Stock Code: 8255

Actron Technology Corporation and Subsidiaries

Consolidated Financial Statements with Independent Auditors' Review Report

For the Three Months Ended March 31, 2023 and 2022

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

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Independent Auditors' Review Report

To the Board of Directors and Shareholders of Actron Technology Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Actron Technology Corporation and its subsidiaries (collectively, the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT$1,140,971 thousand and NT$1,203,187 thousand, respectively, representing 10% and 13%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT$143,999 thousand and NT$239,630 thousand, respectively, representing 2% and 7%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2023 and 2022, the amounts of the combined comprehensive income (loss) of these non-significant subsidiaries were NT$12,475 thousand and NT$(5,807) thousand, respectively, representing 4% and 2% of the consolidated total comprehensive income, respectively. In addition, as disclosed in Note 12 to the consolidated financial statements, the total carrying amounts of the investment accounted for using the equity method were NT$2,567,074 thousand and NT$1,724,443 thousand as of March 31, 2023 and 2022, respectively. The share of profit (loss) of associates accounted for using the equity method was NT$39,613 thousand and NT$49,780 thousand for the three months ended March 31, 2023 and 2022, respectively. The amounts of the related equity-method investments were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews and the review reports of the other independent auditors, as described in the other matter section of our report, except for the effect on the consolidated financial statements of such adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity-method investees as described in the preceding section been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matters

We did not review the financial statements of Mosel Vitelic Inc., an investee accounted for using the equity method included in the accompanying consolidated financial statements, which were reviewed by other independent auditors. Therefore, the amounts with respect to the financial statements of Mosel Vitelic Inc., stated in our conclusion expressed on the consolidated financial statements herein, were solely based on the review reports of the other independent auditors. The total investment in the said investee accounted for using the equity method was

$1,250,618 thousand, representing 11% of the total consolidated assets as of March 31, 2023. The total comprehensive income recognized for the said investee using the equity method was $(14,159) thousand, constituting (5)% of the consolidated total comprehensive income for the three months ended March 31, 2023.

Deloitte Taiwan

Partner Ming Hsien Liu	Partner Meng Chieh Chiu
Financial Supervisory Commission Certificate Jin-Guan-Zheng-Shen-Zi No. 1100356048	Financial Supervisory Commission Certificate Jin-Guan-Zheng-Shen-Zi No. 1020025513

May 3, 2023

Notice to Readers

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

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

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

Actron Technology Corporation and Subsidiaries

Consolidated balance sheets

As of March 31, 2023 and 2022 and December 31, 2022

Unit: NT$ thousand

		March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
Code	Asset	Amount	%	Amount	%	Amount	%
	Current asset						
1100	Cash and cash equivalents (Note 6)	$ 832,145	7	$ 784,443	8	$ 736,876	8
1136	Financial assets at amortized cost - current (Note 8 and 29)	91,654	1	57,346	1	63,896	1
1150	Notes receivable (Note 9)	-	-	-	-	6,939	-
1170	Trade receivables (Note 9)	710,081	6	823,935	8	687,400	7
1200	Other receivables	26,456	-	27,460	-	27,887	-
130X	Inventories (Note 10)	899,747	8	800,048	8	732,487	8
1470	Other current assets (Note 16 and 28)	167,287	2	166,421	2	144,440	2
11XX	Total current assets	2,727,370	24	2,659,653	27	2,399,925	26
	non-current assets						
1517	Financial assets at fair value through other comprehensive income -non-current (Note 7)	680,700	6	626,125	6	652,520	7
1535	Financial assets at amortized cost - non-current (Note 8 and 29)	501	-	501	-	500	-
1550	Investments accounted for using the equity method (Note 12)	3,817,692	33	2,223,415	23	1,724,443	19
1600	Property, Plant and Equipment (Note 13 and 29)	3,177,314	28	3,212,069	33	2,955,488	33
1755	Right-of-use assets (Note 14)	34,617	-	36,273	-	41,099	1
1821	Other intangible assets (Note 15)	9,894	-	11,479	-	17,310	-
1840	Deferred tax assets (Note 22)	38,681	-	38,681	-	21,296	-
1915	Prepayments for equipment	597,397	5	589,305	6	837,817	9
1990	Other non-current assets (Note 16 and 28)	443,226	4	470,762	5	405,494	5
15XX	Total non-current assets	8,800,022	76	7,208,610	73	6,655,967	74
1XXX	Total assets	$ 11,527,392	100	$ 9,868,263	100	$ 9,055,892	100
Code	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Note 17)	$ 2,115,020	18	$ 1,700,010	17	$ 509,428	6
2150	Notes payable	293	-	267	-	176	-
2170	Trade payables	280,830	2	298,897	3	271,733	3
2180	Trade payables - related parties (Note 28)	82,850	1	166,976	2	91,674	1
2200	Other payables (Note 18)	729,689	6	373,293	4	687,447	8
2230	Current tax liabilities (Note 22)	126,294	1	109,677	1	106,344	1
2280	Lease liabilities - current (Note 14)	3,940	-	5,311	-	6,693	-
2320	Current liabilities -current portion (Note 17 and 29)	191,357	2	192,099	2	83,040	1
2399	Other current liabilities	52,687	1	37,802	-	43,220	-
21XX	Total current liabilities	3,582,960	31	2,884,332	29	1,799,755	20
	non-current liabilities						
2540	Long-term borrowings (Note 17 and 29)	2,191,765	19	1,179,412	12	1,473,135	16
2570	Deferred tax liabilities (Note 22)	19,925	-	19,925	-	16,727	-
2580	Lease liabilities - non-current (Note 14)	1,483	-	1,788	-	4,074	-
2670	Guarantee deposits	22	-	-	-	23	-
25XX	Total non-current liabilities	2,213,195	19	1,201,125	12	1,493,959	16
2XXX	Total liabilities	5,796,155	50	4,085,457	41	3,293,714	36
	Equity attributable to owners of the parent company (Note 20)						
	Share capital						
3110	Ordinary shares	914,470	8	914,470	9	914,570	10
3200	Capital surplus	1,763,117	15	1,747,491	18	1,747,150	19
	Retained earnings						
3310	Legal reserve	706,576	6	706,576	7	659,284	7
3350	Undistributed earnings	1,338,337	12	1,590,158	16	1,213,425	14
3300	Total retained earnings	2,044,913	18	2,296,734	23	1,872,709	21
	Other equity						
3410	Exchange difference on translating foreign operations	(13,151)	-	(15,365)	-	(5,839)	-
3420	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	733,448	6	554,876	6	960,960	11
3490	Estimated employee compensation	-	-	-	-	(1,133)	-
3400	Total other equity	720,297	6	539,511	6	953,988	11
31XX	Total equity attributable to owners of the parent company	5,442,797	47	5,498,206	56	5,488,417	61
36XX	Non-controlling interests	288,440	3	284,600	3	273,761	3
3XXX	Total equity	5,731,237	50	5,782,806	59	5,762,178	64
	Total liabilities and equity	$ 11,527,392	100	$ 9,868,263	100	$ 9,055,892	100

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

(With Deloitte & Touche review report dated May 3, 2023)

Chairman: Dang-Liang Yao   Manager: Hsien-Chung Wu   Accountant: Mei-Ying Chiu

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

Actron Technology Corporation and Subsidiaries

Consolidated statements of comprehensive income

For the three months ended March 31, 2023 and 2022

(Reviewed, not audited)

Unit: In thousands of New Taiwan Dollars, except that Earnings Per Share are stated in NT$

Code		For the three months ended March 31, 2023 Amount	%	For the three months ended March 31, 2022 Amount	%
4000	Net operating revenue	$ 1,127,715	100	$ 992,039	100
5000	Operating costs (Note 10, 21 and 28)	(805,950)	(72)	(731,572)	(74)
5900	Gross profit	321,765	28	260,467	26
	Operating expenses (Note 21)				
6100	Selling and marketing expenses	(21,831)	(2)	(17,104)	(2)
6200	Administrative expenses	(72,030)	(6)	(73,969)	(7)
6300	Research and Development expenses	(100,588)	(9)	(92,114)	(9)
6000	Total operating expenses	(194,449)	(17)	(183,187)	(18)
6900	Operating income	127,316	11	77,280	8
	Non-operating income and expenses (Note 21)				
7100	Interest income	3,765	-	408	-
7010	Other income	7,124	1	15,508	1
7020	Other gains and losses	(7,336)	-	35,936	4
7050	Finance costs	(21,396)	(2)	(4,839)	(1)
7060	Share of profit of investment in associates and joint ventures accounted for using equity method	25,454	2	49,780	5
7000	Total non-operating income and expenses	7,611	1	96,793	9
7900	Profit before tax from continuing operations	134,927	12	174,073	17
7950	Income tax expense (Note 22)	(17,120)	(2)	(23,163)	(2)
8200	Net profit for the period	117,807	10	150,910	15

(to be continued)

(continued)

Code		For the three months ended March 31, 2023 Amount	%	For the three months ended March 31, 2022 Amount	%
	Other comprehensive income				
8310	Items not reclassified subsequently to profit or loss:				
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	$ 54,575	5	($ 47,226)	(5)
8320	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	123,997	11	(442,717)	(44)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translating foreign operations	2,214	-	15,748	1
8300	Other comprehensive income for the period, net of income tax	180,786	16	(474,195)	(48)
8500	Total comprehensive income for the period	$ 298,593	26	($ 323,285)	(33)
	Net profit attributable to:				
8610	Owners of the parent company	$ 113,967	10	$ 150,088	15
8620	Non-controlling interests	3,840	-	822	-
8600		$ 117,807	10	$ 150,910	15
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	$ 294,753	26	($ 324,107)	(33)
8720	Non-controlling interests	3,840	-	822	-
8700		$ 298,593	26	($ 323,285)	(33)
	Earnings per share (Note 23)				
	From continuing operations				
9710	Basic	$ 1.25		$ 1.64	
9810	Diluted	$ 1.23		$ 1.64	

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

(With Deloitte & Touche review report dated May 3, 2023)

Chairman: Dang-Liang Yao Manager: Hsien-Chung Wu Accountant: Mei-Ying Chiu

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

Actron Technology Corporation and Subsidiaries

Consolidated statements of changes in equity

For the three months ended March 31, 2023 and 2022

(Reviewed, not audited)

Unit: NT$ thousand

		Equity attributable to owners of the parent company								
				Retained earnings		Other equity				
Code		Ordinary shares	Capital surplus	Legal reserve	Undistributed earnings	Exchange difference on translating foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Estimated employee compensation	Non-controlling interests	Total equity
A1	Balance on January 1, 2022	$ 914,570	$ 1,747,150	$ 659,284	$ 1,429,165	($ 21,587)	$ 1,450,903	($ 1,688)	$ 272,922	$ 6,450,719
	Appropriation of 2021 earnings									
B5	Cash dividend	-	-	-	(365,828)	-	-	-	-	(365,828)
C7	Changes in equity of investment in associates and joint ventures accounted for using equity method	-	-	-	-	-	-	112	-	112
N1	Share-based payment transactions	-	-	-	-	-	-	443	17	460
D1	Net profit for the three months ended March 31, 2022	-	-	-	150,088	-	-	-	822	150,910
D3	Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	15,748	(489,943)	-	-	(474,195)
D5	Total comprehensive income for the three months ended March 31, 2022	-	-	-	150,088	15,748	(489,943)	-	822	(323,285)
Z1	Balance on March 31, 2022	$ 914,570	$ 1,747,150	$ 659,284	$ 1,213,425	($ 5,839)	$ 960,960	($ 1,133)	$ 273,761	$ 5,762,178
A1	Balance on January 1, 2023	$ 914,470	$ 1,747,491	$ 706,576	$ 1,590,158	($ 15,365)	$ 554,876	$ -	$ 284,600	$ 5,782,806
	Appropriation of 2022 earnings									
B5	Cash dividend	-	-	-	(365,788)	-	-	-	-	(365,788)
N1	Share-based payment transactions	-	15,626	-	-	-	-	-	-	15,626
D1	Net profit for the three months ended March 31, 2023	-	-	-	113,967	-	-	-	3,840	117,807
D3	Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	2,214	178,572	-	-	180,786
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	113,967	2,214	178,572	-	3,840	298,593
Z1	Balance on March 31, 2023	$ 914,470	$ 1,763,117	$ 706,576	$ 1,338,337	($ 13,151)	$ 733,448	$ -	$ 288,440	$ 5,731,237

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

(With Deloitte & Touche review report dated May 3, 2023)

Chairman: Dang-Liang Yao   Manager: Hsien-Chung Wu   Accountant: Mei-Ying Chiu

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

Actron Technology Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Reviewed, not audited)

Unit: NT$ thousand

Code		For the three months ended March 31, 2023	For the three months ended March 31, 2022
	Cash flows from operating activities		
A00010	Profit before tax from continuing operations	$ 134,927	$ 174,073
A20010	Adjustments for:		
A20100	Depreciation expenses	89,374	74,152
A20200	Amortization expenses	1,956	2,841
A20900	Finance costs	21,396	4,839
A21200	Interest income	(3,765)	(408)
A21300	Dividend income	(6,400)	(9,396)
A21900	Compensation cost related to share-based payment	15,626	460
A22300	Share of profit of investment in associates and joint ventures accounted for using equity method	(25,454)	(49,780)
A22500	Gain on disposal of property, plant and equipment	(870)	-
A23700	Losses for market price decline and obsolete and slow-moving inventories (gain from price recovery)	(10,802)	3,101
A24100	Net gain (loss) on foreign currency exchange	(6,031)	(17,273)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	-	11
A31150	Trade receivables	127,028	(73,291)
A31180	Other receivables	1,198	8,168
A31200	Inventory	(88,897)	(465)
A31240	Other current assets	(866)	(30,603)
A31990	Other non-current assets	81	-
A32130	Notes payable	26	15
A32150	Trade payables	(28,614)	13,304
A32160	Trade payables to related parties	(77,557)	(28,029)
A32180	Other payables	(8,527)	(438)
A32230	Other current liabilities	14,885	4,819
A33000	Net cash generated from operating activities	148,714	76,100
A33100	Interest received	3,571	408
A33200	Dividend received	53,324	9,396

(to be continued)

(continued)

Code		For the three months ended March 31, 2023	For the three months ended March 31, 2022
A33300	Interest paid	($ 19,872)	($ 4,839)
A33500	Income tax paid	(503)	(123)
AAAA	Net cash inflows from operating activities	185,234	80,942
	Cash flows from investing activities		
B00040	Purchases of financial assets at amortized cost	(34,308)	-
B00050	Disposal of financial assets at amortized cost	-	9,026
B01800	Acquisition of investments accounted for using the equity method	(1,491,750)	-
B02700	Purchases of property, plant and equipment	(28,471)	(112,293)
B02800	Proceeds from disposal of property, plant and equipment	870	-
B03800	Decrease in refundable deposits	24,290	15,251
B04500	Purchases of intangible assets	(371)	(140)
B07100	Increase in prepayments for equipment	(33,181)	(60,213)
B02000	Increase in prepayments for investments	-	(91,200)
BBBB	Net cash outflows from investing activities	(1,562,921)	(239,569)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	415,010	-
C00200	Decrease in short-term borrowings	-	(898,797)
C00500	Decrease in short-term notes and bills payable	-	(100,000)
C01600	Proceeds from long-term borrowings	1,600,000	1,100,000
C01700	Repayments of long-term borrowings	(588,389)	(401,782)
C03000	Increase in guarantee deposits	22	-
C03100	Decrease in guarantee deposits received	-	(1,077)
C04020	Repayments of the principal portion of lease liabilities	(1,687)	(1,760)
CCCC	Net cash inflows (outflows) from financing activities	1,424,956	(303,416)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	433	2,582
EEEE	Net increase (decrease) in cash and cash equivalents for the period	47,702	(459,461)
E00100	Cash and cash equivalents at the beginning of the period	784,443	1,196,337
E00200	Cash and cash equivalents at the end of the period	$ 832,145	$ 736,876

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

(With Deloitte & Touche review report dated May 3, 2023)

Chairman: Dang-Liang Yao Manager: Hsien-Chung Wu Accountant: Mei-Ying Chiu

Actron Technology Corporation and Subsidiaries

Notes to consolidated financial statements

For the three months ended March 31, 2023 and 2022

(Reviewed, not audited)

(Unless otherwise stated, in thousands of New Taiwan Dollars)

1. History

Actron Technology Corporation (the "Company") was established in November, 1998 in accordance with the Company Act of the Republic of China. The Company's main businesses are (1) manufacture of power generation, transmission and distribution machinery; (2) wholesale of electronic materials; (3) retail sale of electronic materials; (4) manufacture export; (5) international trade; (6) manufacture of electronic components.

The Company's shares have been listed on the Taipei Exchange since April, 2006.

The consolidated financial statements of the Company and its subsidiaries, hereto forth collectively referred to as the Group, are presented in the Company's functional currency, the New Taiwan Dollar.

2. Date and procedures for approval of financial statements

The consolidated financial statements were approved by the Company's board of directors on May 3, 2023.

3. Application of new, amended and revised standards and interpretations

(1) Initial application of 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 (the "FSC").

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

(2) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

New, amended and revised standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Lease Liability in A Sale-and-Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023

New, amended and revised standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee applies the amendments to IFRS16 retrospectively to sale and leaseback transactions entered into after the date of initial application.

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

4. Summary of significant accounting policies

(1) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

(2) Basis of preparation

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

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;

2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for an asset or liability.

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the "subsidiaries"). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 11, Table 5 and Table 6 for detailed information on subsidiaries, percentage of ownership and main business activity.

(4) Other significant accounting policies

Except for the followings, please refer to the consolidated financial statements for the year ended December 31, 2022 for the summary of significant accounting policies.

1. Defined benefit post-retirement benefit

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. Critical accounting judgments and key sources of estimation uncertainty

Please refer to the consolidated financial statements for the year ended December 31, 2022 for the critical accounting judgments and key sources of estimation uncertainty.

6. Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and petty cash	$ 710	$ 800	$ 1,177
Checking accounts and demand deposits	676,140	660,803	618,319
Cash equivalents			
Bonds sold under repurchase agreement	91,350	122,840	28,630
Time deposits with original maturity within three months	63,945	-	88,750
	$ 832,145	$ 784,443	$ 736,876

7. Financial assets at fair value through other comprehensive income -non-current

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic investments	$ 556,929	$ 493,750	$ 568,772
Foreign investments	123,771	132,375	83,748
	$ 680,700	$ 626,125	$ 652,520

The above investments are held for medium to long-term strategic purposes and expected to generate return over the long run. Accordingly, the management elected to designate these investments as at financial assets at fair value through other comprehensive income as it believes that recognizing the short-term fluctuations of fair value in profit or loss would not be consistent with the Group's long-term investment strategy.

8. Financial assets at amortized cost

	March 31, 2023	December 31, 2022	March 31, 2022
Current			
Time deposits with original maturity over three months	$ 77,404	$ 43,096	$ 48,463
Pledged time deposits	14,250	14,250	15,433
	$ 91,654	$ 57,346	$ 63,896
Non-current			
Pledged time deposits	$ 501	$ 501	$ 500

Please refer to Note 29 for information related to parts of investments in financial assets at amortized cost pledged as security.

9. Notes receivable and trade receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable			
At amortized cost			
Gross carrying amount	$ -	$ -	$ 6,939
Less: Allowance for impairment loss	-	-	-
	$ -	$ -	$ 6,939
Trade receivables			
At amortized cost			
Gross carrying amount	$ 667,370	$ 780,279	$ 659,486
Less: Allowance for impairment loss	(2,083)	(2,083)	(767)
	665,287	778,196	658,719
At fair value through profit or loss	44,794	45,739	28,681
	$ 710,081	$ 823,935	$ 687,400

(1) Notes receivable

The aging of notes receivable was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Not past due	$ -	$ -	$ 6,939
Past due	-	-	-
	$ -	$ -	$ 6,939

(2) Trade receivables

1. Trade receivables at amortized cost

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The lifetime expected credit losses are estimated by reference to the past default history of the customer, the customer’s current financial position, economic condition of the industry in which the customer operates, as well as the overall economic condition and industry outlook. As of March 31, 2023, and December 31 and March 31, 2022, the expected credit loss rates on trade receivables were 0.01%~100%, 0.01%~100% and 0.001%~100%, respectively.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, such as liquidation of the debtor; for trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The aging of trade receivables was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Not past due	$ 639,550	$ 653,200	$ 556,377
Past due within 60 days	27,793	126,124	103,022
Past due 61 to 90 days	-	908	17
Past due 91 to 120 days	27	-	26
Past due over 121 days	-	47	44
Total	$ 667,370	$ 780,279	$ 659,486

The aging of trade receivables above was based on number of past due days.

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

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Beginning balance	$ 2,083	$ 767
Add: Impairment loss for the period	-	-
Ending balance	$ 2,083	$ 767

2. Trade receivables at fair value through profit or loss

The Group will sell its trade receivables at fair value through profit or loss to banks without recourse, and the risk and return associated to these trade receivables are mostly transferred to banks upon the sale resulting in the derecognition of these trade receivables from the balance sheet. The objective of the Group's business model is not to hold these trade receivables to collect the contractual cash flows or achieve objective by both collecting contractual cash flows and selling financial assets, so these trade receivables are measured at fair value.

10. Inventory

	March 31, 2023	December 31, 2022	March 31, 2022
Finished good	$ 326,176	$ 309,459	$ 275,946
Work in progress	190,086	164,390	99,836
Raw materials	383,485	326,199	356,705
	$ 899,747	$ 800,048	$ 732,487

The costs of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 were NT$803,398 thousand and NT$731,572 thousand, respectively. The losses for market price decline and obsolescence (gains from price recovery) on inventories included in the cost of goods sold for the three months ended March 31, 2023 and 2022 were NT$(10,802) thousand and NT$3,101 thousand, respectively.

11. Subsidiaries

(1) Subsidiaries included in consolidated financial statements

The entities included in these consolidated financial statements are as follows:

Investor	Subsidiary	Main business activity	% of Ownership March 31, 2023	% of Ownership December 31, 2022	% of Ownership March 31, 2022	Remark
The Company	Ding-Wei Technology Co., Ltd.	Manufacture of electronic components and motor parts	100%	100%	100%	1
The Company	Smooth International Limited Corporation	Investment	100%	100%	100%	1
Smooth International Limited Corporation	Smooth Autocomponent Limited	Investment	100%	100%	100%	1
Smooth Autocomponent Limited	Smooth Autocomponent Limited	Manufacture of motor parts	100%	100%	100%	1
The Company	Rec Technology Corporation	Manufacture of motor parts	49%	49%	49%	1, 2
The Company	Bigbest Solutions, Inc.	Manufacture of motors	28%	28%	28%	1, 2, 3

Note 1: This is a non-significant subsidiary of which independent accountants have not reviewed the financial statements for the three months ended March 31, 2023 and 2022.

Note 2: The Group is the single shareholder holding the largest portion of equity and had the ability to direct the relevant activities by directing and monitoring investee’s strategies on finance, operation and human resources. Thus, the investee is deemed as a subsidiary of the Company.

Note 3: The investee is a subsidiary with a material non-controlling interest.

(2) Subsidiaries not included in consolidated financial statements: None.

(3) Information on subsidiaries with a material non-controlling interest.

Company Name	Main business activity	Main business location	% of Ownership and Voting Rights Held by Non-controlling Interests		
			March 31, 2023	December 31, 2022	March 31, 2022
Bigbest Solutions, Inc.	Manufacture of motors	Taichung City	72%	72%	72%

Please refer to Table 5 for information of main business location and countries of incorporation.

12. Investments accounted for using the equity method

	March 31, 2023	December 31, 2022	March 31, 2022
Investments in Associates	$ 2,758,520	$ 1,311,702	$ 503,837
Investments in Joint Ventures	1,059,172	911,713	1,220,606
	$ 3,817,692	$ 2,223,415	$ 1,724,443

(1) Investments in Associates

Material Associates

Company Name	Main business activity	Main business location	% of Ownership and Voting Rights		
			March 31, 2023	December 31, 2022	March 31, 2022
Mosel Vitelic Inc.	Semiconductors	Hsinchu City	30%	30%	18%
Excelliance MOS Corporation	Semiconductors	Hsinchu City	29%	-	-

In consideration of its long-term operational development, the Group has increased its involvement in supply chain by acquiring 19,000 thousand ordinary shares of Mosel Vitelic Inc. on November 28, 2022. In addition, the Group's board of directors' meeting on January 11, 2023, approved the subscription to the ordinary shares to be issued for the cash capital increase through the private placement of Excelliance MOS Corporation, and the Company obtained 15,000 thousand ordinary shares of Excelliance MOS Corporation.

The investments accounted for using the equity method and the Group's share of the profit or loss and other comprehensive income of these investees, except for Mosel Vitelic Inc., of which these amounts were recognized based on the financial reports of associates for the same period reviewed by independent auditors for the first quarter of 2023, were calculated based on the unreviewed financial statements.

The Level 1 fair value of associate with open market price is as follow:

Company Name	March 31, 2023	December 31, 2022	March 31, 2022
Mosel Vitelic Inc.	$ 2,219,574	$ 1,740,935	$ 1,207,776
Excelliance MOS Corporation	$ 1,972,500	$ -	$ -

(2) Investments in Joint Ventures

Material Joint Ventures

Company Name	Main business activity	Main business location
Hong Wang Investment Co., Ltd.	Investment	New Taipei City

	March 31, 2023	December 31, 2022	March 31, 2022
% of Ownership	30%	30%	30%
% of Voting Rights	37%	37%	37%

The share of profit (loss) and other comprehensive income of associates and joint ventures accounted for using the equity method were calculated based on the joint venture's unreviewed financial statements. However, the Group's management believes the unreviewed financial statements will not have any material influence.

13. Property, plant and equipment

	Freehold Land	Building	Machinery Equipment	Transportation Equipment	Other Equipment	Property under construction	Total
Cost							
Balance on January 1, 2022	$ 405,764	$ 1,589,216	$ 1,849,951	$ 8,033	$ 481,908	$ 677,006	$ 5,011,878
Additions	-	4,964	50,596	-	13,662	79,693	148,915
Reclassifications	-	6,505	-	-	-	(6,505)	-
Net exchange differences	-	8,223	4,560	14	3,639	-	16,436
Balance on March 31, 2022	$ 405,764	$ 1,608,908	$ 1,905,107	$ 8,047	$ 499,209	$ 750,194	$ 5,177,229
Accumulated depreciation							
Balance on January 1, 2022	$ -	$ 648,430	$ 1,184,813	$ 7,005	$ 304,826	$ -	$ 2,145,074
Depreciation expenses	-	16,539	42,677	204	12,825	-	72,245
Net exchange differences	-	412	2,744	11	1,255	-	4,422
Balance on March 31, 2022	$ -	$ 665,381	$ 1,230,234	$ 7,220	$ 318,906	$ -	$ 2,221,741
Net balance on March 31, 2022	$ 405,764	$ 943,527	$ 674,873	$ 827	$ 180,303	$ 750,194	$ 2,955,488
Cost							
Balance on January 1, 2023	$ 405,764	$ 1,606,094	$ 2,233,094	$ 7,764	$ 545,705	$ 827,584	$ 5,626,005
Additions	-	1,070	34,370	-	7,488	8,243	51,171
Disposals	-	(12,786)	(18,485)	-	(2,650)	-	(33,921)
Net exchange differences	-	1,167	652	2	530	-	2,351
Balance on March 31, 2023	$ 405,764	$ 1,595,545	$ 2,249,631	$ 7,766	$ 551,073	$ 835,827	$ 5,645,606
Accumulated depreciation							
Balance on January 1, 2023	$ -	$ 714,892	$ 1,336,743	$ 3,324	$ 358,977	$ -	$ 2,413,936
Disposals	-	(12,786)	(18,485)	-	(2,650)	-	(33,921)
Depreciation expenses	-	16,451	56,336	253	14,515	-	87,555
Net exchange differences	-	78	428	2	214	-	722
Balance on March 31, 2023	$ -	$ 718,635	$ 1,375,022	$ 3,579	$ 371,056	$ -	$ 2,468,292
Net balance on March 31, 2023	$ 405,764	$ 876,910	$ 874,609	$ 4,187	$ 180,017	$ 835,827	$ 3,177,314

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plants	48~51 years
Mechanical and electrical equipment and engineering systems	10~11 years
Machinery Equipment	2~10 years
Transportation Equipment	3~6 years
Other Equipment	2~15 years

Please refer to Note 29 for information related to the property, plant and equipment pledged as security.

14. Lease arrangements

(1) Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying Amount			
Land	$ 29,364	$ 29,376	$ 30,534
Building	4,470	5,963	9,179
Transportation Equipment	783	934	1,386
	$ 34,617	$ 36,273	$ 41,099

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Additions to right-of-use assets	$ -	$ 2,815
Depreciation expenses for right-of-use assets		
Land	$ 165	$ 163
Building	1,503	1,252
Transportation Equipment	151	492
	$ 1,819	$ 1,907

Except for the additions and depreciation expenses listed above, there was no major sublease or impairment of the Group's right-of-use assets for the three months ended March 31, 2023 and 2022.

(2) Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying Amount			
Current	$ 3,940	$ 5,311	$ 6,693
Non-current	$ 1,483	$ 1,788	$ 4,074

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Building	1.51%-4.35%	1.51%-4.35%	1.51% ~ 3.85%
Transportation Equipment	0.85%-1.81%	0.85%-1.81%	0.85% ~ 1.81%

(3) Other lease information

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Expenses relating to short-term leases	$ 2,462	$ 2,710
Expenses relating to low-value asset leases	$ 46	$ 50
Total cash (outflow) for leases	($ 2,508)	($ 4,567)

15. Other intangible assets

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of each category			
Software	$ 9,894	$ 11,479	$ 16,893
Patents	-	-	417
	$ 9,894	$ 11,479	$ 17,310

Except for amortization expenses recognized, there was no major addition, disposal or impairment of the Group's other intangible assets for the three months ended March 31, 2023 and 2022. The intangible assets with limited useful lives above are amortized on a straight-line basis over 1~6 years.

16. Other assets

	March 31, 2023	December 31, 2022	March 31, 2022
Current			
Prepayments	$ 50,008	$ 64,232	$ 35,492
Overpaid sales tax	58,893	47,345	58,366
Refundable deposits	53,551	53,551	49,916
Others	4,835	1,293	666
	$ 167,287	$ 166,421	$ 144,440
Non-current			
Refundable deposits	$ 39,661	$ 67,116	$ 88,437
Prepayments for investments	171,385	171,385	91,200
Net defined benefit assets	7,038	7,119	715
Goodwill	225,142	225,142	225,142
	$ 443,226	$ 470,762	$ 405,494

17. Borrowings

(1) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured borrowings			
Line of credit borrowings	$ 2,115,020	$ 1,700,010	$ 509,428

The interest rate ranges for the revolving bank loans as of March 31, 2023, December 31, 2022 and March 31, 2022 were 1.25%~2%, 1.25%~2.05% and 0.65%~3.85%, respectively.

(2) Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Secured borrowings			
Bank loans (Note 29)	$ 150,000	$ 150,000	$ -
Unsecured borrowings			
Bank loans	2,232,353	1,220,000	1,550,000
Other borrowings	769	1,511	6,175
	2,233,122	1,221,511	1,556,175
Less: portion with maturity less than 1 year	(191,357)	(192,099)	(83,040)
Long-term borrowings	$ 2,191,765	$ 1,179,412	$ 1,473,135
Range of interest rates	1.25% ~ 10%	1.48% ~ 10%	0.8% ~ 10%

1. The bank loans were secured by the Group's freehold land and buildings, please refer to Note 29 for the details. The use of fund is to replenish mid-to-long-term operating capital.
2. The Group signed an asset sale-leaseback finance agreement with Hua Nan International Leasing Co., Ltd. in June 2019, amounting RMB 7,500 thousand. After 4 years of lease period, ownership of assets will be returned to the Group without consideration where , pursuant to the agreement, the implied interest rate is 10% based on the lease payments.

18. Other payables

	March 31, 2023	December 31, 2022	March 31, 2022
Payables for salaries and bonuses	$ 214,931	$ 231,900	$ 176,364
Payables for annual leaves	18,426	19,169	18,746
Payables for equipment	17,317	19,706	24,001
Dividends payable	365,788	-	365,828
Others	113,227	102,518	102,508
	$ 729,689	$ 373,293	$ 687,447

19. Retirement benefit plans

Pension expenses in respect of defined benefit plans as of March 31, 2023 and 2022 were NT$244 thousand and NT$240 thousand, respectively, calculated using the actuarially determined pension cost rate on December 31, 2022 and 2021.

20. Equity

(1) Share capital

Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Number of shares authorized (in thousand shares)	300,000	300,000	300,000
Authorized share capital	$ 3,000,000	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousand shares)	91,447	91,447	91,457
Share capital issued	$ 914,470	$ 914,470	$ 914,570

Change to the Company's share capital was mainly due to employee resignation, and restricted shares were recalled and canceled.

(2) Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
Available for offsetting deficits, distributing cash or transferring to share capital (1)			
Additional paid-in capital	$ 1,711,680	$ 1,711,680	$ 1,670,040
Treasury Shares	27,193	27,193	27,193
Difference between consideration and carrying amount of subsidiaries acquired or disposed	3,562	3,562	3,562
Limited to offsetting deficits			
Changes in equity of investment in associates and joint ventures accounted for using equity method	-	-	3,785
Exercise of right of disgorgement	1,024	1,024	-
May not be used for any purpose			
Employee stock warrants	19,658	4,032	-
Restricted shares	-	-	42,570
	$ 1,763,117	$ 1,747,491	$ 1,747,150

1. Capital surplus in this category may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as

cash or transferred to share capital, limited to a certain percentage of the Company’s paid-in capital each year.

(3) Retained earnings and dividend policy

The amendment to the Company’s Articles of Incorporation approved by resolution of the shareholders’ meeting on May 29, 2019 provides that the Company’s board of directors is authorized to appropriate the distributable dividend and bonuses in the form of cash by a special resolution that shall be reported to the shareholders’ meeting.

In accordance with the Company’s amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as legal reserve, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings from prior years shall be used by the board of directors as the basis for proposing a distribution plan for the resolution in a shareholders’ meeting. In the event that whole or part of the dividend and bonus is paid in cash, the distribution can be made by a majority vote at a board of directors’ meeting attended by over two-thirds of the directors and reported to the shareholders’ meeting.

The Company’s dividend policy is based on the Company’s earnings and considerations of the future funding needs and impact of taxation on the Company and its shareholders, as well as the Company’s sustainable development and the steady growth of earnings per share. The cash dividend shall not be less than 50% of the total dividend, and the distribution shall be made after the resolution by a shareholders’ meeting. Please refer to Note 21 (6) Employee compensation and director remuneration for the distribution policy for employee and director remuneration as provided in the Company’s Articles of Incorporation.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

The amendment to the Company’s Articles of Incorporation was approved by its Shareholders’ Meeting on May 27, 2022. It has expressly stipulated that when the Company appropriated the special capital reserve lawfully, it shall allocate an amount of special reserve for any difference between the amount it has already allocated and the amount of special reserve equal to the "cumulative amount of net increase in fair value of investment property in a preceding period" and the "cumulative net amount of other deductions from equity in a preceding period" it is required to allocate. If there remains any insufficiency, the Company shall allocate the special reserve from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

The appropriations of earnings for 2022 and 2021 were as follows:

	2022	2021
Legal reserve	$ 57,411	$ 47,292
Cash dividends	$ 365,788	$ 365,828
Cash dividends per share (NT$)	$ 4	$ 4

The appropriations for cash dividends above had been resolved by the Company's board of directors' meeting on March 8, 2023 and March 9, 2022, respectively; the other proposed appropriations for 2021 had been resolved by the shareholders' meeting on May 27, 2022 and the other proposed appropriations for 2022 were submitted for the resolution by shareholders' meeting to be held on May 26, 2023.

21. Net profit from continuing operations

(1) Other income

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Dividend income	$ 6,400	$ 9,396
Others	724	6,112
	$ 7,124	$ 15,508

(2) Other gains and losses

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Gross gains on foreign exchange	$ 13,403	$ 45,998
Gross losses on foreign exchange	(21,529)	(9,987)
Gain (loss) on disposal of property, plant and equipment	870	-
Others	(80)	(75)
	($ 7,336)	$ 35,936

(3) Finance costs

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Interest on bank loans	$ 21,361	$ 4,792
Interest on lease liabilities	35	47
	$ 21,396	$ 4,839

(4) Depreciation and amortization

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Depreciation expenses by function		
Operating cost	$ 61,352	$ 44,132
Operating expense	28,022	30,020
	$ 89,374	$ 74,152
Amortization expenses by function		
Operating cost	$ 201	$ 274
Operating expense	1,755	2,567
	$ 1,956	$ 2,841

(5) Employee benefit expenses

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Post-employment benefits		
Defined contribution plan	$ 6,272	$ 5,846
Defined benefit plan (Note 19)	244	240
	6,516	6,086
Share-based payment (Note 24)	15,626	460
Others employee benefits	211,992	209,245
Total employee benefit expenses	$234,134	$215,791
Summary by function		
Operating cost	$124,167	$113,700
Operating expense	109,967	102,091
	$234,134	$215,791

(6) Employees' compensation and directors' remuneration

If there is profit in a fiscal year, the Company shall accrue employees' compensation and directors' remuneration as follows; however, if there is a deficit, the Company shall set aside the amount for offsetting the deficit before the appropriation. The aforementioned profit is the net profit before taxes net of employees' compensation and directors' remuneration.

1. Employees' compensation shall not be less than 5% in the form of share dividend or cash dividend by the resolution in a board of directors' meeting. The recipients include certain qualified employees of the Company's affiliates.
2. Directors' remuneration shall be no more than 3%.

The appropriation of employees' compensation and directors' remuneration shall be reported to the shareholders' meeting.

For the three months ended March 31, 2023 and 2022, the estimated employees' compensation and directors' remuneration were as follows:

Amount

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Employees' compensation	$ 19,051	$ 23,603
Directors' remuneration	$ 3,312	$ 5,901

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

The appropriations of employees' compensation and directors' remuneration for 2022 and 2021, which were approved by the Company's board of directors on March 8, 2023 and March 9, 2022, respectively, were as follows:

	2022	2021
	Cash	Cash
Employees' compensation	$ 85,238	$ 60,601
Directors' remuneration	20,748	13,949

There was no difference between the actual amounts of employees' compensation and directors' remuneration paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

22. Income taxes relating to continuing operations

(1) Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Current income tax		
In respect of the current year	$ 17,120	$ 23,163

(2) Income tax assessments

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

23. Earnings per share

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

Net profit for the period

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Net profit attributable to owners of the parent company	$113,967	$150,088
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	$113,967	$150,088

Shares

Unit: thousands of shares

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	91,447	91,264
Effect of potentially dilutive ordinary shares:		
Employee stock warrants	979	-
Employees' compensation	449	449
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	92,875	91,713

If the Group settles the employees' compensation in shares or cash, the Group presumed that the entire amount of employees' compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. 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.

24. Share-based payment agreement

Restricted shares

The issuance of restricted shares was resolved by the Company's shareholders' meeting on May 30, 2018 with an actual issuance of 648 thousand shares at the issue price of NT$50 per share. The Company received the approval by the FSC on December 14, 2018 with the certificate Jin-Guan-Zheng-Fa-Zi No. 1070121188 and set October 22, 2019 as the capital increase record date for the issuance of restricted shares.

Employees who have received or subscribed the restricted shares and yet fulfilled the vesting conditions are bound by the following restrictions:

(1) Employees shall not sell, pledge, transfer, grant, set guarantee or dispose of the restricted shares in any other ways.

(2) The restricted shares are eligible for the dividend distribution without any restriction within the vesting period.

(3) Prior to the fulfillment of vesting conditions, the restricted shareholders are entitled the same rights as those of common stock holders including propose, speak, and vote in a shareholders' meeting and other shareholder's rights.

(4) After issuance, restricted shares shall be immediately delivered to be under custody of trust institution. Before fulfillment of vesting conditions, employees shall not request for return of such restricted shares by any reason or method.

For those employees who fail to fulfill the vesting conditions, the Company will recall or purchase back and cancel their shares.

The vesting period for the Company's restricted shares issued in 2019 ended in October 2022.

Employee stock warrant plan of the Company

The Company granted 3,000 thousand units of employee warrants, of which, each unit is eligible to subscribe to 1 ordinary share, in December 2022. Employees of the Company are entitled to the warrants. The term of all employee stock warrants is 6 years, and the warrant holders can exercise a specific portion of the warrants granted after 2 years after the issuance date. The exercise price of the stock warrants is 75% of the closing price of the Company's ordinary shares on the date of issuance. If any changes are made to the Company's ordinary shares, the exercise price shall be correspondingly adjusted using the specific formula.

Information on employee stock warrants is as follows:

	For the three months ended March 31, 2023	
Employee stock warrants	Unit (thousand)	Weighted average exercise price (NT$)
Outstanding at the beginning of the year	3,000	$ 115.10
Number of stock warrants granted in the year	-	-
Number of stock warrants exercised in the year	-	-
Number of stock warrants expired in the year	-	-
Outstanding at the end of the year	3,000	
Number of stock warrants exercisable at the end of the year	-	

The compensation costs recognized for the three months ended March 31, 2023 and 2022 were NT$15,626 thousand and NT$460 thousand, respectively.

25. Non-cash transactions

For the three months ended March 31, 2023 and 2022, the Group has conducted the following non-cash transactions from investing and finance activities:

(1) Addition of lease liabilities from lease agreements.

(2) Reclassifications of long-term borrowings with maturity within one year.

(3) Pending distribution of the cash dividend resolved by the board of directors' meeting as of March 31, 2023 and 2022. (Please refer to Note 18 and 20)

26. Capital management

The Group manages its capital to ensure its ability to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group's key management reviews its capital structure on a quarter basis. As part of this review, the key management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management, the Group may balance its overall capital structure by the means of dividend payment, issuance of new shares, shares buyback, issuance of new debts or repayment of existing debts. The Group is not subject to any externally imposed capital requirements.

27. Financial instruments

(1) Fair value of financial instruments not measured at fair value

Management of the Group considers the carrying amounts of the Group's financial assets and financial liabilities that are not measured at fair value as close to their fair values.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2023

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic listed shares	$ 312,000	$ -	$ -	$ 312,000
Domestic and foreign unlisted shares and investments	-	-	368,700	368,700
Total	$ 312,000	$ -	$ 368,700	$ 680,700

December 31, 2022

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic listed shares	$ 279,000	$ -	$ -	$ 279,000
Domestic and foreign unlisted shares and investments	-	-	347,125	347,125
	$ 279,000	$ -	$ 347,125	$ 626,125

March 31, 2022

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic listed shares	$ 354,000	$ -	$ -	$ 354,000
Domestic and foreign unlisted shares and investments	-	-	298,520	298,520
Total	$ 354,000	$ -	$ 298,520	$ 652,520

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2023 and 2022.

2. Valuation techniques and inputs of measuring Level 3 fair value

Class of financial instruments	Valuation techniques and inputs
Domestic and foreign securities	Using the asset-based approach that assesses the fair value by totaling the value of each asset and liability of the target of evaluation. Using the market approach that derives the value of target from the product of the active market price of a comparable company that operates in the same industry with similar operation and financial performance and a corresponding market multiplier.

(3) Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
Financial asset			
At fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	$ 44,794	$ 45,739	$ 28,681
Financial assets at amortized cost (Note 1)	1,708,361	1,767,913	1,633,170
Financial assets at fair value through other comprehensive income	680,700	626,125	652,520
Financial liability			
At amortized cost (Note 2)	5,355,465	3,658,405	2,921,546

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.

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

(4) Financial risk management objectives and policies

The Group's major financial instruments include equity and debt instrument investments, trade receivables, trade payables, borrowings and lease liabilities. The Group's Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1. Market risk

   The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below). The Group engaged in a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts and currency swaps to hedge the exchange rate risk arising from trading.

   (1) Foreign currency risk

   The Group engaged in sales and purchases denominated in foreign currencies, which exposed the Group to foreign currency risk. The Group hedged such foreign currency risk using the forward exchange contracts and currency swaps to the extent approved by policy.

   The carrying amounts of the Group's monetary assets and monetary liabilities denominated in nonfunctional currencies (including the monetary items denominated in nonfunctional currencies eliminated in the consolidated financial statements) on the balance sheet date are provided in Note 32.

   <u>Sensitivity analysis</u>

   The Group was mainly exposed to the risk of exchange rate fluctuation of the U.S. Dollar and Euro.

   The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollar (the functional currency) against each foreign currency. 1% increase or decrease is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A 1% foreign exchange rate change is adjusted to the translation at the end of period. In the following table, a positive number below indicates an increase in pre-tax profit due to a 1% depreciation of the New Taiwan dollar against the foreign currency. For a 1% appreciation of the New Taiwan dollar against the foreign currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Impact of USD				Impact of EUR			
	For the three months ended March 31, 2023		For the three months ended March 31, 2022		For the three months ended March 31, 2023		For the three months ended March 31, 2022	
Profit or loss	$ 9,240	(i)	$ 7,326	(i)	$ 699	(ii)	$ 1,186	(ii)

(i) It was mainly due to the Group's trade receivables and payables denominated in the U.S. Dollar that were outstanding and yet mitigated by a cash flow hedge at the end of the reporting period.

(ii) It was mainly due to the Group's trade receivables and payables denominated in the Euro that were outstanding and yet mitigated by a cash flow hedge at the end of the reporting period.

The management believed the sensitivity analysis did not reflect existing foreign currency risk because the exposure to the foreign currency risk at the end of the reporting period does not fairly represent the risk exposure during the reporting period.

(2) Interest rate risk

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

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
- Financial assets	$ 93,212	$ 300,853	$ 246,972
- Financial liabilities	6,214	8,609	25,370
Cash flow interest rate risk			
- Financial assets	922,981	798,129	690,901
- Financial liabilities	4,497,373	3,070,010	2,051,000

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole reporting period. A 10 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 10 basis point higher/lower and all other variables were held constant, th Group's pre-tax profit for the three months ended March 31, 2023 and 2022 would have decreased/increased by NT$894 thousand and increased/decreased by NT$340 thousand, respectively.

(3) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes. The Group does not actively trade these investments. In addition, the Group designated specific team to monitor the price risk and establish the responding strategy.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk due to the failure of a counterparty to perform its obligations was the carrying amount of financial assets recognized in the consolidated financial statements.

Among the trade receivables as of March 31, 2023 and December 31 and March 31, 2022, the sums of trade receivables from top two group customers were NT$295,461 thousand, NT$526,894 thousand and NT$320,373 thousand, respectively, that accounted for more than 42%, 64% 48% of total trade receivables of the respective period. The trade receivables from other customers did not exceed 10% of total trade receivables.

3. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support its operation and minimize the impact of cash flow volatility. The Group's management monitors the use of bank loan facilities and ensures compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As of March 31, 2023, and December 31 and March 31, 2022, the Group's unused bank facilities were set out in (2) borrowing facilities below.

(1) Liquidity and interest rate risk table

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities, in which the payment terms were set, based on the earliest repayment date. The table was prepared with the undiscounted cash flows of financial liabilities that include the cash flows of interests and principles.

March 31, 2023

	On demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	Over 5 years
Non derivative financial liabilities					
Non-interest bearing liabilities	$ 717,532	$ 206,260	$ 169,870	$	$
Lease liabilities	560	1,121	2,337	1,516	-
Bank loans	2,121,206	206,587	325,115	1,553,211	405,408
	$2,839,298	$ 413,968	$ 497,322	$1,554,727	$ 405,408

Maturity profile of lease liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Over 20 years
Lease liabilities	$ 4,018	$ 1,516	$ -	$ -	$ -	$ -

December 31, 2022

	On demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	Over 5 years
Non derivative financial liabilities					
Non-interest bearing liabilities	$ 300,543	$ 318,358	$ 220,532	$ -	$ -
Lease liabilities	573	1,147	3,813	1,833	-
Bank loans	605,381	855,855	458,862	1,084,827	125,844
	$ 906,497	$1,175,360	$ 683,207	$1,086,660	$ 125,844

Maturity profile of lease liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Over 20 years
Lease liabilities	$ 5,533	$ 1,833	$ -	$ -	$ -	$ -

March 31, 2022

	On demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	Over 5 years
Non derivative financial liabilities					
Non-interest bearing liabilities	$ 293,727	$ 258,461	$ 147,328	$ -	$ -
Lease liabilities	568	1,136	5,112	4,095	-
Bank loans	3,352	354,605	251,384	1,302,382	202,292
	$ 297,647	$ 614,202	$ 403,824	$1,306,477	$ 202,292

Maturity profile of lease liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Over 20 years
Lease liabilities	$ 6,816	$ 4,095	$ -	$ -	$ -	$ -

(2) borrowing facilities

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank facility			
-Drawn	$ 4,347,546	$ 2,921,521	$ 2,059,428
-Undrawn	1,314,454	2,653,479	2,744,352
	$ 5,662,000	$ 5,575,000	$ 4,803,780
Secured bank facility			
-Drawn	$ 150,000	$ 150,000	$ -
-Undrawn	-	-	-
	$ 150,000	$ 150,000	$ -

(5) Transfers of financial assets

The Group’s factored trade receivables are as follows:

Counterparty	Sales amount	Available advance amount	Advance amount used	Annual interest rate on advances received (%)
For the three months ended March 31, 2023				
Citibank	USD 5,102	USD -	USD 5,102	6.05-6.70
	EUR 2,025	EUR -	EUR 2,025	1.05-1.30
For the three months ended March 31, 2022				
Citibank	USD 3,665	USD -	USD 3,665	1.73-2.38
	EUR 1,269	EUR -	EUR 1,269	1.05-1.30

Pursuant to the Group’s factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

28. Transactions with related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

(1) Related parties and relationship

Related parties	Relationship with the Group
GlobalWafers Co., Ltd.	Related party in substance
Sustainable Energy Solution Co., Ltd.	Related party in substance
Mosel Vitelic Inc.	Associate

(2) Business transactions

Financial Statement Account	Related parties category/name	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Purchases of goods	Related party in substance		
	GlobalWafers Co., Ltd.	$ 68,671	$ 65,121
	Mosel Vitelic Inc.	109,681	74,142
		$ 178,352	$ 139,263

Purchases of goods above mainly comprise purchases of wafers, the purchase price of flat wafers was indifferent from the price of other suppliers. The Group did not purchase diffusion wafer from other suppliers, so there is not comparable purchases price. The payment terms were 30~90 days end of month for related party, 90 days end of month for domestic non-related parties, and TT 50~60 days for foreign parties.

Financial Statement Account	Related parties category/name	March 31, 2023	December 31, 2022	March 31, 2022
Trade payables	Related party in substance			
	GlobalWafers Co., Ltd.	$ 51,606	$ 75,383	$ 48,190
	Mosel Vitelic Inc.	31,244	91,593	43,484
		$ 82,850	$ 166,976	$ 91,674

(3) Others

Financial Statement Account	Related parties	March 31, 2023	December 31, 2022	March 31, 2022
Refundable deposits	Sustainable Energy Solution Co., Ltd.	$ 10,000	$ 10,000	$ 10,000
(Note)	Mosel Vitelic Inc.	79,646	107,101	124,788
		$ 89,646	$ 117,101	$ 134,788

Note: recognized as other current assets and other non-current assets.

(4) Compensation of key management personnel

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Short-term employee benefits	$ 18,938	$ 19,245
Share-based Payment	4,792	155
Post-employment benefits	27	27
	$ 23,757	$ 19,427

The remuneration of directors and key executives was determined by the remuneration committee taking into account the performance of individuals and market trends.

29. Assets pledged as collateral or for security

The following assets were pledged as collateral for borrowings:

	March 31, 2023	December 31, 2022	March 31, 2022
Freehold Land	$ 107,843	$ 107,843	$ 107,843
Building	146,285	147,339	150,504
Machinery Equipment	23,226	24,080	27,602
Pledged time deposits (classified as financial assets at amortized cost)	14,751	14,751	15,933
	$ 292,105	$ 294,013	$ 301,882

30. Significant contingent liabilities and unrecognized contract commitments

Except described in other notes of this financial statements, the Company had the following significant contingent liabilities and unrecognized commitments as of the end of the reporting period:

(1) Commitments related to agreements

The Group entered a contract with Mosel Vitelic Inc. (“Mosel”) to secure manufacturing capacity in July 2021 and paid a deposit of US$5.49 million. As agreed, the Group is committed to provide a certain number of orders monthly to Mosel for the following three years, and Mosel is committed to reserve its manufacturing capacity for the Company. Pursuant to the contract, in the event that the Group fails to fulfill the agreed number of orders, Mosel may refund the deposit in part.

(2) As of March 31, 2023, and December 31 and March 31, 2022, the Group had the contract commitments that was not recognized as property, plant and equipment amounted NT$66,972 thousand, NT$ 64,267 thousand and NT$173,989 thousand, respectively.

31. Significant subsequent events

(1) The issuance of 10,000 thousand ordinary shares for cash capital increase was approved by the Company's board of directors on May 3, 2023; the Chairman was authorized to set the issue price in a temperate price range between NT$140-$170 per share depending on market condition.

(2) The issuance of the first domestic unsecured convertible corporate bond up to NT $800 million was approved by the Company's board of directors on May 3, 2023; the bond will be issued at 100%-100.5% of the face value with a 3-year maturity and 0% coupon rate.

32. Significant assets and liabilities denominated in foreign currencies

The Group's significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2023

	Foreign currency	Exchange rate		Carrying amount
Financial asset				
Monetary items				
USD	$ 35,687	30.45	(USD:NTD)	$ 1,086,655
USD	84	6.8717	(USD:CNY)	2,562
EUR	2,121	33.15	(EUR:NTD)	70,034
CNY	6,741	4.431	(CNY:NTD)	29,867
JPY	816	0.2288	(JPY:NTD)	187
Non-monetary items				
Foreign investments in securities				
USD	4,065	30.45	(USD:NTD)	123,771
Financial liability				
Monetary items				
USD	5,427	30.45	(USD:NTD)	165,240
EUR	13	33.15	(EUR:NTD)	438
CNY	23	4.431	(CNY:NTD)	102
JPY	36,960	0.2288	(JPY:NTD)	8,456

December 31, 2022

	Foreign currency	Exchange rate		Carrying amount
Financial asset				
Monetary items				
USD	$ 38,907	30.71	(USD:NTD)	$ 1,194,847
USD	106	6.9646	(USD:CNY)	3,258
EUR	2,234	32.72	(EUR:NTD)	73,096
CNY	1,327	4.408	(CNY:NTD)	5,848
Non-monetary items				
Foreign investments in securities				
USD	4,169	30.71	(USD:NTD)	132,375
Financial liability				
Monetary items				
USD	8,213	30.71	(USD:NTD)	252,225
USD	40	6.9646	(USD:CNY)	1,217
EUR	14	32.72	(EUR:NTD)	446
CNY	17	4.408	(CNY:NTD)	77
JPY	24,851	0.2324	(JPY:NTD)	5,775

March 31, 2022

	Foreign currency	Exchange rate		Carrying amount
Financial asset				
Monetary items				
USD	$ 31,524	28.625	(USD:NTD)	$ 902,376
USD	85	6.3457	(USD:CNY)	2,440
EUR	3,729	31.92	(EUR:NTD)	119,027
CNY	175	4.506	(CNY:NTD)	787
JPY	1,867	0.235	(JPY:NTD)	439
Non-monetary items				
Foreign investments in securities				
USD	3,015	28.625	(USD:NTD)	83,748
Financial liability				
Monetary items				
USD	5,923	28.625	(USD:NTD)	169,539
USD	92	6.3457	(USD:CNY)	2,656
EUR	7	31.92	(EUR:NTD)	228
EUR	6	7.084	(EUR:CNY)	178
JPY	57,344	0.235	(JPY:NTD)	13,475

The following information was aggregated by the functional currencies of the entities in the Group that hold foreign currencies, and the exchange rates between functional currencies and presentation currency were disclosed. The significant realized and unrealized foreign exchange gains and losses were as follows:

	For the three months ended March 31, 2023		For the three months ended March 31, 2022	
Functional currency	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)
CNY	4.425 (CNY:NTD)	($ 14)	4.377 (CNY:NTD)	($ 35)
NTD	1 (NTD:NTD)	(8,112)	1 (NTD:NTD)	36,046
		($ 8,126)		$ 36,011

33. Separately disclosed items

(1) Information about significant transactions:

1. Financing provided to others: None.
2. Endorsements/guarantees provided: None.
3. Marketable securities held at the end of period (excluding investment in subsidiaries, associates and joint ventures): 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: Table 4.
9. Trading in derivative instruments: None.
10. Others: Intercompany relationships and significant intercompany transactions: Table 5.

(2) Information on investees: Table 6.

(3) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income for current

period, return on investees recognized, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.

2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.

   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

   (3) The amount of property transactions and the amount of the resultant gains or losses.

   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

   (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(4) Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

34. Segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance was focused on each type of products sold or services rendered. The Group's reportable segments were as follows:

Taiwan business segment

Mainland China Qingdao segment

Segment revenue and operating result

Analysis on revenue and operating result from continuing operations of the Company and its subsidiaries by reportable segments is as follows:

	Segment revenue		Segment profit or loss	
	For the three months ended March 31, 2023	For the three months ended March 31, 2022	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Taiwan business segment	$ 1,116,107	$ 981,452	$ 112,070	$ 72,696
Mainland China Qingdao segment	55,371	44,993	1,408	(1,913)
Others	104,912	107,874	8,476	(1,355)
Total from continuing operations	1,276,390	1,134,319	121,954	69,428
Less: eliminations between operating segments	(148,675)	(142,280)	5,362	7,852
Revenue or profit or loss from transactions between operating segments and external customers	$ 1,127,715	$ 992,039	127,316	77,280
Interest income			$ 3,765	$ 408
Other income			7,124	15,508
Other gains and losses			(7,336)	35,936
Finance costs			(21,396)	(4,839)
Share of profit of investment in associates and joint ventures accounted for using equity method			25,454	49,780
Profit before tax			$ 134,927	$ 174,073

Segment profit represented the profit before tax earned by each segment without other income, other gains and losses, finance costs, and share of profit or loss of associates and joint ventures accounted for using the equity method. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Actron Technology Corporation and Subsidiaries

Marketable securities held at the end of period

March 31, 2023

Table 1

Unit: NT$ thousand

Name of holding company	Type and name of marketable securities	Relationship with the holding company	Financial Statement Account	At the End of the Period				Remarks
				Number of shares (in thousand shares)	Carrying amount	Percentage of ownership	Fair value	
Actron Technology Corporation	Sino-American Silicon Products Inc.	Major shareholder	Financial assets at fair value through other comprehensive income -non-current	2,000	$ 312,000	0.34%	$ 312,000	—
	Phoenix Pioneer Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	15,265	237,754	5.13%	237,754	—
	ANJET CORPORATION	—	Financial assets at fair value through other comprehensive income -non-current	2,000	28,711	17.52%	28,711	—
	AMED VENTURES I, L.P.	—	Financial assets at fair value through other comprehensive income -non-current	-	95,060	-	95,060	—
	Super Energy Materials Inc.	—	Financial assets at fair value through other comprehensive income -non-current	500	7,175	2.5%	7,175	—

Actron Technology Corporation and Subsidiaries

Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more

March 31, 2023

Table 2

Unit: unless otherwise stated, in thousands of New Taiwan Dollars

Name of company that made the purchases or sales	Type and name of marketable securities	Financial Statement Account	Counterparty	Relationship	At the beginning of the period		Purchase		Sale				At the End of the Period	
					Shares	Amount	Shares	Amount	Shares	Sale price	Carrying amount of cost	Gain or loss on disposal	Shares	Amount
Actron Technology Corporation	Privately placed ordinary shares - Excelliance MOS Corporation	Investments accounted for using the equity method	Participation in private placement	-	-	$ -	15,000,000	$ 1,491,750	-	$ -	$ -	$ -	15,000,000	$ 1,491,750

Actron Technology Corporation and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital

For the three months ended March 31, 2023

Table 3

Unit: NT$ thousand

Purchaser or seller	Counterparty	Relationship	Transaction Details				Abnormal transaction and reason		Notes/Trade receivables (payables)			Remarks
			Purchase/ sale	Amount	As percentage to total purchase or sale	Payment terms	Unit price	Payment terms	Financial statement account	Ending balance	As percentage to total notes/trade receivables (payables)	
Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	Subsidiary	Purchases of goods	$ 147,466	24%	90 days end of month	Cost markup	Domestic 90 days end of month	Trade payables	$ 158,785	35%	Note 1
Actron Technology Corporation	Mosel Vitelic Inc.	Associate	Purchases of goods	109,681	18%	30 days end of month	Note 2	Domestic 90 days end of month	Trade payables	31,244	7%	
Ding-Wei Technology Co., Ltd.	Actron Technology Corporation	Parent	Sale	147,466	100%	90 days end of month	Cost markup	Domestic 90 days end of month	Trade receivables	158,785	100%	Note 1

Note 1: this is a transaction between parent company and its subsidiary and has been eliminated upon consolidation.

Note 2: the purchase price of flat wafers was indifferent from the price of other suppliers. The Group did not purchase diffusion wafer from other suppliers, so there is not comparable purchases price.

Actron Technology Corporation and Subsidiaries

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

March 31, 2023

Table 4

Unit: NT$ thousand

Company recognizes the receivables	Counterparty	Relationship	Balance of trade receivables - related party		Average turnover ratio	Overdue		Amount collected in subsequent period	Allowance for impairment loss
			Financial statement account	Ending balance		Amount	Action taken		
Ding-Wei Technology Co., Ltd.	Actron Technology Corporation	Parent	Trade receivables	$ 158,785	3.29	$ -	-	$ 158,785	$ -

Note: eliminated upon consolidation.

Actron Technology Corporation and Subsidiaries

Intercompany relationships and significant intercompany transactions

For the three months ended March 31, 2023

Table 5

Unit: NT$ thousand

Serial No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial statement account	Amount	Transaction terms	As percentage to total revenue or total assets (Note 3)
0	Actron Technology Corporation	Smooth Autocomponent Limited	1	Other receivables	$ 2,306	60 days end of month	0%
0	Actron Technology Corporation	Smooth Autocomponent Limited	1	Other income	783	60 days end of month	0%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Trade payables	158,785	90 days end of month	1%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Cost of sales	147,466	90 days end of month	13%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Other income	420	90 days end of month	0%
0	Actron Technology Corporation	Rec Technology Corporation	1	Sales revenue	963	60 days end of month	0%
0	Actron Technology Corporation	Rec Technology Corporation	1	Other income	1,325	60 days end of month	0%

Note 1: Intercompany transactions between the parent company and subsidiaries shall be indicated by number as described below:

1. The parent company is coded “0”.
2. The subsidiaries are coded consecutively beginning from "1".

Note 2: The relationship between the transaction parties can be classified into three categories below, and it shall be indicated by number:

1. No. 1 represents the transactions from parent company to subsidiary.
2. No. 2 represents the transactions from subsidiary to parent company.
3. No. 3 represents the transactions between subsidiaries.

Note 3: In the calculation of ratio of transaction amount to total consolidated revenue or total assets, for assets or liabilities, the ratio of ending balance to the total assets shall be used; for profit or loss, the ratio between interim accumulated amount to the total revenue shall be used.

Note 4: All transactions above were eliminated upon consolidation.

Actron Technology Corporation and Subsidiaries

Names, locations and related information of investee companies

For the three months ended March 31, 2023

Table 6

Unit: NT$ thousand

Investor	Investee	Location	Principle business activity	Initial investment		At the end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Remarks
				Ending balance	Beginning balance	Shares	Ratio	Carrying amount			
Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	Taoyuan City	Manufacturing and sale of auto components and parts	$ 306,900	$ 306,900	15,000,000	100%	$ 399,780	$ 13,826	$ 16,330	Subsidiary
Actron Technology Corporation	Smooth International Limited Corporation	Samoa	Investment	363,260	363,260	12,000,000	100%	440,909	1,570	1,570	Subsidiary
Smooth International Limited Corporation	Smooth Autocomponent Limited	Hong Kong	Investment	363,260	363,260	12,000,000	100%	440,909	1,570	1,570	Subsubsidiary
Actron Technology Corporation	Rec Technology Corporation	Taoyuan City	Manufacturing and sale of auto components and parts	208,102	208,102	8,487,823	49%	77,581	7,361	3,633	Subsidiary
Actron Technology Corporation	Hong Wang Investment Co., Ltd.	New Taipei City	Investment	300,000	300,000	30,000,000 (Note)	30%	1,059,172	78,204	23,461	Joint venture
Actron Technology Corporation	Mosel Vitelic Inc.	Hsinchu City	Semiconductors	1,180,191	1,180,191	46,925,459	30%	1,250,618	(47,118)	(14,159)	Associate
Actron Technology Corporation	Bigbest Solutions, Inc.	Taichung City	Manufacture of motors	245,143	245,143	19,314,319	28%	168,351	154	42	Subsidiary
Actron Technology Corporation	Excelliance MOS Corporation	Hsinchu City	Semiconductors	1,491,750	-	15,000,000	29%	1,507,902	54,798	16,152	Associate

Note: Among which 468,000 shares were ordinary shares and 29,532,000 shares were preferred shares.

Actron Technology Corporation and Subsidiaries

Information on investments in mainland China

For the three months ended March 31, 2023

Table 7

Unit: NT$ thousand or US$ thousand

Investee	Principle business activity	Total paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of the beginning of the period	Investment flows of the period		Accumulated outflow of investment from Taiwan as of the end of the period	Net income (loss) of investee company	The Company's direct or indirect percentage of ownership	Investment income (loss) recognized for the period (Note 2)	Carrying amount at the end of the period	Accumulated inward remittance of earnings at the end of the period
					outflow	inflow						
Smooth Autocomponent Limited	Manufacture of motor parts	Authorized and paid-in capital were both USD 12,000	Note 1	$ 363,260 (USD 12,000)	$ -	$ -	$ 363,260 (USD 12,000)	$ 1,570	100%	$ 1,570	$ 440,909	$ -

Accumulated investment in Mainland China at the end of the period	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 3)
USD 12,000	$ 365,520 (USD 12,000)	$ 3,265,678

Note 1: Indirectly investment in Mainland China through companies registered in a third region.

Note 2: Recognition based on the unreviewed financial statements.

Note 3: The Company's Investment amounts authorized by Investment Commission, MOEA: 5,442,797 (net equity) ×60%＝3,265,678.

Actron Technology Corporation

Information of major shareholders

March 31, 2023

Table 8

Name of major shareholder	Share	
	Number of shareholding	Percentage of ownership
Sino-American Silicon Products Inc.	20,807,346	22.75%
Ching-chao Chang	5,030,699	5.50%
Ming-kuang Lu	4,880,000	5.33%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Company's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.