Stock code: 6552

Websites for query of annual report::

https://mops.twse.com.tw http://www.jmct.com.tw

易華電子股份有限公司 JMC ELECTRONICS CO.,LTD.

2022 Annual Report

I. Names, titles, contact numbers and Emails of spokesperson and deputy spokesperson of the Company:

Spokesperson: HUANG, MEI-HSUEH

Title: Deputy General Manager

Tel.: (07)962-0668

Email: stock.service@jmct.com.tw

Deputy spokesperson: CHEN, SUNG-CHOU

Title: Head of Marketing Division

Tel.: (07)962-0668

Email: stock.service@imct.com.tw

II. Address and telephone numbers of headquarters, branch company and factory:

Address of headquarters: No. 8, Xinkaifa Rd., Nanzi Dist., Kaohsiung City,

Taiwan

Tel.: (07)962-0668

Address of Branch Company: None

Tel.: None

Factory address: No. 8, Xinkaifa Rd., Nanzi Dist., Kaohsiung City, Taiwan

Tel.: (07)962-0668

III. Name, address, website and telephone number of stock transfer agency:

Agency: SinoPac Securities Stock Agency Department

Address: 3 F, No. 17, Bo'ai Rd., Zhongzheng Dist., Taipei City, Taiwan

Tel.: (02)2381-6288

Website: http://securities.sinopac.com/

IV. Names of certified public accountants of the financial report of recent year, name of accounting firm, address, website and telephone number:

Names of accountants: Wang, Chao-Chun and Liu, Yu-Xiang

Name of Accounting firm: Deloitte Taiwan

Address: 3F, No. 88, Chenggong 2nd Road, Qianjin District, Kaohsiung

Tel.: (07)530-1888

Website: http://www.deloitte.com.tw

V. Place of overseas securities trading and how to search overseas securities information: None

VI. Company website: http://www.jmct.com.tw

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I. Letter to Shareholders

Ladies and gentlemen,

Thank you for participating in the regular Shareholders' Meeting of the Company of 2023 in the midst of pressing affairs. Now, the business report of 2022 is hereby reported as follows:

(I). Operating results of 2022:

In 2022, due to the influence of the Russia-Ukraine conflict and the epidemic lockdown of the Chinese mainland, the global economy was impacted by the rise of inflation, and the economic uncertainty inhibited consumer expenditure. The global inflation effect and supply chained entered a period of inventory reduction. The consumer electronics products continuously appeared weak, and relevant supply chains experienced high inventories. The panel and parts supply industry chain continued to respond by lowering utilization rate, controlling inventories, and reducing the purchase of materials. As one of the materials supplied for the products in this industry, Tape-COF was also significantly influenced. The sales volume of JMC was 446,407Kpcs, and business revenue reached NT\$ 2,112,837,000.

Unit: NT\$ Thousand

Item	2022		2021		Differenc	ce
Item	Amount	%	Amount	%	Amount	%
Operating revenue	2,112,837	100	3,002,859	100	(890,022)	(30)
Gross profit	220,910	10	599,469	20	(378,559)	(63)
Gross profit margin	10%	-	20%	-	(10%)	(50)
Operating income	5,152	-	360,997	12	(355,845)	(99)
Profit before tax	95,421	4	390,936	13	(295,515)	(76)
Profit after tax	73,358	3	324,411	11	(251,053)	(77)

(II). Analysis of financial revenue and expenditure as well as profitability:

Item	2022	2021
Debt To Assets Ratio	48%	43%
Liquidity Ratio	160%	246%
Quick Ratio	137%	204%
Net Profit Margin	3%	11%
EPS	NT\$0.88	NT\$ 3.91

(III). Status of research and development:

JMC continuously developed subtractive technology to the precision of 20um pitch and 18um pitch and improved its quality and efficiency to lower cost and improve market competitiveness of the products.

On the basis of the process technology expertise and products cultivated using the unique semi-additive method of JMC with fine pitches below 20ump pitch especially 18um, 16um and 14um pitch, the Company improved product design capacity through

cooperation with customers and comprehensively supplied fine-pitch COF used in LCD driver ICs needed by customers' handheld device products and smartphones.

JMC developed 2-Metal front-end process technology which would be applied in LCD driver IC with high pint-count and fine-pitch design requirements. Besides, through cooperation with customers, JMC utilized 2-Metal process technology to develop light, thin, short and small IC substrates and extend such characteristics in the application of advanced LED carriers and other types of IC carriers to create new-type IC package.

(IV). Overview of business plan of 2023:

After the reduction of utilization rate of the panel industry, it is expected that the inventories will return to a healthy level, and gradually supplement the demand. Urgent orders for applications like TV, advanced laptops, and monitors will emerge, which drives IC customers to recover orders. Therefore, a mild recovery can be expected.

Although the first quarter is the traditional off season of consumer electronics, it can be expected that normal demand can be recovered in the second half of the year after the panel plants experience the stage of inventory elimination and the domestic demand of Chinese mainland recovers.

In the future, JMC will mainly focus on the application of Tape-COF manufactured using 1-Metal semi-additive and 1-Metal subtractive (etching) methods in driver ICs used for various types of panels as its business strategy. The newly completed 2-Metal production line will be used to develop LED carriers and various other types of IC carriers so as to enlarge and offer different product applications to customers so as to realize both stable operation and future growth of the Company.

(V). Future development strategies:

Given the ever-changing global economy and the fierce competition of the industry, the Company will dedicate to the development of niche products and technologies, continuously exert great efforts to the industry of Tape-COF used for packages, and continuously develop Tape-COF that can be matched and applied in various IC packages.

The main terminal application products of 1-Metal Tape-COF produced by the Company using subtractive technology are mainly driver ICs used for large-size LCD TV. Since it is equipment built using SMM, it has certain advantage during the production of large-size LCD TV products in cost competition.

The terminal application products of the unique semi-additive process technology of JMC include driver ICs used for handheld device products and smartphones. JMC will dedicate to the improvement of the production yield and efficiency of 1-Metal 18/16um pitches, as well as the maximization of its production capacity and the reduction of cost to create profits so as to gradually expand the scope of supply.

As for R&D of new processes and new technologies, JMC will also spare no effort to complete the establishment of 2-Metal processes. Then, JMC will become a supplier of Tape-COF and flexible IC substrate with all-around technologies of subtractive, semi-additive and 2-Metal processes. Our capability to develop advanced technologies through coordination with customers and our determination to effectively launch and execute strategic plans will benefit the improvement of the middle- and long-term operational performance of JMC.

Additionally, JMC will vertically integrate upstream and downstream supply chains, actively cooperate with upstream material suppliers to develop new materials, and complete the creation of all-win long-term partnership with suppliers of raw materials and customers. Moreover, JMC will continuously focus on domestic market customers and

expand overseas markets and become a manufacturer of Tape-COF used for IC packages with international competitiveness and familiarity so as to build long-term inter-dependence with customers.

(VI). Influence from external competitive environment, legal environment and overall business environment:

In order to cope with the changes of market demands in the future, the Company adopts production and sales strategies of strengthening technical capacity for product development, shortening development time of new products and gradually marketing products in overseas markets as its business policy. Additionally, the Company will coordinate with customer requirements, actively assist them in solving problems, and spare no effort to strive for market that fits customers' present demands with real-time services.

As for the operation and governance concepts of the Company, JMC will create a safe, hygienic work environment and cherish the social resources in terms of corporate social responsibilities, and strive to become a professional manufacturer for the manufacturing and services of COF with the objectives of surpassing customers' quality expectations and building a high-quality service team with advanced technologies and talents.

Finally, I feel obliged to extend our heartfelt gratitude to our shareholders, customers and suppliers for their long-term support and encouragement for our company. Although many competitive manufacturers are engaged in the development, production and sales of relevant products with the gradual recovery of the semiconductor industry, our business team will keep trying, constantly maintain technological advancement and innovative value-added services, strengthen our core technologies and competitiveness, master the market information and trends at a quick pace, and actively expand emerging markets to improve the corporate value and create best interests for all shareholders.

Chairman: Wan, Wen-Tsai General Manager: LI, WAN-HSIA

II. Company Profile

(I). Date of Incorporation: October 6, 1973

(II). History

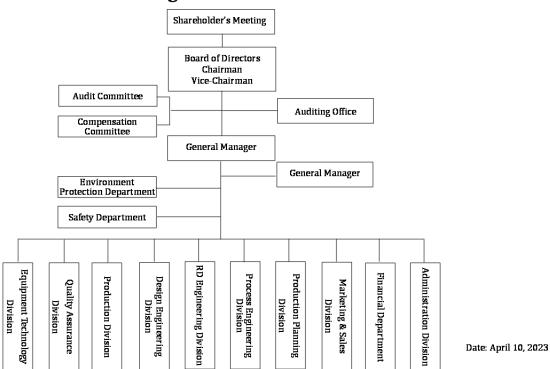
Year	Record of Important Events		
1973	1. The Company was incorporated with name of "Taiwan Aichi Steel Corporation" and paid-in capital of NT\$ 3,610,000.		
1973	2. The Company was engaged in the manufacturing, processing and external sales of "thermal break riser insulation board" and "thermal break riser surface insulation board".		
1974	The Company handled capital increase in cash of NT\$ 17,178,000 and the paid-in capital reached NT\$ 20,338,000 after capital increase.		
1989	The Company handled capital increase in cash of NT\$ 4,350,100 and the paid-in capital reached NT\$ 24,688,100 after capital increase.		
1994	 Aichi Steel Corporation, a Japanese enterprise, transferred its shared held in the Company to SUMITOMO METAL MINING ASIA PACIFIC PTE LTD (hereinafter referred to as SMMAP), a Singaporean enterprise, and changed the name of the Company to "SUMICO ELECTRONICS TAIWAN CO., LTD.". The Company handled the loss compensation by capital decrease of NT\$ 17,900,100, and also handled capital increase in cash of NT\$ 59,212,000. The paid-in capital of the Company after capital decrease and increase reached NT\$ 66,000,000, and SMMPA held 		
	70% of company shares. 3. Business items were changed to the manufacturing, processing and trading of wire frames used for integrated circuits and transistors.		
1995	The Company began the manufacturing, processing, trading and import and export business of wire frames used for integrated circuits and transistors.		
1996	The Company handled capital increase in cash of NT\$ 66,000,000 and the paid-in capital after capital increase reached NT\$ 132,000,000.		
1997	The Company passed QS-9000 certification.		
1998	The Company handled capital increase in cash of NT\$ 200,000,000 and the paid-in capital after capital increase reached NT\$ 332,000,000.		
2000	after capital increase reached NT\$ 500,000,000.		
2001	The Company passed ISO-14001 certification.		
2002	The Company conducted merger of "Taiwan SUMICO Precision Molds Co., Ltd." by absorption and it was an eliminated company. 6,250,000 shares were reissued through absorption and the paid-in capital after absorption reached NT\$ 562,500,000.		
2003	 The Company passed ISO-9001 certification. The Company handled capital increase by earnings of NT\$ 1,000,000. The paid-in capital after capital increase reached NT\$ 563,500,000. 		
2004	The Company developed Tape-COF using subtractive method (also known as etching method).		
2005	The Company established the second factory to produce Tape-COF.		
2006	 The Company handled capital increase in cash of NT\$ 546,500,000 and the paid-in capital after capital increase reached NT\$ 1,110,000,000. The clients began the certification of Tape-COF product and volume production started. 		
2007	The second factory of the Company passed OHSAS-18000 certification.		
2008	The Company introduced semi-additive (also known as plating) technology to produce Tape-COF.		
2010	The Company passed TS-16946 certification.		
2011	The Company became the only company with volume production using semi-additive process in the world.		

Year	Record of Important Events
2012	The Company stopped producing Tape-COF using subtractive method and presented impairment loss of NT\$ 906,277,000 (including fixed assets of NT\$ 883,193,000 and asset leasing of NT\$ 23,084,000).
2013	 The Company handled capital decrease of NT\$ 4000,000,000 on April 1 and split and transferred the wire frame part to "Taiwan SUMICO Technologies Co., Ltd." in form of brother separation. The paid-in capital after capital decrease reached NT\$ 710,000,000. In June, SMMAP transferred 70% of equity held in the Company to SUMIKO TAPE MATERIALS SINGAPORE PTE. LTD. (hereinafter referred to as STM).
2014	 Chang Wah Electromaterials Inc., the second largest shareholder of the Company, acquired all equity held by STM in the Company at the end of March with shareholding ratio of 100%, and it was also renamed as "JMC Electronics Co., Ltd.". In order to strengthen the operating system of the Company, Chipmos Technologies Inc., a semiconductor enclosed test factory, was introduced for strategic investment and it became the second largest shareholder of the Company. The Company handled loss compensation by capital decrease of NT\$ 410,000,000. The paid-in capital after capital decrease reached NT\$ 300,000,000. The Company handled capital increase in cash of NT\$ 400,000,000 and the paid-in capital after capital increase reached NT\$ 700,000,000.
2015	 The Company handled capital increase in cash of NT\$ 200,000,000 and the paid-in capital after capital increase reached NT\$ 900,000,000. In January, the Company resumed the production of the stopped subtractive process production line and recognized and reversed impairment loss to income of NT\$ 121,939,000. The Company stock was approved for public listing in August. The Company stock was registered in TPEx for listing in September.
2017	 The Company handled capital increase in cash of NT\$ 100,000,000 before initial listing. The paid-in capital after capital increase reached NT\$ 1,000,000,000. The Company stocked was listed in Taiwan Stock Exchange for trading in January.
2018	1. In the second half of this year, the demand for driver IC used for smartphone from COG to COF was increased gradually month by month.
2019	1. In April, Chipmos Technologies Inc. was no longer a major shareholder holding more than 10% of shares in the Company.
2020	1. The Company handled loss compensation by capital decrease of NT\$ 170,000,000. The paid-in capital after capital decrease reached NT\$ 830,000,000.
2021	1. The Company issued convertible corporate bond of NT\$ 500,000,000.

III. Corporate Governance Report

(I).Organization system: A.Organization structure

JMC ELECTRONICS CO., LTD. Organization Chart



B.Business of each major department:

	major department:
Main Department	Main Responsibilities
General Manager Office	Submit proposals for middle- and long-term business plans to the executive level for decision-making. Launch and execute project business handed over by the senior management.
Manufacturing Division	Decide on worksheets based on production plans, arrange production lines per product categories, track production progress, control the production quality, and improve working efficiency.
Quality Assurance Division	Formulate quality assurance system and related procedures, inspect the quality in each stage, and ensure the improvement of quality of materials purchased from suppliers as well as guidance quality.
Equipment Technology Division	Plan the maintenance of production machinery equipment and management-related work as a whole.
Production Planning Division	Make production plans according to sales plans provided by the business department.
R&D Engineering Division	Development and research of new products. Development and planning of core technologies and import to production processes. Re-improvement of R&D personnel's research and development capacity.
Design Engineering Division	Drawing development and research of existing products. Researches on fixtures used for development of new products.
Process Engineering Division	Performance improvement of existing products. Application of existing products in new fields. Improvement and quality enhancement of product processes.
Administration Division	 Personnel: In charge of formulating and executing the Company's personnel rules and regulations. General affairs: In charge of matters related to the handling of general affairs of the Company. Information: In charge of matters related to the establishment and maintenance of the Company's information system. Purchasing: In charge of purchasing all raw materials, fixed assets and sundries of the Company.
Marketing Division	Overall planning of formulation of the Company's annual business plan as well as integration and execution of marketing strategies for the fulfillment of objectives. Elimination of abnormalities in product management and payment receipts. Formulation of business development strategic planning and execution plans. Searching of market information and customer development. Competitiveness analysis of market products, and study and drafting of responsive strategies to ensure profits and market share. Customer relations and customer management.

Main Department	Main Responsibilities
Finance & Accounting Department	Overall financial planning of the Company, capital application dispatch and risk management. Planning and drafting of the Company's financial system and operating procedures. Support and analysis of decision-making on accounting, taxation, and stock affairs management and work. Coordination with accountants to check accounts.
Audit Room	Routine audit of operating activities and flows, execution and improvement of internal control system, and provision of relevant analysis reports for the management.
Environmental Protection Department	Take charge of matters related to the environmental protection of the Company.
Safety Department	Take charge of work safety, work affairs and other relevant matters of the whole factory. Take charge of matters related to the occupational safety and health of the Company.

(II).Information regarding directors, general manager, deputy general manager, assistant managers, and heads of each department and branches: A.Director's information

Remark									1
Other managers and directors regarding spouse or relative of second degree of kinship	Name Relation		None None None		None None		None None		None None None
Other direc spou	Title		None						None
Concurrent position(s) currently held in the Company and other companies		Director of Wenzheng Investment Co., Ltd.	oeneral manager of Douggaan Taal zheng Precision Machinery Co., Ltd. Director & general manager of Tian Zheng International Precision Machinery Co., Ltd.	Chairman & general manager of Chang Wah	Electromate register a nationage, or stands wan felectromaterials inc. Chairman & CEO of Chang Wah Technology Co., Ltd. Chairman of JMC Electronics Co., Ltd. Chairman of JMC Electronics Co., Ltd. Corporate Director Representative of Biltee Semiconductor Microelectronics Technology Inc. Corporate Director Representative of How Welh Holding (Cayman) Co., Ltd. Corporate Director Representative of How Welh Holding (Cayman) Co., Ltd. Corporate Director Representative of Silver Corporate Director Representative of Silver Corporate Director Representative of Silver Tail Corporate Director Representative of WSP Electromaterials Ltd. Corporate Director Representative of WSP Electromaterials Ltd. Corporate Director Representative of WSP Electromaterials Ltd. Director of CWM Holding Co., Ltd.	Director of Broadwell Worldwide Ltd.	Vice Chairman of Chang Wah Electronaterials Inc. General Manager and Corporate Director Representative of Chang Wah Technology Co., Luct. Luct. Luct. Director Of Suzhou Xinshengke Semiconductor Materials Co., Ltd. Director of Chengdu Xingsheng Semiconductor Materials Co., Ltd. Chengdu Xingsheng Semiconductor Chengdu Xingsheng Semiconductor Materials Co., Ltd. Director of Chengdu Xingsheng Semiconductor Chairman of Malaysian SH Electronics Sch. Bhd. Director of SH Asia Pacific Pre. Ltd. Corporate Director Representative of Silver Commection Co., Ltd.	Chipmos Technologies Inc.	Deputy Executive General Manager of Tainan Operation Manufacturing Center
Main experience (education)		Department of Machinery Engineering,	Co.,	Machinery Department of Chung Yuan	ial al		The Hong Kong Polytechnic University General Manager of Possehl Electronics General Manager of Taiwan SUMICO Precision Molds Co, Ltd. General Manager of Sumiko Electronics Taiwan Co. Ltd. General Manager of Taiwan SUMICO Technologies Co, Ltd. General Manager of Chang Wah Technology Co, Ltd.	Master's Degree in Institute of Electrical	Engineering of National Sun Yat-sen University Assistant Teacher of National Cheng Kung University Philips Electronic Building Elements
Shares held in the name of others	Shares ratio			-					
Shares currently held by spouse and minor children	Shares Shareholding statio								
	Shareholding	42.81%		0.02%	2.96%	70,000	0.02%	10.00%	
Current shareholding	Shares	35,531,390		15,000	2,455,140	000 101 10	35,531,390	8,300,000	
Shareholding when elected	Shareholding ratio	41.85%		0.02%	2.96%	10110 44	41.85% 0.02%	10.00%	
	Shares	34,735,390		15,000	2,455,140	1	34/735,390	8,300,000	
Term of Office			8		m		м		т
Date			Jul. 1, 2021		Jul. 1, 2021		Jul.1, 2021		Jul. 1, 2021
Date First Elected			Mar. 3, 2023		Oct. 1, 2001		Jan. 18, 2019		0ct. 8, 2014
Nationality or Place of Registration	b		ROC		ROC		НК		ROC
Gender and Age			Male 60~70		Male 60∼70		Male 50~60		Male 50~60
Name		Chang Wah	Electromaterials Inc. Representative: Wan, Wen-Tsai		Representative of Yenyo Technology Co., Lid: HIANG, CHIA-NENG		Representative of Chang Wah Ejectromaterials Inc.: HONG, CHUAN-CHENG		Chipmos Technologies Inc. Representative: HSU, YUAN-FENG
Title			Chairman		Vice		Director		Director

					ľ											
											Shares currently	. 6			Other managers and directors regarding	
Title	Name	Gender and Age	Nationality or Place of Registration	Date First Elected	Date	Term of S	Term of Shareholding when elected Office	when elected	Current shareholding	areholding	pouse and	Shares held in the name of others	Main experience (education)	Concurrent position(s) currently held in the Company and other companies		Remark
						I	Shares	Shareholding ratio	Shares	Shareholding Shares ratio	Shares Shareholding Shares ratio	Shareholding ratio			Title Name Relation	
													Deputy General Manager of LCDD Production Headquarters of Chipmos Technologies Inc.			
Independent		Male	0	0ct. 2,	Jul. 1,								Accounting Department of Tamkang University	Accountant of Shunyi United Certified Public Accountants		
director	KE, YONG-SIANG	02~09	ROC	2015	2021	m							Deloitte Assistant Manager and Certified Public Accountant		None None	
													Department of Physics of Chinese Culture University	Director of Lingsen Precision Industries, Ltd.		
Independent director	YANG, SHUN-CHING	Male 60~70	ROC	Jul. 1, 2021	Jul. 1, 2021	3	31,540	0.04%	31,540	0.04%			Assistant Manager of Siliconware Precision Industries Co., Ltd.		None None None	
													General Manager of Lingsen Precision Industries, Ltd.			
													Department of Industrial Management at National Cheng Kung University	Director of Powertech Technology Inc.		
													Deputy General Manager of Semiconductor Department of OSE Corp.			
													General Manager of CTIMES (currently			
Independent	HONG, CHIA-YU	Male 60∼70	ROC	Jul. 1, 2021	Jul. 1, 2021	ю			,	,		,	renamed as Walton Advanced Engineering Inc.)		None None None	
													Senior Deputy General Manager of			
													Siliconware Precision Industries Co., Ltd.			
													Chairman of TeraPower Technology Inc.			
													CEO, General Manager and Consultant of			
													Powertech Technology Inc.			

April 30, 2022; unit: Share Note: If the chairman of a company and general manager or person with an equivalent post (top manager) are a same person, are spouse to each other, or relatives of first degree of kinship, relevant information including reason, rationality, necessity and responsive measures shall be explained (e.g. increase of number of independent directors; there shall be more than half of directors not taking concurrent posts as employee or manager).

1. Major shareholders of corporate shareholders

	corporate shareholders
Name of corporate shareholder	Major shareholders of corporate shareholder (Note)
	Huang, Chia-Neng (98.50%)
Yenyo Technology Co., Ltd.	Huang, Xing-Lan (0.86%)
	Liao, Fang Lu (0.64%)
	Wah Lee Industrial Corp (28.70%)
	Xinxin Investment Co., Ltd. (8.29%)
	Fubon Life Insurance Co., Ltd. (6.53%)
	Yenyo Technology Co., Ltd. (6.25%)
Chang Wah Electromaterials	Citibank Trust Singaporean Government Foundation Special Account (4.24%)
Inc.	Chang Wah Technology Co., Ltd. (3.97%)
	Beisijie Investment Co., Ltd. (3.15%)
	JMC Electronics Co., Ltd. (2.08%)
	Chase Bank Trust Fanjiade Group Emerging Market Fund Investment Special Account (0.84%) Chase Bank Trust Advanced Starlight and Advanced Zonghe International Stock
	Index Foundation Special Investment Account (0.79%) First Bank Trust ChipMOS Technologies Depository Receipt Special Account (12.02%)
	Siliconware Precision Industries Co., Ltd. (10.85%)
	Yanyuan Investment Co., Ltd. (5.67%)
	CitiBank Trust Norway Central Bank Special Investment Account (1.49%)
	JP Morgan Taipei Branch Trust Fanjiade Stock Index Special Account (1.17%)
Chipmos Technologies Inc.	Chase Bank Trust Advanced Starlight and Advanced Zonghe International Stock Index (1.10%)
	HSBC Trust Yakaidi Emerging Market Small Capital Stock Foundation (1.01%)
	Yuanta Bank Taiwan High Dividend and Low Fluctuation ETF Fund Special Account (0.94%)
	The New Labor Pension Fund (0.89%)
	HSBC Trust ENSIGN PEAK Consulting Company (0.89%)

Note 1: Fill out names of major shareholders of this corporate shareholder (top 10 regarding shareholding ratio) and their shareholding ratios.

Note 2: If the corporate shareholder is an unincorporated organization, names and shareholding ratios of shareholders disclosed above shall be names and contribution or donation ratios of contributors or donors (relevant announcements of Judicial Yuan can be queried as reference). If the donor has already passed away, "Deceased" shall be marked.

2. Main shareholders of major shareholders (legal persons) of corporate shareholder:

Name of legal person	Major shareholder of legal person (Note)
	Kangtai Investment Co., Ltd. (8.42%)
	Fushi Investment Co., Ltd. (6.78%)
	DSWL Investment Co., Ltd. (5.37%)
	Dinpool Co., Ltd. (3.47%)
	Zamplus Investment Co., Ltd. (2.97%)
Wah Lee Industrial Corp	Wah Hong Industrial Corp. (2.63%)
	CHANG, JUI-CHIN (2.60%)
	HSIEH, CHIN-YEN (2.37%)
	CTBC Bank Trust Property Special Account for ESOP Meeting of Wah Lee Industrial Corp (2.24%)
	YE, QING-BIN (1.45%)
	Huang, Chia-Neng (99.095%)
	Huang, Si-Ying (0.3%)
Xinxin Investment Co., Ltd.	Huang, Si-Ying (0.3%)
	Huang, Pei-Wen (0.3%)
	HUANG, CHUN-CHIEH (0.005%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
	Huang, Chia-Neng (98.50%)
Yenyo Technology Co., Ltd.	Huang, Xing-Lan (0.86%)
	Liao, Fang Lu (0.64%)
Citibank Trust Singaporean Government Foundation Special Account	Unincorporated organization, N/A
	Chang Wah Electromaterials Inc. (46.56%)
	Fubon Life Insurance Co., Ltd. (7.09%)
	Beisijie Investment Co., Ltd. (3.66%)
	YENYO Technology Co., Ltd. (3.64%)
	HUANG, HSIU-CHUAN (2.69%)
Chang Wah Technology Co., Ltd.	Cathay Life Insurance Company, Ltd. (2.14%)
	CitiBank Taiwan Trust Singaporean Government Investment Special Account (1.67%)
	Quan Qiaoli Co., Ltd. (1.57%)
	Xingzheng Investment Co., Ltd. (1.53%)
	TAI, SUNG-CHI (1.48%)
	Chang, Shu-Hui (82.58%)
Beisijie Investment Co., Ltd.	Huang, Si-Ying (6.19%)
beisijie nivestinent 60., btu.	Huang, Pei-Wen (6.19%)
	Huang, Yu-Jie (5.05%)

Name of legal person	Major shareholder of legal person (Note)
	Chang Wah Electromaterials Inc. (42.81%)
	Chipmos Technologies Inc. (10.00%)
	HUANG, CHIA-NENG (2.96%)
	ASUS Inc. (1.00%)
IMC Fl	LI, Sheng-Zhe(0.95%)
JMC Electronics Co., Ltd.	LI, WAN-HSIA (0.59%)
	HUNG, HSIEN-YEH (0.57%)
	HUANG, MEI-HSUEH (0.50%)
	LI, MEI-LIEN (0.47%)
	HUNG, TIEN-TSAI(0.42%)
Chase Bank Trust Fanjiade Group Emerging Market Fund Investment Special Account	Unincorporated organization, N/A
Chase Bank Trust Advanced Starlight and Advanced Zonghe International Stock Index Foundation Special Investment Account	Unincorporated organization, N/A
Siliconware Precision Industries Co., Ltd.	ASE Technology Holding Co., Ltd. (100.00%)
	Siliconware Precision Industries Co., Ltd. (27.94%)
	United Microelectronics Corporation (26.78%)
	King Yuan Electronics Co. (14.55%)
Yanyuan Investment Co., Ltd.	Unimicron (11.64%)
	Coretronic Corporation (11.06%)
	Sigurd Microelectronics Corp (5.70%)
	Xun Jie Investment Co., Ltd. (2.33%)

Note 1: Fill out names of major shareholders of this legal person (top 10 regarding shareholding ratio) and their shareholding ratios.

Note 2: If the legal person is an unincorporated organization, names and shareholding ratios of shareholders disclosed above shall be names and contribution or donation ratios of contributors or donors (relevant announcements of Judicial Yuan can be queried as reference). If the donor has already passed away, "Deceased" shall be marked.

3. Directors' professional knowledge and independence
(1) Information disclosure of directors' professional qualifications and independent directors' independence:

unt	ectors independence:		,
Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of other public companies where the director holds a concurrent post of independent director
Wan, Wen-Tsai	Graduated from the Department of Machinery Engineering, National Chin-Yi Institute of Technology with operation and strategic management experience in the electronics industry, Wan served as engineer of Hui Tung Weight Scale MFG. Co., Ltd., and is now holding a position of director & general manager of Tian Zheng International Precision Machinery Co., Ltd. Furthermore, he served as director and general manager in other companies in the machinery technology industry. Specialized in industry technology, Wan possesses knowledge on marketing and industry, leadership, decision-making power, and operation management experience in the metal and machinery industries, and complies with qualification of possession of work experience in corporate business for more than five years. Additionally, Wan is not involved in any circumstance stipulated in Article 30 of the Company Act.	1. Representative assigned by Chang Wah Electromaterials Inc. which is a corporate director holding more than 5% of shares already issued by the Company. 2. Other information has already been verified according to the independence elements listed in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission (FSC), and relevant independence requirements are still met.	None
HUANG, CHIA-NENG	Graduated in Article 50 of the Company Act. Graduated from Machinery Department of Chung Yuan Christian University, Huang served as directors of multiple transnational enterprises including assistant managers of ASE Electronics, OSE Corp. and Wah Lee Industrial Corp., thus accumulating experience in operation and strategic management of the semiconductor industry; besides serving as chairman of companies subordinate to Chang Wah (including the Company, Chang Wah Technology and Chang Wah Electromaterials), Huang also serves as director in relevant companies in the electronic technology industry chain to contribute his expertise in corporate governance. Therefore, Huang possesses knowledge on marketing and industry, leadership, decision-making ability and operation management experience and complies with qualification of possession of work experience in corporate business for more than five years. Additionally, Huang is not involved in any circumstance stipulated in Article 30 of the Company Act.	1. Representative assigned by Yenyo Technology Co., Ltd. which is a corporate director holding more than 5% of shares already issued by the Company. 2. Other information has already been verified according to the independence elements listed in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission (FSC), and relevant independence requirements are still met.	None
HONG, CHUAN-CHENG	Graduated from The Hong Kong Polytechnic University, Hung served as general manager of Possehl Electronics and Taiwan SUMICO, thus accumulating experience in operation and strategic management of the semiconductor industry; currently, Hung serves as general manager of Chang Wah Technology and holds a concurrent post of director of multiple subsidiaries of Chang Wah with abundant knowledge on corporate governance, marketing and industry, leadership, decision-making ability and operation management experience. Therefore, Hung is capable of coming up with suggestions on corporate governance and operation management at due time. Hung complies with qualification of possession of work experience in corporate business for more than five years, and is not involved in any circumstance stipulated in Article 30 of the Company Act.	1. Representative assigned by Chang Wah Electromaterials Inc. which is a corporate director holding more than 5% of shares already issued by the Company. 2. Other information has already been verified according to the independence elements listed in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission (FSC), and relevant independence requirements are still met.	None
HSU, YUAN-FENG	With Master's Degree in Institute of Electrical Engineering of National Sun Yat-sen University, Hsu served as assistant teacher of National Cheng Kung University, and deputy general manager of Philips Electronic Building Elements Industries (Taiwan) Ltd and LCDD Production Headquarters of Chipmos Technologies Inc., and currently serves as deputy manager of Tainan Operation Manufacturing Center in Chipmos Technologies Inc. Hsu complies with qualification of possession of work experience in corporate business for more than five years, and is not involved in any circumstance stipulated in Article 30 of the Company Act. Mr. HSU, YUAN-FENG is familiar with the scientific and technological development of semiconductor packaging industry and specialized in production management with insight for industrial development and scientific and technological applications.	Representative assigned by Chipmos Technologies Inc. which is a corporate director holding more than 5% of shares already issued by the Company. Other information has already been verified according to the independence elements listed in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission (FSC), and relevant independence requirements are still met.	None

Condition			Number of other public companies where the director
Name	Professional qualification and experience (Note 1)	Independence status (Note 2)	holds a concurrent post of independent director
KE, YONG-SIANG (independent director and convener of Audit Committee)	Graduated from Accounting Department of Tamkang University with expertise in accounting and accountant practicing qualification, Ko served as assistant manager and certified public accountant of Deloitte and currently serves as an accountant of Shunyi United Certified Public Accountants as well as independent director of Cayman Tong Ming Enterprise Co., Ltd. with outlook on international market and risk management capacity. Mr. KE, YONG-SIANG has years' accountant experience. During the tenure as independent director of the Company, he has prudently evaluate each proposal regarding audit and finance and corporate internal control, served as convener of the Audit Committee, and continuously improved the supervision and management quality of the Board of Directors and the Audit Committee relying on his professionalism in accounting, taxation and abidance by relevant regulations. Ko complies with qualification of possession of work experience in corporate business for more than five years, and is not involved in any circumstance stipulated in Article 30 of the Company Act.	He is an independent director and complies with independence status. Candidate nomination system is adopted for the appointment of directors of the Company according to Articles of Association of the Company and "Corporate Governance Best Practice Principles". Each director's written statement, work experience, and current employment certificate as well as relative relation table provided have already been verified as complying with independence status upon nomination and review; to be specific, relatives including but not limited to directors themselves, spouses and second degree of kinship haven't served as directors, supervisors or employees of the Company or its affiliates; the directors themselves, spouses, relatives within the second degree of kinship (or through utilization of name of others) haven't held shares of the Company; they haven't served as directors, supervisors or employees of companies with specific relation with the Company; they haven't provided services of commerce, law, finance and accounting for the Company or its affiliates in recent 2 years, and therefore the amount of rewards obtained is zero. Besides, during two years before appointment and during the term of office, they have complied with the qualification elements stipulated in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and Article 14-2 of Securities Exchange Act. Additionally, the independent directors have already independently executed relevant authorities according to the power granted for the full participation in decision-making and expression of opinions in Article 14-3 of the Securities	1
YANG, SHUN-CHING (independent director and member of Audit Committee)	Graduated from Department of Physics of Chinese Culture University, Yang has successively served as assistant manager of Siliconware Precision Industries Co., Ltd. and general manager of Lingsen Precision Industries, Ltd., and later served as director of Lingsen Precision Industries, Ltd., dedicated to the operation and strategic management of the semiconductor electronic technology industry. Yang complies with qualification of possession of work experience in corporate business for more than five years, and is not involved in any circumstance stipulated in Article 30 of the Company Act.	Exchange Act. He is an independent director and complies with independence status. Candidate nomination system is adopted for the appointment of directors of the Company according to Articles of Association of the Company and "Corporate Governance Best Practice Principles". Each director's written statement, work experience, and current employment certificate as well as relative relation table provided have already been verified as complying with independence status upon nomination and review; to be specific, relatives including but not limited to directors themselves, spouses and second degree of kinship haven't served as directors, supervisors or employees of the Company or its affiliates; the directors themselves, spouses, relatives within the second degree of kinship hold 31,540 shares already issued by the Company or hold them in the name of others, taking up 0.04% of total shares of the Company; they haven't served as directors, supervisors or	None

Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of other public companies where the director holds a concurrent post of independent director
HONG, CHIA-YU (independent director and member of Audit Committee)	Graduated from Department of Industrial Management at National Cheng Kung University, Hung has abundant practical experience and has held important positions in multiple electronics industry technology companies, e.g. deputy manager of Semiconductor Department of OSE Corp., general manager of CTIMES (currently renamed as Walton Advanced Engineering Inc.)m senior deputy general manager of Siliconware Precision Industries Co., Ltd., chairman of TeraPower Technology Inc., and CEO, general manager and consultant of Powertech Technology Inc. Currently, Hung is continuously serving as director of Powertech Technology Inc. with undisputed professional ability and risk management capacity. Hung complies with qualification of possession of work experience in corporate business for more than five years, and is not involved in any circumstance stipulated in Article 30 of the Company Act.	employees of companies with specific relation with the Company; they haven't provided services of commerce, law, finance and accounting for the Company or its affiliates in recent 2 years, and therefore the amount of rewards obtained is zero. Besides, during two years before appointment and during the term of office, they have complied with the qualification elements stipulated in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and Article 14-2 of Securities Exchange Act. Additionally, the independent directors have already independently executed relevant authorities according to the power granted for the full participation in decision-making and expression of opinions in Article 14-3 of the Securities Exchange Act. He is an independent director and complies with independence status. Candidate nomination system is adopted for the appointment of directors of the Company according to Articles of Association of the Company and "Corporate Governance Best Practice Principles". Each director's written statement, work experience, and current employment certificate as well as relative relation table provided have already been verified as complying with independence status upon nomination and review; to be specific, relatives including but not limited to directors themselves, spouses and second degree of kinship haven't served as directors, supervisors or employees of the Company or its affiliates; the directors themselves, spouses, relatives within the second degree of kinship (or through utilization of name of others) haven't held shares of the Company; they haven't served as directors, supervisors or employees of companies with specific relation with the Company; they haven't provided services of commerce, law, finance and accounting for the Company or its affiliates in recent 2 years, and therefore the amount of rewards obtained is zero. Besides, during two years before appointment and during the term of office,	None

- Note 1: Professional qualifications and experience: Explain the professional qualifications and experience of individual directors and supervisors. If members of the Audit Committee have expertise in accounting or finance, their accounting or financial background and work experience shall be explained. Additionally, it is required to indicate if they are involved in any circumstance stipulated in Article 30 of the Company Act.
- Note 2: The independence status of independent directors shall be explained, including but not limited to the followings: Whether the independent directors themselves, spouses and relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; shares of the Company held by independent directors themselves, spouses and relatives within the second degree of kinship (or in the name of others) and shareholding ratios; whether they serve as directors, supervisors or employees of companies having specific relation with the Company (with reference to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"); remuneration amount obtained from services provided for the Company or its affiliates in recent 2 years, involving commerce, law, finance and accounting, etc.

(2) Diversification and independence of Board of Directors:

(A) Diversification of the Board of Directors:

The election and appointment of directors of the Company have already been stipulated in "Articles of Association" and "Measures for Election of Directors" of the Company. Meanwhile, the overall configuration of the Board of Directors shall be taken into account. Policy for strengthening of functions of the Board of Directors has been stipulated in "Corporate Governance Best Practice Principles" of the Company. The composition of the Board of Directors shall be diversified except that the number of directors holding a concurrent post of manager of the Company shall better not exceed one third of total directors. Also, proper diversified guidelines are drafted based on the corporate operation, business types and development demands. It is advisable to include but not limited to the standards regarding the following two aspects:

- a. Basic conditions and values: Gender, age, nationality, culture, etc.
- Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, industry experience, etc.

Attention shall be paid to the gender equality among members of the Board of Directors who shall also generally possess the knowledge, skills and quality needed for execution of their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors shall have the following capacity as a whole:

- a. Operational judgment
- b. Accounting and financial analysis ability
- c. Operation management ability
- d. Crisis handling capacity
- e. Industrial knowledge
- f. Outlook on international market
- g. Leadership
- h. Decision-making ability

Currently, the Board of Directors of the Company are specialists with different professional backgrounds or fields and comply with the diversification policy. In 2023, the average age of members of the incumbent Board of Directors is 64. Directors aged above 60 take up 71% while those aged below 60 take up 29% respectively in the Board of Directors; no director holds a concurrent post of employee in the Company, and therefore the number of directors with identity of employee takes up 0%; there are 3 independent directors in total, taking up 42.9% of all 7 directors; the consecutive tenure of these 3 independent directors hasn't exceeded three

sessions. Currently, there is no female director who takes up 0% of all directors; besides local directors in Taiwan, there is another director coming from Hong Kong, China. The industry experience, distribution of seniority of tenure of independent directors, and age distribution of directors are detailed in the following table of "Execution Status of the Diversification Policy Regarding Members of the Incumbent Board of Directors in 2023".

The Company has always attached importance to the gender equality of the members of the Board of Directors. In order to strengthen the objective for diversification of the Board of Directors, the Company has already stipulated in "Corporate Governance Beset Practice Principle" that the ratio of female directors should better reach one third of total seats of the Board of Directors. In the current stage, the Company plans to realize the goal of designating at least 1 female director. However, there is still no female director among the current 7 directors. Therefore, during the latest reelection of directors, the Company will try to realize the objective of having 1 female director first, but its ultimate objective is to ensure that the female directors will account for one third of total seats of directors to strengthen the objective for diversification of the Board of Directors.

The specific management objectives of the diversification policy of the Board of Directors as well as fulfillment conditions of such objectives are as follows:

Management objective	Fulfillment condition
Number of independent directors exceeds one third of total directors.	Fulfilled
Number of directors holding a concurrent post of manager of the	Fulfilled
Company shall better not exceed one third of total directors.	
Adequate diversified professional knowledge and skills	Fulfilled

The execution status of the diversification policy regarding members of the incumbent Board of Directors in 2021 is detailed as follows:

								y of		ıstrial ex	perie	nce	Pro	oficie	ency
Core diversification item				Age	!	inde	_		pr	≅	Εl	in	In		
		z			director		po. 3S	eta	ecti	ter	'np	١.	Ris		
	Ge	Nationality				В		Α	Semiconductor oduct and mate	l ar	Electronic	Outlook national	stri	Acc	km
	Gender	ona	5	6	7	Below	3-9	Above	con and	ıd n		tloc	al t	ino;	ana
	Τ	lity	51-60	61-70	71-80	ω	3-9 years	е 9	duc	nac	ech	ok on al m	ech	Accounting	age
			0	0	0	years	ars	9 years	Semiconductor product and material	Metal and machinery	technology	Outlook on international market	Industrial technology	8	Risk management
N. C.I.						ırs		ırs	rial	ery	ogy	ket	ogy		nt
Name of director											`				
Chairman Wan, Wen-Tsai	Male	Taiwan		V					V	V	V	V	V		V
Vice Chairman HUANG,	Male	Taiwan		v					v		v	v			v
CHIA-NENG				•					•		<u> </u>	•			•
Director HONG, CHUAN-CHENG	Male	HK	V						v		V	v			V
Director HSU, YUAN-FENG	Male	Taiwan	V						V		v	v			V
Independent Director KE,	Male	Taiwan		v			v					v		v	v
YONG-SIANG				V			V					V		V	V
Independent Director YANG,	Male	Taiwan		v		**			***		**	***			**
SHUN-CHING				V		V			V		V	V			V
Independent Director HONG,	Male	Taiwan		v		v			v		v	v			v
CHIA-YU				V		v			V		٧	V			٧

(B) Diversification policy:

a. Corporate Governance Best Practice Principles:

Chapter 3 Strengthening of the Functions of the Board of Directors Section 1 Structure of the Board of Directors Article 20

The Board of Directors of the Company shall guide the Company's strategies, supervise the management, and take responsibility for the Company and the shareholders. Each work and arrangement under the corporate governance system shall be performed to ensure that the Board of Directors exercises its authorities and powers according to laws and regulations, provisions of the Articles of Association, or resolutions made by the Shareholders' Meeting.

As for the structure of the Board of Directors, seven or more directors shall be determined appropriately based on the scale of business development of the Company and the shareholding conditions of major shareholders, and in consideration of the practical operation demand.

The composition of the members of the Board of Directors should be diversified except that the number of directors holding a concurrent post of manager of the Company shall better not exceed one third of total directors. Also, proper diversified guidelines are drafted based on the corporate operation, business types and development demands. It is advisable to include but not limited to the standards regarding the following two aspects:

- Basic conditions and values: Gender, age, nationality, culture, etc. The number of female directors should better reach one third of total number of directors.
- ii. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, etc.

Attention shall be paid to the gender equality among members of the Board of Directors who shall also generally possess the knowledge, skills and quality needed for execution of their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors shall have the following capacity as a whole:

- i. Operational judgment
- ii. Accounting and financial analysis ability
- iii. Operation management ability
- iv. Crisis handling capacity
- v. Industrial knowledge
- vi. Outlook on international market
- vii. Leadership
- viii. Decision-making ability

b. Measures for Election of Directors:

Article 1: The election of directors of the Company shall be handled according to the provisions of the Measures unless otherwise stipulated in laws and regulations as well as the Articles of Association of the Company.

The overall configuration of the Board of Directors shall be considered for the election of directors of the Company. The composition of the members of the Board of Directors should be diversified, and proper diversified guidelines are drafted based on the corporate operation, business types and development demands. It is advisable to include but not limited to the standards regarding the following two aspects:

- i. Basic conditions and values: Gender, age, nationality, culture, etc.
- ii. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, etc.

Attention shall be paid to the gender equality among members of the Board of Directors who shall also generally possess the knowledge, skills and quality needed for execution of their duties. The Board of Directors shall have the following capacity as a whole:

- i. Operational judgment
- ii. Accounting and financial analysis ability
- iii. Operation management ability
- iv. Crisis handling capacity
- v. Industrial knowledge
- vi. Outlook on international market
- vii. Leadership

viii. Decision-making ability

More than half number of directors shall not have kinship with each other including spousal relationship, or kinship within the second degree.

The Board of Directors of the Company shall consider the adjustment of the composition of the members of the Board of Directors based on the results of performance evaluation.

(C) Independence of the Board of Directors:

a. Structure of the Board of Directors:

The Company establishes a director selection system and the election and appointment procedures of all directors are open and fair, and comply with the provisions of "Articles of Association", "Measures for Election of Directors", "Corporate Governance Best Practice Principles", "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and "Article 14-2 of the Securities Exchange Act". The composition of the incumbent Board of Directors includes 3 independent directors (42.9%) and 4 non-independent directors (57.1%). The number of independent directors exceeds one third of total shareholders, and no director has kinship of spouse or the second degree of kinship with each other, and therefore it complies with the circumstances stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities Exchange Act.

b. Independence of the Board of Directors:

The Board of Directors of the Company guides the corporate strategies, supervises the management, and takes responsibilities for the Company and shareholders. As for each work and arrangement regarding corporate governance system, the Board of Directors exercises its authorities based on laws and regulations, Articles of Association of the Company or resolutions made by the Shareholders' Meeting. The Board of Directors of the Company emphasizes on the functions of independent operation and transparency. Independent directors also independently exercise their authorities in the Audit Committee and review if the Company has existing or potential risks to

control according to the provisions of relevant laws and regulations so as to practically supervise the effective implementation of the internal control of the Company, selection and appointment of certified public accountants and their independence, and appropriate preparation of financial statements. Additionally, cumulative voting system and candidate nomination system are adopted as election and appointment methods of directors (including independent directors) according to "Measures for Election of Directors" of the Company. Shareholders are encouraged to get involved in this process. Shareholders holding a certain number of shares may propose a list of candidates, and relevant work shall be conducted and announced according to law so as to safeguard shareholders' interests and maintain independence. The Company has established a performance evaluation system for the Board of Directors. Internal self-evaluation of the Board of Directors and assessment and self-evaluation among members of the Board of Directors are executed once every year. Furthermore, in order to enable the investors to fully comprehend other operation conditions of the Board of Directors, the Company has also disclosed relevant information in its annual report, official website or MOPS:

- i. Operation conditions of the Board of Directors and functional committees:
- ii. Proposals and results of resolutions of the Board of Directors;
- iii. Conditions of continuing education of directors;
- iv. Announcements of applications of directors for changes in shareholding.

B. Information regarding general manager, deputy general manager, assistant managers and heads of each department and branches:

hare	Remark		1	1	
April 1, 2023; unit: Share		ion			
2023;	Other managers and directors regarding spouse or relative of second degree of kinship	Title Name Relation	-	1	'
pril 1,	er mar ectors use or cond c	e Nam	1	1	•
A	Ot di sp	•	1	1	1
L	Concurrent position(s) currently held in other	companies	None	None	None
	Main experience (education)		Department of Chemical Engineering of National Taiwan University Deputy General Manager of Asia Microelectronics Co., Ltd. General Manager of Simpal Electronics Co., Ltd.	Department of Chemical Engineering of Kaohsiung Junior College of Technology Division Chief of Asia Microelectronics Co., Ltd. Deputy General Manager of Simpal Electronics Co., Ltd	Department of Electronics Engineering of Cheng-Shiu Junior College of Technology Director of Quality Assurance Department of Asia Microelectronics Co., Ltd. Manager of Quality Assurance Department of Simpal Electronics Co., Ltd.
b	Shares held in the name of others	Share Shareholding number ratio	•	•	
	Shares		1	1	
.	Shares currently held by spouse and minor children	Shareholding ratio		•	•
	Shares co by spous ch	Share number	1	1	,
	Shareholding	Shareholding ratio	0.59%	0.50%	0.01%
ĺ	Shar	Share number	490,530	415,000	5,810
	Date elected		Jul. 1, 2014	Jul. 1, 2014	Mar. 7, 2016
	Gender		Female	Female	Male
0	Nationality Gender		ROC	ROC	ROC
	Name		LI, WAN-HSIA	HUANG, MEI-HSUEH	CHEN, CHI-YANG
	Title		General Manager	Deputy General Manager	Head of Quality Assurance Division

rk							
Remark		1	1	1	1		
Other managers and directors regarding spouse or relative of second degree of kinship	Title Name Relation	•	,	,			
manage tors rega e or rela ond degre kinship	Name	1	ı	1	1		
Other direc spous secc	Title	1	1	1			
Concurrent position(s) currently held in other	companies	None	None	None	None		
Main experience (education)		Institute of Chemical Engineering of National Cheng Kung University R&D Director of Engineering Department of Asia Microelectronics Co., Ltd. Manager of R&D Department of Simpal Electronics Co., Ltd.	Institute of Materials of I-Shou University Design Director of Engineering Department of Asia Microelectronics Co., Ltd. Manager of Design Department of Simpal Electronics Co., Ltd	Institute of Chemical Engineering of Feng Chia UniversityProcess Director of Engineering Department of Asia Microelectronics Co., Ltd. Manager of Engineering Department of Simpal Electronics Co., Ltd.	Law Department of National Chung Hsing University Manager of HR Department of Simpal Electronics Co., Ltd. Chief of Administration Division of Flexium Interconnect.Inc		
Shares held in the name of others	Shareholding ratio	ı	,	,			
	Share number	•	1	•			
Shares currently held by spouse and minor children	Shareholding ratio						
Shares c by spou	Share number	1	1	-	•		
Shareholding	Shareholding ratio	0.03%	0.01%	0.01%			
Shar	Share number	25,560	8,300	6,620			
Date elected		Apr. 1, 2014	Apr. 1, 2014	Apr. 1, 2014	Dec. 29, 2014		
Gender		Male	Male	Male	Male		
Nationality Gender		ROC	ROC	ROC	ROC		
Name		HSIA, CHIH-HSIUNG	Jin Bao Tsai	Jin Bao Tsai LIN, CHIEN-YI			
Title		Head of R&D Engineering Division	Head of Design Engineering Division	Head of Process Engineering Division	Head of Administration Division		

M				
Remark		,	1	ı
Other managers and directors regarding spouse or relative of second degree of kinship	Title Name Relation	1	1	•
manager tors rega te or relater and degre	Name	ı	1	1
Other direc spous secc	Title]	ı	1	1
Concurrent position(s) currently held in other	companies	None	None	None
Main experience (education)		Department of Business Administration of Feng Chia UniversityDirector of Business Department of Asia Microelectronics Co., Ltd. Manager of Business Department of Simpal Electronics Co., Ltd.	Engineering Department of Orient Junior College of Technology Deputy Manager of Sumiko Electronics Taiwan Co., Ltd.	Institute of Finance of I-Shou University Section Chief of Finance & Accounting Department of Walton Advanced Engineering Inc. Manager of Finance & Accounting Department of Simpal Electronics Co., Ltd.
Shares held in the name of others	Shareholding ratio	,	1	
Shares		1	1	1
Shares currently held by spouse and minor children	Shareholding Share ratio number	1	1	•
Shares cu by spous ch	Share Snumber	1	1	1
Shareholding	Shareholding ratio	0.01%	1	0.02%
Shar	Share number	6,640	1	16,600
Date elected		Apr. 1, 2014	Aug. 1, 2017	Apr. 1, 2014
Gender		Male	Male	Female
Nationality Gender		ROC	ROC	ROC
Name		CHEN, SUNG-CHOU	Deputy Head LIN, of Manufacturing MENG-HSIEN Division	CHEN, HSING-CHEN
Title		Head of Marketing Division	Deputy Head of Manufacturing Division	Manager of Finance & Accounting Department

Note: If the general manager or person with an equivalent post (top manager) and the chairman are a same person, are spouse to each other, or relatives of first degree of kinship, relevant information including reason, rationality, necessity and responsive measures shall be explained (e.g. increase of number of independent directors; there shall be more than half of directors not taking concurrent posts as employee or manager).

(III). Remuneration paid to directors, general manager and deputy general manager in recent years: A. Remuneration paid to directors, general manager and deputy managers in 2022: 1. Remuneration of directors (including independent directors)

Unit: NT\$ Thousand; %

	emuneratior enterprises						ι								nount	
tems A,	r and o os over ne after k	All companies in the report	financial				1 044	1.4						1,578		to the ar
Total of items A,	b, C, D, E, F and o and ratios over net income after tax	The Company	7	1,044								1,578			input time	
ent	ard	All companies in	Stock					1						1		and i
ncurr	Employee reward (G)	the financial report					ı						1		risks	
ру со	oloyee (G)	The Company	Stock					ı						1		med.
eived s	Emj	The company	Cash					'						1		assn
ation receiv employees	Severance pay and pensions (F)	All companies in the report	financial					•						1		bilities
eratic	Sevel pay pens	The Company	7					1						1		isuod
Relevant remuneration received by concurrent employees	Remuneration, bonus and allowances (E)	All companies in the report	financial													uding resi
Releva	Remur boni allowa	The Company	7					ı						1		rs incl
Total of items	tos over come	All companies in the report	financial				1 044	1.4						1,578		v of facto
Total of items	A, b, cand D and ratios over net income after tax	The Company	7				1.044	1.4						1,578		relevano
	Business execution fees (D)	All companies in the report	09								18			well as		
	Busines executio fees (D)	The Company	The Company				09						18			rs. as
tion	Director reward (C)	All companies in the treport	financial		984									t directo		
nunera	Dir	The Company (No	ote 3)	984								1			oenden	
Director's remuneration	Severance pay and pensions (B)	All companies in the report	financial	1								1			for inder	
Direc	Sev pa pel	The Company	7			1								1		cture
	/ (A)	All companies in the report	financial					ı						1,560		nd stru
	Salary (A)	The Company	7					i						1,560		tandard
Name				Chang Wah Electromaterials Inc.	Representative: Wan, Wen-Tsai	Yenyo Technology Co., Ltd.	Representative: HUANG, CHIA-NENG		Chang Wah Floatromatorials Inc		1		KE, YONG-SIANG	YANG, SHUN-CHING	HONG, CHIA-YU	1. Please explain remuneration payment policy, system, standard and structure for independent directors, as well as relevancy of factors including responsibilities assumed, risks, and input time to the amount
Title			Chairman	(Note 1 and 2)	Vice Chairman	(Note 1)	Director (Note 2)		Director (Note 2)		Director (Note 2)	Independent Director	Independent Director (Note 1)	Independent Director (Note 1)	1. Please explain	

of remuneration payment pointy, system, standard and so the Company shall be handled according to "Remuneration Administrative Measures" of the Company. The Company shall be handled according to "Remuneration Administrative Measures" of the Company shall pay each independent director NT\$ 30,000-NT\$ 60,000 only per month no matter if the Company has profit or loss. The Remuneration Committee will come up with suggestion and then submit it to the Board of 2. Except information disclosed in the preceding table, remuneration received by directors of the Company in recent years for the provision of services to all the companies in the financial report (e.g., serving as consultant other than employee in parent company/all companies in the financial report/reinvestment enterprises): None. Directors for a resolution.

Note 1: The Board of Directors elected Wan, Wen-Tsai, representative of Chang Wah Electromaterials Inc. as the chairman, and Huang, Chia-Neng, representative of YENYO Technology Co., Ltd. as vice chairman respectively on March 14, 2023.

Note 2: Chang Wah Electromaterials Inc. designated Mr. Wan, Wen-Tsai as its new representative on March 3, 2023, and the former representative, Mr. Chou, Kang-Chi, left office on the same day. Note 3: The Board of Directors approved the distribution of NT\$ 984,000 for director remuneration for the year 2022 on March 14, 2023.

Remuneration Scale of the Directors

		Name of	director	
Scale of remuneration paid to each director of	Total of the first for	ır items (A+B+C+D)	Total of the first seven is	tems (A+B+C+D+E+F+G)
the Company	The Company	All companies in the financial report H	The Company	All companies in the financial report I
Below 2,000,000	-	-	-	-
2,000,000 (included) ~5,000,000 (excluded)	-	-	-	-
5,000,000 (included)~10,000,000 (excluded)	Representative of Chang Wah Electromaterials Inc.: Wan, Wen-Tsai; representative of Yenyo Technology Co., Ltd.: HUANG, CHIA-NENG; representative of Chang Wah Electromaterials Inc.: HONG, CHUAN-CHENG; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representatives of Chipmos Technologies Inc.: HSU, YUAN-FENG, KE, YONG-SIANG, YANG, SHUN-CHING and HONG, CHIA-YU	Representative of Chang Wah Electromaterials Inc.: Wan, Wen-Tsai; representative of Yenyo Technology Co., Ltd.: HUANG, CHIA-NENG; representative of Chang Wah Electromaterials Inc.: HONG, CHUAN-CHENG; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representatives of Chipmos Technologies Inc.: HSU, YUAN-FENG, KE, YONG-SIANG, YANG, SHUN-CHING and HONG, CHIA-YU	Representative of Chang Wah Electromaterials Inc.: Wan, Wen-Tsai; representative of Yenyo Technology Co., Ltd.: HUANG, CHIA-NENG; representative of Chang Wah Electromaterials Inc.: HONG, CHUAN-CHENG; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representatives of Chipmos Technologies Inc.: HSU, YUAN-FENG, KE, YONG-SIANG, YANG, SHUN-CHING and HONG, CHIA-YU	Representative of Chang Wah Electromaterials Inc.: Wan, Wen-Tsai; representative of Yenyo Technology Co., Ltd.: HUANG, CHIA-NENG; representative of Chang Wah Electromaterials Inc.: HONG, CHUAN-CHENG; representative of Chang Wah Electromaterials Inc.: CHOU, KANG-CHI; representatives of Chipmos Technologies Inc.: HSU, YUAN-FENG, KE, YONG-SIANG, YANG, SHUN-CHING and HONG, CHIA-YU
10,000,000 (included)~15,000,000 (excluded)	-	-	-	-
15,000,000 (included)~30,000,000 (excluded)	-	-	-	-
30,000,000 (included)~50,000,000 (excluded)	-	-	-	-
50,000,000 (included)~~100,000,000 (excluded)	-	-	-	-
100,000,000 and above	_	_	_	-
Total	8 persons	8 persons	8 persons	8 persons

Note 1: The content of remuneration disclosed in this table is different from the concept of income in the income tax act, and therefore the purpose of this table is for information disclosure instead of taxation.

2. Remuneration paid to general manager and deputy general manager in 2022

Unit: NT\$ Thousand

													Ome	. N I \$ I IIOusaiiu
	Name	Sala	ry (A)		ce pay and ons (B)		us and nces (C)	Emp	oloyee	rewar	d (D)	and D a	ems A, B, C nd ratios et income tax (%)	Remuneration received from
Title		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	report	Com	he pany Stock	comp in fina rep	ort	The Company	All companies in the financial report	reinvestment enterprises beyond subsidiaries or not
General Manager	LI, WAN-HSIA											9,336	9,336	
Deputy General Manager	HUANG, MEI-HSUEH	4,560	4,560	216	216	4,560	4,560	Note	-	-	-	12.73%	12.73%	None

Note: Employee reward of NT\$ 1,967,000 was approved by the Board of Directors of the Company on March 14, 2023, but payment details haven't been approved yet.

Remuneration Scale

Remuneration State				
Scale of remuneration paid to each general manager and	Name of general manager and deputy general manager			
deputy general manager of the Company	The Company	All companies in the financial report E		
Below 2,000,000				
2,000,000 (included) ~5,000,000 (excluded)				
5,000,000 (included)~10,000,000 (excluded)	HUANG, MEI-HSUEH	HUANG, MEI-HSUEH		
10,000,000 (included)~15,000,000 (excluded)	LI, WAN-HSIA	LI, WAN-HSIA		
15,000,000 (included)~30,000,000 (excluded)				
30,000,000 (included)~50,000,000 (excluded)				
50,000,000 (included)~~100,000,000 (excluded)				
100,000,000 and above				
Total	2 persons	2 persons		

^{*}The content of remuneration disclosed in this table is different from the concept of income in the income tax act, and therefore the purpose of this table is for information disclosure instead of taxation.

- 3. Names of managers distributed with employee reward and distribution conditions
 - (1) Names of managers distributed with employee reward and distribution conditions

2022; Unit: NT\$ /share

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	Title	Name	Stock amount	Cash amount	Total	Ratio of total amount over net income after tax (%)
	General Manager	LI, WAN-HSIA				
	Deputy General Manager	HUANG, MEI-HSUEH		3,710,267	3,710,267	1.14%
	Deputy Head of Manufacturing Division	LIN, MENG-HSIEN	0			
	Head of Quality Assurance Division	CHEN, CHI-YANG				
	Head of R&D Engineering Division	HSIA, CHIH-HSIUNG				
	Head of Design Engineering Division	Jin Bao Tsai				
	Head of Process Engineering Division	LIN, CHIEN-YI				
	Head of Administration Division	KO, SHENG-TUNG				
	Head of Marketing Division	CHEN, SUNG-CHOU				
	Manager of Finance & Accounting Department	CHEN, HSING-CHEN				

Note: Passed in a resolution of the Board of Directors on November 10, 2022.

- (2) Names of managers distributed with employee reward and distribution conditions in recent year (2022): The Board of Directors of the Company approved employee reward of NT\$ 1,967,000 on March 14, 2023 and its total amount takes up 2.68% of net income after tax, but the payment details haven't been approved yet.
- B. The ratio of total amount of remuneration paid by the Company and all companies in the consolidated statements to the directors, supervisors, general manager and deputy general manager of the Company over the net income after tax in recent two years as indicated in the individual or separate financial reports are compared and explained respectively and then analyzed, and remuneration payment policy, standards and portfolios, remuneration stipulation procedure, and relevancy to operational performance and future risks are explained:
 - 1. Analysis of ratio of total amount of remuneration paid to the directors, supervisors, general manager and deputy general manager over the net income after tax in recent two years:

		2022	2021	
Title	The Company	All companies in the financial report	The Company	All companies in the financial report
Ratio of total amount of director reward over the net income after tax	3.6%	3.6%	2.1%	2.1%
Ratio of total amount of supervisors' remuneration over the net income after tax	-	-	-	-
Ratio of total amount of remuneration of general manager and deputy manager over the net income after tax	12.73%	12.73%	5.65%	5.65%

- 2. Remuneration payment policy, standards and portfolios, remuneration stipulation procedure, and relevancy to operational performance and future risks:
 - (1) Director reward:

The Company has already established a Remuneration Committee according to the provisions of the competent authority. Proposal for director reward is submitted to the Board of Directors for discussion and approval after relevant provisions stipulated in "Remuneration Administrative Measures" are followed, and the Remuneration Committee refers to the normal payment level in the same trade and considers directors' attendance rate, degree of participation of directors in the corporate operation and value contributed, and reasonableness of relevancy to the Company's operational performance and the future risks.

(2) Remuneration of general manager and deputy manager:

The Company has already established a Remuneration Committee according to the provisions of the competent authority. The remuneration of general manager and deputy general manager (including salary, bonus, etc.) is proposed by the Remuneration Committee according to law to the Board of Directors for discussion and approval, and the remuneration is stipulated according to the Company's policy in current year and its profits as well as personal performance. The Company will timely review the remuneration system at any time based on its actual operation status and relevant laws and regulations so as to realize the goal of balance between the Company's sustainable management and risk control.

- (3) Future risks:
 - Policy adopted by the Company for the payment of remuneration to directors, general manager and deputy general manager as well as procedure for establishment of remuneration have a positive relation with operational performance and future risks.
- 3. Linkage of performance assessment of directors of the Company with remuneration:

In accordance with the provisions of Article 21 and Article 24 of the Articles of Association of the Company, the Board of Directors of the Company authorized with director reward will negotiate and determine the specific amount according to the degree of participation of directors in the operation of the Company as well as value contributed together with the normal level in the same trade. If the Company obtains profits in current year, it may

appropriate 1% of the aforesaid profits as director reward based on relevant resolution passed by the Board of Directors. The Company appropriated 1% of its profits as director reward in 2022 as stipulated, with a specific amount of NT\$ 984,000. Additionally, the results of performance assessment of the Board of Directors shall be used as reference upon selection or nomination of directors according to the provisions of "Measures for Performance Assessment of the Board of Directors" of the Company; also, the results of performance assessment of individual directors (not including independent directors) are used as reference for the establishment of director reward distribution.

C. The Company's operational performance has already been duly reflected in employee reward:

In accordance with Article 24 of the Articles of Association of the Company, if the Company obtains profits in current year, it shall appropriate $2\%\sim16\%$ of the profits as employee reward. The Board of Directors will decide to distribute it in form of stock or cash. The objects of payment include employees of subordinate companies that comply with certain conditions. The appropriation of employee profit sharing onus by the Company in recent three years is shown below:

Unit: NT\$

Year Item	2020	2021	2022
Distribution ratio	2%	2%	2%
Distribution amount	3,900,157	8,060,542	1,967,080

(IV). Corporate governance:

A. Operation of the Board of Directors:

- 1. Information regarding operation of the Board of Directors:
 - (1) 5 meetings (A) of the Board of Directors were convened in 2022 and the attendance status of the directors is shown below:
 - (2) Attendance rate of the Board of Directors in 2022 (Total number of times actually attended by all directors/Total number of times required of all directors)

=34/35*100%

=97.14%

The attendance rate was thus above 85% (including 85%).

The attendance rate was thus above 85% (including 85%).					
Title	Name	Attendance in person (B)		Attendance rate in person (%) [B/A] (Note)	Remark
	Yenyo Technology Co., Ltd. Representative: HUANG, CHIA-NENG	5	0	100.00	
Director	Chang Wah Electromaterials Inc. Representative: HONG, CHUAN-CHENG	5	0	100.00	
Director (Note 2)	Chang Wah Electromaterials Inc. Representative: CHOU, KANG-CHI	5	0	100.00	
Director	Chipmos Technologies Inc. Representative: HSU, YUAN-FENG	5	0	100.00	
	KE, YONG-SIANG	5	0	100.00	
	YANG, SHUN-CHING	5	0	100.00	
Independent director	HONG, CHIA-YU	4	1	80.00	

- Note 1: The Board of Directors elected Wan, Wen-Tsai, representative of Chang Wah Electromaterials Inc. as the chairman, and Huang, Chia-Neng, representative of YENYO Technology Co., Ltd. as vice chairman respectively on March 14, 2023.
- Note 2: Chang Wah Electromaterials Inc. designated Mr. Wan, Wen-Tsai as its new representative on March 3, 2023, and the former representative, Mr. Chou, Kang-Chi, left office on the same day.

Other matters to be recorded:

- (I). If any of the following circumstances exists in the operation of the Board of Directors, date and stage of board meeting, content of proposals, all independent directors' opinions, and the Company's handling of these opinions shall be explained:
 - (1) Matters listed in Article 14-3 of the Securities Exchange Act:
 Detailed in "(XI) Important Resolutions of the Shareholders' Meeting and the Board of Directors of Recent Years as of Publication Date of Annual Report" below.
 - (2) Other matters resolved by the Board of Directors with independent directors' opposing or reserved opinions and relevant record or written statement beyond the preceding matters: Not involved.
- (II). As for the execution of recusal of any director from any proposal where this director is a stakeholder, name of director, content of proposal, reason for recusal due to conflict of interest and voting status shall be explained: When the Board of Directors deliberates a proposal involving director reward, the related director shall excuse themselves upon discussion and voting on their performance and remuneration, and the other directors shall complete discussion and voting; when proposal for relief of non-compete duty of directors, if a director is a stakeholder, he/she shall excuse himself/herself during discussion and voting and the other directors shall complete discussion and voting; when the proposal for subsequent confirmation of acquisition and disposal of valuable securities is discussed, if a director is a stakeholder, he/she shall excuse himself/herself during and the other directors shall complete discussion and voting; when the proposal for signing of plant lease contract of the Company is discussed, if a director is a stakeholder, he/she shall excuse himself/herself during discussion and voting and the other directors shall complete discussion and voting;
- (III). Information regarding cycle, period, scope, method and content of self-evaluation (or evaluation for colleagues) of the Board of Directors of the Company and execution conditions of evaluation of the Board of Directors filled out are shown below: 2. Appraisal and execution status of results of performance evaluation of the Board of Directors and functional committees (Audit Committee and Remuneration Committee)

(IV). Objectives for the strengthening of functions of the Board of Directors (e.g., establishment of Audit Committee, improvement of information transparency, etc.) in current year and recent years as well as evaluation of execution conditions of these objectives:

Objectives for strengthening of functions of the Board of Directors	Evaluation of execution conditions
Establishing an Audit Committee	The Company elected and appointed three independent directors in the regular Shareholders' Meeting held on May 11, 2018, and established an Audit Committee the same day. In each meeting of the Board of Directors convened in 2022, all 3 independent directors attended these meetings in person.
2. Improving information transparency	The Company has already designated specific personnel to take charge of online application work in MOPS and handling of search and disclosure of corporate information to ensure that information that may affect the decision-making of shareholders and stakeholders can be timely and appropriately disclosed.
Setting up channels to communicate with stakeholders	The Company has appointed spokesperson and deputy spokesperson and set up special zones on its official website to raise questions. Shareholders owning proposing right may submit proposals to the Company in annual shareholders; meeting according to the provisions of relevant laws and regulations.
Improving elements of the Board of Directors in each aspect	Members of the Board of Directors of the Company attach importance to diversified elements and possess knowledge, skills and quality needed for performing their duties, including different professional backgrounds of law, accounting and industry. They would listen to the reports from the business team and offer guidance and suggestions in board meetings, and maintain good communication with the business team so as to create the best interests for the shareholders.
Encouraging directors to engage in continuing education every year	Directors of the Company participated in refresher courses designed for directors in 2022 and all directors' continuing education reached the recommended hours.
6. Purchasing liability insurance for directors	The Company has already renewed liability insurance for directors and submitted it to the Board of Directors.

Note: Attendance in person (%) is calculated according to the number of meetings of the Board of Directors convened during term of office and meetings actually attended by the directors.

- 2. Appraisal and execution status of results of performance evaluation of the Board of Directors and functional committees (Audit Committee and Remuneration Committee): The Company has established a performance evaluation system for the Board of Directors, and the Board of Directors passed "Rules for Performance Evaluation of Board of Directors" on November 12, 2020 to implement corporate governance, improve the functions of the Board of Directors, and establish performance objectives to strengthen the operating efficiency of the Board of Directors. The results of performance evaluation fo the Board of Directors will be concluded before the end of the first quarter of the next year.
 - (1) Evaluation cycle, evaluation period, evaluation scope, evaluation method, and evaluation contents:

evaluation contents:						
Evaluation cycle(Note1)	Evaluation period(Note2)	Evaluation scope(Note3)	Evaluation method (Note4)	Evaluation contents (Note5)		
cycle(Note1) Executed once every year	Evaluation of performance of the Board of Directors in a period from January 1, 2022 to December 31, 2022	scope(Note3) Performance evaluation of the Board of Directors, individual Board members, and functional committees	Internal self-evaluation of the Board of Directors, self-evaluation of Board members, and Internal self-evaluation of the functional committees	(Note5) The measurement items adopted in the performance evaluation of the Board of Directors of the Company shall include at least the following aspects: 1. Participation in the Company's operation 2. Improvement in decision-making quality of the Board of Directors (functional committees) 3. Composition and structure of the Board of Directors (functional committees) 4. Election and continuing education of directors 5. Internal control The measurement items adopted in the performance evaluation of Board members of the Company shall include at least the following aspects: 1. Understanding of the Company's goals and missions 2. Understanding of the directors' responsibilities 3. Participation in the Company's operation 4. Management and communication of internal relations 5. Expertise and continuing education of directors 6. Internal control The measurement items adopted in the performance evaluation of the functional committees of the Company shall include at least the following five aspects: 1. Participation in the Company's operation 2. Understanding of the functional committees' responsibilities 3. Improvement in the functional committees' decision-making quality 4. Composition of the functional committees and election of members		
				5. Internal control		

Note 1 The execution cycle of evaluation of the Board of Directors shall be filled out, e.g., once every year.

- Note 2 The period covering the evaluation of the Board of Directors shall be filled out. For example, the performance of the Board of Directors in a period from January 1, 2022 to December 31, 2022 is evaluated.
- Note 3 The evaluation scope includes the performance evaluation of the Board of Directors, individual Board members, and functional committees.
- Note 4 The evaluation methods include internal self-evaluation of the Board of Directors, self-evaluation of the Board members, peer evaluation, and employment of external professional agencies, experts, or other appropriate methods for performance evaluation.
- Note 5 The evaluation contents shall include at least the following items according to the evaluation scope:
 - a. The performance evaluation of the Board of Directors covers at least participation in the Company's operation, improvement in the Board of Directors' decision-making quality, composition and structure of the Board of Directors, election and continuing education of directors, internal control, etc.
 - b. The performance evaluation of individual Board members covers at least understanding of the Company's goals and missions, understanding of the directors' responsibilities, participation in the Company's operation, management and communication of internal relations, expertise and continuing education of directors, internal control, etc.
 - c. The performance evaluation of functional committees covers at least participation in the Company's operation, understanding of the functional committees' responsibilities, improvement in the functional committees' decision-making quality, composition of the functional committees and election of members, internal control, etc.
 - (2) Results of performance evaluation of the Board of Directors in 2022:
 - (A) Basis: Provisions of "Rules for Performance Evaluation of Board of Directors" of the Company
 - (B) Evaluation method: Internal self-evaluation of the Board of Directors and self-evaluation of the Board members
 - (C) Evaluation period: January 1, 2022-December 31, 2022
 - (D) Evaluation scope: Board of Directors, individual Board members, and functional committees
 - (E) Evaluation contents and results:
 - The evaluation results are presented with 5 grades, and the principles governing these grades are as follows:
 - Figure 1: Extremely poor (Strong disagree); figure 2: Poor (Disagree); figure 3: Medium (Ordinary); figure 4: Excellent (Agree); figure 5: Very excellent (Strongly agree).
 - a. Overall performance evaluation of the Board of Directors:
 The performance evaluation indicators of the Board of Directors contain 5 aspects. There are 45 indicators in total. The total score was 4.93 points, and it was graded as "Excellent", indicating: The Board of Directors took duly responsibility for guiding and supervising the corporate strategies, major business, and risk management; the Board of Directors' decision-making quality was favorable, the overall operation was complete, and the requirements for corporate governance were met.

5 aspects for self-evaluation	Evaluation items	Score
A. Participation in the Company's operation	12 items	4.83
B. Improvement in the Board of Directors' decision-making quality	12 items	4.92
C. Composition and structure of the Board of Directors	7 items	5.00
D. Election and continuing education of directors	7 items	5.00
E. Internal control	7 items	5.00
Total	45 items	4.93

b. Self-evaluation of the Board members:

The performance evaluation indicators of the Board members contain 6 aspects. There are 23 indicators in total. The total score was 4.92 points, and it was graded as "Excellent", indicating directors' positive comments on the operating efficiency and effect of each evaluation indicator.

6 aspects for self-evaluation	Evaluation items	Score
A. Understanding of the Company's goals and missions	3 items	4.95
B. Understanding of the directors' responsibilities	3 items	5.00
C. Participation in the Company's operation	8 items	4.89
D. Management and communication of internal relations	3 items	4.81
E. Expertise and continuing education of directors	3 items	5.00
F. Internal control	3 items	4.90
Total	23 items	4.92

c. Overall performance evaluation of the functional committees: The performance evaluation indicators of the functional committees contain 5 aspects. There are 23 indicators in total. The total score was 5 points, and it was graded as "Very excellent", indicating the functional committees' positive comments on the operating efficiency and effect of each evaluation indicator.

5 aspects for self-evaluation	Evaluation items	Score
A. Participation in the Company's operation	4 items	5
B. Understanding of the functional committees' responsibilities	7 items	5
C. Improvement in the functional committees' decision-making quality	7 items	5
D. Composition of the functional committees and election of members	3 items	5
E. Internal control	3 items	5
Total	24 items	5

(F) Improving measures: In 2022, the attendance rate of directors in the regular Shareholders Meeting of the Company in 2022 was 42.86% due to the influence of the COVID-19 epidemic. In order to improve the functionality of the Board of Directors and strengthen the participation of the Board of Directors in corporate operation, the Company will actively invite directors to attend Shareholders' Meetings to improve directors' attendance rate and establish good communicating channels with the management team and shareholders. Additionally, in order to reinforce the interaction between the Board of Directors and the CPAs, CPAs will be invited to attend the meetings of the Board of Directors as a nonvoting party regarding the annual financial statements or major adjustments to these statements if any. In the future, the Company will invite CPAs to exert efforts for the goal of reporting the financial statements before the meetings of the Board of Directors so that the directors can have a full understanding of the financial position. The Company will learn about individual directors' needs, continually provide the directors with diversified courses to maintain their professional advantages and competency, encourage directors to make more specific suggestions on the proposals in the Board of Directors, and arrange the Board members to communicate with the management team, CPAs, and the internal audit officer to maintain a close relationship and enhance the benign interaction between directors and the management team.

B. Operation of the Audit Committee:

1. 5 meetings (A) of the Audit Committee were convened in 2022 and the attendance status of independent directors is shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate as a nonvoting party (B/A) (Note 1 and Note 2)	Remark
Convener	KE, YONG-SIANG	5	0	100.00	
Committee member	YANG, SHUN-CHING	5	0	100.00	
Committee member	HONG, CHIA-YU	4	1	80.00	

- (I) If any of the following circumstances exists in the operation of the Audit Committee, date and stage of meeting of the committee, content of proposals, independent directors' opposing or reserved opinions or contents of major suggestions, resolution results of the Audit Committee, and the Company's handling of these opinions shall be explained:
 - (A) Matters listed in Article 14-5 of the Securities Exchange Act: Detailed in "(5) Operation Status in Current Year".
 - (B) Other resolved matters not approved by the Audit Committee but approved by more than two thirds of all directors beyond the preceding matters: Not involved.
- (II) As for the execution of recusal of any independent director from any proposal where this director is a stakeholder, name of independent director, content of proposal, reason for recusal due to conflict of interest and voting status shall be explained: None.
- (III) Communication of independent directors with internal audit officer and accountant:
 - (A) Separate communication of independent directors with the internal audit officer in 2022 Minutes of the first symposium between independent directors and the internal audit officer of JMC Electronics Co., Ltd. in 2022

Date: March 15, 2022

Attendants: Independent director Ke, Yong-Siang, independent director Yang, Shun-Ching, independent director Hong, Chia-Yu, and internal audit officer Liu, Shu-Yuan Brief:

- 1. Internal Control and Audit Plan
 - (1) Reporting of the execution status of audit in the 4th quarter of 2021
 - (2) Reporting of the results of self-evaluation of internal control in 2021

Suggestion from independent directors: None.

(B) Separate communication of independent directors with CPAs in 2022

Minutes of the first symposium between independent directors and CPAs of JMC Electronics Co., Ltd. in 2022

Date: December 20, 2022

Attendants: Independent director Ke, Yong-Siang, independent director Yang, Shun-Ching, independent director Hong, Chia-Yu, CPA Wang, Chao-Chun, and Associate General Manager Li, Chin-Hsing Brief:

- 1. Communication meeting with the governance unit in 2022: Audit planning
 - (1) Auditing scope and method
 - (2) Identification of significant risks
 - (3) Key auditing items
 - (4) Other important auditing items in financial statements
 - (5) Declaration of Independence
 - (6) Audit Quality Indicators (AQIs)

Suggestion from independent directors: None.

(C) Communication of independent directors with internal audit officer in the Board of Directors and the Audit Committee (including pre-meeting):

`	including pre incerting).
Date	Communication highlights
March 15, 2022	 Audit Business Execution Report for the 4th Quarter of 2021 Report of Declaration of Internal Control System in 2021 Suggestion from independent directors: None
May 12, 2022	Audit Business Execution Report for the 1st Quarter of 2023 Suggestion from independent directors: None
August 9, 2022	Audit Business Execution Report for the 2 nd Quarter of 2023 Suggestion from independent directors: None
November 10, 2022	 Audit Business Execution Report for the 3rd Quarter of 2022 Audit Plan of 2023 Suggestion from independent directors: None

- (D) The audit officer shall deliver the audit report to independent directors by email within one month after the report is completed.
- (E) The Company has already provided contact numbers and emails for the direct contact and communication between independent directors and the internal audit officer.
- Note 1: If an independent director leaves office before the ending date of the year, the date of exit shall be specified in the remark column. In this case, the attendance in person (%) shall be calculated based on the number of meetings of the Audit Committee convened during this independent director's tenure as well as the actual number of meetings attended by this independent director.
- Note 2: Before the ending date of the year, if an independent director is reelected, both new and former independent directors shall be filled out and it shall be specified in the remark column that this independent is the formerly appointed, newly appointed or reappointed as well as date of reelection. In this case, the attendance in person (%) shall be calculated based on the number of meetings of the Audit Committee convened during this independent director's tenure as well as the actual number of meetings attended by this independent director.
 - 2. Key work of the year
 - (1) The Audit Committee of the Company comprises 3 independent directors. The professional qualifications and experience of the committee members are detailed in the preceding "(I) Information regarding directors-3. Information disclosure of directors' professional knowledge and independence". The Audit Committee aims at assisting the Board of Directors in performing its supervision of the Company's

quality and integrity during the execution of relevant accounting, audit and financial reporting flow as well as financial control. Matters deliberated by the Audit Committee mainly include:

- Financial statements
- Auditing and accounting policies and procedures
- Internal control system as well as relevant policy and procedures
- Trading of major assets or derivatives
- Major capital lending endorsement or guarantee
- Raising or issuing of valuable securities
- Financial derivatives and cash investments
- Abidance by laws and regulations
- Existence of related party transactions and possible conflict of interest between managers and directors
- Appeal reports
- Anti-fraud plans and anti-fraud investigation reports
- Information security
- Risk management of the Company
- Qualifications, independent and performance evaluation of certified public accountants
- Appointment, dismissal or remuneration of certified public accountants
- Appointment and dismissal of finance, accounting or internal audit officer
- Performance of duties of the Audit Committee
- Performance self-evaluation questionnaire of the Audit Committee
- (2) Evaluation of effectiveness of internal control system

The Audit Committee evaluated the effectiveness of the policies and procedures of the Company's internal control system (including finance, operation, risk management, information security, outsourcing, abidance by laws and regulations and other relevant control measures) and reviewed the periodic reports from the Company's audit department, certified public accountants and the management, including risk management and abidance by laws and regulations. With reference to Internal Control-Integrated Framework released by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee concluded that the Company's risk management and internal control system were effectiveness, and the Company already taken a necessary control mechanism to supervise and correct illegal behaviors.

(3) Review of financial report

The Board of Directors prepared business report, financial statements and earnings distribution proposal of the Company for the year 2022. The financial statements were entrusted to accountants Wang, Chao-Chun and Liu, Yu-Xiang from Deloitte Taiwan for the completion of audit and the issuance of audit report. The Audit Committee reviewed and concluded that no nonconformity existed in the aforesaid business report, financial statements and earnings distribution proposal.

(4) Appointment of certified public accountants

The Audit Committee is granted with the duty to supervise the independence of the certified accounting firm to ensure the fairness of

the financial statements. Generally speaking, except tax related services or specifically approved items, the certified accounting firm shall not provide other services for this Company. All the services provided by the preceding accounting firm must be approved by the Audit Committee. In order to ensure the independence of the certified accounting firm, the Audit Committee formulated an independence evaluation form with reference to Article 47 of the Accountants Act as well as contents of Code of Ethics for Professional Accountants No. 10 Notice: "Integrity, Impartiality, Objectivity and Independence" to evaluate if the accountants are related parties with the Company or have business contacts or financial interest relations with the Company regarding the independence, professionalism and competence of the accountants. It was deliberated and passed in the eighth meeting of the 3rd Audit Committee on November 10, 2022 and the nineth meeting of the 5th Audit Committee on November 10, 2022 that there was no doubt about the independence and competence of accountants Wang, Chao-Chun and Liu, Yu-Xiang from Deloitte Taiwan and they were adequate to serve as the financial and tax certified public accountants of the Company.

(5) Operation in the current year:

Resolved matters not approved by the Audit Committee but handling of approved by more opinions of than two thirds of the Audit all directors Committee but handling of approved by more opinions of than two thirds of the Audit all directors Committee beyond the preceding matters	None	None
The Company's handling of opinions of the Audit Committee	Approved and passed by all attending directors	Approved and passed by all attending directors
Resolution results of the Audit handling of approved by the Audit Company's Committee but handling of approved by more opinions of than two thirds of the Audit all directors Committee beyond the preceding matters	The chair inquired all Approved attending committee members and passed who raised no objection and the competent department attending submitted it to the Board of directors Directors for discussion.	The chair inquired all attending committee members and passed who raised no objection and by all the competent department attending submitted it to the Board of directors Directors for discussion.
Independent directors' opposing or reserved opinions or contents of major suggestions	None	None
Matters listed in the Securities Exchange Act §14-5	> >	> > > > > > > >
Content of proposal	Proposal for subsequent confirmation of acquisition and disposal of valuable securities Proposal for the Company's planned investment in initiating and establishing an investment company	 Discussion of financial report of the Company in 2021 Discussion of business report of the Company in 2021 Discussion of profit distribution in 2021 Proposal for statement of internal control system of the Company in 2021 Proposal for amendment to "Procedures for Acquisition or Disposal of Assets" Proposal for amendment to "Ethical Corporate Management Best Practice Principles" Proposal for amendment to "Procedures for Ethical Management and Guidelines for Conduct" Proposal for amendment to "Corporate Social Responsibility Best Practice Principles" Proposal for amendment to "Kules of Procedure for Shareholders' Meetings" Proposal for amendment to "Management of Operation of Board Meeting"
Convening date	Jan. 11, 2022 1.	Mar. 15, 2022 1. 2. 1. 4. 4. 4. 4. 4. 7. 6. 5. 6. 5. 4. 4. 7. 6. 5. 7. 7. 6. 6. 5. 7. 7. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6.
Audit	4th meeting of the 3rd Audit Committee	5th meeting of the 3rd Audit Committee

Resolved matters not approved by the Audit 's Committee but of approved by more of than two thirds of t all directors ee beyond the preceding matters	p;	None		p:	None		p:		None		
The Company's handling of opinions of the Audit Committee	Approved and passe	by all attending directors		Approved and passe	by all attending directors		Approved and passe	by all attending	directors		
Resolution results of the Audit handling of approved by the Audit handling of approved by more committee opinions of than two thirds of the Audit all directors committee perceding handles	ers	who raised no objection and the competent department submitted it to the Board of	Directors for discussion.	ers	who raised no objection and the competent department submitted it to the Board of	Directors for discussion.	The chair inquired all Approved attending committee members and passed	who raised no objection and the competent department	submitted it to the Board of Directors for discussion.		
Independent directors' opposing or reserved opinions or contents of major suggestions		None			None				None		
Matters listed in the Securities Exchange Act §14-5	Λ	Λ	>	Λ	Λ	>	Λ	>	>	Λ	Λ
Content of proposal	Discussion of financial report of the Company in the $1^{\rm st}$ quarter of 2022	Proposal for subsequent confirmation of acquisition and disposal of valuable securities	Proposal for signing of plant lease contract of the Company	Discussion of financial report of the Company in the 2^{nd}quarter of 2022	Proposal for subsequent confirmation of acquisition and disposal of valuable securities	Proposal for amendment to administrative measures and internal control system	Discussion of financial report of the Company in the 3 rd quarter of 2022	Proposal for subsequent confirmation of acquisition and disposal of valuable securities	Proposal for appointment and remuneration of CPAs in 2023	Proposal for formulation of audit plan for 2023	Proposal for amendment to "Procedures for Handling of Major Internal Information and Prevention of Insider Trading"
ate	22 1.	2.	3.	22 1.	2.	3.	22 1.	2.	33	4.	rv.
Convening date	May 12, 2022			Aug. 9, 2022			Nov. 10, 2022				
Audit	6 th meeting of the 3 rd Audit	Committee		7 th meeting of the 3 rd Audit	Committee		8 th meeting of the 3 rd Audit	Committee			

- C. Composition, responsibilities and operation of the Remuneration Committee:
 - 1. Membership information of the Remuneration Committee

Membership Information of Remuneration Committee

April 1, 2023

D.				11p111 1, 2023
Identity	Condition	Professional qualifications and experience	Independence status	Number of other public companies where they hold a concurrent post of member of remuneration committee
Independent director (convener)	HONG, CHIA-YU	Note	Note	0
Independent director	KE, YONG-SIANG	Note	Note	0
Independent director	YANG, SHUN-CHING	Note	Note	0

Note: Detailed in "A. Information regarding directors-3. Information disclosure of directors' professional knowledge and independence".

- 2. Information regarding operation of "Remuneration Committee" of the Company:
 - (1) The Remuneration Committee of the Company comprises three members.
 - (2) Tenure of committee members of this tenure: The Company appointed the members of the fourth Board of Directors on August 11, 2021 with tenure from August 11, 2021 to June 30, 2024. In 2022, 4 meetings (A) of the Remuneration Committee were convened with attendance status of members as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (B/A)	Remark
Convener	HONG, CHIA-YU	3	1	75.00	
Committee member	KE, YONG-SIANG	4	0	100	
Committee member	YANG, SHUN-CHING	4	0	100	

Note: Attendance in person (%) is calculated according to the number of meetings of the Remuneration Committee convened during term of office and meetings actually attended by the committee members.

- 3. Periodic review of remuneration by the Remuneration Committee:
 - The function of the Remuneration Committee of the Company is to evaluate the remuneration policies and systems for directors and managers of the Company in a professional and objective position. It shall convene at least two meetings a year and may convene meetings at any time as needed. The Remuneration Committee may offer suggestions to the Board of Directors as reference for its decision-making.
 - (1) Authorities of the Remuneration Committee of the Company
 - (A) Periodically review the organization procedure of the Remuneration Committee of the Company and offer suggestions on correction.
 - (B) Establish and periodically review the annual and long-term performance objectives of directors and managers of the Company as well as remuneration policies, systems, standards and structure.
 - (C) Periodically evaluate the fulfillment conditions of the performance objectives of directors and managers of the Company and establish content and amount of their individual remuneration.

- (2) The Remuneration Committee shall abide by the following standards when performing its authorities.
 - (A) Ensure that remuneration arrangements of the Company comply with relevant laws and regulations and are enough to attract excellent talents.
 - (B) The performance evaluation and remuneration of directors and managers shall be determined with reference to the normal payment level in the same trade and in consideration of time spent by them, responsibilities borne, fulfillment of personal objectives, performance in other positions served, and remuneration paid by the Company to those of equivalent positions in recent years. Additionally, the reasonableness of linkage of individual performance with the Company's operational performance and future risks shall be evaluated based on the fulfillment conditions of the Company's short-term and long-term business objectives as well as its financial status.
 - (C) The Remuneration Committee shall not guide directors and managers to adopt behaviors beyond the Company's risk appetite for the purpose of pursuing higher remuneration.
 - (D) As for the ratios of dividends paid to directors and senior managers for their short-term performance as well as payment time of some changed remuneration, decisions shall be made in consideration of industry characteristics and the business nature of the Company.
 - (E) Members of the Remuneration Committee shall not join the discussion and voting of decisions made on their personal remuneration.
- 4. Information regarding meetings of the Remuneration Committee: Information regarding meetings of the Remuneration Committee in recent year and review and evaluation of the Company's remuneration is shown below:

Name of meeting	Date		Content of proposal	Resolution result of the Remuneration Committee	Handling of opinion
3 rd meeting of the 4 th Remuneration Committee	Jan. 11, 2022	bon	posal for discussion of yearend us of the managers of the npany in 2021	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	N/A
4 th meeting of the 4 th Remuneration Committee	Mar. 15, 2022	for or rem rem 2. App	distribution of employee uneration and director uneration in 2021 rove the proposal for drawing % of employee bonus	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	N/A
5 th meeting of the 4 th Remuneration Committee	Aug. 9, 2022	disc rem	rove the proposal for cussion of payment of director cuneration, and payment ails and date in 2021	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	N/A
6 th meeting of the 4 th Remuneration Committee	Nov. 10, 2022	for t Rem Com 2. App disc rem	prove the discussed proposal the work plan of the nuneration Committee of the npany in 2023 prove the proposal for sussion of employee nuneration and yearend bonus to managers	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	N/A

D. Information regarding membership information and operation of Nomination Committee: N/A. The Company has not set up a nomination committee yet.

E. Execution status of corporate governance, deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

companies and reasons thereof.				
Accompatition			Execution status	Deviations from Corporate Governance Best Practice Principles
Assessinein itein	Yes	No	Summary	for TWSE/TPEx Listed Companies and reasons thereof
(I). Has the Company followed "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate?	<u> </u>		The Company has established "Corporate Governance Best Practice Principles" and disclosed it in the MOPS and its website.	No significant deviation
(II). Shareholding Structure & Shareholders' Rights (1) Has the Company established Internal Operation Procedures for handling shareholders'	>		The Company has established a spokesperson and proxy system, and disclosed the spokesperson's contact person in MOPS. Also, the Company has set up a website that contains	No significant deviation
suggestions, concerns, disputes, and litigation matters? If yes, have these procedures been implemented accordingly?			special zones for investors, corporate governance, corporate social responsibilities and stakeholders as reference for shareholders and stakeholders. Additionally, the Company	
			has set up a specific email of stock.service@jmct.com.tw as a channel to handle shareholders' suggestions, concerns and disputes so as to assure shareholders' interests. Furthermore, the company has entrusted a stock affairs agency to handle stock affairs including shareholders' interests.	
(2) Has the Company possessed a list of major shareholders of actually controlled companies and beneficial owners of these major shareholders?	>		The Company entrusts its daily shareholders' work to professional stock affairs agency. Meanwhile, specially-assigned personnel are in charge of handling relevant affairs, and mastering the list of major shareholders of actually controlled companies and beneficial owners of these major shareholders.	
(3) Has the Company built and executed a risk management system and firewall between the Company and its affiliates	>		As for business contacts between the Company and its affiliates, price conditions and payment terms have already been clearly established in principles of fairness and reasonableness. Additionally, the Company has already established "Administrative Measures for Trading of Group	

Deviations from Corporate Governance Best Practice Principles	for TWSE/TPEx Listed Companies and reasons thereof		No significant deviation
Execution status	Summary	Enterprises, Specific Companies and Related Parties" to standardize the trading with affiliates. Furthermore, the Company has already clearly divided the management responsibilities for personnel, assets and finance among affiliates, and each affiliate has established independence finance and business systems without co-use of loan limit, thus effectively realizing risk control. The Company has established "Procedures for Handling of Major Internal Information and Prevention of Insider Trading" to prohibit the insiders of the Company from trading valuable securities by utilizing the undisclosed information in the market.	The election and appointment of directors of the Company have already been stipulated in "Articles of Association" and "Measures for Election of Directors" of the Company. Meanwhile, the overall configuration of the Board of Directors shall be taken into account. Policy for strengthening of functions of the Board of Directors has been stipulated in "Corporate Governance Best Practice Principles" of the Company. The composition of the Board of Directors shall be diversified except that the number of directors holding a concurrent post of manager of the Company shall better not exceed one third of total directors. Also, proper diversified guidelines are drafted based on the corporate operation, business types and development demands. It is advisable to include but not limited to the standards regarding the following two aspects:
	No		
	Yes	>	>
, , , , , , , , , , , , , , , , , , ,	Assessment nem	(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	(III).Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy and specific management objectives and guidelines for its Board of Directors and have them been implemented accordingly?

:		Execution status	Deviations from Corporate Governance Best Practice Principles
Assessment item	Yes No	Summary	for TWSE/TPEx Listed Companies and reasons thereof
		I. Basic conditions and values: Gender, age, nationality,	
		II. Professional knowledge and skills: Professional	
		background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, industry	
		experience, etc.	
		Attention shall be paid to the gender equality among members of the Board of Directors who shall also generally	
		possess the knowledge, skills and quality needed for	
		execution of their duties. In order to achieve the ideal goal of	
		corporate governance, the Board of Directors shall have the	
		following capacity as a whole:	
		1. Operational judgment 2 Accounting and financial analysis ability	
		3. Operation management ability	
		4. Crisis handling capacity	
		5. Industrial knowledge	
		6. Outlook on international market	
		/. Leadership o Dogicion molting ability	
		o. Decision-making abinity The specific management objectives and fulfillment	
		conditions of the diversification policy of composition of the	
		Board of Directors of the Company as well as the	
		implementation status of this policy by members of the Board	
		of Directors are detailed in Note 1.	
(2) Other than the Remuneration Committee and the	>	The Company has already set up the Remuneration	
Audit Committee set up by the Company		Committee and the Audit Committee which have been	
according to law, is the Company willing to set up	_	operated according to the provisions of relevant laws and	

Deviations from Corporate Governance Best Practice Principles	for TWSE/TPEx Listed Companies and reasons thereof		r
Execution status	Summary	regulations. The Company may consider adding other various kinds of functional committees in the future based on its operation status and pursuant to relevant laws and regulations. The Company has already established a performance evaluation system for the Board of Directors. The Board of Directors passed "Measures for Performance Evaluation of the Board of Directors" on November 12, 2020 and has conducted performance evaluation periodically every year. The evaluation results of 2022 were already submitted to the meeting of the Board of Directors convened on March 14, 2023 and used as reference for the director reward and renewal (e.g., consideration given to the attendance rate of directors and scope of their responsibilities).	In order to ensure the independence of the certified accounting firm, the Company requests the certified public accountants to issue statement of independence every year, and the Board of Directors regularly evaluates the independence of these accountants every year. The Audit Committee formulated an independence evaluation form with reference to Article 47 of the Accountants Act as well as contents of Code of Ethics for Professional Accountants No. 10 Notice: "Integrity, Impartiality, Objectivity and Independence" to evaluate if the accountants are related parties with the Company or have business contacts or financial interest relations with the Company regarding the
	No		
	Yes	>	>
A	ASSESSIBELL REILL	other various kinds of functional committees? (3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of the performance to the Board of Directors, and used the results as reference for the director reward and renewal?	(4) Has the Company regularly evaluated the independence of its certified public accountants?

, the second of			Execution status	Deviations from Corporate Governance Best Practice Principles
יחופות ונפווו	Yes N	No	Summary	for TWSE/TPEx Listed Companies and reasons thereof
		in ac	independence, professionalism and competence of the accountants. As for evaluation of independence of certified	
		g A g	public accountants of the Company in 2022, the Finance & Accounting Department already completed "Evaluation Form of Independence and Companies of Accountants"	
		<u> </u>	(evaluation contents established with reference to Article 47	
		o	of the Accountants Act as well as contents of Code of Ethics	
		<u>.</u>	for Professional Accountants No. 10 Notice). It was	
		<u> </u>	deliberated and passed in the eighth meeting of the 3 rd Audit Committee on November 10, 2022 and the nineth meeting of	
		=	the 5 th Audit Committee on November 10, 2022 that there	
		}	was no doubt about the independence and competence of	
		a	accountants Wang, Chao-Chun and Liu, Yu-Xiang from	
		Ď	Deloitte Taiwan and they were adequate to serve as the	
		ţij	financial and tax certified public accountants of the Company.	
(IV). Has the Company appointed competent and		F	The Company appointed finance officer to serve as corporate $ $	No significant
appropriate corporate governance personnel and		<u>დ</u>	governance officer in the board meeting on March 18, 2021 to $ ext{deviation} $	eviation
corporate officer to be in charge of corporate		<u>ă</u>	be in charge of corporate governance affairs (including but	
governance affairs (including but not limited to firmishing information required for business		ĭ ţ	not limited to handling of matters related to the meetings of the Roard of Directors, the Audit Committee, the	
execution by directors, assisting directors'		<u>~</u>	Remuneration Committee and the Shareholders' Meeting	
compliance of law, handling matters related to		<u>a</u>	according to law; assisting directors' assumption of duty and	
meetings of the Board of Directors and the		<u> </u>	continuing education; provision of data needed for the	
Shareholder's Meeting according to law, and		d i	directors' execution of business; assisting directors'	
recording minutes of board)?		<u> </u>	compliance of law, etc. As the top officer in charge of	
		<u> </u>	corporate governance related matters, the finance officer has	
		ы	engaged in the management work of finance, stock affairs and	

Assessment item
Yes
disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors' conferences, etc.)?
(3) Has the Company announced and reported the annual financial statements within two months after the end of the fiscal year, and announced and reported the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?
Has the Company disclosed other important information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employees' rights and care, investor relations, supplier relations, rights of stakeholders, records of further education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and the Company's purchasing

, to 00000 A			Execution status	Deviations from Corporate Governance Best Practice Principles
Assessment nem	Yes	No	Summary	for TWSE/TPEx Listed Companies and reasons thereof
of liability insurance for directors and			relevant information to the website of MOPS designated by	
supervisors)?			the competent authority in a real-time manner according to	
			relevant provisions. Additionally, the Company has	
			appointed spokesperson, deputy spokesperson and stock	
			affairs staff to answer questions raised by investors	
			regarding the Company at any time.	
		(4)	3. Supplier relations: The Company has maintained good	
			supply relations with all suppliers. The quality and delivery	
			period presented by each supplier has been normal over	
			the years and no situation like shortage or interruption of	
			source has ever occurred.	
		4	4. Rights of stakeholders: The Company and its stakeholders	
			have performed their rights and obligations according to	
			the provisions of contracts and relevant operating	
			procedures to safeguard the two sides' legitimate rights	
			and obligations.	
		L)	5. Directors' further education: Directors and independent	
			directors of the Company have professional backgrounds	
			and practical operation and management experience, and	
			engage in further education of courses related to corporate	
			governance periodically.	
		9	6. Implementation of risk management policies and risk	
			evaluation measures: The internal control system and	
			administrative rules and regulations for major business of	
			the Company have been passed by the resolutions made by	
			the Board of Directors or Shareholders' Meeting.	
			7. Implementation of customer relations policies: The	

			Execution status	Deviations from Corporate Governance Best Practice Principles
Assessment item	Yes	No	Summary	for TWSE/TPEx Listed Companies and reasons thereof
			Company sticks to the Ethical Corporate Management Best	
			Practice Principles, and maintains good supply relations	
			with customers. Also, the Company designates personnel to	
			continuously communicate with customers and solve	
			problems regarding delivery of customers' orders on time,	
			quality requirements and product after-sales services.	
			8. The Company's purchasing of liability insurance for	
			directors: Directors of the Company have all exercised their	
			authorities according to law during term of office and the	
			Company has already purchased liability insurance for its	
			directors.	

appoint a corporate governance officer after being approved by the Board of Directors; meanwhile, the Company will discuss how to optimize Please describe the improvements based on the results of corporate governance evaluation announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation in recent years and indicate matters and measures of priority for those not improved yet: It is planned to strengthen the improvement of the promotion of sustainable development and the information disclosure of Shareholders' Meeting in English version according to the results of the eight corporate governance appraisal of the Company so as to improve the information transparency, and the disclosed information regarding the night index study session so as to implement the spirit of corporate governance.

Note 1: The specific management objectives of the diversification policy regarding the composition of the Board of Directors of the Company as well as fulfillment conditions of such objectives are as follows:

Management objective	Fulfillment condition
Number of independent directors exceeds one third of total directors.	Fulfilled
Number of directors holding a concurrent post of manager of the Company shall better not exceed one third of total directors.	Fulfilled
Adequate diversified professional knowledge and skills	Fulfilled

The execution statuses of the diversification policy regarding members of the Board of Directors are detailed as follows:

The execution statuses of the diversification pointy regalating members of the board of Directors are detailed as follows:		ατιστι μυτική	1580	ıı dınığını	CHIDCL	o or tric poc	יסווע ווו מוו	יטוא מוכ מו	ctalled a	ewollor e			
Sore diversification item					Sen	Seniority of	Juc	Industrial experience	perienc	Ф	Ь	Proficiency	cy
	Gender	Gender Nationality		Age	inde di	independent director	r	Metal and	Electronic	Outlook on	Industrial	:	Risk
Name of director		-	21-60	51-60 61-70 71-80 Below 3	Below 3 years	3-9 Above 9 years	product and material	machinery technology market market	technology	international market	technology	Accounting	technology Accounting management
Chairman Wan, Wen-Tsai	Male	R.O.C		Λ			Λ	Λ	Λ	Λ	Λ		Λ
Vice Chairman HUANG, CHIA-NENG	Male	R.O.C		Λ			Λ		Λ	V			Λ
Director HONG, CHUAN-CHENG	Male	HK	Λ				Λ		Λ	V			Λ
Director HSU, YUAN-FENG	Male	R.O.C	Λ				V		Λ	V			Λ
Independent Director KE, YONG-SIANG	Male	R.O.C		Λ		Λ				V		Λ	Λ
Independent Director YANG, SHUN-CHING	Male	R.O.C		Λ	Λ		Λ		Λ	V			Λ
Independent Director HONG, CHIA-YU	Male	R.O.C		Λ	Λ		Λ		Λ	V			Λ

Note 2: Appointment, authorities, business promotion and further education of corporate governance officer:

1. Appointment and scope of authority of corporate governance officer:

The Company appointed finance officer to serve as corporate governance officer in the board meeting on March 18, 2021 to be in charge of corporate governance affairs (including but not limited to handling of matters related to the meetings of the Board of compliance of law, etc. As the top officer in charge of corporate governance related matters, the finance officer has engaged in the Directors, the Audit Committee, the Remuneration Committee and the Shareholders' Meeting according to law; assisting directors' assumption of duty and continuing education; provision of data needed for the directors' execution of business; assisting directors' management work of finance, stock affairs and procedures for more than three years.

2. Business promotion of the corporate governance officer in 2021:

courses and report the further education status as stipulated in accordance with the provisions of "Key Points for Promotion of (1) Provide information regarding further education courses for the directors irregularly, and remind the directors to complete these Further Education of Directors and Supervisors of TWSE/TPEx Listed Companies.

(2) Evaluate and purchase "Director Liability Insurance" for directors and report the underwritten content to the Board of Directors.

(3) Convene irregular communication meetings for accountants, independent directors, audit officer and finance officer to implement the internal audit and internal control systems. The minutes of these communication meetings are detailed in the web pages of the

- committees, and provide sufficient meeting documents to facilitate directors to comprehend the relevant contents of proposals; if a remind this director before the meeting and ask he/she to excuse himself/herself for conflict of interest; send meeting minutes to directors and committee members to attend seven days before convening of meetings of the Board of Directors and relevant director or the legal person this director represents has a stake in the meeting matters, the corporate governance officer will (4) Handle matters related to the meetings of the Board of Directors and committees according to laws and regulations: Inform all each director within twenty days after the meeting.
- (5) Be in charge of releasing major information or announcements on important resolutions after the meeting of the Board of Directors or the Shareholders' Meeting the same day and guaranteeing the legitimacy and correctness of the information disclosed so as to assure investors' information equivalence.
- (6) The Company conducts performance evaluation of the Board of Directors periodically every year according to its "Measures for Performance Evaluation of the Board of Directors".
- (7) Provide directors with information concerning new laws and regulations on business execution, corporate governance or business operation irregularly.
 - according to the term stipulated in relevant law, and prepare and report meeting date, meeting handbook and meeting minutes (8) Handle matters related to regular Shareholders' Meeting according to law: Register date of the Shareholders' Meeting every year before prescribed term.
 - (9) Review the fulfillment conditions of corporate governance appraisal indexes of the Company item by item every year and come up (10) Provide operating information regarding the Company's business or finance according to directors' requirements and maintain smooth contact and communication between directors and each business officer. with improvement plans and responsive measures for indexes not scored yet.

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ation of corporate governance officer of the Company in 2022:	
educat	
. Records of further ϵ	
3	

Chonsor	Name of course	Date	Houre	Total hours in
iogiodo	Maine of coarse	Dace	110413	current year
Quantum International Corp (QIC), Georgesor	Quantum International Corp (QIC), Georgeson International Viewpoint Regarding Independent	March 10 2022	1	
and Taiwan Stock Exchange	Directors and 2022 Shareholders' General Meeting	Maicii 10, 2022	T	
Taiwan Institute for Sustainable Energy	Taishin International Bank Forum – 2030 Transform to	000 00 150	0	
(TAISE)	Net Zero	Api 11 44, 4044	n	
Accounting Research and Development	Analysis of the latest strategic polices and evaluation	Max 2 2022	2	1.2
Foundation	practices of corporate governance	May 3, 2022	C	77
Toims Charle Dischange Q. Toimsi Evaluana	Sustainable Development Roadmap Introduction	700 ZC 311.1	C	
iaiwaii Stuck Excilalige & Talpel Excilalige	Meeting	July 47, 4044	7	
Comition and Entiron Institute (CEI Toisium)	2022 Prevention of Insider Trading Introduction	October 14 2022	0	
Securities and ruthres institute (SFI raiwan)	Seminar	October 14, 2022		

Note 3: Identity of stakeholders, issues concerned, communication channels and ways to respond in 2022

			,	
Identity of stakeholder	Issue concerned	Communication channel	Frequency	Way to respond
Shareholders and investors	Operational performance	 ◆MOPS ◆Special zone for investors on the Company's website ◆Annual regular Shareholders' Meeting ◆Investors' conference ◆Inquire the spokesperson 	Real-time / irregular	◆Annual regular Shareholders' Meeting ◆Annual investors' conference ◆Announcement in MOPS and publicity at the Company's website ◆Contact window: Miss Chou from Finance & Accounting Department (E-mail: stock.service@jmct.com.tw)
Customers	Customer services	Customer service specialist	Real-time / irregular	 ◆Real-time response to customers ◆Contact window: Miss Chang from Marketing & Business Division (E-mail: Erin.Chang@jmct.com.tw)
Suppliers	Provision of relevant resources and services needed for the corporate operation	Tel./email	Real-time / irregular	 ◆Real-time feedback of problems to suppliers ◆Contact window: Mr. Change from Purchasing Department (E-mail: Jerry.Chang@jmct.com.tw)
Financial institutions	♦Operational performance ♦Risk management	Tel./email	Real-time / irregular	 ◆Real-time response to the bank ◆Contact window: Miss Chen from Finance & Accounting Department (E-mail: kitty.chen@jmct.com.tw)
Government agencies	Abidance by government regulations	◆MOPS ◆Official document	Real-time /irregular	 ◆Announcement in MOPS ◆Correspondence of official documents ◆Contact window: Miss Chou from Finance & Accounting Department (E-mail: stock.service@jmct.com.tw)
Employees	◆Employee benefits and remuneration ◆Employees' rights and interests	◆Employee benefit committee ◆Electronic suggestion box/Tel/bulletin board	Annual / irregular	 Department heads communicate and have meetings with colleagues irregularly. The employee benefit committee provides multiple benefit measures every year. Contact window: Miss Sue from Administration Division (E-mail: sue.su@jmct.com.tw)

F. Execution status of promotion of sustainable development, deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Execution Status of Promotion of Sustainable Development, Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

LIACHCE I IIIIC	ıpıcə	riactice riniciples for 1 Was/1 rex bisted companies and neasons inered	
Dage it worth		Execution status (Note 1)	Deviations from Sustainable Development Best
FIGHIOUOH REIII	Yes No	Summary	for TWSE/TPEx Listed Companies and reasons thereof
(I). Has the Company established a governance structure to promote sustainable development and set up full-time (part-time) unit to promote sustainable development which is handled by senior management authorized by the Board of Directors and supervised and guided by the Board of Directors?	>	The Company established the Sustainable Development Committee as the department in charge of sustainable development according to the Sustainable Development Best Practice Principles. It is responsible to formulate and execute the promotion of sustainable development policies, system or relevant management guidelines and report to the Board regularly.	No significant deviation
(II). Has the Company implemented risk evaluation of issues related to corporate operation including environment, society and corporate governance according to materiality principle and established relevant risk management policies or strategies? (Note 2)	>	In order to fulfill our corporate social responsibility, the Company promulgated sustainable development principles in accordance with the deviation Sustainable Development Best Practice Principles to achieve our goal in "Exercise corporate governance", "Foster a sustainable environment", "Preserve public welfare" and "Enhance disclosure of sustainable development information". The Company has already established "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethics" and "Regulations on Corporate Social Responsibilities" (renamed as "Sustainable Development Best Practice Principles" after amendment) as rules of ethics and	No significant deviation

Domotive		Execution status (Note 1)	Deviations from Sustainable Development Best
	Yes No	Summary	for TWSE/TPEx Listed Companies and reasons thereof
		responsibilities to be followed by directors, managers and all employees in commercial conducts. Besides the clarification of relevant rules and regulations on attendance management, performance assessment, and reward and punishment to each new colleague, the Company has always remembered to publicity its policies and relevant management regulations to them in order to realize the combination with corporate ethics. Furthermore, the Company organizes education and training programs for the employees irregularly to strengthen the employees' professional skills, and enhance officers' ability so as to create high-performance achievements for the team and implement corporate social responsibilities in daily management.	
(III).Environmental issues (1) Has the Company established an environmental management system as appropriate for its industrial features?	>	ompany has dedicated to maintaining the environments inside titside the plant area as well as their compliance with the relevant namental protection regulations as well as relevant laws, tions and specifications of the Ministry of Economic Affairs. The any has already obtained ISO14001 certificate through the DNV ation by third-party verification company and continuously wed its environmental management system as well as maintained lidity of its certificate. The validity period of the latest certificate from December 28, 2022 and ends on December 28, 2025. Please the website of the Company for details.	No significant deviation
(2) Is the Company dedicated to improving the energy utilization efficiency and using recycled materials with a low impact on environmental burden?	>	year according to the asures are as follows: h-efficiency motors (pumps) om with LED teardrop lamps h electricity in total with a	No significant deviation

Dromotion itom		Execution status (Note 1)	Deviations from Sustainable Development Best
Fromotion term	Yes No	Summary	for TWSE/TPEx Listed Companies and reasons thereof
		2. Recycled materials: In order to improve the resource recycling and re-utilization efficiency, the Company has continuously implemented each energy-saving measures. For example, ERP and double-sided paper printing have been adopted to reduce the use of paper so as to comply with the implementation of policies for less paper and less wastes. Additionally, the Company has implemented water resource recycling policy which refers to the utilization of purified wastewater in the processes, recycling of the wastewater to the cooling tower for circulation and then use of the processed water for toilet flushing. The Company has utilized wastewater generated by RO and recycled it to the cooling tower for circulation as well as used for toilet water flushing and air pollution washing tower so as to realize water-saving effect. In 2018, the new pure water system substantially improved water output efficiency. In 2022, the recycling and utilization amount of RO condensate water reached 71,420t. In 2022, the total tap water consumption reached 427,858t. In 2022, the percentage of water recycled in the water consumption in the same period reached 16.69%.	
le	>	g energy-saving and carbon nd publicity of employees as well ly and energy-saving wastes.	No significant deviation
comate change at present and in the future and have it taken relevant responsive measures?			

30.11		Execution status (Note 1)	Deviations from Sustainable Development Best
Y. Y.	Yes No	Summary	for TWSE/TPEx Listed Companies and reasons thereof
(4) Has the Company gathered statistics of greenhouse gas emission, water consumption and total weight of wastes in the past two years and established policies for the reduction of greenhouse gas emissions and water consumption or administration of other wastes?		The global warming resulting from greenhouse gases has already become an important issue we must face. We need and have to start the control and reduction of greenhouse gases in consideration of the signing of Kyoto Protocol and release of ISO14064-1 international standard now. Issues regarding greenhouse gases have always been concerned and disputed by different countries and enterprises, e.g., damage of ozone sphere above the North Pole and the South Pole, melting of frozen glaciers and the extreme climate change. All of these examples have clearly indicated the existence of the undisputed fact of global warming and awakened developed and developing countries to closely discuss this issue. The influence of greenhouse gases has already threatened humans' survival. However, given the current industrial production model, development of economy will inevitably generate more carbon dioxide since it is closely related to people's livelihood. Scholars and experts specialized in economy and environmental protection are now commencing researches for the purposes of inhibiting the increase of greenhouse gases and realizing stable economic development at the same time. Therefore, greenhouse gas is an inevitable issue enterprises must face now. An enterprise may find a new path for its sustainable management in an operation environment with stricter carbon emission restrictions only by getting to know the issues concerning greenhouse gases as early as possible and realizing its own position in such background. The Company has obtained ISO 14064-1 GHG inventory audit since 2013; currently, all the external audits of the Company regarding greenhouse gases are entreded to an eligible, fair third party (DNV CLUA).	No significant deviation

			Exe	Execution status (Note 1)		Deviations from Sustainable Development Best
Promotion item	Yes No	0		Summary		Practice Principles for TWSE/TPEx Listed Companies
		Ç				and reasons thereof
		Green Unit:	Greenhouse gas emissioi Unit: Metric ton of CO2e	Greenhouse gas emissions in recent 2 years: Unit: Metric ton of CO2e		
		Year		Scope 1	Scope 2	
		2020		131.1452	19,031.7655	
		707		294.6131	20,304.6/1/	
		The d	ates of GHG inven	The dates of GHG inventory audit statement were September 24, 2021	e September 24, 2021	
		and S audits	eptember 29, 202. s in 2020 and 202.	and September 29, 2022, indicating the completion of the inventory audits in 2020 and 2021 respectively. Relevant data of 2022 will be	ion of GHG inventory ata of 2022 will be	
		updat 2023.	ced after post-audi	updated after post-audit data and certificate is obtained in September 2023.	btained in September	
		Water		consumption and wastes generated in recent 2 years Un	ent 2 years Unit: Metric ton	
		Year		Total water consumption	Total wastes	
		2021	1	560,329	1,945.595	
		2022	2	427,858	1,473.04	
		As for		waste reduction processing, the Company has classified and	has classified and	
		scree	ned waste plastics	screened waste plastics that can be recycled from the original common	n the original common	
		enter	prise wastes with	enterprise wastes with intermediary treatment:		
		In 202	21, total recycling	In 2021, total recycling income of NT\$ 395,000 was obtained for the	vas obtained for the	
		Company.	any.			
		In 202	22, total recycling	In 2022 , total recycling income of NT\$ $264,000$ was obtained for the	vas obtained for the	
		company.	any.			

			Execution status (Note 1) De	Deviations from Sustainable Development Best
Fromotion tem	Yes No	No	Summary Lis	for TWSE/TPEx Listed Companies and reasons thereof
(IV). Social issues (1) Has the Company established relevant management policies and procedures based on relevant laws, regulations, and international conventions on human rights?	>		f e	No significant deviation
(2) Has the Company established and implemented reasonable employee welfare measures (include salary and compensation, leave and others), and appropriately linked operational performance or achievements with employee salary and compensation?	>	La van ra « t	ting Rules for Employees" and the the labor regulations and have been u. The employment, promotion and ployees follow "Working Rules for provided reasonable employee em, implemented insurance plan and d retirement pension according to law, itee. Please refer to Note 3 below or	No significant deviation
(3) Has the Company provided a safe and healthy environment to its employees and periodically implemented safety and health education to employees?	>	f f f f f f f f f f f f f f f f f f f	s external notarization units to s. Employees of the Company enjoy I the Company also periodically action. The Company for the work of employees, please check Note 4 redetails.	No significant deviation

Description		Execution status (Note 1)	Deviations from Sustainable Development Best
FIOIIIOUOII ILEIII	Yes No	Summary	for TWSE/TPEx Listed Companies and reasons thereof
(4) Has the Company established an effective career competence training program for its employees?	>	The Company has established "Management Procedures for Employee Education and Training" and executes internal and external training every year according to the annual education and training plan. The Company values employees' functions and potential and helps employees improve their skills and quality through continual learning. The Company creates a good environment for employees' career development and establishes an effective career competence development training program to strengthen its overall competitiveness.	No significant deviation
relevant regulations and international rules and formulated relevant policies and appeal procedures to protect consumers' or customers' interests regarding issues like customer health and safety, customer privacy, marketing and labeling concerning products and services?	>	id international rules and services. The ications to assure the ducts and services: gement system rs' rights and acluding "Customer andling problems	No significant deviation
(6) Has the Company established supplier management policy and requested the suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor rights, and what is the execution status?	>	ement rative measures for supplier terials provided by the orices, delivery period and s are sufficiently capable of ditionally, the Company uppliers to effectively	No significant deviation

Promotion item		Execution status (Note 1)	Deviations from Sustainable Development Best Practice Principles
	Yes No		for TWSE/TPEx Listed Companies and reasons thereof
		The Company also appraises suppliers periodically and suppliers who fail to reach the stipulated grades based on the appraisal results will be removed from "List of Eligible Suppliers". On the basis of cooperation, the Company implements requirements for sustainable development in the daily management of supply chain through evaluation of suppliers. Additionally, the Company and relevant business to authenticate and manage relevant existing risks like insufficient production capacity, quality problems or supply chain interruption of the suppliers based on the actual demands, and reported the management performance of supply chain to the heads of responsible departments every quarter. Supplier evaluation Supplier evaluation Supplier and the Commany charefiled supplier and the Commany contingers shall be required and an antity of major issues required and an anily of major issues required and an anily of major issues required and relevant equation and receive on the event and the Commany and the Comment and the Comment and the Commany a	

Promotion item Yes No		Execution status (Note 1)	e 1)	Sustainable Development Best
Yes No				Practice Principles
		Summary		for TWSE/TPEx Listed Companies
1	2. Definitior measures	finitions of scoring results of supplier appraisal and responsive asures	ier appraisal and responsive	
	Grade	Qualification certification audit of new supplier	Annual audit	
	A 86-100	Eligible: This supplier can be included in List of Eligible	Excellent: It is suggested that the purchasing department	
		Suppliers and trading with this supplier can begin.	might increase purchasing volume.	
	В	Conditionally eligible: This	Good: Normal purchasing	
	71-85	supplier can be included in List of Eligible Suppliers but		
		coaching shall be strengthened.		
	C	Supplier to be coached: This	To be coached:	
	07-09	Subbiler can be included in List of	1. The insufficiency discovered in	
		Eligible Subbliers for continuous trading only after the insufficiency	audit must be traced, improved and then closed.	
		discovered in audit is traced,	2. Purchasing within a	
	ı	improved and then closed.	limited quantity	
	D Pelem	Ineligible: Products can be	Ineligible:	
	below 59	purchased from this supplier again only after this supplier	1. The supplier fillust be audited again within three months.	
		completes all improving	2. It is suggested that the	
		measures.	purchasing department	
			volume or stop purchasing	
			from this supplier until the	
			situation is improved.	
			3. If the supplier falls in three audits, this supplier must	
			be removed from the List	

Execution status (suppliers of main raw materials): The Company has already signed purchasing contract with Sumitomo Metal Mining Co., Ltd. As for suppliers not contracted yet, the Company also conduct on-the-spot audit or document audit besides legality documents required of these suppliers. Besides, Sumitomo Metal Mining Co., Ltd. (SMC), a supplier of the Company on February 9, 2023 in order to develop Business Continuity Plan (BCP). The main content is described as follows: SMC provides the Company with the most comprehensive support for reduction of CO ₂
iers of main raw materials): It signed purchasing contract with Sumitomos for suppliers not contracted yet, the nn-the-spot audit or document audit besides ired of these suppliers. Besides, Sumitomo MC), a supplier of the Company, signed a nmitment letter with the Company on er to develop Business Continuity Plan (BCP). cribed as follows: SMC provides the Company ensive support for reduction of CO2
emissions, improvement of energy-saving, sustainable development, and expansion of innovative technical proposals by supporting the latest automatic air pressure technology. The Company and SMC will join hands to realize the sustainable development goals (SDGs). Additionally, the Company also considers whether the suppliers attach importance to workers' rights and interests, occupational safety and health, pollution prevention and administration, etc. The Company will increase policies against the violations of the foregoing in the future as demanded and add term for termination or rescission of contract at any time when significant impact is imposed on the environment and society in communities where sources of supply are located. The Company follows relevant rules for integrity management and requests its suppliers to perform corporate social responsibilities. The main suppliers of the Company are all large famous manufacturers although not clearly stipulated in the contracts, and therefore there is no worry about their violation of environmental and social responsibilities.

				Deviations from
			Execution status (Note 1)	Sustainable Development Best
				Development Dest
Fromotion item				for TWSE/TPEx
	Yes No	No	Summary	Listed Companies
				and reasons thereof
(V). Has the Company prepared reports	,	<u> </u>	The Company hasn't prepared sustainability report, or passed the	The Company
that disclose its non-financial			investigation of relevant verification agency vet at present.	hasn't prepared
information like sustainability				sustainability
report with reference to the				report yet at
international universal report				present, but it
proparation criteria or midelines?				plans to prepare
direction of guidenness:				reports that
nave une preceding reports				disclose its
acquired confirmation or				non-financial
guarantee opinion from				information with
third-party verification unit?				reference to
				relevant criteria or
				guidelines in the
				future.

(VI). If the Company has established Sustainable Development Best Practice Principles according to "Sustainable Development Best Practice (renamed as "Sustainable Development Best Practice Principles") and joined all the colleagues to exert efforts to realize the objectives In order to practice corporate social responsibilities, the Company has established "Regulations on Corporate Social Responsibilities" of "Implementation of Corporate Governance", "Development of a Sustainable Environment", "Maintenance of Social Welfare" and Principles for TWSE/TPEx Listed Companies", please explain its operation and difference from the principles formulated: "Strengthening of Information Disclosure of Enterprise's Sustainable Development".

The Company sticks to the concept of "What is taken from the society is used for the society" and will dedicate to the social work in the (VII). Other important information that facilities a better understanding of the Company's implementation of promotion of sustainable future. Please check the special zone for CSR activities on the website of the Company for details http://www.jmct.com.tw/JMC_TC/L5900.html). development:

Note 1 If the execution status is checked as "Yes", please specifically explain the important policies, strategies and measures taken as well as execution status; if the execution status is checked as "No", please explain the deviations and reasons thereof in the column in "Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof" and explain the future plans for adoption of relevant policies, strategies and measures. Note 2 Materiality principle refers to the material influence of issues related to environment, society and corporate governance on the investors and other stakeholders of the Company.

Note 3 Employee welfare measures, retirement system and their implementation status

(1) Employee welfare measures and implementation status

and health insurance, maternity insurance, disease-risk policy and medical treatment, the Company has also established an employee benefit Besides welfare and payments handled for all employees of the Company according to labor and health insurance measures, including labor committee. In addition to the provision of employees' basic welfare guarantee granted by the Labor Standard Law and organizing of activities like travel to employees in order to adjust their physical and mental states, better their life quality and enhance their friendship, the Company also provides various kinds of cash gifts periodically and subsidies for weddings and funerals every year.

a. Welfare facilities

pregnant women, contracted kindergarten and many appointed stores. The management of occupational health and safety management system is implemented based on the authentication of hazard factors and the assessment and control of risks and opportunities to prevent The Company has established staff restaurant, healthcare room, nursing room, AED, blood pressure machine, special parking spaces for occurrence of accidents by means of systematic operation, reduce the risk of harm to employees, and improve the safety environment. In 2020, occupational injury cases were reduced in the plant area based on good safety and health control.

b. Welfare subsidies

All employees are entitled to labor insurance, health insurance, group insurance (including accident insurance), medical insurance, cancer insurance and employee travel insurance, etc. Employees also enjoy benefits such as marriage subsidy, maternity subsidy, funeral subsidy, birthday cash gift, seasonal dinner bonus, education and training, and employees' physical checkups.

c. Other subsidies

The Company provides maternity leave, pregnancy care leave, paternity leave, parental leave, etc. according to the provisions of laws and

(2) Employees' further education and training

In order to cultivate employees' morality and improve their quality, professional ability and work efficiency, in additional to orientation training courses and various kinds of education and training arranged to new employees upon their entry, the Company also provides professional technical training for employees based on different functions and business demands so as to enhance employees' academic skills and benefit the achievement of their work tasks.

(3)Retirement system and implementation status

In order to provide employees with a comfortable retirement life, the Company has legally formulated labor retirement measures, established account at the central trust bureau every month according to a ratio of 2% of the total amount of remuneration expenses to safeguard workers' rights and interests. The Company also adopted the new retirement policy issued by the government since June 1, 2005 and appropriated 5% of total employees' remuneration to employees' individual pension accounts; if employees voluntarily pay retirement pension, the Company will withhold and remit retirement pension from employees' monthly salary to the individual retirement pension a labor retirement reserve fund supervision committee, and periodically appropriated and deposited retirement reserve fund in a special accounts opened at the bureau of labor insurance based on the voluntary payment ratio. The Company applies the provisions of the labor pension regulations as follows:

a. Voluntary retirement:

Employees having any of the following circumstances may apply for voluntary retirement: (Those who choose the application of the labor pension regulations shall handle retirement according to the same provisions in the regulations.)

- i. Working for fifteen years and above and aged 55 or above
 - ii. Working for twenty-five years and above
- iii. Working for ten years and above and aged 60 and above
- b. Compulsory retirement:

The Company shall not force an employee to retire unless this employee otherwise has any of the following circumstances:

- Aged 65 and above
- ii. Mental incapacity or physical disability to result in the incompetence for the work.

for the approval of adjustment of the retirement of workers engaged in special types of work involving danger and great strength, but the Regarding the age stipulated in the subparagraph 1 of the preceding paragraph, the Company shall apply to the central competent authority retirement age shall not be lower than 55.

- c. Pension payment standards:
- i. If the working seniority before and after the issuance of the Labor Standard Law is applied, or if the provisions of "Labor Standard Law" on pension is continuously applied according to the labor pension regulations, or the working seniority before the application of the labor pension regulations is preserved, the pension payment standards shall be calculated according to the provisions of Article 84-2 and Article 55 of the Labor Standard Law.
- If the mental incapacity or physical disability of an employee who has the working seniority stipulated in the preceding paragraph and is under compulsory retirement according to the provisions of Article 35, Paragraph 1, Subparagraph 2 is caused due to execution of his work, extra twenty percent of pension will be increased according to the provisions of Article 55, Paragraph 1, Subparagraph 2 of the Labor Standard Law.
- iii. As for employees who are subject to the provisions of labor pension regulations, the Company will pay 6% of their monthly salaries to their individual retirement accounts.
- d. Agreed payment of pension:

The pension payable by the Company to the employees shall be paid within thirty days since the dates of retirement of the employees.

(4)Safeguarding status of measures for the safeguarding of employees' rights and interests

In addition to the formulation of work rules according to provisions of laws and regulations to clearly standardize each working condition and safeguard employees' rights and interests, the Company has also established an employee welfare committee according to laws and regulations, and therefore employees' rights and interests can be fairly and reasonably handled according to the aforesaid channels; so far, no damage has been caused to the rights and interests of the employees of the Company.

(5)Status of labor-capital agreement

The labor-capital relationship of the Company has always been harmonious with unimpeded communicating channels. Also, the Company abides by the provisions of relevant laws and regulations and hasn't been involved in any labor dispute or any situation requires Status of labor-capital agreement. (6)In accordance with Article 24 of the Articles of Association of the Company, if the Company obtains profits in current year, it shall appropriate $2\%\sim16\%$ of the profits as employee reward. The Board of Directors will decide to distribute it in form of stock or cash. The objects of payment include employees of subordinate companies that comply with certain conditions; the Company may appropriate 1% of the aforesaid profits However, when the Company has accumulated losses, amount for compensation of such losses shall be reserved in advance, and then as director reward. Proposals for distribution of employee reward and director reward shall be reported to the Shareholders' Meeting. employee reward and director reward may be appropriated according to the preceding ratios.

Measures for the protection of employees' work environment and personal safety:

(1)0ccupational health and safety management system (ISO 45001)

Relying on the annual production management system, each unit involved in work safety management shall report and communicate their work and the Company executes the inspection of achievements and review of insufficiency so as to expect the continual optimization of technologies. Besides continuous implementation of safety observation and execution of occupational safety and health management plan, the Company also implements irregular safety and health check and audit as well as safety supervision and guidance by senior officers. In 2020, the Company obtained the verification of ISO 45001 (international occupational health and safety management system).

The management of occupational health and safety management system is implemented based on the authentication of hazard factors and the assessment and control of risks and opportunities to prevent occurrence of accidents by means of systematic operation, reduce the risk of harm to employees, and improve the safety environment. In 2020, occupational injury cases were reduced in the plant area based on good safety and health control.

(2) Execution achievements of occupational health and safety

i. Work environment monitoring

Master the actual status of the work environment in the workplaces and evaluate the exposure condition of the workers' work environment and implement planning, sampling, monitoring and analysis. In order to protect workers from suffering harms from hazardous substances in workplaces, the Company provides a healthy and comfortable work environment for them, and executes monitoring of work environment with frequency of 2 times per year to gradually learn the staff's actual exposure status.

ii. Equipment safety management

The Company implements equipment classification and lists dangerous machinery and equipment for management and detailed examinations according to law so as to ensure safe operations of the machinery equipment. The Company has no dangerous equipment, but has 4 forklift trucks as dangerous machinery.

iii. Occupational safety education and training

A healthy and safe work environment is the achievement of the joint efforts of the Company and its employees. Besides the improvement of safety management of hardware, the Company also ensures that officers at each level and all employees must receive necessary work safety education and training to improve their safety awareness. Such education and training are also provided for training students, contractors, temporary workers and even contractors and suppliers that enter the production areas.

In order to strengthen employees' awareness to maintain the safety of the workplaces and implement work safety systems and regulations, we continuously host various kinds of related education and training activities.

Work Safety Education, Training and Advocacy

Man-hours	4322	4550	3618
Person-times	1341	1569	986
Year	2020	2021	2022

Professional Work Safety Management Personnel

Licensed Work Sa	fety N	censed Work Safety Management Personnel in 2021	
Occupational safety (health) management specialist	1	. Operator of forklift truck with load above 1 metric ton	11
Occupational safety and health administrator	2	Operator of fixed base crane with load above 3 metric ton	3
Class-A occupational health and safety work officer	2	Organic solvent work officer	8
Labor health service care and nursing staff	1	Specific chemical substance work officer	14
First-aid staff	19	19 Other personnel	1

Work Safety Performance of the Company in Recent Three Years-Statistics of Injuries Causing Employees' Disability

Year	Death and major disability accident	Temporary complete disability accident
2020	Male: 0; female: 0	Male: 0; female: 2
2021	Male: 0; female: 0	Male: 0; female: 0
2022	Male: 0; female: 0	Male: 0; female: 1

G. Performance status of business integrity management, deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

1 W 3E/ 11 EA EISTON COMPANIOS ANA 1 CASONIS AICI CON				
Account town			Execution status	Deviations from Ethical Corporate Management Best Dractice Drinciples
Assessment trent	Yes	oN	Summary	for TWSE/TPEx Listed Companies and reason thereof
(I). Establishment of integrity policies and solutions			In order to implement business integrity policies and actively prevent dishonest conduct, the Company has	
(1) Has the Company established integrity nolicies approved by the Board of	>		already established "Ethical Corporate Management Best Practice Principles" "Code of Ethics" and "Procedures for	
Directors and disclosed, in a			Ethical Management and Guidelines for Conduct" to	
memorandum or external			specifically standardize the matters that shall draw	No significant
correspondence, the policies and			attention from the Board of Directors, the management	deviation
practices it has in place to maintain			and all employees during execution of their work, and	
business integrity? Are its Board of			disclosed them on its website (http://www.jmct.com.tw).	
Directors and senior management			Relevant personnel have actively implemented these	
actively implementing these policies and			rules.	
practices?				
(2) Has the Company established an	>		The Company has established relevant prevention plans	
evaluation mechanism for the risks of			in "Ethical Corporate Management Best Practice	
dishonest conduct to periodically			Principles", "Procedures for Ethical Management and	
analyze and evaluate business activities			Guidelines for Conduct", and "Code of Ethics" which have	
that have a relatively high risk of			already covered the preventive measures for the following	
dishonest conduct and established plans			conducts:	
for prevention of such dishonest conduct			1. Bribery;	No significant
accordingly that at least covers the			2. Provision of illegal political contributions;	deviation
preventive measures indicated in in			3. Improper charitable donations or sponsorship;	
Paragraph 2 of Article 7 of the Ethical			4. Provision or acceptance of unreasonable gifts,	
Corporate Management Best Practice			treatments or other illegitimate interests;	
Principles for TWSE/TPEx Listed			5. Infringement upon business secrets, trademarks, patent	
Companies?			rights, copyrights and other intellectual property rights;	
			6. Engagement in unfair competition;	

Ethical Corporate Management Best Practice Principles	for TWSE/TPEx Listed Companies and reason thereof	oducts and ders' rights, procurement,	ical Corporate ocedures for nduct", and dures for the operating ablished rules eal and ceding dizes matters uring execution ceptance of on of	stablished terparties and ehend the esponsible No significant acilitate the deviation y time given with business sested them to
Execution status	Summary	7. Direct or indirect damages caused by products and services to consumers' or other stakeholders' rights, interests, health and safety during R&D, procurement, manufacturing, provision or sales.	The Company has already established "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Code of Ethics" as well as operating procedures for the prevention of dishonest conduct, including operating procedures, guidelines for conduct, and established rules for advocacy, reward and punishment, appeal and disciplinary actions. By establishing the preceding principles and rules, the Company standardizes matters that shall draw attention from personnel during execution of their work, prohibits the provision or acceptance of illegitimate interests, executes the prevention of dishonest conduct, and provides the employees with irregular education, training and advocacy.	The Company has evaluated the integrity records of counterparties per the customers' credit, established relevant administrative measures for counterparties and suppliers, and enabled them to fully comprehend the principles for business integrity. Relevant responsible departments have established clause that facilitate the termination or rescission of contracts at any time given dishonest conduct when signing contracts with customers, suppliers, contractors or other business counterparties. Also, the Company has requested them to
 -	No			
	Yes		>	>
Assessment item Y			(3) Has the Company clearly established, implemented, and executed operating procedures, guidelines for conduct and actions to punish and appeal violations in the plans for prevention of dishonest conduct, and periodically reviewed and corrected the preceding plans?	(II). Implementation of ethical corporate management (1) Has the Company evaluated the integrity records of counterparties with which it has business relationship and clearly stipulated integrity clauses in the contracts signed with these counterparties?

Deviations from Ethical Corporate Management Best Practice Principles	for TWSE/TPEx Listed Companies and reason thereof	ill fully perform ppervise and onduct. The ystem that egulations as a ffairs, and also ystem. The sign of the of its execution tion conditions l system at any secute relevant egulations to tegrity policies. or officer to 's operation p provisions of syulations for lar or irregular on and training employees can tts and essence deviation lready obtained dvocated the ry of new ted internal and the system at any deviation deviation training on and training ry of new ted internal and
Execution status	Summary	The Board of Directors of the Company will fully perform the fiduciary duty and duty of care and supervise and urge the Company to prevent dishonest conduct. The Company has established an accounting system that complies with the laws, regulations and regulations as a standard for the handling of accounting affairs, and also formulated an effective internal control system. The Company shall inspect and ensure the design of the systems and the continuous effectiveness of its execution at any time, as well as review the observation conditions of accounting system and internal control system at any time. The audit room will establish and execute relevant annual audit plan according to relevant regulations to ensure the implementation of business integrity policies. The Company arranges special personnel or officer to advocate the importance of the Company's operation concept and moral integrity as well as the provisions of relevant internal and external laws and regular or irregular basis, and profoundly strengthen education and training regarding business integrity. As a result, employees can have a better understanding of the contents and essence of corporate culture. Currently, we have already obtained common sense from the employees and advocated the Company's policies and systems upon entry of new colleagues. In 2022, the Company conducted internal and external education and training related to business
	No	
	Yes	>
Assessment item Yes		(4) Has the Company established effective accounting system and internal control system to implement ethical corporate management, and has the internal audit unit drafted relevant audit plan based on the evaluation results of the risk of dishonest conduct to check the abidance by the plans for prevention of dishonest conduct, or entrusted accountants to execute the audit? (5) Has the Company organized internal and external education and training on a regular basis to maintain its ethical corporate management?

Deviations from Ethical Corporate Management Best Practice Principles	for TWSE/TPEx Listed Companies and reason thereof	acy, 5S with	for code of the significant fic deviation deviation byees er.	ration ses No significant ion deviation	ration ses to No significant The deviation lential sed lat the
Execution status	Summary	education and training of common sense for general safety, health and hazards, ISO related course advocacy, 5S advocacy, and relevant courses involving accounting systems and regulations as well as internal control) with 4,788 person-times and 9,375 hours of education and training in total.	The Company has established "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethics" and relevant personnel administrative measures, and set up employee suggestion box as well as specific mailbox (stock.service@jmct.com.tw). Such kind of rigorous whistleblowing mechanism facilities employees to pass on messages in a safe and confidential manner.	A dedicated personnel unit is set up in the Administration Division of the Company to take charge of appeal cases from employees, and such cases will be properly responded by suitable personnel. Employee suggestion box is also established in staff restaurant.	A dedicated personnel unit is set up in the Administration Division of the Company to take charge of appeal cases from employees. The undertakers of such cases are strictly prohibited to disclose the details of the cases to irrelevant personnel during and after investigation. The signing officers in each level shall also remain confidential for such cases. Relevant information shall be processed and archived as confidential documents to ensure that the
	No				
	Yes		>	>	>
Assessment item Y			(III). Operation of the Company's whistleblowing system (1) Has the Company established specific whistleblowing and rewarding systems, set up channels that facilitate whistleblowing, and assigned proper dedicated personnel for the reported objects?	(2) Has the Company established any standard operating procedures for the investigation of reports accepted as well as subsequent measures and relevant confidentiality mechanism after completion of investigation?	(3) Has the Company taken measures to protect whistleblower from improperly disposal due to whistleblowing?

			Execution status	Deviations from Ethical Corporate Management Best
Assessment item	Yes	No	Summary	for TWSE/TPEx Listed Companies and reason thereof
			whistleblower will not be improper disposed due to	
			whistleblowing.	
(IV). Enhancement of information disclosure	>		The Company has established "Ethical Corporate	
Has the Company disclosed the contents			Management Best Practice Principles", "Procedures for	No cignificant
and promotion effect of its Ethical Corporate			Ethical Management and Guidelines for Conduct" and	NO Significant
Management Best Practice Principles on its			"Code of Conduct" and disclosed relevant information on	ueviationi
website and MOPS?			MOPS and the Company's website.	

Management Best Practice Principles for TWSE/TPEx Listed Companies), please explain its operation as well as deviations from the (V). If the Company has established Ethical Corporate Management Best Practice Principles in accordance with "Ethical Corporate principles established:

The Company has established "Ethical Corporate Management Best Practice Principles" and its operation has been performed according to these principles.

any time and encourage directors, managers and employees to offer their suggestions so as to review and improve its integrity policies The Company will pay attention to the development of relevant regulations on ethical corporate management at home and abroad at management: (e.g., details of the Company's review and correction of its Ethical Corporate Management Best Practice Principles): (VI). Other important information that facilities a better understanding of the Company's implementation of ethical corporate and promoting measures and thus improve the implementation effect of its ethical corporate management. Method to query Corporate Governance Best Practice Principles and relevant rules and regulations established by the

The Company has already established "Corporate Governance Best Practice Principles" and relevant laws and regulations and disclosed them in the special zone for corporate governance on its website. The Company will disclose relevant information on its website and MOPS in the future based on actual operation status.

Other important information to facilitate a better understanding of the Company's corporate governance: None.

- J. Execution status of internal control system
 - 1. Statement of Internal Control System:

JMC Electronics Co., Ltd. Statement of Internal Control System

Date: March 14, 2023

Based on the findings of self-assessment, the Company states the following with regard to its internal control system during 2022:

- (1) The Company knows clearly that its Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system, and it has already established this system. The purpose of the internal control system is to provide reasonable assurance of the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), 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 its stated objectives. Furthermore, the effectiveness of an internal control system may be subject to change due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- (3) The Company evaluates 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" (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component covers certain items. Please refer to the "Regulations" for the preceding items.
- (4) The Company has evaluated the design and operating effectiveness of its internal control system according to the aforementioned Regulations.
- (5) Based on the findings of such evaluation, the Company believes that, as of December 31, 2022, it has maintained an effective internal control system in all material aspects (including the supervision and management of our subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations.
- (6) This Statement is an integral part 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 Securities Exchange Act.
- (7) This Statement was passed by the Board of Directors in their meeting held on March 14, 2023, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

JMC Electronics Co., Ltd.

Chairman: HUANG, CHIA-NENG Signature or Seal General Manager: LI, WAN-HSIA Signature or Seal

Review report of internal control of project review by accountants: None.

- K. If the results of legal penalties to the Company and its internal personnel, or penalties of the Company to the internal personnel for the violation of the provisions of the internal control system in the recent year and as of the date of publication of the annual report may have a material influence on the shareholders' equity or securities price, the contents of such punishments, principal deficiencies and improvements shall be specified: None.
- L. Important resolutions of the Shareholders' Meeting and the Board of Directors in recent years and as of the date of publication of the annual report:

1. Important resolutions of the Shareholders' Meeting:

Name of meeting	Date	Important resolutions	Execution status
		Resolution on the recognition of business report and financial statements of the Company of 2021 passed	Already completed.
Regular Shareholders'	June 9,	2. Resolution on the recognition of earnings distribution proposal of the Company of 2021 passed	September 12, 2022 was established as the distribution base date and September 26, 2022 was established as the payment date. The earnings were already distributed according to the aforesaid schedule (cash dividend of NT\$ 2 per share distributed).
Meeting	2022	3. Resolution on the proposal for amendment to "Procedures for Acquisition or Disposal of Assets" passed	Already announced on MOPS and operated according to the corrected contents.
		 Resolution on the proposal for amendment to "Articles of Association" passed 	Already announced on MOPS and operated according to the corrected contents.
		5. Resolution on the proposal for amendment to "Rules of Procedure for Shareholders' Meetings" passed	Already announced on MOPS and operated according to the corrected contents.

2. Important resolutions of the Board of Directors:

Name of meeting of the 5th Board of Directors Director	lents' d the 's
Name of meeting Date Content of proposal Company handling of opinions Sth meeting of the 5th Board of Directors Directors Directors Directors 1. Approve the proposal for subsequent confirmation of acquisition and disposal of valuable securities. 2. Approve the proposal for the Company's planned participation in the investment of initiation and incorporation of investment company. 3. Approve the proposal for discussion of year-end bonus of the managers of the Company in 2021 6th meeting of March 15, 1. Approve the proposal for discussion of distribution of None	d the r's these
the 5th Board of Directors 2. Approve the proposal for the Company's planned participation in the investment of initiation and incorporation of investment company. 3. Approve the proposal for discussion of year-end bonus of the managers of the Company in 2021 6th meeting of March 15, 1. Approve the proposal for discussion of distribution of None	
Directors 2. Approve the proposal for the Company's planned participation in the investment of initiation and incorporation of investment company. 3. Approve the proposal for discussion of year-end bonus of the managers of the Company in 2021 6th meeting of March 15, 1. Approve the proposal for discussion of distribution of None	
participation in the investment of initiation and incorporation of investment company. 3. Approve the proposal for discussion of year-end bonus of the managers of the Company in 2021 6th meeting of March 15, 1. Approve the proposal for discussion of distribution of None	
of investment company. 3. Approve the proposal for discussion of year-end bonus of the managers of the Company in 2021 6th meeting of March 15, 1. Approve the proposal for discussion of distribution of None	
managers of the Company in 2021 6 th meeting of March 15, 1. Approve the proposal for discussion of distribution of None	
6 th meeting of March 15, 1. Approve the proposal for discussion of distribution of None	
· · · · · · · · · · · · · · · · · · ·	
the 5 th Board of 2022 employee reward and director reward in 2021	
Directors 2. Approve the proposal for discussion of financial report of the Company in 2021.	
3. Approve the proposal for discussion of business report of the Company in 2021.	
4. Approve the proposal for discussion of earnings distribution in 2021.	
5. Approve the proposal for presentation of 6% of employee bonus.	
6. Approve the proposal for statement of internal control system of the Company in 2021.	
7. Approve the proposal for amendment to "Rules of Procedure for Shareholders' Meetings".	
8. Approve the proposal for amendment to "Ethical Corporate Management Best Practice Principles".	
9. Approve the proposal for amendment to "Procedures for Ethical Management and Guidelines for Conduct".	
10. Approve the proposal for amendment to "Corporate Social Responsibility Best Practice Principles".	
11. Approve the proposal for amendment to "Articles of Association".	
12. Approve the proposal for amendment to "Rules of Procedure for Shareholders' Meetings".	
13. Approve the proposal for amendment to "Rules of Procedure of Board of Directors".	
14. Approve the proposal for discussion of date, place and	
reason for the convening of regular Shareholders' Meeting in 2022.	
7 th meeting of May 12, 1. Approve the proposal for discussion of the financial report of None	
the 5th Board of 2022 the Company in the 1st quarter of 2022	
Directors 2. Approval the proposal for subsequent confirmation of	
acquisition and disposal of valuable securities.	
3. Approve the proposal for signing of plant lease contract of the	
Company.	

Information Regarding Resolutions of the Board of Directors in 2022 and 2023 and				
		Operation Status		
8th meeting of	_	1. Approve the proposal for discussion of the financial report of	None	
the 5 th Board of Directors	2022	the Company in the 2nd quarter of 2022. 2. Approve the proposal for subsequent confirmation of		
Directors		acquisition and disposal of valuable securities.		
		3. Approve the proposal for discussion of relevant details		
		concerning the distribution of cash dividends in 2022.		
		4. Approve the proposal for discussion of payment of director		
		remuneration, and payment details and date in 2021.		
		5. Approval the proposal for amendment to administrative		
		measures and internal control system.		
9th meeting of	November	1. Approve the proposal for discussion of the financial report of	None	
the 5 th Board of	10, 2022	the Company in the 3rd quarter of 2022.	110110	
Directors	,	2. Approval the proposal for subsequent confirmation of		
		acquisition and disposal of valuable securities.		
		3. Approval the proposal for appointment and remuneration of		
		CPAs in 2023.		
		4. Approval the proposal for formulation of audit plan for 2023.		
		5. Approve the discussed proposal for the work plan of the		
		Remuneration Committee of the Company in 2023.		
		6. Approve the proposal for discussion of employee		
		remuneration and yearend bonus paid to managers.		
		7. Approve the proposal for discussion of proposal for the		
		budget of 2023.		
		8. Approve the financing limit of financial institutions in 2023.		
		9. Approval the proposal for amendment to "Procedures for		
		Handling of Major Internal Information and Prevention of		
		Insider Trading".		
10 th meeting of	•	1. Approval the proposal for subsequent confirmation of	None	
the 5 th Board of	2022	acquisition and disposal of valuable securities		
Directors		2. Approve the proposal for discussion of distribution of		
		employee reward and director reward in 2022		
		3. Approve the proposal for discussion of financial report of the		
		Company in 2022.		
		4. Approve the proposal for discussion of business report of the		
		Company in 2022.		
		5. Approve the proposal for discussion of earnings distribution in 2022.		
		6. Approve the proposal for presentation of 6% of employee bonus.		
		7. Approve the proposal for statement of internal control system of the Company in 2022.		
		8. Approval the proposal for amendment to "Management of		
		Operation of Board Meeting".		
		9. Approve the proposal for amendment to "Sustainable		
		Development Best Practice Principles".		
		10. Approve the proposal for amendment to "Articles of		
		Association".		
		11. Approve the proposal for amendment to "Rules of Procedure		
		for Shareholders' Meetings".		

Information Regarding Resolutions of the Board of Directors in 2022 and 2023 and							
	Operation Status						
	 12. Approve the proposal for relief of non-compete duty of directors. 13. Approve the proposal for discussion of date, place and reason for the convening of regular Shareholders' Meeting in 2023. 14. Election of chairman and vice chairman of the Company 15. Approve the proposal for authorizing the vice chairman of the Company as the authorized person for the special financial seal used for the correspondent banks of the Company. 						

	Information Regarding Resolutions of the Board of Directors Deliberated and Passed by								
th	e Audit (Committee and Operation Status of th	e Audit Committee						
Name of meeting	Date	Content of proposal deliberated and passed by the Audit Committee	Resolution result concluded by the Audit Committee	Company's handling of opinions of the Audit Committee					
5 th meeting of the 5 th Board of Directors	January 11, 2022	 Approve the proposal for subsequent confirmation of acquisition and disposal of valuable securities. Approve the proposal for the Company's planned investment in initiating and establishing an investment company. 	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None					
6 th meeting of the 5 th Board of Directors	March 15, 2022	 Approve the proposal for discussion of financial report of the Company in 2021. Approve the proposal for discussion of business report of the Company in 2021. Approve the proposal for discussion of earnings distribution in 2021. Approve the proposal for statement of internal control system of the Company in 2021. Approve the proposal for amendment to "Procedures for Acquisition or Disposal of Assets". Approve the proposal for amendment to "Ethical Corporate Management Best Practice Principles". Approve the proposal for amendment to "Procedures for Ethical Management and Guidelines for Conduct". Approve the proposal for amendment to "Corporate Social Responsibility Best Practice Principles". Approve the proposal for amendment to "Rules of Procedure for Shareholders' Meetings". Approve the proposal for amendment to "Management of Operation of Board Meeting". 	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None					

Information	Regardir	g Resolutions of the Board of Directo	ors Deliberated and l	Passed by
th	e Audit (Committee and Operation Status of th	e Audit Committee	
7 th meeting of the 5 th Board of Directors	May 12, 2022	 Approve the proposal for discussion of the financial report of the Company in the 1st quarter of 2022. Approve the proposal for subsequent confirmation of acquisition and disposal of valuable securities. Approve the proposal for signing of plant lease contract of the Company. 	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None
8 th meeting of the 5 th Board of Directors	August 9, 2022	 Approve the proposal for discussion of the financial report of the Company in the 2nd quarter of 2022. Approve the proposal for subsequent confirmation of acquisition and disposal of valuable securities. Approve the proposal for amendment to administrative measures and internal control system. 	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None
9 th meeting of the 5 th Board of Directors	10, 2022	 Approve the proposal for discussion of the financial report of the Company in the 3rd quarter of 2022. Approve the proposal for subsequent confirmation of acquisition and disposal of valuable securities. Approve the proposal for appointment and remuneration of CPAs in 2023. Approve the proposal for formulation of audit plan for 2023. Approve the proposal for amendment to "Procedures for Handling of Major Internal Information and Prevention of Insider Trading". 	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None
10 th meeting of the 5 th Board of Directors	March 14, 2023	 Approve the proposal for subsequent confirmation of acquisition and disposal of valuable securities. Approve the proposal for discussion of financial report of the Company in 2022. Approve the proposal for discussion of business report of the Company in 2022. Approve the proposal for discussion of earnings distribution in 2022. Approve the proposal for statement of internal control system of the Company in 2022. Approve the proposal for amendment to "Management of Operation of Board Meeting". Approve the proposal for amendment to "Sustainable Development Best Practice Principles". Approve the proposal for amendment to "Rules of Procedure for Shareholders' Meetings". 	The chair inquired all attending committee members who raised no objection and the competent department submitted it to the Board of Directors for discussion.	None

- M. Major contents of record or written statement regarding different opinions of directors or supervisors on the important resolutions passed by the Board of Directors in recent years and as of the date of publication of the annual report: None.
- N. Summary of resignation and removal of chairman, general manager, accounting officer, finance officer, internal audit officer, corporate governance officer and R&D officer in recent years and as of the date of publication of the annual report:

Summary of Resignation and Removal of Relevant Personnel of the Company

April 30, 2022

Title	Name	Date of	Date of	Reason for resignation
Title	Ivallie	appointment	resignation	or removal
Chairman	HUANG, CHIA-NENG	October 1, 2001	March 14, 2023	In response to the future development of the Company and needs for job adjustment (Elected as vice chairman in the meeting of the Board of Directors held on March 14, 2023)

- (V). Information regarding fee of certified public accountants:
 - A. Information regarding fee of certified public accountants

Unit of amount: NT\$ Thousand

Name of accounting firm	Name of accountant	Audit period	Audit fee	Non-audit fee	Total	Remark
Deloitte Taiwan	WANG, CHAO-CHUN LIU, YU-XIANG	2022	2,500	200	2,700	The non-audit fee is incurred for tax certification.

- B. The accounting firm is replaced and the audit fee paid in this year is less than that in the previous year: None.
- C. The audit fee is decreased by more than ten percent compared with that in previous year: None.
- (VI). Information regarding change of accountants:
 - A. Former accountants: N/A
 - B. Succeeding accountants: N/A
 - C. Reply letter from former accountants to the matters indicated in Item 1 and Item 2-3 of Subparagraph 6 of Article 10 of this standard: N/A
- (VII). Employment of chairman, general manager, and manager in charge of finance or accounting of the Company to the accounting firm where the certified public accountants work or its affiliates in recent year: None.

- (VIII). Changes (transfer and pledge)of equity of directors, managers and shareholders with shareholding ratio exceeding ten percent in recent years and as of the date of publication of the annual report:
 - A. Changes of equity of directors, managers and major shareholders:

Unit: Share

	20	22	A = = £ A == =	11 4 0000
		<i>LL</i>	AS OF Apr	il 1, 2023
Namo	Increase	Increase	Increase	Increase
Name	(decrease) of	(decrease) of	(decrease) of	(decrease) of
	shares held	shares pledged	shares held	shares pledged
Chang Wah Electromaterials Inc.				
Representative: Wan, Wen-Tsai	_	_		
Yenyo Technology Co., Ltd.				
Representative: HUANG,	-	-	-	
CHIA-NENG				
Chang Wah Electromaterials Inc.	-	-	-	
Chang Wah Electromaterials Inc.				
Representative: HONG,	-	-	-	
CHUAN-CHENG				
Chang Wah Electromaterials Inc.				
Representative: CHOU, KANG-CHI	-	-	,	
Chipmos Technologies Inc.	-	-	-	
Chipmos Technologies Inc.				
Representative: HSU, YUAN-FENG				
KE, YONG-SIANG	_	-	-	
YANG, SHUN-CHING	_	-	-	
HONG, CHIA-YU	-	-	-	
	-	-	-	
	-	_	-	
HSIA, CHIH-HSIUNG	-	-	-	
,	-	-	-	
			(0,000)	
LIN, CHIEN-YI	-	-	(3,000)-	
TO CHENC THIS				
KO, SHENG-TUNG	-	-	-	
CHEN, SUNG-CHOU	-	-	-	
CHEN, HSING-CHEN	-	-	-	
CALEN CALL MANO				
CHEN, CHI-YANG	-	-	-	
LIN MENG HOLEN				
LIN, MENG-HSIEN	-	-	-	
	Representative: Wan, Wen-Tsai Yenyo Technology Co., Ltd. Representative: HUANG, CHIA-NENG Chang Wah Electromaterials Inc. Chang Wah Electromaterials Inc. Representative: HONG, CHUAN-CHENG Chang Wah Electromaterials Inc. Representative: CHOU, KANG-CHI Chipmos Technologies Inc. Chipmos Technologies Inc. Representative: HSU, YUAN-FENG KE, YONG-SIANG YANG, SHUN-CHING HONG, CHIA-YU LI, WAN-HSIA HUANG, MEI-HSUEH HSIA, CHIH-HSIUNG FSAI, CHIN-PAO LIN, CHIEN-YI KO, SHENG-TUNG	Name Chang Wah Electromaterials Inc. Representative: Wan, Wen-Tsai Renyo Technology Co., Ltd. Representative: HUANG, CHIA-NENG Chang Wah Electromaterials Inc. Chang Wah Electromaterials Inc. Representative: HONG, CHUAN-CHENG Chang Wah Electromaterials Inc. Representative: CHOU, KANG-CHI Chipmos Technologies Inc. Chipmos Technologies Inc. Chipmos Technologies Inc. Representative: HSU, YUAN-FENG KE, YONG-SIANG YANG, SHUN-CHING HONG, CHIA-YU LI, WAN-HSIA HUANG, MEI-HSUEH HSIA, CHIH-HSIUNG LIN, CHIEN-YI KO, SHENG-TUNG CHEN, SUNG-CHOU CHEN, HSING-CHEN CHEN, CHI-YANG CHEN, CHI-YANG CHEN, CHI-YANG CHEN, CHI-YANG CHEN, CHI-YANG CHEN, CHI-YANG	Name (decrease) of shares held Chang Wah Electromaterials Inc. Representative: Wan, Wen-Tsai Yenyo Technology Co., Ltd. Representative: HUANG, CHIA-NENG Chang Wah Electromaterials Inc. Chang Wah Electromaterials Inc. Representative: HONG, CHUAN-CHENG Chang Wah Electromaterials Inc. Representative: CHOU, KANG-CHI Chipmos Technologies Inc. Representative: HSU, YUAN-FENG KE, YONG-SIANG ANG, SHUN-CHING HONG, CHIA-YU LI, WAN-HSIA HUANG, MEI-HSUEH HSIA, CHIN-PAO LIN, CHIEN-YI KO, SHENG-TUNG CHEN, SUNG-CHEN CHEN, SUNG-CHEN CHEN, CHI-YANG CHEN,	Name (decrease) of shares held Chang Wah Electromaterials Inc. Representative: Wan, Wen-Tsai Renyo Technology Co., Ltd. Representative: HUANG, CHIA-NENG Chang Wah Electromaterials Inc. Representative: HONG, Chang Wah Electromaterials Inc. Representative: HONG, Chang Wah Electromaterials Inc. Representative: HONG, Chiang Wah Electromate

Note 1. The Board of Directors elected Wan, Wen-Tsai, representative of Chang Wah Electromaterials Inc. as the chairman, and Huang, Chia-Neng, representative of YENYO Technology Co., Ltd. as vice chairman respectively on March 14, 2023.

- B. The objects of equity transfer by directors, managers and major shareholders are related parties: None.
- C. The objects of equity pledge by directors, managers and major shareholders are related parties: None.

Note 2. Chang Wah Electromaterials Inc. designated Mr. Wan, Wen-Tsai as its new representative on March 3, 2023, and the former representative, Mr. Chou, Kang-Chi, left office on the same day.

(IX). Information regarding top-10 shareholders in terms of shareholding ratio who are related parties or have kinship including spouses and the second degree of kinship:

Telateu parties of 1	iave Kilisi	np men	uumg s	pous	es anu	tile S			ոււր.
			Shar	ec.				esignation and	
Name (Note 1)	Shares held		currently held by spouse and		held in the		relation of top-10 shareholders who are related parties or have		Remark
Nume (Note 1)		l		minor children		name of others		kinship including spouses and the second degree of kinship (Note 3)	
	Number	Ratio	Number	Ratio	Number	Ratio	Name	Relation	
Chang Wah Electromaterials Inc.	35,531,390	42.81%	-	-	-	-	None	None	None
Chang Wah Electromaterials Inc. Representative: HUANG, CHIA-NENG	2,455,140	2.96%	-	-	-	-	None	None	None
Chipmos Technologies Inc.	8,300,000	10.00%	-	-	-	-	None	None	None
Chipmos Technologies Inc. Representative: CHENG, SHIH-CHIEH	-	-	-	-	-	1	None	None	None
HUANG, CHIA-NENG	2,455,140	2.96%	-	-	-	-	None	None	None
ASUS Inc.	830,000	1.00%	-	-	-	-	None	None	None
ASUS Inc. Representative: SHIH, CHUNG-TANG	-	-	-	-	-	-	None	None	None
LI, SHENG-CHE	786,000	0.95%	-	-	-	-	None	None	None
LI, WAN-HSIA	490,530	0.59%	-	-	-	-	None	None	None
HUNG, HSIEN-YEH	477,000	0.57%	-	-	-	-	None	None	None
HUANG, MEI-HSUEH	415,000	0.50%	-	-	-	-	None	None	None
LI, MEI-LIEN	393,000	0.47%	-	-	-	-	None	None	None
HUNG, TIEN-TSAI	347,000	0.42%	-	-	-	-	None	None	None

Note 1 All the top-10 shareholders shall be presented. As for corporate shareholders, their names and names of their representatives shall be presented separately.

(X). Shares held by the Company and its directors and managers as well as enterprise(s) directly or indirectly controlled by the Company and consolidated calculation of comprehensive shareholding ratios: None.

Note 2 Calculation of shareholding ratios refers to the calculation of shareholding ratios in the name of shareholders themselves, spouses, minor children or others.

Note 3 Shareholders presented above include legal persons and natural persons, and their mutual relations shall be disclosed according to the criteria for preparation of the issuer's financial report.

IV. Fundraising Status

(I) Capital and shares:

A. Sources of capital stock in recent years and as of the date of publication of the annual report:

April 1, 2023; unit: 1,000 shares; NT\$ Thousand

			zed capital ock		n capital ock	Remark		
Month/year	Issue price (NT\$)	Number of shares	l Amount	Number of shares	Amount		Stock capital compensated for with property other than cash	
Sep. 2020	10	111,000	1,110,000	83,000	830,000	Capital decrease of NT\$ 170,000,000 in cash	None	Note 1

Note 1: Approved by J.S.S.Zi No. 1090008932 Letter issued by the Ministry of Economic Affairs on September 14, 2020.

April 1, 2023; unit: Share

Type of	Autl	norized capital stock		
share Share	Shares circulated outside	Unissued shares	Total	Remark
Ordinary share	83,000,000	28,000,000	111,000,000	Listed stock

For fundraising and issuing of valuable securities approved under an overall application system, approved amount and relevant information regarding valuable securities scheduled for issuance or already issued: None.

B. Shareholder structure:

April 1, 2023

Shareholder structure Quantity	Government	Financial institution	Other legal person	Individual	Foreign institution and foreigner	Total
Number of shareholders	0	3	30	8,375	25	8,433
Number of shares held (share)	0	12,000	45,531,998	37,217,348	338,654	83,000,000
Shareholding ratio (%)	0.00%	0.01%	54.74%	44.84%	0.41%	100.00%

C. Equity separation status:

Ordinary share Face value per share: NT\$ 10

April 11, 2022

Shareholding scale	Number of shareholders	Number of shares held (share)	Shareholding ratio (%)
1~999	2,200	1,285,678	1.55
1,000~5,000	4,954	10,344,772	12.46
5,001~10,000	725	5,555,453	6.69
10,001~15,000	177	2,253,960	2.72
15,001~20,000	140	2,489,965	3.00
20,001~30,000	99	2,461,056	2.97
30,001~40,000	42	1,489,392	1.79
40,001~50,000	22	1,012,553	1.22
50,001~100,000	45	3,086,751	3.72
100,001~200,000	15	1,923,190	2.32
200,001~400,000	6	1,812,170	2.18
400,001~600,000	3	1,382,530	1.67
600,001~800,000	1	786,000	0.95
800,001~ 1,000,000	1	830,000	1.00
Above 1,000,001	3	46,286,530	55.76
Total	8,433	83,000,000	100.00

D. List of major shareholders (shareholders with equity ratio reaching five percent and above shall be specified. If there are fewer than ten shareholders reaching this standard, names of shareholders with equity ratios ranking the top 10, shares held and shareholding ratios shall be disclosed)

April 11, 2022

		110111 11, 2022
Share Name of major shareholder	Number of shares held (share)	Shareholding ratio (%)
Chang Wah Electromaterials Inc.	35,531,390	42.81%
Chipmos Technologies Inc.	8,300,000	10.00%
HUANG, CHIA-NENG	2,455,140	2.96%
ASUS Inc.	830,000	1.00%
LI, SHENG-CHE	786,000	0.95%
LI, WAN-HSIA	490,530	0.59%
HUNG, HSIEN-YEH	477,000	0.57%
HUANG, MEI-HSUEH	415,000	0.50%
LI, MEI-LIEN	393,000	0.47%
HUNG, TIEN-TSAI	347,000	0.42%

E. Market value per share, net worth, earnings, dividends and relevant information in recent two years:

Unit: NT\$: 1,000 shares

Olite. N1ψ, 1,000 Share					
Item		Year	2021	2022	As of April 30, 2022
Market	Max		82.9	56.6	42
value per	Min		42.80	27.45	29.7
share	Average		60.36	41.50	38.28
Net worth	Before distrib	ution	33.78	29.28	33.19
per share	After distribu	tion	33.78	Not distributed yet	Not distributed yet
Earnings	_	erage number of 1,000 shares)	83,000	83,000	83,000
per share	snares (unit: 1,000 snares)	(0.21)			
	Cash dividend	ls	2	Not distributed yet	Not distributed yet
Dividend	C. l	-	-	-	Not distributed yet
per share	Stock grants	-	-	-	Not distributed yet
	Accumulated	unpaid dividends	-	-	Not distributed yet
Analysis of	Price-earning	s ratio	15.44	47.16	Not distributed yet
return on	Price-to-divid		30.18	Not distributed yet	Not distributed yet
investment	Dividend yield	d	3.31	Not distributed yet	Not distributed yet

- F. Dividend policy of the Company and execution status:
 - 1. Dividend policy determined in the Articles of Association:

The Company adopts a residual dividend policy in consideration of the overall environment and industry growth features as well as its long-term financial planning and for the purposes of sustainable management and stable development. To be specific, the Company mainly measures the annual capital demand according to its future capital budget planning. After capital needed for financing is reserved with priority, the remaining earnings will be distributed in forms of cash dividend and stock dividend. The distribution steps are shown as follows:

- (1) Determine the best capital budget.
- (2) Determine the capital needed for financing in the aforesaid capital budget.
- (3) Determine the amount of capital needed for financing to be paid using the reserved earnings.
- (4) The remaining earnings may be distributed to the shareholders in form of dividend after a proper amount is reserved to fulfill the operational demand. The balance of earnings proposed for distribution shall not be lower than ten percent of the distributable earnings of the Company in current year, and the cash dividends shall not be lower than ten percent of total dividends proposed for distribution.
- 2. Status of distribution of dividends proposed in this Shareholders' Meeting:

The distributable earnings of the Company reached NT\$ 611,560,634 in 2022. The proposal for distribution of earnings in 2022 was already approved by relevant resolution of the Board of Directors on March 14, 2023, and it was planned to distribute cash dividend of NT\$ 0.45 per share. The resolution would be made in the regular Shareholders' Meeting on May 30, 2023.

3. Description of expected major change in dividend policy: None.

- G. Influence of stock grants proposed in this Shareholders' Meeting on the Company's operational performance and EPS: N/A
- H. Employee reward and director reward:
 - 1. Percentage or scope of employee reward and director reward specified in the Articles of Association: Please refer to the explanation in the aforesaid "(6) Dividend policy of the Company and execution status".
 - 2. Estimation basis of employee reward and director reward in current period, basis for calculation of shares distributed for employee reward as well as accounting treatment in case of deviation of amount actually distributed from the estimated amount:

When a major change occurs to the payment amount resolved by the Board of Directors, the originally presented annual expenses will be adjusted according to this change. If the amount is still changed after the publication date of the annual financial report, it will be handled as accounting estimate change and will be adjusted and entered into accounts next year.

- 3. Distribution of rewards approved by the Board of Directors:
 - (1) If the amount of employee reward and director reward distributed in form of cash or stock in 2021 was deviated from the estimated amount of annual fees recognized, the amount deviated, reason and handling status shall be disclosed:
 - The Board of Director approved the employee reward distribution of the Company in 2021, with an amount of NT\$ 8,060,542. The employee reward was paid in cash. The amount of director reward distributed reached NT\$ 4,030,271 in cash. The employee reward and director reward proposed for distribution were consistent with the account amount.
 - (2) Amount of employee reward distributed in stock as well as ratio in the total amount of net income after tax and employee reward presented in individual or separate financial report of current period: None.
- 4. If the actual distribution status (including distributed shares, amount and share price) of employee reward and director reward in the previous year (2020) was deviated from the rewards of employees, directors and supervisors recognized, the amount deviated, reason and handling status shall be disclosed: None.
- I. Repurchase of corporate shares by the Company: None.

(II) Handling status of corporate bond:

December 31, 2022

		December 31, 2022		
Туре	of corporate bond	First Secured Convertible Corporate Bond in Taiwan		
Date of issuance		October 25, 2021		
Face value		Face value per bond is NT\$ (same below) 100,000		
Place of issuance	and trading	Issued in Taiwan and listed in Gre Tai Securities Market		
Issue price		NT\$ 106.63		
Total amount		NT\$ 500,000,000		
Interest rate		Nominal interest rate as 0%		
Term		5-year term with due date of October 25, 2026		
Guarantor		Taishin International Bank Co., Ltd.		
Trustee		Land Bank of Taiwan Co., Ltd.		
Underwriter		Taishin Securities Co., ltd.		
Certified lawyer		CHIU, LI-FEI		
Certified accountant		Deloitte & Touche Certified public accountants in recent years: Wang, Chao-Chun and Liu, Yu-Xiang Certified public accountants in the latest period: Wang, Chao-Chun and Liu, Yu-Xiang		
Repayment metho	od	Lump-sum repayment of principal upon maturity		
Unpaid principal		NT\$ 500,000,000		
Clause of redemp	tion or premature	Detailed in measures for issuance and conversion		
repayment		Detailed in measures for issuance and conversion		
Qualifying clause		None		
	rating agency, date of rating,	None		
and corpor	rate bond rating result	IVOIC		
Attached other rights	Amount of converted (swap or share subscription) ordinary shares, overseas depositary receipts or other valuable securities as of December 31, 2021	0		
	Measures for issuance and conversion (swap or share subscription)	Please refer to bond issuance data in the special zone for bonds and credits in MOPS.		
Issuance and conversion, measures for swap		Assume that the creditors of this convertible corporate		
	tion, possible dilution of	bond request conversion in full amount according to		
	ance conditions, and	the current conversion price of NT\$ 60.4, and the		
	nce conditions on the	maximum dilution ratio would be approximately 9.07%		
existing sharehold	ders' equity	and the dilution limit should be limited.		
Name of agency e	ntrusted for custody of swap	None		
object		110110		

Information of Convertible Corporate Bond

		<u>_</u>		
Type of corpo	orate bond	First Secured Convertible Corporate Bond in Taiwan		
Year Item		2022	As of April 1, 2023	
Market value of	Max	115.8	104	
convertible	Min	99	100.7	
corporate bond	Average	108.46	102.12	
Conversio	n price	NT\$ 60.4	NT\$ 60.4	
Date of issuance (handling) and conversion price upon issuance		Date of issuance: October 25, 2021 Conversion price upon issuance: NT\$ 63.5	Date of issuance: October 25, 2021 Conversion price upon issuance: NT\$ 63.5	
Way to perform		Issuance of new share	Issuance of new share	

- (III) Handling status of special share: None.
- (IV) Handling status of overseas depository receipts: None.
- (V) Handling status of employee subscription right voucher: None.
- (VI) Handling status of new share that restricts employees' rights: None.
- (VII) Handling status of new shares issued by other companies merged or accepted: None.
- (VIII) Execution status of capital application plan:

Analysis of valuable securities issued or privately placed in all previous times as not completed yet, or already completed in recent years but with planned effect not presented yet as of the quarter before the date when the annual report was published: N/A since each capital increase plan (in cash) of the Company in recent three years has been fully executed and the planned effect has been presented.

V. Overview of Operation

(I) Business content

- A. Business content of the Company
 - 1. Scope of business
 - (1) Main content of business operated by the Company
 - (A) Electronic component manufacturing industry
 - (B) Electronic material wholesale industry
 - (C) International trade industry
 - (D) Business not prohibited or restricted by business laws and regulations besides licensed business

(2) Main products and business ratios at present

Unit: NT\$ Thousand; %

Nome of and dust	202	1	2022		
Name of product	Sales value	Ratio (%)	Sales value	Ratio (%)	
(Reel to Reel chip on Film (Tape-COF for short)	2,922,730	97	2,072,993	98	
Others	80,129	3	39,844	2	
Total	3,002,859	100	2,112,83	100	

(3) New products planned for development

- (A) Thick copper (12um) Tape-COF used for heat dissipation of driver IC of LCD monitor
- (B) Development of subtractive technology to 20um pitch and increase the market competitiveness of COF products with specification above 20um pitch.
- (C) On the basis of the process technology expertise and products cultivated using the unique semi-additive method of JMC with fine pitches below 20ump pitch especially 18, 16 and 14um pitch, the Company improved product design capacity through cooperation with customers and comprehensively supplied fine-pitch COF used in LCD driver ICs needed by customers' handheld device products and smartphones.
- (D) Development of 2-Metal Substrate technology. The Company developed light, thin, short, and small new type IC package through cooperation with package manufacturers, and this product could be applied in COF used for advanced panels of 8K and 4K TV sets, COF with high pin-count of 3,000 channels and above in cellphones, thin film substrate used for other various tables of ICs, and substrate used for advanced LED.
- (E) Development of a new generation of substrates through cooperation with raw material manufacturers.

2. Industry overview

(1) Current industry conditions and development

According to the latest "World Economic Outlook" released by the International Monetary Fund (IMF) in July 2022, the global economic forecasts in 2022 and 2023 were further revised down to 3.2% and 2.9% respectively, which was mainly dragged down by the United States, Chinese mainland, and India. The downward revision of economic growth forecasts of these countries was the most significantly. The economic performance of

the United States in the first half of 2022 was not as expected due to the decline of household purchasing power and the tightening of its monetary policy; the economic performance of Chinese mainland was affected by the epidemic prevention and lockdown policy and the crisis in the housing market. Besides, due to the increasing global inflation, especially in the United States and major European economies, the financial situation became growingly tight; the strict epidemic prevention and lockdown policies of the Chinese mainland slowed down its economic growth; the spreading of the influence of the Russia-Ukraine war further hit the global economy. As a result, multiple adverse factors contributed to the weaker and more uncertain global economic outlook.

In consideration of the overall global economic trends, IMF lowered the global growth forecasts in 2022 and 2023, and claimed that the global economic outlook was "weaker and more uncertain". According to the forecast of IMF, the world economy would grow by 3.2% in 2022, and further decline to 2.9% in 2023. Compared with the forecast in April, this correction lowered 0.4% and 0.7% respectively. Despite the preliminary recovery of the world economy in the beginning of 2021, the developments in 2022 were becoming increasingly pessimistic.

A research report of Industrial Technology Research Institute (ITRI) of Taiwan pointed out that the epidemic of previous year would continue in 2021. With the repeated epidemic situations in each place, local lockdown and prohibition measures were still taken. However, with the popularization of vaccination, many countries accelerated the path of lifting the ban. At the same time, in order to recover the economy that was severely affected by the epidemic, these countries promoted economic revitalization policies in succession, resulting from the gradually normality of the global economic development in 2021, and positive development was seen regarding the demand for terminal products and related investments.

The COVID-19 epidemic made remote, zero contact a trend and demand for "Stay at Home Economy" was derived. The working models and lifestyles including WFH (work from home), online shopping, and resident entertainment promoted the demand for information communication products such as 3C products, thus making display panels even more indivisible. The production demand for global large-size LCD panels was improved due to the epidemic. Strong growth of large-size LCD panels appeared in the second quarter of 2020. This wave of epidemic eliminated the problem of oversupply of advanced panels vigorously produced in Chinese mainland. Even more, the growth of demand for large-size panels was higher, bringing interests from rise of prices due to short supply.

Due the effect of rise of price due to the demand for LCD panels, the panel manufacturers of South Korea delayed in selling LCD production lines, or suspended the time point for changing the LCD production lines to OLED production lines. The panel practitioners in Chinese mainland and Taiwan successively expanded their production. With the investment in production expansion of LCD panels in 2021, the supply and demand became loose. Also, since the application markets became increasingly saturated, the growth of investments in LCD panels would slow down in 2022. In addition, after entry into 2022, due to the geopolitical conflict caused by the

Russia-Ukraine war and the adoption of strict lockdown measures in China in response to the reoccurrence of epidemic, many uncertainties were brought to the future market.

If viewed from the output value of the major three types of display panels, the output value of TV panels and IT panels realized substantial growth in 2020 and 2021. In particular, the output value of TV panels and IT panels realized a growth rate of 30%-40% in 2021. However, since 2022, the high-growth market demand declined, and it would return to a market with a stable demand from 2022 to 2025. The demand for cellphone panels declined during the epidemic in 2020, but the market demand recovered after 2021 to result in stable and gradual growth. The application markets of these three types of panels indicated that no strong demand and growth momentum would be seen in the display panels in the coming years.

500 60% 450 50% 48.8% 400 40% 位 350 30% 成 長 20% 美 率 10% 元 200 **-0.3**% 150 1.5%_{10%} 100 20% 0 -30% 2020 2019 2021 2022(e) 2023(f) 2024(f) 2025(f) →手機面板成長率

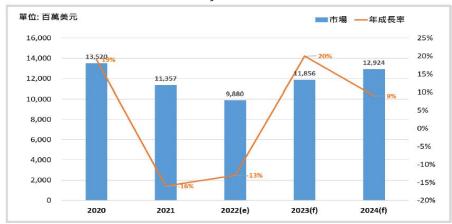
Output Value and Growth Rate of Three Major Types of Display Panels in the World from 2019 to 2025

Data source: Industrial, Science and Technology International Strategy Center, ITRI

With the gradual easing of the epidemic and gradual lifting of lockdowns in each city, the market demand for cellphones recovered in 2021. The largest application market of OLED panels was mobile carriers like cellphones. It was estimated that the OLED production plans with investment delayed due to the epidemic would catch up, which mainly involved the panel manufacturers in South Korea and Chinese mainland. The ratio of the application of OLED panel in cellphone market was already not ignorable especially in the application market of advanced cellphones where OLED panel was already a mainstream. The panel manufacturers in Chinese mainland actively attached the dominating position of panel manufacturers of South Korea in OLED panel market. News that OLED panels manufactured in Chinese mainland passed the certification by cellphone manufacturers was repeatedly heard. However, the outbreak of the Russia-Ukraine conflict and the strict epidemic control measures taken in Chinese mainland brought uncertainty to the investment plans.

In 2020, the strong demand in the panel market pushed the market growth of display equipment by 19%, reaching USD 13,520,000,000. In 2021, despite the reduction of 16% compared with that in the precious year, it still substantially outperformed the figure previously estimated. The main reason was the continuity of the investment plans brought by the demand for "Stay at Home Economy". Therefore, the market scale of the display equipment reached USD 11,357,000,000 in 2021. It was estimated that the market of LCD equipment would shrink and the investments in OLED would grow in 2022. Due to the influence of the Russia-Ukraine conflict and the epidemic lockdown in Chinese mainland on the global economy, the market scale was estimated as USD 9,880,000, down by 13% compared with that in the last year. It was estimated that only a small portion of LCD equipment market demand would exist, and the market demand for OLED equipment would take the lead since 2023.

Scale Trends of Global Panel Display Equipment Market (Exclusive of Service Market) from 2020 to 2024



Data source: Industrial, Science and Technology International Strategy Center, ITRI

According to the research reports of HIS and Witsview, the great trend for panel domestication of Chinese mainland became clear, and the panel manufacturers of South Korea accelerated their withdrawal from the panel market. Due to the withering of the overall market demand, the panel manufacturers of South Korea appeared frustrated in LCD and OLED markets. LGD undertook multiple pressure including high inventory level and expansion of losses. It was estimated that it would speed up withdrawing from the LCD TV panel supply market in the future. G7.5 of South Korea was expected to shut down, and the production capacity of LCD TV panels of Guangzhou G8.5 was reduced at the same time. Since the declined demand for OLED TV in the European and American markets, the utilization rate of G8.5 OLED production lines also declined substantially.

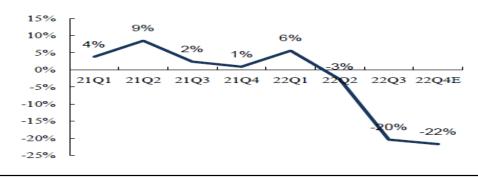
Production Reduction of LCD Panels by Panel Manufacturers in Japan and South Korea

	产线	世代	产品	投产时 间	关停产能(K/ 月)	停产时 间	减少产能	原停产计划
LCD	P7	7	LCD	2006Q1	230K (30KIT 产能)	2020	140K	2020 年底停掉 TV 产 线
LGD	P8	8	LCD	2009Q2	240K (40KIT 产能)	2020	100K	2020 年底停掉 TV 产 线
	L7-2	7	LCD	2006Q1	160K	2021	2022 年三星完全退出 LCD 生产	2021 年停掉 110KTV
三星	L8-1	8.5	LCD	2007Q3	225K	2021	55K,2020 年减产 70K,2021 停线	2020 年底前停线
	L8-2	8	LCD	2009Q2	250K	2022	85K,2020 年减产 100K,2021 停线	一部分卖给 TCL 华星
松下	Himeji 1	8	LCD	2010Q2	50K		15K	2021年 Q1 关停

Data source: HIS, Witsview, and Soochow Securities

The reduction of production by panel manufacturers formed effective control over supply within a short period. In Q4 of 2022, the supply continued to decline. Under the background of substantial reduction of utilization rate of panel manufacturers in Q3 of 2022, the supply area of global LCD TV panels was substantially down by 20.4% on a year-on-year basis. Sigmaintell estimated that the panel manufacturers' tape-out would slowly recovery since November 2022. However, the overall utilization rate of LCD panel production lines of G6 and higher generation would maintain a low level below 70% in Q4. The suppliers' supply area continuously dropped by 21.7% on a year-on-year basis in Q4. Therefore, the reduction of production by panel manufacturers formed effective control over supply within a short period.

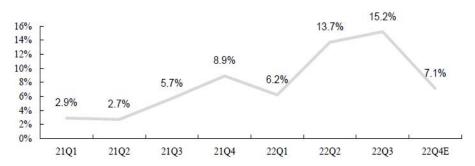
Year-on-year Changes of Panel Area Supplied by Global LCD TV Suppliers from 2021 to 2022



Data source: Sigmaintell and Soochow Securities Research Institute

The overall supply and demand environment was kept loose, but mediumand small-sized panels might face a tight supply. In Q4 of 2022, given the slight recovery of brand purchasing demand at a low level, the positive effect resulting from the substantial reduction of production by panel manufacturers gradually took effect. In Q4 of 2022, the supply and demand ratio of global LCD TV panel market gradually dropped to 8.1%. The overall supply and demand environment was still loose.

Supply and Demand Ratio of LCD TV Panels from 2021 to 2022



Data source: Sigmaintell and Soochow Securities Research Institute

The data of the latest survey conducted by IDC, an international market research institution, regarding the shipments of global smartphones indicated the shipments of global smartphones declined by 8.7% on a year-on-year (YoY) basis in Q2 of 2022. Specifically, the smartphone shipments in this quarter reduced to 286 million sets, down by 3.5% compared with the expectation.

IDC suggested that the problem was shifted to the demand although insufficient supply was encountered in the market in the beginning of 2022. Although the supply was improved with the increase of production capacity and production, the rise of inflation and the economic uncertainty already seriously inhibited consumer expenditure and the inventories in all regions were increasing. The original equipment manufacturers already cut all the orders in the remaining time of 2022, and the Chinese suppliers cut the most orders.

According to the forecast of IDC, the demand in some regions would bounce back at the end of 2022. However, the forecast of the global smartphone market would be lowered for sure in 2022. IDC suggested that any current recession was not about the absence but the advancing of demand.

The largest recession in Q2 of 2022 was seen in the Central and Eastern Europe (CEE). As expected, the Ukraine war continuously hindered the market in this region, with an annual growth rate down by 36.5%. The shipments in CEE only accounted for 6% of global shipments. Therefore, the largest decline of global shipments came from China, presenting an annual recession of 14.3%. The shipments in the Asia-Pacific Region (not including Japan and China) accounted for nearly half of the global total shipments. However, the shipments in this region also declined by 2.2%. Except Canada, all other regions experienced low or medium single-digit declines.

No significant change was seen from the orientation of suppliers in Q2 of 2022. Samsung stably ranked the first place with market share of 21.8%. Healthy growth was realized in all regions other than Europe. Apple ranked the second place with market share of 15.6%, following Xiaomi which had a market share of 13.8%. The gap was thus narrowed. Vivo and OPPO ranked the fourth place at the end of this quarter with market share of 8.7% and 8.6% respectively.

Global Quarterly Shipments of Global Smartphones

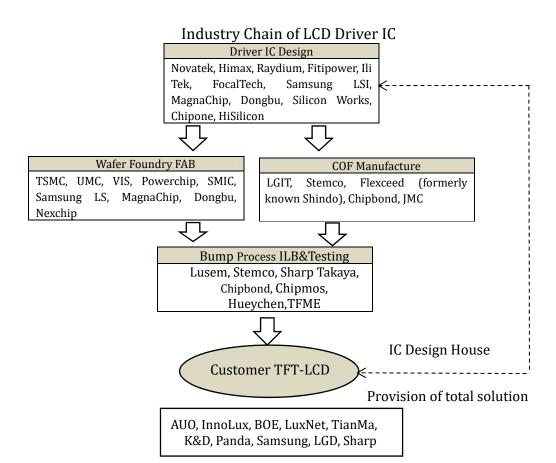
						單位:百萬支
排名	公司	2022Q2 出貨量	2022Q2 全球市占 (%)	2021Q2 出貨量	2021Q2 全球市占 (%)	YoY 同期比 (%)
1	Samsung	62.4	21.8%	59.1	18.9%	5.6%
2	Apple	44.6	15.6%	44.4	14.2%	0.5%
3	Xiaomi (China)	39.5	13.8%	53.1	16.9%	-25.5%
4	vivo (China)	24.8	8.7%	31.7	10.1%	-21.8%
5	OPPO (China)	24.7	8.6%	32.8	10.5%	-24.6%
	Others	89.9	31.5%	92.3	29.5%	-2.6%
	Total	286.0	100.0%	313.4	100.0%	-8.7%

Note: The data source was from the data of global smartphone shipments in Q1 of 2022 released by IDC in April 2022.

Data source: Industrial, Science and Technology International Strategy Center, ITRI

The Company also actively develops 2-Metal Substrate technology to satisfy the high requirements of future higher-end wearable products and mobile products for light, thin, short and small devices. Therefore, the Company adds investments in further increasing 2-metal for the current unique highly thinning, light-weight and flexible characteristics of Tape-COF. This technology can expand the application scope of Tape-COF from the existing large-size panel driver IC to the driver IC of advanced mobile devices, thin film substrate used for other various types of ICs, advanced LED substrate and other relevant fields, and therefore the Company will become a supplier providing customers with all-round product solutions.

(2) Relevancy of upper, middle and lower reaches of the industry The Tape-COF of the Company is a key component for driver IC package of LCD display. The driver IC industry structure can be divided into upstream IC design, middle-reaches IC substrate and wafer manufacturing, and downstream IC package and testing. The industry the Company belongs to is indicated in the following diagram. In consideration of the relevancy of upper, middle and lower reaches of the industry, the Company is located at the middle reaches of the driver IC industry. The association diagram of this industry is presented as follows:



(3) Various development trends of products

As for products, with the development of panels towards high pixel and high resolution ratio and in consideration of demands for light, thin, short and small chips, pitch and spacing of driver IC line become increasingly micronized and the design of package substrate must coordinate with the micronization of chip circuit spacing, and therefore the development of package substrate is guided towards high-density construction technology. In the past, COG (Chip on Glass) type driver IC smartphones were always used. However, due to the light-weight and thinning design of products and the improvement of display density and screen ratio, design of COF (Chip on Film) type driver IC has been initially started. This development trend helps create new market opportunities and export market for COF products. It is expected 1-Metal 18/16um pitch COF and 2-Metal COF will be used as the future design and application mainstream for COF type driver ICs used in the newly increased handheld device products and smartphones.

As for processing methods, support for spacing reduction is one of key development projects of Tape-COF. At present, domestic and foreign manufacturers are using the extension technology of the subtractive method to support fine spacing; in the future, in terms of higher-end technology, the spacing can be reduced to 22um for volume production, and research and development of 20um has begun. In the competition of micro-spacing below 20um, the semi-additive method will be more effective, and therefore relevant enterprises have begun to promote this processing method to expand the market share of products below the 22um generation.

As for materials, that whether 2PI (1 polyimide layer and 1 metal layer) of Tape-COF raw material supports fine spacing or not has become an important technical issue. At present, standard products are made of copper foil materials after sputtering and then electroplating. As for driver ICs used in LCD TV, there is a trend of dissipating the heat of the chip from the end of the tape substrate. Therefore, the thick film of copper foil will be helpful. At current stage, most Tape-COF suppliers use 8um as standard copper thickness. In the future, due to the demand of high heat dissipation, the copper thickness will be plated to 12um so as to achieve the purpose of high heat dissipation.

(4) Competition status

Given the ever-changing global economy and the fierce competition of the industry, the Company will dedicate to the development of niche products and technologies, continuously exert great efforts to the industry of Tape-COF used for packages, and continuously develop Tape-COF that can be matched and applied in various IC packages. Tape-COF produced by the Company is mainly used for the packaging of LCD driver IC and the main terminal application products are large-size LCD TV. The terminal application product of Tape-COF currently developed for the use of IC package of 2-Metal COF is COF with high pin-count of 3,000 channels and above in cellphones. Therefore, the Company will gradually expand the supply scope in intelligent cellphones in the future, and its products can also be applied COF used for advanced panels of 8K and 4K TV sets, thin

film substrate used for other various tables of ICs, and substrate used for advanced LED.

JMC will dedicate to the improvement of the production yield and efficiency of 1-Metal 18/16um pitches, as well as the maximization of its production capacity and the reduction of cost using its unique semi-additive process technology to create profits. As for R&D of new processes and new technologies, JMC will also spare no effort to complete the establishment of 2-Metal processes. Then, JMC will become a supplier of Tape-COF and flexible IC substrate with all-around technologies of subtractive, semi-additive and 2-Metal processes. Our capability to develop advanced technologies through coordination with customers and our determination to effectively launch and execute strategic plans will benefit the improvement of the middle- and long-term operational performance of JMC.

Additionally, JMC will vertically integrate upstream and downstream supply chains, actively cooperate with upstream material suppliers to develop new materials, and complete the creation of all-win long-term partnership with suppliers of raw materials and customers. Moreover, JMC will continuously focus on domestic market customers and expand overseas markets and become a manufacturer of Tape-COF used for IC packages with international competitiveness and familiarity so as to build long-term inter-dependence with customers.

3. Technology and R&D overview

(1) R&D overview

The Company will continue to develop subtractive technology and promote it to 20um pitch, and improve its quality and efficiency so as to reduce costs and increase the market competitiveness of COF products above 20um pitch. It is estimated that NT\$ 66,882,000 will be invested in 2023.

On the basis of the process technology expertise and products cultivated using the unique semi-additive method of JMC with fine pitches below 20ump pitch especially 18, 16 and 14um pitch, the Company improved product design capacity through cooperation with customers and comprehensively supplied fine-pitch COF used in LCD driver ICs needed by customers' handheld device products and smartphones.

The Company will develop 2-Metal advanced process technology. In the future, in addition to application in LCD driver ICs with design requirements for high pin-count and fine pitch, 2-Metal process technology will be developed through cooperation with customers to extend the characteristics of light, thin, short and small IC substrates, other various IC thin film substrates and high-end LED substrates so as to create new types of IC packages.

(2) Research and development personnel and their education and work experience

April 1, 2023; unit: Person; %; year

Education	Number of persons	Ratio (%)	Average seniority for employment by the Company (years)	Average seniority of relevant work experience (years)
Doctor/Master	12	19.05		
University/Junior college	49	77.78		
High school and vocational high school (and below)	2	3.17	6.67	9.52
Total	63	100.00		

(3) R&D expenses invested in recent years and as of the date of publication of the annual report

Unit: NT\$ Thousand

Year	2022	As of April 1, 2023
R&D expenses	62,870	13,309

- (4) Technologies or products successfully developed
 - (A) 20 um Pitch Tape-COF of semi-additive process
 - (B) 18um Pitch Tape-COF of semi-additive process
 - (C) 16um Pitch Tape-COF of semi-additive process
 - (D) 12um Thick-copper Tape-COF of semi-additive process
 - (E) 22um Pitch Tape-COF f subtractive process
 - (F) 2-Metal process
- 4. Long-term and short-term business development plans
 - (1) Short-term development plan
 - (A) Marketing strategies
 - a. Coordinate with customer requirements, strengthen technical capacity for product development and gradually sell products to overseas markets.
 - b. Shorten the development time of new products and spare no effort to strive for markets that comply with customers' present conditions.
 - c. Improve after-sales services, actively assist customers in solving problems and strive competitive advantages with timely services.
 - (B) Product development strategies
 - a. Develop niche products and technologies, continuously exert great efforts to the industry of Tape-COF used for packages, and continuously develop Tape-COF that can be matched and applied in various IC packages.
 - b. Enlarge production capacity at due time in consideration of capacity load and business status to improve yield and satisfy customer requirements.
 - c. Seek for stable and more competitive supply sources of raw materials from the upstream, and strengthen the cooperation with each driver IC manufacturer in the downstream to develop opportunities together.
 - (C) Operation and financial strategies
 - a. Strengthen the capacity for product planning and management, coordinate with customers' product designs in a real-time manner, and produce products that satisfy customer requirements.

- b. Establish a raw material procurement exchange limit control mechanism to reduce the risks of accounts payable.
- c. Get to know the characteristics of each financial instrument to acquire capital at relatively low cost at due time.

(2) Long-term business development plan

- (A) Improve the capacity for contracting of product designs and comprehensively supply Tape-COF needed for the customers on the basis of the existing semi-additive process technology and products and through cooperation with IC Design House customers.
- (B) Develop 2-Metal Substrate technology and cooperate with package factories to develop light, thin, short and small new type IC package especially thin film substrate used for other various ICs of mobile device as well as substrates used for advanced LED.
- (C) Vertically integrate upstream and downstream supply chains, actively cooperate with upstream material suppliers to develop new materials, and complete the creation of all-win long-term partnership with suppliers of raw materials and customers.
- (D) Continuously focus on domestic market customers and expand overseas markets and become a manufacturer of Tape-COF used for IC packages with international competitiveness and familiarity so as to build long-term inter-dependence with customers.
- (E) Fully utilize the capital market in the future to acquire more fundraising channels as the backup for operational development and strengthen the financial structure.

(II) Overview of market and production & sales

A. Market analysis

1. Regions of sales of main commodities:

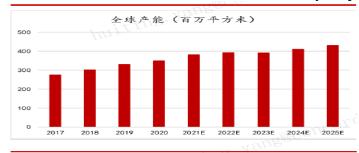
Unit: NT\$ Thousand; %

·						
Year		2021		2022		
Region of sales		Sales amount	%	Sales amount	%	
Domestic	sales	1,677,284	56	1,155,965	55	
	Asia	1,325,575	44	956,872	45	
Overseas sales	Others	-	-	-	-	
	Subtotal	1,325,575	44	956,872	45	
Total		3,002,859	100	2,112,837	100	

2. Market share

The production capacity of global LCD panels was steadily increased, and the market of LCD panels in Chinese mainland already accounted for 60% of the production capacity of global panels. In accordance with the data of China Center for Information Industry Development, the production capacity of global LCD panels presented a stably increasing trend, and it would grow steadily in the future. If viewed from the portion of market production capacity, Chinese mainland already gradually occupied a leading position in the production capacity. The report of China Center for Information Industry Development indicated that the display industry of Chinese mainland realized continual scale growth in the past decade or so. Take a decade from 2012 to 2021 as an example. The annual average compound growth rate was as high as 25.8%. In 2022, the annual production capacity of China was 200,000,000m², accounting for approximately 60% of global production capacity.

Stable Increase of Global Panel Production Capacity



Data source: DSCC and Huaxi Securities Research Institute

Production Capacity of Chinese Mainland Accounting for 60% of Global Production Capacity

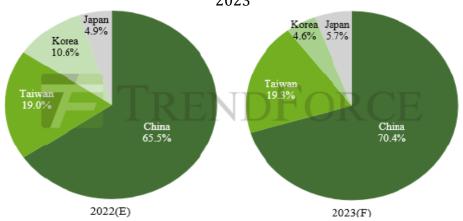


Data source: China Center for Information Industry Development and Huaxi Securities Research Institute

Japanese and Korean enterprises shut down their production and changed their lines of production massively, and the market situation was turned. Enterprises in Chinese mainland continuously increased their panel production capacity, which accelerated the industry competition, and imposed greater competitive pressure on other enterprises which had to choose to shut down the old-generation production lines. The production lines were mainly shut down by Japanese and Korean enterprises. The production lines shut down globally around 2017 were mainly from Japanese and Korean enterprises. For example, LG shut down P2, P3, and P6 production lines. According to a report issued by CINNO Research in 2020, Samsung was speeding up the progress of transforming from LCD to OLED. According to the information released by IT Home, Samsung closed its LCD panel business in June 2022, and transferred 577 patents to China Star Optoelectronics Technology (CSOT). LG Display indicated in December 2022 that it planned to discontinue the production of LVD panels in South Korea due to the intensified competition.

According to the forecast of TrendForce, the market share of TV panels produced by Chinese panel manufacturers was increased from 65.5% in 2022 to 70.4% in 2023. BOE, CSOT, and HKC were still the top-3 manufacturers in the world. Besides, benefited from the order transfer effect derived from the reduction of production of 38.5' TV panels by CEC-Panda, and the increase of demand from main customers, the global market share of TV panels produced by InnoLux and AUO in 2023 will be increased to 14.1% and 5.2% respectively. The total estimated market share of panel manufacturers of Taiwan was close to that in 2022. The estimated market share of panel manufacturers of South Korea declined from 10.6% in 2022 to 4.6% in 2023 due to the reason that P7 manufacturer of LG Display closed LVD TV panel production line in December 2022.

Market Share of Each Main Country of Supply of TFT-LCD Panels in 2022 and 2023



Data source: Summarized by TrendForce and Sigmaintell

The statistical data of CINNO Research indicated that the leading manufacturers in the desk display LCD driver chip market of Chinese mainland were Novatek, HIMX.US, Torey, and Chipone respectively in 2022. The market share of the manufacturers of desk display LCD driver chips was already increased to 31.5% in 2022.

In 2022, the market demand declined, together with the decrease of panel shipments in terminal markets like cellphone, TV, desk display, and tablet PC. Under the influence of the weakening demand for global display panels, the market scale of global display driver chips was down by approximately 9% YoY in 2022.

In the desk display panel market, the global shipments of desk display panels presented a YoY decline of 8% in 2022. Furthermore, the global shipments in the market of desk display LCD driver chips presented a YoY decline of approximately 11% in 2022. With the lifting of epidemic ban in Taiwan, it was expected that the inventories could be effectively reduced, and the market demand would be gradually repaired. CINNO Research forecast that the decline of the global demand for desk display panels would be reduced to 2% in 2023.

On the other hand, the market share of large TFT-LCD panel manufacturers of Chinese mainland further increased to 54% in the global large TFT-LCD panel shipments in 2022. The continual increase of the production capacity of TFT-LCD in Chinese mainland would further promote the progress of domestication of relevant display driver chips. According to the statistical data released by CINNO Research, the market share of panel manufacturers of Chinese mainland in the global shipments of desk display panels was increased from 48.6% in 2021 to 56.60% in 2022. With the continual increase of the market share of panel manufacturers of Chinese mainland in the global desk display products, the domestication of driver chips in this field would be further boosted.

According to the survey report of IDC, the global smartphone shipments reached 314 million sets in Q1 of 2022, presenting a decline of 8.9% compared with that in the same period of 2021. The decline continued for three consecutive quarters mainly due to the following reasons in addition to the challenges resulted from the continual material shortage in the supply chain and the rise of transportation cost: Multiple cities of Chinese mainland were locked down for epidemic control, causing a new impact on the global supply chain. Also, when facing global inflation and economic instability, consumers'

worries were deepened, and global consumers' willingness for consumption was generally negative. Besides, the Russia-Ukraine war also affected the demand of CCE for smartphones, resulting the recession of the global smartphone shipments again.

If viewed from the shipments of the top-5 brand manufacturers, Samsung and Apple were superior to other competitors in terms of their mastery of supply chain and parts. Samsung returned to the first place again with market share of 23.4% which was the highest market share since Q1 of 2018, and the annual reduction rate of the shipments of Samsung was only 1.2%; the shipments of Apple grew by 2.2% against the trend, and its market share reached 18% in Q1, ranking the second place. Apple was also the only one among the top-5 brand manufacturer that realized growth of shipments. The brand manufacturers ranking the 3rd to 5th places were all brands from Chinese mainland, i.e., Xiaomi, OPPO, and Vivo. The shipments of these three brand manufacturers suffered a two-digit decline due to the low market demand of Chinese mainland, and the insufficient supply of medium- and low-price cellphones mainly targeted at foreign markets due to the material shortage of parts.

The total market share of the shipments of the top-5 brand manufacturers accounted for more than 70% of the total global shipments in 2022, indicating the continual increase of influence of the brand manufacturers on consumers' purchasing. The overall shipments of Samsung and Apple approached 130 million sets, with their combined market share increasing from 37.7% in Q1 of 2021 to 41.4%. The performance of these two major brand manufacturers was superior to the global average level; although there were brand manufacturers from Chinese mainland among these top-5 manufacturer, their combined market share declined from 35.1% in Q1 of 2021 to 29.5% due to low domestic market demand and insufficient supply for foreign sales. The overall shipments approached 100 million sets, presenting a shipment decline of 23.5%, and their performance was lower than the global average level.

Rankings and Market Share of Global Smartphone Manufacturers in Q1 of 2022

						單位:白萬台
排	<u>₩</u> . ₩	2022Q1	2022Q1	2021Q1	2021Q1	YoY
名	廠商	出貨	市占率	出貨	市占率	年成長
1	Samsung	73.6	23.4%	74.5	21.6%	-1.2%
2	Apple	56.5	18.0%	55.3	16.0%	2.2%
3	小米(中國大陸)	39.9	12.7%	48.6	14.1%	-17.8%
4	OPPO(中國大陸)	27.4	8.7%	37.5	10.9%	-26.8%
5	vivo(中國大陸)	25.3	8.1%	35.0	10.1%	-27.7%
	其 他	91.4	29.1%	93.9	27.2%	-2.7%
	加總	314.1	100.0%	344.7	100.0%	-8.9%

Note: The data source was from the report data released by IDC in April 2022. Data source: Industrial, Science and Technology International Strategy Center, ITRI

In 2022, a lockdown policy was adopted in Chinese mainland to deal with the epidemic. Also, due to the influence of international inflation and the Russia-Ukraine war, the supply and demand of the global cellphone industry were impacted as estimated. At the same time, it was estimated that the

aforesaid influencing factors would be gradually mitigated at the end of 2022. It was estimated that the shipments would grow in 2023, and the global smartphone shipments would reach 1.53 billion sets in 2026.

出貨量 (百萬台) ──年成長率 (%) 2.600 6.2% 10% 3.2% 2.6% 2.3% 2.0% 1.6% 2,100 出 年 0% 貨 成 1,600 量 -10% 녙 率 1,100 -20% 百 1,525.5 1,462.9 1,496.3 1,425.2 1,360.0 1,381.1 萬 600 % -30% 台 100 -40% 2021 2022(e) 2023(f) 2024(f) 2025(f) 2026(f) -400 -50%

Global Smartphone Shipments and Annual Growth Rate from 2021 to 2026

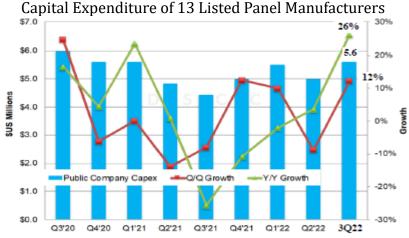
Note: The data source was from the report data released by IDC in March 2022. Data source: Industrial, Science and Technology International Strategy Center, ITRI

There were only five global suppliers, namely, Stemco (Samsung) and LGIT (LGD) of South Korea, Flexeed (formally known as Shindo) of Japan, Chibon and the Company. The Company is one of the two Taiwan-based suppliers with sales volume of approximately 450 million pieces in 2022. It is estimated that the shipments of the Company take up approximately 10%-15% of the global driver IC substrate market.

3. Future supply and demand as well as growth of market

DSCC, a survey agency, pointed out that the total capital expenditure of 13 listed panel manufacturers including BOE was increased to USD 5.6 billion in Q3 of 2022, with QoQ ratio of 12% and YoY ratio of 26% respectively. If the capital expenditure of 6 unlisted panel manufacturers including HKC, the total capital expenditure of the overall panel industry was increased to USD 7.6 billion in Q3 of 2022, with QoQ ratio of 40% and YoY ratio of -2%. The increase of capital expenditure of most panel manufacturers in Q3 of 2022 was mainly resulted from the relatively low previous base period. In the current stage, they are still prudent about the capital expenditure.

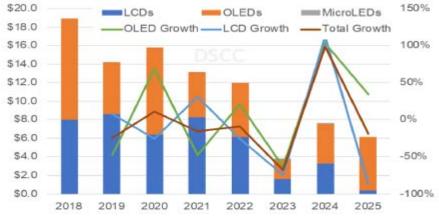
Additionally, Korean media, the Elec, pointed out that the investment in global display equipment would be reduced to USD 12 billion in 2022, presenting a YoY ratio of -9%. It was decreased year by year since 2020. It was estimated that the investment would be further reduced to USD 4.4 billion, presenting a YoY ratio of -63%. In other words, the practitioners in the overall panel industry were still conservative about the prosperity in 2023.



Data source: Summarized by DSCC and Sigmaintell

DSCC pointed out that the total area of global LCD panels produced presented a YoY ratio of 10% in 2021. In 2022 and 2023, although the last LCD production line of Samsung and P7 production line of LG Display were shut down in succession. However, it was estimated that the total area of global LCD panels produced would present a YoY ratio of 5% in 2022, and 3% in 2023 respectively, mainly resulted from the next-generation investment in China.

Production Capacity Area of Major Countries of Supply of Panels in the World



Data source: Summarized by DSCC and Sigmaintell

According to TrendForce, since the sales of international TV brands in 1H22 were lower than the expectation, inventories must be actively reduced in 2H22. Consequently, the global TV shipments were only 109 million sets in 2H22, and the shipments in 2022 reached 202 million sets, presenting a YoY ratio of -3.9%. It was estimated that the global TV shipments reached 199 million sets in 2023, presenting a YoY ratio of -1.4%.

TrendForce also estimated that the quotation difference with WOLED panel returned to the level in 2020 due to the decline of quotation of LCD TV panels in 2022, which was not adverse for TV brand manufacturers to conduct promoting activities. In 2022, the shipments of OLED TV panels were reduced to 6.29 million sets, presenting a YoY ratio of -6.2%. This ratio was estimated as -2.7% in 2023.

Global TV Shipments



Data source: Summarized by TrendForce and Sigmaintell

The data of Omida indicated panel prices experienced four stages, i.e., price reduction, bottom striking, rebounding, and gradual stabilization in the last four quarters.

In Q2 of 2022, the panel prices continuously declined due to the slow-down of global economy, the Russia-Ukraine war, and the order adjustment of leading TV brands. Samsung Electronics took an action in June and stopped the purchasing of all panels. At the same time, the demand forecast in Q2 and Q3 of 2022 was reduced, and a negative signal was sent to the supply chain, resulting in a sharp decline of panel prices to new lows. The panel manufacturers slightly reduced the utilization rate of production capacity to prevent the further sharp decline of panel prices.

In Q3 of 2022, the panel prices hit the bottom, and the demand of terminal markets slightly recovered. Still, the supply and demand couldn't be changed. Except Samsung, TV brand manufacturers and OEM manufacturers would slightly increase their purchase orders and forecasts in O3 of 2022, to supplement panel inventories for the promotion and sales in the peak season in Q4 of 2022. The panel prices already reached a low level after reduction for 12 consecutive months. The panel enterprises faced deficit, and lowered the utilization rate of production capacity to 70-75% of total design production capacity, in order to stabilize the price. Some panel enterprises reduced the prices of 85' supersized panels to USD 250 and below due to pressure, in order to consume their production capacity. Historically speaking, the prices of large-size panels would be usually higher in case of oversupply or short supply. In Q4 of 2022, the panel prices rebounded, and some panel enterprises maintained a utilization rate of production capacity below 65% to stabilize the prices and actively promote the rebounding of prices. Panel enterprises were in a rush to prevent the decline of panel prices to avoid huge losses, and actively pushed the panel prices to the cost line. Certain rebounding was seen in the prices of driver panels supplied. TV brand manufacturers and OEM manufacturers would continuously increase orders at historically low prices, to get ready for the recovery in 2023. The global inflation was gradually stable. Benefited from the low retail prices, the sales volume of LCD TV would gradually recover, which would help stabilize the panel prices, especially prices of medium- and small-size panels like 32', 43' and 50' panels.

In Q1 of 2023, the panel prices became stable. Omdia predicted that the

inventories of TV brand manufacturers and OEM manufacturers would reach a low level. However, since the business prospect of TV products was not clear in 2023, aggressive purchasing would not be adopted. The panel prices would remain at a low level, and the utilization rate of production capacity of panel enterprises was still low. Some factories would experience restructuring in 2023.

In January 2023, CPI of the United States grew by 6.4% compared with that in the same period last year, and it was higher than the growth rate expected by Bloomberg as 6.2%. The inflation was still high, and further increase of interest rates was expected. At the same time, the largest strike in the last ten year broke out in the UK, demonstrating the negative influence of high inflation. The performance of Apple in Q1 of 2023 was lower than the expectation, and price reduction was initiated. The cellphone business of Samsung Electronics declined. It has been estimated that the global smartphone demand would shrink in 2023. Due to the compaction of business portions of Chinese smartphone brands in India, the market share of Xiaomi, OPPO and Vivo was declined to different degrees. Due to the impact of geopolitical factors, Chinese enterprises might face more challenges in Indian market. Besides, the trends of 4G/5G upgrading, and purchasing of medium and low-level cellphones in emerging markets like Latin America, the Middle East, and Africa remain the same, and their demands are continually increasing.

Since the growth rate of the global macro economy slows down and the consumer demand is continuously weak, IDC estimated that the global smartphone sales volume would reach 1.21 billion in 2023, similar to the level in the same period last year; the smartphone sales volume in Chinese mainland would reach 270 million in 2023, presenting a decline of 4.0% compared with that in the same period last year. Looking into 2023, with the mitigation of geopolitical conflicts, inflation, and energy price issues, the global smartphone demand would stop declining. However, given the sluggish global economic outlook, the global smartphone shipments in 2023 would be generally same as those in the same period last year, and recovery was possible in 2H23 compared with that in the same period last year.

Forecast of Smartphone Shipments of the World and Chinese Mainland Per Brand

(百万台)		2018	2019	2020	2021	2022	2023E	2024E		2023E	4Q21	1Q22	2Q22	3Q22	4Q22
		Α	Α	Α	Α	Α	(NEW)	(NEW)		Diff	Α	Α	Α	Α	Α
全球智能手机市场	б	1,403	1,373	1,281	1,360	1,206	1,206	1,230	Ť	0.4%	368	314	288	303	301
	同比增速	-4.3%	-2.1%	-6.7%	6.2%	-11.4%	0.0%	2.0%			-1.8%	-8.8%	-8.3%	-9.3%	-18.2%
中国大陆智能	手机市场	397	367	326	329	286	274	277	Ť	2.9%	83	74	67	72	73
	同比增速	-10.8%	-7.6%	-11.2%	1.1%	-13.3%	-4.0%	1.0%			-3.5%	-14.1%	-14.8%	-11.4%	-12.8%
中国大陆以外	智能手机市场	1,006	1,006	956	1,031	920	932	953	Ψ	-0.3%	284	240	220	232	228
	同比增速	-1.5%	0.0%	-5.0%	7.9%	-10.7%	1.3%	2.3%			-1.3%	-7.0%	-6.1%	-8.6%	-19.8%
苹果		209	191	203	236	226	225	235	Ψ.	-2.2%	85.0	56.5	45.4	52.3	72.1
	同比增速	-3.2%	-8.5%	6.5%	15.9%	-4.1%	-0.5%	4.4%			-2.8%	2.2%	2.3%	2.2%	-15.2%
三星		292	296	257	272	262	247	252	1	2.9%	69.0	74.5	63.1	65.0	59.5
	同比增速	-8.0%	1.2%	-13.3%	6.0%	-3.7%	-5.8%	2.0%			8.2%	0.0%	6.8%	-6.5%	-13.7%
中国主流品牌出货	量	578	633	617	603	516	578	615	1	0.5%	143.4	131.6	128.3	134.4	121.2
	同比增速	21.7%	9.4%	-2.5%	-2.3%	-14.5%	12.1%	6.4%			-11.0%	-17.0%	-14.4%	-10.9%	-15.4%
华为+荣耀		206	241	189	78	88	106	110	1	2.9%	22.0	21.2	20.4	22.8	23.0
	同比增速	33.6%	16.8%	-21.5%	-58.7%	12.1%	21.1%	3.8%			-32.0%	11.9%	27.0%	8.6%	4.7%
小米		119	126	148	191	153	173	180	1	1.8%	45.0	39.9	39.5	40.5	33.2
	同比增速	28.4%	5.5%	17.6%	29.3%	-19.8%	13.0%	4.0%			3.9%	-17.9%	-25.5%	-8.6%	-26.3%
OPPO		113	114	111	134	103	106	117	Ψ.	-3.2%	30.1	27.4	24.7	25.8	25.3
	同比增速	1.4%	0.9%	-2.8%	20.1%	-22.6%	2.6%	10.4%			-11.1%	-26.8%	-24.6%	-22.3%	-15.7%
vivo		101	110	108	118	99	103	109	1	0.5%	25.6	25.3	24.8	25.9	22.9
	同比增速	15.4%	8.6%	-1.6%	8.9%	-15.8%	4.0%	5.8%			-17.2%	-24.3%	-12.4%	-14.2%	-10.5%
传音		39	42	61	82	73	90	99	→	0.0%	20.6	17.8	18.8	19.2	16.7
	同比增速	34.2%	9.1%	44.1%	35.6%	-12.0%	24.1%	10.0%			-0.1%	-11.4%	-4.5%	-12.7%	-19.0%
其他品牌出货量		323	253	205	250	202	156	128	1	0.1%	70	52	51	51	48
	同比增速	-29.2%	-21.7%	-19.2%	22.0%	-19.1%	-22.8%	-18.1%			13.4%	-8.3%	-15.5%	-17.8%	-32.0%
中国主流品牌出货	占比	41.2%	46.1%	48.1%	44.3%	42.8%	47.9%	50.0%			39.0%	41.9%	44.6%	44.3%	40.3%
其他品牌出货占比	3	23.1%	18.5%	16.0%	18.3%	16.7%	12.9%	10.4%			19.1%	16.5%	17.7%	17.0%	15.9%

Data source: Forecast by IDC and Huatai Securities Research Institute

4. Competitive niches

- (1) Professional operation team with solid technologies The operation team of the Company has solid technologies in the industry and are quite sharp for the positioning of products in process technology market and sales strategies. Also, by applying efficient production and sales management and advanced process technologies, the operation team manages to satisfy customer requirements and improve the Company's overall competitiveness.
- (2) Emphasis on research and development with abundant production experience

 SMM, the former ultimate parent company of the Company, established a tape-type advanced film IC substrate R&D center in Ome, Japan as early as 1990. The Company also began investing in the R&D of relevant products since 2004, and therefore has accumulated years of manufacturing experience and technical strength. We have continuously improved our production technologies to ensure stable product quality and therefore we are deeply trusted by our customers. Additionally, the Company has allocated tremendous manpower and material resources in the R&D of new technologies and new processes to further improve
- (3) Short product development period to quickly satisfy customer requirements Since package substrate is a customized product, design-in is needed in the initial stage of driver IC development to jointly execute product development process. For the purpose of shortening the product development period, in addition to the possession of independent R&D, testing and verification capabilities, the Company would eliminate each factor that influences product stability through the reliability verification of complete and rigorous work environment and service life and provide samples in the shortest time after customers raise specification requirements for product specifications so as to ensure the provision of products that comply with such requirements and speed up the marketing time of products. Besides, the Company has established close partnership with major driver IC factories in Taiwan so as to benefit the Company's mastery of the trends of the application market and the leading technologies.
- (4) Strengthening of product process management and improvement of capacity for product yield
 - Product yield directly influences the Company's production and profits, and product yield and product quality will depend on whether the production process management can be effectively operated. The Company has engaged in the field of Tape-COF for many years and accumulated years' manufacturing experience and technical strength as well as dedicated to the improvement of product quality. Therefore, it has been deeply trusted by the customers. High-quality, stable and reliable products are a necessary factor for the accomplishment of the Company's undertaking and also a powerful tool for the Company to compete in the market. Additionally, the Company is capable of effectively reducing production cost, making continuous improvements in terms of technologies and advanced processes, lowering unit production cost and improving profits so as to better the prices competitiveness of products.

(5) Leading process technologies

The Company is the only supplier among all domestic and foreign suppliers that owns subtractive process, semi-additive process and 2-Metal process simultaneously. The minimum spacing of Tape-COF volume-produced using semi-additive process can reach 16um, which is leading in the process technology industry.

- 5. Advantages and disadvantages of future development vision and countermeasures
 - (1) Advantages
 - (A) Broadened product application fields and continuously expanded market scale

The application fields of panels are continuously expanded. For example, storage NB, panel display, LCD TV, cellphone, camera and other optical products are all panel application fields. With the improvement of technologies and reduction of production cost, the scope of application will be continuously expanded so as to drive the growth of application demands for driver IC package materials.

- (B) Taiwan becomes an important place for global panel and IC design and production and the supply chain is localized.
 - Taiwan has already become a manufacturing center of global panel display and IC manufacturing industries. With the continuous expansion of the overall production scale of the global panel industry, the upstream and downstream panel industry supply chain market will be driven. The manufacturers of Taiwan play a very important role in the aforesaid product supply chain so as to gradually improve the independence of Taiwan in the manufacturing of key components in the panel industry. Therefore, the localization trend of driver IC supply chain will bring huge business opportunities to local tape suppliers.
- (C) Close partnership with customers
 Since Tape-COF is a highly customized component, it can be developed
 and produced only after the driver IC design house provides
 specification first. Therefore, the Company is highly associated with IC
 design house. Once a partnership is established with the customers,
 the Company cannot be easily replaced.
- (D) Highly capital and technology intensive and relatively high entry threshold

The semiconductor industry is a capital- and technology-intensive industry. Due to the expensive testing machines required for semiconductor testing and the rapid changes in product technology, the capital expenditure required is continuously increasing. In addition, the semiconductor industry is highly technology-intensive, and its process technology and product yield rate determine the production cost, while R&D talents are closely related to process technology. However, it is not easy to cultivate and recruit R&D professionals, and products need to be certified by customers first before orders can be placed, thus resulting in relatively high entry threshold for new competitors. The Company has an excellent technical research and development team, which has been deeply involved in the industry for many years and thus accumulated rich

practical experience and fully mastered semiconductor package trends and demands. Furthermore, the Company's product process technologies have already won trust from major domestic and foreign manufacturers and passed their quality certifications, indicating the Company's market competitiveness.

(2) Disadvantages

(A) Trend of continuous priced reduction of information products remains unchanged and product prices are facing declining pressure.

In order to stipulate the terminal consumer marker, information product providers continuously adopt low-price strategies and also require the upstream component suppliers to reduce prices. Therefore, the component manufacturers are facing the pressure of shrinkage of gross profit rate. Under the low-cost trend, the profitability will be affected if the Company cannot maintain our leading position in technical terms, or no favorable upstream and downstream industry chain management is adopted to control cost.

Countermeasures:

Besides closely cooperating with existing manufacturers and establishing long-term stable partnership with them, the Company continuously improves its technologies and processes and betters its product yield so as to lower unit production cost and enhance price competitiveness. Additionally, based on the market development trends, the Company will intensify its design capacity, raise technological threshold and improve yield so as to widen the technological gap with the competitive enterprises and avoid price competition.

(B) Low independence regarding key raw materials

The main raw materials used for production of Tape-COF have to rely on supplies from foreign manufacturers, and therefore it is relatively difficult to control the cost of these raw materials, which does not benefit price competition.

Countermeasures:

The Company closely cooperates with existing manufacturers and establishes long-term stable partnership with them to research and develop a new generation of substrates through joint cooperation to control the stability of supply of raw materials. Also, the Company purchases forward exchange in advance to avoid the risk of change in exchange rate. Additionally, the Company also continuously improves process yield, avoids improper wastage and accurately controls production cost; the R&D unit of the Company also tests the raw materials supplied by different manufacturers to lower risks.

(C) It is more difficult to develop tape IC substrates used for packages due to IC circuit spacing micronization.

Since light, thin, short and small products are pursued, and the penetration rate of LCD TV with super-high picture quality, it becomes more difficult to develop tape IC substrates used for packages with the micronization of circuit process technology applied in driver IC products.

Countermeasures:

The Company has continuously cooperated with driver IC factories and utilized unique semi-additive process technology to successfully develop Tape-COF products with 18um and 16um pitch, boasting leading technology in the industry; besides, more advanced Tape-COF products like 2-Metal Tape-COF, still have been continuously developed and the Company is expected to provide products needed by the customers ahead of other enterprises in the industry.

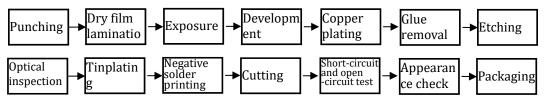
(D) Both sales and purchase are valuated using foreign currency and thus the profitability can be easily affected by change in foreign exchange. Although the products of the Company are mainly sold locally in Taiwan, customers used USD for pricing. However, JPY is mainly used for pricing of raw materials purchased. Therefore, fluctuation of exchange rate has a certain influence on the Company's profitability. Countermeasures:

In order to strengthen the risk management of exchange rate and lower its influence on profits, the Company takes the following measures:

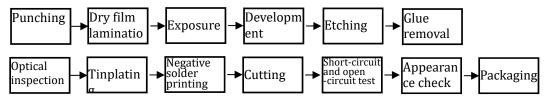
- a. Finance & Accounting Department has normally maintained a close relation with foreign exchange department of correspondent banks to fully master the trend of exchange rates, and also search information related to change in exchange rate at the same time to master the trends and information on the changes of domestic and foreign exchanges rates so as to lower the negative impact caused by change in exchange rate.
- b. The Company considers the changing trend of exchange rate, and evaluates the adjustment of selling prices of products upon business quotations so as to assure the Company's profits.
- c. The Company takes proper hedging tools like pre-sale or advance purchase of forward exchange to lower the risk of fluctuation of exchange rate.
- B. Important usage of major product and production process
 - Important usage of main product

	2000
Main product	Main usage or function
Tape-COF	LCD display driver IC package

2. Production process of main product Semi-additive method:



Subtractive method:



C. Supply status of main raw material

	Main raw material	Supplier	Supply status
21	PI (1 polyimide layer and 1 metal layer)	Sumitomo Metal Mining Co., LTD	Good and stable

D. List of main customers for sales and purchase

1. Specify names of manufacturing taking up more than ten percent of total purchasing amount of the Company in either of the recent two years and their purchasing amount and ratios and explain the reason for change (increase/decrease).

Unit: NT\$ Thousand; %

	1				l				As of the previous quarter of 2023			
		20)21			202	22		As of the	e previou	s quarter of	2023
											Ratio in	
			Ratio in				Ratio in				net	
			net				net				purchasing	
Iten	,		purchasing	Relation			purchasing	Relation			amount as	Relation
11011	Name	Amount	amount in	with the	Name	Amount	amount in	with the	Name	Amount	of the	with the
			current	issuer			current	issuer			previous	issuer
			year				year				quarter of	
			(Percent)				(Percent)				current	
											year	
1	SMM	707,735	51	None	SMM	423,696	48	None	SMM	48,021	35	None
(Others	670,768	49		Others	464,549	52		Others	87,312	65	
	Net				Net				Net			
pu	rchasing	1,378,503	100		purchasing	888,245	100		purchasing	135,333	100	
a	mount				amount				amount			

Explanation of change (increase/decrease):

The main supplier of the Company in recent two years is SMM, and the purchasing amount is not significantly changed due to the influence of exchange rate.

Specify names of clients taking up more than ten percent of total selling amount of the Company in either of the recent two years and their selling amount and ratios and explain the reason for change (increase/decrease). 2;

											٦	Unit: NT\$ Thousand; %
		2021				2022			t	As of the prev	As of the previous quarter of 2023	3
Item	Name	Amount	Ratio in net selling amount in current year (Percent)	Relation with the issuer	Name	Amount	Ratio in net selling amount in current year (Percent)	Relation with the issuer	Name	Amount	Ratio in net selling amount as of the previous quarter of current year	Relation with the issuer
1	CHIPONE (HONG KONG)	996'299	22	None	CHIPONE (HONG KONG)	465,330	22	None	CHIPONE (HONG KONG)	96,057	28	None
2	NovaTek	556,273	19	None	Himax Technologies, Inc.	368,609	17	None	NovaTek	74,640	21	None
3	Raydium Semiconductor Corporation	417,344	14	None	NovaTek	274,290	13	None ,	Himax Technologies, Inc.	52,844	15	None
4	Himax Technologies, Inc.	382,333	13	None	Tongfu Microelectronics Xiamen Subsidiary	268,432	13	None	1	,	,	ı
2	Tongfu Microelectronics Hefei Subsidiary	306,595	10	None	,				,	,	,	
	Others	677,354	22		Others	736,176	35		Others	126,238	36	
ž	Net selling amount	3,002,859	100.00		Net selling amount	2,112,837	100		Net selling amount	349,779	100	

It was resulted from the reduction of profits due to unfavorable economic environment in 2022. Explanation of change (increase/decrease):

E. Production value in recent two years

Unit: Kpcs; NT\$ Thousand

Year		2021			2022	
Production value Main commodity	Production capacity (Note 1)	Output	Production value	Production capacity (Note 1)	Output	Production value
Tape-COF	960,000	625,894	2,345,100	960,000	446,407	1,467,485

Note 1: The production capacity is calculated on the basis of 48 tape width and 5 holes.

Explanation of change (increase/decrease):

It was resulted from the reduction of profits due to unfavorable economic environment in 2022.

F. Table of sales volume and value in recent two years

Unit: Kpcs; NT\$ Thousand

							011	ic. Rpcs, ivi	ψ Tillousaliu
\	Year		20	21			20	22	
Sales volume and	d\	Domes	tic sale	Overse	as sale	Domes	tic sale	Overse	as sale
value Main commodity		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Tape-COF		372,114	1,636,148	253,780	1,286,582	253,311	1,136,966	193,096	936,027
Others (note)		-	41,136	-	38,993	-	18,999	-	20,845
Total		372,114	1,677,284	253,780	1,325,575	253,311	1,155,965	193,096	956,872

Note: "Others" mainly refer to income from molds. Due to difference in unit, they are not summarized here.

Explanation of change (increase/decrease):

It was resulted from the reduction of profits due to unfavorable economic environment in 2022.

(III) Information of employees in recent two years and as of the date of publication of the annual report

Unit: Person; %

Year		End of 2021	End of 2022	As of April 1, 2023
	R&D personnel	68	62	63
Number of	Indirect personnel	109	84	85
employees	Direct personnel	597	384	412
Total		774	530	560
Average age		33.33	36.37	35.89
Average service s	eniority (year)	5.64	7.23	7.08
	Master's degree and above	4.39	4.53	4.29
Education distribution ratio	University and junior college	50.13	55.09	54.46
(Percent)	Senior high school	44.19	39.25	40.18
	Below senior high school	1.29	1.13	1.07

(IV) Information regarding environmental protection expenditure:

The possible estimated amount of losses suffered from environmental pollution (including compensation as well as violation of environmental protection regulations based on the results of environmental protection audit; date of disposal, disposal

document number, provisions of regulations violated, contents of regulations violated and content of disposal should be specified) at present and in the future as well as responsive measures were disclosed in recent years and as of the date of publication of the annual report. If such losses could not be reasonably estimated, the facts related to the failure for reasonable estimation should be explained:

No environmental pollution has occurred in the recent year and as of the publication date of the annual report.

(V) Labor-capital relationship

- A. Employees' welfare measures, further education, training and retirement system and their implementation status as well as status of labor-capital agreement and measures for safeguarding of each of employees' rights and benefits:
 - Employee welfare measures and implementation status:

 Besides welfare and payments handled for all employees of the Company according to labor and health insurance measures, including labor and health insurance, maternity insurance, disease-risk policy and medical treatment, the Company has also established an employee benefit committee. In addition to the provision of employees' basic welfare guarantee granted by the Labor Standard Law and organizing of activities like travel to employees in order to adjust their physical and mental states, better their life quality and enhance their friendship, the Company also provides various kinds of cash gifts periodically and subsidies for weddings and funerals every year.

(1) Welfare facilities

The Company has established staff restaurant, healthcare room, nursing room, AED, blood pressure machine, special parking spaces for pregnant women, contracted kindergarten and many appointed stores. The management of occupational health and safety management system is implemented based on the authentication of hazard factors and the assessment and control of risks and opportunities to prevent occurrence of accidents by means of systematic operation, reduce the risk of harm to employees, and improve the safety environment. In 2020, occupational injury cases were reduced in the plant area based on good safety and health control.

(2) Welfare subsidies

All employees are entitled to labor insurance, health insurance, group insurance (including accident insurance), medical insurance, cancer insurance and employee travel insurance, etc. Employees also enjoy benefits such as marriage subsidy, maternity subsidy, funeral subsidy, birthday cash gift, seasonal dinner bonus, education and training, and employees' physical checkups.

(3) Other subsidies

The Company provides maternity leave, pregnancy care leave, paternity leave, parental leave, etc. according to the provisions of laws and regulations.

2. Employees' further education and training

In order to cultivate employees' morality and improve their quality, professional ability and work efficiency, in additional to orientation training courses and various kinds of education and training arranged to new employees upon their entry, the Company also provides professional technical training for employees based on different functions and business demands so as to enhance employees' academic skills and benefit the achievement of their work tasks.

3. Retirement system and implementation status

In order to provide employees with a comfortable retirement life, the Company has legally formulated labor retirement measures, established a labor retirement reserve fund supervision committee, and periodically appropriated and deposited retirement reserve fund in a special account at the central trust bureau every month according to a ratio of 2% of the total amount of remuneration expenses to safeguard workers' rights and interests. The Company also adopted the new retirement policy issued by the government since June 1, 2005 and appropriated 5% of total employees' remuneration to employees' individual pension accounts; if employees voluntarily pay retirement pension, the Company will withhold and remit retirement pension from employees' monthly salary to the individual retirement pension accounts opened at the bureau of labor insurance based on the voluntary payment ratio.

The Company applies the provisions of the labor pension regulations as follows:

(1) Voluntary retirement:

Employees having any of the following circumstances may apply for voluntary retirement: (Those who choose the application of the labor pension regulations shall handle retirement according to the same provisions in the regulations.)

- (A) Working for fifteen years and above and aged 55 or above
- (B) Working for twenty-five years and above
- (C) Working for ten years and above and aged 60 and above

(2) Compulsory retirement:

The Company shall not force an employee to retire unless this employee otherwise has any of the following circumstances:

- (A) Aged 65 and above
- (B) Mental incapacity or physical disability to result in the incompetence for the work.

Regarding the age stipulated in the subparagraph 1 of the preceding paragraph, the Company shall apply to the central competent authority for the approval of adjustment of the retirement of workers engaged in special types of work involving danger and great strength, but the retirement age shall not be lower than 55.

(3) Pension payment standards:

- (A) If the working seniority before and after the issuance of the Labor Standard Law is applied, or if the provisions of "Labor Standard Law" on pension is continuously applied according to the labor pension regulations, or the working seniority before the application of the labor pension regulations is preserved, the pension payment standards shall be calculated according to the provisions of Article 84-2 and Article 55 of the Labor Standard Law.
- (B) If the mental incapacity or physical disability of an employee who has the working seniority stipulated in the preceding paragraph and is under compulsory retirement according to the provisions of Article 35, Paragraph 1, Subparagraph 2 is caused due to execution of his work, extra twenty percent of pension will be increased according to the provisions of Article 55, Paragraph 1, Subparagraph 2 of the Labor Standard Law.

(C) As for employees who are subject to the provisions of labor pension regulations, the Company will pay 6% of their monthly salaries to their individual retirement accounts.

(4) Agreed payment of pension:

The pension payable by the Company to the employees shall be paid within thirty days since the dates of retirement of the employees.

4. Safeguarding status of measures for the safeguarding of employees' rights and interests

In addition to the formulation of work rules according to provisions of laws and regulations to clearly standardize each working condition and safeguard employees' rights and interests, the Company has also established an employee welfare committee according to laws and regulations, and therefore employees' rights and interests can be fairly and reasonably handled according to the aforesaid channels; so far, no damage has been caused to the rights and interests of the employees of the Company.

5. Status of labor-capital agreement

The labor-capital relationship of the Company has always been harmonious with unimpeded communicating channels. Also, the Company abides by the provisions of relevant laws and regulations and hasn't been involved in any labor dispute or any situation requires labor-capital negotiation.

- 6. In accordance with Article 24 of the Articles of Association of the Company, if the Company obtains profits in current year, it shall appropriate 2%~16% of the profits as employee profit sharing bonus. The Board of Directors will decide to distribute it in form of stock or cash. The objects of payment include employees of subordinate companies that comply with certain conditions; the Company may appropriate 1% of the aforesaid profits as directors' remuneration. Proposals for distribution of employee profit sharing bonus and directors' remuneration shall be reported to the Shareholders' Meeting. However, when the Company has accumulated losses, amount for compensation of such losses shall be reserved in advance, and then employee profit sharing bonus and directors' remuneration may be appropriated according to the preceding ratios.
- B. The possible estimated amount of losses suffered from labor disputes (including violation of the Labor Standard Law based on the results of labor examinations; date of disposal, disposal document number, provisions of regulations violated, contents of regulations violated and content of disposal should be specified) at present and in the future as well as responsive measures were disclosed in recent years and as of the date of publication of the annual report. If such losses could not be reasonably estimated, the facts related to the failure for reasonable estimation should be explained:

The Company emphasizes on employees' welfare at ordinary times and the labor-capital relationship is harmonious. No major labor dispute has occurred to the Company in recent years and as of the date of publication of the annual report.

(VI) Information security management:

- A. Explain information security risk management structure, information security policies, specific management schemes and resources allocated for information security management.
 - 1. The Company has already made several improvements for the information security of its information system architecture:
 - (1) Purchase new firewall to readjust the architecture, eliminate the old model that does not support application layer protection, and enhance protection performance.
 - (2) Partition independent logic domains according to network service demands, and establish proper information security protection and control measures for different operating environments.
 - (3) Update data backup mechanism, provide comprehensive and quick recovery of each system and improve the recovery time.
 - 2. Estimated reinforcement plans to be established in current year:
 - (1) Advanced persistent threat and attack defense measures to detect, prevent and block encrypted blackmails and threats and explore "unknown" malicious programs, etc.
 - (2) Network service defense measures to automatically search assets in the whole network, formulate security management policies and obstruct violating devices in a real-time way.
 - (3) Social engineering drills: The reinforcement of employees' awareness of information security requires long-term continuous training and coaching. These drills can improve employees' awareness of information security and avoid hacking.
 - (4) Strengthen the recovery contingency operation mechanism, identify the probability and degree of influence of events that may lead to interruption of operation, clearly establish recovery time objective (RTO) of core business as well as data recovery point object (RPO) and set up proper backup mechanism and plan.

The Company is committed to achieving the goal of not being affected by emerging risks and attacks amid the every-changing network security threats and strengthening real-time protection against any network attacks or events so as to avoid causing major adverse influence on the Company's financial business.

B. Specify losses suffered from major information security events, possible influence and responsive measures in recent years and as of the date of publication of the annual report. If they could not be reasonably estimated, the facts related to the failure for reasonable estimation should be explained: None.

(VII) Important contracts:

vii) important	contracts.		1		
Nature of	Party concerned	Starting and ending time	Main content	Restrictive	
contract	Tarty concerned	of contract	Main content	clause	
Permanent technical authorization contract	Sumitomo Metal Mining Co., Ltd.	Effective since April 1, 2014	Permanent authorization of semi-additive technology	Manufactured and developed only within the territory of the ROC	
Procurement contract	Sumitomo Metal Mining Co., LTD	Due within one year and then automatically extended	Raw material supply contract	None	
Lease contract	Chang Wah Electromaterials Inc.	April 1, 2017~March 31, 2027	Plant leasing	None	
	Taishin Bank	March 27, 2020~March 15, 2027	Middle- and long-term financing	None	
Loan contracts for "Stay-	CTBC Bank	November 28, 2019~November 15, 2026	Middle- and long-term financing	None	
Taiwan" project	Chang Hwa Bank	December 23, 2019~December 15, 2026	Middle- and long-term financing	None	
	HNCB	December 23, 2019~December 15, 2026	Middle- and long-term financing	None	
	Mega International Commercial Bank	Within two years since the date of first use	Middle-term financing	None	
Modium town	KGI Bank	March 11, 2022~March 11, 2024	Middle-term financing	None	
Medium-term loan contracts	EnTie Bank	February 23, 2022~February 23, 2025	Middle-term financing	None	
	Mizuho Bank	January 8, 2023~January 8, 2025	Middle-term financing	None	

VI. Financial Status

- (I) Condensed balance sheet and consolidated income statement in recent five years as well as accountants' verification opinions:
 - A. Condensed balance sheet and consolidated income statement
 - 1. Condensed Balance Sheet-International Financial Reporting Standards

Unit: NT\$ Thousand

	Year		Financial dat	ta in recent five y		tt. 141
Item		2018	2019	2020	2021	2022
Current assets	3	1,106,789	1,347,546	1,576,722	1,416,795	1,396,802
Real estate, equipment	plant and	1,307,608	1,853,300	2,445,256	2,366,757	2,115,089
Intangible ass	ets	6,250	1,250	-	-	-
Other assets		385,640	603,425	235,312	1,111,696	1,205,627
Total assets		2,806,287	3,805,521	4,257,290	4,895,248	4,717,518
Current	Before distribution	817,697	888,184	910,711	574,922	870,512
liabilities After distribution		1,017,697	1,088,184	1,035,211	740,922	Note 1
Noncurrent liabilities		103,922	660,111	1,079,588	1,516,652	1,417,009
Before Total distribution		921,619	1,548,295	1,990,299	2,091,574	2,287,521
liabilities	After distribution	1,121,619	1,748,295	2,114,799	2,257,574	Note 1
Owner's equit to the parent of	y attributable company	1,884,668	2,257,226	2,266,991	2,803,674	2,429,997
Capital stoc	k	1,000,000	1,000,000	830,000	830,000	830,000
Capital rese	rve	590,312	590,312	590,312	638,654	640,167
Retained	Before distribution	303,574	634,309	584,824	862,224	770,563
earnings	After distribution	103,574	434,309	460,324	696,224	Note 1
Other equit	y	(9,218)	32,605	261,855	472,796	189,267
Treasury st	ock	-	_	-	-	-
Non-controlling	ng interests	-	-	-	-	-
Total Equity	Before distribution	1,884,668	2,257,226	2,266,991	2,803,674	2,429,997
Total Equity	After distribution	1,684,668	2,057,226	2,391,491	2,637,674	Note 1

Note 1: The earning distribution proposal of 2022 hasn't been approved in relevant resolution of the Shareholders' Meeting.

Note 2: The figures after distribution as mentioned above shall be filled out and presented according to the status of the resolution made by the Board of Directors or the Shareholders' Meeting next year.

2. Condensed Consolidated Income Statement-International Financial Reporting Standards

Unit: NT\$ Thousand

				OIII	t. N I # I II Ousaiiu
Year		Financial dat	a in recent five y	ears (Note 1)	T
Item	2018	2019	2020	2021	2022
Operating income	1,931,008	3,017,155	2,646,853	3,002,859	2,112,837
Gross operating profit	395,759	872,943	377,772	599,469	220,910
Operating profit and loss	237,116	644,021	182,506	360,997	5,152
Non-operating revenue and expenditure	9,511	7,776	6,651	29,939	90,269
Net profit before tax	246,627	651,797	189,157	390,936	95,421
Net profit of continuing operation units for the current period	219,544	524,347	148,328	324,411	73,358
Loss of closed units	-	-	-	-	-
Net profit for the current period	219,544	524,347	148,328	324,411	73,358
Other comprehensive profit (loss) for the current period	(14,074)	48,211	231,437	288,430	(282,548)
Total comprehensive profit (loss) for the current period	205,470	572,558	379,765	612,841	(209,190)
Net profit attributable to owners of parent company	219,544	524,347	148,328	324,411	73,358
Net profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive profit (loss) attributable to owners of the parent company	205,470	572,558	379,765	612,841	(209,190)
Total comprehensive profit (loss) attributable to non-controlling interests	-	-	-	-	-
Basic EPC after tax	2.20	5.24	1.57	3.91	0.88

B. Names of certified public accountants in recent five years and their verification opinions:

Year	Accounting firm	Names of accountants	Verification opinion
2018	Deloitte & Touche	HSU, JUI-HSUAN, LIU, YU-XIANG	Unqualified opinion
2019	Deloitte & Touche	HSU, JUI-HSUAN, LIU, YU-XIANG	Unqualified opinion
2020	Deloitte & Touche	WANG, CHAO-CHUN, HSU, JUI-HSUAN	Unqualified opinion
2021	Deloitte & Touche	WANG, CHAO-CHUN, LIU, YU-XIANG	Unqualified opinion
2022	Deloitte & Touche	WANG, CHAO-CHUN, LIU, YU-XIANG	Unqualified opinion

(II) Financial analysis in recent five years:

A. Financial Analysis-International Financial Reporting Standards

	Year		Financial an	alysis in rece	nt five years	
Analysis ite	m (Note 1)	2018	2019	2020	2021	2022
Financial	Debt to assets ratio	32.84	40.68	46.75	42.72	48.48
structure (%)	Ratio of long-term capital in real estate, plants and equipment	152.07	157.41	136.86	182.54	181.88
Debt paying	Liquidity ratio	135.35	151.71	173.13	246.43	160.45
	Quick ratio	107.14	118.23	146.46	203.86	137.40
ability (%)	Interest coverage ratio	28.74	29.46	12.49	24.41	5.68
	Turnover rate of receivables (times)	6.60	7.26	6.92	7.62	5.92
	Average days of cash receipt	55	50	53	48	62
	Inventory turnover rate (times)	7.83	8.47	8.79	10.44	8.96
Operating capacity	Turnover rate of payables (times)	9.94	10.83	11.30	12.89	12.31
	Average days of sale	47	43	42	35	41
	Turnover rate of real estate, plants and equipment (times)	1.85	1.90	1.23	1.24	0.94
	Turnover rate of total assets (times)	0.80	0.91	0.65	0.65	0.43
	Return on assets (%)	9.42	16.41	4.00	7.38	1.86
	Return on equity (%)	12.21	25.31	6.55	12.79	2.8
Profitability	Ratio of net profit before tax in paid-in capital (%)	24.66	65.17	22.79	47.1	11.49
	Net profit margin (%)	11.36	17.37	5.60	10.8	3.47
	Basic EPC after tax (Yuan)	2.20	5.24	1.57	3.91	0.88
	Cash flow ratio (%)	35.16	96.01	68.67	116.13	71.04
Cash flows	Fair ratio of cash flows (%)	76.36	76.20	72.43	77.32	93.1
	Cash reinfection ratio (%)	5.03	10.67	6.36	6.82	5.65
Leverage	Operating leverage	5.08	3.18	9.29	5.47	262.87
Leverage	Financial leverage	1.04	1.04	1.10	1.05	(0.34)

Please explain the reasons for changes of each financial ratio in recent two years (analysis may be exempted if the change (increase/decrease) does not reach 20%).

Financial structure:

It was not significantly different from that in the same period last year.

Debt paying ability:

The liquidity ratio dropped from 246% to 160%, and the quick ratio dropped from 204% to 137%, which was mainly resulted from the successive repayment of previous borrowings and the reclassification of long-term borrowings of non-current liabilities to current liabilities due within one year. The interest coverage ratio declined from 24 times to 6 times, which was mainly resulted from the reduction of the prosperity correction demand.

Operating capacity:

The turnover rate of receivables dropped from 7.62% to 5.92%, and the average days of cash receipt increased from 48 days to 62 days, which was resulted from the reduction of shipments due to economic downturn and the reduction of customers for advances received. The turnover rate of real estate, plants and equipment dropped from 1.24% to 0.94%, and the turnover rate of total assets dropped from 0.65% to 0.43%, which was mainly resulted from the reduction of prosperity correction demand.

Profitability:

The return on assets dropped from 7.38% to 1.86%, the return on equity dropped from 12.7% to 2.8%, the ratio of net profit before tax in paid-in capital dropped from 47.1% to 11.49%, the net profit margin dropped from 10.8% to 3.47%, and the basic earnings per share dropped from 3.91 to 0.88, which was mainly resulted from the reduction of prosperity correction demand.

Cash flows:

The cash flow ratio dropped from 116.13% to 71.04%, which was mainly resulted from the successive repayment of previous borrowings and the reclassification of long-term borrowings of non-current liabilities to current liabilities due within one year. The fair ratio of cash flows increased from 77.32% to 93.1%, which was mainly resulted from the reduction of prosperity correction demand.

Leverage:

The operating leverage increased from 5.47% to 262.87%, which was mainly resulted from the reduction of environment demand and the decline of profits to affect the variable cost. The financial leverage dropped from profit of 1.05% to loss of 0.34%, which was mainly resulted from the reduction of environment demand and the decline of profits.

Calculation formulas:

1. Financial structure

- (1) Debt to assets ratio = Total liabilities/Total assets
- (2) Ratio of long-term capital in real estate, plants and equipment = (Total equity + Noncurrent liabilities)/Net amount of real estate, plants and equipment

2. Debt paying ability

- (1) Liquidity ratio = Current assets/Current liabilities
- (2) Quick ratio = (Current assets Inventories Prepayments)/Current liabilities
- (3) Interest coverage ratio = Net income before income tax and interest cost/Interest expenditure for the current period

3. Operating capacity

- (1) Turnover rate of receivables (including accounts receivable and notes receivable from operation) = Net amount of sale/Balance of average receivables in each period (including accounts receivable and notes receivable from operation)
- (2) Average days of cash receipt = 365/Turnover rate of receivables
- (3) Inventory turnover rate = Cost of selling/Average inventory amount
- (4) Turnover rate of payables (including accounts payable and notes payable from operation) = Cost of selling/Balance of average payables in each period (including accounts payable and notes payable from operation)
- (5) Average days of sale = 365/Inventory turnover rate
- (6) Turnover rate of real estate, plants and equipment = Net amount of sale/Average net amount of real estate, plants and equipment
- (7) Turnover rate of total assets = Net amount of sale/Average total assets

4. Profitability

- (1) Return on assets = (Profit and loss after tax + Interest cost × (1 Tax rate)/Average total assets
- (2) Return on equity = Profit and loss after tax/Average total equity
- (3) Net profit margin = Profit and loss after tax/Net amount of sale
- (4) EPS = (Profit or loss attributable to the owners of the parent company = Special dividends/Weighted average shares already issued

5. Cash flows

- (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities
- (2) Fair ratio of cash flows = Net cash flows from operating activities in recent five years/(Capital expenditure + Increase in inventory + Cash dividends) in recent five years
- (3) Cash reinvestment ratio = (Net cash flows from operating activities Cash dividends)/(Gross amount of real estate, plants and equipment + Long-term investments + Other noncurrent assets + Operating capital)

6. Leverage:

- (1) Operating leverage = (Net amount of operating income Change in operating cost and expenses)/Operating income
- (2) Financial leverage = Operating income/ (Operating interest Interest cost)

(III) Review report issued by the Audit Committee for the financial reports of 2022:

JMC Electronics Co., Ltd.

Audit Report by Audit Committee

The board of directors has prepared the Company's 2022 Business Report,

Financial Statements and Profit Distribution Proposal, etc., among which the

Financial Reports have been audited by CPAs Wang, Chao-Chun and Liu, Yu-Xiang

of Deloitte & Touche and an Audit Report has been issued. The Audit

Committee has reviewed such Business Report, Financial Statements and Profit

Distribution Proposal and has found them compliant. Thus, this report is

issued in accordance with Article 14-4 of the Securities and Exchange Act and

Article 219 of the Company Act for review.

To

JMC Electronics Co., Ltd. 2023 General Shareholders Meeting

JMC Electronics Co., Ltd. Audit Committee

Auditor:

Auditor:

Auditor:

March 14, 2023

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(IV) Financial reports in recent year

INDEPENDENT AUDITORS' REPORT

JMC Electronics Co., Ltd.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) 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 those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter of the Corporation's financial statements for the year ended December 31, 2022 is described as follows:

Significant Contingencies

As stated in Note 32 of the financial statements, Chipbond Technology Corp. filed a criminal incidental civil lawsuit against the Corporation for the breach of trade secrets and requested compensation for damages amounting to NT\$1,000,000 thousand. In August 2021, an additional claim was made for additional damages. In addition, a civil lawsuit for the infringement of trade secrets was filed, seeking indemnification of NT\$1,765,137 thousand. The lawyer entrusted by the Corporation assessed that the litigation case had no significant adverse impact on the Corporation. Therefore, the management of the Corporation assessed that the lawsuit will not have a significant impact on the Corporation's business and financial position. The aforementioned case has not been adjudged by the court as of March 14, 2023. The litigation case is a significant matter during the financial reporting period and involves the use of management's material estimates

and expert reports.

Our audit of the significant contingencies focused on the reasonableness of management's estimates and the opinion of experts, and we performed the following main audit procedures:

- 1. We sent the confirmation letter to the expert and obtained a declaration of independence from the expert.
- 2. We obtained the expert's report and reviewed the opinions of the litigation case.
- 3. We inquired management and experts on the judging basis and the possible outcome of the litigation case and evaluated its rationality.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 financial statements.

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

- 1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chun Wang and Yu-Hsiang Liu.

Deloitte & Touche Taipei, Taiwan Republic of China

March 14, 2023

Notice to Readers

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

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

BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, Amount	2022	December 31, 2021 Amount %		
CURRENT ASSETS					
Cash and cash equivalents (Notes 4 and 6)	\$ 866,518	18	\$ 665,410	13	
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	550	-	
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	8,438	-	6,803	-	
Accounts receivable, net (Notes 4 and 9)	261,935	6	386,950	8	
Accounts receivable - related parties (Notes 4, 9 and 30)	20,683	1	43,494	1	
Other receivables (Note 30)	2,001	-	2,001	-	
Inventories (Notes 4 and 10)	192,200	4	229,967	5	
Other financial assets - current (Note 31)	1,785	-	1,785	-	
Other current assets (Note 11)	43,242	1	79,835	2	
Total current assets	1,396,802	30	1,416,795	29	
NON-CURRENT ASSETS					
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	777,932	17	942,597	19	
Investments accounted for using equity method (Notes 4 and 12)	256,832	5	-	-	
Property, plant and equipment (Notes 4 and 13)	2,115,089	45	2,366,757	48	
Right-of-use assets (Notes 4 and 14)	81,428	2	100,358	2	
Deferred tax assets (Notes 4, 5 and 25)	13,008	-	5,821	-	
Prepayments for equipment	22,757	-	26,218	1	
Refundable deposits (Note 30)	3,342	-	3,342	-	
Net defined benefit assets - non-current (Notes 4 and 21)	2,965	-	-	-	
Other non-current assets (Note 15)	47,363	1	33,360	1	
Total non-current assets	3,320,716	70	3,478,453	71	
TOTAL	\$ 4,717,518	<u>100</u>	\$ 4,895,248	100	
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term borrowings (Note 16)	\$ 100,000	2	\$ -	-	
Contract liabilities - current (Note 23)	13,153	-	53,759	1	
Accounts payable (Notes 18 and 30)	140,080	3	167,231	4	
Other payables (Notes 19 and 30)	234,138	5	256,823	5	
Current tax liabilities (Notes 4 and 25)	29,475	1	67,394	1	
Lease liabilities - current (Notes 4, 14 and 30)	18,977	-	18,589	1	
Current portion of long-term borrowings (Note 16)	320,472	7	6,250	-	
Other current liabilities (Notes 4 and 20)	14,217		4,876		
Total current liabilities	870,512	18	574,922	12	
NON-CURRENT LIABILITIES					
Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 17)	11,500	-	-	-	
Bonds payable (Notes 4 and 17)	485,108	10	481,212	10	
Long-term borrowings (Note 16)	847,053	18	938,763	19	
Deferred tax liabilities (Notes 4 and 25)	680	-	1,105	-	
Lease liabilities - non-current (Notes 4, 14 and 30)	66,465	2	85,442	2	
Net defined benefit liabilities - non-current (Notes 4 and 21)	-	-	335	-	
Guarantee deposits (Note 30)	774	-	250	-	
Other non-current liabilities (Note 4)	5,429		9,545		
Total non-current liabilities	1,417,009	30	1,516,652	31	
Total liabilities	2,287,521	48	2,091,574	43	
EQUITY (Note 22)					
Ordinary shares	830,000	18	830,000	17	
Capital surplus	640,167	14	638,654	13	
Retained earnings					
Legal reserve	151,569	3	111,379	2	
Unappropriated earnings	618,994	13	750,845	15	
Total retained earnings	770,563	16	862,224	17	
Other equity	189,267	4	472,796	10	
Total equity	2,429,997	52	2,803,674	57	
TOTAL	\$ 4,717,518	_100	\$ 4,895,248	100	

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

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the	Year End	ed December 31		
	2022	2022			
	Amount	%	Amount	%	
OPERATING REVENUE (Notes 4, 23, 30 and 35)	\$ 2,112,837	100	\$ 3,002,859	100	
OPERATING COSTS (Notes 10, 13, 24 and 30)	1,891,927	90	2,403,390	_80	
GROSS PROFIT	220,910	<u>10</u>	599,469		
OPERATING EXPENSES (Note 24) Selling and marketing expenses General and administrative expenses Research and development expenses	44,134 108,754 62,870	2 5 3	34,229 135,296 68,947	1 5 2	
Total operating expenses	215,758	10	238,472	8	
PROFIT FROM OPERATIONS	5,152		360,997	12	
NON-OPERATING INCOME AND EXPENSES (Notes 12, 24 and 30) Interest income Other income Other gains and losses Finance costs Share of profit of associates Total non-operating income and expenses	2,654 49,463 51,667 (20,366) 6,851	2 3 (1) ———————————————————————————————————	421 40,737 5,477 (16,696) ———————————————————————————————————	- 1 - - - - 1	
PROFIT BEFORE INCOME TAX	95,421	4	390,936	13	
INCOME TAX EXPENSE (Notes 4, 5 and 25)	22,063	1	66,525	2	
NET PROFIT FOR THE YEAR	73,358	3	324,411	11	
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21, 22 and 25) Items that will not be reclassified subsequently to profit or loss Remeasurement of defined benefit plans Unrealized gains and losses on investments in	3,118	-	(939)	-	
equity instruments at fair value through other comprehensive income Share of the other comprehensive loss of	(253,510)	(12)	289,181	9	
associates	(31,532)	(1)	- (Cor	- ntinued)	

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31				
	2022		2021		
	Amount	%	Amount	%	
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ (624)	-	<u>\$ 188</u>	-	
Other comprehensive income for the year, net of income tax	(282,548)	<u>(13</u>)	288,430	9	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (209,190)</u>	<u>(10</u>)	<u>\$ 612,841</u>		
EARNINGS PER SHARE (Note 26) Basic Diluted	\$ 0.88 \$ 0.88		\$ 3.91 \$ 3.90		

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

(Concluded)

JMC ELECTRONICS CO., LTD.

STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

Other Equity
Unrealized Gains
and Losses on

\$ 830.000
•
48,342
1
638,654
1 1
1
1,513
1
1
640,167

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

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31			ecember 31	
		2022		2021	
CACHELOWS EDOM ODED ATDIC A CTIVITIES					
CASH FLOWS FROM OPERATING ACTIVITIES	Ф	05.401	Ф	200.026	
Profit before income tax	\$	95,421	\$	390,936	
Adjustments for:		202 (15		240 601	
Depreciation expense		383,615		340,601	
Amortization expense		30,780		28,265	
Net loss on financial assets at fair value through profit or loss		12,050		2,055	
Finance costs		20,366		16,696	
Interest income		(2,654)		(421)	
Dividend income		(39,309)		(22,189)	
Share of profit of associates		(6,851)		-	
Loss on disposal of property, plant and equipment		29		376	
Impairment loss recognized on non-financial assets		34,919		2,913	
Changes in operating assets and liabilities					
Financial assets mandatorily classified as at fair value through profit					
or loss		-		(1,955)	
Accounts receivable		125,015		(53,904)	
Accounts receivable - related parties		22,811		(19,601)	
Other receivables		-		6	
Inventories		23,635		(2,575)	
Other current assets		36,593		31,842	
Other financial assets		-		20,000	
Contract liabilities		(40,606)		9,906	
Accounts payable		(27,151)		(38,414)	
Other payables		(16,611)		20,803	
Other current liabilities		8,987		(23,626)	
Net defined benefit liabilities		(182)		(211)	
Cash generated from operations		660,857		701,503	
Interest received		2,654		421	
Dividends received		39,309		22,189	
Interest paid		(16,141)		(15,948)	
Income taxes paid		(68,218)		(40,457)	
Net cash generated from operating activities		618,461		667,708	
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of financial assets at fair value through other					
comprehensive income		(90,480)		(228,470)	
Proceeds from disposal of financial assets at fair value through other		(70,400)		(220,470)	
comprehensive income		_		155,874	
Acquisition of investments accounted for using the equity method		(280,000)		155,077	
		, , ,		(251,313)	
Acquisition of property, plant and equipment Increase in other non-current assets		(136,775)			
merease in other non-current assets		(44,783)		(32,790)	
Net cash used in investing activities		(552,038)		(356,699)	
rect cash used in investing activities		(334,036)		(Continued)	
				(Commucu)	

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31			ecember 31
		2022		2021
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	\$	420,000	\$	400,000
Repayment of short-term borrowings		(320,000)		(630,000)
Proceeds from short-term bills payable		50,000		200,000
Repayment of short-term bills payable		(50,000)		(200,000)
Proceeds from issuance of bonds		-		527,935
Proceeds from long-term borrowings		275,000		195,850
Repayment of long-term borrowings		(56,250)		(283,333)
Proceeds of guarantee deposits received		524		200
Repayment of the principal portion of lease liabilities		(18,589)		(18,137)
Dividends paid		(166,000)		(124,500)
Net cash generated from financing activities		134,685		68,015
NET INCREASE IN CASH AND CASH EQUIVALENTS		201,108		379,024
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		665,410		286,386
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$</u>	866,518	<u>\$</u>	665,410
The accompanying notes are an integral part of the financial statements.				(Concluded)

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

1. GENERAL INFORMATION

JMC Electronics Co., Ltd. (the "Corporation") was incorporated in 1973, and is primarily engaged in the business of manufacturing, processing, and trading of Chip on Film (Tape-COF).

As of December 31, 2022, Chang Wah Electromaterials Inc., the main shareholder of the Corporation, owned 42.8% of the Corporation's issued ordinary shares. In January 2017, the Corporation listed its shares on the Taiwan Stock Exchange.

The financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation's board of directors and authorized for issue on March 14, 2023.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Corporation's accounting policies.

Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The Corporation applied the amendments to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards. Refer to Note 4 for information relating to the relevant accounting policies.

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

New IFRSs	Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies" Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 1) January 1, 2023 (Note 2)
	(Continued)

New IFRSs

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities January 1, 2023 (Note 3) arising from a Single Transaction"

(Concluded)

- Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets	To be determined by IASB
between An Investor and Its Associate or Joint Venture"	,
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS17 and IFRS 9 -	January 1, 2023
Comparative Information"	
Amendments to IAS 1 "Classification of Liabilities as Current or	January 1, 2024
Non-current"	
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 reporting periods beginning on or after their respective effective dates.
- Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which 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 the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

e. Sale of accounts receivable

If all the following conditions are met, accounts receivable are deemed disposed of:

- 1) Accounts receivable have been isolated from the Corporation and presumed to be out of control of the Corporation.
- 2) Accounts receivable have been assigned and the assignee has the right to pledge or exchange accounts receivable, and there is no limitation to the assignee's exercise of its right to pledge or exchange accounts receivable.
- 3) The Corporation does not, by one of the following two ways, maintain effective control of the accounts receivable:
 - a) Before the due date, the Corporation has the right and obligation to redeem or repurchase the receivables.
 - b) Ability to unilaterally enable the holder to return specific assets.

When the receivables are sold, the difference between the proceeds from the selling price and the book value is recognized in non-operating income and expenses for the period.

f. Inventories

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

g. Investment in associates

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

The operating results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the share of the equity of associates.

When the Corporation subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Corporation's share of the equity of associates. If the Corporation ownership interest is reduced due to non-subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and

long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing their share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the investment and the carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

When the Corporation transacts with its associates, profits and losses on these transactions are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are classified into the appropriate categories of property, plant and equipment when completed and ready for their intended use and depreciated accordingly.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

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

i. Impairment of property, plant and equipment and right-of-use assets

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investment in debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value. Any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29: Financial Instruments.

ii. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

A financial asset is credit-impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and investments in debt instruments at FVTOCI.

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

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

For internal credit risk management purposes, the Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 60 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, and 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) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - issuance premium.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

4) Derivative financial instruments

The Corporation enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Revenue recognition

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

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation to customers and performance obligations are satisfied. Unearned sales revenue is recognized as contract liabilities until performance obligations are satisfied.

Revenue is measured at the fair value, which is the transaction price (net of commercial discounts and quantity discounts) agreed to by the Corporation with customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for any effect of a significant financing component.

1. Leases

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

1) The Corporation as lessor

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

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Corporation as lessee

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

m. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received. Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants are intended to compensate.

The benefit of a government-subsidized bank project loan received at a below-market rate of interest is treated as deferred government grant revenue, measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods. For details of the critical accounting judgments and key sources of estimation uncertainty, except for Note 32 (c), the description is as follows:

Realization of Deferred Income Tax Assets

The realizability of the deferred income tax assets depends on adequate profitability and taxable temporary differences. If the actual profit is significantly different than expected, the major deferred tax assets may be reversed/further as a result, and the reverse/further is recognized in profit or loss for the period in which it occurs.

6. CASH AND CASH EQUIVALENTS

	December 31		
	2022		2021
Cash on hand	\$ 1	9 \$	S 17
Demand deposits	685,789		665,393
			(Continued)

	December 31	
	2022	2021
Cash equivalents		
Repurchase agreements collateralized by bonds	\$ 30,710	\$ -
Time deposits with original maturities date within 3 months	150,000	
	<u>\$ 866,518</u>	\$ 665,410 (Concluded)

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets at fair value through profit or loss (FVTPL) - current	<u></u>	
Financial assets mandatorily classified as at FVTPL Convertible bonds - put and redeem options	<u>\$</u>	<u>\$ 550</u>
Financial liabilities at fair value through profit or loss (FVTPL) - non-current		
Held for trading Convertible bonds - put and redeem options	<u>\$ 11,500</u>	<u>\$ -</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Decer	December 31	
	2022	2021	
Current			
Domestic investments Listed shares	<u>\$ 8,438</u>	\$ 6,803	
Non-current			
Domestic investments Listed shares	<u>\$ 777,932</u>	<u>\$ 942,597</u>	

These investments in domestic investments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. ACCOUNTS RECEIVABLE

	December 31		
	2022	2021	
Accounts receivable Measured at amortized cost FVTOCI	\$ 72,468 	\$ 41,516 <u>345,434</u>	
	<u>\$ 261,935</u>	<u>\$ 386,950</u>	
Accounts receivable - related parties Measured at amortized cost	<u>\$ 20,683</u>	<u>\$ 43,494</u>	

a. Accounts receivable

For the credit risk arising from the significant concentration of the accounts receivable balance on major customers for the years ended December 31, 2022 and 2021, refer to Note 29.

The average credit period for sales of goods is up to 90 days; for the credit policies on the related accounts receivable, refer to Note 29.

1) Accounts receivable at amortized cost

The loss allowance for the Corporation's accounts receivable is recognized by using lifetime expected credit losses. The lifetime expected credit losses on accounts receivable were estimated by using a provision matrix by reference to the past collection experience and increase in late payments of customers beyond the credit period.

The Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments; hence, there is no further distinction between different customer segments.

The Corporation writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after completing the follow-up procedures. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

2) Accounts receivable at FVTOCI

For accounts receivable owned by major customers, the Corporation will decide whether to sell these accounts receivable to banks without recourse based on its level of working capital and the trend of currency exchange rate. These accounts receivable are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collection of contractual cash flows and the sale of financial assets. In addition, the assessment method of allowance for loss is the same method for accounts receivable at amortized cost.

The Corporation's loss allowance of accounts receivable based on the allowance matrix is shown in the following table:

December 31, 2022

	Not Past Due
Expected credit loss rate	-
Gross carrying amount Loss allowance (Lifetime ECL)	\$ 282,618
	<u>\$ 282,618</u>
<u>December 31, 2021</u>	
	Not Past Due
Expected credit loss rate	-
Gross carrying amount Loss allowance (Lifetime ECL)	\$ 430,444
	<u>\$ 430,444</u>

b. Factored accounts receivable for the years ended December 31, 2022 and 2021 were as follows:

Counterparty	Receivables Sold	Amount Collected	Advances Received - Used	Annual Interest Rates on Advances Received (%)	Credit
For the year ended December 31, 2022 CTBC Bank Taishin International Bank Chang Hwa Commercial Bank, Ltd.	\$ 62,608 5,143 	\$ 62,608 5,143 	S	- - -	USD 8,000 thousand \$ 250,000 USD 5,000 thousand
For the year ended December 31, 2021 CTBC Bank Taishin International Bank Chang Hwa Commercial Bank, Ltd.	\$ 316,568 219,507 105,472 \$ 641,547	\$ 316,568 219,507 	s - 	- - -	USD 17,000 thousand \$ 250,000 USD 5,000 thousand

The above credit line is revolving and can be utilized within the validity period.

The Corporation provided commercial papers for the factored accounts receivable to the banks mentioned above as the collateral for commercial disputes. The amount from the factored receivables is collected after deducting the related fees, and the Corporation does not bear the risk of uncollectibility of the accounts receivable.

For the year ended December 31, 2022 and 2021, the factored accounts receivable were fully received in cash.

10. INVENTORIES

	December 31	
	2022	2021
Raw materials Supplies Finished goods Work in progress	\$ 65,784 62,606 14,114 	\$ 67,405 72,014 27,740 62,808
	<u>\$ 192,200</u>	<u>\$ 229,967</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2022 and 2021 was NT\$1,871,140 thousand and NT\$2,403,390 thousand, respectively, which included the following items:

	For the Year Ended December 31		
	2022	2021	
Inventory write-downs	\$ 14,132	\$ 2,913	
Loss due to idle capacity	397,479	56,702	
Revenue from sale of scraps	(637)	(648)	

11. OTHER FINANCIAL ASSETS

	December 31	
	2022	2021
Tax overpaid retained for offsetting future tax payable Input tax Prepaid expenses Others	\$ 23,515 10,859 8,481 387	\$ 39,780 24,991 14,766
	<u>\$ 43,242</u>	<u>\$ 79,835</u>

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2022	2021
Material associates		
Shing Zheng Investment Co., Ltd. (Shing Zheng Co.)	\$ 256,3	<u>\$ -</u>
		Proportion of Ownership and Voting Rights(%)
	Principal Place	December 31

December 31

Name of AssociateNature of Activitiesof Business20222021Shing Zheng Co.General investmentTaiwan28-

In accordance with the Corporation's future strategic development plan in January 2022, the Corporation paid NT\$280,000 thousand (percentage of ownership is 35%) in cash to mutually established Shing Zheng Investment Co., Ltd. with Chang Wah Electromaterials Inc., Chang Wah Technology Co., Ltd., and Tian Zheng International Co., Ltd. The share percentage decreased to 28% because the Corporation did not participate in additional new shares of Shing Zheng Investment Co., Ltd., which resulted in the Corporation's share of net equity in associate to increase, and the corresponding amount was credited to capital surplus. The amount of the gains or losses previously recognized in other comprehensive income in relation to that associate was reclassified to retained earnings according to the decreased share percentage of NT\$1,513 thousand.

The summarized financial information below represents amounts shown in associates' financial statements prepared in accordance with IFRSs adjusted by the Corporation for equity accounting purposes.

	December 31, 2022
Current assets Non-current assets Current liabilities	\$ 367,803 550,121 (668)
Equity	<u>\$ 917,256</u>
Proportion of the Company's ownership(%)	28
Equity attributable to the Company and carrying amount	<u>\$ 256,832</u>
	For the Year Ended December 31 2022
Operating revenue	\$ 24,108
Net profit for the year Other comprehensive income (loss)	\$ 24,467 (107,211)
Total comprehensive income	<u>\$ (82,744)</u>

The investments accounted for using the equity method, the Corporation's share of the profit or loss and other comprehensive income or loss from the associates were based on the associates' audited financial statements for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2022

	Buildings	Machinery	Tooling Equipment	Office Equipment	Other Equipment	Construction in progress and Equipment to be inspected	Total
Cost	_						
Balance at January 1, 2022 Additions Disposals Balance at December 31, 2022	\$ 809,428 66,051 	\$ 3,823,776 767,992 (123,887) 4,467,881	\$ 178,573 - - - - - - - - - - - - - - - - - - -	\$ 289,896 9,997 (2,952) 296,941	\$ 38,114 103,368 	\$ 864,525 (813,575) 	\$ 6,004,312 133,833 (126,839) 6,011,306
Accumulated depreciation and impairment	_						
Balance at January 1, 2022 Impairment loss Depreciation Disposals Balance at December 31, 2022	435,371 - 37,887 - - 473,258	2,752,736 20,787 305,248 (123,858) 2,954,913	178,573 - - - - - - - - - - - - - - - - - - -	243,742 - 15,705 (2,952) 256,495	27,133 - 5,845 - 32,978		3,637,555 20,787 364,685 (126,810) 3,896,217
Carrying amount at December 31, 2022	\$ 402,221	\$ 1,512,968	<u>s -</u>	<u>\$ 40,446</u>	<u>\$ 108,504</u>	\$ 50,950	\$ 2,115,089

For the Year Ended December 31, 2021

	Buildings	Machinery	Tooling Equipment	Office Equipment	Other Equipment	Construction in progress and Equipment to be inspected	Total
Cost	_						
Balance at January 1, 2021 Additions Disposals Balance at December 31, 2021	\$ 588,779 220,649 	\$ 3,514,361 315,169 (5,754) 3,823,776	\$ 190,856 (12,283) 178,573	\$ 262,840 31,945 (4,889) 289,896	\$ 37,449 665 	\$ 1,189,406 (324,881) 	\$ 5,783,691 243,547 (22,926) 6,004,312
Accumulated depreciation and impairment	_						
Balance at January 1, 2021 Depreciation Disposals Balance at December 31, 2021	395,678 39,693 	2,500,039 258,419 (5,722) 2,752,736	190,856 	231,438 16,849 (4,545) 243,742	20,424 6,709 	- - - -	3,338,435 321,670 (22,550) 3,637,555
Carrying amount at December 31, 2021	\$ 374,057	<u>\$ 1,071,040</u>	<u>\$ -</u>	\$ 46,154	\$ 10,981	\$ 864,525	\$ 2,366,757

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

Buildings	
Main buildings	3-30 years
Building auxiliary equipment	2-10 years
Machinery	
Cutting and slitting machines	6 years
Etching machines	6-7 years
Mask aligner	6-7 years
Packaging and cleaning equipment	6 years
Coating machine	6 years
Measuring instruments	5-6 years
Packaging machines	6 years
Tooling equipment	2 years
Office equipment	
Computer equipment	2-6 years
Others	1-7 years
Other equipment	
Environmental engineering	6-7 years
Others	3-6 years

The Corporation's part machinery is evaluated by the management to have no future recoverable amount. An impairment loss of NT\$20,787thousand was recognized under operating costs for the year ended December 31, 2022.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	For the Year Ended December 31		
	2022	2021	
Carrying amount			
Land	\$ 8,511	\$ 9,929	
Buildings	<u>72,917</u>	90,429	
	<u>\$ 81,428</u>	<u>\$ 100,358</u>	
		(Continued)	

	For the Year Ended December 31		
	2022	2021	
Depreciation charge for right-of-use assets			
Land	\$ 1,418	\$ 1,419	
Buildings	<u>17,512</u>	<u>17,512</u>	
	<u>\$ 18,930</u>	<u>\$ 18,931</u>	
		(Concluded)	

Except for the above depreciation of right-of-use assets, there was no acquisition, sublease or impairment of right-of-use assets in 2022 and 2021.

b. Lease liabilities

	December 31		
	2022	2021	
Carrying amount Current Non-current	\$ 18,977 \$ 66,465	\$ 18,589 \$ 85,442	

Range of discount rate (%) for lease liabilities was as follows:

	Decem	December 31		
	2022	2021		
Land	2.4947	2.4947		
Buildings	1.2-2.4947	1.2-2.4947		

c. Material lease activities and terms

The Corporation leased land and buildings from the government, related parties and non-related parties for use as workshops, offices and warehouses, with lease periods of 3 to 10 years. For information on related party transactions, refer to Note 30. The Corporation does not have a purchase option to acquire the leased land and buildings at the expiration of the lease period. In addition, the lease agreement prohibited the Corporation from transferring the lease to other parties. The government has the option to adjust the lease payments based on changes in the announced land value.

d. Other lease information

	For the Year End	For the Year Ended December 31		
	2022	2021		
Total cash outflow for leases	<u>\$ (21,287)</u>	<u>\$ (21,210)</u>		

15. OTHER NON-CURRENT ASSETS

The production consumables are amortized over their useful lives of 2 to 3 years as follows:

	Costs	Accumulated Amortization	Carrying Amount
Balance at January 1, 2022 Additions Amortization Disposals	\$ 96,085 44,783 - (35,964)	\$ (62,725) (30,780) 35,964	\$ 33,360 44,783 (30,780)
Balance at December 31, 2022	<u>\$ 104,904</u>	<u>\$ (57,541)</u>	<u>\$ 47,363</u>
Balance at January 1, 2021 Additions Amortization Disposals	\$ 127,591 32,790 - (64,296)	\$ (98,756) - (28,265) 	\$ 28,835 32,790 (28,265)
Balance at December 31, 2021	<u>\$ 96,085</u>	<u>\$ (62,725)</u>	\$ 33,360

16. BORROWINGS

a. Short-term borrowings - December 31, 2022

	December 31, 2022
Bank credit loans	\$ 100,000
Interest rate (%)	1.7

b. Long-term borrowings

	December 31		
	2022	2021	
Bank credit loans Less: Current portion	\$ 1,167,525 320,472	\$ 945,013 6,250	
	<u>\$ 847,053</u>	<u>\$ 938,763</u>	
Interest rate (%) Maturity date	1.075-1.607 2024.06-2027.03	0.45-0.5 2024.12-2027.03	

Under the loan agreements, the Corporation should meet certain percentages and amounts for the current ratio, debt ratio, interest coverage ratio and total equity. If the Corporation is not in compliance with the aforementioned restrictions on the financial ratios and amounts, the bank could request the Corporation to improve within a time limit. If the restrictions on the financial ratios and amounts are met within the improvement period, it would not be considered a default of contract. The Corporation was not in compliance with the loan restrictions based on the audited annual financial statements for the years ended December 31, 2022, and the Corporation has developed an improvement plan. The Corporation was in compliance with the loan restrictions based on the audited annual financial statements for the years ended December 31, 2021.

In September 2019, the Corporation obtained the Ministry of Economic Affairs' approval letter for the qualification of enterprises in Taiwan based on the project "Action Plan for Accelerated Investment by Domestic Corporation." According to the regulations, the Corporation should complete the investment within 3 years from the day after the approval letter is issued. The obtained approval from the Ministry of Economic Affairs extended the investment completion date to December 2023.

The Corporation signed a credit agreement with the bank in response to the project of "Action Plan for Accelerated Investment by Domestic Corporation." The interest rate for the first 5 years of the loan is the postal savings two-year time deposit rate minus 0.395%. If the project regulations are violated or the National Development Fund is frozen by legislative budget review, the interest rate will be changed to the postal savings two-year time savings interest rate plus 0.105%.

17. BONDS PAYABLE

	Decem	December 31		
	2022	2021		
Secured domestic convertible bonds	<u>\$ 485,108</u>	<u>\$ 481,212</u>		

On October 25, 2021, the Corporation issued its first domestic secured convertible bonds in the amount of \$500,000 thousand with a zero coupon rate and a duration of 5 years. Taishin International Bank is the guarantor of the secured convertible bonds.

Each holder of the bonds has the right to convert the bonds into ordinary shares of the Corporation at the conversion price of NT\$63.5 per share. In the event of any circumstances stipulated in the measures for issuance and conversion of bonds, the convertible price shall be adjusted according to the conversion price adjustment formula. As of December 31, 2022, the conversion price was NT\$60.4 per share. Conversion may occur at any time between January 26, 2022 and October 25, 2026. If the bonds are not converted, they will be redeemed on October 25, 2026 in cash.

From January 26, 2022 to September 15, 2026, if the closing price of the Corporation's common stock in the centralized trading market exceeds the current conversion price by 30% or more for 30 consecutive business days, or when the outstanding balance of the bonds is less than 10% of the total amount upon the original issuance, the Corporation may redeem them in cash at the par value of the bond within five business days after the base date of recalling the bonds.

The base date for selling back the bonds in advance is October 25, 2024. The bondholders may exercise the right of selling back the bonds at par value 40 days prior to the repurchase date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - share options. The liability component contains derivative financial instruments and non-derivative financial instruments. The related amounts were as follows:

Proceeds from issuance (less transaction costs of NT\$5,236 thousand)	\$ 527,935
Equity component (less transaction costs allocated to the equity component of NT\$479 thousand)	(48,342)
Liability component at the date of issuance (less transaction costs allocated to the	,
liability component of NT\$4,757 thousand)	479,593
Interest charged at an effective interest rate of 0.80661%	4,865
Losses on change in value of financial instruments	12,150
Net liability component at December 31, 2022 (including financial liabilities measured at EVTPL of NT\$11,500 thousand and bonds payable of NT\$485,108 thousand)	\$ 496 608

18. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable Accounts payable - related parties	\$ 139,044 1,036	\$ 165,928 1,303
	<u>\$ 140,080</u>	<u>\$ 167,231</u>

The Corporation has established financial risk management policies to ensure that all payments are made on the agreed due date.

19. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries and bonuses	\$ 142,740	\$ 139,335
Payables for equipment	19,940	26,343
Payables for consumables	19,202	37,141
Payables for professional fees	9,245	6,359
Payables for utilities	7,521	6,846
Payables for insurance	7,503	7,614
Sales tax payables	7,411	11,043
Freight payables	6,880	9,387
Others	<u>13,696</u>	12,755
	<u>\$ 234,138</u>	<u>\$ 256,823</u>

20. OTHER CURRENT LIABILITIES

	December 31	
	2022	2021
Refund liabilities Others	\$ 10,476 3,741	\$ 14 4,862
	<u>\$ 14,217</u>	<u>\$ 4,876</u>

The estimation of sales returns and discounts (refund liabilities) was based on historical experience, management's judgments and other known reasons, and recognized as a reduction of operating revenues.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

Some of the Corporation's employees are entitled to a defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

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

	December 31	
	2022	2021
Fair value of plan assets Present value of defined benefit obligation	\$ 10,491 	\$ 9,472 (9,807)
Net defined benefit assets (liabilities)	<u>\$ 2,965</u>	<u>\$ (335)</u>

Movements of net defined benefit assets (liabilities) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Balance at January 1, 2021	<u>\$ (9,376)</u>	\$ 9,769	<u>\$ 393</u>
Service cost Current service cost Interest income (expense) Recognized in profit or loss	(38) (47) (85)	50 50	$ \begin{array}{r} (38) \\ \underline{3} \\ \underline{(35)} \end{array} $
Remeasurement Return on plan assets Actuarial loss - changes in demographic assumptions Actuarial loss - experience adjustments Recognized in other comprehensive income	(304) (749) (1,053)	114 - - - 114	(304) (749) (939)
Contributions from the employer	-	246	<u>246</u>
Benefits paid	<u>707</u>	<u>(707</u>)	
Balance at December 31, 2021	<u>\$ (9,807)</u>	<u>\$ 9,472</u>	<u>\$ (335)</u>
Balance at January 1, 2022	<u>\$ (9,807)</u>	\$ 9,472	\$ (335)

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(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Service cost Current service cost	\$ (46)	\$ -	\$ (46)
Interest income (expense)	(49)	48	φ (4 0)
Recognized in profit or loss	<u>(95)</u>	48	<u>(47)</u>
Remeasurement			
Return on plan assets	-	742	742
Actuarial gain - changes in financial assumptions	1,027	-	1,027
Actuarial gain - experience adjustments	1,349	_	1,349
Recognized in other comprehensive income	2,376	<u>742</u>	3,118
Contributions from the employer	-	229	229
Balance at December 31, 2022	<u>\$ (7,526)</u>	<u>\$ 10,491</u>	\$ 2,965 (Concluded)

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

	For the Year Ended December 31	
	2022	2021
Operating costs Operating expenses	\$ 45 <u>2</u>	\$ 33 2
	<u>\$ 47</u>	<u>\$ 35</u>

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

The present value of the defined benefit obligation is calculated by using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2022	2021
Discount rate (%)	1.5	0.5
Expected rate of salary increase (%)	2.25	2.25
Mortality rate	Based on the 6th	Based on the 6th
	Taiwan	Taiwan
	Standard	Standard
	Ordinary	Ordinary
	Experience	Experience
	Mortality Table	Mortality Table
Turnover rate (%)	0-11	0-11
Voluntary retirement rate (%)	3-100	3-100

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (231)</u>	<u>\$ (337)</u>
0.25% decrease	\$ 241	\$ 353
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 235</u>	\$ 341
0.25% decrease	<u>\$ (226</u>)	<u>\$ (328</u>)

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

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 229</u>	<u>\$ 224</u>
Average duration of the defined benefit obligation	12.8 years	14.2 years

22 EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands) Shares authorized	111,000 \$ 1,110,000	111,000 \$ 1,110,000 (Continued)

	December 31	
	2022	2021
Number of shares issued and fully paid (in thousands) Shares issued	83,000 \$ 830,000	83,000 \$ 830,000 (Concluded)

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from the issuance of mergers Premium from the issuance of capital shares Exercise of employee share options	\$ 233,087 357,000 225	\$ 233,087 357,000 225
May only be used to offset a deficit		
Changes in net equity of associates accounted for using the equity method	1,513	-
May not be used for any purpose	-	
Equity component of convertible bonds payable	48,342	48,342
	<u>\$ 640,167</u>	\$ 638,654

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year)

c. Retained earnings and dividend policy

Pursuant to the Corporation's Articles of Incorporation, the current year's earnings, if any, shall be first used to pay taxes and offset deficit in prior years. The remaining earnings would be appropriated in the following order:

- 1) Setting aside 10% of the remaining earnings, as legal reserve, until the accumulated legal reserve equals the Corporation's paid-in capital.
- 2) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 3) Any remaining earnings together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, and resolved in the shareholders' meeting.

In line with the overall environment and the growth characteristics of the industry, as well as the Corporation's long-term financial planning in order to achieve sustainable operations and stable business development, the Corporation's dividend policy is based on the residual dividend policy, which is based on the Corporation's future capital budget plan in the measurement of the annual capital requirements, and the remaining earnings are distributed in the form of cash and stock dividends after reserving the necessary capital for financing. The distribution steps are as follows:

- 1) Determine the best capital budget.
- 2) Determine the amount of financing needed to meet the previous capital budget.
- 3) Determine the amount of capital to be financed by retained earnings.
- 4) The remaining earnings may be distributed to the shareholders in the form of dividends, after reserving an appropriate amount for operating needs, and the distribution should be no less than 10% of the Corporation's distributable earnings for the year, provided that the portion of cash dividends is no less than 10% of the total dividends to be paid.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020, which had been approved in the shareholders' meetings in June 2022 and July 2021, were as follows:

	Appropriation	ns of earnings	Divi	dends pe	r share	(NT\$)
	2021	2020	20	21	2	020
Legal reserve	\$ 40,190	\$ 15,052				
Cash dividends	166,000	124,500	\$	2	\$	1.5

The appropriation of earnings for 2022 proposed by the Corporation's board of directors in March 2023 was as follows:

	Appropriations of earnings	Dividends per share (NT\$)
Legal reserve	<u>\$ 7,434</u>	
Cash dividends	<u>\$ 37,350</u>	<u>\$ 0.45</u>

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held in June 2023.

d. Other equity items

Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance, beginning of the year	\$ 472,796	<u>\$ 261,855</u>
Recognized during the year Unrealized gains and losses - equity instruments Shares from associates accounted for using the equity method Other comprehensive (loss) income recognized in the year	(253,510) (31,532) (285,042)	289,181
		(Continued)

	For the Year Ended December 31	
	2022	2021
Shares of other comprehensive income accounted for using the equity method due to decrease of percentage of ownership interest	<u>\$ 1,513</u>	<u>\$</u>
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal		(78,240)
Balance, end of the year	<u>\$ 189,267</u>	\$ 472,796 (Concluded)

23. REVENUE

	For the Year Ended December 31		
	2022	2021	
Revenue from contracts with customers Sales of goods Rendering of services	\$ 2,112,571 266	\$ 3,002,845 14	
	<u>\$ 2,112,837</u>	\$ 3,002,859	

a. Details of contracts with customers, refer to Note 4.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (including related parties; refer to Note 9)	<u>\$ 282,618</u>	<u>\$ 430,444</u>	\$ 356,939
Contract liabilities - current Sale of goods	<u>\$ 13,153</u>	<u>\$ 53,759</u>	<u>\$ 43,853</u>

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment; there were no other significant changes in 2022 and 2021.

c. Disaggregation of revenue

The main source of revenue of the Corporation is revenue from the sale of goods. The chief operating decision maker regards the Corporation as a single reporting segment. For the revenue from contracts with customers, please refer to the statement of comprehensive income.

24. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income - investments in equity instrument at FVTOCI Rent income Government grant revenue Others	\$ 39,309 4,517 917 4,720	\$ 22,189 458 13,630 4,460
	<u>\$ 49,463</u>	\$ 40,737

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains	\$ 63,781	\$ 8,234
Losses on financial assets at FVTPL	(12,050)	(2,055)
Losses on disposal of property, plant and equipment	(29)	(376)
Others	(35)	(326)
	<u>\$ 51,667</u>	<u>\$ 5,477</u>

Disaggregation of net foreign exchange gains (losses) were as follows:

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains Foreign exchange losses	\$ 109,380 (45,599)	\$ 47,424 (39,190)
Net gains and losses	<u>\$ 63,781</u>	\$ 8,234

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 14,033	\$ 12,248
Amortization of discount on corporate bonds payable	3,896	969
Interest on lease liabilities	2,375	2,828
Interest on factored accounts receivable	57	651
Others	5	
	\$ 20,366	<u>\$ 16,696</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Depreciation expense Property, plant and equipment Right-of-use assets	\$ 364,685 	\$ 321,670 18,931
	<u>\$ 383,615</u>	<u>\$ 340,601</u>
Analysis of depreciation expense by function Operating costs Operating expenses	\$ 377,954 5,661 \$ 383,615	\$ 335,447 5,154 \$ 340,601
Amortization expense Other non-current assets	<u>\$ 30,780</u>	<u>\$ 28,265</u>
Analysis of amortization expense by function Operating costs Operating expenses	\$ 27,745 3,035 \$ 30,780	\$ 26,571 1,694 \$ 28,265

e. Employee benefits

	For the Year Ended December 31		
	2022	2021	
Short-term employee benefits			
Salaries	\$ 340,010	\$ 446,861	
Labor and health insurance	38,285	46,295	
Others	2,564	4,209	
	380,859	497,365	
Post-employment benefits			
* *	11,395	12,443	
Defined benefit plans (Note 21)	47	35	
• • •	11,442	12,478	
	<u>\$ 392,301</u>	\$ 509,843	
Analysis of employee benefits by function			
· · · · · · · · · · · · · · · · · · ·	\$ 299,826	\$ 379,950	
Operating expenses	92,475	129,893	
	\$ 392,301	\$ 509,843	
Post-employment benefits Defined contribution plans Defined benefit plans (Note 21) Analysis of employee benefits by function Operating costs	380,859 11,395 47 11,442 \$ 392,301 \$ 299,826 92,475	\$ 379,950 129,893	

f. Employees' compensation and remuneration to directors

Pursuant to the Corporation's Articles of Incorporation, 2% to 16% of the current year's profit shall be distributed as the employee's compensation. The compensation of the employees shall be distributed in shares or cash by the resolution of the board of directors and may include the Corporation's employees

that meet requirements. In addition, not more than 1% shall be distributed as the remuneration of directors. The distribution of compensation and remuneration shall be reported in the shareholders' meeting. However, if the Corporation still has accumulated losses, the Corporation shall set aside a specific amount of retained earnings to cover the loss and then accrue the compensation and remuneration as mentioned above. The Corporation distributed the compensation of employees and remuneration of directors for 2022 and 2021 at the rates of 2% and 1%, respectively, of income exceeding a specified amount of pre-tax profit; the distributed amounts approved by the Corporation's board of directors in March 2023 and March 2022, respectively, were as follows:

	For the Year Ended December 31		
	2022	2021	
Compensation of employees	\$ 1,967	\$ 8,061	
Remuneration of directors	984	4,030	

The difference between the amounts recognized and the amounts approved by Corporation's board of directors is recorded as a change in accounting estimate and will be adjusted in the next year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follow:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 24,612	\$ 68,830
Income tax on unappropriated earnings	4,879	-
Adjustments for prior years	808	(7,224)
	30,299	61,606
Deferred tax		
In respect of the current year	<u>(8,236)</u>	4,919
	<u>\$ 22,063</u>	<u>\$ 66,525</u>

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	<u>\$ 95,421</u>	<u>\$ 390,936</u>
		(Continued)

	For the Year Ended December 31		
	2022	2021	
Income tax expense calculated at the statutory rate Non deductible expenses in determining taxable income Tax-exempt income Income tax on unappropriated earnings Unrecognized deductible temporary differences Adjustments for prior years	\$ 19,084 2,366 (9,232) 4,879 4,158 808	\$ 78,187 - (4,438) - (7,224)	
	<u>\$ 22,063</u>	\$ 66,525 (Concluded)	

b. Income tax recognized in other comprehensive income

	For the Year Ended December 3	
	2022	2021
Remeasurement of defined benefit plans	<u>\$ 624</u>	<u>\$ (188</u>)

c. Current tax liabilities

	Decem	December 31	
	2022	2021	
Current tax liabilities Income tax payable	<u>\$ 29,475</u>	<u>\$ 67,394</u>	

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax assets	_			
Temporary differences				
Unrealized write-down of				
inventories	\$ 3,848	\$ 2,826	\$ -	\$ 6,674
Defined benefit plan	418	(418)	-	-
Unrealized exchange losses	620	936	-	1,556
Refund liabilities	3	2,092	-	2,095
Idle capacity	421	2,190	-	2,611
Others	511	(439)		<u>72</u>
	<u>\$ 5,821</u>	<u>\$ 7,187</u>	<u>\$ -</u>	<u>\$ 13,008</u>
				(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax liabilities	_			
Temporary differences Defined benefit plan Unrealized exchange gains	\$ 351 754	\$ (382) (667)	\$ 624 	\$ 593 <u>87</u>
	<u>\$ 1,105</u>	<u>\$ (1,049</u>)	<u>\$ 624</u>	<u>\$ 680</u> (Concluded)

For the Year Ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax assets	_			
Temporary differences Unrealized write-down of				
inventories	\$ 3,265	\$ 583	\$ -	\$ 3,848
Defined benefit plan	158	72	188	418
Unrealized exchange losses	1,575	(955)	-	620
Refund liabilities	4,761	(4,758)	-	3
Idle capacity	=	421	=	421
Others	=	511		511
	\$ 9,759	<u>\$(4,126)</u>	<u>\$ 188</u>	<u>\$ 5,821</u>
Deferred tax liabilities	<u>-</u>			
Temporary differences Defined benefit plan	\$ 168	\$ 183	\$ -	\$ 351
Unrealized exchange gains	144	610		754
	<u>\$ 312</u>	<u>\$ 793</u>	<u>\$</u>	<u>\$ 1,105</u>

e. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2022	2021
Deductible temporary differences Unrealized impairment loss	<u>\$ 20,787</u>	<u>\$</u>

f. Income tax assessment

The Corporation's income tax returns through 2020 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year End	led December 31
	2022	2021
Net profit for the year	<u>\$ 73,358</u>	<u>\$ 324,411</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31			
	2022	2021		
Weighted average number of ordinary shares used in the computation				
of basic earnings per share	83,000	83,000		
Effect of potentially dilutive ordinary shares				
Compensation of employees	99	<u> 154</u>		
Weighted average number of ordinary shares used in the computation				
of diluted earnings per share	83,099	<u>83,154</u>		

In 2021, the conversion rights of the convertible bonds are not yet exercisable; therefore, they are not included in the calculation of diluted earnings per share. In 2022, due to the conversion rights of the convertible bonds were anti-dilution and excluded from the computation of diluted earnings per share.

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. NON-CASH TRANSACTIONS

For the years ended December 31, 2022 and 2021, the Corporation entered into the following non-cash investing activities that were not reflected in the statements of cash flows:

	For the Year Ended December 31			
	2022	2021		
Increase in property, plant and equipment	\$ 133,833	\$ 243,547		
Decrease in prepayments for equipment	(3,461)	(27,476)		
Decrease in payables for equipment	6,403	35,242		
Cash paid	<u>\$ 136,775</u>	\$ 251,313		

28. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The key management personnel of the Corporation review the capital structure periodically, based on the condition of industry operations and future development of the Corporation, and consider the changes in the external environment. As part of the review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Corporation adjusts the number of new shares issued and the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

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

The management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

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

	Level 1	Level 2	Level 3	Total	
December 31, 2022					
Financial liabilities at FVTPL Call option and put option of convertible bonds, net	<u>\$ -</u>	<u>\$</u> -	<u>\$ 11,500</u>	<u>\$ 11,500</u>	
Financial instruments at FVTOCI Equity instruments -					
domestic listed shares	\$ 786,370	\$ -	\$ -	\$ 786,370	
Debt instrument - account receivable		_	189,467	189,467	
	\$ 786,370	<u>\$</u>	<u>\$ 189,467</u>	<u>\$ 975,837</u>	
December 31, 2021					
Financial assets at FVTPL Call option and put option of convertible					
bonds, net	<u>\$</u> -	<u> </u>	<u>\$ 550</u>	<u>\$ 550</u>	
				(Continued)	

	Level 1		Level 2		I	Level 3		Total	
Financial instruments at FVTOCI Equity instruments -									
domestic listed shares Debt instrument -	\$	949,400	\$	-	\$	-	\$	949,400	
account receivable		<u>-</u>				345,434		345,434	
	<u>\$</u>	949,400	\$	<u>-</u>	\$	345,434	<u>\$</u>	1,294,834 (Concluded)	

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments Reconciliation of the fair value measurements of the financial instruments at FVTPL was as follows:

	December 31				
	2022	2021			
Balance, beginning of the year Purchases Recognized in profit or loss	\$ 550 - (12,050)	\$ - 650 (100)			
Balance, end of the year	<u>\$ (11,500</u>)	<u>\$ 550</u>			

3) Valuation techniques and inputs applied for fair value measurement

The Corporation uses the market price quotations as fair value inputs (level 1). The market price of the listed shares is the closing price of the shares on the Taiwan Stock Exchange.

The Corporation considers that the impact of discounting accounts receivable classified as at FVTOCI is immaterial; hence, the fair value is measured according to the book value (level 3).

The fair value of derivative assets - convertible bonds redemption rights and sell-back rights is measured using the binominal tree model (level 3) by using the significant but unobservable input - fluctuation of stock price. When the fluctuation of stock price increases, the fair value is deemed to increase.

c. Categories of financial instruments

	December 31				
		2022		2021	
Financial assets					
Financial assets mandatorily classified as at FVTPL	\$	-	\$	550	
Financial assets at FVTOCI - debt instruments		189,467		345,434	
Financial assets at FVTOCI - equity instruments		786,370		949,400	
Financial assets at amortized cost (Note 1)		966,797		757,548	
			((Continued)	

	December 31			
	2022	2021		
Financial liabilities				
Financial liabilities at FVTPL - Held for trading Financial liabilities at amortized cost (Note 2)	\$ 11,500 2,127,625	\$ - 1,850,529 (Concluded)		

Note 1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables, refundable deposits and other financial assets - current.

Note 2: The balances included financial liabilities at amortized cost, which comprise long-term and short-term borrowings, accounts payable, other payables, bonds payable, and guarantee deposits.

d. Financial risk management objectives and policies

The Corporation's major financial instruments include equity investments, accounts receivable, accounts payable, other payables, bonds payable, borrowings and lease liabilities. The Corporation's treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The significant financial activities of the Corporation are reviewed by the board of directors in accordance with relevant regulations and internal controls. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation was exposed to foreign currency risk due to sales and purchases denominated in foreign currencies. Exchange rate exposures were managed by natural hedges of foreign deposits, foreign exchange forward contracts, foreign borrowings or the same category of foreign currency right and debts from transaction.

For the carrying amounts of the Corporation's non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 33.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY. The following table details the Corporation's sensitivity to a 1% increase and decrease in the New Taiwan dollar against the

USD and JPY. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%.

The sensitivity analysis included only outstanding foreign currency denominated monetary items as follows:

	Sensitivity Analysis						
	For the Yo	ear Ended	For the Year Ended December 31, 2021				
	Decembe	r 31, 2022					
	Magnitude of change (%)	Impact on Profit or Loss	Magnitude of change (%)	Impact on Profit or Loss			
Profit before income tax							
(Note)							
USD: NTD	1	\$ (6,291)	1	\$ (6,271)			
JPY: NTD	1	792	1	191			

Note: This was mainly attributable to the exposure on outstanding cash and cash equivalents, accounts receivable (including related parties), accounts payable and other payables in USD and JPY which were not hedged at the balance sheet date.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Sales in U.S. dollar will fluctuate according to the terms of contracts and business cycle.

b) Interest rate risk

The Corporation was exposed to interest rate risk because the Corporation borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Corporation' financial assets and liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31			
	2022	2021		
Fair value interest rate risk				
Financial assets	\$ 182,495	\$ 1,785		
Financial liabilities	670,550	585,243		
Cash flow interest rate risk				
Financial assets	685,789	665,393		
Financial liabilities	1,167,525	945,013		

The sensitivity analysis below was determined based on the Corporation's exposure to financial instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the balance sheet date were outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been higher/lower by 1% and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by NT\$11,675 thousand and NT\$9,450 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in domestic listed shares. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2022 and 2021 would have increased/decreased by NT\$7,864 thousand and NT\$9,494 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As of the balance sheet date, the Corporation's maximum exposure to credit risk is the carrying amount of the financial assets on the balance sheets.

Business units grant credit amounts according to their experience in various credit transactions, and monitor customer payment situations regularly. The Corporation does not expect significant credit risk because the counterparties are creditworthy financial institutions. In recent years, the actual occurrence of bad debts is very rare, and therefore no significant credit risk is expected.

Counterparties of accounts receivable are concentrated in a number of significant customers. They are mostly engaged in commercial activities and have similar economic characteristics and similar abilities to fulfill contracts affected by the economic or other conditions. The receivables with significant credit risk were as follows:

	December 31					
Customer	2022	2021				
Himax Technologies, Inc	\$ 99,447	\$ 83,269				
Novatek Microelectronics Corp.	49,353	184,434				
Chipone (Hong Kong) Co., Limited	48,214	15,110				
Raydium Semiconductor Corp.	40,667	77,731				
Chang Wah Electromaterials Inc.	20,683	43,494				
	\$ 258,364	\$ 404,038				

3) Liquidity risk

The management of the Corporation continuously monitor the movements of cash flows, net cash and cash equivalents position and the utilization of bank loan commitments to control the proportion of long-term and short-term bank loans and ensure compliance with loan covenants.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Corporation's unused credit facilities were NT\$2,541,364 thousand and NT\$2,556,990 thousand, respectively.

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows.

To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

	L	ess than 1 Year	1	-5 Years	Ove	er 5 Years		Total
December 31, 2022								
Short-term borrowings Long-term borrowings (including current	\$	101,411	\$	-	\$	-	\$	101,411
portion)		332,208		870,467		-		1,202,675
Accounts payable		140,080		-		-		140,080
Other payables		234,138		-		-		234,138
Bonds payable		-		500,000		-		500,000
Lease liabilities (including current and non-current				,				ŕ
portion)		20,890		67,881		1,549		90,320
Refund liabilities		10,476		-		-		10,476
Guarantee deposits		<u> </u>		774		<u> </u>		774
December 31, 2021	<u>\$</u>	839,203	<u>\$</u>	1,439,122	<u>\$</u>	1,549	<u>\$</u>	2,279,874
Long-term borrowings (including current								
portion)	\$	10,645	\$	931,548	\$	30,347	\$	972,540
Accounts payable		167,231		-		-		167,231
Other payables		256,823		-		-		256,823
Bonds payable		-		500,000		-		500,000
Lease liabilities (including current and non-current								
portion)		20,965		82,434		7,886		111,285
Refund liabilities		14		-		-		14
Guarantee deposits				250		<u>-</u>		250
	\$	455,678	\$	1,514,232	\$	38,233	\$	2,008,143

30. TRANSACTIONS WITH RELATED PARTIES

a. Related party names and relationships

	Related Party Name	Relatio	onship
	Chang Wah Electromaterials Inc.	Key management j	
	Chang Wah Technology Co., Ltd. Wan-Hsia Lee	Other related party Key management personnel	
	Mei-Hsueh Huang	Key management p	personnel
b.	Operating revenues		
		For the Year Ended December 31	
	Related Party Category	2022	2021
	Key management personnel	<u>\$ 186,015</u>	<u>\$ 204,184</u>

Sales to related parties were made at the prices and terms that were not significantly different from the transactions of non-related parties.

c. Purchase of goods

	For the Year Ended December 31	
Related Party Category	2022	2021
Key management personnel	<u>\$ 5,822</u>	<u>\$ 8,452</u>

Purchases from related parties were made at the prices and terms that were not significantly different from the transactions of non-related parties.

d. Remuneration of key management personnel

Remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits Post-employment benefits	\$ 29,595 	\$ 30,725 1,197
	<u>\$ 30,854</u>	<u>\$ 31,922</u>

e. Lease arrangement - the Corporation is lessee

The Corporation leases a building from Chang Wah Electromaterials Inc. under the agreement expiring on March 31, 2027, and the rent is paid monthly. As of December 31, 2022 and 2021, the lease liabilities recognized by the Corporation due to the above lease agreement were NT\$76,158 thousand and NT\$92,935 thousand respectively, which were listed under lease liabilities (including current and non-current portion). In 2022 and 2021, the interest expense recognized were NT\$2,127 thousand and NT\$2,540 thousand respectively.

f. Lease arrangement - the Corporation is lessor

The Corporation leases part of their buildings to Chang Wah Technology Co., Ltd. under the agreement for 1 to 2 years. The annual revenue amounted were NT\$4,517 thousand and NT\$458 thousand respectively, for the year ended December 31, 2022 and 2021.

g. Balance at period-end

	Related Party	December 31	
Account Item	Category/Name	2022	2021
Accounts receivable - related parties	Chang Wah Electromaterials Inc.	<u>\$ 20,683</u>	<u>\$ 43,494</u>
Other receivables	Wan-Hsia Li (Note) Mei-Hsueh Huang (Note)	\$ 1,000 1,000	\$ 1,000 1,000
		<u>\$ 2,000</u>	<u>\$ 2,000</u>
			(Continued)

	Related Party	Decem	ber 31
Account Item	Category/Name	2022	2021
Refundable deposits	Chang Wah Electromaterials Inc.	<u>\$ 1,575</u>	<u>\$ 1,575</u>
Accounts payable	Key management personnel	<u>\$ 1,036</u>	<u>\$ 1,303</u>
Other payables	Key management personnel	<u>\$ 1,575</u>	<u>\$ 1,575</u>
Guarantee deposits	Chang Wah Technology Co., Ltd.	<u>\$ 724</u>	\$ 200
			(Concluded)

Note: Refers to the bail amount paid by the Corporation on behalf of the management for the criminal proceedings mentioned in Note 32.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the Cooperative Education program:

	Decen	iber 31
	2022	2021
Pledged time deposits (classified as other financial assets - current)	<u>\$ 1,785</u>	<u>\$ 1,785</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. The amount of the customs duties guarantee provided by the Corporation through bank credit guarantee is NT\$25,000 thousand, and NT\$5,016 thousand has been used.
- b. The Corporation signed the contract for the purchase of property, plant and equipment with a total amount NT\$94,199 thousand, of which NT\$34,669 thousand had not been paid.
- c. In March 2014, Chipbond Technology Corp. filed a criminal lawsuit against the Corporation for the breach of trade secrets. Subsequently, in September 2019, the criminal incidental civil lawsuit was made for requested compensation of damages amounting to NT\$1,000,000 thousand. In August 2021, an additional claim was made for the amount of damages. The aforementioned case has not been adjudged by the court as of March 15, 2022. In September 2016, Chipbond Technology Corp. filed a civil lawsuit against the Corporation for infringement of business secrets. The main contents of the lawsuit include the prohibition on the use or disclosure of business secrets of Chipbond Technology Corp., the destruction of relevant files, the prohibition on the people involved in the case to serve the Corporation during a specific period of time, and the destruction of products that infringed business secrets. Chipbond Technology Corp. sought for an indemnification of NT\$1,765,137 thousand. Based on the legal opinion issued by the Corporation's lawyers for the aforementioned litigation case, no significant adverse impact on the Corporation was concluded after the assessment of the lawyers. Therefore, the management of the Corporation believes that the lawsuit will not have a significant impact on the Corporation's business and financial position. The aforementioned case is not adjudged by the court as of March 14, 2023.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of the Corporation and the exchange rates between the foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchai	nge Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2022	<u></u>			
Financial assets Monetary items USD	\$ 20,825	30.71	(USD:NTD)	\$ 639,539
JPY	14,301	0.2324	(JPY:NTD)	3,324
Financial liabilities Monetary items JPY USD December 31, 2021	354,919 339	0.2324 30.71	(JPY:NTD) (USD:NTD)	82,483 10,411
Financial assets Monetary items USD JPY	22,666 333,944	27.68 0.2405	(USD:NTD) (JPY:NTD)	627,400 80,313
Financial liabilities Monetary items JPY USD	413,488 10	0.2405 27.68	(JPY:NTD) (USD:NTD)	99,444 285

Significant foreign currency exchange gains and losses were as follows:

Foreign Currency	Exchai	nge Rate	Net foreign currency exchange gains (losses) (In Thousands of New Taiwan Dollars)
For the Year Ended December 31, 2022 USD JPY	30.71 0.2324	(USD:NTD) (JPY:NTD)	\$ 54,876 8,905
J1 1	0.2324	(31 1.1111)	\$\frac{63,781}{(Continued)}

Foreign Currency	Excha	nge Rate	Net foreign currency exchange gains (losses) (In Thousands of New Taiwan Dollars)
For the Year Ended December 31, 2021 USD JPY	27.68 0.2405	(USD:NTD) (JPY:NTD)	\$ (16,720) 24,954
			\$ 8,234 (Concluded)

34. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees:
 - 1) Financing provided to others (None)
 - 2) Endorsements/guarantees provided (None)
 - 3) Marketable securities held (Table 1)
 - 4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital (Table 2)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (Note 7)
- b. Information on investees (Table 4)
- c. Information on investments in mainland China (None)
- d. Information of major shareholders (Table 5)

35. SEGMENT INFORMATION

The chief operating decision maker regards the Corporation as a single reporting segment. Thus, the information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance regarded the Corporation information as a whole. Please refer to the content of this financial report for relevant information on the operating segment.

a. Revenue from major products and services

	For the year end	ded December 31
	2022	2021
Sales of goods		
Flexible IC substrate - Chip on Film	\$ 2,072,993	\$ 2,922,730
Tooling revenue	39,578	80,115
Revenue from rendering of services	266	14
	<u>\$ 2,112,837</u>	\$ 3,002,859

b. Geographical information

The Corporation operates mainly in Taiwan.

The Corporation's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below:

	Revenue fro Custo			
	For the Ye	ear Ended	Non-curr	ent Assets
	Decem	ber 31	Decem	ber 31
	2022	2021	2022	2021
Taiwan Asia	\$ 1,155,965 956,872	\$ 1,677,284 1,325,575	\$ 2,266,637	\$ 2,526,693
	<u>\$ 2,112,837</u>	\$ 3,002,859	\$ 2,266,637	\$ 2,526,693

Non-current assets exclude investments accounted for using the equity method, refundable deposits, deferred tax assets, financial instruments and net defined benefit assets.

c. Information about major customers

		For the	Year End	ed D	ecember 31	
		2022			2021	
	A	Amount	%	A	Amount	%
Chipone (Hong Kong) Co., Limited	\$	465,330	22	\$	662,960	22
Himax Technologies, Inc		368,609	17		382,333	13
Novatek Microelectronics Corp.		274,290	13		556,273	19
Xiamen Tongfu Microelectronics Co., Ltd.		268,432	13		180	_
Raydium Semiconductor Corp.		199,923	9		417,344	14
Hefei Tongfu Microelectronics Co., Ltd.					306,595	10
	\$	1,576,584	<u>74</u>	\$	<u>2,325,685</u>	<u>78</u>

JMC Electronics Co., Ltd.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Note										
	Fair Value	\$ 434,926	343,006	8,438	\$ 786,370						
.31, 2022	Percentage of Ownership (%)	2.08	1.20	0.02							
December 31, 2022	Carrying Amount	\$ 434,926	343,006	8,438	\$ 786,370						
	Shares/Units	14,354,000	11,549,000	147,000							
	Financial Statement Account	Financial assets at fair value through other	comprehensive income - non-current Financial assets at fair value through other	comprenensive income - non-current Financial assets at fair value through other comprehensive income - current							
	Relationship with the Holding Company	Key management personnel	Other related party	1							
	Type and Name of Marketable Securities	Stock - ordinary shares Chang Wah Electromaterials Inc.	Chang Wah Technology Co., Ltd.	Chipbond Technology Corp.			·				
	Holding Company Name	The Corporation									

JMC Electronics Co., Ltd.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Note	Note 2	
Ending Balance	Amount	\$ 256,832	
Ending	Number of Shares	28,000,000	
	Gain (Loss) on Disposal	· · · · · · · · · · · · · · · · · · ·	
sal	ying Amount		
Disposal	Amount Cs		
	Number of Shares		
sition	Amount	\$ 280,000	
Acquisition	Number of Shares	28,000,000	
ance (Note 3)	Amount	· · · · · · · · · · · · · · · · · · ·	
Beginning Bal	Number of Amount		
	Relationship	Associates	
	Counterparty	Note 1	
	Financial Statement Account	using the equity method	
	Type and Name of Marketable Securities	Stock - ordinary shares Shing Zheng Investment Co., using the equity method Ltd.	
	Company Name	The Corporation	

Note 1: Original acquisition.

Note 2: The amounts included in the current year of the equity method is adopted to recognize investment gains and loss, other comprehensive income and changes in net equity.

JMC Electronics Co., Ltd.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Note		
nts (able)	% to Total	L
Notes/Accounts Receivable (Pavable)	Ending Balance	S 20,683
	Payment Term F	•
Abnormal Transaction	Unit Price	Not significantly different
	Payment Terms	T/T 30 day
Octails	% to Total	<u> </u>
Transaction Details	Amount	\$ (186,015)
	Purchases/Sales	Sales
Relationship		Key management personnel
Related Party	,	Chang Wah Electromaterials Inc.
Buver		The Corporation

JMC Electronics Co., Ltd.

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

	i			Original Investment	vestment	As of De	As of December 31, 2022		Net Income		
Investee Company	ny	Location	Main Businesses and Products	December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount	(Loss) of the Investee	Profit (Loss)	Note
Shing Zheng Investment Co., Ltd.	t Co.,	Taiwan	Investment	\$ 280,000	-	28,000,000	28	\$ 256,832	\$ 24,467	\$ 6,851	

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2022

	Share	es
Name of Major Shareholder	Number of Shares	Percentage of Ownership (%)
Chang Wah Electromaterials Inc ChipMOS Technology Inc.	35,531,390 8,300,000	42.80 10.00

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STATEMENT OF CASH AND CASH EQUIVALENTS DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Abstract	Amount
Bank deposits NTD deposits		
Demand deposits Foreign-currency deposits		\$ 356,254
Demand deposits	USD 10,622,322.67 and JPY 14,300,968 (Note)	329,535
		685,789
Cash equivalent		
NTD time deposits	Maturity date at January 30, 2023, Interest rate is 0.73%	150,000
Foreign currency bonds of repurchase agreements collateralized by bonds	USD 1,000,000 (Note), maturity date at January 4, 2023, Interest rate is 4.2%	30,710
conactanized by bonds	2025, interest fate is 4.270	180,710
Cash on hands		19
		<u>\$ 866,518</u>

Note: USD:NTD=1: 30.71

JPY:NTD=1: 0.2324

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

			Fair Valu	ıe (Note)	
Name of Marketable Securities	Number of Shares	Original Cost	t Price NT\$)	Amount	Remark
Domestic Listed Shares					
Chipbond Technology	147,000	\$ 9,278	\$ 57.4	<u>\$ 8,438</u>	
Corp.					
Adjustment for		(840)			
valuation of					
financial asset.					
		Φ. Ο. 42.0			
		<u>\$ 8,438</u>			

Note: Fair value of listed shares is measured on the basis of the closing price on the balance sheet date.

STATEMENT OF NET ACCOUNTS RECEIVABLE DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Customer Name	Amount	Remark
Related parties Chang Wah Electromaterials Inc.	<u>\$ 20,683</u>	Sales
Non-related parties		
Himax Technologies, Inc.	\$ 99,447	Sales
Novatek Microelectronics Corp.	49,353	Sales
Chipone (Hong Kong) Co., Limited	48,214	Sales
Raydium Semiconductor Corp.	40,667	Sales
Others (Note)	<u>24,254</u>	Sales
	<u>\$ 261,935</u>	

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT OF INVENTORIES DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

	Amou	nt
Item	Carrying Amount	Fair Value (Note)
Raw materials	\$ 65,784	\$ 76,254
Supplies	62,606	85,734
Finished goods	14,114	23,979
Work-in-process	49,696	124,846
	<u>\$ 192,200</u>	<u>\$ 310,813</u>

Note: Refer to Note 4 for the accounting policy used in determining net realizable value.

JMC Electronics Co., Ltd.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Beginning	of the Year	AC	Additions		Decr	ease	End of t	he Year	Guaranteed or
	Number of Shares Fair Valu	Fair Value	Number of Shares		Amount (Note 1)	Number of Shares	Number of Amount Shares (Note 2)	Number of Shares Fair V	Fair Value	Pledged as Collateral
Domestic listed shares										
Chang Wah Electromaterials Inc.	13,698,000	\$ 532,852	656,000	S	24,230	•	\$ 122,156	14,354,000	\$ 434,926	No
Chang Wah Technology Co., Ltd.	3,921,000	409,745	7,628,000 (1	Note 3)	63,662	ı	130,401	11,549,000	343,006	No
		\$ 942,597		S	87,892		\$ 252,557		\$ 777,932	

Note 1: The additions for the year are due to the increase in investment.

Note 2: The decreases for the year are due to valuation adjustment.

Note 3: This is due to the increase in investment of 755,000 shares and the increase in the par value of shares of 6,873,000 shares.

JMC Electronics Co., Ltd.

STATEMENT OF CHANGES IN EQUITY METHOD INVESTMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Remark		
Guaranteed or	Pledged as Collateral	No
	Amount	\$ 256,832
	Price	\$ 9.17
, 2022	% of Shares Ownership Amount	\$ 256,832
nce, December 31.	% of Ownership	28
Bala	Shares	28,000,000
Shares of profits or losses	of associates accounted for using the equity method	\$ 6,851
Decrease (Note2)	Shares Amount	\$ 31,532
Decrea	Shares	чи
Additions (Note1)	Amount	\$ 281,513
Additio	Shares	28,000,000
Balance, January 1, 2022	Shares Amount	59
Balance, Jan	Shares	
	Investees	Shing Zheng Investment Co., Ltd.

Note 1: The additions for the year are due to the original investment of NT\$280,000 thousand and the net equity adjustment of NT\$1,513 thousand from the subscription of additional new shares of the investee at a percentage different from its existing ownership percentage.

Note 2: The decreases for the year are due to the unrealized loss on financial assets at FVTOCI of the investee.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Balance, Beginning of the Year	Additions	Decrease	Balance, End of the Year	Remark
Cost		_			
Land	\$ 14,219	\$ -	\$ -	\$ 14,219	
Buildings	<u>142,155</u>	_		142,155	
Total	156,374	<u>\$</u>	<u>\$</u>	156,374	
Accumulated depreciation					
Land	4,290	\$ 1,418	\$ -	5,708	
Buildings	51,726	<u>17,512</u>	_	69,238	
Total	56,016	<u>\$ 18,930</u>	<u>\$</u>	<u>74,946</u>	
	<u>\$ 100,358</u>			<u>\$ 81,428</u>	

JMC Electronics Co., Ltd.

STATEMENT OF SHORT-TERM LOANS FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

Remark	ı
Collateral	No
Loan Commitments	\$ 150,000
Balance, End of Year	\$ 100,000
Interest Rates (%)	1.7
Contract Period	2022.10.21-2023.10.20
Type and The trustee of bond holders	Unsecured loans CTBC Bank

STATEMENT OF ACCOUNTS PAYABLE DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related parties Chang Wah Electromaterials Inc.	<u>\$ 1,036</u>
Non-related parties	
Sumitomo Metal Mining Co., Ltd.	48,993
Eliting Technology Corp.	13,242
MEC Taiwan Co., Ltd.	8,447
DDP Specialty Products Taiwan Co., Ltd.	8,269
Unitech Technology Yeh Corp.	7,421
Others (Note)	52,672
	139,044
	<u>\$ 140,080</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

Remark

JMC Electronics Co., Ltd.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Pledged as Collateral 222 2222222 Š ž å 40,587 14,845 49,483 841 53,323 74,028 68,659 71,359 142,638 40,546 184,658 70,907 \$ 169,699 35,952 150,000 Total Balance, End of the Year Over 1 Year 53,323 74,028 57,859 115,638 32,899 12,032 40,108 32,859 137,158 \$ 126,949 26,702 52,657 682 50,000 13,500 27,000 7,688 2,813 9,375 159 34,500 7,687 47,500 9,250 18,250 42,750 100,000 Current Interest Rate 1.075 1.075 1.075 1.075 1.075 1.075 1.075 1.075 1.075 1.075 1.075 1.075 1.075 1.607 % 48 monthly installments due in April 2023 Contract Period and Repayment Method 33 monthly installments due in April 2024 33 monthly installments due in April 2024 24 bimonthly installments due in January 48 monthly installments due in April 2023 48 monthly installments due in April 2023 48 monthly installments due in December 48 monthly installments due in December 48 monthly installments due in December 48 monthly installments due in January 4 semi-annual installments due in December 2022 Chang Hwa Commercial Bank Chang Hwa Commercial Bank Chang Hwa Commercial Bank Hua Nan Commercial Bank Creditor Faishin Bank Taishin Bank Taishin Bank **Taishin Bank** Faishin Bank Faishin Bank Faishin Bank CTBC Bank CTBC Bank CTBC Bank EnTie Bank Bank loans

1 1 1 1 1 1

\$1,167,525

\$ 847,053

\$ 320,472

STATEMENT OF LEASE LIABILITIES DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Abstract	Lease Term	Discount Rate (%)	Balance, End of the Year	Remark
Land Buildings	Note 1 Note 1	2018.12.18-2028.12.17 2017.04.01-2027.03.31	2.4947 1.2-2.4947	\$ 8,912 76,530	Note 2 Note 2
				\$ 85,442	

Note 1: Refer to Note 14 for leasing activities and terms.

Note 2: The portion of lease liabilities due within one year has been classified as current liabilities.

STATEMENT OF OPERATING REVENUE FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantity	Amount
Operating revenue Sales of goods Flexible IC substrate - Chip on Film Tooling revenue Revenue from rendering of services	446,406,805 PCS	\$ 2,072,993 39,578
		<u>\$ 2,112,837</u>

STATEMENT OF OPERATING COSTS FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount
Direct raw materials consumed	
Raw materials, beginning of the year	\$ 67,405
Raw materials purchased	426,527
Raw materials, end of the year	(65,784)
Others	(7,483)
Raw materials consumed	420,665
Direct labor	209,698
Manufacturing expense	1,207,863
Loss due to idle capacity	<u>(397,479</u>)
Manufacturing cost	1,440,747
Work in progress, beginning of the year	62,808
Work in progress, end of the year	(49,696)
	1,453,859
Finished goods, beginning of the year	27,740
Finished goods, end of the year	(14,114)
Costs of goods sold	1,467,485
Loss due to idle capacity	397,479
Income from sale of scraps	(637)
Write-down of supplies	6,813
Impairment loss	20,787
Operating costs	<u>\$ 1,891,927</u>

Note: The amounts of beginning inventory and ending inventory are expressed net of write-down of inventories.

STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Ma	ing and rketing penses	Adm	neral and ninistrativ expenses	Dev	earch and elopment xpenses	Total
Payroll expense	\$	6,574	\$	33,614	\$	38,697	\$ 78,885
Professional fees		-		46,476		-	46,476
Used materials		1		-		11,959	11,960
Freight		33,886		_		-	33,886
Insurance expense		885		2,788		4,416	8,089
Management service fee		-		4,648		-	4,648
Depreciation expense		2		5,332		327	5,661
Pension		343		1,006		2,072	3,421
Employee benefits		3		2,253		20	2,276
Repair cost		-		1,954		588	2,542
Others		2,440		10,683		4,791	 17,914
	\$	44,134	\$	108,754	\$	62,870	\$ 215,758

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

		For the Year Ended DECEMBER 31, 2022			For the Year Ended December 31, 2021			
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total		
Payroll expense								
Salaries	\$ 261,125	\$ 78,064	\$ 339,189	\$ 332,253	\$ 107,800	\$ 440,053		
Labor and health								
insurance	30,423	7,862	38,285	37,965	8,330	46,295		
Pension	8,021	3,421	11,442	8,966	3,512	12,478		
Remuneration of								
directors	_	821	821	-	6,808	6,808		
Others	257	2,307	2,564	<u>766</u>	3,443	4,209		
	<u>\$ 299,826</u>	<u>\$ 92,475</u>	\$ 392,301	\$ 379,950	\$ 129,893	\$ 509,843		
Depreciation	\$ 377,954	\$ 5,661	\$ 383,615	\$ 335,447	\$ 5,154	\$ 340,601		
Amortization	27,745	3,035	30,780	26,571	1,694	28,265		

- 1. As of December 31, 2022 and 2021, the Corporation had 696 and 865 employees (excluding temporary employees), respectively, which included 7 and 9 non-employee directors respectively.
- 2. Average employee benefit for the years ended December 31, 2022 and 2021 was \$568 thousand and \$588 thousand, respectively.
- 3. Average salary for the years ended December 31, 2022 and 2021 was \$492 thousand and \$514 thousand, respectively.
- 4. Change of average salary was -4%.
- 5. The Corporation does not have any supervisors.
- 6. The Corporation's remuneration and compensation policy (including directors, managers, and employees) is described as follows:

Pursuant to the Company's Articles of Incorporation, the remuneration paid to the directors shall be submitted to the board of directors for resolution. The compensation of managers and employees is determined based on their personal performance and contribution to the Corporation, with reference to the industry standards. When deciding the remuneration based on its operating performance, the Corporation has fully considered its operating objectives, financial status, professional capabilities and responsibilities, and comprehensively analyzed future operating risks. Furthermore, the Corporation shall review the remuneration and compensation policy at any time under the actual operating situation and related laws to seek for a balance of the Corporation's sustainability and risk control.

- (V) Individual financial reports verified and certified by the accountants in recent year, but not including detailed statement of important accounting items: The Company has no consolidated statements and therefore this paragraph is same as "IV. Financial reports in recent years".
- (VI) If the Company and its affiliates are involved in a situation of difficulty in financial turnover in recent years and as of the date of publication of the annual report, the influence of such situation on the Company's financial status shall be specified: None.

VII. Review and Analysis of Financial Status and Financial Performance and Risk Issues

(I) Financial status:

Unit: NT\$ Thousand

Year	End of 2022 End of 2021		Devi	iation		
Item			Amount	%		
Current assets	1,396,802	1,416,795	(19,993)	(1%)		
Real estate, plants and equipment	2,115,089	2,366,757	(251,668)	(11%)		
Other assets	1,205,627	1,111,696	93,931	8%		
Total assets	4,717,518	4,895,248	(177,730)	(4%)		
Current liabilities	870,512	574,922	295,590	51%		
Other liabilities	1,417,009	1,516,652	(99,643)	(7%)		
Total liabilities	2,287,521	2,091,574	195,947	9%		
Capital stock	830,000	830,000	-	1		
Capital reserve	640,167	638,654	1,513	-		
Retained earnings	770,563	862,224	(91,661)	(11%)		
Other equity	189,267	472,796	(283,529)	(60%)		
Total equity	2,429,997	2,803,674	(373,677)	(13%)		

- 1. Analysis and explanation of changes of increase/decrease ratios:
 - (1) Increase of current liabilities was mainly resulted from the successive repayment of long-term borrowings and the reclassification of long-term borrowings of non-current liabilities to current liabilities due within one year.
 - (2) Decrease of other equity was mainly resulted from the evaluation of financial assets for investment in valuable securities.
- 2. Future responsive plans for those with significant influence: None.

(II) Financial performance:

A. Comparative analysis of financial performance

Unit: NT\$ Thousand

Year	2022	2021	Deviation			
Item	2022	2021	Amount	%		
Net operating income	2,112,837	3,002,859	(890,022)	(30%)		
Operating cost	1,891,927	2,403,390	(511,463)	(21%)		
Gross operating profit	220,910	599,469	(378,559)	(63%)		
Operating expenses	215,758	238,472	(22,714)	(10%)		
Operating income	5,152	360,997		(99%)		
Non-operating revenue	90,269	29,939	60,330	202%		
and expenditure						
Net profit before tax	95,421	390,936	(295,515)	(76%)		
Income tax expense	22,063	66,525	(44,462)	(67%)		
Net profit after tax	73,358	324,411	(251,053)	(77%)		
Other comprehensive	(282,548)	288,430	(570,978)	(198%)		
profit (loss)						
Total comprehensive	(209,190)	612,841	(822,031)	(134%)		
profit (loss)	-		•			
A 1 ' 1 1 '	C I C:	/ 1				

Analysis and explanation of changes of increase/decrease ratios:

The difference from that in the previous year was mainly resulted from the lowered market demand the reduction of profits; besides, the decrease of other comprehensive income was mainly resulted from the generation of evaluation loss of valuable securities.

B. Estimated sales volume and its basis as well as possible influence on the Company's future financial business and responsive plan

The Company hasn't issued financial budget, and thus estimated sales volume and its basis are not applied. Besides, no major abnormality has occurred to the Company's overall operation, it is thus not required to draft a responsive plan.

(III) Cash flows:

A. Analysis of changes of cash flows in recent years

Unit: NT\$ Thousand

Item	2022	2021	Increase (decrease)
Net cash inflows from operating activities	618,461	667,708	(49,247)
Net cash outflows from investing activities	552,038	356,699	195,339
Net cash inflows from financing activities	134,685	68,015	66,670

Analysis of changes:

- (1) Decrease of net cash inflows from operating activities: Mainly resulting from the decrease of market demand to decrease profits.
- (2) Increase of net cash outflows from investing activities: Mainly resulting from the increase of companies invested by equity method.
- (3) Increase of net cash inflows from financing activities: Mainly resulting from the increase of long-term borrowings to satisfy the capital demand.
- B. Plan for implementation of insufficient liquidity: The Company has relatively abundant capital now and hasn't been involved in insufficient liquidity.
- C. Analysis of cash liquidity in the next year

Unit: NT\$ Thousand

	Estimated net	Estimated net		Remedial m	easure for	
	cash flows	cash flows	Estimated	estimated cash insufficiency		
Roginning	from [from investing]	remaining				
Beginning cash balance	operating	and financing	(insufficient)	Investment	Einanaina	
Casii Dalaiice	activities in	activities in	cash amount	plan	Financing plan	
	the whole	the whole	casii aiiiouiit	piaii	piaii	
	year	year				
866,518	428,553	(657,409)	637,662	-	-	

Analysis and explanation:

- 1. Analysis of estimated changes of cash flows in 2022:
 - (1) Operating activities: Sales were estimated to be maintained, to result in the net cash inflows from operating activities
 - (2) Investing and financing activities: The estimated repayment of bank financing resulted in the net cash outflows from overall investing and financing activities.
- 2. Remedial measure for estimated cash insufficiency and liquidity analysis: N/A
- (IV) Influence of major capital expenditure on financial business in recent years: None.
- (V) Reinvestment policies in recent years, main reasons for profit or loss, improvement plan, and investment plan for the next year: None.

(VI) Risk issues:

A. Risk factors

- 1. Influence of interest rate, change in exchange rate, and inflation on the Company's profit or loss as well as future responsive measures
 - (1) Influence of change in interest rate on the Company's profit or loss and future responsive measures

 The interest expenditure of the Company reached NT\$ 20,366,000 and

NT\$ 16,696,000 in 2022 and 2021 respectively, taking up 0.96% and 0.56% of operating income in each period respectively, and thus it didn't have a significant influence on the Company's profit or loss.

- (2) Influence of change in exchange rate on the Company's profit or loss and future responsive measures
 - Currently, the products sold by the Company are mainly priced in USD, while JPY is used for pricing of raw materials purchased. Therefore, fluctuation of exchange rate has a certain influence on the Company's profitability. The net exchange gain of the Company reached NT\$ 63,781,000 and NT\$8,234,000 respectively in 2022 and 2021, taking up 3.02% and 0.27% of operating income in each period respectively; the Company searches information on change in exchange rate at any time, master the trends of exchange rates, makes judgments on change in exchange rate, and take hedging strategies in due time to avoid the risk of change in exchange rate, and reduce the adverse influence of change in exchange rate on the Company's profit or loss.
- (3) Influence of inflation on the Company's profit or loss and future responsive measures

The Company hasn't been involved in any situation in which a major adverse influence of inflation has been imposed on the Company's profit or loss as of the date of publication of the annual report. In addition to the close observation of market price fluctuation and active development of the sources of supply of raw materials to lower production cost, the Company maintains good relationship with customers and reflect production cost to the customers in due time. Therefore, the Company is still capable of effectively controlling the influence of inflation on its profitability at present.

- 2. Policies for engaging in high-risk and high-leverage investments, lending of funds to others, endorsement guarantee and derivatives trading, main reasons for profit or loss, and future responsive measures.
 - (1) The Company has always dedicated to its own business, run business in principle of practicality, and adopted steady and conservative financial policies and has never engaged in high-risk and high-leverage investments.
 - (2) The Company didn't offer endorsement guarantee for others or lend funds to others as of the publication date of annual reports in 2022 and 2021. If the Company has the need to offer endorsement guarantee or lend funds to others in the future, it will handle the matter according to its "Procedures for Endorsement Guarantee" and "Procedures for Lending Funds to Others".
 - (3) The financial derivatives of the Company are all implemented for the purpose of avoiding the risk of exchange rate fluctuation. Relevant trades of the Company were executed according to its "Procedures for Acquisition or

Disposal of Assets" as of the publication date of annual reports in 2022 and 2021.

3. Future R&D plans and estimated investments in R&D expenses

The Company is engaged in the manufacturing of advanced Tape-COF IC substrate used for driver IC packages of LCD displays, and all the R&D activities are closely combined with panel factories and driver IC factories. It is expected to invest NT\$ 66,882,000 in the R&D expenses in 2023.

Future technical directions for development and improvement:

- (1) Continuously develop subtractive technology to the precision of 20um pitch and 18um pitch and improve its quality and efficiency to lower cost and improve market competitiveness of COF products with 20um pitch and above.
- (2) Improve the product design capacity on the basis of the process technology expertise and products of fine pitches below 20um pitch, especially 18um, 16um and 14um pitch using semi-additive method and through cooperation with customers so as to comprehensively supply fine-pitch COF used in LCD driver ICs needed by customers' handheld device products and smartphones
- (3) Develop 2-Metal front-end process technology which will be applied in LCD driver IC with high pint-count and fine-pitch design requirements. In addition, utilize 2-Metal process technology to develop light, thin, short and small IC substrates and extend such characteristics in the application of advanced LED carriers and other types of IC carriers to create new-type IC package through cooperation with customers.
- (4) Develop a new generation of substrates through cooperation with suppliers of raw materials.
- 4. Influence of changes of important domestic and foreign policies and laws on the Company's financial business and responsive measures
 - The Company has always adhered to integrity principle for its operation and followed regulations issued by relevant governments and institutions at home and abroad. In addition to the execution of business according to existing laws and regulations, the Company also pays close attention to the trends, formation, legislation progress and detailed connotations of important domestic and foreign policies related to its operation, and then actively works out responsive measures in due time on this basis. The Company hasn't been involved in the influence of its finance and business due to changes of important domestic and foreign policies and laws in recent years and as of the date of publication of the annual report.
- 5. Influence of changes of technology (including information security risks) and industry on the Company's financial business and responsive measures
 - (1) The Company has already completed several improvements for information security of its information system architecture:
 - (A) Purchase new firewall to readjust the architecture, eliminate the old model that does not support application layer protection, and enhance protection performance.
 - (B) Partition independent logic domains according to network service demands, and establish proper information security protection and

- control measures for different operating environments.
- (C) Update data backup mechanism, provide comprehensive and quick recovery of each system and improve the recovery time.
- (2) Estimated reinforcement plans to be established in current year:
 - (A) Advanced persistent threat and attack defense measures to detect, prevent and block encrypted blackmails and threats and explore "unknown" malicious programs, etc.
 - (B) Network service defense measures to automatically search assets in the whole network, formulate security management policies and obstruct violating devices in a real-time way.
 - (C) Social engineering drills: The reinforcement of employees' awareness of information security requires long-term continuous training and coaching. These drills can improve employees' awareness of information security and avoid hacking.
 - (D) Strengthen the recovery contingency operation mechanism, identify the probability and degree of influence of events that may lead to interruption of operation, clearly establish recovery time objective (RTO) of core business as well as data recovery point object (RPO) and set up proper backup mechanism and plan.

The Company is committed to achieving the goal of not being affected by emerging risks and attacks amid the every-changing network security threats and strengthening real-time protection against any network attacks or events so as to avoid causing major adverse influence on the Company's financial business.

The Company hasn't discovered any network attack or event to have an adverse influence on the Company's financial business in recent years and as of the date of publication of the annual report.

- 6. Influence of change of corporate image on the enterprise's crisis management and responsive measures
 - The Company has observed the provisions of relevant laws and regulations, actively strengthened internal management and improved management quality and performance, and maintained a harmonious labor-capital relationship to continuously sustain an excellent corporate image since its establishment. The Company hasn't been involved in any situation that affects its corporate image in recent years and as of the date of publication of the annual report.
- 7. Expected benefits and possible risks of merger and acquisition and responsive measures: The Company hasn't been involved in any merger and acquisition in recent years and as of the date of publication of the annual report.
- 8. Expected benefits and possible risks of enlargement of plants and responsive measures: The Company has increased plants for the expansion of production capacity through comprehensive evaluation of appropriate industry and market prospects and cost with the expectation of increasing its profits.
- 9. Risks existing in centralized purchasing or sale and responsive measures:
 - (1) Centralized purchasing

 The main raw material used by the Company for the production of advanced Tape-COF IC substrates is 2PI (1 polyimide layer and 1 metal

layer). The main supplier of 2PI is Sumitomo Metal Mining Co., Ltd. (hereinafter referred to as SMM), taking up 48% of net purchasing amount of the Company in 2022.

Currently, there are only two 2PI suppliers in the world, i.e. SMM from Japan and Toray. SMM is a main supplier in the market, while Toray mainly supplies to Stemco (Samsung) of South Korea. Additionally, the quality, technology and production capacity of 2PI supplied by SMM have already been verified and approved by the Company during the development of processes and machines, and SMM is a raw material supplier recognized and designed by the Company's customers. Furthermore, the Company was formerly an affiliate of SMM and has maintained good partnership with SMM for many years. Also, SMM has signed procurement contracts with the Company. As a result, situation like shortage or interruption of supply of raw materials hasn't occurred. The Company has already established long-term sound partnership with the main supplier with supply contracts. The delivery status of relevant supplier has been favorable, no situation such as shortage, interruption or delay of supply has occurred to influence the Company's production and source of supply has been stable in recent three years.

(2) Centralized sale

Due to the characteristics of IC design industry, the products of the Company require mutual coordination from upstream and downstream manufacturers from design to certification. In this case, in order to obtain stable and reliable production capacity, shorten the marketing time of products, and consider factors like process technology, quality yield and delivery period coordination, IC design manufacturers would choose to use suppliers in the same semiconductor process as much as possible. Therefore, it is often the case that upstream and downstream manufacturers establish long-term strategic alliance. Since the industry where the Company belongs is a technology- and capital-intensive industry with relatively high entry threshold, a trend of strong industry customers becoming stronger has appeared. In addition, there are only five enterprises owning Tape-CFO product processes in the world at present, and they have their respective production and sales systems due to different terminal display panel enterprises. In consideration confidentiality of industry IC design, coordination degree of processes and time-consuming of product certification and testing, few enterprises would substantially change their manufacturers. With the production lines of the Company becoming increasingly complete and product quality continuously being recognized by the customers as well as the competitiveness of product prices, the Company needs backup from enough supply chain manufacturers and thus would not easily replace manufacturers which have coordinated with the Company favorably for a long run and been certified and trusted by the customers in order to satisfy the quick delivery services of the downstream terminal customers. For the purpose of effectively spreading the possible risks brought by centralized sale, the Company is dedicated to the development of new customers and new processes. After the products of the Company are recognized by the customers and then successively put under volume production and delivery

in the future, the Company's dependence on a single customer can be effectively lowered so as to spread the risk of centralized sale.

- 10. Influence and risks of massive transfer or replacement of equity held by directors, supervisors or major shareholders holding more than ten percent of shares on the Company, and responsive measures: None.
- 11. Influence and risks of change of managerial right on the Company, and responsive measures:

The Company hasn't been involved in any situation or risk of change of managerial right in recent years and as of the date of publication of the annual report.

12. Litigation or non-litigation events

- (1) Major influence possibly caused by the results of major litigation, non-litigation or administrative dispute events of the Company already judged and confirmed or still pending to the shareholders' equity or securities prices in recent years and as of the date of publication of the annual report:
 - The Company has currently been involved in an civil suit collateral to criminal proceedings brought up by Chipbond Technology Corporation against the Company concerning violation of business secrets in recent years and as of the date of publication of the annual report, and Chipbond requested a damage compensation amount of NT\$ 1,000,000,000. Later in August 2021, Chipbond applied for the increase of the aforesaid damage compensation amount, and lodged a civil suit for the exclusion of infringement on its business secrets and the request of joint and several compensation amount of NT\$ 1,765,137,000 in August 2021. The company commissioned a lawyer to assess this lawsuit and later the lawyer concluded that this lawsuit didn't have an adverse influence on the Company so far. In addition, the management of the Company also made a judgment that it hadn't imposed any significant influence on the Company's business and finance yet. However, the aforesaid case hasn't been ruled the judicial authority, and the final result of the lawsuit is to be heard by judicial authority as of March 14, 2023.
- (2) Major influence possibly caused by the results of major litigation, non-litigation or administrative dispute events of directors, supervisors, general manager and substantial principal of the Company, major shareholders holding more than ten percent of shares and subordinate companies already judged and confirmed or still pending to the shareholders' equity or securities prices in recent years and as of the date of publication of the annual report:

Directors of the Company, Chang Wah Electromaterials Inc. as a major shareholder holding more than ten percent of shares, chairman Chia Neng Huang, and general manager Wan Hsia Li are currently involved in a pending civil lawsuit brought up by Chipbond against them concerning the exclusion of infringement upon its business secrets. Please refer to the description of "12. Litigation or non-litigation events (1)" above.

13. Other important risks and responsive measures: None.

(VII) Other important events: None.

VIII. Special Notes

- (I). Related information of affiliates: None.
- (II). Handling status of private placement of valuable securities in recent years and as of the date of publication of the annual report: None.
- (III). Status of subsidiaries' holding or disposal of the Company's stock in recent years and as of the date of publication of the annual report: None.
- (IV). Other necessary supplementary clarifications: None.

IX. Occurrence of events having a major influence on the shareholders' equity or securities prices specified in subparagraph 2, paragraph 3 of Article 36 of the Securities Exchange Act in recent years and as of the date of publication of the annual report:

The Company has currently been involved in a civil suit collateral to criminal proceedings brought up by Chipbond Technology Corporation against the Company concerning violation of business secrets in recent years and as of the date of publication of the annual report, and Chipbond requested a damage compensation amount of NT\$ 1,000,000,000. Later in August 2021, Chipbond applied for the increase of the aforesaid damage compensation amount, and lodged a civil suit for the exclusion of infringement on its business secrets and the request of joint and several compensation amount of NT\$ 1,765,137,000 in August 2021. The company commissioned a lawyer to assess this lawsuit and later the lawyer concluded that this lawsuit didn't have an adverse influence on the Company so far. In addition, the management of the Company also made a judgment that it hadn't imposed any significant influence on the Company's business and finance yet. However, the aforesaid case hasn't been ruled the judicial authority, and the final result of the lawsuit is to be heard by judicial authority as of March 15, 2022. The Company will regularly release major information and announce the latest progress of this case within 10 days since the end of each quarter after listing. If the court has made a judgment or there is major litigation progress, the Company will handle the information disclosure in a real-time manner. According to the Company's evaluation, the aforesaid changes have no significant influence on shareholders' equity or securities prices.

The Company received a resignation from former chairman Huang, Chia-Neng on March 3, 2023. According to the resignation, Mr. Huang, Chia-Neng resigned from the position of chairman (with the position of director continually retained though), and the resignation was planned to take effect on the reelection of the new chairman in the meeting of the Board of Directors scheduled on March 14, 2023. In the meeting of the Board of Directors held on March 14, 2023, the Company elected Wan, Wen-Tsai, representative of Chang Wah Electromaterials Inc., as chairman, and Huang, Chia-Neng, representative of Yenyo Technology Co., Ltd., as vice chairman respectively. The change in the chairman of the Company did not have any material influence on the shareholders' equity or securities price of the Company.

Chairman: Wan, Wen-Tsai

