amounts due for related parties) and other payables (including amounts due from related parties).

(4) Financial risk management objectives and policies

The Company's major financial Instruments include equity investments, accounts receivable, accounts payable and lease liabilities. The Company's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages financial risks associated with the Company's operations through internal risk reports that analyze risk exposures based on risk level and breadth. The Company manages its exposure to foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk.

The Company uses derivative financial instruments to hedge its exposure to hedge risk in order to mitigate the impact of these risk. The use of derivative financial instruments is governed by the policies approved by the Board of Directors, which are written principles of exchange rate risk, interest rate risk, credit risk, use of



derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity. Internal auditors review policy compliance and risk limits on an ongoing basis. The Company does not trade in financial instruments (including derivative financial instruments) for speculative purposes.

The financial management department regularly presents reports at the Company's management meetings to mitigate the risk of exposure.

# 1. Market risk

The main financial risks to which the Company is exposed as a result of its operating activities are changes in foreign currency exchange rates (refer to (1) ) and changes in interest rates (refer to (2) ). The Company engages in derivative financial instruments to manage its exposure to foreign currency exchange rate risk, including forward exchange contracts to hedge exchange rate risk arising from the export of equipment or the provision of labor to other regions.

There has been no change in the Company's exposure to market risk in financial Instruments or in the manner in which such exposure is managed and measured.

## (1) Foreign currency risk

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

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies and the carrying amounts of derivative instruments with exchange rate risk as of the balance sheet date, please refer to Note 31.

### Sensitivity analysis

The Company is primarily affected by fluctuations in the exchange rates of the USD, RMB and JPY.

The following table details the sensitivity analysis of the Company when the exchange rate of the NTD (functional currency) increased by 5%, 5% and 10% against the USD, RMB and JPY. The 5% and 10% sensitivity percentage are used for internal reporting of exchange rate risk to key management and represent management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency monetary items and forward exchange contracts designated as cash flow hedges. The (negative) positive figures in the table below represent the amount by which the Company's net income before income taxes would increase (decrease) if the Company's functional currency appreciated by 5%, 5% and 10% relative to each of the relevant currencies.

	The impact of USD		The impact of RMB		The impact of JPY	
	2022	2021	2022	2021	2022	2021
Net (loss) income						
before income tax	( \$ 10,653 )	( \$ 91,689 )	( \$ 8,993 )	( \$ 28,067 )	( \$ 10,288 )	\$ 365

The change in sensitivity mainly arises from the Company's receivables and payables denominated in USD, RMB and JPY that were outstanding at the balance sheet date and not hedge for cash flow. The decrease in exchange rate sensitivity to the USD was mainly due to the decrease in USD denominated bank deposits and the decrease in USD denominated sales resulting in the decrease in USD denominated accounts receivable balances. The decrease in sensitivity to the exchange rate of RMB was mainly due to the decrease in RMB denominated bank deposits during the period. The increase in sensitivity to the JPY was mainly due to the increase in bank deposits denominated in JPY.

(2) Interest rate risk

Interest rate exposure arises because individuals within the Company hold both fixed and floating rate assets.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
- financial assets	\$ 1,767,595	\$ 696,327
- financial liabilities	137,391	163,164
Cash flow rate risk		
- financial assets	729,436	1,297,670

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of the non-derivative instruments at the balance sheet date. For floating rate assets, the analysis assumes that the amount of assets outstanding at the balance sheet date is outstanding at the reporting date. The rate of change used in the Company's interest reporting of interest rates to key management is a 0.1% increase or decrease in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates were to increase / decrease by 0.1%, with all other variables held constant, the Company's net income before income taxes would increase / decrease by \$729 thousand and \$1,289 thousand for 2022 and 2021, respectively.

(3) Other price risk

The Company has equity price exposure due to investments in listed (TSE and OTC) equity securities. The equity investment is not held for trading and is a strategic investment. The Company has not actively traded these investments. The Company's equity price risk is mainly concentrated in equity instruments of the electronics industry in TWSE.

Sensitivity analysis

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

If the equity price had increased / decreased by 1%, other comprehensive income before income tax would have increased / decreased by \$4,634 thousand and \$5,963 thousand for 2022 and 2021, respectively. Due to the increase / decrease in fair value of financial assets measured at fair value through other comprehensive income.

There have been no significant movements in the Company's investment in equity securities compared with the previous year.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. As of the balance sheet date, the Company's maximum exposure to credit risk of financial loss due to non-performance by counterparties and the provision of financial guarantees by the Company was mainly due to:

- (1) The carrying amount of financial assets recognized in the individual balances sheets.
- (2) The amount of contingent liabilities arising from financial guarantees provided by the Company.

To mitigate credit risk, the Company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

As of December 31, 2022 and 2021, the Company's six largest customers accounted for 59% and 57% of accounts receivable in both years.

3. Liquidity risk

The Company manages and maintains sufficient areas of cash and cash equivalents to support the business operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing lines and ensures compliance with the terms of the loan agreements.

As of December 31, 2022 and 2021, the Company had unused short-term bank facilities as described in (2) Financing Facilities below.

- (1) Non-derivative financial liabilities and Interest rate risk table

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

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the expected borrowing rate at the balance sheet date.

December 31, 2022

	overdraft and demand or less than 1 month	1~3 months	3 months 1 year	1~5 years	more than 5 years
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
No					
interest-bearing					
liabilities	\$ 317,703	\$ 314,194	\$ 108,418	\$ 7,084	\$ -
Lease liabilities	<u>1,013</u>	<u>2,027</u>	<u>7,571</u>	<u>30,853</u>	<u>105,226</u>
	<u>\$ 318,716</u>	<u>\$ 316,221</u>	<u>\$ 115,989</u>	<u>\$ 37,937</u>	<u>\$ 105,226</u>

Information about the maturity analysis for lease liabilities:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	More than 20 years
Lease						
liabilities	<u>\$ 10,611</u>	<u>\$ 30,853</u>	<u>\$ 38,566</u>	<u>\$ 38,566</u>	<u>\$ 28,094</u>	<u>\$ -</u>

December 31, 2021

	overdraft and demand or less than 1 month	1~3 months	3 months 1 year	1~5 years	more than 5 years
<u>Non-derivative financial liabilities</u>					
No interest-bearing liabilities	\$ 375,718	\$ 510,387	\$ 126,932	\$ 7,084	\$ -
Lease liabilities	<u>2,388</u>	<u>4,676</u>	<u>19,054</u>	<u>56,415</u>	<u>115,908</u>
	<u>\$ 378,056</u>	<u>\$ 515,063</u>	<u>\$ 145,986</u>	<u>\$ 63,499</u>	<u>\$ 115,908</u>

Information about the maturity analysis for lease liabilities:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	More than 20 years
Lease liabilities	<u>\$ 26,068</u>	<u>\$ 56,415</u>	<u>\$ 39,634</u>	<u>\$ 29,634</u>	<u>\$ 36,640</u>	<u>\$ -</u>

The amount of floating-rate instruments for the above non-derivative financial liabilities will vary depending on the difference between the floating rate and the interest rate estimated at the balance sheet date.

(2) Loan Commitments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank overdraft facility		
- Unused amount	<u>\$ 650,000</u>	<u>\$ 780,000</u>

As of December 31, 2022 and 2021, the unsecured bank loans utilized included performance bonds of \$8,000 thousand and \$70,000 thousand, respectively. Which were guaranteed by the banks under the test bond guarantee letter and the performance bond for the industrial infrastructure project of the information policy commission.

29. RELATED PARTY TRANSACTIONS

The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follow:

(1) Related party name and categories

<u>Name of related party</u>	<u>Abbreviation</u>	<u>Related Party Categories</u>
Tian Zheng International Precision Machinery Co., Ltd.	TIZ	Associated
SISSCA Co., Ltd.	SISSCA	Associated
Harvatek Corporation	Harvatek	Other related parties
iReach Corporation	iReach	Other related parties
Xiamen YTEC ELECTRONICS CORP.	Xiamen YTEC	Subsidiaries
Yangzhou YOUNGTEK ELECTRONICS CORP.	Yangzhou YTEC	Subsidiaries
Soochow YOUNGTEK MICRO ELECTRONICS CORP.	Soochow YTEC	Subsidiaries
YOUNGTEK MICRO-ELECTRONIC Shenzhen	Shenzhen YTEC	Subsidiaries
Jiuhongxin CORP.	Jiuhongxin	Subsidiaries

## (2) Net revenue

Item	Related Party Categories	2022	2021
Net revenue from sale of goods	Subsidiaries	\$ 419,790	\$ 470,966
	Other related parties	196,112	110,292
	Associated	-	289
		<u>\$ 615,902</u>	<u>\$ 581,547</u>

The Company provides testing, cutting and other processing services based on customers' products, so the transaction prices are charged according to the characteristics of the products.

## (3) Purchases

Related Party Categories	2022	2021
Subsidiaries	\$ 3,298	\$ 4,333
Associated	628	566
Other related parties	<u>131</u>	<u>160</u>
	<u>\$ 4,057</u>	<u>\$ 5,059</u>

The Company's purchases are based on market prices less discounts to reflect the quantity purchased and the relationship with the related party. Transactions with related parties are conducted on normal trading terms and prices.

## (4) Trade receivables - related parties and Other receivables - related parties

Item	Related Party Categories	December 31, 2022	December 31, 2021
Trade receivables-related party	Subsidiaries		
	Soochow YOUNGTEK	\$ 87,790	\$ 134,706
	Shenzhen YOUNGTEK	2,283	30,891
	Others	958	8,330
	Other related parties		
	Harvatek	63,529	25,008
	Others	<u>51</u>	<u>19</u>
		<u>\$ 154,611</u>	<u>\$ 199,034</u>

Accounts receivable in circulation - related parties have not received guarantees. Trade receivable for 2022 and 2021 - No allowance for bad debt expenses has been made by the related party.

Item	Related Party Categories	December 31, 2022	December 31, 2021
Other receivables - Related parties	Subsidiaries		
	Soochow YOUNGTEK	\$ 74,845	\$ 107,449
	Yangzhou YOUNGTEK	7,309	63,458
	Others	-	182
	Other related parties	<u>988</u>	<u>-</u>
		<u>\$ 83,142</u>	<u>\$ 171,089</u>

(5) Accounts payable - related parties and other payables

Item	Related Party Categories	December 31, 2022	December 31, 2021
Accounts payable - related parties	Subsidiaries		
	Soochow YOUNGTEK	\$ -	\$ 739
	Others	-	149
	Other related parties		
	Harvatek	-	135
	Associated		
	TIZ	<u>-</u>	<u>493</u>
		<u>\$ -</u>	<u>\$ 1,516</u>

Accounts receivable in circulation - the remaining balance of the related party is not guaranteed and will be settled in cash. Accounts payable - no warranty has been provided by the related party.

Item	Related Party Categories	December 31, 2022	December 31, 2021
Payables on equipment (account for other payables)	Other related parties		
	Harvatek	<u>\$ 2,703</u>	<u>\$ -</u>

(6) Disposal of property, plant and equipment

Related Party Categories	Proceeds		Gains	
	2022	2021	2022	2021
Subsidiaries				
Soochow				
YOUNGTEK	\$ 12,054	\$ 23,606	\$ 11,860	\$ 21,914
Other related parties	<u>800</u>	<u>-</u>	<u>800</u>	<u>-</u>
	<u>\$ 12,854</u>	<u>\$ 23,606</u>	<u>\$ 12,660</u>	<u>\$ 21,914</u>

Profits or losses on disposal of property, plant and equipment to subsidiaries are deferred and recognized annually on the basis of the useful lives of the subsidiaries.

(7) Lease agreement

Item	Related Party Categories / Names	December 31, 2022	December 31, 2021
Lease liabilities	Other related parties		
	Harvatek	<u>\$ 20,762</u>	<u>\$ 30,736</u>

Related Party Categories / Names	2022	2021
<u>Interest Expenses</u>		
Investors with significant impact		
Other related parties		
Harvatek	<u>\$ 826</u>	<u>\$ 1,136</u>

In January 2020, the Company leased a plant from an investor with significant impact for a period of five years at a fixed lease payment payable quarterly in accordance with the lease agreement with reference to the rental rate of similar assets.

(8) Others

	2022	2021
<u>Rental revenue</u>		
Other related parties	<u>\$ 450</u>	<u>\$ 750</u>
<u>Dividend revenue</u>		
Other related parties		
Harvatek	<u>\$ 15,346</u>	<u>\$ 7,161</u>
<u>Interest income from bank deposits</u>		
Subsidiaries		
Yangzhou YOUNGTEK	<u>\$ 847</u>	<u>\$ 1904</u>
<u>Other revenue</u>		
Associated	\$ 1,413	\$ -
Other related parties	52	-
Subsidiaries	<u>420</u>	=
	<u>\$ 1,885</u>	<u>\$ -</u>
<u>Manufacturing expenses</u>		
Other related parties	\$ 34,534	\$ 30,655
Subsidiaries	=	413
	<u>\$ 34,534</u>	<u>\$ 31,068</u>
<u>Operating expenses</u>		
Subsidiaries	<u>\$ 12,000</u>	<u>\$ 7,000</u>



	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Refundable deposits</u>		
Other related parties		
Harvatek	<u>\$ 1,030</u>	<u>\$ 1,030</u>
<u>Collection</u>		
Subsidiaries	<u>\$ 3,093</u>	<u>\$ -</u>
<u>Prepayments</u>		
Associated	<u>\$ -</u>	<u>\$ 2,580</u>

For leases between the Company and its related parties, rentals are determined and payment terms are based on contractual provisions and there are no other comparable transactions.

The related party payments for manufacturing expenses are related to the utilities and repair expenses borne by the Company and other related parties for the shared use of the plant.

(9) Compensation of key personnel

The compensation to directors and other key management personnel in 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Short-term employee		
benefits	\$ 60,253	\$ 38,647
Retirement benefits	<u>284</u>	<u>256</u>
	<u>\$ 60,537</u>	<u>\$ 38,903</u>

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

30. PLEDGE AND MORTGAGED ASSETS

The following assets have been provided to financial and government related institutions as security deposits for their operations:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Pledge certificate of deposit		
(financial assets at amortized		
cost)	\$ 17,595	\$ 17,578
Property, plant and equipment -		
Net	<u>44,673</u>	<u>54,124</u>
	<u>\$ 62,268</u>	<u>\$ 71,702</u>

Some of the Company's own land and buildings (recorded as property, plant and equipment) are pledged as security for bank loans. The Company is not allowed to use the pledged assets as collateral for other loans or sell them to other enterprises.

31. SIGNIFICANT EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant assets and liabilities denominated in foreign currencies were as follow:

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 9,965	30.66	\$ 305,527
JPY	474,213	0.23	109,069
RMB	41,063	4.38	<u>179,856</u>
			<u>\$ 594,452</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	3,006	30.76	\$ 92,465
JPY	26,906	0.23	<u>6,188</u>
			<u>\$ 98,653</u>

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 70,819	27.63	\$ 1,956,729
JPY	6,082	0.24	1,460
RMB	130,146	4.32	<u>562,231</u>
			<u>\$ 2,520,420</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	4,434	27.73	\$ 122,955
JPY	21,304	0.24	5,113
RMB	204	4.37	891
EUR	4	31.52	<u>126</u>
			<u>\$ 129,085</u>

Foreign currency exchange gains and losses (unrealized) with significant effect were as follows:

Foreign Currencies	2022		2021	
	Exchange Rate	Net exchange profit or loss	Exchange Rate	Net exchange profit or loss
USD	30.66 (USD : NTD)	( \$ 4,389 )	27.63 (USD : NTD)	( \$ 51,997 )
JPY	0.23 (JPY : NTD)	226	0.24 (JPY : NTD)	( 151 )
RMB	4.38 (RMB : NTD)	(881)	4.32 (RMB : NTD)	( 13,086 )
		( \$ 5,044 )		( \$ 65,234 )

## 32. ADDITIONAL DISCLOSURES

- (1) Additional disclosures required by the Securities:
  1. Financings provided: See Table 1 attached;
  2. Endorsement/guarantee provided: See Table 2 attached;
  3. Marketable securities held (excluding investments in subsidiaries and associates): See Table 3 attached;
  4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
  5. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
  6. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
  7. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached;
  8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
  9. Information about the derivative financial instruments transaction: None;
- (2) Futures Bureau for the Company: See Table 5 attached.
- (3) Information on investment in mainland China:
  1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 6 attached.
  2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: See Table 7 attached.
- (4) Information of major shareholder: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 8 attached.

YOUNGTEK ELECTRONICS CORP.  
FINANCINGS PROVIDED  
Year ended off 2022

Table 1

Amounts in Thousands of New Taiwan Dollars,

Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the	Period (Note 1)	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
0	YOUNGTEK	Yangzhou YOUNGTEK	Other receivables - related parties	Yes	\$ 67,652	\$ -	\$ -	(Note 2)	For operational use	\$ -	For operational use	\$ -	-	\$ -	\$ 321,244 (Note 3)	\$ 385,494 (Note 3)
1	YTEC Samoa	Soochow YOUNGTEK	Other receivables - related parties	Yes	61,780	61,420	-	(Note 2)	For operational use	-	For operational use	-	-	-	291,459 (Note 4)	291,459 (Note 4)

Note 1: The original foreign currency was converted based on the exchange rate as of December 31, 2022.

Note 2: The interest rate is 3% per annum.

Note 3: The lending limit to individual customers is 40% of the net value of the enterprise and shall not exceed 25% of financing Company's total; the total lending limit is 30% of financing Company's total.

Note 4: YTEC Holding (Samoa) Co., Ltd. The lending limit to individual customers is 40% of the lending enterprise's net worth and shall not exceed 25% of financing Company's total; the total lending limit is 30% of financing Company's total.

YOUNGTEK ELECTRONICS CORP.  
ENDORSEMENT  
Year ended off 2022

Table 2:  
Dollars,

Amounts in Thousands of New Taiwan

Unless Specified Otherwise

No.	Endorsement Guarantee Provider	Guaranteed Party		Limits on Endorsement / Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	YOUNGTEK	YTEC HK	Indirect subsidiary	\$ 2,044,522 (Note 1)	\$ 322,150	\$ 307,100	\$ 153,550	\$ -	4.51%	\$ 2,726,029 (Note 2)	Y	N	N
1	YTEC HK	Xiamen YOUNGTEK	Indirect subsidiary	137,375 (Note 3)	161,075	153,550	153,550	153,550	2.25	137,375 (Note 3)	Y	N	Y

Note 1: The limit of the Company's endorsement and guarantee for a single enterprise shall not exceed 30% of the Company's net worth; the limit of the Company's inter-company endorsement and guarantee for companies in which the Company directly and indirectly holds 90% or more of the voting shares shall not exceed 10% of the Company's net, except for the Company's inter-company endorsement and guarantee for companies in which the Company directly and indirectly holds 100% of the voting shares.

Note 2: The total amount of the Company's external endorsement guarantee shall not exceed 40% of the Company's net.

Note 3: The total amount of external endorsement guarantee by YTEC HK shall not exceed 50% of the net of YTEC HK, and the amount of endorsement guarantee for a single enterprise shall not exceed 50% of the net worth of YTEC HK.

Note 4: YTEC (Hong Kong) Global Limited, a subsidiary of the Company, has an endorsement limit of approximately NT\$137,376 thousand based on the net value of RMB 62,310 thousand in the latest accounting financial statements. The actual amount of guarantee endorsed by YTEC (Hong Kong) Global Limited was US\$ 5,000,000, which was converted to NT\$ 153,550,000. There was no real increase or decrease in the amount of guarantee endorsed during the year because of the recent significant depreciation of the Taiwan dollar against the U.S. dollar, and the exchange rate conversion caused the amount to exceed the limit.

YOUNGTEK ELECTRONICS CORP.  
MARKETABLE SECURITIES HELD  
December 31, 2022

Table 3:  
Dollars,

Amounts in Thousands of New Taiwan

Unless Specified Otherwise

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
YOUNGTEK ELECTRONICS CORP. Co., Ltd.	<u>Stock</u>							
	Edison Opto Corporation	The Company is a director of the Company	Financial assets at fair value through other comprehensive income - current	2,549,367	\$ 39,898	1.88	\$ 39,898	Note 1
	Harvatek Corporation	The Chairman of the Company and the Chairman of the Company are the same person	Financial assets at fair value through other comprehensive income - non-current	10,230,336	180,053	4.96	180,053	Note 1
	SUBTRON TECHNOLOGY Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	133,507	2,012	0.04	2,012	Note 2
	NAVIFUS CORPORATION	-	Financial assets at fair value through other comprehensive income - non-current	1,500,000	30,000	2.66	30,000	Note 2
	YTTEK Technology Corp	-	Financial assets at fair value through other comprehensive income - non-current	333,333	5,000	1.39	5,000	Note 2
	CSVI Ventures L.P.	-	Financial assets at fair value through other comprehensive income - non-current	-	142,581	12.94	142,581	Note 2
	Aeolus Robotics Corporation (Cayman)	-	Financial assets at fair value through other comprehensive income - non-current	2,000,000	63,884	3.08	63,884	Note 2

Note 1: Calculated based on the closing price on December 31, 2022.

Note 2: Calculated on the basis of the most recent financial statements obtained by the Company or market transaction prices.

YOUNGTEK ELECTRONICS CORP.

The amount of purchase or sale of goods with related parties reaches at least NT\$100 million or 20% of the paid-in capital

Year ended off 2022

table 4

Amounts in Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Company Name	Related Party	Nature of Relationship	Transactions Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Soochow YOUNGTEK	YTEC	Indirect subsidiary	Purchase	\$ 352,221	8.98%	Net 120 days from the end of the month of when invoice is issued	\$ -	-	\$ 87,790	14.41%	-
Harvatek	YTEC	Other related parties	Purchase	195,538	4.99%	Net 120 days from the end of the month of when invoice is issued	-	-	63,529	10.43%	-

Note: The paid-in capital refers to the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company in the balance sheet.

YOUNGTEK ELECTRONICS CORP.  
INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
Year ended off 2022

Table 5:

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		The Company holds			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
YOUNGTEK ELECTRONICS CORP.	YTEC Holding (Samoa) Co., Ltd.	Samoa	Investment Holdings	\$ 1,967,924	\$ 1,967,924	Note 1	100.00	\$ 604,033 (Note 2)	( \$ 107,571 )	( \$ 107,571 )	-
	WECON CORP.	Hsin-Chu, Taiwan	Design, manufacture, assembly and sale of various controllers, optoelectronic parts and equipment, automatic machines and test instruments	1,000	1,000	100,000	100.00	977 (Note 3)	2	2	-
	Jiuhongxin CORP.	Hsin-Chu, Taiwan	Research and development of chemical raw materials	29,000	29,000	2,900,000	100.00	2,337 (Note 3)	1,875	1,875	-
	SHINSHOU AUTOMATION Co., Ltd. (SHINSHOU AUTONATION)	Hsin-Chu, Taiwan	Precision Instruments Wholesale	29,000	29,000	2,900,000	100.00	612 (Note 3)	-	-	-
	Tian Zheng International Precision Machinery Co., Ltd.	Kaohsiung, Taiwan	Precision equipment, electronic components, molds	36,256	36,256	5,395,136	16.22	165,983 (Note 2)	28,648	4,647	-
	WECON CORP. (Samoa) (WECON Samoa)	Samoa	Investment Holdings	USD 800 \$ 23,738	USD 800 \$ 23,738	Note 1	100.00	14,977 (Note 3)	( 463 )	( 463 )	-
	SISSCA Co., Ltd. (SISSCA) (SIGOLD OPTICS INC.)	Hsin-Chu, Taiwan	Precision equipment, electronic components, molds	24,000	24,000	3,370,752	15.52	32,135 (Note 2)	( 12,961 )	1,788	-
	YTEC Holding (Samoa) Co., Ltd.	Hong Kong	Investment Holdings	RMB 224,270 \$ 1,039,916	RMB 224,270 \$ 1,039,916	Note 1	100.00	274,751 (Note 2)	( 124,868 )	( 124,868 )	-
	Clear Reach Limited	British Virgin Islands	Investment Holdings	USD 7,198 \$ 209,057	USD 7,198 \$ 209,057	Note 1	100.00	138,458 (Note 2)	( 3,765 )	( 3,765 )	-

Note 1: It is a limited company with only capital contribution and no shares.

Note 2: The calculation is based on the financial statements audited by the accountants for the same period.

Note 3: The calculation is based on the financial statements that were not audited by the accountants for the same period because they did not meet the accounting standards.

Note 4: For information on the Mainland China investee companies, please refer to Table 6.



YOUNGTEK ELECTRONICS CORP.  
INFORMATION ON INVESTMENT IN MAINLAND CHINA  
Year ended off 2022

Table 6:

Amounts in Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	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 (Note 2)	Net Income (Losses) of the Investee Company	Percentage of Ownership	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow					
Xiamen YOUNGTEK ELECTRONICS CORP.	Research and development, production and processing of high brightness light-emitting diodes and LED die inspection equipment, and provide related technical consultation and services	RMB 194,235 \$ 899,021	Note 1	RMB 194,235 \$ 899,021	\$ -	\$ -	RMB 194,235 \$ 899,021	100%	( \$ 144,981 ) (Note 3)	( \$ 3,900 ) (Note 3)	\$ -
Yangzhou YOUNGTEK ELECTRONICS CORP.	Engaged in research and development, production and processing of frequency control and selection components (radio frequency tags) and related equipment, as well as providing related technical consultation and services	RMB 67,887 \$ 308,250	Note 1	RMB 30,035 \$ 140,895	-	-	RMB 30,035 \$ 140,895	45%	29,341 (Note 3)	181,628 (Note 3)	-
YOUNGTEK MICRO-ELECTRONIC Shenzhen	Wafer and IC test foundry, and provide related technical consultation and services	RMB 50,172 \$ 202,673	Note 1	RMB 47,717 \$ 192,368	-	-	RMB 47,717 \$ 192,368	100%	( 4,228 ) (Note 3)	155,501 (Note 3)	-
Soochow YOUNGTEK MICRO ELECTRONICS CORP.	Design of integrated circuits; testing, packaging and processing of chips; technology development, technical services and technical consultation in the field of semiconductors and integrated circuits; computer software design and development; sales of semiconductors, electronic products, mechanical and electrical equipment and electronic components; repair, leasing and sales of machinery and equipment; import and export business of various commodities and technologies on a self-operated and agency basis.	RMB 20,677 \$ 93,330	Note 1	RMB 20,677 \$ 93,330	-	-	RMB 20,677 \$ 93,330	100%	( 3,423 ) (Note 3)	95,330 (Note 3)	-

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment 60% or 80 million
USD 44,448 \$ 1,325,614	USD 44,448 \$ 1,325,614	\$ 4,089,044

Note 1: The Company invests in Mainland China through a third-party company.

Note 2: The original foreign-currency amount was converted at the original exchange rate.

Note 3: The calculation of investment income or loss and the balance of long-term equity investments were based on the financial statements of the investees audited by the accountants for the same period.

YOUNGTEK ELECTRONICS CORP.

Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports  
Year ended off 2022

table 7 Amounts in Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Investee Company	Transactions Categories	Purchases and sales of fixed assets		Transactions Article		Trade receivables-related party		Unrealized profit or loss	Note
		Amount	%	Payment Article	Amount compared	to normal transactions	%		
Soochow YOUNGTEK	Revenue from sales of machines / Sale of fixed assets	\$ 364,275	\$ 364,275	Note	Note	\$ 87,790	57%	\$ 28,202	-
Shenzhen YOUNGTEK	Revenue from sales of machines	66,623	2%	Note	Note	2,283	1%	2,001	-
Xiamen YOUNGTEK	Other industry revenue	863	-	Note	Note	815	1%	25	-
Yangzhou YOUNGTEK	Other industry revenue	83	-	Note	Note	-	-	-	-

Note: The transaction prices of sales to related parties are not comparable to other appropriate counter-parties, and the payment terms are 90 to 180 days after acceptance.

YOUNGTEK ELECTRONICS CORP.  
INFORMATION ON MAJOR SHAREHOLDERS  
December 31, 2022

table 8

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
IN & OUT Bio Beauty Corp.	8,475,617	6.59%
Li Chi Investment CORP.	6,721,937	5.23%

Note: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders hold 5% or more of the Company's common shares and preferred shares that have been delivered without physical registration (including treasury shares). The number of shares recorded in the Company's individual financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of preparation of the calculations.

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YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2022

STATEMENT 1

In Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Item	Description	Amount
Petty cash and Cash on hand	Including US\$ 9 thousand and RMB \$ 54 thousand @4.38	\$ 934
Cash in banks		
Checking accounts and demand deposits		596,404
Foreign currency deposits	Including US\$ 417 thousand, JPY\$ 474,213 thousand and RMB \$ 2,281 thousand @4.38	132,042
Cash equivalents		
Bank time deposits with original maturity of less than 3 months	Expired by January to March, 2023, interest rates at 0.34%	<u>1,750,000</u>
		<u>\$ 2,479,380</u>

YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
December 31, 2022

STATEMENT 2

In Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Financial Instruments	Shares	Total	Amount	Interest Rate	Acquisition Costs	Accumulated depreciation	Fair Value		Note
							Unit Price (dollar)	Total amount	
Stock									
Edison Opto Corporation	2,549,367	<u>\$ 39,898</u>	<u>\$ 39,898</u>	-	<u>\$ 8,591</u>	<u>\$ -</u>	\$15.65	<u>\$ 39,898</u>	Note

Note: The market price is based on the closing price at the end of the year.

YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

December 31, 2022

STATEMENT 3

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	\$ 96,586
Client B	83,087
Client C	83,087
Client D	28,669
Client E	21,906
Client F	21,762
Others (Note)	<u>162,708</u>
	474,787
Less: loss allowance	( <u>20,344</u> )
	<u>\$ 454,443</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF INVENTORIES

December 31, 2022

STATEMENT 4

(In Thousands of New Taiwan Dollars)

ITEM	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 307,780	\$ 503,584
Semi-finished products	6,793	15,430
Work in process	219,654	246,381
Raw materials	<u>368,283</u>	<u>429,504</u>
	<u>\$ 902,510</u>	<u>\$ 1,194,899</u>



YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
December 31, 2022 and 2021

STATEMENT 5

In Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Name	Balance, beginning of the year		Increase		Decrease		Balance, end of the year		Provide Guarantee Pledge Details	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value or		
Stock										
Harvatek Corporation	10,230,336	\$ 280,310	-	\$ -	-	( \$ 100,257 )	10,230,336	\$ 180,053	None	Note 1
Megawin Technology Co., Ltd.	179,931	6,218	-	-	( 179,931 )	( 6,218 )	-	-	None	Note 1
SUBTRON TECHNOLOGY Co., Ltd.	133,507	2,012	-	-	-	-	133,507	2,012	None	Note 2
NAVIFUS CORPORATION	1,500,000	30,000	-	-	-	-	1,500,000	30,000	None	Note 2
YTTEK Technology Corp	333,333	5,000	-	-	-	-	333,333	5,000	None	Note 2
CSVI Ventures L.P.	-	151,682	-	-	-	( 9,101 )	-	142,581	None	Note 2
Aeolus Robotics Corporation (Cayman)	2,000,000	<u>63,884</u>	-	-	-	-	2,000,000	<u>63,884</u>	None	Note 2
		<u>\$539,106</u>		<u>\$ -</u>		<u>( \$ 115,576 )</u>		<u>\$ 423,530</u>		

Note 1: Calculated based on the closing price on December 31, 2022.

Note 2: Calculated based on the most recent financial statements obtained by the Company.

YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT 6

In Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

	Balance, beginning of the year		Additions in Investment		Decrease in Investment		Increase (Decrease) in Using the	Not According to the Shares	Cumulative Conversion	(Un) realized	Balance, end of the year						
	Shares	Amount	Shares	Amount	Shares	Amount	Equity Method	Ratio Adjustment	Adjustments	Gross profit on sales	Dividend revenue	Shares	Percentage of Ownership (%)	Amount	Net Assets Value	Collateral	
Unlisted (TSE and OTC) stocks																	
YETC Samoa	-	\$668,026	-	\$ -	-	\$ -	( \$ 107,571 )	\$ -	\$ 10,276	\$ 33,302	\$ -	-	100.00	\$ 604,033	\$ 728,648	None	
WECON Samoa	-	14,753	-	-	-	-	( 463 )	-	281	406	-	-	100.00	14,977	17,043	None	
Jiuhongxin	2,900,000	462	-	-	-	-	1,875	-	-	-	-	2,900,000	100.00	2,337	2,337	None	
SHINSHOU AUTOMATION Co., Ltd.	2,900,000	612	-	-	-	-	-	-	-	-	-	2,900,000	100.00	612	612	None	
WECON CORP.	100,000	975	-	-	-	-	2	-	-	-	-	100,000	100.00	977	977	None	
TIZ	5,395,136	189,375	-	-	-	-	4,647	( 4,934 )	1,173	-	( 24,278 )	5,395,136	16.22	165,983	165,983	None	
SISSCA (SIGOLD)	3,064,320	<u>36,390</u>	306,432	-	-	-	( <u>1,788</u> )	( <u>2,467</u> )	-	-	-	3,370,752	15.52	<u>32,135</u>	<u>32,135</u>	None	
		<u>\$ 910,593</u>		<u>\$ -</u>		<u>\$ -</u>	( <u>\$ 103,298</u> )	( <u>\$ 7,401</u> )	<u>\$ 11,730</u>	<u>\$ 33,708</u>	( <u>\$ 24,278</u> )			<u>\$ 821,054</u>	<u>\$ 947,735</u>		

YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION AND RIGHT-OF-USE ASSETS  
YEAR ENDED DECEMBER 31, 2022

STATEMENT 7

In Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

	Land	Buildings	Machinery and Equipment	Total
	<hr/>	<hr/>	<hr/>	<hr/>
Cost				
Balance at January 1, 2022	\$ 136,408	\$ 55,803	\$ 21,997	\$ 214,208
Additions	328	-	-	328
Deductions	( 3,696 )	-	-	( 3,696 )
Reclassification	-	<u>9,988</u>	( <u>21,997</u> )	( <u>12,009</u> )
Balance at December 31, 2022	<u>133,040</u>	<u>65,791</u>	-	<u>198,831</u>
Accumulated depreciation				
Balance at January 1, 2022	9,735	23,404	16,216	49,355
Depreciation	8,363	11,987	3,196	23,546
Deductions	-	-	-	-
Reclassification	-	<u>951</u>	( <u>19,412</u> )	( <u>18,461</u> )
Balance at December 31, 2022	<u>18,098</u>	<u>36,342</u>	-	<u>54,440</u>
Net at December 31, 2022	<u>\$ 114,942</u>	<u>\$ 29,449</u>	<u>\$ -</u>	<u>\$ 144,391</u>

YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

December 31, 2022

STATEMENT 8

(In Thousands of New Taiwan Dollars)

Supplier Name	Amount
Supplier A	\$ 29,325
Supplier B	22,880
Supplier C	14,964
Supplier D	14,700
Others (Note)	<u>197,911</u>
	<u>\$ 279,780</u>

Note: The amount of individual suppliers included in others does not exceed 5% of the account balance.

YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF LEASE LIABILITIES

December 31, 2022

STATEMENT 9

In Thousands of New Taiwan Dollars,  
Unless Specified Otherwise

Item	Lease Term	Discount Rate (%)	Amount
Land	From January, 2019 to December, December, 2041	3.15%	\$ 116,132
Buildings	From January, 2019 to 2024	3.15%	21,259
Machinery and Equipment	From January, 2019 to October, 2022	2.69%	=
Total			137,391
Less: portion - current			( <u>17,971</u> )
Non-current portion			<u>\$ 119,420</u>

YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF NET REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT 10

Amounts in Thousands of New Taiwan  
Dollars,  
Unless Specified Otherwise

Item	Shipments (Piece)	Amount
Processing revenue	5,182,335	\$ 2,552,381
Net revenue from sale of goods	584	979,881
Other revenue		<u>404,209</u>
		3,936,471
Less: sales returns and allowances		( <u>15,917</u> )
		<u>\$ 3,920,554</u>

YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF COST OF REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT 11

(In Thousands of New Taiwan Dollars)

Item	Amount
Direct raw material	
Balance, beginning of the year	\$ 285,042
Raw material purchased	932,751
Office supplies	-
Transferred to fixed assets and expenses	19,367
Sale of raw material	168,517
Balance, end of the year	<u>368,283</u>
Used for the year	661,626
Direct labor	324,838
Manufacturing expenses	<u>1,485,597</u>
Manufacturing cost	2,472,061
Work in process, beginning of year	125,599
Work in process, end of year	<u>219,654</u>
Cost of finished goods	2,378,006
Semi-finished product, beginning of year	7,664
Finished goods, beginning of year	370,454
Office supplies	6,105
Transferred to fixed assets and expenses	193,026
Semi-finished product, beginning of year	6,793
Finished goods, end of year	<u>307,780</u>
Production and marketing costs	2,254,630
Sale of raw material purchase	168,517
Others	<u>3,493</u>
Operating costs	<u>\$ 2,426,640</u>

YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021  
STATEMENT 12 (In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses
Salaries Expenses	\$ 90,074	\$ 62,387	\$ 220,476
Shipping Expense	16,066	53	36
Exchange Expense	9,969	192	2
Depreciation	454	12,050	12,979
Labor Expense	400	19,926	25,112
Consumables	-	-	24,044
Others (Note)	<u>15,584</u>	<u>62,010</u>	<u>56,155</u>
	<u>\$ 132,547</u>	<u>\$ 156,618</u>	<u>\$ 338,804</u>

Note: The amount of each item in others does not exceed 5% of the account balance.



YOUNGTEK ELECTRONICS CORP.  
STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

STATEMENT 13

(In Thousands of New Taiwan Dollars)

	2022				2021			
	FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020	Classified as Operating Expenses	Classified as Other Operating Income and Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Classified as Other Operating Income and Expenses	Total
Labor cost								
Salary and bonus	\$ 712,932	\$ 364,437	\$ -	\$ 1,077,369	\$ 719,220	\$ 329,736	\$ -	\$ 1,048,956
Labor and health insurance	68,962	25,685	-	94,647	64,783	24,038	-	88,821
Pension	28,523	12,339	-	40,862	25,476	11,140	-	36,616
Board compensation	-	8,500	-	8,500	-	10,610	-	10,610
Others	<u>28,703</u>	<u>8,056</u>	<u>-</u>	<u>36,759</u>	<u>30,888</u>	<u>7,557</u>	<u>-</u>	<u>38,445</u>
Total	<u>\$ 839,120</u>	<u>\$ 419,017</u>	<u>\$ -</u>	<u>\$ 1,258,137</u>	<u>\$ 840,367</u>	<u>\$ 383,081</u>	<u>\$ -</u>	<u>\$ 1,223,448</u>
Depreciation	<u>\$ 492,986</u>	<u>\$ 25,483</u>	<u>\$ 3,872</u>	<u>\$ 522,341</u>	<u>\$ 481,535</u>	<u>\$ 28,572</u>	<u>\$ 3,872</u>	<u>\$ 513,979</u>
Amortization	<u>\$ 712</u>	<u>\$ 7,502</u>	<u>\$ -</u>	<u>\$ 8,214</u>	<u>\$ 740</u>	<u>\$ 7,404</u>	<u>\$ -</u>	<u>\$ 8,144</u>

Note:

- As of December 31, 2022 and 2021, the Company had 1,057 and 1,041 employees, respectively. There were 5 and 4 non-employee directors.
- For companies whose shares are listed on the TWSE or TPEX, the following additional information should be disclosed:
  - The average employee benefit expense for the year was \$1,188 thousand ("Total employee benefit expense for the year - total directors' remuneration" / "Number of employees for the year - number of directors who did not also serve as employees").  
The average employee benefit expense for the previous year was \$1,170 thousand ("Total employee benefit expense for the previous year - Total directors' remuneration" / "Number of employees for the previous year - Number of directors who were not also employees").
  - Average employee salary expense for the year was \$1,024 thousand (total salary expense for the year / "number of employees for the year - number of directors who did not also serve as employees").  
Average employee salary expense for the previous year was \$1,012 thousand (total salary expense for the previous year / "number of employees for the previous year - number of directors who did not also serve as employees").
  - Change in average employee salary cost adjustment of 1.19% ("average employee salary cost for the current year - average employee salary cost for the previous year"/average employee salary cost for the previous year).
  - The Company has established an audit committee on June 15, 2021, therefore, there were no supervisors as of December 31, 2022 and 2021. The supervisor's remuneration for the previous year was \$962 thousand.
  - Please describe the company's salary and compensation policy (including directors, managers and employees).  
According to the Company's Articles of Incorporation, the Board of Directors is authorized to determine the salary for the Chairman, Vice Chairman and Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within the R.O.C. and overseas. In accordance with Article 23 of the Company's Articles of Incorporation, any surplus from the annual accounts shall be paid in cash to the directors and supervisors as remuneration.  
The Company's compensation policies: The Company's employees are entitled to a comprehensive compensation and benefits program above the industry average. The compensation program includes a monthly salary, business performance bonuses based on quarterly business results, and a profit sharing bonus based on annual profits. The Company determines the amount of the business performance bonus and profit sharing based on operating results and industry practice in the R.O.C.. The amount and distribution of the bonus and profit sharing are recommended by the Compensation Committee to the Board of Directors for approval. Individual rewards are based on each employee's job responsibility, contribution and performance.

## VII. Discussion and Analysis of Financial Standing and Financial Performance and Risks

### 7.1 Financial Standing

#### Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Current Assets	5,263,360	5,199,893	63,467	1.22%
Non-current assets	3,416,606	3,705,309	(288,703)	(7.79%)
Total Assets	8,679,966	8,905,202	(225,236)	(2.53%)
Current Liabilities	1,516,398	1,723,478	(207,080)	(12.02%)
Non-current Liabilities	126,504	305,836	(179,332)	(58.64%)
Total Liabilities	1,642,902	2,029,314	(386,412)	(19.04%)
Capital stock	1,284,980	1,284,980	0	0.00%
Additional Paid-in capital	2,454,456	2,461,818	(7,362)	(0.30%)
Retained Earnings	3,108,333	2,872,457	235,876	8.21%
Other equity	-32,695	73,144	(105,839)	(144.70%)
Non-controlling interests	221,990	183,489	38,501	20.98%
Total Stockholders' Equity	7,037,064	6,875,888	161,176	2.23%
<p>The analysis and explanation of the increase or decrease ratio of more than 20%:</p> <ol style="list-style-type: none"> <li>1. Decrease in Non-current Liabilities: Mainly due to the decrease in long-term debt payable.</li> <li>2. Decrease in other equity: Mainly due to the decrease in the valuation benefit of financial assets measured at fair value through other comprehensive gains and losses.</li> </ol>				

### 7.2 Financial Performance

#### Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Net Sales	4,600,042	5,221,420	(621,378)	(11.90%)
Cost of Sales	1,621,593	2,025,286	(403,693)	(19.93%)
Gross Profit	1,043,572	1,393,472	(349,900)	(25.11%)
Non-operating income and expenses	103,657	(2,688)	106,345	(3,956.29%)
Income Before Tax	1,147,229	1,390,784	(243,555)	(17.51%)
Net Income	890,041	1,089,669	(199,628)	(18.32%)
Other comprehensive income	811,028	1,192,947	(381,919)	(32.01%)
<p>The analysis and explanation of the increase or decrease ratio of more than 20%:</p> <ol style="list-style-type: none"> <li>1. Decrease in gross profit and other comprehensive income: Mainly due to the decrease Net Sales.</li> <li>2. Increase in non-operating income and expenses: Mainly due to the increase in foreign currency exchange losses.</li> </ol>				

### 7.3 Cash Flow

#### 7.3.1 Cash Flow Analysis for the Last Two Years

Item \ Year	2022	2021	Difference	
			Amount	%
Operating Activities	1,299,861	1,158,634	141,227	12.19%
Investing Activities	(211,498)	(211,136)	(362)	0.17%
Financing Activities	(664,861)	(678,716)	13,855	(2.04%)
Exchange rate changes	71,810	7,275	64,535	887.08%
Net cash inflow (outflow)	495,312	276,057	219,255	79.42%
Description of changes in the increase or decrease ratio: 1. Increase in net outflow from operating activities: mainly due to the increase in accounts receivable Recovery Amount. 2. Decrease in net outflow from investing activities: mainly due to the decrease in purchase of property, plant and equipment and prepayment to equipment suppliers. 3. Increase in net outflow from financing activities: mainly due to the distribution of cash dividends during the current period.				

#### 7.3.2 Cash Flow Analysis for the Current Year

##### Consolidated Cash Flow Analysis Table

Unit: NT\$ thousands

Cash Balance Beginning of Year	Net Cash Flow from Operating Activities for the Year	Cash Outflow for the Year	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Investment Plans
a	b	c	a + b - c		
2,592,813	1,282,500	1,641,793	2,233,520	-	-
Analysis of change in cash flow: A. Operating activities: The cash net inflow from the operating activities is mainly due to stable income and profit in 2022. B. Investing activities: The cash net outflow is mainly due to the production capacity expansion plan, resulting in an increase in the capital expenditure in 2022. C. Financing activities: The cash net outflow is mainly due to an increase in cash dividends in 2022.					

#### 7.4 Impact to the Financial Operations from Major Capital Expenditure in the Most Recent Year:

##### 7.4.1 Major Capital Expenditure Items and Source of Capital

Unit: NT\$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure	
				2022	2023
Fixed Assets	Self-funding	2022/12	1,342,813	850,049	492,764

##### 7.4.2 Expected Benefits

To align with the innovation development of the group's business and to reduce production costs, while considering the rapidly changing market environment, the Company will strictly control capital expenditures for the upcoming year. The Company's goal is to ensure that every investment made can effectively increase the group's revenue and contribute to its profitability, which will be beneficial to future development.

#### 7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Investment Policy: In accordance with the Company's long-term and short-term share investment operation regulations.

7.5.2 Main Causes for Profits or Losses, and Improvement Plans: The operating overview of the four invested subsidiaries in mainland China in the past year is as follows:

1. Xiamen Youngtek Electronics Ltd.: In recent years, its operations have faced challenges due to the impact of intense competition in the LED industry. To address this, the company has focused on further refining its production technology and improving production efficiency. Additionally, it has implemented a product gross margin screening strategy to provide more competitive products and services in the market in the future.
2. Youngtek Microelectronics (Shenzhen) Ltd.: After the merger of Wecon Trading Shenzhen Ltd., it delicate in the adjustment of the product and operation strategy. It is now under stable operations.
3. Yangzhou Youngtek Electronics Ltd.: The subsidiary was established in September of 2016, engaging in the R&D, manufacturing and OEM services of RFID tag and related equipment. It is currently under stable operations and profits and it is anticipated to bring in positive momentum to the group revenue in the future.
4. Suzhou Youngtek Microelectronics Co., Ltd.: The subsidiary was established in May of 2019, engaging in IC design, chip testing, packaging, and processing; technology development, services and consultations in semiconductor integrated IC fields; development of computer software; sale of semiconductors, electronic products, mechanical equipment, and electronic component; maintenance, lease, and sale of mechanical equipment; import and export business for own or distributed product and technology. It is currently under stable operations and profits.

7.5.3 Investment Plans for the Coming Year: None.

## 7.6 Analysis of Risk Management in the Most Recent Year and as of the Date of Printing of the Annual Report.

### 7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

#### 1. Effects of changes in interest rates on corporate finance, and future response measures

##### (1) Effects of changes in interest rates on corporate finance

To meet the working capital requirements, the Company has applied for material purchase loans and long-term mortgage loans from banking institutions. Changes in interest rates may affect the current period's profitability. However, the net interest expense as a percentage of pre-tax net income for the years 2022 and 2021 were only 1.56% and 0.62%, respectively, indicating that any impact from changes in interest rates on the Company is minimal.

Item	2022	2021
Interest income (expense) (A)	17,935	8,625
Pre-tax net income (B)	1,147,229	1,390,784
Net interest expense as a percentage of pre-tax net income (A/B)(%)	1.56%	0.62%

##### (2) Future response measures to the changes in interest rates

- Collect daily information on changes in interest rates in order to take appropriate measures in a timely manner.
- If interest rates fall, we will adjust our borrowing rates and repay higher interest loans with lower interest loans as appropriate. If interest rates rise and may erode the overall profitability of the Company, we will evaluate the possibility of obtaining necessary funds through a cash capital increase with a premium.

#### 2. Effects of changes in foreign exchange rates on corporate finance, and future response measures

##### (1) Effects of changes in foreign exchange rate on corporate revenue and pre-tax net income in the most recent two years

Unit: NT\$ thousands

Analysis items \ Year	2022	2021
Foreign exchange profit (loss)	172,393	(30,029)
Net operating income	4,600,042	5,221,420
Pre-tax net income	1,147,229	1,390,784
Net foreign exchange profit as a percentage of net operating income (%)	3.75%	(0.58%)
Net foreign exchange profit as a percentage of pre-tax net income (%)	15.03%	(2.16%)

##### (2) Future response measures to the changes in foreign exchange rates

The Company monitors foreign exchange rate fluctuations and plans for hedging measures as necessary. A "Procedure for Acquisition or Disposal of Assets" has been established to control and mitigate potential foreign exchange risks in operations.

#### 3. Effects of inflation

In response to the effects of inflation, the Company actively improves its production process to increase unit output and expand production lines to enhance production capacity, thereby accelerating the decrease of unit costs. The Company also focuses on cost-down measures to increase operational advantages.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

1. The Company did not engage in high-risk, high-leveraged investment in the most recent year.
2. The Company has established "Operating Procedures for Loaning of Funds to Others" and "Procedures for Making Endorsement and Guarantee". When executing loans to others and endorsements/guarantees, appropriate risk assessments have been conducted, and there have been no losses incurred.
3. Response Measures: The Company has formulated the "Procedures for Acquisition or Disposal of Assets", "Operating Procedures for Loaning of Funds to Others", and "Procedures for Making Endorsement and Guarantee" to be followed for relevant operations.

7.6.3 Future Research & Development Projects and Corresponding Budget

1. Current progress of the future R&D plans

Unit: NT\$ thousands

Research Projects	Completion (%)	Expected Research Expenditure	Expected Completion Schedule
DPB function board	61%; development of the function board.	3,000	112/09
New Soc Tester System	31%; development of the function board.	20,000	113/12
MVI function board	24%; development of the function board.	3,000	112/12
RF Protocol Wi-Sun	0%; ; development of the communication protocol.	800	112/08
YT6190-TrayHandler	90%; assembly of the mainframe	1,000	112/09
FR30MP-IC Bonder	90%; machine testing and verification	3,000	112/08
MB-121-IC Bonder	40%; module testing and verification	7,000	113/06
	Total investment amount in the coming 2 years.	37,800	

2. The key successful factors for the future R&D

Since its inception, the Company has attached great importance to investing in R&D personnel and related equipment. We have accumulated our R&D team strength through internal trainings, experience inheritance, and cooperation with research institutions. We have also actively recruited experienced R&D talents from the industry to strengthen our product planning and R&D innovation capabilities. In recent years, we have completed new product development projects that we have invested in. In the future, the Company will continue to invest in R&D, and R&D expenses will increase with the growth of our business.

The main key factors contributing to the successful R&D of the Company are the quality of our R&D personnel and our mastery of software and hardware technology. We believe that with the long-term accumulated experience of our R&D team, we will be able to develop products that are competitive in the market.

7.6.4 Effects of and Response to Changes in Domestic and Foreign Policies and Regulations Relating to Corporate Finance and Sales

The Company has adopted appropriate response measures to changes in domestic and foreign policies and regulations. It shall not bring major impacts to corporate finance and sales yet.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The changes in technology in the most recent year did not have major effects to the corporate finance and sales. The Company responds to it by continuous quality improvement and innovations.

- 7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures  
The Company maintains good reputations and there have been no significant changes in the most recent year that would warrant crisis management.
- 7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans  
The Company has no merger plans in the most recent year and as of the date of printing of the annual report, and therefore there is no such risk for the company.
- 7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans  
Please refer to page 259 for the effect of major capital expenditure to corporate finance and sales.
- 7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration  
The Company strives to diversify its purchasing suppliers or sales customers, and there should be no significant risk arising from the concentration of purchases or sales.
- 7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%  
There was no large share transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings of over 10% as of the date of printing of the annual report.
- 7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights  
The management team of the Company is focused on the business operation, with the assistance and support of the board of directors and supervisors. There is no risk of a change in ownership affecting the company.
- 7.6.12 Litigation or Non-litigation Matters
- 1.If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the prospectus printing date, the prospectus shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case: None.
  2. If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date: None.
  3. The prospectus shall note the occurrence of any event set forth under Article 157 of the Securities and Exchange Act that involves a company director, supervisor, its general manager, or any major shareholder with a stake of more than 10 percent, provided the event occurred in the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date: None.
- 7.6.13 If a Company Director, Supervisor, Its General Manager, or A Major Shareholder with a Stake of More Than 10 Percent Has Experienced Financial Difficulties or Lost Creditworthiness within the Most Recent 2 Fiscal Years or During the Current Fiscal Year Up to the Prospectus Publication Date, the Prospectus Shall Note the Effect on the Company's Financial Status: None.
- 7.6.14 Evaluation Standard and Basis of Assets and Liabilities Evaluation Items in Financial Statements

Item	Assets and Liabilities Evaluation Items	Evaluation Standard	Evaluation Basis
1	Allowance for uncollectible accounts	Allowance for uncollectible accounts is listed based on the age of receivables and the possibility of recovery	<p>OEM:</p> <p>A. The age of account receivable is between 1 and 90 days, allowance ratio is 0%</p> <p>B. The age of account receivable is between 91 and 180 days, allowance ratio is 5%</p> <p>C. The age of account receivable is between 181 and 365 days, allowance ratio is 15%</p> <p>D. The age of account receivable is over 1 year, allowance ratio is 50%</p> <p>E The age of account receivable is over 2 years, allowance ratio is 100%</p> <p>Owned machine:</p> <p>A. The age of account receivable is between 1 and 90 days, allowance ratio is 0%</p> <p>B. The age of account receivable is between 91 and 180 days, allowance ratio is 10%</p> <p>C. The age of account receivable is between 181 and 365 days, allowance ratio is 30%</p> <p>D. The age of account receivable is over 1 year, allowance ratio is 50%</p> <p>E The age of account receivable is over 2 years, allowance ratio is 100%</p>
2	Provision for allowance to reduce inventory to market	Based on the net realizable value of the inventory	Net realizable value refers to the estimated selling price under normal circumstances minus the remaining costs to be invested in completion and sales expenses.

#### 7.6.15 Key Performance Indicator (KPI) of the Company

KPI	Formula	KPI goal	2020	2021
Achievement rate of new product development KPI	$1 - (\text{Number of New Product Failures} / \text{Number of New Product Developments}) \times 100\%$	> 95%	100%	100%
Delivery rate KPI	$(\text{Number of delivery batches} / \text{total shipment batches}) \times 100\%$	> 95%	> 96%	> 96%
Inbound storage delivery rate KPI	$(\text{Actual number of batches put into storage} / \text{number of offline batches in the current month}) \times 100\%$	> 98.94%	99.02%	99.15%
Grinding, sawing and picking OEM yield KPI - the proportion of batches with a monthly chip sawing and picking yield rate lower than 99%	$(\text{Low yield (Yield} < 99\%) \text{ batches} / \text{total batches}) \times 100\%$	< 0.03%	0.01%	0.01%
Testing OEM productivity KPI	$(\text{Total test quantity} \times \text{UPH} / \text{machine working time})$	> 90%	92.3 %	93.5 %

7.6.16 Other Major Risks: None.

7.7 Other Important Matters: None.

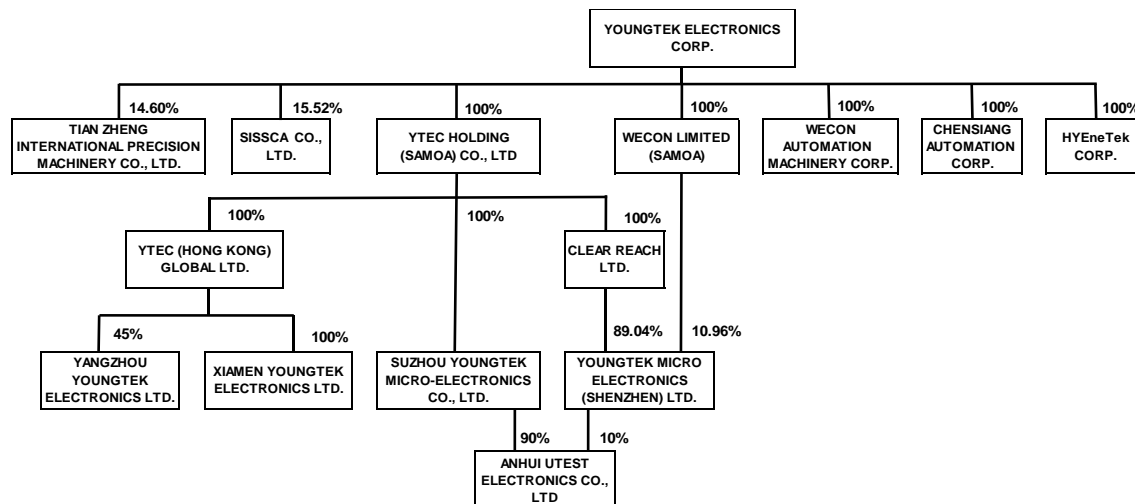


## VIII. Special Notes

### 8.1 Information of associated enterprises

#### 8.1.1 Consolidated business report

##### 8.1.1.1 Organizational status



#### 8.1.2 Backgrounds of affiliated enterprises

As of December 31, 2022

Investee	Established Date	Location	Paid-in Capital		Main Business or Products
			Currency	Amount (thousand)	
<b>YTEC HOLDING (SAMOA) CO., LTD</b>	2009.04.08	SAMOA	NT\$	1,967,924	Investment Holdings
<b>WECON LIMITED (SAMOA)</b>	2011.03.23	SAMOA	NT\$	23,738	Investment Holdings
<b>YTEC (HONG KONG) GLOBAL LTD.</b>	2009.05.06	HONG KONG	NT\$	1,039,916	Investment Holdings
<b>CLEAR REACH Ltd.</b>	2005.08.16	British Virgin Islands	NT\$	209,057	Investment Holdings
<b>YOUNGTEK MICRO ELECTRONICS (SHENZHEN) LTD.</b>	2006.01.25	SHENZHEN	NT\$	202,673	Wafer and IC test foundry, and provide related technical consultation and services
<b>XIAMEN YOUNGTEK ELECTRONICS LTD.</b>	2009.08.26	XIAMEN	NT\$	899,021	Research and development, production and processing of high brightness light-emitting diodes and LED die inspection equipment, and provide related technical consultation and services
<b>YANGZHOU YOUNGTEK ELECTRONICS LTD.</b>	2016.09.09	YANGZHOU	NT\$	308,250	Engaged in research and development, production and processing of frequency control and selection components (radio frequency tags) and related equipment, as well as providing related technical consultation and services

Investee	Established Date	Location	Paid-in Capital		Main Business or Products
			Currency	Amount (thousand)	
SUZHOU YOUNGTEK MICRO-ELECTRONICS CO., LTD.	2019.05.15	SUZHOU	NT\$	93,390	Design of integrated circuits; testing, packaging and processing of chips; technology development, technical services and technical consultation in the field of semiconductors and integrated circuits; computer software design and development; sales of semiconductors, electronic products, mechanical and electrical equipment and electronic components; repair, leasing and sales of machinery and equipment; import and export business of various commodities and technologies on a self-operated and agency basis.`
ANHUI UTEST ELECTRONICS CO., LTD	2022.12.28	HEFEI	NT\$	-	repair, leasing and sales of machinery and equipment; import and export business of various commodities and technologies on a self-operated and agency basis.`
HYEneTek CORP.	2012.07.19	HSINCHU CITY, TAIWAN	NT\$	29,000	Research and development of chemical raw materials
CHENSIANG AUTOMATION Corp.	2012.11.01	HSINCHU CITY, TAIWAN	NT\$	29,000	Precision Instruments Wholesale
WECON AUTOMATION MACHINERY CORP.	2015.03.24	HSINCHU CITY, TAIWAN	NT\$	1,000	Design, manufacture, assembly and sale of various controllers, optoelectronic parts and equipment, automatic machines and test instruments
TIAN ZHENG INTERNATIONAL PRECISION MACHINERY CO., LTD.	2012.12.26	KAOHSIUNG CITY, TAIWAN	NT\$	369,627	Precision equipment, electronic components, molds
SISSCA CO., LTD.	2015.06.25	HSINCHU CITY, TAIWAN	NT\$	127,680	Precision equipment, electronic components, molds

8.1.3. Common Shareholders among Controlling and Controlled Entities: None.

8.1.4. The overall coverage of operations:

1. High-brightness light-emitting diodes and LED chip pick and place OEM;
2. Packaging and testing of wafers and ICs;
3. RFID (radio frequency tag) production and processing services.

## 8.1.5. Backgrounds of directors, supervisors of affiliated enterprises

As of December 31, 2022

Name of Company	Title	Name or Representative	Shareholding	
			Shares	Ratio(%)
YTEC Holding(Samoa) Co., Ltd.	Director	Representative: Cheng-Kung Chang	0	0
YTEC (Hong Kong) Global Ltd.	Director	Representative: Han-Tsung Hsiao	0	0
CLEAR REACH Ltd.	Director	Representative: Wei-Tang Hsiao	0	0
YOUNGTEK MICRO ELECTRONICS (SHENZHEN) LTD.	Director	Representative: Wei-Tang Hsiao	0	0
YOUNGTEK MICRO ELECTRONICS (SHENZHEN) LTD.	Supervisor	Representative: Chiao-Fen Chen	0	0
XIAMEN YOUNGTEK ELECTRONICS LTD.	Director	Representative: Han-Tsung Hsiao	0	0
XIAMEN YOUNGTEK ELECTRONICS LTD.	Supervisor	Representative: Pei-Shin Chen	0	0
YANGZHOU YOUNGTEK ELECTRONICS LTD.	Director	Representative: Han-Tsung Hsiao	0	0
YANGZHOU YOUNGTEK ELECTRONICS LTD.	Supervisor	Representative: Pei-Shin Chen	0	0
SUZHOU YOUNGTEK MICROELECTRONICS CO., LTD.	Director	Representative: Wei-Tang Hsiao	0	0
SUZHOU YOUNGTEK MICROELECTRONICS CO., LTD.	Supervisor	Representative: Han-Tsung Hsiao	0	0
ANHUI UTEST ELECTRONICS CO., LTD	Director	Representative: Hsu-Tong Liao	0	0
ANHUI UTEST ELECTRONICS CO., LTD	Supervisor	Representative: Heng-Kuang Lin	0	0
HYEneTek CORP.	Director	Representative: Ping-Lung Wang 、 Chiao-Fen Chen 、 Larry Yu	0	0
HYEneTek CORP.	Supervisor	Representative: Pei-Shin Chen	0	0
CHENSIANG AUTOMATION Corp.	Director	Representative: Gui-Biao Chen 、 Chiao-Fen Chen 、 Pei-Shin Chen	0	0
CHENSIANG AUTOMATION Corp.	Supervisor	Representative: Larry Yu	0	0
WECON AUTOMATION MACHINERY CORP.	Director	Representative: Tsan-Hsiung Lai	0	0
TIAN ZHENG INTERNATIONAL PRECISION MACHINERY CO., LTD.	Director	Representative: Qian-yu, Zhou 、 Wen-cai, Wan 、 Pei-Shin Chen 、 Qin-ming, Huang Independent directors: Gua-nxun, Huang 、 Xiang-qin, Hong 、 Yao-neng, Lu	0	0
SISSCA CO., LTD.	Director	Representative: Guang-xia, Wang 、 Fu-sheng, Chen 、 Gui-Biao Chen	0	0
SISSCA CO., LTD.	Supervisor	Pei-Shin Chen	0	0

### 8.1.6. Performance of affiliated enterprises

As of December 31, 2022 Unit: NT\$ thousands

Name of Company	Paid-in Capital	Total assets	Total liabilities	Net Worth	Operating revenues	Operating income	Net income (loss)	Earnings Per Share(in dollar)
YTEC Holding (Samoa) Co., Ltd.	1,967,924	728,648	-	728,648	-	-	(107,571)	-
WECON LIMITED (SAMOA)	23,738	17,051	8	17,043	-	-	(463)	-
YTEC (Hong Kong) Global Ltd.	1,039,916	424,032	149,280	274,751	-	-	(124,868)	-
CLEAR REACH Ltd.	209,057	138,458	0	138,458	-	-	(3,765)	-
YOUNGTEK MICRO ELECTRONICS (SHENZHEN) LTD.	202,673	164,661	9,160	155,501	50,831	(13,166)	(4,228)	-
XIAMEN YOUNGTEK ELECTRONICS LTD.	899,021	155,852	159,752	(3,900)	204	(38,090)	(144,981)	-
YANGZHOU YOUNGTEK ELECTRONICS LTD.	308,250	588,289	184,671	403,618	528,892	78,582	65,202	-
SUZHOU YOUNGTEK MICROELECTRONICS CO., LTD.	93,330	275,932	180,602	95,330	520,611	(1,081)	(3,423)	-
HYEneTek CORP.	29,000	5,483	3,146	2,337	13,248	1,871	1,875	0.65
CHENSIANG AUTOMATION Corp.	29,000	613	-	613	-	-	-	-
WECON AUTOMATION MACHINERY CORP.	1,000	977	-	977	-	-	2	-
TIAN ZHENG INTERNATIONAL PRECISION MACHINERY CO., LTD.	369,627	2,371,784	1,348,464	1,023,320	559,370	20,803	28,648	0.70
SISSCA CO., LTD.	217,148	267,630	60,573	207,058	20,735	(20,142)	(12,961)	(0.88)

#### 8.1.7 Consolidated Financial Statements Covering Affiliated Enterprises:

##### Declaration of Consolidated Financial Statements Covering Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Report and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, YoungTek Electronics Corp. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

YoungTek Electronics Corp.

Chairman: Ping-Lung Wang



March 15, 2023

8.1.8 Reports on Affiliations: None.

8.2 Organization of the Latest Private Placement Securities as of the Date of Printing of the Annual Report: None.

8.3 Holding or disposal of the Company's shares by its subsidiaries of the latest year and up to the date of printing of the Annual Report. : None.

8.4 Other matters requiring supplementary information: None.

**IX. Disclosures of Events Which May Have a Significant Influence on Stockholders' Equity or Share Price: None.**