Thinking Electronic Industrial Company Limited and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2022, under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard No. 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements has all been disclosed in the consolidated financial statements of the parent and subsidiary companies. Consequently, Thinking Electronic Industrial Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Thinking Electronic Industrial Co., Ltd.

By

____

Sui, Tai-Zhong
Chairman

March 22, 2023

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Thinking Electronic Industrial Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Recognition of revenue from export sales

The Group's principal business is the manufacturing and selling of passive components. The consolidated revenue mainly comes from export sales. Since the sales locations include Asian and European markets, the recognition of its export sales requires more control mechanisms; therefore, we have considered the authenticity of the recognized export sales of specific customers as a key audit matter. For the accounting policy on revenue recognition, refer to Note 4 (l) to the financial statements.

Our main audit procedures performed in response to the above-mentioned key audit matter included the following:

1. We understood and tested the effectiveness of the management's internal control process that is related to the authenticity of the recognized export sales.

2. We selected samples from the sales details from export sales and examined the shipping documents and receipt certificates to confirm the authenticity of the export sales.

3. We verified that the revenue amounts recognized in the export sales ledger were the same as the data recorded in the accounts receivable ledger.

Other Matter

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion and unmodified opinion with emphasis of matter paragraph, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Jia-Ling Chiang and Chiu-Yen Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated financial performance and consolidated 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.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,573,120	26	$ 2,578,973	20
Financial assets at fair value through profit or loss - current (Notes 4 , 7 and 29)	1,007,201	7	1,525,486	13
Financial assets at amortized cost - current (Notes 4 and 8)	88,058	1	-	-
Notes receivable (Notes 10 and 31)	323,739	2	327,135	3
Accounts receivable, net (Notes 4 and 10)	1,924,152	14	1,884,670	15
Other receivables	55,915	-	44,989	-
Other receivables from related parties (Note 30)	-	-	145	-
Current tax assets (Notes 4 and 25)	7,883	-	11,137	-
Inventories (Notes 4 and 11)	1,664,792	12	1,945,627	15
Other financial assets - current (Notes 12 and 31)	285,739	2	367,328	3
Other current assets	205,467	2	165,292	1
Total current assets	9,136,066	66	8,850,782	70
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	25,723	-	36,273	-
Financial assets at amortized cost - non-current (Notes 4 and 8)	484,318	4	347,661	3
Property, plant and equipment (Notes 4, 14, 31 and 32)	3,219,260	24	2,619,638	21
Right-of-use assets (Notes 4 and 15)	381,309	3	237,535	2
Investment property, net (Notes 4 and 16)	40,176	-	46,060	-
Computer software, net (Note 4)	42,449	-	48,075	-
Deferred tax assets (Notes 4 and 25)	183,472	1	141,304	1
Prepayments for equipment	185,714	2	220,855	2
Net defined benefit assets - non-current (Notes 4 and 21)	9,530	-	4,894	-
Other financial assets - non-current (Notes 12 and 31)	20,974	-	88,091	1
Other non-current assets	28,825	-	28,717	-
Total non-current assets	4,621,750	34	3,819,103	30
TOTAL	$ 13,757,816	100	$ 12,669,885	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 17 and 31)	$ 708,000	5	$ 749,630	6
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	92,340	1	-	-
Notes payable (Note 18)	69,827	1	131,126	1
Accounts payable (Note 18)	384,807	3	474,584	4
Accounts payable to related parties (Note 30)	1	-	45	-
Other payables (Note 19)	727,311	5	679,232	5
Other payables to related parties (Note 30)	4,113	-	4,673	-
Current tax liabilities (Notes 4 and 25)	152,139	1	114,694	1
Lease liabilities - current (Notes 4 and 15)	41,563	-	37,141	-
Current portion of long-term borrowings (Notes 4 and 17)	14,458	-	-	-
Refund liabilities - current (Notes 4 and 20)	84,696	1	92,669	1
Other current liabilities (Notes 4 and 27)	19,858	-	25,578	-
Total current liabilities	2,299,113	17	2,309,372	18
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 17)	1,022,218	7	688,100	6
Deferred tax liabilities (Notes 4 and 25)	1,367,671	10	1,287,305	10
Lease liabilities - non-current (Notes 4 and 15)	85,285	1	75,234	-
Long-term deferred revenue (Notes 4 and 27)	33,228	-	26,998	-
Guarantee deposits received	1,679	-	1,348	-
Other non-current liabilities	5,175	-	5,175	-
Total non-current liabilities	2,515,256	18	2,084,160	16
Total liabilities	4,814,369	35	4,393,532	34
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 13 and 22)				
Ordinary shares	1,281,127	9	1,281,127	10
Capital surplus	352,907	3	352,907	3
Retained earnings				
Legal reserve	1,316,508	9	1,159,089	9
Special reserve	222,378	2	201,436	2
Unappropriated earnings	5,776,786	42	5,386,452	43
Total retained earnings	7,315,672	53	6,746,977	54
Other equity	(140,627)	(1)	(222,378)	(2)
Total equity attributable owners of the Company	8,809,079	64	8,158,633	65
NON-CONTROLLING INTERESTS (Notes 4, 13 and 22)	134,368	1	117,720	1
Total equity	8,943,447	65	8,276,353	66
TOTAL	$ 13,757,816	100	$ 12,669,885	100

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 23)	$ 7,463,135	100	$ 7,500,455	100
OPERATING COSTS (Notes 11, 24 and 30)	4,829,759	65	4,261,024	57
GROSS PROFIT	2,633,376	35	3,239,431	43
OPERATING EXPENSES (Notes 4, 10, 24 and 30)				
Selling and marketing expenses	298,181	4	282,129	4
General and administrative expenses	603,989	8	536,436	7
Research and development expenses	326,395	4	298,071	4
Expected credit loss (gain)	4,634	-	(2,040)	-
Total operating expenses	1,233,199	16	1,114,596	15
PROFIT FROM OPERATIONS	1,400,177	19	2,124,835	28
NON-OPERATING INCOME AND EXPENSES (Notes 24, 27 and 30)				
Interest income	100,827	1	88,523	1
Other income	69,808	1	34,309	1
Other gains and losses	243,107	3	(76,768)	(1)
Finance costs	(17,175)	-	(11,565)	-
Total non-operating income and expenses	396,567	5	34,499	1
CONSOLIDATED PROFIT BEFORE INCOME TAX	1,796,744	24	2,159,334	29
INCOME TAX EXPENSE (Notes 4 and 25)	406,766	5	568,711	8
NET PROFIT FOR THE YEAR	1,389,978	19	1,590,623	21
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,093	-	(4,465)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(10,550)	-	(3,208)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(618)	-	220	-
	(8,075)	-	(7,453)	-

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	$ 115,376	1	$ (22,168)	-
Income tax related to items that may be reclassified subsequently to profit or loss	(23,075)	-	4,434	-
	92,301	1	(17,734)	-
Other comprehensive income (loss) for the year, net	84,226	1	(25,187)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,474,204	20	$ 1,565,436	21
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,373,833	19	$ 1,577,307	21
Non-controlling interests	16,145	-	13,316	-
	$ 1,389,978	19	$ 1,590,623	21
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,457,556	20	$ 1,553,244	21
Non-controlling interests	16,648	-	12,192	-
	$ 1,474,204	20	$ 1,565,436	21
EARNINGS PER SHARE (Note 26)				
Basic	$ 10.72		$ 12.31	
Diluted	$ 10.66		$ 12.25	

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
			Retained Earnings				Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total	Non-Controlling Interests	Total Equity
BALANCE, JANUARY 1, 2021	$ 1,281,127	$ 348,263	$ 1,020,206	$ 284,655	$ 4,572,550	$ 5,877,411	$ (206,975)	$ 5,539	$ (201,436)	$ 7,305,365	$ 139,422	$ 7,444,787
Appropriation of 2020 earnings (Note 22)												
Legal reserve	-	-	138,883	-	(138,883)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(704,620)	(704,620)	-	-	-	(704,620)	-	(704,620)
Reversal of special reserve	-	-	-	(83,219)	83,219	-	-	-	-	-	-	-
	-	-	138,883	(83,219)	(760,284)	(704,620)	-	-	-	(704,620)	-	(704,620)
Net profit for the year ended December 31, 2021	-	-	-	-	1,577,307	1,577,307	-	-	-	1,577,307	13,316	1,590,623
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(3,121)	(3,121)	(17,734)	(3,208)	(20,942)	(24,063)	(1,124)	(25,187)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,574,186	1,574,186	(17,734)	(3,208)	(20,942)	1,553,244	12,192	1,565,436
Difference between consideration and carrying amount of subsidiaries acquired (Notes 13 and 22)	-	4,644	-	-	-	-	-	-	-	4,644	(33,894)	(29,250)
BALANCE AT DECEMBER 31, 2021	1,281,127	352,907	1,159,089	201,436	5,386,452	6,746,977	(224,709)	2,331	(222,378)	8,158,633	117,720	8,276,353
Appropriation of 2021 earnings (Note 22)												
Legal reserve	-	-	157,419	-	(157,419)	-	-	-	-	-	-	-
Special reserve	-	-	-	20,942	(20,942)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(807,110)	(807,110)	-	-	-	(807,110)	-	(807,110)
	-	-	157,419	20,942	(985,471)	(807,110)	-	-	-	(807,110)	-	(807,110)
Net profit for the year ended December 31, 2022	-	-	-	-	1,373,833	1,373,833	-	-	-	1,373,833	16,145	1,389,978
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,972	1,972	92,301	(10,550)	81,751	83,723	503	84,226
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,375,805	1,375,805	92,301	(10,550)	81,751	1,457,556	16,648	1,474,204
BALANCE AT DECEMBER 31, 2022	$ 1,281,127	$ 352,907	$ 1,316,508	$ 222,378	$ 5,776,786	$ 7,315,672	$ (132,408)	$ (8,219)	$ (140,627)	$ 8,809,079	$ 134,368	$ 8,943,447

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income before income tax	$ 1,796,744	$ 2,159,334
Adjustments for:		
Depreciation expense	370,789	313,331
Amortization expense	10,690	8,536
Expected credit loss (gain)	4,634	(2,040)
Net loss on financial assets or liabilities at fair value through profit or loss	2,165	-
Finance costs	17,175	11,565
Interest income	(100,827)	(88,523)
Dividend income	(988)	-
Gain on disposal of property, plant and equipment	(13,785)	(5,476)
Loss on inventories	318,331	143,275
Reversal of refund liabilities	-	(47,912)
Amortization of grants income	(1,084)	(1,080)
Other non-cash items	(16)	(256)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(2,075)	-
Notes receivable	3,396	261,148
Accounts receivable	(44,166)	(38,580)
Other receivables	866	(664)
Other receivables from related parties	145	(145)
Inventories	(39,607)	(822,303)
Other current assets	(40,175)	(82,094)
Net defined benefit asset	(1,543)	(1,429)
Notes payable	(61,299)	(64,739)
Accounts payable	(89,777)	24,663
Accounts payable to related parties	(44)	45
Other payables	27,457	114,213
Other payables to related parties	(560)	4,188
Other current liabilities	(5,720)	14,129
Refund liabilities	(7,973)	(30,398)
Cash generated from operations	2,142,753	1,868,788
Interest received	89,035	77,068
Interest paid	(12,132)	(9,098)
Income taxes paid	(351,557)	(362,684)
Net cash generated from operating activities	1,868,099	1,574,074
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(306,511)	(346,514)
Proceeds from disposal of financial assets at amortized cost	93,967	83,366
Acquisition of financial assets at fair value through profit or loss	(4,208,837)	(6,614,943)
Proceeds from disposal of financial assets at fair value through profit or loss	4,837,254	6,666,177

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Acquisition of property, plant and equipment	$ (874,188)	$ (852,859)
Proceeds from disposal of property, plant and equipment	59,635	26,246
Acquisition of intangible assets	(4,874)	(12,684)
Acquisition of right-of-use assets	(95,320)	-
Increase in other financial assets	-	(258,978)
Decrease in other financial assets	104,660	-
Increase in other non-current assets	(108)	(11,697)
Dividends received	988	-
Net cash used in investing activities	(393,334)	(1,321,886)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	742,100	4,480,200
Decrease in short-term borrowings	(783,730)	(4,236,540)
Proceeds from long-term borrowings	351,240	353,540
Increase in guarantee deposits received	331	257
Repayments of the principal portion of lease liabilities	(48,971)	(32,375)
Cash dividends paid	(807,110)	(704,620)
Acquisition of subsidiary	-	(29,250)
Net cash used in financing activities	(546,140)	(168,788)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	65,522	(9,775)
NET INCREASE IN CASH AND CASH EQUIVALENTS	994,147	73,625
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	2,578,973	2,505,348
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$ 3,573,120	$ 2,578,973

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Thinking Electronic Industrial Co., Ltd. (the "Company") was incorporated in July 1979. The Company mainly manufactures, processes and sells electric devices, thermistors, varistors and wires.

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 22, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Company and its subsidiaries (collectively referred to as the "Group"):

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

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

Upon initial application of the aforementioned amendments, the anticipated impact on the current year is set out below:

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
Impact on assets, liabilities and equity			
December 31, 2022			
Deferred tax assets	$ 183,472	$ 10,740	$ 194,212
Total effect on assets	$ 13,757,816	$ 10,740	$ 13,768,556
Deferred tax liabilities	$ 1,367,671	$ 10,216	$ 1,377,887
Total effect on liabilities	$ 4,814,369	$ 10,216	$ 4,824,585
Retained earnings	$ 7,315,672	$ 524	$ 7,316,196
Total effect on equity	$ 8,943,447	$ 524	$ 8,943,971
January 1, 2022			
Deferred tax assets	$ 141,304	$ 10,945	$ 152,249
Total effect on assets	$ 12,669,885	$ 10,945	$ 12,680,830
Deferred tax liabilities	$ 1,287,305	$ 10,618	$ 1,297,923
Total effect on liabilities	$ 4,393,532	$ 10,618	$ 4,404,150
Retained earnings	$ 6,746,977	$ 327	$ 6,747,304
Total effect on equity	$ 8,276,353	$ 327	$ 8,276,680
Impact on total comprehensive income for the year ended December 31, 2022			
Income tax expense	$ 406,766	$ (197)	$ 406,569
Total effect on net profit for the year	1,389,978	197	1,390,175
Total effect on total comprehensive income for the year	$ 1,474,204	$ 197	$ 1,474,401

(Continued)

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
Impact on net profit attributable to:			
Owners of the Company	$ 1,373,833	$ 197	$ 1,374,030
Non-controlling interests	16,145	-	16,145
	$ 1,389,978	$ 197	$ 1,390,175
Impact on total comprehensive income attributable to:			
Owners of the Company	$ 1,457,556	$ 197	$ 1,457,753
Non-controlling interests	16,648	-	16,648
	$ 1,474,204	$ 197	$ 1,474,401

(Concluded)

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - 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 IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, 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

a. Statement of Compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined assets 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 to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its 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 up to the effective dates of disposals, as appropriate.

When necessary, 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.

See Note 13, Table 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the company and non-controlling interests.

On the disposal of a foreign operation (i.e., a disposal of the Company’s entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

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

g. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting year, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

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

j. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i Financial asset at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL, which are not designated as instruments and derivative financial instruments that do not meet the amortized cost criteria or the FVOTCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

ii Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

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

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL including financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including forward exchange contracts and interest rate swaps contracts.

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

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

l. Revenue recognition

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

Revenue from sale of goods comes from sales of thermistors and varistors. Sales of thermistors and varistors are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivable are recognized simultaneously.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

Refund liabilities are based on the historical experience and different contract items to estimate the probable sales returns and allowance.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grant will be received.

Government grants related to income are recognized in other income on a systematic basis over the period in which the group recognized as expense the related cost that the grants intend to compensate. Specifically, government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest in treated as a government grant measured as the difference between the proceeds received and the fair value of the loan base on prevailing market interest rate.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 4,563	$ 4,542
Checking accounts	74	74
Demand deposits	2,490,333	1,881,201

(Continued)

	December 31	
	2022	2021
Cash equivalents		
Time deposits with original maturities of 3 months or less	$ 1,078,150	$ 693,156
	$ 3,573,120	$ 2,578,973
The annual interest rate of time deposits (%)	2.00-2.74	0.62-3.00

(Concluded)

The Group transacted with variety of financial institutions which are high credit quality to disperse credit risk, hence, there was no expected credit loss.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Structured deposits (a)	$ 914,951	$ 1,525,486
Derivative instruments (non-designated hedges)		
Swap contracts (c)	92,250	-
	$ 1,007,201	$ 1,525,486
Financial liabilities - current		
Financial assets mandatorily classified as at FVTPL		
Derivative instruments (non-designated hedges)		
Swap contracts (c)	$ 92,273	$ -
Forward exchange contracts (b)	67	-
	$ 92,340	$ -

a. Structured deposits combined with embedded derivatives which have no direct connection to major contract. Because of the major contract include in above financial assets should be measured under IFRS 9, based on this reason, the entire contract should mandatorily classified as at FVTPL.

b. At the end of the year, outstanding forward exchange contracts not under hedge accounting were as follows:

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	USD/CNY	2023.01	USD3,718/CNY25,901

c. At the end of the year, outstanding swap contracts not under hedge accounting were as follows:

December 31, 2022

Currency	Maturity Date	Notional Amount (In Thousands)
USD/NTD	2023.01	USD3,000/NTD92,122

The Group entered into forward exchange contracts and swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

Details of profit and loss of financial instruments at FVTPL for the year 2022 and 2021 list on Note 24.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Time deposits with original maturities of more than 3 months	$ 572,376	$ 347,661
Current	$ 88,058	$ -
Non-current	484,318	347,661
	$ 572,376	$ 347,661
The annual interest rate (%)	3.40-4.18	4.05-4.18

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2022	2021
Investments in equity instruments at FVTOCI		
Domestic unlisted shares	$ 25,723	$ 36,273

These investments in equity instruments are not held for trading or for short-term gains. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

10. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Notes receivable		
At amortized cost		
Gross carrying amount - operating	$ 323,739	$ 327,135

(Continued)

Accounts receivable - non-related parties	December 31 2022	2021
At amortized cost		
Gross carrying amount - operating	$ 1,953,361	$ 1,909,195
Less: Allowance for impairment loss	29,209	24,525
	$ 1,924,152	$ 1,884,670

(Concluded)

Refer to Note 31 for information related to notes receivable pledged as security.

The Company's notes receivable and accounts receivable have been measured by amortized cost. Refer to Note 29 for information related to credit management policy.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Group writes off accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

There were no notes receivable that were past due and not impaired at the end of the reporting years.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix:

December 31, 2022

	Not Past Due	Past Due 1to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.05	0.5	1	30	50	100	
Gross carrying amount	$ 1,807,561	$ 32,562	$ 73,420	$ 12,540	$ 7,402	$ 19,876	$ 1,953,361
Loss allowance (Lifetime ECLs)	(972)	(164)	(734)	(3,762)	(3,701)	(19,876)	(29,209)
Amortized cost	$ 1,806,589	$ 32,398	$ 72,686	$ 8,778	$ 3,701	$ -	$ 1,924,152

December 31, 2021

	Not Past Due	Past Due 1to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.05	0.5	1	30	50	100	
Gross carrying amount	$ 1,760,170	$ 53,111	$ 63,609	$ 11,916	$ 2,666	$ 17,723	$ 1,909,195
Loss allowance (Lifetime ECLs)	(987)	(265)	(636)	(3,575)	(1,339)	(17,723)	(24,525)
Amortized cost	$ 1,759,183	$ 52,846	$ 62,973	$ 8,341	$ 1,327	$ -	$ 1,884,670

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 24,525	$ 26,595
Net remeasurement (reversal) of loss allowance	4,634	(2,040)
Foreign exchange gains and losses	50	(30)
Balance at December 31	$ 29,209	$ 24,525

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 749,101	$ 911,822
Work-in-process	293,862	356,743
Semi-finished	276,647	258,283
Raw materials	311,356	380,018
Supplies	27,761	26,468
Inventory in transit	6,065	12,293
	$ 1,664,792	$ 1,945,627

The cost of inventories recognized as cost of goods sold were as follows:

	For the Year Ended December 31	
	2022	2021
Cost of goods sold	$ 4,829,759	$ 4,261,024
Write-off obsolete inventories	$ 77,397	66,997
Inventory write-downs	240,934	76,278
Unallocated manufacturing overhead	205	-
	$ 318,536	$ 143,275

As the actual production capacity was lower than the normal production capacity, unallocated manufacturing overhead was recognized as cost of goods sold in the current year.

12. OTHER FINANCIAL ASSETS

	December 31	
	2022	2021
Pledge demand deposits	$ 100,153	$ 86,811
Pledge time deposits	151,700	305,600
Deposits of banker’s acceptance	33,886	2,608
Refundable deposits	20,974	60,400
	$ 306,713	$ 455,419

(Continued)

	December 31	
	2022	2021
Current	$ 285,739	$ 367,328
Non-current	20,974	88,091
	$ 306,713	$ 455,419
Interest rate of pledge time deposits (%)	1.195-4.15	0.35-0.57

(Concluded)

For other financial assets pledged information please refer to Note 31.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

			Percentage of Ownership (%)		
Name of Investor	Name of Investee	Main Businesses and Products	December 31, 2022	December 31, 2021	Description
The Company	Yenyo Technology Co., Ltd. (Yenyo)	Note 1	63.76	63.76	Note 8
	Greenish Co., Ltd. (Greenish)	Note 2	100.00	100.00	
	Thinking (Changzhou) Electronic Co., Ltd. (Thinking Changzhou)	Note 3	47.39	47.39	
	Thinking Holding (Cayman) Co., Ltd. (Thinking Holding)	Note 2	100.00	100.00	
	Thinking Electronic USA, Inc. (Thinking USA)	Note 4	100.00	-	Note 9
Greenish	Thinking Changzhou	Note 3	52.61	52.61	
Thinking Holding	Thinking International Co., Ltd. (Thinking International)	Note 2	100.00	100.00	
	Thinking (HK) Enterprises Limited (Thinking HK)	Note 2	100.00	100.00	
	View Full (Samoa) Ltd. (View Full Samoa)	Note 2	100.00	100.00	
	Thinking Electronic (Samoa) Ltd. (Thinking Samoa)	Note 2	100.00	100.00	
Thinking International	Thinking (Yichang) Electronic Co., Ltd. (Thinking Yichang)	Note 3	100.00	100.00	
Thinking HK	Jiang Xi Thinking Electronic Co., Ltd. (Jiangxi Thinking)	Note 5	100.00	100.00	
View Full Samoa	Guangdong Welkin Thinking Electronic Co., Ltd. (Guangdong Welkin Thinking)	Note 6	100.00	100.00	
	Dong Guan Welkin Electronic Co., Ltd. (Dongguan Welkin)	Note 7	58.34	58.34	
Thinking Samoa	Dongguan Welkin	Note 7	10.42	10.42	
Thinking Changzhou	Dongguan Welkin	Note 7	31.24	31.24	
Dongguan Welkin	Welkin Electronic Co., Ltd. (Zhongshan Welkin)	Note 3	100.00	100.00	

Note 1: Processing, selling and manufacturing diodes.

Note 2: International trading and investment.

Note 3: Manufacturing and selling thermistors, varistors and sensors.

Note 4: Electronic product design and marketing.

Note 5: Manufacturing and selling thermistors and varistors.

Note 6: Wholesale of thermistors, varistors, sensors and equipment.

Note 7: Manufacturing and selling thermistors, varistors, sensors and equipment.

Note 8: In July 2021, the Company acquired 4,500,000 shares of its subsidiary Yenyo from non-controlling interests for $29,250 thousand, and the difference between the amount of consideration and the carrying amount of subsidiaries' net assets acquired was included in the capital reserve of $4,644 thousand; as a result, its shareholding increased from the original 52.61% to 63.76%. Since the preceding transaction did not change the Company's control over the subsidiary, the Company recognized such transaction as an equity transaction.

Note 9: In order to implement the Group's global layout plan, the board of directors resolved to set up a new subsidiary in the USA on August 9, 2022, and the total investment amount is expected to be US$3 million. As of December 31, 2022, the Company had invested US$1 million in the subsidiary.

14. PROPERTY, PLANT, AND EQUIPMENT

a. Changes in costs and accumulated depreciation

For the Year ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Others	Property under Construction	Total
Cost							
Balance at January 1, 2022	$ 195,719	$ 978,864	$ 2,236,815	$ 142,919	$ 438,799	$ 534,679	$ 4,527,795
Additions	-	17,208	424,705	4,976	40,594	442,481	929,964
Disposals	-	(9,569)	(130,203)	(23,925)	(14,000)	-	(177,697)
Effect of foreign currency exchange differences	-	8,728	19,413	2,070	2,644	1,781	34,636
Balance at December 31, 2022	$ 195,719	$ 995,231	$ 2,550,730	$ 126,040	$ 468,037	$ 978,941	$ 5,314,698
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 308,750	$ 1,200,021	$ 105,671	$ 293,715	$ -	$ 1,908,157
Depreciation expense	-	41,935	192,438	26,249	43,515	-	304,137
Disposals	-	(9,540)	(85,433)	(23,925)	(12,949)	-	(131,847)
Effect of foreign currency exchange differences	-	2,154	9,947	1,478	1,412	-	14,991
Balance at December 31, 2022	$ -	$ 343,299	$ 1,316,973	$ 109,473	$ 325,693	$ -	$ 2,095,438
Carrying amount at December 31, 2022	$ 195,719	$ 651,932	$ 1,233,757	$ 16,567	$ 142,344	$ 978,941	$ 3,219,260

For the Year ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Others	Property under Construction	Total
Cost							
Balance at January 1, 2021	$ 195,719	$ 943,625	$ 2,009,737	$ 141,503	$ 384,268	$ 210,310	$ 3,885,162
Additions	-	39,033	312,645	1,881	61,996	324,575	740,130
Disposals	-	(1,905)	(81,228)	-	(7,116)	-	(90,249)
Effect of foreign currency exchange differences	-	(1,889)	(4,339)	(465)	(349)	(206)	(7,248)
Balance at December 31, 2021	$ 195,719	$ 978,864	$ 2,236,815	$ 142,919	$ 438,799	$ 534,679	$ 4,527,795
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 271,747	$ 1,103,534	$ 77,716	$ 257,198	$ -	$ 1,710,195
Depreciation expense	-	39,336	159,380	28,158	43,746	-	270,620
Disposals	-	(1,905)	(60,657)	-	(6,917)	-	(69,479)
Effect of foreign currency exchange differences	-	(428)	(2,236)	(203)	(312)	-	(3,179)
Balance at December 31, 2021	$ -	$ 308,750	$ 1,200,021	$ 105,671	$ 293,715	$ -	$ 1,908,157
Carrying amount at December 31, 2021	$ 195,719	$ 670,114	$ 1,036,794	$ 37,248	$ 145,084	$ 534,679	$ 2,619,638

In January 2019, the board of directors of the Company approved the investment plan for the Nanzih Plant in Kaohsiung, and the estimated investment amount increased to 1,000,000 thousand in January 2021, which had not been completed and accepted as of the reporting date, and the actual project contract request was included in the property under construction.

A reconciliation of the above-mentioned increase in property, plant and equipment and the amount paid in the consolidated statements of cash flows is as follows:

	For the Year Ended December 31	
	2022	**2021**
Investing activities that affected both cash and non-cash items		
Additions to property, plant, and equipment	$ 929,964	$ 740,130
Increase in payables for equipment (in other payables)	(20,050)	(14,595)
Increase (decrease) in prepayments for equipment	(35,141)	127,908
Capitalization of depreciation	(585)	(584)
Payments of acquisition of property, plant and equipment	$ 874,188	$ 852,859

b. Useful lives

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

Buildings	
Main plants	20-60 years
Improvement engineering	2-60 years
Machinery and equipment	3-12 years
Leasehold improvements	10 years
Others	2-10 years

c. As of December 31, 2022 and 2021, the Group didn't provide property, plant and equipment as guarantee.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	**2021**
Carrying amount		
Land	$ 316,304	$ 183,220
Buildings	65,005	54,315
	$ 381,309	$ 237,535

	For the Year Ended December 31	
	2022	**2021**
Additions to right-of-use assets	$ 204,268	$ 21,598
Decrease in right-of-use assets	$ 2,387	$ 422

(Continued)

	For the Year Ended December 31	
	2022	2021
Depreciation charge for right-of-use assets		
Land	$ 7,962	$ 5,103
Buildings	52,758	31,530
	$ 60,720	$ 36,633

(Concluded)

Except for the recognized depreciation, additions and reduction, the Group did not have impairment or subleasing of right-of-use assets for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 41,563	$ 37,141
Non-current	$ 85,285	$ 75,234

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.75-1.38	0.75-1.38
Buildings	4.70-6.04	5.10-6.04

c. Material leasing activities and terms

The Group leases land and buildings for the use of plants and offices.

1) Land

The land is located in Nanzih Export Processing Zone with the remaining useful life of 3 to 7 years. The government reserves the right to adjust rent according to the assessed land value.

The right-of-use land is located in mainland China with the remaining useful life of 32 to 50 years.

2) Buildings

The building is located in mainland China with the remaining useful life of 1 to 3 years. The lease payments will be adjusted every 3 years based on the changes in market rental rates.

The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease period. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor’s consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 5,012	$ 5,265
Expenses relating to low-value asset leases	$ 608	$ 580
Total cash outflow for leases	$ 155,638	$ 42,277

Lease arrangements under operating leases for the leasing out of investment properties are presented in Note 16.

16. INVESTMENT PROPERTIES

	For the Year Ended December 31	
	2022	2021
Cost		
Balance at January 1	$ 113,697	$ 114,077
Effect of foreign currency exchange differences	1,492	(380)
Balance at December 31	$ 115,189	$ 113,697
Accumulated depreciation		
Balance at January 1	$ 67,637	$ 61,167
Depreciation expense	6,517	6,662
Effect of foreign currency exchange differences	859	(192)
Balance at December 31	$ 75,013	$ 67,637
Carrying amount at December 31	$ 40,176	$ 46,060

Depreciation is provided on a straight-line basis over the estimated useful lives of 5-22 years.

The Group has buildings located in Beijing, Suzhou, and Nanchang, China with fair values that are not evaluated by an independent valuer but valued by the management using the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The calculated fair value was $96,440 thousand and $107,995 thousand as of December 31, 2022 and 2021, respectively.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Secured loans (Note 31)	$ 108,000	$ 249,630
Credit loans	600,000	500,000
	$ 708,000	$ 749,630

(Continued)

	December 31	
	2022	2021
The annual interest rate (%)		
Secured loans	1.5	0.34
Credit loans	1.09-1.80	0.68-0.72

(Concluded)

b. Long-term borrowings

		December 31	
		2022	2021
Credit loans		$ 1,051,780	$ 700,540
Less:	Government grants discount	15,104	12,440
	Current portion of long-term borrowings	14,458	-
		$ 1,022,218	$ 688,100
The annual interest rate (%)		0.975	0.35

Borrowings under the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" have interest at prime rate and are used for capital expenditures and operating turnovers. The details of relevant loan contract are as follows:

1) Credit period: The credit period is from October 2020 to October 2027, and the credit line is $1,264,000 thousand, which is a revolving loan allowing separate drawdowns, and all credits will expire in October 2027.

2) Borrowing interest rate: For the first 5 years from the date of initial drawdown, after the reduction of the variable interest rate of 0.495% based on the two-year fixed deposit interest rate of Chunghwa Post Co., Ltd. On the sixth year, when variable interest rate increases by 0.005% based on the two-year fixed deposit interest rate of Chunghwa Post Co., Ltd. The Company calculates its fair value with an annual interest rate of general condition which was 1.47% and 0.845% as of December 31, 2022 and 2021, respectively.

3) Repayment method: Monthly installments start on the fourth year from the date of initial drawdown until October 2027.

4) Each annual repayment plan drawdown is as follows:

Repayment year	Amounts of Repayment
2023 (November-December)	$ 14,458
2024	131,589
2025	286,741
2026	331,610
2027 (January-October)	287,382
	$ 1,051,780

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Group's notes payable and accounts payable were from operating activities and were not secured by collaterals.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest was charged on the outstanding accounts payable.

19. OTHER PAYABLES

	December 31	
	2022	**2021**
Payable for salaries and bonuses	$ 392,695	$ 342,391
Payable for purchase of equipment	80,015	59,965
Payable for employees' compensation	79,543	91,100
Payable for remuneration of directors	23,242	26,800
Others	151,816	158,976
	$ 727,311	$ 679,232

20. REFUND LIABILITIES

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 92,669	$ 170,979
Reversed	-	(47,912)
Usage	(7,973)	(30,398)
Balance at December 31	$ 84,696	$ 92,669

The discount on refund liabilities was based on historical experience, management's judgments and other known reasons to estimate sales compensation and offset refund liability when compensation actually occurs.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

2) Thinking Changzhou, Dongguan Welkin, Thinking Yichang, Jiangxi Thinking, Guangdong Welkin Thinking and Zhongshan Welkin of the Group make contributions in accordance with the local regulations. The subsidiaries are required to contribute a specified percentage of salaries to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan are to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company and Yenyo of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company and Yenyo of the Group contribute specific percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 104,610	$ 102,739
Fair value of plan assets	(114,140)	(107,633)
Net defined benefit assets	$ (9,530)	$ (4,894)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Assets**
Balance at January 1, 2021	$ 97,584	$ (105,514)	$ (7,930)
Service cost			
Current service cost	104	-	104
Net interest expense (income)	759	(827)	(68)
Recognized in profit or loss	863	(827)	36
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,058)	(1,058)
Actuarial loss - changes in financial assumptions	1,346	-	1,346
Actuarial loss - experience adjustments	4,177	-	4,177
Recognized in other comprehensive income	5,523	(1,058)	4,465
Contributions from the employer	-	(1,465)	(1,465)
Benefits paid	(1,231)	1,231	-
Balance at December 31, 2021	102,739	(107,633)	(4,894)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Service cost			
Current service cost	$ 102	$ -	$ 102
Net interest expense (income)	623	(669)	(46)
Recognized in profit or loss	725	(669)	56
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,381)	(8,381)
Actuarial loss - changes in financial assumptions	(3,434)	-	(3,434)
Actuarial loss - experience adjustments	8,722	-	8,722
Recognized in other comprehensive income	5,288	(8,381)	(3,093)
Contributions from the employer	-	(1,599)	(1,599)
Benefits paid	(4,142)	4,142	-
Balance at December 31, 2022	$ 104,610	$ (114,140)	$ (9,530)

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company and Yenyo of the Group are exposed to the following risks:

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	December 31	
	2022	2021
Discount rate (%)	1.25	0.50-0.65
Expected rate of salary increase (%)	2.00-3.00	2.00-3.00

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	$ (1,248)	$ (1,571)
0.25% decrease	$ 1,285	$ 1,622
Expected rate of salary increase (decrease)		
1% increase	$ 5,290	$ 6,654
1% decrease	$ (4,797)	$ (5,982)

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

	December 31	
	2022	2021
The expected contributions to the plans for the next year	$ 2,130	$ 1,440
Average duration of the defined benefit obligation (years)	8-10	9-12

22. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	128,113	128,113
Shares issued	$ 1,281,127	$ 1,281,127

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2022	**2021**
May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares (Note)		
Conversion of bonds	$ 265,446	$ 265,446
Issuance of ordinary shares	59,168	59,168
Treasury share transactions	23,649	23,649
Difference between consideration and carrying amount of the subsidiaries acquired	4,644	4,644
	$ 352,907	$ 352,907

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

c. Retained earnings and dividend policy

Under the dividend policy in the Articles, 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 as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividend policy is also designed to meet the current and future development plans and takes into consideration the investment environment, capital needs, domestic or international competitive conditions while simultaneously meeting shareholders' interests. The Company shall distribute the dividends at no less than 30% of the distributable earnings of the current year. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 20% of total dividends.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

The legal reserve may be used to offset deficit. 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 appropriations of earnings for 2021 and 2020 were approved in the shareholders' meeting on June 16, 2022 and July 29, 2021, respectively. The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	For the Year Ended		For the Year Ended	
	2021	2020	2021	2020
Legal reserve	$ 157,419	$ 138,883		
Special reserve	20,942	(83,219)		
Cash dividends	807,110	704,620	$ 6.3	$ 5.5
	$ 985,471	$ 760,284		

The appropriations of earnings for 2022 were proposed by the Company's board of directors on March 22, 2023. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividend Per Share (NT$)
Legal reserve	$ 137,581	
Special reserve	(81,751)	
Cash dividends	691,809	$ 5.4
	$ 747,639	

The appropriations of earnings for 2022 are subject to the resolution of the shareholders in their meeting to be held on June 13, 2023.

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (224,709)	$ (206,975)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	115,376	(22,168)
Income tax benefit (expenses) relating to exchange differences arising on translation of foreign operations	(23,075)	4,434
Balance at December 31	$ (132,408)	$ (224,709)

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 2,331	$ 5,539
Unrealized valuation loss on financial assets at FVTOCI	(10,550)	(3,208)
Balance at December 31	$ (8,219)	$ 2,331

e. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 117,720	$ 139,422
Share in gain for the year	16,145	13,316
Other comprehensive income during the year	503	(1,124)
Acquisition of ownership interests in subsidiaries (Note 13)	-	(33,894)
Balance at December 31	$ 134,368	$ 117,720

23. OPERATING REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 7,462,925	$ 7,500,274
Service revenue	210	181
	$ 7,463,135	$ 7,500,455

a. Refer to Note 4 (l) for information related to contracts with customers.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (Note 10)	$ 2,247,891	$ 2,211,805	$ 2,432,303

c. Disaggregation of revenue

For the year ended December 31, 2022

	Type of revenue		
Reportable Segments	**Revenue from Sale of Passive Components**	**Service Revenue**	**Total**
Thinking	$ 3,116,111	$ 210	$ 3,116,321
Yenyo	395,945	-	395,945
Thinking Changzhou	1,812,397	-	1,812,397
Guangdong Welkin Thinking	638,022	-	638,022
Dongguan Welkin	1,193,541	-	1,193,541
Others	306,909	-	306,909
	$ 7,462,925	$ 210	$ 7,463,135

For the year ended December 31, 2021

Reportable Segments	Type of revenue: Revenue from Sale of Passive Components	Service Revenue	Total
Thinking	$ 3,230,807	$ 181	$ 3,230,988
Yenyo	298,403	-	298,403
Thinking Changzhou	1,770,357	-	1,770,357
Guangdong Welkin Thinking	1,695,602	-	1,695,602
Others	505,105	-	505,105
	$ 7,500,274	$ 181	$ 7,500,455

24. CONSOLIDATED NET PROFIT

Consolidated net profit included following items:

a. Interest income

	For the Year Ended December 31 2022	2021
Bank deposits	$ 44,611	$ 22,881
Financial assets at fair value through profit or loss	37,794	52,951
Financial assets at amortized cost	17,555	10,328
Others	867	2,363
	$ 100,827	$ 88,523

b. Other income

	For the Year Ended December 31 2022	2021
Grants	$ 35,647	$ 10,371
Rental income	5,111	5,382
Dividend income	988	-
Overpayment	10,937	-
Others	17,125	18,556
	$ 69,808	$ 34,309

c. Other gains and losses

	For the Year Ended December 31 2022	2021
Loss on financial assets at fair value through profit or loss	$ (2,165)	$ -
Foreign exchange gains (losses), net	240,666	$ (71,405)
Gain on disposal of property, plant and equipment, net	13,785	5,476
Others	(9,179)	(10,839)
	$ 243,107	$ (76,768)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	$ 5,727	$ 4,057
Interest expense of borrowings	16,417	8,797
	22,144	12,854
Less: Amounts included in the cost of qualifying assets	4,969	1,289
	$ 17,175	$ 11,565

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest amount	$ 4,969	$ 1,289
Capitalization rate (%)	0.35-1.23	0.35-1.23

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 304,137	$ 270,620
Right-of-use-assets	60,720	36,633
Investment properties	6,517	6,662
Computer software	10,690	8,536
	382,064	322,451
Less: Amounts included in the cost of qualifying assets	585	584
	$ 381,479	$ 321,867
An analysis of depreciation by function		
Operating costs	$ 288,222	$ 241,372
Operating expenses	76,050	65,297
Other gains and losses	6,517	6,662
	$ 370,789	$ 313,331
An analysis of amortization by function		
Operating costs	$ 3,988	$ 3,347
Operating expenses	6,702	5,189
	$ 10,690	$ 8,536

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits		
Salary	$ 1,778,707	$ 1,742,833
Others	192,197	182,784
	1,970,904	1,925,617
Retirement benefits		
Defined contribution plans	101,462	85,426
Defined benefit plans (Note 21)	56	36
	101,518	85,462
	$ 2,072,422	$ 2,011,079
An analysis of employee benefits expense by function		
Operating costs	$ 1,315,225	$ 1,338,525
Operating expenses	757,197	672,554
	$ 2,072,422	$ 2,011,079

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The appropriations of employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 22, 2023 and March 21, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Accrual rate		
Employees' compensation (%)	3.9	4.3
Remuneration of directors (%)	1.3	1.3
Amounts		
Employees' compensation	$ 68,812	$ 91,100
Remuneration of directors	23,242	26,800

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

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

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

25. INCOME TAX

a. Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 383,742	$ 320,105
Income tax on unappropriated earnings	29,504	31,427
Adjustments for prior years	(20,990)	3,444
	392,256	354,976
Deferred tax		
In respect of the current year	33,514	211,099
Adjustments for prior years	(19,004)	2,636
	14,510	213,735
Income tax expense recognized in profit or loss	$ 406,766	$ 568,711

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	$ 1,796,744	$ 2,159,334
Income tax expense calculated at the statutory rate	$ 489,062	$ 608,247
Tax-exempt income	(198)	-
Nondeductible expenses and tax-exempt income	(11,443)	(14,521)
Income tax on unappropriated earnings	29,504	31,427
Unrecognized loss carryforwards	(6,729)	3,896
Unrecognized deductible temporary differences	5	(6,585)
Usage of investment credit	(53,441)	(59,833)
Adjustments for prior years' tax	(39,994)	6,080
Income tax expense recognized in profit or loss	$ 406,766	$ 568,711

The tax rate applicable to income generated in the Republic of China is 20%, and the tax rate applicable to income generated in mainland China is 15% and 25%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred income tax expense (benefit)		
Translation of foreign operations	$ 23,075	$ (4,434)
Remeasurement on defined benefit plans	618	(220)
Income tax recognized in other comprehensive income	$ 23,693	$ (4,654)

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	$ 7,883	$ 11,137
Current tax liabilities		
Income tax payable	$ 152,139	$ 114,694

d. Deferred tax assets and liabilities

The movements of net of deferred tax assets and liabilities are as follows:

For the Year ended December 31, 2022

Deferred Tax Assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Temporary differences					
Unrealized loss on inventories	$ 43,519	$ 44,270	$ -	$ 366	$ 88,155
Unrealized gross profits	6,528	9,259	-	-	15,787
Unrealized refund liabilities	18,534	(1,595)	-	-	16,939
Loss Carryforwards	-	6,971	-	(19)	6,952
Exchange differences on translation of the financial statements of foreign operations	56,177	-	(23,075)	-	33,102
Others	16,546	6,532	(618)	77	22,537
	$ 141,304	$ 65,437	$ (23,693)	$ 424	$ 183,472

Deferred Tax Liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Exchange Differences	Balance, End of Year
Temporary differences				
Foreign investment income	$ 1,251,484	$ 54,820	$ -	$ 1,306,304
Others	35,821	25,127	419	61,367
	$ 1,287,305	$ 79,947	$ 419	$ 1,367,671

For the Year ended December 31, 2021

Deferred Tax Assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Temporary differences					
Unrealized loss on inventories	$ 28,502	$ 15,093	$ -	$ (76)	$ 43,519
Unrealized gross profits	4,068	2,460	-	-	6,528
Unrealized refund liabilities	34,196	(15,662)	-	-	18,534
Exchange differences on translation of the financial statements of foreign operations	51,743	-	4,434	-	56,177
Others	19,483	(3,134)	220	(23)	16,546
	$ 137,992	$ (1,243)	$ 4,654	$ (99)	$ 141,304

Deferred Tax Liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Exchange Differences	Balance, End of Year
Temporary differences				
Foreign investment income	$ 1,041,545	$ 209,939	$ -	$ 1,251,484
Others	33,362	2,553	(94)	35,821
	$ 1,074,907	$ 212,492	$ (94)	$ 1,287,305

e. Income tax assessments

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

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of EPS are as follows:

Net profit for the year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to owners of the Company	$ 1,373,833	$ 1,577,307

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

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	128,113	128,113
Effect of potentially dilutive ordinary shares		
Compensation of Employees	706	652
Weighted average number of ordinary shares used in the computation of diluted earnings per share	128,819	128,765

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

27. GOVERNMENT GRANTS

The Company obtained government loans under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” which have interest at prime rate and are used for capital expenditures and operating turnovers. The Company calculated its fair value with annual interest rate based on general condition. The difference between the acquisition amount borrowed and the fair value was classified as government's low interest grants and recognized as deferred revenue.

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 28,078	$ 21,694
Deferred revenue in the reporting period	7,135	7,512
Realized revenue in the reporting period (in other income)	(1,084)	(1,080)
Effect of foreign currency exchange differences	179	(48)
Balance at December 31	$ 34,308	$ 28,078

	December 31	
	2022	2021
Carrying amount of deferred revenue		
Current (in other current liabilities)	$ 1,080	$ 1,080
Non-current	33,228	26,998
	$ 34,308	$ 28,078

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the last 2 years.

The Group is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

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

The Group's management considers that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Structured deposit	$ -	$ -	$ 914,951	$ 914,951
Derivative financial assets	-	92,250	-	92,250
Total	$ -	$ 92,250	$ 914,951	$ 1,007,201

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 25,723	$ 25,723
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 92,340	$ -	$ 92,340

(Concluded)

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Structured deposit	$ -	$ -	$ 1,525,486	$ 1,525,486
Financial assets at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 36,273	$ 36,273

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial assets	Debt Instruments Financial Assets at FVTPL	Equity Instruments Financial Assets at FVTOCI	Total
Balance at January 1, 2022	$ 1,525,486	$ 36,273	$ 1,561,759
Purchases	4,208,837	-	4,208,837
Disposals	(4,837,254)	-	(4,837,254)
Recognized in other comprehensive income	-	(10,550)	(10,550)
Foreign currency exchange differences	17,882	-	17,882
Balanced at December 31, 2022	$ 914,951	$ 25,723	$ 940,674

For the year ended December 31, 2021

Financial assets	Debt Instruments Financial Assets at FVTPL	Equity Instruments Financial Assets at FVTOCI	Total
Balance at January 1, 2021	$ 1,582,073	$ 39,481	$ 1,621,554
Purchases	6,614,943	-	6,614,943
Disposals	(6,666,177)	-	(6,666,177)
Recognized in other comprehensive income	-	(3,208)	(3,208)
Foreign currency exchange differences	(5,353)	-	(5,353)
Balanced at December 31, 2021	$ 1,525,486	$ 36,273	$ 1,561,759

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - swap contracts and forward exchange contracts	Discounted cash flow: future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

a) The fair values of domestic unlisted shares are determined using the market approach where the inputs are categories of business, values of same type of company and operation of company.

b) The fair values of structured deposits mined using discounted cash flow method.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 1,007,201	$ 1,525,486
Financial assets at amortized cost (Note 1)	6,753,447	5,636,151
Financial assets at FVTOCI		
Equity instruments	25,723	36,273
Financial liabilities		
FVTPL		
Mandatorily classified as at FVTPL	$ 92,340	$ -
Amortized cost (Note 2)	2,932,414	2,728,738

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties and excluding income tax refund receivable) and other financial assets.

2) The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received.

d. Financial risk management objectives and policies

Financial risks associated with the management and operations of the Group included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency 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 is 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.

The treasury function reports monthly to the Group's management.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rate risks.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which exposes the Group to foreign currency risk. The Group engaged in derivative financial instruments within the scope of the policy, including forward exchange contracts and swap contracts, to mitigate the risk exposures to exchange rates that may arise from non-functional currency denominated assets and liabilities and certain anticipated transactions, but the impact of foreign currency exchange rate changes cannot be completely ruled out.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the year are set out in Note 34.

<u>Sensitivity analysis</u>

The Group is mainly exposed to the risk from the fluctuations of the USD and the CNY, and the sensitivity rate used when reporting foreign currency risk internally to key management personnel in foreign exchange rates is 1%. The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency.

	USD Impact		CNY Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Profit or loss	$ 12,574	$ 20,105	$ 13,323	$ 10,416

b) Interest rate risk

The interest rate risk of the Group is primarily related to its fixed interest rates and variable rate of borrowing funds. The Group manages its interest rate risk by using interest rate swap contracts and forward interest rate contracts. Furthermore, total amount of the Group's cash and cash equivalents are considerably greater than the amount of bank loans which can process repayment procedure spontaneously. Therefore, interest rate risk does not have significant impact to the Group.

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	$ 1,928,439	$ 1,496,236
Financial liabilities	714,848	862,005
Cash flow interest rate risk		
Financial assets	3,434,084	3,406,687
Financial liabilities	1,156,676	688,100

Sensitivity analysis

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have been higher/lower by $22,774 thousand and by $27,186 thousand, respectively, which was mainly a result of the changes in the floating interest rate financial instrument.

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 at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation provided due to the financial guarantees provided by the Group, could be the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group is continuously monitoring and spreading the aggregate transactions to each credit-qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank loans are a major source of liquidity risk for the Group. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 335,844	$ 538,763	$ 310,611	$ -	$ -
Lease liabilities	6,096	12,191	47,472	83,140	60,883
Variable interest rate liabilities	120,864	1,709	22,144	1,062,026	-
Fixed interest rate liabilities	76,392	198,911	315,568	-	-
	$ 539,196	$ 751,574	$ 695,795	$ 1,145,166	$ 60,883

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 65,759	$ 83,140	$ 7,321	$ 7,321	$ 7,321	$ 38,920
Variable interest rate liabilities	144,717	1,062,026	-	-	-	-
	$ 210,476	$1,145,166	$ 7,321	$ 7,321	$ 7,321	$ 38,920

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 287,699	$ 670,392	$ 331,569	$ -	$ -
Lease liabilities	3,347	6,695	30,227	30,824	62,347
Variable interest rate liabilities	204	409	1,839	547,749	161,619
Fixed interest rate liabilities	150,525	599,953	-	-	-
	$ 441,775	$ 1,277,449	$ 363,635	$ 578,573	$ 223,966

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 40,269	$ 30,824	$ 7,321	$ 7,321	$ 7,321	$ 40,384
Variable interest rate liabilities	2,452	547,749	161,619	-	-	-
	$ 42,721	$ 578,573	$ 168,940	$ 7,321	$ 7,321	$ 40,384

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2022

	On Demand or Less than1 Month
Gross settled	
Forward exchange contracts	
Inflows	$ 113,924
Outflows	(113,991)
	$ (67)
Swap contracts	
Inflows	$ 92,122
Outflows	(92,145)
	$ (23)

c) Financing facilities

	December 31	
	2022	2021
Bank loan facilities		
Amount used	$ 1,759,780	$ 1,450,170
Amount unused	3,314,799	2,372,830
	$ 5,074,579	$ 3,823,000

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2022 and 2021, the face amounts of these unsettled bills receivable were $263,156 thousand and $317,115 thousand, respectively. The unsettled bills receivable will be due in 10 months and 9 months, respectively after December 31, 2022 and 2021. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the years ended December 31, 2022 and 2021, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

30. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions and revenues and expenses among the Group have been eliminated on consolidation and are not disclosed in this note. Details of transaction between the Group and other related parties were as follows:

a. Related party name and its relationship with the Group

Related Party Name	Relationship with the Group
Welkin Electronic Industrial Co., Ltd. (Pingtung Welkin)	Related party in substance
Boh Chin Investment Co., Ltd. (Boh Chin Investment)	Related party in substance
Honungxin Technology Co., Ltd. (Honungxiu Technology)	Related party in substance

b. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2022	2021
Related party in substance- Honungxin Technology	$ 888	$ 43

The purchase prices and terms between the Group and its related parties were not significantly different from those of ordinary transactions.

c. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2022	2021
Other receivables - related parties	Related party in substance Pingtung Welkin	$ -	$ 145

The payment terms between the Group and the related parties were 60 days after monthly closing, and the outstanding payment receivables from related parties were unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Accounts payable - related parties	Related party in substance		
	Honungxin Technology	$ 1	$ 45
Other payables - related parties	Related party in substance		
	Pingtung Welkin	$ 4,079	$ 4,466
	Honungxin Technology	34	207
		$ 4,113	$ 4,673

The Group and its related parties have monthly payment terms of 30 to 60 days, and the outstanding amounts due to related parties are not guaranteed.

e. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2022	2021
Related party in substance		
Pingtung Welkin	$ 400	$ -
Honungxin Technology	1,850	-
	$ 2,250	$ -

f. Other transactions with related parties

1) Consigned processing

Line Item	Related Party Category /Name	For the Year Ended December 31 2022	2021
Processing expense	Related party in substance		
	Pingtung Welkin	$ 11,061	$ 15,909
	Honungxin Technology	374	28
		$ 11,435	$ 15,937

The prices and payment terms with substantial related parties were not comparable because the Group did not have other consigned processing businesses with non-related parties. The payment term was 30-60 days from the invoice date.

2) Consigned processing

Related Party Category/Name	December 31 2022	2021
Related parties Subsidiaries -Pingtung Welkin	$ -	$ 147

3) Lease arrangements

Line Item	Related Party Category /Name	For the Year Ended December 31 2022	2021
Lease expense	Related party in substance Boh Chin Investment	$ 480	$ 480

The lease contract between the Group and related parties in substance is based on the market rental agreement under the general payment terms.

g. Remuneration of key management personnel

	For the Year Ended December 31 2022	2021
Short-term employee benefits	$ 73,852	$ 109,298
Post-employment benefits	1,081	1,081
	$ 74,933	$ 110,379

The remuneration of directors and other members of key management is determined by the remuneration committee based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

The Group provided the following assets as collateral for bank borrowings, tariff guarantee for imported and exported, deposits for construction contract and payment:

	December 31 2022	2021
Notes receivable	$ 83,956	$ 179,860
Pledged demand deposits (classified as other financial assets)	100,153	86,811
Pledged time deposits (classified as other financial assets)	151,700	305,600
Deposits of banker’s acceptance (classified as other financial assets)	33,886	2,608
	$ 369,695	$ 574,879

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group’s unrecognized commitments due to the plants under construction and equipment were as follows:

	December 31 2022	2021
Acquisition of property, plant and equipment	$ 550,321	$ 556,646

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to implement the Group’s global layout plan, the board of directors resolved to set up a subsidiary in Vietnam on February 8, 2023, and the total investment amount is expected to be US$27 million.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	Foreign Currency (In Thousand)	Exchange Rate		Carrying Amount (In Thousand)
December 31, 2022				
Financial assets				
Monetary items				
USD	$ 19,120	6.9793	(USD:CNY)	$ 587,462
USD	34,301	30.725	(USD:NTD)	1,053,898
CNY	298,380	4.4023	(CNY:NTD)	1,313,558
CNY	9,756	0.1433	(CNY:USD)	42,949
				$ 2,997,867
Financial liabilities				
Monetary items				
USD	174	6.9793	(USD:CNY)	$ 5,346
USD	12,322	30.725	(USD:NTD)	378,593
CNY	5,492	4.4023	(CNY:NTD)	24,177
				$ 408,116
December 31, 2021				
Financial assets				
Monetary items				
USD	36,897	6.3674	(USD:CNY)	$ 1,021,309
USD	51,915	27.68	(USD:NTD)	1,437,007
CNY	234,702	4.3471	(CNY:NTD)	1,020,273
CNY	12,240	0.1570	(CNY:USD)	53,209
				$ 3,531,798
Financial liabilities				
Monetary items				
USD	885	6.3674	(USD:CNY)	$ 24,497
USD	15,296	27.68	(USD:NTD)	423,393
CNY	7,333	4.3471	(CNY:NTD)	31,877
				$ 479,767

Refers to Note 24 (c) for the informational related to realized and unrealized net foreign exchange loss. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

35. ADDITIONAL DISCLOSURES

a. Information on significant transactions and b. investees

1) Financing provided to others: None.

2) Endorsement/guarantee provided: None.

3) Marketable securities held (excluding investment in subsidiaries): Table 1.

4) Marketable securities acquired or disposed of at cost or price of at least NT$300 million or 20% of the paid-in capital: Table 2.

5) Acquisition of individual real estate at cost 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) Information on investees: Table 5.

10) Trading in derivative instruments: Note 7.

11) Intercompany relationships and significant intercompany transaction: Table 7.

c. 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 of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China areas: Table 6.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 3.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 3.

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

e) The highest balance, the end of year balance, the interest rates range, and total current year interest with respect to financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.

d. Information of major shareholder: Shareholding ratio of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 8.

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on type of goods or services delivered or provided. The Group's reportable segments were as follows:

a. Thinking Electronic Industrial Co., Ltd. (Thinking): Manufacturing, processing and selling of electric devices, thermistors, varistors and wines.

b. Yenyo: Processing, selling and manufacturing diodes as principle business.

c. Thinking Changzhou: Manufacturing and selling thermistors, varistors and sensors as principle business.

d. Guangdong Welkin Thinking: Wholesale of thermistors, varistors, sensors and equipment as principle business.

e. Dongguan Welkin: Manufacturing and selling thermistors, varistors, sensors and equipment as principle business.

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Thinking	Yenyo	Thinking Changzhou	Guangdong Welkin Thinking	Dongguan Welkin	Others	Adjustment and Elimination	Consolidated Amount
For the Year ended December 31, 2022								
Revenues from external customers	$ 3,116,321	$ 395,945	$ 1,812,397	$ 638,022	$ 1,193,541	$ 306,909	$ -	$ 7,463,135
Inter-segment revenue	502,964	641	1,387,031	178,837	1,599,951	1,707,908	(5,377,332)	-
Segment revenue	$ 3,619,285	$ 396,586	$ 3,199,428	$ 816,859	$ 2,793,492	$ 2,014,817	$(5,377,332)	$ 7,463,135
Segment income	$ 694,967	$ 33,408	$ 375,138	$ 61,650	$ 161,571	$ 27,858	$ 45,585	$ 1,400,177
Interest income								100,827
Other income								69,808
Other gains and losses								243,107
Finance costs								(17,175)
Consolidated profit before income tax								1,796,744
Income tax								406,766
Consolidated net income								$ 1,389,978
December 31, 2022								
Total segment assets	$ 5,057,787	$ 484,435	$ 4,278,902	$ 377,012	$ 1,990,065	$ 2,971,328	$(1,401,713)	$13,757,816
Total segment liabilities	$ 4,203,715	$ 113,472	$ 531,024	$ 13,279	$ 795,920	$ 461,865	$(1,304,906)	$ 4,814,369

	Thinking	Yenyo	Thinking Changzhou	Guangdong Welkin Thinking	Others	Adjustment and Elimination	Consolidated Amount
For the Year ended December 31, 2021							
Revenues from external customers	$ 3,230,988	$ 298,403	$ 1,770,357	$ 1,695,602	$ 505,105	$ -	$ 7,500,455
Inter-segment revenue	544,529	8,524	1,348,673	105,455	4,121,408	(6,128,589)	-
Segment revenue	$ 3,775,517	$ 306,927	$ 3,119,030	$ 1,801,057	$ 4,626,513	$ (6,128,589)	$ 7,500,455
Segment income	$ 952,159	$ 34,020	$ 448,494	$ 168,720	$ 491,434	$ 30,008	$ 2,124,835
Interest income							88,523
Other income							34,309
Other gains and losses							(76,768)
Finance costs							(11,565)
Consolidated profit before income tax							2,159,334
Income tax							568,711
Consolidated net income							$ 1,590,623
December 31, 2021							
Total segment assets	$ 4,485,047	$ 404,145	$ 4,415,636	$ 798,145	$ 4,309,390	$ (1,742,478)	$ 12,669,885
Total segment liabilities	$ 3,816,668	$ 79,119	$ 583,185	$ 487,107	$ 1,030,495	$ (1,603,042)	$ 4,393,532

Segment profit represents the profit before tax earned by each segment without interest income, other income, other gains and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

a. Other segment information

	Depreciation and amortization	
	December 31	
	2022	2021
Thinking	$ 88,861	$ 80,367
Yenyo	12,763	9,943
Thinking Changzhou	120,416	115,745
Guangdong Welkin Thinking	646	809
Dongguan Welkin	56,392	-
Others	102,401	115,003
	$ 381,479	$ 321,867

b. Revenue from major products

The following is an analysis of the Group’s revenue from its major products.

	For the Year Ended December 31	
	2022	2021
Passive components	$ 7,066,980	$ 7,201,871
Others	396,155	298,584
	$ 7,463,135	$ 7,500,455

c. Geographical information

1) The Group operates in two principal geographical areas - China and Taiwan.

2) The Group's revenue from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers For the Year Ended December 31	
	2022	**2021**
Asia	$ 5,671,459	$ 5,678,699
Europe	753,417	767,009
Taiwan	523,430	548,334
Others	514,829	506,413
	$ 7,463,135	$ 7,500,455

3) The location of Group's non-current assets are detailed below

	Non-current Assets December 31	
	2022	**2021**
China	$ 2,230,596	$ 1,955,478
Taiwan	1,667,137	1,245,402
	$ 3,897,733	$ 3,200,880

Non-current assets exclude financial instruments, deferred tax assets and net defined benefit assets.

d. Information on major customers

No single customer contributed over 10% of the Group's consolidated operating revenue.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Share							
	ACPA TECHNOLOGY CO., LTD.	-	Financial assets at FVTOCI - non-current	2,543,203	$ 25,723	11	$ 25,723	
Thinking Changzhou	CNY financial products							
	Structured Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current		CNY 20,000 thousand		CNY 20,000 thousand	
Thinking Yichang	CNY financial products							
	"Tian Libao" Net Worth Type - Industrial and Commercial Bank of China	-	Financial assets at FVTPL - current		CNY 6,000 thousand		CNY 6,000 thousand	
	Structured Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current		CNY 15,000 thousand		CNY 15,000 thousand	
	Time Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current		CNY 5,000 thousand		CNY 5,000 thousand	
	Structured Deposits - Bank Of China	-	Financial assets at FVTPL - current		CNY 45,000 thousand		CNY 45,000 thousand	
Jiangxi Thinking	CNY financial products							
	Structured Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current		CNY 22,000 thousand		CNY 22,000 thousand	
	Time Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current		CNY 9,810 thousand		CNY 9,810 thousand	
Dongguan Welkin	CNY financial products							
	Point Gold Series Structured Deposit - China Merchants Bank	-	Financial assets at FVTPL - current		CNY 20,000 thousand		CNY 20,000 thousand	
	Structured Deposits - E.SUN Bank	-	Financial assets at FVTPL - current		CNY 20,000 thousand		CNY 20,000 thousand	
Guangdong Welkin Thinking	CNY financial products							
	Point Gold Series Structured Deposit - China Merchants Bank	-	Financial assets at FVTPL - current		CNY 30,000 thousand		CNY 30,000 thousand	
Zhongshan Welkin	CNY financial products							
	Point Gold Series Structured Deposit - China Merchants Bank	-	Financial assets at FVTPL - current		CNY 15,000 thousand		CNY 15,000 thousand	

TABLE 2

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Carrying Amount	Gain/Loss on Disposal	Number of shares	Amount
Thinking Changzhou	CNY financial products													
	Wishful Life V	Financial assets at FVTPL - current	Industrial and Commercial Bank of China		-	CNY 60,000 thousand	-	CNY - thousand	-	CNY 60,989 thousand	CNY 60,000 thousand	CNY 989 thousand	-	CNY - thousand
	“Tian Libal” net month type	Financial assets at FVTPL - current	Industrial and Commercial Bank of China		-	CNY 193 thousand	-	CNY 123,460 thousand	-	CNY 123,763 thousand	CNY 123,653 thousand	CNY 110 thousand	-	CNY - thousand
	Accumulate every day	Financial assets at FVTPL - current	Bank of China		-	CNY 14,500 thousand	-	CNY 110,650 thousand	-	CNY 125,224 thousand	CNY 125,150 thousand	CNY 74 thousand	-	CNY - thousand
	Qianyuan-An Xin daily cash management Open-end Fund CNY interest. rate structured products	Financial assets at FVTPL - current	China Construction Bank		-	CNY - thousand	-	CNY 161,430 thousand	-	CNY 161,613 thousand	CNY 161,430 thousand	CNY 183 thousand	-	CNY - thousand
	CNY Structured Time Deposit Monthly Profit	Financial assets at FVTPL - current	Fubon Bank (China)		-	CNY 120,000 thousand	-	CNY 20,000 thousand	-	CNY 124,500 thousand	CNY 120,000 thousand	CNY 4,500 thousand	-	CNY 20,000 thousand
Dongguan Welkin	CNY financial products													
	Point Gold Series Structured Deposit	Financial assets at FVTPL - current	China Merchants Bank		-	CNY 40,000 thousand	-	CNY 67,000 thousand	-	CNY 87,285 thousand	CNY 87,000 thousand	CNY 285 thousand	-	CNY 20,000 thousand
Zhongshan Welkin	CNY financial products													
	Point Gold Series Structured Deposit	Financial assets at FVTPL - current	China Merchants Bank		-	CNY - thousand	-	CNY 67,000 thousand	-	CNY 52,094 thousand	CNY 52,000 thousand	CNY 94 thousand	-	CNY 15,000 thousand
Thinking Yichang	CNY financial products													
	Structured Deposits	Financial assets at FVTPL - current	Bank of China		-	CNY - thousand	-	CNY 60,000 thousand	-	CNY 15,222 thousand	CNY 15,000 thousand	CNY 222 thousand	-	CNY 45,000 thousand

THINKING ELECTRONIC INDUSTRIAL CO., LTD. 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 YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Receivable) Payable		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Term	Ending Balance (Note)	% of Total	
The Company	Thinking Changzhou	Subsidiary	Sales	$ (256,764)	(7)	60 days from the end of the month	$ -	-	$ (108,871)	(11)	
	Thinking Changzhou	Subsidiary	Purchases	982,797	41	60 days from the end of the month	-	-	160,381	21	
	Dongguan Welkin	Subsidiary	Sales	(242,658)	(7)	60 days from the end of the month	-	-	(70,435)	(7)	
	Dongguan Welkin	Subsidiary	Purchases	1,117,170	47	60 days from the end of the month	-	-	204,929	27	
Thinking Changzhou	Jiangxi Thinking	Associate	Sales	(100,888)	(3)	60 days from the end of the month	-	-	(13,038)	(1)	
	Jiangxi Thinking	Associate	Purchases	125,087	8	60 days from the end of the month	-	-	24,661	5	
	Dongguan Welkin	Associate	Sales	(154,684)	(5)	60 days from the end of the month	-	-	(25,086)	(3)	
Thinking Yichang	Jiangxi Thinking	Associate	Purchases	165,077	30	60 days from the end of the month	-	-	39,701	22	
	Guangdong Welkin Thinking	Associate	Sales	(145,953)	(16)	60 days from the end of the month	-	-	(4,327)	(2)	
	Dongguan Welkin	Associate	Sales	(270,754)	(30)	60 days from the end of the month	-	-	(73,146)	(29)	
Jiangxi Thinking	Dongguan Welkin	Associate	Sales	(241,340)	(34)	60 days from the end of the month	-	-	(37,096)	(24)	
	Zhongshan Welkin	Associate	Sales	(145,581)	(20)	60 days from the end of the month	-	-	(29,164)	(19)	
Guangdong Welkin Thinking	Dongguan Welkin	Associate	Sales	(178,709)	(22)	60 days from the end of the month	-	-	(18,958)	(15)	
	Dongguan Welkin	Associate	Purchases	312,016	62	60 days from the end of the month	-	-	2,434	21	
Dongguan Welkin	Zhongshan Welkin	Subsidiary	Purchases	406,599	20	60 days from the end of the month	-	-	121,339	16	

Note: All intercompany transactions have been eliminated upon consolidation.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
The Company	Thinking Changzhou	Subsidiary	$ 108,871	2.63	$ -	-	$ 64,086	$ -
Thinking Changzhou	The Company	Parent company	160,381	5.67	-	-	8,689	-
Dongguan Welkin	The Company	Parent company	204,929	5.20	-	-	193,019	-
Zhongshan Welkin	Dongguan Welkin	Parent company	121,339	4.96	-	-	70,502	-

Note: All intercompany transactions have been eliminated upon consolidation.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of shares	Percentage of ownership (%)	Carrying Amount			
The Company	Yenyo	Yilan	Processing, sales and manufacturing of diodes	$ 304,410	$ 304,410	25,732,508	63.76	$ 231,421	$ 44,551	$ 28,407	Note 1
	Greenish	British Virgin Island	Investment holding and international trading	242,300 (US$ 7,375 thousand)	242,300 (US$ 7,375 thousand)	7,374,997	100	2,463,106	251,749	254,508	Note 1
	Thinking Holding	Cayman	Investment holding and international trading	783,237 (US$ 25,176 thousand)	770,212 (US$ 24,729 thousand)	25,176,302	100	3,437,858	272,422	309,834	Note 1
	Thinking USA	USA	Electronic product design and marketing	30,715 (US$ 1,000 thousand)	-	1,000,000	100	28,350	(2,426)	(2,426)	
Thinking Holding	Thinking International	Mauritius	Investment holding and international trading	196,512 (US$ 6,075 thousand)	196,512 (US$ 6,075 thousand)	6,075,000	100	1,121,385	51,130	51,130	
	Thinking HK	Hong Kong	Investment holding and international trading	311,109 (US$ 10,020 thousand)	311,109 (US$ 10,020 thousand)	10,020,000	100	771,145	52,368	52,368	
	View Full Samoa	Samoa	Investment holding and international trading	155,108 (US$ 5,055 thousand)	155,108 (US$ 5,055 thousand)	5,055,000	100	1,401,729	150,409	150,409	
	Thinking Samoa	Samoa	Investment holding and international trading	112,518 (US$ 3,864 thousand)	94,465 (US$ 3,244 thousand)	3,864,354	100	185,611	19,028	19,028	

Note 1: The share of profits or losses of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 2: Information of investees which located in mainland China, refer to Table 6.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss)of the Investee	Percentage of Ownership Direct or Indirect Investment	Investment Gain (Loss) (Note 7)	Carrying Amount as of December 31, 2022 (Note 7)	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Thinking Changzhou	Manufacturing and selling thermistors, varistors and sensors	US$ 31,260 thousand	Note 1	$ 452,725	$ -	$ -	$ 452,725	$ 516,533	100	$ 521,779	$ 3,628,440	$ 1,868,287 (US$ 61,686)	Notes 10 and 11
Thinking Yichang	Manufacturing and selling thermistors, varistors and sensors	US$ 6,000 thousand	Note 2	194,170	-	-	194,170	51,221	100	51,221	1,120,042	-	Note 11
Jiangxi Thinking	Manufacturing and selling thermistors and varistors	US$ 10,000 thousand	Note 3	310,330	-	-	310,330	52,395	100	52,395	770,904	-	Note 11
Guangdong Welkin Thinking	Wholesale of thermistors, varistors, sensors and equipment	US$ 5,000 thousand	Note 4	153,547	-	-	153,547	48,851	100	48,851	363,733	-	Note 11
Dongguan Welkin	Manufacturing and selling thermistors, varistors, sensors and equipment	CNY$163,859 thousand	Note 5	93,706	18,053	-	111,759	183,337	100	183,337	1,789,678	-	Note 11
Zhongshan Welkin	Manufacturing and selling thermistors, varistors and sensors	CNY$140,000 thousand	Note 6	-	-	-	-	(17,027)	100	(17,027)	582,482	-	Note 11

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 1,222,531 (US$38,474 thousand)	$ 949,372 (US$30,899 thousand) (Note 8)	$ 5,285,447 (Note 9)

Note 1: Indirectly investment in mainland China through Greenish which was registered in the third area. The Company increased the amount of indirect investments in mainland China through Greenish since 2003.

Note 2: Indirectly investment in mainland China through companies registered in the third area (Thinking International).

Note 3: Indirectly investment in mainland China through companies registered in the third area (Thinking HK).

Note 4: Indirectly investment in mainland China through companies registered in the third area (View Full Samoa).

Note 5: Indirectly investment in mainland China through companies registered in the third area, View Full Samoa and Thinking Samoa and the subsidiary, Thinking Changzhou.

Note 6: Indirectly investment in mainland China through subsidiary (Dongguan Welkin).

Note 7: The financial statements have been audited by the ultimate parent company's certified public accountant.

Note 8: The amount of US$30,899 thousand was the difference between the MOEA approved investment amount of US$38,474 thousand and the amount of accumulated outflow of investment from Taiwan of US$7,575 thousand. Such difference was the result of deducting the capital increase of US$22,024 thousand from the subsidiary in mainland China, deductions of US$176 thousand for remittance of liquidation proceeds to third parties not yet approved. The added surplus of the subsidiary in mainland China, which was approximately US$29,726 thousand, was repatriated, and the difference between the exchange rate of the remitted funds and US$49 thousand. The balance as of December 31, 2022 was based on the exchange rate of US$1=NT$30.725.

Note 9: The upper limit on investment in mainland China is determined by 60% of the Company's consolidated net worth.

Note 10: The Company recognized share of profits of Thinking Changzhou was $247,286 thousand, and Greenish recognized share of profits of Thinking Changzhou was $274,493 thousand. Total amount of share of profits was $521,779 thousand. The difference between total amount of share of profits and the net income of Thinking Changzhou resulted from unrealized gross profit on intercompany transactions.

Note 11: All intercompany transactions have been eliminated upon consolidation.

TABLE 7

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Sales or Total Assets
0	The Company	Thinking Changzhou	1	Sales	$ 256,764	Pricing by cost-plus practice	3
		Thinking Changzhou	1	Purchases	982,797	Pricing by cost-plus practice	13
		Thinking Changzhou	1	Accounts receivable	108,871	60 days from the end of the month	1
		Thinking Changzhou	1	Other accounts receivable	937	60 days from the end of the month	-
		Thinking Changzhou	1	Accounts payable	160,381	60 days from the end of the month	1
		Thinking Yichang	1	Sales	3,542	Pricing by cost-plus practice	-
		Thinking Yichang	1	Purchases	87,178	Pricing by cost-plus practice	1
		Thinking Yichang	1	Accounts payable	13,108	60 days from the end of the month	-
		Dongguan Welkin	1	Sales	242,658	Pricing by cost-plus practice	3
		Dongguan Welkin	1	Purchases	1,117,170	Pricing by cost-plus practice	15
		Dongguan Welkin	1	Accounts receivable	70,435	60 days from the end of the month	1
		Dongguan Welkin	1	Accounts payable	204,929	60 days from the end of the month	1
		Yenyo	1	Purchases	533	Pricing by cost-plus practice	-
		Yenyo	1	Accounts payable	559	60 days from the end of the month	-
1	Thinking Changzhou	Thinking Yichang	2	Sales	80,238	Pricing by cost-plus practice	1
		Thinking Yichang	2	Purchases	96,723	Pricing by cost-plus practice	1
		Thinking Yichang	2	Accounts receivable	35,857	60 days from the end of the month	-
		Thinking Yichang	2	Accounts payable	16,865	60 days from the end of the month	-
		Thinking Yichang	2	Other accounts payable	4,752	60 days from the end of the month	-
		Jiangxi Thinking	2	Sales	100,888	Pricing by cost-plus practice	1
		Jiangxi Thinking	2	Purchases	125,087	Pricing by cost-plus practice	2
		Jiangxi Thinking	2	Accounts receivable	13,038	60 days from the end of the month	-
		Jiangxi Thinking	2	Other accounts receivable	3,416	60 days from the end of the month	-
		Jiangxi Thinking	2	Accounts payable	24,661	60 days from the end of the month	-
		Guangdong Welkin Thinking	2	Sales	48,791	Pricing by cost-plus practice	1
		Dongguan Welkin	2	Sales	154,684	Pricing by cost-plus practice	2
		Dongguan Welkin	2	Purchases	51,902	Pricing by cost-plus practice	1
		Dongguan Welkin	2	Accounts receivable	25,086	60 days from the end of the month	-
		Dongguan Welkin	2	Accounts payable	5,088	60 days from the end of the month	-
		Zhongshan Welkin	2	Sales	19,597	Pricing by cost-plus practice	-
		Zhongshan Welkin	2	Accounts receivable	8,540	60 days from the end of the month	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Sales or Total Assets
2	Thinking Yichang	Jiangxi Thinking	2	Sales	$ 15,406	Pricing by cost-plus practice	-
		Jiangxi Thinking	2	Purchases	165,077	Pricing by cost-plus practice	2
		Jiangxi Thinking	2	Accounts receivable	5,588	60 days from the end of the month	-
		Jiangxi Thinking	2	Accounts payable	39,701	60 days from the end of the month	-
		Guangdong Welkin Thinking	2	Sales	145,953	Pricing by cost-plus practice	2
		Guangdong Welkin Thinking	2	Accounts receivable	4,327	60 days from the end of the month	-
		Dongguan Welkin	2	Sales	270,754	Pricing by cost-plus practice	4
		Dongguan Welkin	2	Purchases	42,825	Pricing by cost-plus practice	1
		Dongguan Welkin	2	Accounts receivable	73,146	60 days from the end of the month	1
		Dongguan Welkin	2	Accounts payable	6,923	60 days from the end of the month	-
		Dongguan Welkin	2	Other accounts payable	3,441	60 days from the end of the month	-
		Zhongshan Welkin	2	Sales	8,210	Pricing by cost-plus practice	-
		Zhongshan Welkin	2	Accounts receivable	2,751	60 days from the end of the month	-
		Zhongshan Welkin	2	Other accounts receivable	872	60 days from the end of the month	-
3	Jiangxi Thinking	Dongguan Welkin	2	Sales	241,340	Pricing by cost-plus practice	3
		Dongguan Welkin	2	Purchases	8,167	Pricing by cost-plus practice	-
		Dongguan Welkin	2	Accounts receivable	37,096	60 days from the end of the month	-
		Dongguan Welkin	2	Other accounts payable	1,812	60 days from the end of the month	-
		Zhongshan Welkin	2	Sales	145,581	Pricing by cost-plus practice	2
		Zhongshan Welkin	2	Accounts receivable	29,164	60 days from the end of the month	-
4	Guangdong Welkin Thinking	Dongguan Welkin	2	Sales	178,709	Pricing by cost-plus practice	2
		Dongguan Welkin	2	Purchases	312,016	Pricing by cost-plus practice	4
		Dongguan Welkin	2	Accounts receivable	18,958	60 days from the end of the month	-
		Dongguan Welkin	2	Other accounts receivable	968	60 days from the end of the month	-
		Dongguan Welkin	2	Accounts payable	2,434	60 days from the end of the month	-
5	Dongguan Welkin	Zhongshan Welkin	1	Sales	67,871	Pricing by cost-plus practice	1
		Zhongshan Welkin	1	Purchase	406,599	Pricing by cost-plus practice	5
		Zhongshan Welkin	1	Accounts receivable	43,044	60 days from the end of the month	-
		Zhongshan Welkin	1	Advanced receipts	20,743	T/T days from the end of the month	-
		Zhongshan Welkin	1	Accounts payable	121,339	60 days from the end of the month	1
		Zhongshan Welkin	1	Other accounts payable	1,358	60 days from the end of the month	-

(Concluded)

Note : Transactions are categorized as follows:

1) Transactions from parent company to subsidiaries.

2) Transactions between subsidiaries.

TABLE 8

THINKING ELECTRONIC INDUSTRIAL CO., LTD

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Boh Chin Investment Co., Ltd.	27,178,247	21.21
Yih Chin Investment Co., Ltd.	15,871,153	12.38

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.