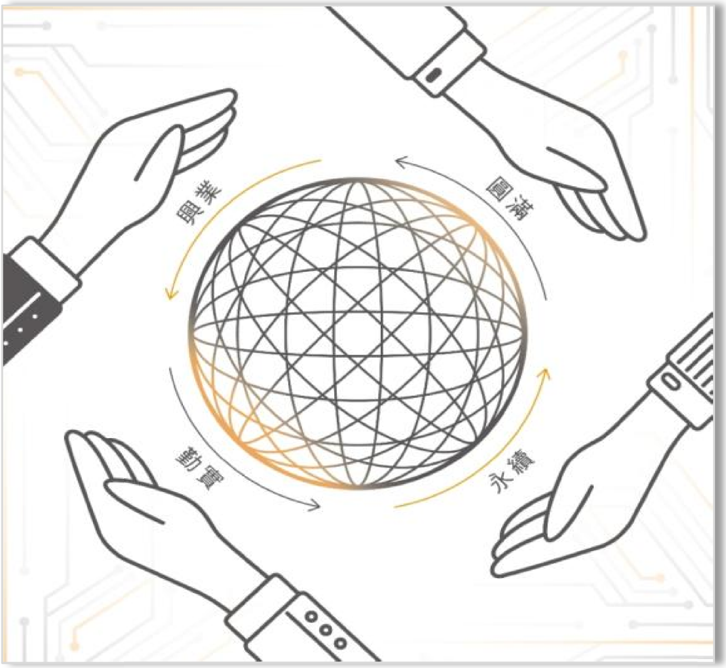
Stock Code: 2428

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

2022 Annual Report



<u>*Notice to readers*</u>

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

Taiwan Stock Exchange Market Observation Post System: http://mops.twse.com.tw
Annual Report is available at: https://www.thinking.com.tw
Printed on May 8, 2023

I. Spokesperson and Acting Spokesperson

Name of spokesperson	:	Chung, Shih-Ying
Position	:	President
Telephone	:	(07)557-7660
Email	:	ir@thinking.com.tw
Name of acting spokesperson	:	Hung, Yu-Fang
Position	:	Manager of Finance Department
Telephone	:	(07)557-7660
Email	:	ir@thinking.com.tw

II. Address and telephone of main office/branch office/plant

Address of Main Management Department	:	8F, No. 93, Dashun 1st Road, Zuoying District, Kaohsiung City
Telephone	:	(07)557-7660
Address of Branch Office	:	No.51, Kaifa Road, Nanzi District, Kaohsiung City
Telephone	:	(07)961-6668
Address of Factory	:	No. 21, Lane 373, Minzu 1st Road, Sanmin District, Kaohsiung City
Telephone	:	(07)386-2591

III. Stock Transfer Agent

Name	:	Registrar of President Securities Corporation
Address	:	B1, No. 8, Dongxing Road, Songshan District, Taipei City
Website	:	www.pscnet.com.tw
Telephone	:	(02)2746-3797

IV. CPA for the Financial Statement of the Most Recent Year

Name of CPA	:	Chiang, Jia-Ling Liu, Yu-Hsiang
Name of Firm	:	Deloitte & Touche
Address	:	3F, No. 88, Chenggong 2nd Road, Qianzhen District, Kaohsiung City
Website	:	http://www.deloitte.com.tw
Telephone	:	(07)530-1888

V. Overseas Securities Exchange: None

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

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I. Letter to Shareholders

Dear Shareholders,

The Company always uses the best effort to manage it products and keep serving as a goalkeeper for current protection, voltage protection and temperature protection, by upholding the enterprise spirit “Prosperity, Satisfaction, Diligence and Sustainability”. Fearless of fluctuation in the global economy, the Company respond to them by improving the Group's management, diversifying the market strategies, stabilizing financial structure and adopting reasonable cause and effect, in order to seize any new opportunities.

1.1 Business report:

i. Results:

The consolidated revenue for the year was NT$ 7,463,135 thousand, a decrease of 0.5% from the previous year; the consolidated net profit after tax was NT$ 1,389,978 thousand, a decrease of 12.61% from the previous year, and the earnings per share (EPS) after tax was NT$10.72.

ii. Execution of budget: N/A.

iii. Analysis on financial receipts and expenditures, and profitability:

Unit: NT$ Thousand

Item	Year	2022	2021
Financial receipts and expenditures	Operating revenue, net	7,463,135	7,500,455
	Gross profit	2,633,376	3,239,431
	Current net profit	1,389,978	1,590,623
Profitability	ROA	10.62%	13.50%
	ROE	16.14%	20.23%
	Operating income to paid-in capital ratio	109.29%	165.85%
	EBT to paid-in capital ratio	140.24%	168.54%
	Net profit margin	18.62%	21.20%
	EPS after tax (NT$)	10.72	12.31

iv. Research and development:

(1) Complete the TSM 0201 small-size NTC Thermistor model development in the soft cutting process.

(2) Complete the TPM 0201 small-size PTC Thermistor model development.

(3) Complete the development of chips for high-precision medical treatment devices with zero gain, including nucleic acid detection, infrared temperature sensors, and thermometers, etc.

(4) Complete the development of model of PPTC for automotive grade.

(5) Complete the development of PPTC High 125 degree temperature model.

(6) Complete LCP small-size 0402 30V high-voltage products, and implement mass production.

(7) Complete the preparation for mass production of SMD 0805 PTC Thermistor (1.0 Ω and other low-resistance series).

(8) Complete the development of PTC Thermistor SMD 0603 low-resistance series (10Ω and 6.8Ω).

(9) Complete the development of, and preparation for mass production of, certain models of TVM SMD silver electrodes 4B 6B series 5G high-pass Varistors.

(10) Complete the development of certain models of SMD silver electrodes 1206 high-pass Varistors.

(11) Complete the development of 0806 SMD high-pass Varistors for LED, acquire UL certification, and start mass production and shipment.

(12) Complete the development of silver electrodes 1210 SMD high-pass Varistors for LED.

(13) Complete the development of CPTC overcurrent/overvoltage-protection lead-free products.

(14) Complete the development of 48V TVR product series for automotive grade.

(15) Complete the development of CPTC high-pressure resistant product series.

1.2 Summary of business plan:

i. Business policy

(1) We continued to apply the management philosophy, “New Concept, New Management, New Technology and New Market”, and aimed to expand our car market share by taking advantage of the trend toward electric-powered vehicles, and continue our efforts in new markets including communications, industrial, and healthcare, as well as penetrating new markets for renewable energy and energy storage.

(2) We rebuild the business team to focus on target markets and major customers, link the complex processes of IC design, solution integration, ODM and OEM in the electronics industry to develop more international target customers, enhance the service capability by adding a subsidiary in the U.S. and offices in Northeast and Southeast Asia, develop markets and perform local services nearby, expanding the Company's overseas business territory.

(3) We invested in corresponding equipment and technology to keep up our competitiveness in the market and to secure the market. We also accelerated the new product development and production to increase sales.

ii. Expected sales volume and basis thereof

Electric vehicles, which replace fuel vehicles, and electronization of car controls are currently the vital force driving the electronics industry. The Company has made significant achievements in working in this market. The 5G communication system continues to grow and will become the main message and control platform. The demand for protective components is increasing. There is a great opportunity for the future; the automation, intelligent industrial applications and infrastructure markets, as well as the emerging new markets for renewable energy and energy storage, are all drivers of growth. However, in 2022, the electronics industry upstream, midstream and downstream each hold high inventories, as well as the United States and China confrontation is increasingly intense, resulting in the global electronics industry began to fragmentation to various geographical regions of the current situation, but also to put more variables for economic growth. In consolidating key customers' estimates for the new year, the Company’s estimated sales in 2023 will be significantly higher than the actual business results in 2022, showing a significant growth trend.

iii. Key production and sales policies

(1) Production policy:

A. Supply management:

(a) Improve the Group’s diversified and multi-point supply chain model and practice multi-source production in five locations on both sides of the Taiwan Strait, and plan to increase the number of manufacturing bases outside Mainland China in the hope of reducing the risk of geopolitical disruptions to customers and the demand for closer delivery to the market.

(b) In response to the unsealing of COVID-19, the inventory management of each factory was reorganized to pursue the rationalization of inventory level and the maximization of inventory turnover as the target.

B. Production management:

(a) HR: Improve HR training and expertise & stabilization requirements toward key process personnel.

(b) Machine: Continue to improve the production automation and retire equipment that consumes high energy and is less efficient.

(c) Materials: Recognize multiple customer sources of materials to mitigate the effect to be posed by variation of related factors to the supply of goods; adopt strategic procurement policy toward major materials to control the fluctuation in costs effectively and input and output strictly.

(d) Methods:

d-1 System-based management, form-based system, and computer-based form to make the IT-based management for the entire operation.

d-2 Continue to pursue lean production, minimize or eliminate low-value work, and focus on high-yield actions.

d-3 Department supervises the operation efficiency. All factories and units within the Group work together to set and implement KPI projects.

(e) Environment:

e-1. Promote the energy conservation project, check overall energy consumed by equipment, diagnose energy consumption, and activate the energy conservation project.

e-2. New plant is designed with green building in mind and is working towards ESG.

e-3. Promote reuse of water resources, and construct process waste water recycling system to achieve the feature for reuse of water resource.

C. Overview of Production and Marketing:

In response to the unsealing of COVID-19 and the drastic changes in the market demand, the Company keeps holding production and marketing meetings for teamwork to adjust to optimize the economic scale of production. We hope that the production and marketing may stay flexible and active in order to deal with the pressure derived from changes in the market.

(2) Sales Policy:

A. Reshape the sales team to focus on the index market and major customers, and connect the complex processes of IC design, solution integration, ODM and OEM in the electronics industry to explore more international index customers.

B. Keep up with the benchmarking customers to develop new cases and keep the development pace in line with the high-end markets.

C. We deepened the market for electric vehicles and automotive electronics, and increase the development of markets such as 5G and communications, industrial control, medical electronics, renewable energy and energy storage, and sales of niche-type and customized products to increase profits.

D. Exercise the existing brand strengths, scale of economy and distribution network to practice the consolidated effects and expand the operating revenue.

1.3 Future development strategies:

i. Uphold the spirit of innovation and keep developing new products to satisfy the market demand.

ii. Upgrade the process technology and product automation, and control various costs effectively via data and information analysis and management.

iii. Develop the sale markets and rapid after-sale services, and provide complete protective component series to satisfy the customers' demand for "one-stop shopping".

1.4 Effects posed by external competitive environment, legal environment and macroeconomic environment:

As far as the external competitive environment is concerned, the industry in which the Company is engaged is expected to keep growing in response to the expanding market demand. For the competition with peer companies, the Company is expected to maintain its oligopolistic position but still struggle with the environment.

As far as the legal environment is concerned, the Company adjusts its internal rules and management regulations in a timely manner in response to the enactment of and amendments to various laws & regulations, and research and draft alternate policies. The Company is used to valuing the internal controls and corporate governance. Therefore, the enactment of/amendments to laws & regulations are expected to pose a minor impact to the Company.

As far as the macroeconomic environment is concerned, considering that the epidemic is becoming stable, the overall economy and liquidity are expected to develop positively. The Company keeps increasing its production capacity and adjusts product portfolio, and plan related capital expenditures to respond to the market demand.

Looking forward to the future, the Company will follow the management philosophy, “New Concept, New Management, New Technology and New Market”, keep focusing on the management of core business, and accelerate development of new technology, new products and new customers, in order to improve the Company's competitiveness, increase operating revenue and profit, and feed back to the permanent support from all of you. Thanks to the management team and whole employees for their dedication and efforts to pursue fruitful business growth to feed back to all of you in the past year. We also hope that each shareholder can keep his/her original intent and continue to support and encourage Thinking Electronic.

I wish you all good health and the best in all of your endeavors.

Chairman of Board: Sui, Tai-Chung

II. Company Profile

2.1 Date of Incorporation

July 16, 1979

2.2 Company History

July 1979	:	Thinking Enterprise Co., Ltd. was established in Zuoying District, Kaohsiung, to be engaged with the processing, manufacturing, and distribution of electronic and electrical wiring, with a capital size of NTD 3 million only.
May 1984	:	Collaborated with the well-known connector manufacturer in the US technically and the sales were expanded to turn the Company into a leader in electronic and electrical wiring assembly facility in Southern Taiwan.
January 1986	:	Organized capital increase in cash worth NTD 3 million only to bring the capital size to NTD 6 million only.
July 1988	:	The name was changed to Thinking Enterprise Corporation.
May 1989	:	The negative temperature coefficient thermistor production site was established in Sanmin District, Kaohsiung, and the capital size was expanded to NTD 26 million only.
June 1989	:	The name was changed to Thinking Electronic Industrial Co., Ltd.
November 1994	:	The capital size was increased to NTD 126 million only.
May 1996	:	The capital size was increased to NTD 189 million only.
July 1996	:	Approved by the FSC to be a public offering company.
January 1997	:	Reinvested in Heyi Electronic Enterprise Co., Ltd.
March 1997	:	Purchases for and remodeling of the Main Management Department were completed; the administration unit was relocated.
April 1997	:	Reinvested to establish Greenish Co., Ltd.
July 1997	:	Reinvested in Yenyo Technology Co., Ltd.
September 1997	:	Reinvested in Welljet Hong Kong Ltd. and promoted the ISO-14000 Environmental Management System.
January 1998	:	Indirectly reinvested in Mainland Thinking (Changzhou) Electronic Co., Ltd.

August 1998	:	Earnings transferred capital increase; the capital size after the increase reached NTD 438,480,000 only.
December 1998	:	Approved to be listed at TPEx.
March 1999	:	The stock began to be traded at TPEx.
June 1999	:	Earnings transferred capital increase; the capital size after the increase reached NTD 576,024,000 only.
August 2000	:	Earnings and employee bonus transferred capital increase worth NTD 67,602,400 only and capital increase in cash worth NTD 50,000,000 only; the capital size after the increase reached NTD 693,626,400 only.
September 2000	:	Switched from being TPEx-listed to be TWSE-listed.
September 2001	:	Earnings and employee bonus transferred capital increase worth NTD 63,453,110 only; the capital size after the increase came to NTD 757,079,510 only.
September 2002	:	Earnings and employee bonus transferred capital increase worth NTD 63,665,560 only; the capital size after the increase reached NTD 820,745,070 only.
August 2003	:	Earnings and employee bonus transferred capital increase worth NTD 54,944,700 only; the capital size after the increase came to NTD 875,689,770 only.
June 2004	:	Reinvested in Thinking International Co., Ltd.
July 2004	:	Indirectly reinvested in Thinking (Yichang) Electronic Co., Ltd.
November 2006	:	Organized conversion of convertible bonds to common stock shares worth NTD 430,560 only; the paid-in capital size after the conversion reached NTD 1,016,177,360 only.
January 2007	:	Reinvested in Saint East Co., Ltd. Organized conversion of convertible bonds to common stock shares worth NTD 37,298,080 only; the paid-in capital size after the conversion reached NTD 1,053,475,440 only.
April 2007	:	Reinvested in Thinking Holding (Cayman) Co., Ltd. Organized conversion of convertible bonds to common stock shares worth NTD 7,427,330 only; the paid-in capital size after the conversion reached NTD 1,060,902,770 only.

July 2007	:	Organized conversion of convertible bonds to common stock shares worth NTD 484,380 only; the paid-in capital after the conversion reached NTD 1,061,387,150 only.
October 2007	:	Earnings and employee bonus transferred capital increase worth NTD 108,690,930 only; the capital size after the increase reached NTD 1,170,078,080 only.
November 2007	:	Established a branch office of Thinking in Nanzi Export Processing Zone.
January 2008	:	Organized conversion of convertible bonds to common stock shares worth NTD 178,030 only; the paid-in capital size after the conversion reached NTD 1,170,256,110 only.
June 2008	:	Issued convertible corporate bonds worth NTD 300 million only.
September 2008	:	Established the Thinking Education Fund.
December 2008	:	Organized write-off of treasury stock shares worth NTD 31,580,000 only; the paid-in capital size after the reduction came to NTD 1,138,676,110 only.
February 2009	:	Organized dissolution and liquidation of the reinvested company Heyi Electronic Enterprise Co., Ltd.
September 2009	:	Reinvested in Thinking (HK) Enterprises Limited Reinvested in Jiang Xi Thinking Jingguang Technology Co., Ltd. (The name is now changed to Jiang Xi Thinking Electronic Co., Ltd.)
October 2009	:	Organized conversion of convertible bonds to common stock shares worth NTD 32,419,590 only; the paid-in capital size after the conversion reached NTD 1,171,095,700 only.
December 2009	:	Organized conversion of convertible bonds to common stock shares worth NTD 72,146,320 only; the paid-in capital size after the conversion reached NTD 1,275,661,610 only.
January 2011	:	Issued convertible corporate bonds worth NTD 200 million only.
February 2012	:	Organized write-off of treasury stock shares worth NTD 6,180,000 only; the paid-in capital size after the reduction came to NTD 1,269,481,610 only.
January 2013	:	The convertible corporate bonds reached their second anniversary following initial issuance and were sold back for the first time. The convertible corporate bonds included in this sell-back totaled NTD 157,100,000 only.

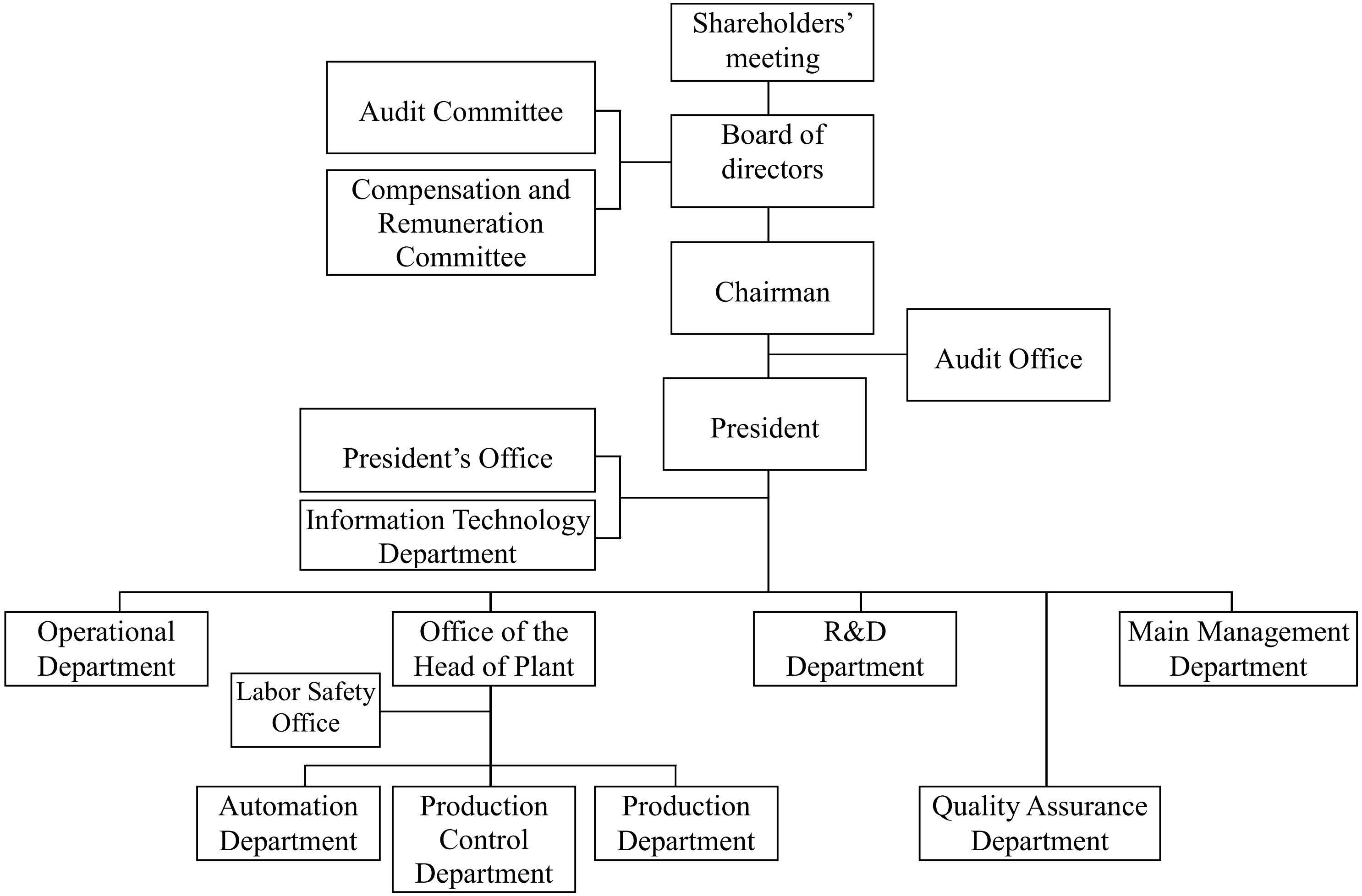
January 2014	:	The convertible corporate bonds reached their third anniversary following initial issuance and were sold back for the second time. The convertible corporate bonds included in this sell-back totaled NTD 700,000 only.
April 2014	:	Reinvested in View Full (Samoa) Ltd. and Guangdong Welkin Thinking Electronic Co., Ltd.
December 2014	:	Reinvested in Thinking Electronic (Samoa) Ltd. and Guangdong Thinking Electronic Co., Ltd.
November 2016	:	Reinvested in Dong Guan Welkin Electronic Co., Ltd. Through the subsidiary Thinking (Changzhou).
December 2016	:	The second plant in Nanzi Export Processing Zone was completed.
September 2017	:	Reinvested in Dong Guan Welkin Electronic Co., Ltd. through Thinking Electronic (Samoa) and acquired 25% of its shares.
December 2018	:	Organized dissolution and liquidation of the reinvested company Guangdong Thinking Electronics Co., Ltd.
September 2019	:	Organized dissolution and liquidation of the reinvested company Saint East Co., Ltd.
October 2019	:	Organized dissolution and liquidation of the reinvested company Welljet Hong Kong Ltd.
September 2020	:	Won the Kaohsiung Leading Model Enterprise Award 2020.
October 2020	:	Won the bronze medal in the enterprise/institution category for its human resources development quality management system.
December 2020	:	Won prizes for "working hours" and "advancement" in the Happy Enterprise Gold Contest organized by the Labor Affairs Bureau of Kaohsiung.
December 2020	:	Receives Certificate of Appreciation
December 2020	:	Indirectly reinvested in Welkin Electronic Co., Ltd.
April 2021	:	Receives Award in Excellence of Employee Relaitons.
December 2022	:	Reinvested to establish Thinking Electronic USA, Inc.

III. Corporate Governance Report

3.1 Organizational

i. Organizational Chart

As of: December 31, 2022



ii. Major Corporate Functions

Department	Functions
President's Office	Manages and plans systems and promotes and supervises projects.
Audit Office	(1)Reviews and evaluates the internal control system to see if it is sound and effectively enforced and provides advice following analysis and evaluation. (2)Boosts the efficiency in realizing effective management control with reasonable cost and improving the operating procedures.
Information Technology Department	Is responsible for developing, programming, and maintaining IT systems and planning and maintaining hardware equipment and network frameworks.
Main Management Department	(1)Centrally plans and runs, raises, and utilizes funds and controls over financial affairs. (2)Centrally plans budget, provides statements needed for decision-making, accounting, cost calculation, and handles stock affairs, among others. (3)Plans and enforces human resources-related affairs and improves quality of manpower, takes care of applicable documentation control, general affairs, environmental protection, property management, and public relations, among others. (4)Centrally plans respective purchases, inquires about and negotiates prices, and urges delivery, among others.
Quality Assurance Department	(1)Promotes and enhances quality awareness and promotes and controls over quality assurance system. (2)Monitors quality of products and provides the production unit with intelligence about quality. (3)Establishes and maintains quality systems.
R&D Department	Develops new product lines, researches and develops automation projects, improves new material tests and process yield rate, among others.
Production Department	Takes charge of production volume, production line uptime, and plans production and distribution, among others.
Production Control Department	Manages related production schedules, coordinates, communicates about the progress, and warehousing and packaging, etc.
Automation Department	Is responsible for maintaining production equipment, controlling spare parts and parts, and improving equipment efficiency and automation, among others.
Operational Department	Takes charge of domestic and international operations, production, and distribution planning, market surveys, preparing marketing events and strategies, promotional advertisements, market exploration, customer credit investigation, accounts collectible, after-sales service, and applying for and planning product safety specifications, etc.
Labor Safety Office	Plans and supervises applicable labor safety and health management matters and promotes and controls the environmental safety system.

3.2 Information of Directors, President, Vice President, Associate Vice President, and Heads of Various Departments and Branches

i. Director Information

April 15, 2023

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C.	Boh Chin Investment Co., Ltd.	-	6/15/2020	3	4/12/1999	27,178,247	21.21%	27,178,247	21.21%	-	-	-	-					
Director	R.O.C.	Representative of Boh Chin: Sui, Tai-Chung (Chairman)	Male 71-75	-	-	-	-	-	4,080,862	3.19%	1,474,733	1.15%	-	-	Department of Physics, National Taiwan Ocean University	Note 1	Associate Vice President at the Main Management Department	Chen, Su-Ai	Spouse
Director	R.O.C.	Representative of Boh Chin: Chung, Shih-Ying	Male 56-60	-	-	-	-	-	6,000	0.005%	-	-	-	-	MBA, University of Memphis	Note 2	None	None	None
Director	R.O.C.	Chen, Yen-Hui	Male 66-70	6/15/2020	3	4/12/1999	37,443	0.03%	37,443	0.03%	-	-	-	-	Department of Transportation and Communication Management Science, Feng Chia University	Note 3	None	None	None
Director	R.O.C.	Chang, Shan-Hui	Male 71-75	6/15/2020	3	4/12/1999	20,051	0.02%	20,051	0.02%	-	-	-	-	Department of Business Administration, National Chengchi University	Note 4	None	None	None
Independent Director	R.O.C.	Huang, Cheng-Nan	Male 56-60	6/15/2020	3	6/20/2017	-	-	-	-	-	-	-	-	Master of Financial Operation, National Kaohsiung University of Science and Technology Department of Law, National Chengchi University	Note 5	None	None	None
Independent Director	R.O.C.	Chen, Hsiu-Yen	Female 46-50	6/15/2020	3	6/20/2017	-	-	-	-	-	-	-	-	Department of Finance and Taxation, National Chengchi University	Note 6	None	None	None
Independent Director	R.O.C.	Chou, Chi-Wen	Male 56-60	6/15/2020	3	6/20/2017	-	-	-	-	-	-	-	-	Master of Financial Operation, National Kaohsiung University of Science and Technology	Note 7	None	None	None

Note 1: Chairman of Boh Chin Investment Co., Ltd., Director of Yih Chin Investment Co., Ltd., Chairman of Yenyo Technology Co., Ltd., Chairman of Welkin Electronic Industrial Co., Ltd., Chairman of Thinking (Changzhou) Electronic Co., Ltd., Chairman of Thinking (Yichang) Electronic Co., Ltd., Chairman of Jiang Xi Thinking Electronic Co., Ltd., Chairman of Dong Guan Welkin Electronic Co., Ltd., Chairman of Welkin Electronic Co., Ltd., Director of Thinking (HK) Enterprises Limited, Chairman of Thinking International Co., Ltd., Director of View Full (Samoa) Ltd., Director of Thinking Electronic (Samoa) Ltd., Director of Greenish Co., Ltd. and Chairman of Thinking Electronic USA, Inc.

Note 2: President of Thinking Electronic Industrial Co., Ltd.

Note 3: Person in charge of Yongxin Bookkeeper and Land Administrator Firm, and Supervisor of Yenyo Technology Co., Ltd.

Note 4: Person in charge of EnWise CPAs & Co., Supervisor of Panbiotic Laboratories Co., Ltd. and Supervisor of Jin Lian Cheng Resources and Technology Co., Ltd.

Note 5: Attorney at Dinghe Law Firm, Director of SanFar Property Limited, member of the Compensation and Remuneration Committee and member of the Audit Committee of Thinking Electronic Industrial Co., Ltd.

Note 6: Director and Executive/Financial Vice President of Chen Nan Iron Wire Co., Ltd. and member of the Audit Committee of Thinking Electronic Industrial Co., Ltd.

Note 7: Member of the Compensation and Remuneration Committee and member of the Audit Committee of Thinking Electronic Industrial Co., Ltd.

(1)Major shareholders of the institutional shareholders

April 15, 2023

Name of institutional shareholder	Major Shareholders
Boh Chin Investment Co., Ltd.	Sui, Tai-Chung (13.07%), Chen, Su-Ai (12.98%), Sui, Wan-Ni (31.38%), Sui, Chieh-Heng (42.47%).

Note: Major shareholders are those with a shareholding ratio of 10% and more or an equity ratio on the Top 10 list.

(2)Major shareholders of the Company’s major institutional shareholders: None.

(3)Professional qualifications and independence analysis of directors

<table>
<tr><th>Criteria / Name</th><th>Professional qualifications and experience</th><th>Status of independence</th><th>Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director</th></tr>
<tr><td>Boh Chin Investment Co., Ltd. Representative: Sui, Tai-Chung</td><td>Have many years of experience in the management of the electronic parts industry, as well as decision-making leadership.</td><td rowspan="7">Neither the directors nor independent directors of the Company are subject to any of the provisions of Article 30 of the Company Act.
All the independent directors comply with the provisions of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies.</td><td>-</td></tr>
<tr><td>Boh Chin Investment Co., Ltd. Representative: Chung, Shih-Ying</td><td>Mr. Chung has rich management experience and enjoys great reputation in passive component industry because of his business management skills, industry knowledge, and vision of international markets.</td><td>-</td></tr>
<tr><td>Chen, Yen-Hui</td><td>He is the person in charge of Yongxin Bookkeeper and Land Administrator Firm.</td><td>-</td></tr>
<tr><td>Chang, Shan-Hui</td><td>He is the person in charge of EnWise CPAs & Co. and has rich experience in finance and taxation.</td><td>-</td></tr>
<tr><td>Huang, Cheng-Nan</td><td>He is a practicing lawyer in Dinghe Law Firm and provides various legal professional advice for the Company.</td><td>-</td></tr>
<tr><td>Chen, Hsiu-Yen</td><td>She acts as the executive/financial vice president of an emerging market company and has an accountant qualification certificate. She is a financial expert in the field of accounting and strategic management.</td><td>-</td></tr>
<tr><td>Chou, Chi-Wen</td><td>He has more than ten years of experience in the banking industry, with a complete financial background.</td><td>-</td></tr>
</table>

(4) Board diversity and Independence:

A. Diversification Policy Regarding Composition of Board of Directors:

The "Corporate Governance Best Practice Principles" of the Company incorporate the concept of diversity and clearly stipulate the election and appointment of directors of the Company, including but not limited to the basic conditions and values (gender, age, nationality and culture, etc.) and professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, industrial experience and so on. Directors shall generally have the knowledge, skills and quality necessary to perform their duties.

B. Substantial Management Goals:

In order to achieve the ideal goal of corporate governance, the overall capabilities of the board of directors shall include: 1) operational judgment; 2) accounting and financial analysis; 3) operation and management; 4) crisis handling; 5) industry expertise; 6) international market outlook; 7) leadership; and 8) decision-making. There is one female director on the board of directors. In the future, the number of female directors will be gradually increased under the principle of gender equality. Moreover, for the future business development of the Company, at least one member of the board of directors shall have a professional background in finance and accounting, or the experience in related management positions in the electronic parts industry, and shall provide diversified opinions to promote sustainable development for the Company's overall operations.

C. Implementation:

The members of the board of directors of the Company have diverse backgrounds, including professional backgrounds in different industries such as accounting, law and banking. Among them, there are 5 directors who do not hold the position of corporate manager, and their number exceeds half of the seats on the board of directors. They implement the specific goal of the diversified composition of the board members. All the independent directors comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies". In addition to the director position in the Company, each independent director concurrently serves as an independent director of no more than 3 public entities with no more than 3 consecutive terms of office.

D. Independence of the Board of Directors:

There are 7 current directors, including 3 independent directors (accounting for 42.9% of all the directors). Among them, all the independent directors comply with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors. No director is a spouse or relative within the second degree of kinship of another director. All the directors comply with the principle of the independence of the board of directors for corporate governance.

ii. Profile of President, Vice President, Associate Vice President, and Departmental and Branch Supervisors

April 15, 2023

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Chung, Shih-Ying	Male	12/19/2022	6,000	0.005%	-	-	-	-	MBA, University of Memphis	None	None	None	None
Associate Vice President at the Main Management Department	R.O.C.	Chen, Su-Ai	Female	8/7/1981	1,474,733	1.15%	4,080,862	3.19%	-	-	Provincial Sinying Vocational High School of Home Economics Manager at the Electronic Finance Department of Thinking	Note 1	Manager at the branch office in Nanzi	Sui, Tai-Chung	Spouse
Manager at the branch office in Nanzi	R.O.C.	Sui, Tai-Chung	Male	4/26/2007	4,080,862	3.19%	1,474,733	1.15%	-	-	Department of Physics, National Taiwan Ocean University	Note 2	Associate Vice President at the Main Management Department	Chen, Su-Ai	Spouse
Technical Vice President at the R&D Department	R.O.C.	Hsiao, Fu-Chang	Male	11/1/2016	-	-	-	-	-	-	Ph.D. National Cheng Kung University	None	None	None	None
Vice President at the Operational Department	R.O.C.	Sung, Hsing-Jang	Male	2/1/2023	-	-	-	-	-	-	Master of National Chiao Tung University	None	None	None	None
Head of Plant	R.O.C.	Chang, Mei-Hui	Female	2/10/2014	-	-	8,000	0.006%	-	-	Providence University	None	None	None	None
Head of Plant	R.O.C.	Chan, Chia-Hao	Male	7/14/2022	-	-	-	-	-	-	Master of National Cheng Kung University	None	None	None	None

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Associate Vice President at the Second Division of R&D Department	R.O.C.	Chiu, Chung-Chi	Male	2/10/2014	-	-	-	-	-	-	Master of Material Engineering, Tatung University	None	None	None	None
Associate Vice President at the Quality Assurance Department	R.O.C.	Shih, Shao-Liang	Male	2/10/2014	9,000	0.01%	-	-	-	-	Chung Cheng Institute of Technology Acting Chief at R Yue Guan Co., Ltd.	None	None	None	None
Associate Vice President at the Product Marketing Department	R.O.C.	Hou, Te-Hsin	Male	7/4/2014	-	-	-	-	-	-	Master's, National Taiwan University National Science Council - Research Assistant at National Taiwan University	None	None	None	None
Associate Vice President at the Domestic Market Division of the Operational Department	R.O.C.	Su, Shu-Li	Female	7/4/2014	-	-	-	-	-	-	National Kaohsiung University of Applied Sciences	None	None	None	None
Manager of Finance Department	R.O.C.	Hung, Yu-Fang	Female	3/23/2015	-	-	-	-	-	-	Tamkang University	None	None	None	None

Note 1: Director of Boh Chin Investment Co., Ltd., Director of Yih Chin Investment Co., Ltd. Director of Welkin Electronic Industrial Co., Ltd. Director of Thinking (Changzhou) Electronics Co., Ltd., Director of Thinking (Yichang) Electronic Co., Ltd., Director of Jiang Xi Thinking Electronic Co., Ltd., Director of Dong Guan Welkin Electronic Co., Ltd., Director of Welkin Electronic Co., Ltd., Director of Thinking (HK) Enterprises Limited, Director of Thinking International Co., Ltd., Director of View Full (Samoa) Ltd., Director of Thinking Electronic (Samoa) Ltd. and Director of Thinking Holding (Cayman) Co., Ltd.

Note 2: Refer to “i. Director Information” of this Annual Report.

3.3 Remuneration Paid to Directors, President and Vice President for the Most Recent Fiscal Year

i. Remuneration Paid to Directors and Independent Directors

December 31, 2022 Unit: NTD thousands

Title	Name	Remuneration								Total amount of A, B, C and D and a % of the net profit after tax		Relevant Remuneration Received by Directors Who are Also Employees								Total amount of A, B, C, D, E, F and G and a % of the net profit after tax		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Pension (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G) (Note 1)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Director	Boh Chin Investment Co., Ltd. Representative of Boh Chin: Sui, Tai-Chung Representative of Boh Chin: Ho, Yi-Sheng (Note 2) Representative of Boh Chin: Chung, Shih-Ying (Note 2) Chen, Yen-Hui Chang, Shan-Hui	-	-	-	-	22,442	22,442	-	-	22,442 1.63%	22,442 1.63%	15,014	15,014	47	47	5,752	-	5,752	-	43,255 3.15%	43,255 3.15%	None
Independent Director	Huang, Cheng-Nan Chen, Hsiu-Yen Chou, Chi-Wen	-	-	-	-	800	800	-	-	800 0.06%	800 0.06%	-	-	-	-	-	-	-	-	800 0.06%	800 0.06%	None

(1) The payment policy, system, criteria, and structure of remuneration for independent directors and the association between factors such as responsibilities assigned, risks, and time spent, among others, and the value of the rewards paid:

A. The remuneration to directors of the Company is paid not only taking into consideration the overall operational performance of the Company and the developmental trends in the future but also the advice provided and contributions of each director to the Company in their respective specialized field, such as commerce, legal affairs, and finance. The Company relies on and values the professional opinions from each director. As such, the attendance of each director in each organizational meeting and periodic continuing education in the specialized field on a yearly basis completed by the director are also considered while reasonable rewards are provided to directors. The compensation legitimacy assessment is adjusted adequately depending on the actual operational status of the Company and applicable regulatory requirements and is reviewed by the Compensation and Remuneration Committee and the Board of Directors.

B. It is specified in the Articles of Incorporation that the remuneration to directors may not be more than 2% of the annual profits.

(2) Besides those disclosed in the above table, remuneration paid to directors in the most recent year for having provided services (E.g., serving as a consultant for those other than employees of the parent company/all companies in the financial report/an investee, etc.)to all companies covered in the financial statement: NTD 130 thousand

Remuneration bracket table

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT$ 1,000,000	Chen, Yen-Hui, Chang, Shan-Hui, Huang, Cheng-Nan, Chen, Hsiu-Yen, Chou, Chi-Wen	Chen, Yen-Hui, Chang, Shan-Hui, Huang, Cheng-Nan, Chen, Hsiu-Yen, Chou, Chi-Wen	Chen, Yen-Hui, Chang, Shan-Hui, Huang, Cheng-Nan, Chen, Hsiu-Yen, Chou, Chi-Wen	Chen, Yen-Hui, Chang, Shan-Hui, Huang, Cheng-Nan, Chen, Hsiu-Yen, Chou, Chi-Wen
NT$1,000,000 ~ NT$1,999,999				
NT$2,000,000 ~ NT$3,499,999			Ho, Yi-Sheng	Ho, Yi-Sheng
NT$3,500,000 ~ NT$4,999,999				
NT$5,000,000 ~ NT$9,999,999			Sui, Tai-Chung	Sui, Tai-Chung
NT$10,000,000 ~ NT$14,999,999			Chung, Shih-Ying	Chung, Shih-Ying
NT$15,000,000 ~ NT$29,999,999	Boh Chin Investment Co., Ltd.	Boh Chin Investment Co., Ltd.	Boh Chin Investment Co., Ltd.	Boh Chin Investment Co., Ltd.
NT$30,000,000 ~ NT$49,999,999				
NT$50,000,000 ~ NT$99,999,999				
Greater than or equal to NT$100,000,000				
Total	6	6	9	9

Note 1: The remuneration to directors approved by the Board of Directors prior to the shareholders' meeting as part of the Earnings Distribution Proposal for 2022.

Note 2: On December 19, 2022, the institutional director of Boh Chin Investment Co., Ltd., re-appointed representative. Director Ho, Yi-Sheng retired and director Chung, Shih-Ying took over as director.

ii. Remuneration Paid to President and Vice President

December 31, 2022 Unit: NTD thousands

Title	Name	Salary(A)		Pension (B)		Bonuses and Allowances (C)		Employee Compensation (D) (Note 1)				Total amount of A, B, C and D and a % of the net profit after tax		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Ho, Yi-Sheng (Note 2)	3,058	3,058	91	91	7,519	7,519	5,000	-	5,000	-	15,668 1.14%	15,668 1.14%	None
President	Chung, Shih-Ying (Note 2)													
Vice President	Hsiao, Fu-Chang													

Remuneration bracket table

Range of Remuneration	Name of President and Vice President	
	The Company	Companies in the consolidated financial statements
Less than NT$ 1,000,000	Hsiao, Fu-Chang	Hsiao, Fu-Chang
NT$1,000,000 ~ NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999	Ho, Yi-Sheng	Ho, Yi-Sheng
NT$3,500,000 ~ NT$4,999,999		
NT$5,000,000 ~ NT$9,999,999		
NT$10,000,000 ~ NT$14,999,999	Chung, Shih-Ying	Chung, Shih-Ying
NT$15,000,000 ~ NT$29,999,999		
NT$30,000,000 ~ NT$49,999,999		
NT$50,000,000 ~ NT$99,999,999		
Greater than or equal to NT$100,000,000		
Total	3	3

Note 1: The employee bonus approved by the Board of Directors prior to the shareholders' meeting as part of the Earnings Distribution Proposal for 2022.

Note 2: President Ho, Yi-Sheng retired on December 19, 2022; Chung, Shih-Ying was promoted to President on December 19, 2022.

iii. Employees' Profit Sharing Bonus Paid to Management Team

December 31, 2022 Unit: NTD thousands

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Profit (%)
Manager	President	Chung, Shih-Ying	-	13,152	13,152	0.96%
	Associate Vice President at the Main Management Department	Chen, Su-Ai				
	Manager at the branch office in Nanzi	Sui, Tai-Chung				
	Technical Vice President at the R&D Department	Hsiao, Fu-Chang				
	Head of Plant	Chang, Mei-Hui				
	Head of Plant	Chan, Chia-Hao				
	Associate Vice President at the Second Division of R&D Department	Chiu, Chung-Chi				
	Associate Vice President at the Quality Assurance Department	Shih, Shao-Liang				
	Associate Vice President at the Product Marketing Department	Hou, Te-Hsin				
	Associate Vice President at the Domestic Market Division of the Operational Department	Su, Shu-Li				
	Manager of Finance Department	Hung, Yu-Fang				

iv. Compare and describe separately the analysis of ratios of the total remuneration paid to directors, the president, the vice president of the Company in the past two years by the Company and all companies in the Consolidated Statement to the after-tax net profit shown in the Parent Company-only Financial Statement and describe correlation among the remuneration payment policy, standards and combination, remuneration establishment procedures, and management efficacy and risks in the future.

(1)Analysis of ratios of the total remuneration paid to directors, the president, and the vice president by the Company and all companies included in the Consolidated Statement to the after-tax net profit shown in the Parent Company-only Financial Statement in the past two years:

Title	2022		2021	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	1.69%	1.69%	1.70%	1.70%
President and Vice President	1.14%	1.14%	2.70%	2.70%

The difference in the ratios between the two terms is not much and no analysis has been prepared.

According to Article 16 of the Company's Articles of Incorporation, remuneration to the Company's directors for performance of job duties must be paid, irrelevant with profit or loss retained by the Company. The Board of Directors is authorized to determine the level of remuneration to directors based on their engagement in and contribution to the Company's operations, and in reference to peer companies' pay. If the Company has earnings, the remuneration is to be distributed also as required by Article 19 of the Articles of Incorporation. The remuneration to the Company's managers is decided according to the Company's Manager Compensation Criteria. For the time being, the remuneration paid to the President and Vice President consists of the salary, bonus, and employee bonus. The Board of Directors approves the remuneration according to the Company's Compensation Management Guidelines and pays it according to the extent of involvement and contributions of the President and Vice President over the past year to the operations of the Company and its subsidiaries, their position, seniority in office, education and experience, and possible contributions to the Company in the future, with reference to the industrial level.

3.4. Implementation of Corporate Governance

The Audit Committee and the Compensation and Remuneration Committee under the Board of Directors of Thinking Electronic are helping the Board of Directors fulfill its duties. The Organic Rules of each of the committees are approved by the Board of Directors and the chairman of each committee periodically reports to the Board of Directors regarding its activities and decisions.

i. Operations of the Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in 2022. The attendances of directors were as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance Rate (%) (B/A) (Note 1)	Remarks (Note 2)
Chairman	Boh Chin Investment Co., Ltd. Representative: Sui, Tai-Chung	6	-	100.00%	
Director	Boh Chin Investment Co., Ltd. Representative: Ho, Yi-Sheng	6	-	100.00%	Resigned on December 19, 2022
Director	Boh Chin Investment Co., Ltd. Representative: Chung, Shih-Ying	-	-	-%	Newly appointed on December 19, 2022
Director	Chen, Yen-Hui	6	-	100.00%	
Director	Chang, Shan-Hui	6	-	100.00%	
Independent Director	Chen, Hsiu-Yen	6	-	100.00%	
Independent Director	Huang, Cheng-Nan	6	-	100.00%	
Independent Director	Chou, Chi-Wen	6	-	100.00%	

Note 1: The actual attendance rate (%) is calculated by the number of Board of Directors meetings held during the term in office and the attendance in person.

Note 2: On December 19, 2022, the institutional director of Boh Chin Investment Co., Ltd., re-appointed representative. Director Ho, Yi-Sheng retired and director Chung, Shih-Ying took over as director.

Other details to be documented:

I. (I)Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, and Article 14-3 of the Securities and Exchange Act is not applicable to the Company. Please refer to the Annual Report for related information of the operation of the Audit Committee.

(II)Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.

II. Recusal of directors upon conflicts of interest in proposals being discussed:

(I) January 18, 2022:

1. Deliberated the issuance of year-end bonus for managers for 2021. Director Sui, Tai-Chung and Director Ho, Yi-Sheng excused themselves in light of conflict of interest according to the voting sequence and did not take part in the discussion or voting.
2. Deliberated the monthly salary structure, the amount paid, and the expected amount to be set aside for the pension for managers for 2022. Director Sui, Tai-Chung and Director Ho, Yi-Sheng excused themselves in light of conflict of interest according to the voting sequence and did not take part in the discussion or voting.

(II) August 9, 2022:

1. Deliberated distribution of remuneration to directors (including independent directors) for 2021. All directors (including independent directors) excused themselves in light of conflict of interest according to the voting sequence and did not take part in the discussion or voting.
2. Deliberated the distribution of employee remuneration to managers for 2021. Director Sui, Tai-Chung and Director Ho, Yi-Sheng excused themselves in light of conflict of interest according to the voting sequence and did not take part in the discussion or voting.

(III) November 8, 2022:

1. Deliberated the remuneration to members of the Compensation and Remuneration Committee for 2022. Director Huang, Cheng-Nan and Independent Director Chou, Chi-Wen excused themselves in light of conflict of interest according to the voting sequence and did not take part in the discussion or voting.

(IV) December 19, 2022:

1. Director Ho, Yi-Sheng sidestepped from the discussion and voting of the resolution on the distribution of pension to President Ho Yi-Sheng of the Company due to conflicts of interests.

2. Director Sui Tai-Chung sidestepped from the discussion and voting of the resolution for the distribution of year-end bonus to managers of the Company in 2022 due to conflicts of interests.
3. Director Sui Tai-chung sidestepped from the discussion and voting of the proposal for the monthly salary structure, amount of payment, and estimated pension for managerial officers of the Company in 2023 due to conflicts of interests.

III. Implementation Status of Board Evaluations:

Evaluation cycle	Evaluated period	Scope of evaluation	Evaluation method	Evaluation Content
Once a year	1/1/2022-12/31/2022	Evaluation of the performance of Board of Directors, individual directors, and functional committees.	Internal self-evaluation by the board of directors, self-evaluation by the board members, and internal self-evaluation by functional committees	(I) Measures for the self-performance evaluation of the Board of Directors cover the following dimensions: 1. Involvement in corporate operations 2. Improved decision-making quality of the Board of Directors 3. Composition and structure of the Board of Directors 4. Election of its directors and continuing education for them. 5. Internal control
				(II) Measures for the self-performance evaluation of the board directors cover the following dimensions: 1. Keeping track of corporate goals and missions. 2. Awareness of the duties of a director. 3. Involvement in corporate operations 4. Management of internal relations and communication 5. Director's professionalism and continuing education 6. Internal control
				(III) The assessment items for the performance evaluation of functional committees (including the Audit Committee and the Compensation and Remuneration Committee) cover the following aspects: 1. Involvement in corporate operations 2. Perception of functional committees' responsibilities 3. Improvement in the quality of functional committees' decision-making 4. Composition and member election/appointment of functional committees 5. Internal control

The Company has completed the self-evaluation of the performance of the Board of Directors for 2022, and the evaluation results were submitted to the Board of Directors for review and improvement on March 22, 2023. The overall average score of the internal self-evaluation of the board of directors' performance is 97.78 (out of 100); the overall average score of the self-evaluation of individual board members' performance is 99.22 (out of 100); the overall average score of the internal self-evaluation of the functional committees' performance is 98.91 (out of 100), indicating that the overall board of directors is operating well.

IV. Reinforced assessments of functional objectives of the Board of Directors and implementation status of the objectives of the specific year and the most recent year:

(I) The Company has set up the Compensation and Remuneration Committee and the Audit Committee to effectively make the best off and consolidate the governance system, normalize its supervisory function, improve information transparency, and reinforce the management feature.

(II) The Company has set up a chief corporate governance officer to assist directors in executing business and strengthen the effective operation of the board of directors and compliance with laws and regulations.

ii. Operations of the Audit Committee:

(1)The Company's Audit Committee consists of all independent directors and aims to help the Board of Directors fulfill its duties in supervising the quality and integrity of the Company in accounting, auditing, the financial reporting procedure, and financial control. The Committee is in charge of the following:

A. Preparation or revision of the internal control system as required by Article 14-1 of the Securities and Exchange Act.

B. Evaluation of the effectiveness of the internal control system.

C. Revision or amendment of the procedures for acquiring or disposing of assets, trading derivatives, lending funds to others, providing endorsements or guarantees to others, among other major financial operations as required by Article 36-1 of the Securities and Exchange Act.

D. Matters involving the interests of the Board directors.

E. Trading of major assets or derivatives.

F. Major lending of assets, endorsements, or guarantees.

G. Raising, issuance, or private placement of equity securities.

H. Delegation, dismissal of CPAs or their compensation.

I. Appointment or dismissal of the head of finance, accounting, or internal audit.

J. Review of financial statements.

K. Other important matters as specified by the Company or the competent authority.

(2)Professional qualifications and experience of members: Please refer to the "Professional qualifications and independence analysis of directors" of this Annual Report.

(3)Highlights of Tasks Performed by the Committee throughout the year:

A. Review of financial statements: The Business Report, Financial Statements, and Distribution of Earnings. The Financial Statements, in particular, were completely audited by Deloitte Taiwan. The above-mentioned Business Report, Financial Statements, and Proposal on Distribution of Earnings have been reviewed and approved by the Audit Committee.

B. Evaluation of the effectiveness of the internal control system: The Audit Committee reviewed the internal audits of the Company and the periodic reports from the delegated CPAs and the management that cover internal control policies and measures regarding finance, operation, risk management, and compliance for their effectiveness. It is believed that the Company has established and enforced the effective control mechanism for supervision and correction.

C. Appointment and compensation of CPAs: The Committee reviewed the independence, suitability, and professionalism of CPAs according to applicable laws and regulations such as the Certified Public Accountant Act to make sure absence of other financial interests and business relationships between the CPAs and the Company except for the fees paid for certification and finance and taxation assignments.

(4)Operation of the Audit Committee:

A total of 6 (A) Audit Committee meetings were held in 2022. The attendances of the independent directors were as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Chen, Hsiu-Yen	6	-	100.00%	
Independent Director	Huang, Cheng-Nan	6	-	100.00%	
Independent Director	Chou, Chi-Wen	6	-	100.00%	
Note: The actual attendance rate (%) is calculated by the number of Audit Committee meetings held during the term in office and the attendance in person.					

Other details to be documented:

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

Audit Committee	Board of directors	Contents of the proposal
Second meeting of 2022 3/21/2022	Second meeting of 2022 3/21/2022	1. 2021 Internal Control System Declaration
		2. 2021 Financial Statements
		3. 2021 Business Report
		4. Earnings distribution proposal for 2021
		5. Independence and suitability assessment of CPAs and delegation and rewards of CPAs for 2022 financial statements and tax reporting
		6. Revision of the Regulations Governing the Acquisition and Disposal of Assets
		7. Revision of the Financial Derivatives Transaction Procedure
Third meeting of 2022 5/10/2022	Third meeting of 2022 5/10/2022	1. Consolidated financial statements of the first quarter of 2022 and CPAs' Review Report
		2. Revision of the Financial Derivatives Transaction Procedure
Fourth meeting of 2022 8/9/2022	Fourth meeting of 2022 8/9/2022	1. Consolidated financial statements of the second quarter of 2022 and CPAs' Review Report
		2. Investing in the establishment of a subsidiary in the United States
Fifth meeting of 2022 11/8/2022	Fifth meeting of 2022 11/8/2022	1. 2023 Audit Plan
		2. Consolidated financial statements of the third quarter of 2022 and CPAs' Review Report
		3. The application for change of derivative trading limits of financial institutions
Sixth meeting of 2022 12/19/2022	Sixth meeting of 2022 12/19/2022	1. Financial Derivatives Trading Quotas of Financial Institutions

Independent directors’ objections, reservations or major suggestions: None.

Resolution of the Audit Committee and the Company’s response to the Audit Committee’s Opinion: The members of the Audit Committee unanimously approved all the resolutions, and the Board of Directors approved all such resolutions recommended by the Audit Committee.

(II) There were no other resolutions that were not approved by the Audit Committee but were approved by two thirds or more of all directors in 2022.

II. Recusal of independent directors upon conflicts of interest in proposals being discussed: statement: None.

III. Communication between independent directors and internal audit heads and CPAs:

(I) Communication policies between independent directors and internal audit heads and CPAs:

1. The Head of Internal Audit communicates the audit report results with the members of the Audit Committee on a regular basis, and makes the internal audit report at the quarterly Audit Committee meeting. On weekdays, the internal audit director may communicate with the members by e-mail, telephone, or face-to-face meetings. Under special circumstances, an immediate report will be made to the members of the Audit Committee.

2. During the planning and completion stages, the CPAs shall report to the Independent Directors on the review or audit results of the financial statements of the Company and its subsidiaries at home and abroad, the impact of internal control audits, the amendments and issuance impact of IFRSs on the Company, and other relevant legal requirements. Communicate whether there are adjusting entries in the financial statements or amendments to laws and regulations that affect the way of accounting.

(II) Summary of Communications between Independent Directors and Head of Internal Audit in 2022:

Implementation of audits by independent directors: The communications went well. Primary matters communicated are summarized as follows:

Date	Communication points
1/18/2022	1. Implementation of the Internal Audit Plan during October and December 2021
3/21/2022	1. Implementation of the Internal Audit Plan in January 2022 2. 2021 Internal Control System Declaration
5/10/2022	1. Implementation of the Internal Audit Plan during February and March 2022
8/9/2022	1. Implementation of the Internal Audit Plan during April and June 2022

Date	Communication points
11/8/2022	1. Implementation of the Internal Audit Plan during July and September 2022 2. 2023 Audit Plan

All of the above matters were reviewed and/or approved by the Audit Committee whereupon independent directors raised no objection.

(III) Summary of Communications between Independent Directors and Certified Public Accountants in 2022:

Communication between independent directors and CPAs: The communications went well. Primary matters communicated are summarized as follows:

Date	Communication points
3/21/2022	1. Audit result report presented by accountants regarding the financial report and the consolidated financial statements of 2021. 2. Identify significant risks and describe the implementation procedures and audit results. 3. Assessment and response procedures for the key audit matters. 4. Accountant's responsibility and independence report.
12/13/2022	1. Report on the Group's audit scope, methods, and work schedule. 2. Identify significant risks and explain the implementation procedures. 3. Assessment of key audit matters and risk response procedures. 4. Report on the five major aspects of the CPAs' Audit Quality Indicators (AQI).

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	✓		The Company, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, established the Corporate Governance Best-Practice Principles, which were duly approved and issued by the board of directors and disclosed in the Market Observation Post System and the Company’s website – Investor Relations.	None
II. Shareholding structure & shareholders’ rights (I) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(I) The Company has formulated the “SOP for Spokespersons and Acting Spokespersons”, and has set up a section for stakeholders on the Company's website to respond to shareholders' feedback and handle their suggestions, doubts, disputes and litigation matters.	None
(II) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		(II) The Company has a list of the major shareholders and beneficial owners of these major shareholders at any time.	
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(III) The Company has established the Operating Procedure for Transactions with Related Parties and Affiliates to control the risks associated with affiliates.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(IV) The Company has established the Anti-insider Trading Management Regulations. At least once a year, current directors, managers, and employees are educated on the Anti-insider Trading Management Regulations and applicable laws and regulations. The Company's directors and managers are educated within 2 months following inauguration and newly hired employees are educated prior to the pre-service training by the Personnel Department. In 2022, the Company already arranged for directors and managers of the current intake to attend related programs on the compliance with the laws regarding the insider equity trading and on the education for prevention of insider trading and so on, and such information has been declared through the Market Observation Post System as required. Employees are educated according to the policy goal of RBA Responsible Business Alliance Code of Conduct and were tested randomly on May 12, 2022 to help know the communication and implementation results.	None
III. Composition and Responsibilities of the Board of Directors (I) Does the Board of Directors formulated and implemented a diversity policy on membership?	✓		(I) For the educational background, gender, professional qualifications, work experience and diversity of the directors of the Company, please refer to "i. Director Information - III. Corporate Governance Report" of this Annual Report.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(II)Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(II) Besides the Compensation and Remuneration Committee and the Audit Committee that are established as required by laws, the other corporate governance operations are taken care of respective departments according to their function. No other functional committees are set up. In the future, they will be set up as needed.	In the future, it will be handled as needed for the developments of the Company and as required by applicable laws and regulations.
(III) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		(III) The Company has established the "Board of Directors' Performance Evaluation Measures", and conducts performance evaluations on a yearly basis. For the evaluation methods and results, please refer to the "Implementation Status of Board Evaluations" of this Annual Report. The performance evaluation results of the board of directors will be used as a reference basis for the selection or nomination of directors. The performance evaluation results of individual directors will be regarded as a reference basis for determining their individual remuneration.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>(IV) Does the company regularly evaluate the independence of CPAs?</td><td>✓</td><td></td><td>(IV) The Company obtains the Declaration of Independence and the Audit Quality Indicators (AQIs) issued by the CPAs in accordance with the independent laws and regulations of the Accountant Act. The Company evaluates the audit quality of the firm as a whole and the audit team with reference to five major aspects, and evaluates the independence, adaptability, and professionalism of the CPAs. The CPAs' independence assessment was conducted this year and submitted to the Audit Committee and the Board of Directors for resolution on March 22, 2023.
The audit and non-audit services provided by the CPAs this year have been reviewed by the Audit Committee in advance to ensure that the non-audit services will not affect the audit results.</td><td>None</td></tr>
<tr><td>IV. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?</td><td>✓</td><td></td><td>On January 14, 2019, the Board of Directors approved that the financial manager would serve also as the head of corporate governance and related staff within the department would help with corporate governance-related affairs. The responsibilities primarily include maintaining investor relations, providing directors with needed data for them to perform duties and arranging continuing education for them, organizing meetings of the Board of Directors, respective functional committees, and shareholders' meetings, among others. Highlights of the implementation and continuing education completed by governance staff this year are as follows:</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			(I) Help directors perform their function and arrange continuing education for them: 1. Assist directors in complying with the latest laws and regulations, and maintain the exchange of information and opinions between directors and departmental heads. 2. Help arrange related meetings when it is necessary for the independent directors to separately meet with the head of internal audit or the CPAs in compliance with the Corporate Governance Best-Practice Principles. 3. Help the preparation of the annual continuing education program and arrange courses reflective of the characteristics of the industry that the Company is in and the education and experience of the directors. (II) Help prepare Board of Directors' meetings and shareholders' meetings: 1. Confirm that the shareholders' meeting and Board of Directors' meeting are called for in compliance with the requirements of applicable laws and the Corporate Governance Best-Practice Principles. 2. Enclose the resolutions made and release news after the meetings to ensure the legitimacy and accuracy of important information and to protect equal access of investors to trading information. 3. Help and remind directors of the laws and regulations that they should follow while performing duties or making official resolutions of the Board of Directors.	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			(III) Continuing education completed by the head of corporate governance this year is as follows:	

Provider	Course title	Duration	Hours involved
Taiwan Stock Exchange	International Twin Summit	5/4/2022	2.0
Securities and Futures Institute	2022 Education for Prevention of Insider Trading	6/10/2022	3.0
Accounting Research and Development Foundation	Continuing training course for accounting supervisors of issuers, securities dealers and stock exchanges	12/22/2022-12/23/2022	12.0

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?</td><td>✓</td><td></td><td>In order to achieve sustainable development and respect the rights and interests of stakeholders, the Company communicates with stakeholders through diverse channels, understands their issues and needs of importance, and appropriately responds and announces important sustainable development issues of concern to them. This will enhance the content of information disclosure. The actual result of stakeholder communication in 2022 was reported to the Board of Directors on December 19, 2022. For the issues about communications of the Company with stakeholders and the channels of communications, refer to the table below:

<table>
<tr><th>Stakeholder</th><th>Communication method or channel</th><th>Issue involved</th><th>Response method</th></tr>
<tr><td>Employees</td><td>1. Employee Welfare Committee Member
2.Labor-Management Meeting
3. Employee feedback mailbox on the Intranet
4. Announcement on the Intranet</td><td>1. Compensation and benefits
2. Employee health and workplace safety
3. Employee continuing education and training
4. Labor rights</td><td>1. Periodic meetings of the Compensation and Remuneration Committee
2. Announcement of annual educational training schedule
3. Periodic labor-management meetings and announcement of meeting minutes
4. Annual employee satisfaction survey</td></tr>
<tr><td>Customers</td><td>1. Customer satisfaction survey
2. Customer visit and audit
3. Company website</td><td rowspan="2">1. Product quality and certification
2. Delivery, quotation, and after-sales service of products
3. Management of hazardous substances banned under the RoHS</td><td rowspan="2">1. Cooperation in customer audit and response to questionnaires
2. Response to supplier satisfaction survey
3. Management of related systems according to international regulations</td></tr>
<tr><td>Suppliers</td><td>1. Supplier site audit and questionnaire
2. Supplier meeting
3. Company website</td></tr>
</table>
</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>

Stakeholder	Communication method or channel	Issue involved	Response method
Investors	1. Annual Report and Company website 2. Release of important news 3. Visits by institutional shareholders 4. Shareholders’ meeting and investor conference	1. Corporate governance and operational status 2. Management performance 3. Future development strategy	1. Calling for the general shareholders’ meeting and distribution of the Annual Report 2. (Acting) Spokesperson available to speak to the public 3. Cooperation for visits by institutional shareholders 4. Press release
Other	1. Annual Report and Company website 2. Foundation	1. Environmental protection and sustainable development 2. Donations to minority groups and educational institutions 3. Participated in charity auctions held by public welfare organizations	1. Compliance with laws and regulations and international standards 2. Acquisition of related certifications 3. Acceptance and periodic announcement of donations 4. Communication on volunteering campaigns and involvement

The Company has a section devoted to stakeholders on its website (http://www.thinking.com.tw) to facilitate communications with stakeholders.

</td><td></td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company authorizes the Registrar of President Securities Corporation to be its professional shareholder service agency.	None
VII. Information Disclosure (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (II)Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	 ✓ ✓		 (I) The Company has set up a website in both Chinese and English to update and disclose information on the financial business and corporate governance at any time for investors' reference. For the relevant information, please visit the Company's website: https://www.thinking.com.tw. (II)Disclosure of information by the Company to the public: 1. Market Observation Post System There is someone at the Finance Department to take charge of disclosing information and announcing declaration matters through the Market Observation Post System. 2. There is an exclusive section on the Company website for investors. Staff at the Finance Department works with one another in this regard. Some of the corporate governance operations and financial information are already available on the English website for the general public's reference. 3. The spokesperson and acting spokesperson system is in place and a contact window is available on the website. 4. The information on investor conference and related materials is available on the Company's website.	 None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		(III) The Company's monthly operations, quarterly and annual financial reports are announced and reported in advance of the specified deadline. For the relevant information, please visit the Market Observation Post System and the Company's website.	None
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(I) Risk management policy and risk measurement criteria: Refer to the descriptions provided in "Risk Matters Discussion and Analysis" of this Annual Report. (II) Employee rights and employee wellness: Refer to the descriptions provided in "Labor-Management Relations" and "Implementation status of the promotion of sustainable development" of this Annual Report. (III) For the policy to protect customers, contracts are signed with customers and the needs of customers are understood through satisfaction survey and related services and assurance are provided accordingly. For supplier relations, in order to ensure long-term steady supply and to meet the demand of customers for product quality and their environmental protection requirements, supplier evaluations are performed periodically. Suppliers are asked to provide product quality materials in order to keep track of the supply status at all times. (IV) The Company's important information is exclusively based on applicable requirements of the TWSE Procedures for Verification and Disclosure of Material Information of TWSE-listed Companies in order to protect the rights of shareholders, stakeholders, and investors.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>(V) The Company has purchased the liabilities insurance for the directors since 2019 and has submitted the report of the most recent Board of Directors after renewing the insurance in 2023.</td><td></td></tr>
<tr><td colspan="5">IX. Explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.
(I) Strengthen the functions of the board of directors and enhance the sustainable value of the enterprise.
Gradually increase the number of independent directors and the proportion of female directors.
(II) Improved English information disclosure ratio
The Company aims to improve the quality of information disclosure and the transparency of the Company's information, so that foreign investors or institutional institutions can access relevant information of the Company and strengthen the relationship between the Company and investors. The Company prepares English-language information in stages in support of its corporate governance evaluation project. English versions of meeting notices, Handbook, annual reports for shareholders' meetings, and annual financial reports have been implemented, and material information has been disseminated in English simultaneously since 2023. In the future, efforts will be made to release quarterly financial reports in English.</td></tr>
</table>

iv. Composition, Responsibilities and Operations of the Remuneration Committee

(1) Membership of Compensation and Remuneration Committee:

December 31, 2022

<table>
<tr><th colspan="2">Criteria
Title
Name</th><th>Professional qualifications and experience</th><th>Status of independence</th><th>Number of other public companies in which the individual is concurrently serving as a Compensation and Remuneration Committee member</th></tr>
<tr><td>Convener Independent Director</td><td>Huang, Cheng-Nan</td><td rowspan="2">Please refer to the "Professional qualifications and independence analysis of directors" of this Annual Report.</td><td rowspan="3">None of the Company's remuneration committee members has been in or is under any circumstances stated in Article 30 of the Company Act. All the remuneration committee members comply with Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Compensation and Remuneration of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange."</td><td>-</td></tr>
<tr><td>Independent Director</td><td>Chou, Chi-Wen</td><td>-</td></tr>
<tr><td>Other</td><td>Tseng, Su-Hui</td><td>Master of Business Administration from National Sun Yat-Sen University; former financial manager of Sunfar Computer Co., Ltd. and former vice president of Global Prosperity Fishery Co., Ltd.; accounting and financial analysis and leadership capabilities</td><td>-</td></tr>
</table>

(2) Compensation and Remuneration Committee Responsibilities:

The Committee shall pay due attention as good-will manager and truthfully fulfills its function as follows. It is to be reported to the Board of Directors and submit its suggestions for discussions in the Board of Directors' meeting:

A. Periodically discuss the Organic Rules of the Committee and provide advice on their revisions if necessary.

B. Establish and periodically reflect on the policy, system, criteria, and structure of performance evaluations and the compensation and rewards of directors and managers.

C. Periodically evaluate and define the compensation and rewards for directors and managers.

While performing the functions mentioned in the preceding paragraph, the following principles shall be followed:

A. Director and managerial performance evaluation and compensation and remuneration shall take reference of the general criteria for the payment in the industry and take into consideration the legitimate correlation with personal performance, operational performance of the Company, and risks in the future.

B. Directors and managers shall not be misled to engage in behavior that exceeds the risk appetite of the Company for the pursuit of their compensation and remuneration.

C. The ratio of the bonus issued to directors and senior managers for their short-term performance and the payment schedule of some of the variable compensation and remuneration shall take into consideration the characteristics of the industry and the nature of operation of the Company before a decision is made.

(3) Information on the Operational Status of the Compensation and Remuneration Committee:

A. Company's Compensation and Remuneration Committee has 3 members in total.

B. Term in office of members of the current intake: 7/13/2020-6/14/2023

A total of 4 (A) meetings of the Compensation and Remuneration Committee were held in 2022. The attendances of member s were as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Huang, Cheng-Nan	4	-	100.00%	
Member	Chou, Chi-Wen	4	-	100.00%	
Member	Tseng, Su-Hui	4	-	100.00%	

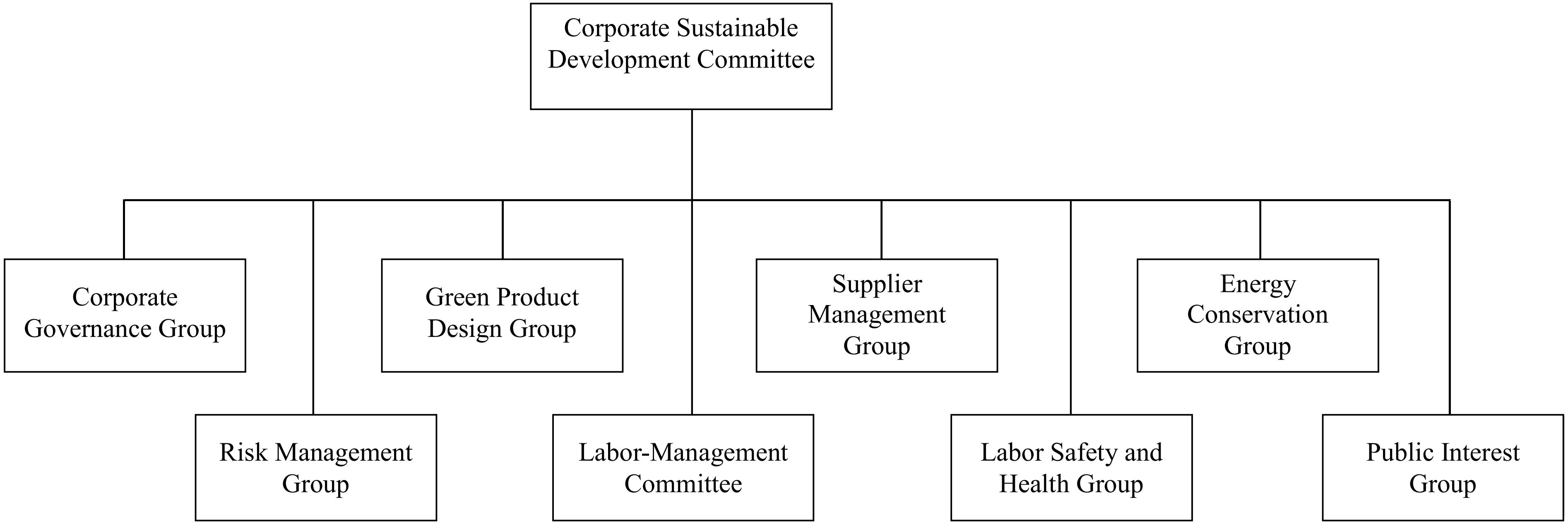
Note: The actual attendance rate (%) is calculated by the number of Compensation and Remuneration Committee meetings held during the term in office and the attendance in person.

(4) Matters being discussed by the Compensation and Remuneration Committee and the decisions made and how the Company addressed opinions from the members are provided below:

Compensation and Remuneration Committee	Contents of the proposal	Decisions made	How the Company addressed opinions from the Compensation and Remuneration Committee
Fifth meeting of the fourth intake 1/18/2022	1. Discussion of regulations relevant to the compensation and rewards policy, system, criteria, and structure of 2022 2. The amount of the year-end-bonus for managers for 2021 3. 2022 Compensation and Rewards Proposal for managers	It was approved as is all attending members.	It was submitted to the Board of Directors and was approved by all attending directors.
Sixth meeting of the fourth intake 3/21/2022	1. 2021 remuneration to employees and that to directors	It was approved as is all attending members.	It was submitted to the Board of Directors and was approved by all attending directors.
Seventh meeting of the fourth intake 8/9/2022	1. Distribution of the remuneration to directors for 2021 2. Distribution of employee remuneration to managers for 2021 3. Propose of hiring senior executives, their monthly salary structure, payment amount, and estimated pension contribution	It was approved as is all attending members.	It was submitted to the Board of Directors and was approved by all attending directors.
Eighth meeting of the fourth intake 12/19/2022	1. Discussion of regulations relevant to the compensation and rewards policy, system, criteria, and structure of 2023 2. Payment of pension to the President. 3. Compensation and remuneration for promoted manager 4. The amount of the year-end-bonus for managers for 2022 5. 2023 Compensation and Rewards Proposal for managers	It was approved as is all attending members.	It was submitted to the Board of Directors and was approved by all attending directors.
Other details to be documented: I. The Board of Directors does not adopt or modifies the advice provided by the Compensation and Remuneration Committee: None. II. For decisions made by the Compensation and Remuneration Committee, there are members who object to or have their reservations that are recorded or stated in writing: None.			

Corporate Sustainable Development Organizational Structure

The Company's Corporate Sustainable Development Committee is chaired by the President and underneath are eight groups, namely, the Corporate Governance Group primarily formed by the financial unit, the Green Product Design Group primarily formed by the R&D and design unit, the Supplier Management Group primarily formed by the procurement and supply chain management center, the Labor-Management Committee primarily formed by the human resources unit, the Risk Management Group primarily formed by the quality assurance unit, the Energy Conservation Group primarily formed by the factory affairs unit, the Labor Safety and Health Group primarily formed by the environmental safety unit, and the Public Interest Promotion Group formed by employees. Each of the groups mentioned above includes issues raised by respective stakeholders in their routine or annual plan and promote related activities relevant to Corporate Sustainable Development.



Responsibilities of the Corporate Sustainable Development Committee

Corporate Governance Group	The Company's head of corporate governance is responsible for promoting corporate governance in order to escalate the concerns to a higher level of management and to integrate related resources internally for ensuring that respective requirements for the corporate governance evaluation can be precisely enforced while at the same time ensuring that all operations meet regulatory requirements.
Risk Management Group	Operational risks increase with the rapidly changing environment. Therefore, how to deal with systematic risks that are beyond control and to prevent non-systematic risks that may be avoided is a daunting task. In light of this, the Group consists of the head of finance and his/her staff to take charge of analyzing related risks to avoid financial risks as much as possible. As for the quality management system, the head of the Quality Assurance Center is in charge of preventing against respective emergency situations and responding quickly.
Green Product Design Group	Green products free of environmental protection concerns is a universal value. The Group is under the charge of the head of research and development, who also leads the R&D team in ensuring that all the materials used in products under development meet respective environmental protection regulations.
Labor-Management Committee	The Labor-Management Committee, on the other hand, is headed by the Management Department so that it serves as the direct bridge between the employer and the employees. The Management Department also serves as the employer's representative during the labor-management meeting that is held periodically with the representative(s) of the employees to ensure fulfillment of necessary decision-making duties.
Supplier Management Group	The Company is part of the electronic industrial chain and hence needs to follow applicable RBA regulations. This Group is therefore under the charge of the head of the supply chain management center. It educates collaborative downstream contractors and performs necessary audits in order to ensure that both upstream and downstream contractors comply with applicable RBA regulations as well. In addition, for the other standards or regulatory requirements that shall be followed by the industry, such as AEO, OHSAS, FCPA, etc., the Group shall communicate them to contractors, too.
Labor Safety and Health Group	The Chairman of occupational safety and health joins hands with factory affairs, general affairs, medical affairs, and human resources, among other units and related resources at the same time and serves as a representative of the employer that holds the labor safety meeting periodically with representatives of the employees in order to take care of the overall environmental safety and health-related affairs throughout the Company.
Energy Conservation Group	Creating an energy-saving low-carbon society is one of the missions of the industry nowadays, too. How to conserve energy and reduce carbon emissions and meet the requirements of the domestic Greenhouse Gas Reduction and Management Act has hence become a priority for domestic industries. Therefore, the Group is led by the head of the plant, who is responsible for respective energy conservation efforts throughout the Company in order to ensure compliance with regulatory requirements and to jointly work for a low-carbon environment.
Public Interest Group	What the Public Interest Group does is part of external Corporate Sustainable Development. The head of the management center is in charge and, with assistance from the head of each of the other centers, utilizes resources given by the Company and makes the best use of them to hopefully improve the corporate image and to take care of units or individuals in need of help.

v. Implementation status of the promotion of sustainable development, the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and the reasons therefor:

Promotion items	Implementation status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
I. Does the Company established a governance structure to promote sustainable development, and set up a dedicated (or concurrently) position to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	✓		(I) Based on the Company's vision and mission, the "Corporate Social Responsibility Committee" was established in 2017 and was renamed the "Corporate Sustainable Development Committee" in 2022. It is the highest-level sustainable development decision-making center within the Company, and is dominated by the general manager. It reviews the Company's core operating capabilities together with a number of senior executives in different fields and formulates medium and long-term sustainable development plans. (II) The "Corporate Sustainability Development Committee" serves as a cross-departmental communication platform that integrates superiors and subordinates and promotes cross-departmental communication. The task group identifies sustainability issues related to the Company's operations and stakeholders, formulates corresponding strategies and work guidelines, prepares relevant budgets and plans for organizational and sustainability matters, and implements annual plans. It also tracks the implementation results to ensure that the sustainable development strategy is fully implemented in the Company's daily operations.	None

Promotion items	Implementation status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			(III) The Corporate Sustainability Development Committee takes charge of also promoting and integrating content concerning respective issues such as corporate governance, environmental protection, green products, energy management, employee wellness, and public interests and reporting them to the board of directors once a year. On March 22, 2023, the Company reported the implementation status of 2022 to the board of directors. The motion content includes: 1) identifying sustainability issues that need attention, and formulating the action plans to deal with them; 2) modifying the goals and policy for sustainability-related issues; and 3) supervising the implementation of sustainable operation matters, and evaluating the implementation status. (IV) The board of directors of the Company regularly listens to the reports of the management team. The management team must propose and submit the corporate strategies to the board of directors. The board of directors must evaluate the feasibility of such strategies, frequently review their progress, and urge the management team to make improvements when necessary.	

Promotion items	Implementation status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
II. Does the Company perform risk assessments when dealing with environmental, social, and corporate governance-related issues that concern the Company’s operations according to the materiality principle and define related risk management policies or strategies?	✓		(I) The disclosed information covers the sustainable development performance of the Company in key locations from January 2022 to December 2022. The risk assessment boundary is mainly the Company, including the bases in Taiwan and mainland China. Based on the relevance and degree of influence on major subjects, the subsidiaries Yenyo Technology Co., Ltd., Thinking (Changzhou) Electronic Co., Ltd., Dong Guan Welkin Electronic Co., Ltd., Thinking (Yichang) Electronic Co., Ltd. and Jiang Xi Thinking Electronic Co., Ltd. are included in the scope. (II) The Company has formulated the Corporate Sustainable Development Practice Principles, which are published on the Company's website. It is expressly stated that the policy of corporate sustainable development aims to implement and promote corporate governance, develop a sustainable environment, participate in the promotion of social welfare, and strengthen the information disclosure of corporate sustainable development. In addition, the Company received the RBA Responsible Business Alliance Code of Conduct medal in 2019 and called for the management review meeting on January 31, 2023 to discuss the implementation of achievements in 2022.	None

Promotion items	Implementation status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			(III)The Company has established the “Procedure for Identifying Environmental Considerations” and the “Regulations Governing the Identification and Evaluation of Labor and Ethical Risks” to help identify risks in the environment, associated with health and safety and labor practice relevant to its operation and to confirm the level of each risk and implement an appropriate procedure and substantial control for ensuring compliance and control over identified risks. For relevant instructions, please refer to “(VIII) Risk Assessment - VII. Other important information that is helpful to understand and promote the implementation of corporate sustainable development” of this Annual Report	
III. Environmental Issues (I) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(I) The Company has established a complete environmental management system based on the industrial characteristics of netcom; the Company and its subsidiaries, according to the operational needs, have passed ISO 14001 (latest effective period: 2/4/2022 - 2/4/2025) and IECQ QC 080000 (effective period: 2/25/2021 - 2/24/2024) certifications, has conducted the annual greenhouse gas inventory in accordance with ISO 14064-1, tracked and publicly disclosed the emission reduction results on the Company's website.	None

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>(II) Does the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?</td><td>✓</td><td></td><td>(II)The Company has actively promoted various energy reduction measures, selected the equipment with high energy efficiency and energy-saving design, reduced the energy consumption of enterprises and products, and expanded the use of renewable energy to optimize the energy utilization efficiency.
<u>Total electricity consumption in the past 2 years:</u>
Unit: thousand degrees/year
<table><tr><th>Year</th><th>Total electricity consumption</th></tr><tr><td>2022</td><td>89,892.52</td></tr><tr><td>2021</td><td>97,282.54</td></tr></table>The total electricity consumption of the Company and its subsidiaries in 2022 was reduced by 7,390.02 thousand degrees or 7.6% compared to 2021, achieving the 7% target in the power-saving plan in 2022. In 2023, the target is to reduce by more than 8% compared with that in 2022, and set up solar power generation equipment utilizing renewable energy, so as to improve energy efficiency year by year and reduce the impact on environmental loads.
The Company is devoted to eradicating inefficiency and waste of resources in production and manufacturing and improving reutilization of resources. Developing green energy products is a comprehensive movement. From technical R&D, design, manufacturing, and transport to recycling and reutilization, environmental protection</td><td>None</td></tr>
</table>

Promotion items	Implementation status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			regulations and requirements are strictly followed for each of the said stages. In addition, the Company bans the use of hazardous substances in its products. Product development meets the EU RoHS, REACH, and WEEE regulations, the EuP Directive, and the halogen-free requirement, among other international laws and regulations. Business waste that is generated is strictly managed and processed and cleared periodically to reduce environmental impacts to a minimum.	
(III) Does the company evaluate the potential risk and oppertunities of climate change on its operations and take actions?	✓		(III) The Company has evaluated the potential risks and opportunities now and in the future brought about by climate change for enterprises. For relevant instructions, please refer to "(VII) Response to Climate-related Risks and Opportunities: - VII. Other important information that is helpful to understand and promote the implementation of corporate sustainable development" of this Annual Report.	None
(IV) Does the company conduct inspections about greenhouse gas, water consumption, and total weight of waste for last two years, as well as establish company strategies for carbon reduction, management of water consumption, and total weight of waste?	✓		(IV) All plants of the Company and its subsidiaries, Yenyo Technology Co., Ltd., Thinking (Changzhou) Electronic Co., Ltd., Dong Guan Welkin Electronic Co., Ltd., Thinking (Yichang) Electronic Co., Ltd. and Jiang Xi Thinking Electronic Co., Ltd. all implemented statistics on greenhouse gas emission, water consumption, and total wastes, and reviewed the results of the past two years in a tabular manner. The Company attaches great	None

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>importance to the environmental protection and reduction policy. In the past two years, greenhouse gas intensity, water consumption, total wastes and energy intensity were all set to be reduced by 1% annually, and all of the achievements in 2022 exceeded 1% of annual reduction target.
<u>Greenhouse gas emissions in the past 2 years:</u>
Unit: metric ton, CO2e/year
<table>
<tr><th>Year</th><th>Category 1</th><th>Category 2</th><th>Category 3</th><th>Total emissions</th></tr>
<tr><td>2022</td><td>1,145.64</td><td>51,839.59</td><td>2,767.98</td><td>55,753.21</td></tr>
<tr><td>2021</td><td>1,169.77</td><td>54,968.78</td><td>2,767.05</td><td>58,905.60</td></tr>
</table>
In 2022, the total greenhouse gas emission of the Company and its subsidiaries was 55,753.21 metric tons CO2e, which mainly came from the indirect use of electricity of Category 2, accounting for about 93% of the total emission. The total greenhouse gas emission in 2022 reduced by 3,152.39 metric tons CO2e compared to 58,905.60 metric tons CO2e in 2021. This is mainly due to the reduction of energy consumption by following the energy conservation policy. The continuous reduction and emission reduction measures in 2023 include updating the exhaust system, updating the chiller of the air conditioning system, updating the air compressor equipment, and energy-saving design, with the goal of continuing to strive to achieve energy saving and carbon reduction performance. Furthermore, in</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>response to climate change and to promote sustainable corporate operation, the Company will continue to negotiate the purchase of renewable energy and invest in the development of energy-saving products in the future. It is expected to achieve the target of “100% green electricity at office bases and renewable energy as 20% of the production plants' electricity consumption.”
<u>Water consumption in the past 2 years:</u>
Unit: metric ton/year
<table><tr><th>Year</th><th>Total water consumption</th></tr><tr><td>2022</td><td>393,410</td></tr><tr><td>2021</td><td>412,656</td></tr></table>The Company and its subsidiaries recycled the water discharged from the pure water RO system to the cooling water tower of the air conditioner. The cooling water used in the manufacturing process for RO cutting was collected and treated by the newly added UF/RO pure water equipment and recycled back to the manufacturing process for further utilization. Other water-saving measures are also conducted. The total water consumption in 2022 was 393,410 metric tons, which reduced by 19,246 metric tons with an effect of 4.7% compared with the total water consumption of 412,656 metric tons in 2021. In 2023, the relevant waste water recovery equipment will be replaced and improved, and the target recovery rate is over 7%.</td><td></td></tr>
</table>

Promotion items	Implementation status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			<u>Waste output in the past 2 years:</u> Unit: metric ton/year Year / Hazardous waste / Non-hazardous waste / Total waste 2022 / 376.35 / 218,690.81 / 219,067.16 2021 / 349.45 / 277,673.23 / 278,022.68 In order to achieve sustainable resource reuse, the Company's waste treatment principle gives priority to the reuse in the factory to reduce the consumption of raw materials, followed by recycling, and finally delivered to the incineration site or landfill. The total wastes of the Company and its subsidiaries in 2022 was 219,067.16 metric tons, which reduced by 58,955.52 metric tons or 21.2% compared with 278,022.68 metric tons in 2021. In order to improve the effective utilization of resources, the waste reduction management measures were continuously taken to reduce hazardous industrial wastes and improve the reuse of recyclable wastes. It is expected that the recycling rate in 2023 will increase by more than 1%.	

Waste output in the past 2 years:

Unit: metric ton/year

Year	Hazardous waste	Non-hazardous waste	Total waste
2022	376.35	218,690.81	219,067.16
2021	349.45	277,673.23	278,022.68

Promotion items	Implementation status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
IV. Social Issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) The Company recognizes and voluntarily follows the internationally recognized human rights standards such as the “United Nations Guiding Principles on Business and Human Rights”, the International Labor Organization's “Declaration of Fundamental Principles and Rights at Work” and the “Universal Declaration of Human Rights”, and abides by relevant labor laws and regulations. The Company has established the “RBA Responsible Business Alliance Code of Conduct Manual” and always respects the guarantees set forth in the human rights convention. The Company has won the RBA Code of Conduct medal since 2019, implemented the RBA Responsible Business Alliance Code of Conduct Manual, and regularly held labor-management meetings on a quarterly basis. Please visit the company's website for relevant information and certificates. The Company's human rights management policy and specific plans are summarized as follows:	None

Promotion items	Implementation status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			Human Rights Management Policy / **Specific Plans** 1. Provide a safe and sound work environment. / 1. According to the relevant instructions of Measures for Safety and Occupational Health Protection Management, provide protective measures for the work environment and personal safety of employees. 2. Help employees maintain physical and mental health and work-life balance. / 2. There was a 70min break at noon. There was a 10min break within the factory respectively at 10:00 am and 3:00 pm. Colleagues were given adequate rest time. 3. Implement the policy of high salary, high-speed development and delicate care. / 3. Reward and bonus system for employees 4. Complete and smooth promotion channels Prohibiting any forced labor and abiding by labor laws and regulations promulgated by local governments / Implementing the vacation system and encouraging colleagues to focus on the work-life balance Investigating whether the suppliers have implemented the human rights policy / Raw material suppliers filled in the self-assessment form attached to the RBA Responsible Business Alliance Code of Conduct Manual; the recycling rate in 2022 was up to 100%.	

Human Rights Management Policy	Specific Plans
1. Provide a safe and sound work environment. 2. Help employees maintain physical and mental health and work-life balance. 3. Implement the policy of high salary, high-speed development and delicate care.	1. According to the relevant instructions of Measures for Safety and Occupational Health Protection Management, provide protective measures for the work environment and personal safety of employees. 2. There was a 70min break at noon. There was a 10min break within the factory respectively at 10:00 am and 3:00 pm. Colleagues were given adequate rest time. 3. Reward and bonus system for employees 4. Complete and smooth promotion channels
Prohibiting any forced labor and abiding by labor laws and regulations promulgated by local governments	Implementing the vacation system and encouraging colleagues to focus on the work-life balance
Investigating whether the suppliers have implemented the human rights policy	Raw material suppliers filled in the self-assessment form attached to the RBA Responsible Business Alliance Code of Conduct Manual; the recycling rate in 2022 was up to 100%.

Promotion items	Implementation status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(II) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		(II) The Company has established the Work Rules and related personnel management regulations that cover the basic wage, working hours, leave, pension, Labor Insurance and National Health Insurance coverage, occupational hazard compensation, etc. All meet the applicable requirements of the Labor Standards Act. The Employee Welfare Committee is in place. It is operated by the Welfare Committee elected by employees and takes care of respective benefits. The Company’s remuneration policy is based on personal capabilities, contribution to the Company, and performance; it is positively correlated with the operational performance. **<u>Employees’ Remuneration:</u>** The Company's year-end bonus system was on the basis of the Company’s profits. After considering employees’ seniority and annual performance assessment, the compensation was allocated to all colleagues, motivating them to work together for the Company's goals. For the remuneration system for employees, please refer to (vii) Employees’ and Directors’ Compensation - “IV. Capital Overview” of this Annual Report.	None

Promotion items	Implementation status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			Welfare Measures for Employees: The Company has set up an Employee Welfare Committee. The Company plan and provide various excellent benefits for employees, such as: employee travel subsidies, professional functional course subsidies, birthday gift certificates, marriage allowances and funerals allowances, etc. In addition, the Company also provides colleagues with free physical examination plans, employee family days and other benefits. For the vacation system, there are two days off per week; special vacations are granted in accordance with the *Labor Standards Act*. If a colleague needs a longer vacation in case of childcare, serious injury/illness, severe accident, etc., he/she can also apply for leave without pay to meet the needs for personal purposes and family care. **Workplace Diversity and Equity:** To realize that male and female employees have equal pay for the same jobs and equal opportunities for promotion, and promote sustainable and joint economic growth. In 2022, the average proportion of female	

Promotion items	Implementation status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			employees was approximately 50%, and that of female senior executives was 47%. The Company attaches great importance to the rights and benefits of employees, shares profit and earnings with them, and maintains a good work environment, including comprehensive physical and psychological care for all ethnic groups. It also employs the disabled and ensures that employees of all genders can work with peace of mind. **Overall Remuneration Policy:** The Company has participated in market salary surveys every year and adjusted salaries according to the market salary levels, economic trends and personal performance to maintain the overall salary competitiveness. In 2022, the annual average salary adjustment rate of the Company's supervisory and non-supervisory positions in Taiwan was 3.5%.	

Promotion items	Implementation status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(III) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(III) **Work Environment:** 1. It is specified that employees shall take related required protective measures for the environment where they are working in order to protect their personal safety. 2. It is ISO 45001-certified and two fire prevention educational drills are organized each year to familiarize employees with fire prevention equipment and to improve their responsiveness for ensuring their personal safety. 3. Employee health check-ups are conducted periodically each year to help employees properly manage their own health. Safety and health educational training are implemented periodically. 4. Air-conditioning equipment is cleaned periodically each year and trash is categorized to ensure a quality work environment. 5. Contract healthcare professionals are based on site to enforce employee health management. 6. All the plants and subsidiaries of the Company have obtained ISO 45001 certification. (latest effective period: 2/25/2022 - 2/25/2025)	None

Promotion items	Implementation status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			Occupational Safety and Health Policy: The Company formulates policies in accordance with the Occupational Safety and Health Act and the regulations of customers and related groups, and respects the requirements of relevant stakeholders for occupational safety and health, so as to create a healthy and agreeable workplace. The Company takes disaster protection and prevention as the core concept, uses appropriate management tools, mature technology and available resources to integrate occupational safety and health issues within the factory, propose effective countermeasures, persistently improve and promote the occupational safety culture, and strengthen the protection management of operation staff. It also invests resources to strengthen occupational disease prevention and create a zero-hazard environment. In addition, the Company has established quantitative indicators to expand occupational safety and health activities to products and related services, improve the overall occupational safety and health performance, and effectively control risks.	

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>There were no cases of occupational disasters occurring in 2022.
<u>Labor Working Environment Monitoring:</u>
In order to protect workers from the hazards of harmful substances in the workplace and provide them with a healthy and comfortable work environment, the work environment monitoring is carried out twice per year to gradually understand the actual exposure of workers.
<u>Education, Training and Communication for Labor Safety:</u>
<table><tr><th>Year</th><th>Shift</th><th>Number of trainees</th><th>Training hours</th></tr><tr><td>2022</td><td>25</td><td>1,658</td><td>5,223h</td></tr><tr><td>2021</td><td>35</td><td>1,096</td><td>3,254h</td></tr></table></td><td></td></tr>
<tr><td>(IV) Does the company provide its employees with career development and training sessions?</td><td>✓</td><td></td><td>(IV) Each department in the Company submits its annual training plan according to the training operating procedure that focuses on occupational gaps and future development plans. Including new employees training, professional advanced training, supervisor training and the like, assistance to the colleagues in persistently learning and growing through multiple learning methods, the introduction of relevant training courses on</td><td>None</td></tr>
</table>

Promotion items	Implementation status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			corporate ethics and belief development to cultivate colleagues' key capabilities. In 2022, a total of 3,872 employees completed the career training, with total training hours of 9,479. During annual performance interviews, supervisors and employees discuss and set up their own annual competence development plans. Through regular review and feedback, the employees are enabled to create the best development plans.	
(V) Does the Company comply with relevant laws and regulations and international standards regarding such matters as customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant consumer or customer rights protection policies and complaint procedures?	✓		(V) The Company markets and labels its products and services in compliance with applicable laws and regulations and international standards and will provide the Self-Declaration Letter as requested by customers for sold products indicating compliance with UL/cUL,VDE,TUV,CQC…., among other electronic part safety certifications in respective countries and the EU REACH, RoSH, and WEEE regulations, the EuP Directive, and the halogen-free requirement, among other international laws and regulations. Customers’ privacy is protected in honor of the Confidentiality Agreement and the Personal Data Protection Act and there is an exclusive section for stakeholders and complaint-filing access is provided.	

Promotion items	Implementation status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(VI) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		(VI) Supplier Relations: The Company performs supplier evaluations periodically. According to the RBA Responsible Business Alliance Code of Conduct, suppliers are required to sign the “Social Responsibility Questionnaire” and the “Supplier Social Responsibility (SA8000)/RBA/Integrity Commitment.” The Company determines the supplier selection criteria regarding environmental protection, human rights, safety, health and sustainable development, as well as its requirements and expectations for suppliers in terms of environmental, safety and health risks, prohibition of child labor, labor management, basic rights of labors for zero hazards, ethical codes and integrity management, so as to facilitate joint improvement of corporate sustainable development. In the event that major suppliers of the Company violate its corporate sustainable development policy and it significantly impacts the environment and the society, contracts may be terminated or dismissed at any time. Related persons in charge were inquired about such case and none occurred in 2022. The Company has established a supplier coaching project. Through supplier selection, audit coaching, performance evaluation and training, and based on cooperation, the sustainable requirements have been implemented in the daily management of the supply chain. All the key raw material suppliers of the Company have met the following conditions in 2022.	None

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td rowspan="4">Supplier Evaluation</td><td>All the suppliers must pass the supplier assessment and comply with the Supplier Code of Conduct.</td></tr>
<tr><td>The suppliers of raw materials related to the manufacturing process must pass the ISO 9001 quality management system certification.</td></tr>
<tr><td>Factory and related operation contractors must obtain the ISO 45001 occupational safety and health management system certification.</td></tr>
<tr><td>Suppliers shall obtain valid factory registration certificates and the ISO 14001 environmental management certifications issued by the government based on their business categories.</td></tr>
<tr><td>Supplier Audit</td><td>The Company has established an audit team and a coaching team to track and improve the progress of suppliers' defects, jointly improve quality and technology, strengthen the environmental protection, safety and health performance, and introduce the automation technique to increase the production capacity.</td></tr>
</table>
The Company has been awarded the RBA Certified Platinum Medal. (latest effective period: 12/15/2021 - 4/27/2023)</td><td></td></tr>
</table>

Promotion items	Implementation status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
V. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as Sustainable Development reports? Do the reports above obtain assurance from a third party verification unit?		✓	The Company is currently not within the scope of application for preparing the Sustainable Development Report defined in laws and regulations and hence has not prepared such a report.	In the future, it will be handled as needed for the developments of the Company and as required by applicable laws and regulations.
VI. If the Company has established its own Sustainable Development principles according to the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, how are operations different from the established principles? The Company has formulated the "Corporate Sustainable Development Practice Principles" and disclosed them on the Company's website – Investor Relations. There is no significant difference between the relevant corporate sustainable operation and the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies."				

VII. Other Important Information that is helpful to understand and promote the implementation of corporate sustainable development:

(I) Environmental Protection:

Besides strictly following international environmental protection standards in its research and development of RoHS-compliant products, the Company authorizes a waste processing service provider approved by the Environmental Protection Administration to clear waste and follows the Waste Disposal Act, Noise Control Act, Air Pollution Control Act, among others, to prevent against pollution and to protect environmental hygiene.

(II) Community involvement, contributions to society, community service, and public interest:

Since the “Thinking Education Foundation” was founded, the Company has been reaching out to areas throughout Taiwan to express its care, such as adopting schooling children and sponsoring minority groups. Meanwhile, it has been working with respective units in organizing charity sales. Substantial action is taken for the Company to proactively get involved in boosting public interests and in fulfilling its social responsibilities.

2022 Thinking Education Fund's charity events: 1. Sponsored the "Children with Pandemic, Train Your Heart" charity party organized by the Family Welfare Center in Qianzhen District, Kaohsiung, to support the work of helping children and care for the poor, the families who have lost family members, and the children living in poverty 2. Sponsored the "Umbrellas for Fairy Limbo" Meinong Pheasant Conservation Event to continue to do our best for the habitats of Taiwan's pheasants; 3. Sponsored the Taiwan Soloist Symphony Orchestra to inspire young people to explore new fields of study and to have a channel for listening to music, so that they can relax their minds after busy work, and awaken the boundless love and enthusiasm for the future buried in their hearts ; 4. Call on colleagues of the Company to actively participate in the charity sale fair held by Genesis Social Welfare Foundation, and donate all the proceeds to the foundation; 5. Beach cleaning activities. Thinking has always participated in the practical actions of cleaning the ocean and protecting life, so that plastic garbage can reduce the hazard to rivers and oceans, and garbage is not discarded at will. Protect life, embrace the ocean with love, and continue corporate practice, 6. Tree planting activities. Thinking continues to focus on "community development". In order to make this beautiful land full of vitality again, we will work together to plant trees and change the future. 10 years later, The trees form a forest, flocks of birds come and go freely, and shrimps, crabs, and fish swim freely.

(III) Consumer rights:

Despite the fact that the Company is a parts supplier, with customers primarily being assembly plants, without directly selling to consumers, for the sake of protecting the rights of customers, the Company has a responsible department and email box devoted to addressing related issues filed concerning the rights of customers.

(IV) Human rights:

The Company's employees are treated equal in terms of employment, regardless of their gender, religion, or partisanship. The Company also shapes an optimal workplace to ensure free of discrimination and harassment for its employees. In addition, the Company received the RBA Code of Conduct medal and continues to protect labor rights in honor of the medal.

(V) Safety and health:

The Company follows the requirements of governmental occupational safety and health laws and regulations in each of its safety and health tasks.

(VI) Certification:

Certifications that have been acquired by the Company include ISO 14001, ISO 45001 and ISO 14064-1 for greenhouse gas emissions inventory check, ISO/TS 16949 for its quality management criteria, and IECQ QC 080000 for its hazardous substance management system.

(VII) Response to Climate-related Risks and Opportunities:

<table>
<tr><th>Climate risks</th><th>Potential financial impacts</th><th>Climate opportunities</th><th>Potential financial impacts</th><th>Response in 2022</th></tr>
<tr><td rowspan="2">Unstable water and electricity supply</td><td rowspan="2">Production was impacted and the operating cost increased</td><td>Construction of green buildings</td><td>To reduce the operating water and electricity costs</td><td>Solar power generation facilities planned for the new factory and replacement with energy-saving air compressors</td></tr>
<tr><td>To improve water resource efficiency and utilization</td><td>To reinforce climate resilience and to reduce impacts of a disaster on the production</td><td>Recycling of process wastewater, with a recovery rate of >45%</td></tr>
<tr><td>Cost of developing water-saving processes</td><td>Increased cost of developing water-saving processes</td><td>Reduced use of water resource</td><td>To reduce the cost of operational water resource and to streamline the manufacturing procedure for increased profits</td><td>Manufacturing process design changes to increase the soft cutting process ratio and reduce water consumption</td></tr>
<tr><td>Typhoons, floods</td><td rowspan="2">Production suffering impacts to result in financial losses and a decline in revenue</td><td rowspan="2">To improve resistance against natural disasters</td><td rowspan="2">To reinforce climate resilience and to reduce chances of interrupted operations and possible losses</td><td>The foundation of the new factory was raised by 50 cm, and all the facilities were within the factory building, reducing the chance of exposure to disasters.</td></tr>
<tr><td>Drought</td><td>Rainwater recycling and water status monitoring mechanism for new plants</td></tr>
<tr><td>Rising temperature</td><td>Increased electricity consumption, costs, and carbon emissions</td><td>Promoting green, energy conservation, and carbon reduction</td><td>To conserve electricity and reduce cost</td><td>Mean electricity saving rate of >1% a year for the energy conservation project</td></tr>
</table>

(VIII) Risk Assessment:

The Company performed related risk assessments of major issues according to the material principle of corporate sustainable development and established related risk management policies or strategies as follows according to the risks determined:

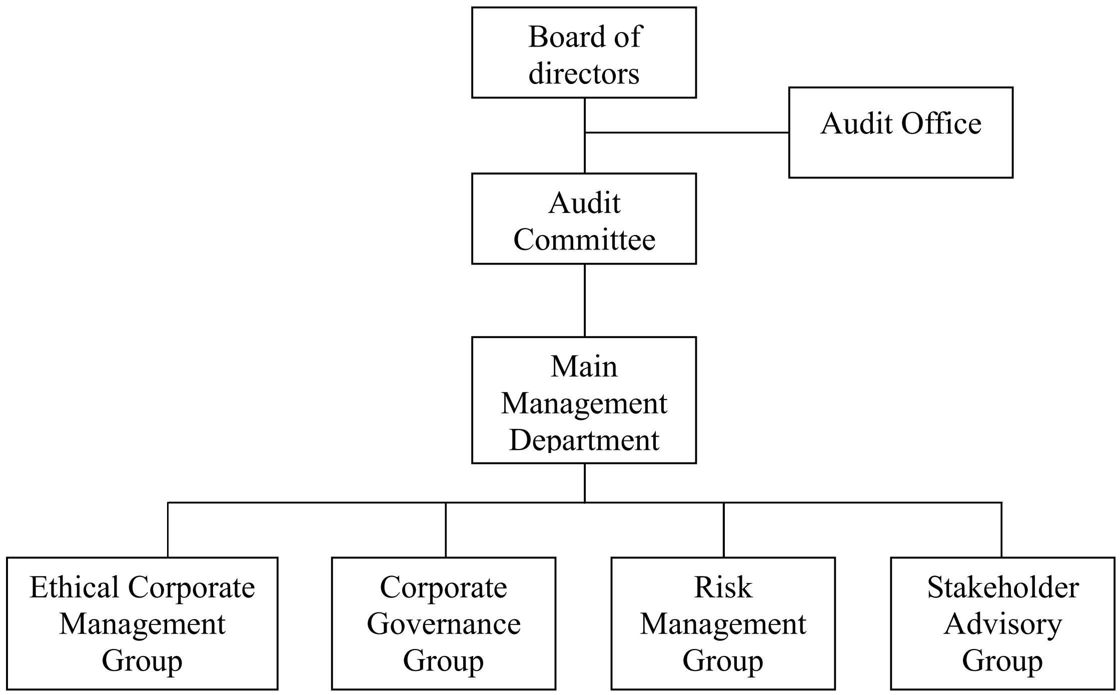
Major issue	Risk assessment item	Explanation
Environment	Environmental Impact and Management	1. Through the implementation of process safety management and institutionalized management cycle, the Company has effectively reduced pollution emissions and impacts on the environment. 2. The Company has obtained the "ISO 14001" environmental management system certification and regularly maintains certification. 3. The Company's climate risk identification process, through the inter-departmental discussion on climate risks and opportunities, identified a total of 5 opportunities and 5 risks. 4. According to ISO 14064-1, the Company regularly checks the greenhouse gas emissions, reviews the impact on its operations, and continuously takes carbon reduction measures according to the results of the carbon inventory to effectively reduce the emission risk of Scope 1 and the indirect greenhouse gas emissions of Scope 2 due to the use of electricity. 5. The annual internal audit plan has been made regarding the Company's compliance with various relevant environmental laws and regulations, and the audit result indicates that each operating process complies with regulations.
Society	Occupational safety	1. In 2022, all the factories and subsidiaries of the Company have completed the "ISO 45001 Occupational Health and Safety Management System" certification. 2. Fire drills and labor safety education and training are held on a yearly basis to develop employees' ability to respond to emergencies and self-safety management.
	Product safety	1. The Company's products comply with government regulations, decrees and the EU RoHS regulations, and do not contain any hazardous substances. Meanwhile, in order to ensure the quality of customer service, the Company has set up a customer service line and communication website. It actively conducts customer service satisfaction surveys on a yearly basis to strengthen the cooperative relationship with customers. 2. In order to transfer the risk of commodity liability, reduce property losses and improve product safety, the Company has covered the product liability insurance.

Major issue	Risk assessment item	Explanation
Corporate governance	Socioeconomic and compliance	1. By forming the governance organization and consolidating the internal control mechanism, compliance with applicable regulatory requirements by all staff and in operations of the Company is ensured. 2. The applications for patents have been filed regarding the products developed by the Company according to the Patent Law to protect the rights and interests of the Company.
	Strengthening the Functions of Directors	1. Plan relevant training subjects for directors, and provide directors with the latest regulations, system developments and policies every year. 2. Purchase the directors' liabilities insurance for directors to protect them from any lawsuits or claims.
	Communication with Stakeholders	1. In order to prevent such case that stakeholders' positions are different from the Company's position, resulting in misunderstandings and risks of business operations or lawsuits, the Company analyzes key stakeholders and important issues every year. 2. Establish various communication channels, actively communicate, and reduce conflicts and misunderstandings. Set up an investor mailbox, which will be handled and responded to by the spokesperson.

Ethical Corporate Management Structure

In order to enforce its ethical corporate management policy and sound and integral operations, the Main Management Department also takes care of ethical corporate management. The head of the center is in charge of preparing the policy and subsequent preventive solutions and enforcing them and periodically reporting to the Board of Directors. Its responsibilities mainly include the following:

1. To help combine honesty and moral values as part of the Company's operational strategy and to prepare related preventive measures to ensure ethical corporate management as required by law.
2. To plan internal organization, configuration, and job responsibilities and to have mutual check and balance mechanisms in place for operational activities at relatively high risks of dishonest behaviors within the scope of operation.
3. To promote and coordinate initiative training on the integrity policy.
4. To plan a reporting system that helps ensure effective implementation.
5. To help the Board of Directors and the management inspect and evaluate whether preventive measures established to ensure ethical corporate management have been working effectively and to evaluate related operating procedures periodically for compliance, with a report produced.



vi. Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
I. Establishment of ethical corporate management policies and programs (I) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		(I) The Company's addition and revision to the Ethical Corporate Management Best-Practice Principles and the Operational Procedures and Behavioral Guide of Ethical Corporate Management were approved on March 23, 2020 by the Board of Directors. The solution to prevent against unethical behavior, the discipline, and complaint-filing system are defined in the Operational Procedures. To precisely enforce ethical corporate management, the Main Management Department is also assigned to be a unit subordinate to the Board of Directors to take charge of related systems and supervising their implementation and to report to the Board of Directors once a year.	None
(II) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(II) The Ethical Corporate Management Best-Practice Principles and the Operational Procedures and Behavioral Guide of Ethical Corporate Management established by the Company already clearly stipulate that directors, managers, and all employees of the Company are prohibited to engage themselves in operational activities at relatively high risk of unethical behavior as set forth in each sub-paragraph under Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.	

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(III)Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		(III)The Company has established the Ethical Corporate Management Best-Practice Principles where the operating procedures, behavioral guide, penalties for violations, and complaint filing system are defined and have been enforced. Meanwhile, at the end of each year, when the Board of Directors presents the implementation report of ethical corporate management for the year, the Company's Ethical Corporate Management Best-Practice Principles are re-examined for whether revisions are required.	None
II. Fulfill operations integrity policy (I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(I) When the Company signs a contract with others, it shall cover compliance with the ethical corporate management policy and include the clause that in case of any unethical behavior of the counterparty, the Company may terminate or dismiss the contract at any time.	None
(II) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(II) The Company has the Main Management Department to also take care of the revision, implementation, interpretation, and advisory service for the operating procedures and information to be included in the report, among others, and to report to the Board of Directors at least once a year as required. The Main Management Department already reported the 2022 implementation status on March 22, 2023.	

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(III) The recusal system in case of conflicting interests for board directors is defined in the Company's Ethical Corporate Management Best-Practice Principles and Regulations of Procedure for the Board of Directors' Meetings. In cases of conflicting interests for the director or the corporation represented by the director in any proposal included in the Board of Directors' meeting agenda that are likely to harm the interests of the Company, the proposer may state opinions and answer questions but may not take part in the discussions or cast a vote and shall be excused during discussion and voting and the director may not exercise voting rights on behalf of any other director.	None
(IV) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	✓		(IV) The Company has established a valid accounting system and internal control system and the Company's Internal Audit Unit performs regular and irregular inspections according to the Annual Audit Plan or a project-based plan and reports it to the Audit Committee and the Board of Directors on a quarterly basis. In addition, the Company follows the requirements of applicable laws and regulations to have the CPA to take charge of auditing and certifying accounting books.	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(V) To ensure that ethical corporate management covers the RBA Code of Conduct Handbook, compliance with laws and regulations, the accounting system, and internal control, etc., the Company held related courses, 31 sessions in total, in 2022 and 2,173 of its people attended self-organized or outsourced educational trainings totaling 5,884 hours.	

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
III. Operation of the integrity channel (I) Does the Company have substantial reporting and incentive systems in place, provide convenient reporting channels, and assign appropriate specialists to investigate reported matters?	✓		(I) The Company has the measures in place to handle and manage opinions, advice, and complaints from employees and there is the exclusive section for stakeholders on the company website where the email box and telephone are provided for employees to express themselves. The Company has also set up the Complaint Committee to take charge of addressing complaints.	None
(II) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓		(II) The Complaint Committee is chaired by the President and consists members who are heads of respective departments or higher-ranking officials. Upon receipt of a complaint, the Chairman assigns at least three members to form a task force that will conduct an investigation and finish the evaluation process within 60 days. The task force shall release the evaluation decision on the bulletin board yet may not disclose related personal information.	
(III) Does the company provide proper whistleblower protection?	✓		(III) While filing a report, the Company's staff may choose to do so anonymously yet the Company encourages them to identify themselves to facilitate communications and investigations. Upon receipt of a report, the recipient shall take reasonable preventive and protective measures to ensure quality of investigation and to prevent the reporter against unfair retaliation or treatment.	

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
IV. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The Company discloses details about the established Ethical Corporate Management Best-Practice Principles and the implementation efficacy in the exclusive section for Corporate Sustainable Development on the company website.	None
V. If the company has its own Ethical Management Principles established according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, the differences between its implementation and the principles: None.				
VI. Other important information to help understand the implementation of the ethical corporate management of the company: The Company insists on engaging itself in all business activities in honor of the ethical corporate management principle: When signing a contract with others, the Company shall include compliance with the ethical corporate management policy and contain the clause that the contract may be terminated or dismissed at any time if a counterpart is found with any unethical behavior. For investments made by shareholders, the Company manages them professionally and diligently to ensure fair, sustainable, and competitive returns for the best interest of the shareholders. Working conditions to protect the health and safety of each employee are provided. Employees are listened to and their complaints and issues are dealt with sincerely. Employees are encouraged and helped to develop related skills and knowledge and avoid illegal activities. Employees are offered sustainable employment. The Company values the rights of each stakeholder for the sake of promoting sustainable corporate developments.				

vii. Inquires about the Corporate Governance Best-Practice Principles and related regulations established by the Company:

The Company has established related regulations such as the Corporate Governance Best-Practice Principles, the Corporate Sustainable Development Best-Practice Principles, and the Ethical Corporate Management Best-Practice Principles, among others. To make inquiries, visit the exclusive section for "Corporate Governance" on the company website (https://www.thinking.com.tw/tw/investor.php?id=13).

viii. Other important information that is sufficient to boost knowledge of corporate governance: None.

ix. Implementation of Internal Control System: The following information shall be disclosed.

(1) Statement of Internal Control System

Thinking Electronic Industrial Co., Ltd.

Statement of Internal Control System

Date: March 22, 2023

For the Company's internal control system of 2022, it is hereby declared as follows according to the self-assessment findings:

I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), reporting reliability, timeliness, transparency, and compliance with applicable regulations and laws and regulatory requirements, among other goals.

II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment

or situation changes. There is a self-surveillance mechanism, however, built inside the internal control system of the Company that helps the Company take a corrective action against deficiencies confirmed.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. For the above-mentioned items, refer to the requirements in the “Governing Regulations."

IV. The Company has already adopted the aforesaid items to evaluate the effectiveness in the design and implementation of its internal control system.

V. Pursuant to the results of the above-mentioned evaluations, the Company is of the view that the design and implementation of its internal control system as of December 31, 2022 (including its supervision and management of subsidiaries), including its awareness of the extent by which the operating effects and efficiency goals are fulfilled, reliability of reports, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring that the aforementioned goals can be achieved.

VI. This declaration constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. In case of falsification or concealment, among other illegal conditions, with the above-mentioned released contents, liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be sought.

VII. This Declaration was approved at the meeting of the Company's Board of Directors on March 22, 2023 with no directors expressing dissent out of the 7 Directors in attendance.

Thinking Electronic Industrial Co., Ltd.

Chairman of Board: Sui, Tai-Chung

President: Chung, Shih-Ying

(2) If review of the internal audit system is outsourced to CPAs as an exception, the CPA Review Report shall be disclosed: None.

x. For the Most Recent Fiscal Year and during the Current Fiscal Year up to the date of Publication of the Annual Report, facts about penalties imposed upon the Company and its internal personnel for their violation of the internal control system, major defects and the corrective actions taken: None.

xi. Important resolutions of shareholders meeting and board meeting in the most recent year and during the current fiscal year up to the date of publication of the annual report:

(1) The 2022 Regular Shareholders' Meeting of the Company was held on June 16, 2022 at Zhuang Jing Hall, No. 600, JiaChang Rd., Nanzi Dist., Kaohsiung City. The resolutions and implementation status of the shareholders attending the meeting are as follows:

A. Approval of 2021 Business Report and Financial Statements

B. Approval of distribution of earnings for 2021

Implementation: August 30, 2022 was set to be the ex-dividend record date and September 16, 2022 the payment date. (NTD 6.3 as cash dividends per share)

C. Approval of the revision to the Regulations Governing the Acquisition and Disposal of Assets

Implementation: Announced on the Company's website and implemented in accordance with the amended regulations.

D. Approval of the Financial Derivatives Transaction Procedure

Implementation: Announced on the Company's website and implemented in accordance with the amended regulations.

(2) Important decisions of the Board of Directors:

Item No.	Date	Important decision
1	1/18/2022	1. Extension of lines of credit for financing with financial institutions and trading of derivatives 2. Discussion of regulations relevant to the compensation and rewards policy, system, criteria, and structure of 2022 3. The amount of the year-end-bonus for managers for 2021 4. Monthly salary structure, amount paid, and expected pension appropriation for managers for 2022
2	3/21/2022	1. 2021 Internal Control System Declaration 2. 2021 remuneration to employees and that to directors 3. 2021 Financial Statements 4. 2021 Business Report 5. Earnings distribution proposal for 2021 6. 2022 Operational Plan 7. Independence and suitability assessment of CPAs and delegation and rewards of CPAs for 2022 financial statements and tax reporting 8. Assignment of directors for the subsidiary, Yenyo Technology Co., Ltd. 9. Revision of the Regulations Governing the Acquisition and Disposal of Assets

Item No.	Date	Important decision
		10. Revision of the Financial Derivatives Transaction Procedure 11. Convening of shareholders' meeting
3	5/10/2022	1. Consolidated financial statements of the first quarter of 2022 and CPAs' Review Report 2. Revision of the Financial Derivatives Transaction Procedure 3. Assignment of directors for the subsidiary, Thinking (Yichang) Electronic Co., Ltd.
4	8/9/2022	1. Distribution of dividends in cash 2. Distribution of remuneration to directors (including independent directors) for 2021 3. Distribution of employee remuneration to managers for 2021 4. Propose of hiring senior executives, their monthly salary structure, payment amount, and estimated pension contribution 5. Consolidated financial statements of the second quarter of 2022 and CPAs' Review Report 6. Investing in the establishment of a subsidiary in the United States
5	11/8/2022	1. 2023 Audit Plan 2. Consolidated financial statements of the third quarter of 2022 and CPAs' Review Report 3. The application for change of derivative trading limits of financial institutions 4. Signing agreements on medium-term financing facilities with financial institutions 5. Remuneration to members of the Compensation and Remuneration Committee for 2022
6	12/19/2022	1. Financial Derivatives Trading Quotas of Financial Institutions 2. Financing facilities limits of financial institutions 3. Revision of the Procedures for Handling Material Inside Information 4. Discussion of regulations relevant to the compensation and rewards policy, system, criteria, and structure of 2023 5. Payment of pension to the President 6. Compensation and remuneration for promoted manager 7. The amount of the year-end-bonus for managers for 2022 8. Monthly salary structure, amount paid, and expected pension appropriation for managers for 2023 9. Appointment of spokesman 10. Assignment of directors and supervisor for the subsidiary, Thinking (Changzhou) Electronic Co., Ltd. 11. Assignment of directors and supervisor for the subsidiary, Guangdong Welkin Thinking Electronic Co., Ltd.

Item No.	Date	Important decision
		12. Assignment of directors and supervisor for the subsidiary, Jiang Xi Thinking Electronic Co., Ltd. 13. Assignment of directors and supervisor for the subsidiary, Dong Guan Welkin Electronic Co., Ltd.
7	2/8/2023	1. Investing in the establishment of a subsidiary in Vietnam
8	3/22/2023	1. 2022 Internal Control System Declaration 2. 2022 remuneration to employees and that to directors 3. 2022 Financial Statements 4. 2022 Business Report 5. Earnings distribution proposal for 2022 6. 2023 Operational Plan 7. Rotation of CPAs and evaluation of independence and suitability 8. Appointment of CPAs and their remuneration for 2023 9. Compensation and remuneration for promoted manager 10. Revision of the Procedure for Board of Directors Meetings 11. Financial Derivatives Transaction Quotas of Financial Institutions 12. Re-election of directors by the shareholders' meeting 13. Duration, number of open seats, and locations for nomination of directors (including independent directors) candidates 14. Lifting of the Company's business strife limitation clause for newly elected directors and corporations and their representatives 15. Convening of shareholders' meeting

xii. In recent fiscal year and as of the date of this Annual Report, major contents of the record or written statements made by any director dissenting to important resolutions adopted by the Board of Directors: None.

xiii. In recent fiscal year and as of the date of this Annual Report, facts regarding resignation and dismissal of the Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D:

December 31, 2022

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
President	Ho, Yi-Sheng	1/1/2013	12/19/2022	Retirement

3.5 Information on CPAs' professional fee:

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche	Chiang, Jia-Ling	1/1/2022 -12/31/2022	4,600	559	5,159	Note
	Wu, Chiu-Yen					

Note: The scope of non-audit professional paid service includes the transfer of pricing worth NTD 400 thousand, disbursement fees worth NTD 69 thousand, direct deductions worth NTD 55 thousand and assistance in Investment Commission affairs worth NTD 35 thousand.

i. The accounting firm is changed and the audit public expenditure in the year of replacement is reduced compared to that in the preceding year: None.

ii. The audit public expenditure is reduced by more than 10% from the preceding year: None.

3.6 Information on Replacement of CPAs: None.

3.7 The Company's Chairman, President, Officers in charge of Financial or Accounting Affairs has Served in Its Certified Public Accountant Firm or Its Affiliated Enterprise for the Most Recent Fiscal Year: None.

3.8 Transfer of Equity Interests and/or Pledge of or Changes in Equity Interests by Directors, Managers or Major Shareholders with a Stake of More than 10 Percent for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report:

i. Changes in Equity of Directors, Managers, and Major Shareholders

Title	Name	2022		2023 (as of April 15)	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman Director Major Shareholders (Note 1)	Boh Chin Investment Co., Ltd. Representative: Sui, Tai-Chung Chung, Shih-Ying	-	-	-	-
Representative of Director and Manager at the branch office in Nanzi	Sui, Tai-Chung	-	-	-	-
Representative of Director and President	Ho, Yi-Sheng (Note 2、Note 3)	-	-	-	-
Representative of Director and President	Chung, Shih-Ying (Note 2、Note 4)	-	-	-	-
Director	Chen, Yen-Hui	-	-	-	-
Director	Chang, Shan-Hui	-	-	-	-
Independent Director	Huang, Cheng-Nan	-	-	-	-
Independent Director	Chen, Hsiu-Yen	-	-	-	-
Independent Director	Chou, Chi-Wen	-	-	-	-
Major Shareholders (Note 1)	Yih Chin Investment Co., Ltd.	-	-	-	-
Associate Vice President at the Main Management Department	Chen, Su-Ai	-	-	-	-
Technical Vice President at the R&D Department	Hsiao, Fu-Chang	-	-	-	-

Title	Name	2022		2023 (as of April 15)	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President at the Operational Department	Sung, Hsing-Jang (Note 5)	-	-	-	-
Head of Plant	Chang, Mei-Hui	-	-	-	-
Head of Plant	Chan, Chia-Hao (Note 6)	-	-	-	-
Associate Vice President at the Second Division of R&D Department	Chiu, Chung-Chi	-	-	-	-
Associate Vice President at the Quality Assurance Department	Shih, Shao-Liang	-	-	-	-
Associate Vice President at the Product and Marketing Department	Hou, Te-Hsin	-	-	-	-
Associate Vice President at the Domestic Market Division of the Operational Department	Su, Shu-Li	-	-	-	-
Manager of Finance Department	Hung, Yu-Fang	-	-	-	-

Note 1: Major shareholders are those holding more than 10% of the overall shares of the Company.

Note 2: On December 19, 2022, the institutional director of Boh Chin Investment Co., Ltd., re-appointed representative. Director Ho, Yi-Sheng retired and director Chung, Shih-Ying took over as director.

Note 3: Mr. Ho, Yi-Sheng retired on December 19, 2022. His shareholding is no longer required to disclose.

Note 4: Mr. Chung, Shih-Ying was promoted to President, effective December 19, 2022. His shareholdings were disclosed starting from that date.

Note 5: Mr. Sung, Hsing-Jang was promoted to Vice President, effective February 1, 2023. His shareholdings were disclosed starting from that date.

Note 6: Mr. Chan, Chia-Hao was promoted to Head of Plant, effective July 14, 2022. His shareholdings were disclosed starting from that date.

3.9 Relationship among the Top Ten Shareholders

April 15, 2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Boh Chin Investment Co., Ltd. Representative: Sui, Tai-Chung	27,178,247	21.21%	-	-	-	-	Yih Chin Investment Co., Ltd. Sui, Tai-Chung Chen, Su-Ai Sui, Wan-Ni Sui, Chieh-Heng Sui, Chung-Hua	Relatives within second degree of kinship of the representative of Boh Chin Investment Co., Ltd.	
Yih Chin Investment Co., Ltd. Person in charge: Sui, Chung-Hua	15,871,153	12.39%	-	-	-	-	Boh Chin Investment Co., Ltd. Sui, Tai-Chung Sui, Chung-Hua	Relatives within second degree of kinship of the Chairman of Yih Chin Investment Co., Ltd.	
Chang, Jui-Min	5,654,000	4.41%	-	-	-	-	None	None	
Standard Chartered Bank Hosting the Fidelity Puritan. Trust: Fidelity Low-Priced Stocks Fund	4,124,000	3.22%	-	-	-	-	None	None	
Sui, Tai-Chung	4,080,862	3.19%	1,474,733	1.15%	-	-	Boh Chin Investment Co., Ltd. Yih Chin Investment Co., Ltd. Sui, Wan-Ni Sui, Chieh-Heng Sui, Chung-Hua	Relatives within second degree of kinship	
							Chen, Su-Ai	Spouses	
Sui, Wan-Ni	3,465,829	2.71%	-	-	-	-	Boh Chin Investment Co., Ltd. Sui, Tai-Chung Chen, Su-Ai Sui, Chieh-Heng	Relatives within second degree of kinship	
Sui, Chieh-Heng	2,484,469	1.94%	-	-	-	-	Boh Chin Investment Co., Ltd. Sui, Tai-Chung Chen, Su-Ai Sui, Wan-Ni	Relatives within second degree of kinship	
Sui, Chung-Hua	1,763,719	1.38%	-	-	-	-	Boh Chin Investment Co., Ltd. Yih Chin Investment Co., Ltd. Sui, Tai-Chung	Relatives within second degree of kinship	
LGT in the trusteeship of Standard Chartered Bank	1,640,000	1.28%	-	-	-	-	None	None	
Chen, Su-Ai	1,474,733	1.15%	4,080,862	3.19%	-	-	Boh Chin Investment Co., Ltd. Sui, Wan-Ni Sui, Chieh-Heng	Relatives within second degree of kinship	
							Sui, Tai-Chung	Spouses	

3.10 Number of Shares Held by the Company, the Company's Directors, Managers, and Directly or Indirectly Controlled Businesses and the Consolidated General Holding Ratio as follows:

Date: December 31, 2022 Unit: Share; %

Affiliated Enterprises	Ownership by the Company		Ownership by the Company's Directors, Managers, and Directly or Indirectly Controlled Businesses		Total Ownership	
	Shares	%	Shares	%	Shares	%
Yenyo Technology Co., Ltd.	25,732,508	63.76	1,413,430	3.50	27,145,938	67.26
Greenish Co., Ltd.	7,374,997	100.00	-	-	7,374,997	100.00
Thinking Holding (Cayman) Co., Ltd.	25,176,302	100.00	-	-	25,176,302	100.00
Thinking Electronic USA, Inc.	1,000,000	100.00	-	-	1,000,000	100.00
Thinking International Co., Ltd.	-	-	6,075,000	100.00	6,075,000	100.00
Thinking (HK) Enterprises Limited	-	-	10,020,000	100.00	10,020,000	100.00
View Full (Samoa) Ltd.	-	-	5,055,000	100.00	5,055,000	100.00
Thinking Electronic (Samoa) Ltd.	-	-	3,864,354	100.00	3,864,354	100.00
Thinking (Changzhou) Electronic Co., Ltd.	-	47.39	-	52.61	-	100.00
Thinking (Yichang) Electronic Co., Ltd.	-	-	-	100.00	-	100.00
Jiang Xi Thinking Electronic Co., Ltd.	-	-	-	100.00	-	100.00
Guangdong Welkin Thinking Electronic Co., Ltd.	-	-	-	100.00	-	100.00
Dong Guan Welkin Electronic Co., Ltd.	-	-	-	100.00	-	100.00
Welkin Electronic Co., Ltd.	-	-	-	100.00	-	100.00

IV. Capital Overview

4.1 Capital and Shares

i. Source of Capital

Unit: Share; NTD

Month/ Year	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
7/1979	10,000	300	3,000,000	300	3,000,000	Establishment (cash)	None	
1/1986	10,000	600	6,000,000	600	6,000,000	Capital increase in cash NTD 3,000,000	None	
5/1989	10,000	2,600	26,000,000	2,600	26,000,000	Capital increase in cash NTD 20,000,000	None	
11/1994	10	12,600,000	126,000,000	12,600,000	126,000,000	Capital increase in cash NTD 50,000,000 Earnings transferred capital increase NTD 50,000,000	None	
5/1996	10	18,900,000	189,000,000	18,900,000	189,000,000	Capital increase in cash NTD 25,200,000 Earnings transferred capital increase NTD 37,800,000	None	
5/1997	10	30,240,000	302,400,000	30,240,000	302,400,000	Earnings transferred capital increase NTD 113,400,000	None	5/15/1997 (1997) Tai-Cai-Zheng (I) No. 39314
7/1998	10	43,848,000	438,480,000	43,848,000	438,480,000	Earnings transferred capital increase NTD 136,080,000	None	7/22/1998 (1998) Tai-Cai-Zheng (I) No. 59845
5/1999	10	90,000,000	900,000,000	57,602,400	576,024,000	Earnings transferred capital increase NTD 137,544,000	None	5/24/1999 (1999) Tai-Cai-Zheng (I) No. 48165
7/2000	10	90,000,000	900,000,000	69,362,640	693,626,400	Capital increase in cash NTD 50,000,000 Earnings transferred capital increase NTD 67,602,400	None	(1) 7/12/2000 (2000) Tai-Cai-Zheng (I) No. 58119 (2) 7/6/2000 (2000) Tai-Cai-Zheng (I) No. 58129
7/2001	10	90,000,000	900,000,000	75,707,951	757,079,510	Earnings transferred capital increase NTD 63,453,110	None	7/10/2001 (2001) Tai-Cai-Zheng (I) No. 144251
7/2002	10	120,000,000	1,200,000,000	82,075,000	820,745,000	Earnings transferred capital increase NTD 63,665,490	None	7/9/2002 Tai-Cai-Zheng (I) No. 0910137524
7/2003	10	120,000,000	1,200,000,000	87,568,977	875,689,770	Earnings transferred capital increase NTD 54,944,770	None	6/27/2003 Tai-Cai-Zheng (I) No. 0920128599
9/2004	10	120,000,000	1,200,000,000	95,399,495	953,994,950	Earnings transferred capital increase NTD 78,305,180	None	7/7/2004 SFB (I) No. 0930129935

Month/ Year	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
11/2004	10	120,000,000	1,200,000,000	95,447,433	954,474,330	Domestic convertible corporate bonds-converted NTD 479,380	None	5/19/2004 Tai-Cai-Zheng (I) No. 0930118845
2/2005	10	120,000,000	1,200,000,000	95,487,548	954,875,480	Domestic convertible corporate bonds-converted NTD 401,150	None	5/19/2004 Tai-Cai-Zheng (I) No. No. 0930118845
5/2005	10	120,000,000	1,200,000,000	97,667,290	976,672,900	Domestic convertible corporate bonds-converted NTD 21,797,420	None	5/19/2004 Tai-Cai-Zheng (I) No. 0930118845
1/2006	10	120,000,000	1,200,000,000	97,748,021	977,480,210	Domestic convertible corporate bonds-converted NTD 807,310	None	5/19/2004 Tai-Cai-Zheng (I) No. 0930118845
5/2006	10	120,000,000	1,200,000,000	101,257,137	1,012,571,370	Domestic convertible corporate bonds-converted NTD 35,091,160	None	5/19/2004 Tai-Cai-Zheng (I) No. 0930118845
7/2006	10	120,000,000	1,200,000,000	101,574,680	1,015,746,800	Domestic convertible corporate bonds-converted NTD 3,175,430	None	5/19/2004 Tai-Cai-Zheng (I) No. 0930118845
11/2006	10	120,000,000	1,200,000,000	101,617,736	1,016,177,360	Domestic convertible corporate bonds-converted NTD 430,560	None	5/19/2004 Tai-Cai-Zheng (I) No. 0930118845
1/2007	10	120,000,000	1,200,000,000	105,347,544	1,053,475,440	Domestic convertible corporate bonds-converted NTD 37,298,080	None	5/19/2004 Tai-Cai-Zheng (I) No. 0930118845
4/2007	10	120,000,000	1,200,000,000	106,090,277	1,060,902,770	Domestic convertible corporate bonds-converted NTD 7,427,330	None	5/19/2004 Tai-Cai-Zheng (I) No. 0930118845
7/2007	10	120,000,000	1,200,000,000	106,138,715	1,061,387,150	Domestic convertible corporate bonds-converted NTD 484,380	None	5/19/2004 Tai-Cai-Zheng (I) No. 0930118845
9/2007	10	140,000,000	1,400,000,000	117,007,808	1,170,078,080	Earnings transferred capital increase NTD 108,690,930	None	7/5/2007 FSC (I) No. 0960034307
1/2008	10	140,000,000	1,400,000,000	117,025,611	1,170,256,110	Domestic convertible corporate bonds-converted NTD 178,030	None	5/19/2004 Tai-Cai-Zheng (I) No. 0930118845
12/2008	10	140,000,000	1,400,000,000	113,867,611	1,138,676,110	Write-off of treasury stock shares NTD 31,580,000	None	9/26/2008 FSC (III) No. 0970051455 11/26/2008 FSC (III) No. 0970064758

Month/ Year	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
10/2009	10	140,000,000	1,400,000,000	117,109,570	1,171,095,700	Domestic convertible corporate bonds-converted NTD 32,419,590	None	5/13/2008 FSC (I) No. 0970019246
1/2010	10	140,000,000	1,400,000,000	127,566,161	1,275,661,610	Domestic convertible corporate bonds-converted NTD 104,565,910	None	5/13/2008 FSC (I) No. 0970019246
2/2012	10	140,000,000	1,400,000,000	126,948,161	1,269,481,610	Write-off of treasury stock shares NTD 6,180,000	None	11/22/ 2011 FSC (Trading) No. 1000057936
2/2015	10	140,000,000	1,400,000,000	127,223,061	1,272,230,610	Domestic convertible corporate bonds-converted NTD 2,749,000	None	1/5/2011 FSC (Issuance) No. 0990071937
4/2015	10	140,000,000	1,400,000,000	127,308,846	1,273,088,460	Domestic convertible corporate bonds-converted NTD 857,850	None	1/5/2011 FSC (Issuance) No. 0990071937
2/2016	10	140,000,000	1,400,000,000	128,112,726	1,281,127,260	Domestic convertible corporate bonds-converted NTD 8,038,800	None	1/5/2011 FSC (Issuance) No. 0990071937
6/2020	10	200,000,000	2,000,000,000	128,112,726	1,281,127,260			

Unit: Share

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common shares	128,112,726	71,887,274	200,000,000	TWSE-listed

Information for shelf registration: None.

ii. Status of Shareholders

April 15, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	-	84	10,521	129	10,734
Shareholding (shares)	-	-	48,632,271	59,409,120	20,071,335	128,112,726
Ratio (%)	-	-	37.96	46.37	15.67	100.00

iii. Shareholding Distribution Status

(1) Common shares:

Denomination per share: NTD 10; April 15, 2023

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Ratio (%)
1 ～ 999	2,997	474,115	0.37
1,000 ～ 5,000	6,536	11,809,161	9.22
5,001 ～ 10,000	604	4,811,986	3.76
10,001 ～ 15,000	193	2,471,073	1.93
15,001 ～ 20,000	91	1,701,959	1.33
20,001 ～ 30,000	83	2,147,383	1.68
30,001 ～ 40,000	39	1,397,787	1.09
40,001 ～ 50,000	29	1,312,337	1.02
50,001 ～ 100,000	65	4,588,613	3.58
100,001 ～ 200,000	34	4,955,980	3.87
200,001 ～ 400,000	27	7,498,428	5.85
400,001 ～ 600,000	15	7,230,622	5.64
600,001 ～ 800,000	6	3,970,270	3.10
800,001 ～ 1,000,000	-	-	-
1,000,001 or over	15	73,743,012	57.56
Total	10,734	128,112,726	100.00

(2) Preferred shares: None.

iv. List of Major Shareholders:

April 15, 2023

Shareholder's Name	Shareholding	
	Shares	Percentage
Boh Chin Investment Co., Ltd.	27,178,247	21.21
Yih Chin Investment Co., Ltd.	15,871,153	12.39
Chang, Jui-Min	5,654,000	4.41
Standard Chartered Bank Hosting the Fidelity Puritan. Trust: Fidelity Low-Priced Stocks Fund	4,124,000	3.22
Sui, Tai-Chung	4,080,862	3.19
Sui, Wan-Ni	3,465,829	2.71
Sui, Chieh-Heng	2,484,469	1.94
Sui, Chung-Hua	1,763,719	1.38
LGT in the trusteeship of Standard Chartered Bank	1,640,000	1.28
Chen, Su-Ai	1,474,733	1.15

Note: Major shareholders are those holding 5% or more of the Company’s equity or Top 10 shareholders.

v. Market Price, Net Worth, Earnings, and Dividends per Common Share

Unit: NTD$

<table>
<tr><th></th><th colspan="2">Items</th><th>2021</th><th>2022</th><th>2023 (as of March 31)</th></tr>
<tr><td rowspan="3">Market Price per Share (Note 1)</td><td colspan="2">Highest</td><td>257.00</td><td>162.00</td><td>160.00</td></tr>
<tr><td colspan="2">Lowest</td><td>141.00</td><td>100.00</td><td>121.00</td></tr>
<tr><td colspan="2">Average</td><td>181.47</td><td>132.12</td><td>145.32</td></tr>
<tr><td rowspan="2">Net Worth per Share (Note 2)</td><td colspan="2">Before Distribution</td><td>63.68</td><td>68.76</td><td>71.31</td></tr>
<tr><td colspan="2">After Distribution</td><td>57.38</td><td>63.36 (Note 6)</td><td>Undistributed</td></tr>
<tr><td rowspan="2">Earnings per Share</td><td colspan="2">Weighted Average Shares (thousand shares)</td><td>128,113</td><td>128,113</td><td>128,113</td></tr>
<tr><td colspan="2">Earnings Per Share</td><td>12.31</td><td>10.72</td><td>2.34</td></tr>
<tr><td rowspan="4">Dividends per Share</td><td colspan="2">Cash Dividends</td><td>6.30</td><td>5.40 (Note 6)</td><td>-</td></tr>
<tr><td rowspan="2">Share Dividends</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated Undistributed Dividends</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">Price / Earnings Ratio (Note3)</td><td>14.74</td><td>12.32</td><td>-</td></tr>
<tr><td colspan="2">Price / Dividend Ratio (Note 4)</td><td>28.80</td><td>24.47</td><td>-</td></tr>
<tr><td colspan="2">Cash Dividend Yield (Note 5)</td><td>3.47</td><td>4.09</td><td>-</td></tr>
</table>

Note 1: The annual mean market price of each year is calculated by the trading value and trading volume each year. The information is from the website of Taiwan Stock Exchange Corporation (TWSE).

Note 2: Based on the number of shares already issued at the end of the year and information provided according to the distribution decided by the board of directors or through the shareholders' meeting in the year that followed.

Note 3: Price/Earnings Ratio = Average Market Price/Earnings Per Share.

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

Note 5: Cash Dividends Yield = Cash Dividends Per Share / Average Market Price..

Note 6: It has been approved by the Board of Directors that the dividends to be distributed for 2022 are NTD 5.40 per share in cash yet it is pending approval through the 2023 General Shareholders' Meeting.

vi. Dividend Policy and Implementation Status

(1) The Company’s dividend distribution policy is as follows:

A. Criteria for issuing dividends: According to the Company's Articles of Incorporation, the dividend policy is based on the Company's current and future development plans, the investment environment, capital needs, domestic and international competition, and shareholders' interests. The bonus to shareholders shall be distributed from the accumulated distributable earnings, which shall be no less than 30% of distributable earnings for the current year.

B. Timing of distribution of dividends: According to the Company Act, the Board of Directors will prepare the Earnings Distribution Proposal at the end of each operational year after financial statements have been audited and certified by CPAs and submits it for ratification during the shareholders’ meeting prior to distribution.

C. Amount and type of dividends distributed: The cash dividends distributed by the Company shall not be less than 20% of the total dividends.

(2) Distribution of dividends intended to be proposed and discussed during the current shareholders’ meeting:

NTD 691,808,721 is intended to be set aside as shareholder bonus from the distributable earnings of 2022, that is, NTD 5.40 per share as cash dividends will be distributed. Once it is approved and finalized through the General Shareholders’ meeting, distribution will take place according to applicable requirements.

vii. Impacts of free share assignment intended through the current shareholders’ meeting on the Company's operational performance and earnings per share: Not applicable.

viii. Employees’ and Directors’ Compensation:

(1) Percentage or range of remuneration to employees and that to the directors as stated in the Company’s Articles of Incorporation:

If the Company retains earnings at the end of the fiscal year, it is required to allocate 2% thereof as the remuneration to employees. The Board of Directors shall resolve to pay the remuneration in the form of stock or in cash. The recipients entitled to receive the remuneration include the employees of subsidiaries of the Company meeting certain specific requirements. The Company may allocate no more than 2% of said earnings as the remuneration to directors per resolution by the Board of Directors. The motion for distribution of remuneration to employees and directors shall be reported to a shareholders’ meeting.

However, when the Company still has accumulated losses, an amount equivalent to said losses shall be reserved to make up for the loss in advance. The remainder, if any, shall be allocated as the remuneration to employees and that to directors according to the ratio mentioned in the preceding paragraph.

(2) The remuneration to directors of the Company is paid not only taking into consideration the overall operational performance of the Company and the developmental trends in the future but also the advice provided and contributions of each director to the Company in their respective specialized field, such as commerce, legal affairs, and finance. The Company relies on and values the professional opinions from each director. As such, the attendance of each director in each organizational meeting and periodic continuing education in the specialized field on a yearly basis completed by the director are also considered while reasonable rewards are provided to directors. The compensation legitimacy assessment is adjusted adequately depending on the actual operational status of the Company and applicable regulatory requirements and is reviewed by the Compensation and Remuneration Committee and the Board of Directors for the sake of sustainable operation and development of the Company.

(3) Accounting measures adopted in case of any difference between the basis for estimating the amount of remuneration to employees and that to directors, basis for calculating the number of shares included in the distribution of remuneration for employees, and the actual value distributed and their estimates of the current term:

If there is any change in the amount after the publication of the annual financial statements, it will be handled as a change in accounting estimate and the adjustment will be posted in the next year.

(4) Approval of distribution of remuneration by the Board of Directors:

A. The proposals approved by the Board of Directors regarding 2022 earnings are as follows:

(a) Distribution of the remuneration to employees in cash worth NTD 68,812 thousand.

(b) Distribution of the remuneration to directors worth NTD 23,242 thousand.

B. Ratio of the value of remuneration for employees distributed in stock and the sum of after-tax income and total value of remuneration for employees in the entity or individual financial statement of the current term: Not applicable.

(5) Actual distribution of the remuneration to employees and that to directors in the preceding year:

The actual distribution was consistent with the proposal approved by the Board of Directors. Refer to “VI. Financial Information - Notes to 2022 Financial Statements" of this Annual Report.

ix. Buy-back of Treasury Share: None.

4.2 Corporate Bonds: None.

4.3 Preferred Shares: None.

4.4 Global Depositary Receipt: None.

4.5 Status of Employee Share Options: None.

4.6 Status of New Restricted Employee Shares: None.

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

4.8 Financing Plans and Implementation:

The Company does not issue or raise in private marketable securities for the sake of acquiring funds and hence there is no such capital utilization plan.

V. Operational Highlights

5.1 Business Activities

i. Business Scope

(1) The Company’s business lines are stated as follows:

A. C901010 Ceramic and Ceramic Products Manufacturing
B. CB01010 Machinery and Equipment Manufacturing
C. CC01020 Electric Wires and Cables Manufacturing
D. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
E. CC01080 Electronic Parts and Components Manufacturing
F. CC01110 Computer and Peripheral Equipment Manufacturing
G. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
H. CD01030 Motor Vehicles and Parts Manufacturing
I. CE01010 General Instrument Manufacturing
J. F401010 International Trade
K. ZZ99999 All business items that are not prohibited or restricted by law, except those subject to special approval

(2) Revenue Distribution:

December 31, 2022/NTD thousand

Major Divisions	Total Sales in Year	(%) of Total Sales
Protection Element	7,066,980	94.69
Other	396,155	5.31
Total	7,463,135	100.00

(3) Main products:

A. Thermistor
B. Varistor
C. Temperature sensor

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

A. Development of automobile high-temperature SMD thermistors and varistors in varying specifications
B. Development of certain models of SMD high-pass varistors with internal silver electrodes for 5G applications
C. Development of Internal Silver Electrode 1206 and SMD 1210 high-voltage and high-pass varistors
D. SMD 0603 ultra-low capacity electrostatic discharge protector specifications for automobiles
E. SMD 0201 small-size NTC thermistors
F. High-temp glass seal type NTC thermistors for automobiles resistant to temperatures up to 300°C
G. Development of anti-metal migration SMD thermistors
H. Development of low-B and high-resistance NTC thermistors

I. Certain models of SMD high-frequency thermistors for 5G applications
J. Micro high-responding speed glass seal type NTC thermistors
K. Micro, highly stable, high-precision medical NTC thermistors
L. Automobile sensors
M. Development of SMD PTC ultra-low resistance thermistors in the BME process
N. SMD PTC thermistor over-current protectors for automobiles
O. Development of SMD 0201 PTC thermistor over-current protectors in the soft cutting process
P. Glass seal type NTC thermistors resistant to temperatures up to 350°C for automobile
Q. Nano materials for SMD varistors of special specifications
R. Protective coatings for nano materials of SMD thermistors
S. Development of PPTC product series for automotive grade
T. Development of PPTC product series resistant to temperatures up to 125 °C

ii. Industrial Overview

(1) Current Status and Developments

Thermistors, varistors, and temperature sensors produced and distributed by the Company are resistance-related elements as part of passive components. They are known for their unique features and application scenarios in the population of passive electronic components and may be also called “protective components.”

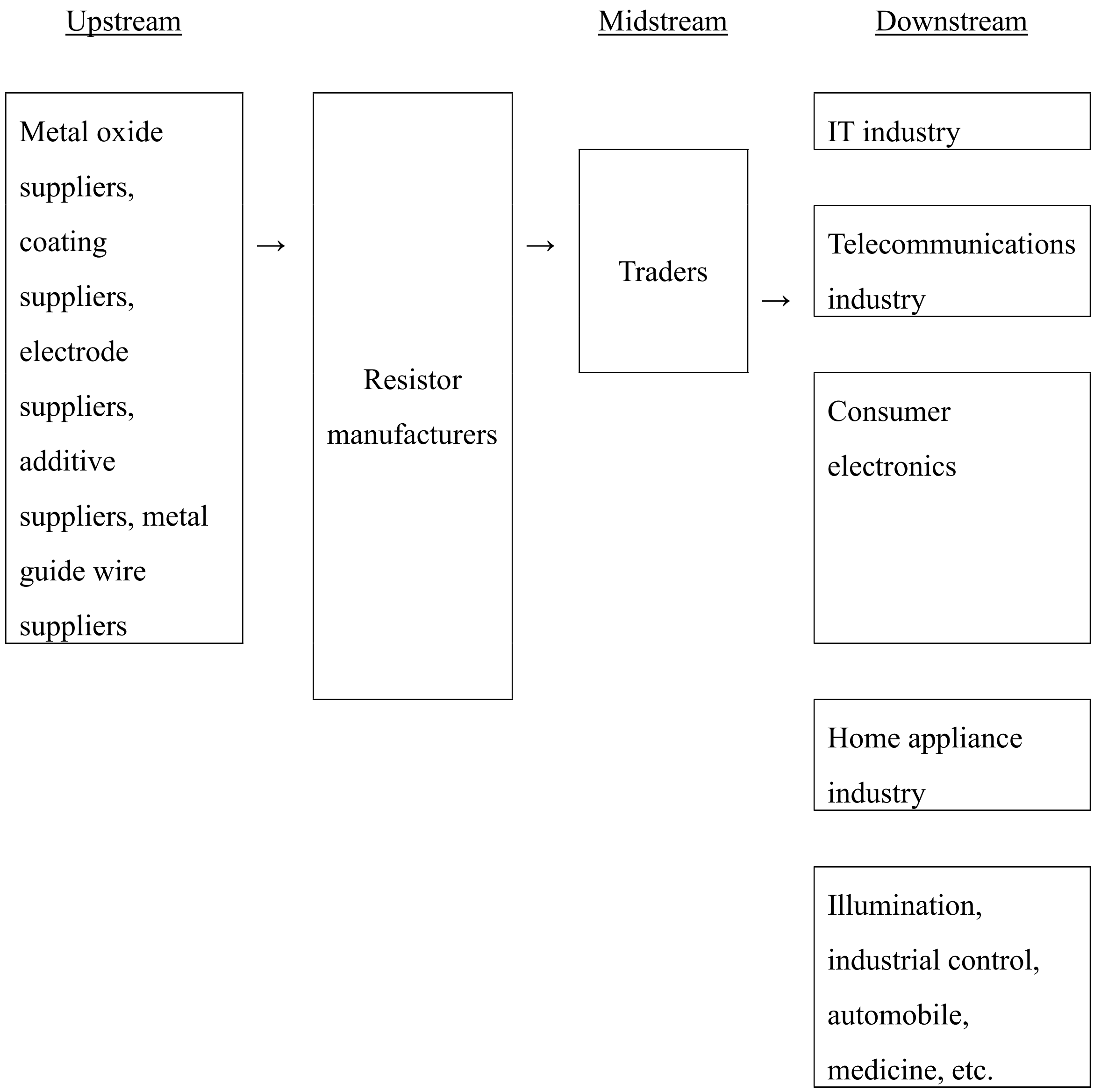
Protective components are widely applied to a variety of electronic products and provide adequate protection against risks that may arise during the operation of electronic products. As far as the function is concerned, they may be divided into over-current protection, over-voltage protection, temperature compensation, temperature detector and control. In terms of the installation method, on the other hand, there are products that vary in their appearance and dimension, such as plug-ins, surface mount devices, and modules, etc.

The Company’s products are quite widely applied in IT products (power supply devices, monitors, chargers, computer motherboards, notebook computers, netcom equipment, etc.), telecommunications equipment (telecommunication base stations, machine room equipment, optic fiber networks, mobile phones and customer premise equipment, etc.), large home appliances (TV sets, washers/dryers, refrigerators, dishwashers, air-conditioners, heaters, etc.), small home appliances (microwaves, water heaters, electronic pots, coffee makers, etc.), consumer electronics (smart speakers, Bluetooth earphones, music players, etc.), illumination equipment (LED indoor/outdoor and roadside illumination, street lamp controllers, etc.), industrial products (lightning protection products, inverters, servomotors, industrial controllers, contactors, actuators, digital meters, energy storage equipment, etc.), emerging electric vehicles (battery packs, electric motors, on-board chargers, etc.), and internal combustion engine automobiles (carbody control such as engine temperature control and discharge feedback, reservoir temperature control and thermostatic air-conditioning, central locks/skylight/powered windows and automobile electronics such as lamps, travel information and instruments, and automatic driving, etc.), medical care (PCR biochemical testing equipment, thermometers, blood glucose machines, medicine storage cabinets, etc.). They are the main markets.

The Company is a specialist with an extended range of protective component product lines. With the flourishing market for electronic products, the business in the future is infinite.

(2) Correlation among Upstream, Mid-stream, and Downstream of the Industry

Primary products of the Company include NTC thermistors, PTC thermistors, and zinc oxide varistors (MOV and MLV), and temperature sensor with a thermistor as the core. The correlation among the upstream, mid-stream, and downstream formed for related raw materials and products is as follows:



(3) Developmental trends for a variety of products

Being light, thin, short, and small, digital, and high-speed transmission are the primary developmental trends of electronic products. Under such trends, it is also required to research and develop corresponding SMD (or surface mount device) products to meet the demand. The Company's SMD products include NTC thermistors, PTC thermistors, and zinc oxide varistors (Varistor) as well as ESD protectors. Given the effort to constantly reinforce product specifications, the demand of a majority of customers can be fulfilled. The surface mount NTC thermistor, whose resistance gradually decreases as temperature rises, in electronic products where heat treatment is increasingly important, can quickly and accurately respond to temperature changes in the system. Moreover, the surface mount PTC thermistor can provide more diversified circuit control methods for customers' circuit design. Meanwhile, the miniaturized and high-performance varistor and electrostatic protector can provide protection before surge overvoltage or static electricity results in any damage.

Meanwhile, as the safety standards get stricter and stricter for electronic products and the demand of electronic products for temperature detection and control climbs each day, it is even more important to develop customized assembled temperature sensors with a thermistor at their core plus the sealing enclosure and various types of wires. High precision, high temperature resistance, high insulation/water-proof/dust-proof are the main trends in the development of temperature sensors.

In addition, given a changing global environment, where humans suffer more and more impacts from natural disasters and outdoor equipment or infrastructure electronic equipment such as outdoor street lights, telecommunication base stations and weather observatories, smart power grids, track traffic, solar power and wind power stations are under the threat of natural thunder strikes. As such, varistors and thermistors used in related equipment are being developed to have higher Resistance, be smaller in size, and include composite features.

The exemplary shift from fueled vehicles to electric vehicles in a history of a hundred years further leads the Company’s products into another brand new field. Under the regulations imposed by IATF-16949, AEC-Q, and VDA, among others, for the automobile industry regarding the quality system, product reliability, development and manufacturing process control, higher reliability and a longer life cycle are the major trends in the development of high-end products.

(4) Competition on the market

There are many manufacturers of thermistors and varistors around the world that vary in their business scale and also technical platform and market segmentation. As part of its long-term plan, the Company looks up to counterparts in Europe, America, and Japan such as Murata, TDK-Epocs, and Vishay in terms of technicality as they specialize differently in terms of product coverage and market segmentation.

As far as safety standards are concerned, besides safety certification of the passive components (such as UL, CSA, VDE, TUV, CQC, SGCC … etc) in respective countries, Customers’ product models with protection elements should also have the safety certification. In other words, passive components are an industry with entry barriers. The Company, however, owns the competitive advantages with its long-term existence in the industry and thorough product safety specifications and quality to cover the comprehensive application needs of customers.

iii. Research and Development

(1) R&D expenses

R&D expenses spent in 2022: NTD 326,395 thousand.

R&D expenses spent as of the first quarter of 2023: NTD 87,225 thousand.

(2)Successfully developed technologies or products

A. Complete the SMD 0201 small-size NTC Thermistor model development in the soft cutting process

B. Complete the SMD 0201 small-size PTC Thermistor model development in the soft cutting process

C. Complete the development of chips for high-precision medical treatment devices with zero gain, including nucleic acid detection, infrared temperature sensors, and thermometers, etc

D. High-reliability NTC Thermistor for automobile, including components for charging pile and lithium battery monitoring, etc., to expand the application of products

E. SMD TSM 0201 soft cutting process glass protective layer products

F. LCP small-size 0402 30V high-voltage products and their mass production

G. Preparations for mass production of SMD PTC thermistors (1.0 Ω and other low-resistance series)

H. PTC thermistors SMD 0603 low-resistance series (6.8Ω)

I. Complete the development of certain TVM Silver Electrode SMD 4B 6B series 5G high-pass varistors

J. Complete the development of certain models of SMD silver electrodes 1206 high-pass varistors

K. Complete the development of silver electrodes 1210 SMD high-pass varistors for LED

L. Complete silver electrode 2220 varistors resistant to 5000V and 125°C and their mass production

iv. Long-term and Short-term Development

(1) Short-term Development

Reshape the sales organization and process, focus on the index market and major customers, connect the complex processes of IC design, solution integration, ODM and OEM in the electronics industry, and explore more international index customers.

To improve service capabilities. In addition to providing direct services to existing A-grade customers, we have added the subsidiary in the United States and offices in Northeast Asia and Southeast Asia to explore markets in the nearby areas and provide local services to expand the Company's overseas business territory.

Leverage economic scale and product advantages to consolidate the existing market; adjust the sales product portfolio, increase the sales weight of competitive products, and simultaneously increase gross profit and profitability.

(2) Mid-to-long-term Development

With a complete product portfolio, excellent quality and service, the brand image created, and the global layout through the complete sales channels; invest more business resources in new application fields to maintain the Company's profits; establish long-term stable supply-chain relationship with major customers and continue to expand the market share of the Company's products.

5.2 Overview of Market, Production, and Sales

i. Market Analysis

(1)Sales Area

The areas where the Company sells to and the net sales are provided below:

Unit: NTD Thousand

Sales Area \ Year		2022	
		Net sales	%
Export sales	Asia	5,671,459	75.99
	Europe	753,417	10.10
	Other	514,829	6.90
	Subtotal	6,939,705	92.99
Domestic sales		523,430	7.01
Total		7,463,135	100.00

(2)Market share

Based on the market survey information published by the US -based Paumanok, an authority on the market of passive components, and after comparing the NTC shipments of the Company, it is estimated that the market share of the power type NTC of the Company is absolutely in the leading position in the world; with the same estimation, the Company has also ranked first in the world in terms of market share of plug-in varistors. In terms of the thermistor and varistor manufacturers in Asia, the Company is firmly in the main supplier position in the market. In addition, the report ranked the Company and the two major PTC manufacturers in Japan as the top three suppliers in the world, indicating that the Company's PTC status has leapt onto the international arena.

(3)Future supply and demand and growth on the market

The Company is one of the few specialists with a wide range of products that cover PTC and NTC thermistors, varistors, temperature sensors, and over-voltage protective components, among others. Its products are widely applied. As the electronic industry continues to boom, the future for the Company is promising in terms of prospective growths.

The following are descriptions about future growth potentials as far as the new markets targeted by the Company are concerned:

A. Automotive

Governments all over the world have adopted relevant policies to encourage electric vehicles/ban the sale of fuel vehicles to reduce the resulting environmental pollution. Therefore, both advanced and developing countries have set 2035 as an important milestone for stopping the production of fuel vehicles. The critical moment for the electric vehicle market to become the mainstream technology is coming.

In addition, under the trends of automobile control turning electronic and self-driving, the number of electronic parts used in each electric vehicle will be higher than that in a vehicle by multiple folds. The dual driving force is pushing growths on the market. Generally speaking, the growths and prospects of automobile electronics and electric vehicles are both superior to traditional IT equipment, consumer electronics, and home appliances, among others, definitely making them the fastest-growing and long-lasting markets for the electronic industry at present.

B. Telecommunications

The telecommunications industry begins with the end-user equipment and covers the access network's base transceiver station (BTS), the bearer network for optic communication, the machine rooms within the core network, marginal computing, and even satellite communication and other equipment. While the mainstream 5G mobile phones are being introduced to the market one after another and 5G service stations are being opened and operative in countries around the world, in addition to the O-RNA fad among operators for self-autonomy or for self-construction at the user end to realize IoT, with the development of satellite communication, the whole prospect of the communication industry is flourishing. It is also the information platform of the next generation. Over the long term, in developed industrial countries or underdeveloped regions, the demand for telecommunications will only grow; it never dies. This is a new market that requires excessive devotion given the slow growth in IT electronic equipment, consumer electronics, and home appliances over the long term. Moreover, according to the Company's experience in the power industry, 5G telecommunications, with features such as high frequency and short wavelength and their rigid demand for enhanced power density and efficiency, offer the best battlefield for the application of short, small, light, and thin products developed applying advanced technologies and for them to make the best of their performance.

C. Energy Storage System

Under the global trend of climate change and carbon emission control, the use of renewable energy has become the main countermeasure. However, the output of renewable energy is more unstable than the existing biomass energy power generation system. An energy storage system is required to balance the gap between supply and demand. At present, the most widely used energy storage system uses a large number of lithium batteries as the main technology, which also brings about huge business opportunities in temperature detection and control.

D. Industrial and Medical/Health-care Electronics

With the process of industrialization, the demand for smart manufacturing will bring various new industrial electronic applications, which will bloom, and the market of smart manufacturing is expected to grow continuously. Meanwhile, the epidemic has promoted medical electronics, from biochemical detection, and body temperature detection, to respiratory treatment and remote care, all of which are highlights of industry growth.

(4)Competitive niche and advantageous and disadvantageous factors for future developments and countermeasures

A. Favorable factors:

(a) Thorough products and extensive scope of application

The Company owns complete product lines that are non-comparable by a majority of counterparts, Perfect Serviceability making the Company a trustworthy partner of all customers with their full support. Both the number of customers and the trading value are constantly growing.

(b) Steady long-term collaborators to maintain the most cost-effective economic scale

Due to the fact that the quality of the Company's products and services is highly trusted by customers, accumulatively, the Company has had many long-term partners, which is accordingly driving its production volumes to new heights constantly. Currently, NTC thermistors of the disc type already have the largest sales in the world. Varistors of the disc type, by the same token, are leading in the Greater China Region, too. Have sufficient economic scale and cost advantages to cope with the competition from other peers.

(c) Good technical ability to quickly satisfy customers

With independent technology and excellent R&D capabilities, we can provide corresponding products or solutions in a timely manner to meet the changing needs of customers; coupled with highly automated production capabilities, and deep customer relationships, we use high-end technology to support quality services.

(d) Sound Financial Standing

The Company is superior to counterparts in its financial structure, solvency, profitability, and cash flows, showing that the Company's financial standing is sound, which helps cope with the economic cycle and competition. In addition, sound financial capabilities support the Company's investment in automation equipment and maintain its cost competitiveness.

B. Unfavorable factors:

(a) Insufficient reputation in Europe and America

For the international market, due to the fact that counterparts in Europe, the US, and Japan have entered the local market earlier and built a relatively sound network for localized services, the Company is in a relatively undesirable position now. High-end markets such as automobiles, communications, and medical care have long been dominated by European, American, and Japanese brands. The Company's reputation still needs to be improved.

(b) Price-cutting race remains

International peers are also actively adjusting the quotation strategies for SMD products in order to expand the economic scale of SMD, which caused pressure on the Company. In addition, although the products and technologies of peers in Greater China are still different from those of the Company, the rise of the red supply chain has significantly affected the reasonableness of market prices.

(c) Product line development not yet comprehensive

Although the Company's product lines cover the three major fields of over-current, over-voltage, and over-temperature detection and protection, not all of the product lines are developed in a balanced manner. There is still considerable room for growth in the revenue of product lines in the DC application environment.

C. Countermeasures:

(a) The subsidiary in the United States and offices in Northeast Asia and Southeast Asia were opened to execute market exploration, provide local services in the nearest place, raise awareness and increase the proportion of sales.

(b) Reinforce automated product and enhance product yield rate to bring down the cost.

(c) Develop new international customers and increase the proportion of revenue in the high-end application market; increase the number of orders for miniaturized SMD products, achieve greater economies of scale with flexible pricing, and reduce the impact of price competition on revenue.

(d) Increase the sales activities of DC application product lines for balanced development; use business synergies to expand the scope of business to customers and increase revenue.

ii. Production Procedures of Main Products

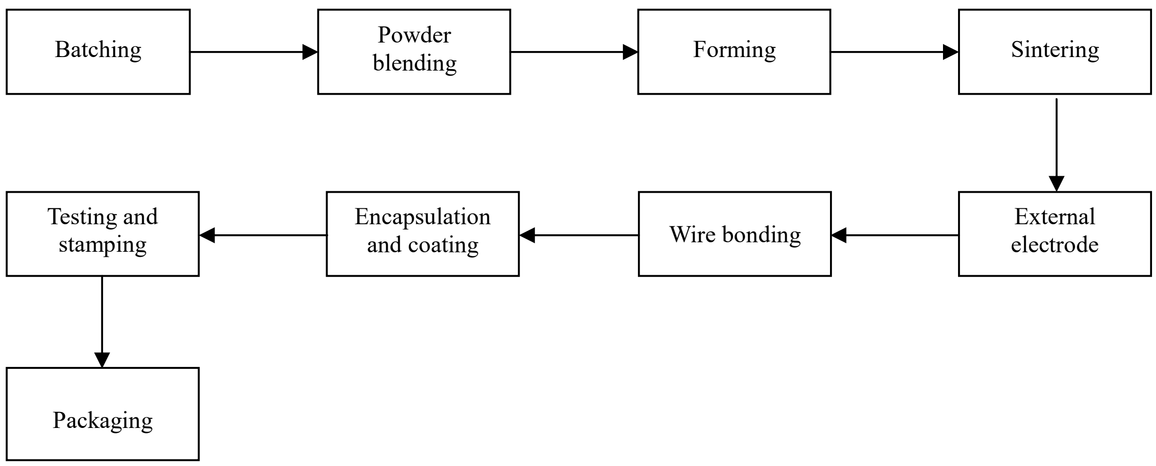
(1) Major Products and Their Main Uses

Main product	Item
Thermistor	A. Surge inhibition: Switching power supply, electric motors, transformers, among other electric equipment, create short-circuit current (surge) at the instant they are turned on and an NTC thermistor can effectively inhibit it. B. Temperature detection: A thermistor, known for its resistance value that will change obviously with temperature, can turn on the control loop; it is applied in electrical equipment such as air-conditioners, automobiles, refrigerators, and home appliances, PC products and mobile phones, mobile phone chargers, among other telecommunications equipment. C. Temperature compensation: The features of many electronic parts and components change with temperature. Therefore, a thermistor is needed for compensation purpose. Applications to electronic products such as instruments. D. Over-current protection: When abnormal current occurs in the circuit, the circuit will be overheated. At this moment, the resistance of the PTC thermistor will increase, so protecting the back-end circuit from the impact of high current. Such products are used in home appliances, transformers, automotive electronics and consumer electronics.
Varistor	A. Surge absorption: The resistance of a varistor will change according to the voltage applied onto it to absorb the surge current. They are used to protect power supplies, ICs, consumer electronics, communications, industrial controllers, etc. B. Static absorption: Use the sensitivity of the surface mount varistors to the voltage values in the circuit to remove static electricity from fragile electronic circuits. They are used in electronic products such as mobile phones, laptops, TV ports, etc.

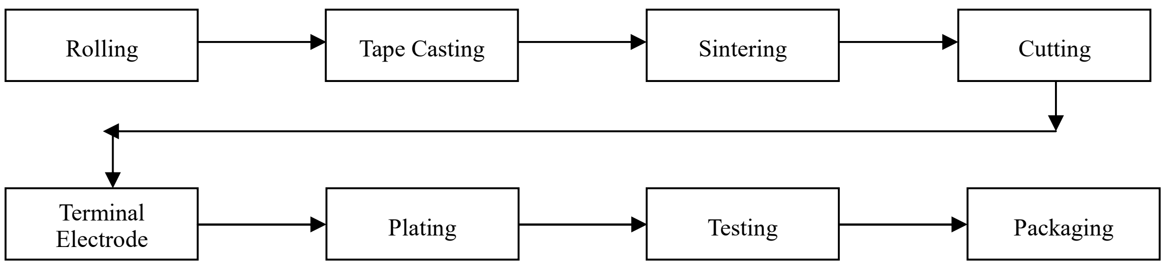
Main product	Item
Temperature Sensor	The temperature of the object to be measured is measured and becomes the input information of the control loop. In this way, the operation mode of electronic products can be adjusted to achieve the following purposes: A. Avoid any damage due to overheating, life-threatening or equipment hazards, such as preventing the battery from damage due to overheating, or even explosion and surge inhibition: switching power supply, electric motors, transformers, among other electric equipment, create short-circuit current (surge) at the instant they are turned on and an NTC thermistor can effectively inhibit it. B. Reduce energy consumption and improve system performance, such as activating cooling devices, or reducing input power to reduce unnecessary energy consumption.

(2) Major Products and Their Production Processes

Manufacturing process flowchart for plug-in resistors



Manufacturing process flowchart for SMD resistors



iii. Supply Status of Main Materials

Primary raw materials for the Company are silver, manganese, cobalt, nickel, and copper, etc. All the partners are long-term collaborators and have been working closely under optimal partnerships. The quality of supply and lead time remain steady. Shortage or interruption is not a concern.

iv. List of main purchases and sales customers over the past two years

(1) Information of suppliers accounting for 10% or more of the overall purchases in any of the past two years: None.

(2) Information of customers accounting for 10% or more of the overall sales in any of the past two years: None.

v. Production in the Last Two Years

Unit: Thousand particles/NTD thousand

Year / Output / Major Products	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Protection Element	15,501,700	12,991,132	6,120,106	16,045,800	10,330,022	5,657,775
Other	181,202	166,931	262,133	192,065	174,765	407,699
Total	15,682,902	13,158,063	6,382,239	16,237,865	10,504,787	6,065,474

Note 1: For the other self-made equipment, it is measured by the unit.

Note 2: The throughput means the quantity that the Company may produce under normal operations after necessary downtime and holidays or days off, among other factors, are taken into consideration with the existing production equipment.

vi. Shipments and Sales in the Last Two Years

Unit: Thousand particles/NTD thousand

Year / Shipments & Sales / Major Products	2021				2022			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Protection Element	648,431	394,626	7,286,598	6,807,245	495,067	348,896	5,579,585	6,718,084
Other	152,473	153,708	138,436	144,876	88,828	173,022	177,289	223,133
Total	800,904	548,334	7,425,034	6,952,121	583,895	521,918	5,756,874	6,941,217

5.3 Human Resources

Year		2021	2022	2023 (as of March 31)
Number of Employees	Direct employees	2,478	2,360	2,731
	Indirect employees	1,569	1,720	1,779
	Total	4,047	4,080	4,510
Average Age		36.00	33.42	34.45
Average Years of Service		4.94	5.10	4.48
Education	Masters	2.27%	2.42%	2.37%
	University and College	25.28%	26.60%	25.15%
	Senior High School	29.13%	28.21%	27.76%
	Below Senior High School	43.32%	42.77%	44.72%

5.4 Environmental Protection Expenditure

i. Total Losses

The Company did not suffer losses or punishments by the environmental protection authority due to environmental pollution incidents.

ii. Countermeasures

Under the respective environmental protection requirements and self-control requirements of the government, expenditure on safety and environmental protection includes operational maintenance of pollution prevention and control equipment, related treatment of waste, environmental monitoring, and educational training, among other fixed entries. In addition, the budget will be increased to add and improve related equipment gradually if it can be overcome technically. Wastewater, waste, and air pollution permits will be changed in a timely manner to comply with laws and regulations. The related improvement funds invested in 2022 was NT 7,589 thousand. For continuing improvements in 2023, including the recovery, process and re-use of effluents, the reduction of waste water and water resources, it is estimated that NT 22,500 thousand will be spent on improvements and new equipment purchase.

5.5 Labor Relations

i. Employee Welfare

The Company has set up the Employee Welfare Committee to hold various cultural and entertainment events frequently and to address respective benefits. Primary welfare measures for employees and their implementation status are provided below.

(1) Employee proposal bonus and patent bonus;
(2) New Year's Day gift vouchers, birthday gift vouchers, and subsidies for weddings and funerals;
(3) Outstanding employees of the current year and the May 1st model worker commendation and reward;
(4) On-the-job training allowances;
(5) Staff travel at home and abroad, staff family days and unscheduled staff dinners;
(6) Annual year-end banquet and lottery event;
(7) Annual free health check;
(8) Physicians/nursers are regularly stationed in the factory to provide healthcare consultation and services;
(9) Adequate condolences upon occupational injuries or casualties and emergency aids;
(10) Uniforms, personal locker rooms, and pantry room equipped with food steamers, refrigerators, and other appliances for employees; and
(11) Special resort hotel or hotel contract discount

The welfare measures mentioned above are being implemented desirably now and in the future, will be adequately modified reflective of changes made to laws and regulations, social condition, and the operational status of the Company.

ii. Continuing education and training for employees:

To meet the operational needs of the Company, employees involved in tasks with an effect on the quality are provided with adequate training to reinforce their environmental safety awareness and related skills in order to improve their awareness of high quality, environmental protection, and professional skills and to fulfill the purpose of inter-coordination for enhanced efficiency at work so that the overall operational goals of the Company may be accomplished. For the Company's educational training, depending on the organizer, there are internal and external ones. They are categorized as follows:

(1) Training for new hires: The pre-service professional training covers an overview of the Company and the department they are working for.
(2) Departmental internal training: Departments hold educational training to communicate revisions made to applicable regulations and environmental protection requirements and the operating procedures.
(3) External professional training: When practically needed, departments may assign people to receive external training to help advance their professionalism at work or to help them acquire the second skill and get certified.
(4) In-service training: For training that is closely related to the current task at work or to the developments of the Company in the future, once approved by the Company, the costs will be reimbursed according to the years in service.

iii. Retirement System and Its Implementation

The Company has established Labor Pension Regulations in accordance with applicable requirements of the Labor Standards Act and sets aside 2% from the salary each month following actuarial calculations to be the pension fund that is deposited in a designated account. For the payment of the pension fund, the calculations are based on the requirements of the foregoing Labor Pension Regulations.

The Company has been inquiring employees for their inclination under the Labor Pension Act of the Labor Insurance Bureau of the Executive Yuan since July 2005. Those who chose to apply the retirement system under the Labor Pension Act, 6% of their salary is set aside on a monthly basis to their personal pension account with the Labor Insurance Bureau.

iv. Policy on employees' behavior, ethical principles, and occupational ethics

In order to improve the behavior, attainment, and professional ethics of all employees, the Company has established the Work Rules and employees need to sign the "Employment Contract" and the "Ethical Corporate Management and Integrity Letter of Undertaking" upon reporting to work to govern against violations of laws and regulations or occupation, theft, destruction of the Company's properties or disclosure of the Company's secrets, incomplete handover, acceptance of briberies, and other behavior that results on losses borne by the Company during employment. Examples include:

(1) R&D staff, depending on the confidentiality of their tasks, sign the Employee Confidentiality Agreement.
(2) The Computer Data Processing Guidelines are established to ensure control over the flows and security of information of the Company.
(3) The Gift Management Regulations are established to facilitate centralized utilization of the gifts given to the Company by contractors and customers; acceptance of such gifts by individual employees is prohibited.
(4) The Regulations to Prevent and Control Sexual Harassment Prevention and to Ensure Gender Equity at Work are established to protect the Company and its affiliated workplaces against sexual harassment.
(5) Policy on professional ethics:
    A. Ethical corporate management.
    B. Insider trading banned.
    C. No engagement in activities against the Company's interests.
    D. Honest and thorough documentation.
    E. Proper giveaways or receptions; no bribery or corruption is allowed.
    F. Confidentiality required for each of the materials whose ownership belongs to the Company.
    G. Respect for intellectual property rights.

v. Labor policy as part of corporate social responsibilities

(1) No hiring of someone less than 16 years old or forcing of employees to perform tasks against their will.

(2) No discrimination against or differential treatment of any employee or job seeker because of his/her race, class, language, thought, religion, partisanship, nationality, birthplace, gender, sexual orientation, age, marriage, appearance, five senses, disability, constellation, blood type, or prior union membership.

(3) Respect and protection of employees' basic human rights protected by the Constitution such as freedom of speech, assembly, and association, etc.

(4) Compliance with applicable labor laws and regulations and applicable customer regulations.

vi. Rewards and penalties for employees

To ensure that its employees act properly and with discipline and to inspire them to make the best of what they have learned and their skills, the Company has established related rewards and penalties systems governing their conduct. They are meant to protect the rights of employees at work, make sure that they fulfill their duties at work, and promote efficiency and morale at work. Examples include:

(1) The Regulations Governing Rewards for Employees with Outstanding Annual Performance are established to help screen workers who are role models and those with outstanding performance and recognize their achievements.

(2) The Proposal Submission Regulations are established and prizes are issued reflective of the efficacy of the submitted proposals.

vii. Labor-management agreement:

The Company has always believed in "Labor and Management as One" and "Co-existence and Co-prosperity" and has been instilling the belief in its employees so that they share the same consensus on corporate sustainability and long-term development. Meanwhile, difficulties and problems facing the Company are adequately clarified and the Company's stance and decision are conveyed so that both employees and the employer are treated equally. In addition, there are the labor-management meeting, email, and employee feedback box in place to maintain optimal communications and interactions at all times for steady and harmonious labor-management relations.

viii. Losses suffered by the Company due to labor-management disputes in the past year up to the date the Annual Report was printed and estimated values now and likely incurred in the future and countermeasures: None.

5.6 Cyber Security Management

i. Risk Management Framework For Cyber Security:

The cyber security of the Company is under the responsibility of the group’s Information Department, which formulates internal cyber security specifications, rules and systems, plans and performs cyber security operations, policies promotion and implementation, and makes appropriate responses based on practical situations. The internal auditors are responsible for checking the implementation of the internal cyber security policy. An audit will be carried out once a year.

ii. Cyber Security Management:

(1) Formulate corporate regulations and human-machine operation procedures to ensure the normal operation of information equipment and systems related to group operations.

(2) Enhance the intellectual property preservation and protection management practices, and strengthen the confidentiality operation mechanism to protect the group's important intellectual properties from disclosure.

(3) Provide cyber security education and training to promote employees' awareness of information security and strengthen their awareness of related responsibilities.

(4) Regular internal audits are carried out to ensure that all the relevant operations are performed.

(5) Ensure that the Company's key core systems maintain certain system availability.

iii. Specific management programs, and investments in resources for cyber security management:

(1) Firewall protection

Establish the group’s firewall connection management rules. In case of any special connection requirements, a separate application for access should be filed.

(2) Endpoint behavior monitoring and protection software

The endpoint behavior monitoring software is used to detect any abnormal network behaviors in the Company's network domain, and protect important system hosts, critical leaders, external operators, and computers of production-related machines.

(3) Email security control

A. Set up an email threat protection scanning mechanism to prevent and remove unsafe senders, attached files, phishing and spam emails, and expand the scope of protection against malicious links before users receive emails.

B. After the PC receives an email, the antivirus software will scan it for unsafe attached files.

(4) Data backup mechanism

A. All the important information system databases should be set with daily backup.

B. The important files of the user should be uploaded to the server. The important files of each department within the Company should be stored on the server and backed up and saved by the Information Department.

(5) Relevant regulations that employees shall abide by:

A. After the Information Department receives the account application form, it will create a "user ID" before visiting the Company's website to use the system.

B. The use of non-copyright software is prohibited to prevent malicious software such as viruses and Trojans.

C. After entering the host computer, if the operation is over or the machine has not been used for a long period of time, you shall actively exit the machine or system to avoid the disclosure of confidential data or the trouble of malicious sabotage.

D. In case of resignation or handover of any new or old position, the information entity shall determine whether data backup, transfer or other appropriate disposal is necessary.

iv.Emergency Reporting Procedure:

During this year, up to the date of printing and release of this Annual Report, the Company has had no major cyber security incidents. In case of a cyber security incident, the related entity will notify the cyber security handling team, determine the type of incident, identify and deal with the trouble immediately and notify the competent authority.

5.7 Material Contracts

Contract Type	Counterparty	Period	Major Contents	Restrictions
Lease	Administration of Export Processing Zones under the Ministry of Economic Affairs	6/1/2016-5/31/2026	Lease of land	-
Lease	Administration of Export Processing Zones under the Ministry of Economic Affairs	8/1/2016-7/31/2025	Lease of land	-
Lease	Administration of Export Processing Zones under the Ministry of Economic Affairs	11/1/2020-10/31/2030	Lease of land	-

VI. Financial Information

6.1 Financial Summary for the Past Five Fiscal Years

i. Condensed Balance Sheet and Comprehensive Income Statement - Based on IFRS

(1) Consolidated Financial Information

A. Condensed Balance Sheet

Unit: NTD Thousand

Item \ Year		Financial Summary for the Past Five Fiscal Years					Financial summary as of March 31, 2023
		2018	2019	2020	2021	2022 (Note)	
Current assets		5,699,845	6,067,809	8,084,389	8,850,782	9,136,066	8,322,088
Property, plant and equipment		2,023,901	2,031,402	2,174,967	2,619,638	3,219,260	3,420,638
Intangible assets		34,354	44,884	43,982	48,075	42,449	48,644
Other assets		487,847	606,420	727,322	1,151,390	1,360,041	1,507,376
Total assets		8,245,947	8,750,515	11,030,660	12,669,885	13,757,816	13,298,746
Current liabilities	Before distribution	1,341,602	1,254,736	2,051,426	2,309,372	2,299,113	1,469,093
	After distribution	1,828,430	1,792,809	2,756,046	3,116,482	2,990,922	Undistributed
Non-current liabilities		844,587	980,796	1,534,447	2,084,160	2,515,256	2,555,546
Total liabilities	Before distribution	2,186,189	2,235,532	3,585,873	4,393,532	4,814,369	4,024,639
	After distribution	2,673,017	2,773,605	4,290,493	5,200,642	5,506,178	Undistributed
Equity attributable owners of the company		5,915,834	6,371,393	7,305,365	8,158,633	8,809,079	9,135,217
Ordinary shares		1,281,127	1,281,127	1,281,127	1,281,127	1,281,127	1,281,127
Capital surplus		348,263	348,263	348,263	352,907	352,907	352,907
Retained earnings	Before distribution	4,394,071	5,026,658	5,877,411	6,746,977	7,315,672	7,615,405
	After distribution	3,907,243	4,488,585	5,172,791	5,939,867	6,623,863	Undistributed
Other equities		(107,627)	(284,655)	(201,436)	(222,378)	(140,627)	(114,222)
Treasury shares		-	-	-	-	-	-
Non-controlling interests		143,924	143,590	139,422	117,720	134,368	138,890
Total equity	Before distribution	6,059,758	6,514,983	7,444,787	8,276,353	8,943,447	9,274,107
	After distribution	5,572,930	5,976,910	6,740,167	7,469,243	8,251,638	Undistributed

Note: The distribution of earnings from 2022 is yet to be decided during the shareholders' meeting.

B. Condensed Statements of Comprehensive Income

Unit: NTD Thousand

Item \ Year	Financial Summary for the Past Five Fiscal Years					Financial summary as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue, net	6,019,949	5,814,232	5,920,258	7,500,455	7,463,135	1,719,103
Gross profit	2,241,160	2,340,329	2,714,605	3,239,431	2,633,376	651,332
Profit from operations	1,385,035	1,448,901	1,843,142	2,124,835	1,400,177	393,852
Non-operating income and expenses	124,043	64,786	24,191	34,499	396,567	13,433
Profit before income tax	1,509,078	1,513,687	1,867,333	2,159,334	1,796,744	407,285
Net profit	988,628	1,115,265	1,380,603	1,590,623	1,389,978	304,255
Other comprehensive income (loss), net of tax	(70,745)	(173,212)	87,274	(25,187)	84,226	26,405
Total comprehensive income	917,883	942,053	1,467,877	1,565,436	1,474,204	330,660
Net profit attributable to:						
Owners of the company	982,766	1,115,990	1,385,016	1,577,307	1,373,833	299,733
Non-controlling interests	5,862	(725)	(4,413)	13,316	16,145	4,522
Total comprehensive income (loss) attributable to:						
Owners of the company	912,539	942,387	1,472,045	1,553,244	1,457,556	326,138
Non-controlling interests	5,344	(334)	(4,168)	12,192	16,648	4,522
Earnings per Share	7.67	8.71	10.81	12.31	10.72	2.34

(2) Parent company only financial information

A. Condensed Balance Sheet

Unit: NTD Thousand

Item \ Year		Financial Summary for the Past Five Fiscal Years				
		2018	2019	2020	2021	2022 (Note)
Current assets		2,375,389	2,202,968	2,943,972	3,206,025	3,422,794
Investments accounted for using the equity method		4,920,689	5,397,746	6,434,738	7,490,254	7,955,007
Property, plant and equipment		527,117	544,596	613,528	936,977	1,368,831
Intangible Assets		33,924	30,795	28,359	33,652	29,015
Other assets		103,441	240,433	286,537	308,393	237,147
Total assets		7,960,560	8,416,538	10,307,134	11,975,301	13,012,794
Current liabilities	Before distribution	1,231,766	1,134,157	1,555,581	1,806,160	1,785,012
	After distribution	1,718,594	1,672,230	2,260,201	2,613,270	2,476,821
Non-current liabilities		812,960	910,988	1,446,188	2,010,508	2,418,703
Total liabilities	Before distribution	2,044,726	2,045,145	3,001,769	3,816,668	4,203,715
	After distribution	2,531,554	2,583,218	3,706,389	4,623,778	4,895,524
Ordinary shares		1,281,127	1,281,127	1,281,127	1,281,127	1,281,127
Capital surplus		348,263	348,263	348,263	352,907	352,907
Retained earnings	Before distribution	4,394,071	5,026,658	5,877,411	6,746,977	7,315,672
	After distribution	3,907,243	4,488,585	5,172,791	5,939,867	6,623,863
Other equities		(107,627)	(284,655)	(201,436)	(222,378)	(140,627)
Treasury shares		-	-	-	-	-
Total equity	Before distribution	5,915,834	6,371,393	7,305,365	8,158,633	8,809,079
	After distribution	5,429,006	5,833,320	6,600,745	7,351,523	8,117,270

Note: The distribution of earnings from 2022 is yet to be decided during the shareholders' meeting.

B. Condensed Statements of Comprehensive Income

Unit: NTD Thousand

Item \ Year	Financial Summary for the Past Five Fiscal Years				
	2018	2019	2020	2021	2022
Operating revenue, net	3,356,678	3,137,848	3,219,942	3,775,517	3,619,285
Gross profit (Note)	1,040,704	1,052,791	1,178,182	1,464,528	1,153,128
Profit from operations	687,231	703,425	789,521	952,159	694,967
Non-operating income and expenses	687,936	697,022	933,245	1,036,297	995,847
Profit before income tax	1,375,167	1,400,447	1,722,766	1,988,456	1,690,814
Net profit	982,766	1,115,990	1,385,016	1,577,307	1,373,833
Other comprehensive income (loss), net of tax	(70,227)	(173,603)	87,029	(24,063)	83,723
Total comprehensive income	912,539	942,387	1,472,045	1,553,244	1,457,556
Earnings per Share	7.67	8.71	10.81	12.31	10.72

Note: The operating gross profit does not include realized (unrealized) gross profit from sales.

ii. Auditors' Opinions from 2017 to 2021

Year	Accounting Firm	CPA	Audit Opinion
2018	Deloitte & Touche	Gong Chun-Chi, Chen Chen-Li	Unqualified opinion
2019	Deloitte & Touche	Chiang Jia-Ling (Note), Wu Chiu-Yen (Note)	Unqualified opinion plus the paragraph containing matters to be emphasized
2020	Deloitte & Touche	Chiang Jia-Ling, Wu Chiu-Yen	Unqualified opinion
2021	Deloitte & Touche	Chiang Jia-Ling, Wu Chiu-Yen	Unqualified opinion
2022	Deloitte & Touche	Chiang Jia-Ling, Wu Chiu-Yen	Unqualified opinion

Note: The CPAs were replaced to go with the internal adjustment of the accounting firm to meet business demand.

6.2 Financial Analysis for the Past Five Fiscal Years

i. Consolidated Financial Analysis – Based on IFRS

Analytical item (Note 1) / Year		Financial Analysis for the Past Five Fiscal Years 2018	2019	2020	2021	2022	As of March 31, 2023
Financial structure (%)	Debt Ratio	26.51	25.54	32.50	34.67	34.99	30.26
	Ratio of long-term funds to property, plant and equipment	340.98	368.99	412.84	395.49	355.94	345.83
Solvency (%)	Current ratio	423.83	483.59	394.08	383.25	397.37	566.47
	Quick ratio	345.05	412.38	328.68	292.34	316.30	449.59
	Time interest earned	383.33	300.14	206.17	187.71	105.61	83.76
Operating performance	Accounts receivable turnover (times)	2.93	2.82	2.64	3.23	3.34	3.12
	Average collection period	124.57	129.43	138.25	113.00	109.28	116.98
	Inventory turnover (times)	3.89	3.89	3.06	2.65	2.67	2.67
	Accounts payable turnover (times)	6.01	5.94	5.43	6.80	9.10	10.40
	Average sales days	93.83	93.83	119.28	137.73	136.70	136.70
	Property, plant and equipment turnover (times)	3.15	2.86	2.81	3.12	2.55	2.07
	Total assets turnover (times)	0.75	0.68	0.59	0.63	0.56	0.50
Profitability	Return on assets (%)	12.47	13.17	14.03	13.50	10.62	9.11
	Return on equity (%)	16.87	17.73	19.77	20.23	16.14	13.36
	Profit before income tax to paid-in capital (%)	117.79	118.15	145.75	168.54	140.24	127.16
	Net profit ratio (%)	16.42	19.18	23.31	21.20	18.62	17.69
	Earnings per share ($)	7.67	8.71	10.81	12.31	10.72	2.34
Cash flows	Cash flow ratio (%)	99.93	131.23	65.46	68.16	81.25	122.71
	Cash flow adequacy ratio (%)	111.12	126.22	114.99	100.03	101.34	108.20
	Cash flow reinvestment ratio (%)	10.01	12.88	7.53	7.08	7.82	3.22
Leverage	Operating leverage	1.76	1.78	1.59	1.65	2.10	2.09
	Financial leverage	1.00	1.00	1.00	1.00	1.01	1.01

Reasons for the changes in respective financial ratios over the past two years (with a change rate of 20% and above)

1. Decrease in the time interest earned: mainly due to the increase in new borrowings, resulting in an increase in the amount of interest expenses.
2. Increase in accounts payable turnove: mainly due to the decrease in payables at the end of the period.
3. Decrease in return on assets and return on equity: mainly due to the decrease in after-tax profit.
4. Increase in operating leverage: mainly due to the decrease in operating profit.

Note 1: Calculations for this table are provided below

1. Financial structure
   (1) Debt ratio = total liabilities / total assets
   (2) Ratio of long-term funds to property, plant and equipment = (total equities + non-current liabilities) / net value of property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets-inventory-prepaid expense) / current liabilities
   (3) Time interest earned = profit before interest and tax / interest expenses
3. Operating performance
   (1) Accounts receivable (including accounts receivable and receivable notes from operations) turnover = net sales / average receivables (including accounts receivable and receivable notes from operations)
   (2) Average collection period = 365 / accounts receivable turnover
   (3) Inventory turnover = cost of goods sold / average inventory
   (4) Accounts payables (including accounts payable and payable notes from operations) turnover = cost of goods sold / average payables (including accounts payable and payable notes from operations)
   (5) Average sales days = 365 / inventory turnover
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment
   (7) Total asset turnover = net sales / average total assets
4. Profitability
   (1) Return on assets = [net profit + interest expenses (1- tax rate)] / average total assets
   (2) Return on equity = net profit / average net shareholder's equity
   (3) Net profit ratio = net profit / net sales
   (4) Earnings per share = (profits or losses that belong to the owner of the parent company － Preferred stock dividend)/weighted average number of issued shares (Note 2)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operating activities over the past five years / (capital expenditure + increase in inventory + cash dividend) over the past five years.
   (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross value of property, plant, and equipment + long-term investment + other non-current assets + working capital) (Note 3)

6. Leverage

(1) Operating leverage = (net operating revenue - variable operating costs and expenses)/Operating profit (Note 4)

(2) Financial leverage = operating profit/(operating profit - interest expenses)

Note 2: Special attention shall be paid to the following while weighing over the equation used to calculate the earnings per share:

1. The basis is the weighted average number of common stock shares, not the number of shares already issued as of the end of the year.
2. In case of capital increase in cash or trading of treasury stock shares, the circulation period shall be taken into consideration while the weighted average number of shares is being calculated.
3. In case of earnings transferred capital increase or capital surplus transferred capital increase, in the calculation of the earnings per share for prior years and the half-year earnings per share, adjustments shall be made retroactively according to the capital increase ratio; there is no need to consider the duration of issuance for the said capital increase.
4. If the preferred stock is a non-convertible accumulated preferred stock, the dividends for the year (distributed or not) shall be subtracted from the after-tax net profit or the after-tax net loss shall be increased. If the preferred stock is not accumulated in nature, with after-tax net profit, the dividends of the preferred stock shall be subtracted from the after-tax net profit; no such adjustment is needed in cases of deficits.

Note 3: Special attention shall be paid to the following while weighing over the cash flow analysis:

1. Net cash flows of operating activities refer to the net cash inflows from operating activities as shown in the Cash Flow Statement.
2. Capital expenditure refers to the cash out-flows for capital investment each year.
3. Increased inventories are only counted when the balance at end of term is greater than that at start of term; if inventories drop at the end of the year, they shall count as 0.
4. Cash dividends include those of common stock and preferred stock combined.
5. Gross value of property, plant, and equipment refers to the total value of property, plant, and equipment before accumulated depreciation is subtracted.

Note 4: Issuers shall divide each operating cost and operating expenditure into fixed and variable. If estimation or subjective judgment is involved, attention shall be paid to the legitimacy and remain consistent.

ii. Parent Company only Financial Analysis – Based on IFRS

Analytical item (Note 1)	Year	Financial Analysis for the Past Five Fiscal Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	25.68	24.29	29.12	31.87	32.30
	Ratio of long-term funds to property, plant and equipment	1,276.50	1,337.20	1,426.43	1,085.31	820.24
Solvency (%)	Current ratio	192.82	194.23	189.25	177.50	191.75
	Quick ratio	158.58	163.08	174.75	152.62	169.18
	Time interest earned	770.10	810.97	793.44	276.40	142.62
Operating performance	Accounts receivable turnover (times)	3.27	3.18	3.12	3.53	3.51
	Average collection period	111.62	114.77	116.98	103.39	103.98
	Inventory turnover (times)	7.21	5.72	7.71	7.47	6.48
	Accounts payable turnover (times)	5.15	4.41	4.00	4.24	5.59
	Average sales days	50.62	63.81	47.34	48.86	56.32
	Property, plant and equipment turnover (times)	6.72	5.85	5.56	4.87	3.13
	Total assets turnover (times)	0.45	0.38	0.34	0.33	0.28
Profitability	Return on assets (%)	13.24	13.64	14.81	14.20	11.07
	Return on equity (%)	17.19	18.16	20.25	20.39	16.19
	Profit before income tax to paid-in capital (%)	107.34	109.31	134.47	155.21	131.97
	Net profit ratio (%)	29.27	35.56	43.01	41.77	37.95
	Earnings per share ($)	7.67	8.71	10.81	12.31	10.72
Cash flows	Cash flow ratio (%)	75.21	50.29	52.08	28.83	37.82
	Cash flow adequacy ratio (%)	111.14	106.02	108.09	83.48	73.99
	Cash flow reinvestment ratio (%)	5.72	1.06	2.90	(1.69)	(1.10)
Leverage	Operating leverage	1.46	1.43	1.34	1.33	1.45
	Financial leverage	1.00	1.00	1.00	1.00	1.01

Reasons for the changes in respective financial ratios over the past two years (with a change rate of 20% and above)

1. Decrease in the ratio of long-term funds to property, plant and equipment: mainly due to the increase of property, plant, and equipment.
2. Decrease in the time interest earned: mainly due to the increase in new borrowings, resulting in an increase in the amount of interest expenses.
3. Increase in accounts payable turnove: mainly due to the decrease in payables at the end of the period.
4. Decrease in property, plant and equipment turnover : mainly due to the increase of property, plant, and equipment.
5. Decrease in return on assets and return on equity: mainly due to the decrease in after-tax profit.
6. Increase in cash flow ratio and cash flow reinvestment ratio: mainly due to the increase in net cash flow from operating activities.

Note 1: Calculations for this table are provided below

1. Financial structure
   (1) Debt ratio = total liabilities / total assets
   (2) Ratio of long-term funds to property, plant and equipment = (total equities + non-current liabilities) / net value of property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets-inventory-prepaid expense) / current liabilities
   (3) Time interest earned = profit before interest and tax / interest expenses
3. Operating performance
   (1) Accounts receivable (including accounts receivable and receivable notes from operations) turnover = net sales / average receivables (including accounts receivable and receivable notes from operations)
   (2) Average collection period = 365 / accounts receivable turnover
   (3) Inventory turnover = cost of goods sold / average inventory
   (4) Accounts payables (including accounts payable and payable notes from operations) turnover = cost of goods sold / average payables (including accounts payable and payable notes from operations)
   (5) Average sales days = 365 / inventory turnover
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment
   (7) Total asset turnover = net sales / average total assets
4. Profitability
   (1) Return on assets = [net profit + interest expenses (1- tax rate)] / average total assets
   (2) Return on equity = net profit / average net shareholder's equity
   (3) Net profit ratio = net profit / net sales
   (4) Earnings per share = (profits or losses that belong to the owner of the parent company － Preferred stock dividend)/weighted average number of issued shares (Note 2)

5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operating activities over the past five years / (capital expenditure + increase in inventory + cash dividend) over the past five years.
   (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross value of property, plant, and equipment + long-term investment + other non-current assets + working capital) (Note 3)
6. Leverage
   (1) Operating leverage = (net operating revenue - variable operating costs and expenses)/Operating profit (Note 4)
   (2) Financial leverage = operating profit/(operating profit - interest expenses)

Note 2: Special attention shall be paid to the following while weighing over the equation used to calculate the earnings per share:

1. The basis is the weighted average number of common stock shares, not the number of shares already issued as of the end of the year.
2. In case of capital increase in cash or trading of treasury stock shares, the circulation period shall be taken into consideration while the weighted average number of shares is being calculated.
3. In case of earnings transferred capital increase or capital surplus transferred capital increase, in the calculation of the earnings per share for prior years and the half-year earnings per share, adjustments shall be made retroactively according to the capital increase ratio; there is no need to consider the duration of issuance for the said capital increase.
4. If the preferred stock is a non-convertible accumulated preferred stock, the dividends for the year (distributed or not) shall be subtracted from the after-tax net profit or the after-tax net loss shall be increased. If the preferred stock is not accumulated in nature, with after-tax net profit, the dividends of the preferred stock shall be subtracted from the after-tax net profit; no such adjustment is needed in cases of deficits.

Note 3: Special attention shall be paid to the following while weighing over the cash flow analysis:

1. Net cash flows of operating activities refer to the net cash inflows from operating activities as shown in the Cash Flow Statement.
2. Capital expenditure refers to the cash out-flows for capital investment each year.
3. Increased inventories are only counted when the balance at end of term is greater than that at start of term; if inventories drop at the end of the year, they shall count as 0.
4. Cash dividends include those of common stock and preferred stock combined.
5. Gross value of property, plant, and equipment refers to the total value of property, plant, and equipment before accumulated depreciation is subtracted.

Note 4: Issuers shall divide each operating cost and operating expenditure into fixed and variable. If estimation or subjective judgment is involved, attention shall be paid to the legitimacy and remain consistent.

6.3 Audit Committee's Review Report on the Most Recent Fiscal Year:

Audit Committee's Review Report

The Board of Directors was approved to
prepare the Company's 2022 business report, financial statements (including parent company only and consolidated financial statements) and earnings distribution plan, in which the financial statements have been audited by Chiang Jia-Ling, CPA and Wu Chiu-Yen, CPA of Deloitte & Touche, who also issued the audit report accordingly. After reviewing said business report, financial statements, and earnings distribution plan, we consider that they comply with relevant statutes or regulations in all respects. Therefore, we issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review it accordingly.

To

General Annual Meeting 2023

Thinking Electronic Industrial Co., Ltd.

Convener of Audit Committee: Chen, Hsiu-Yen

March 22, 2023

6.4 Financial Statements for the Most Recent Fiscal Year: Refer to Pages 129-201 through for details.

6.5 Parent Company Only Financial Statements Audited by Independent Auditors for the Most Recent Fiscal Year: Refer to Pages 202-284 through for details.

6.6 The Impact of Financial Difficulties of the Company and its Affiliates: None.

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

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

<u>*Notice to Readers*</u>

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

	December 31, 2022		December 31, 2021	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
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:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%) December 31, 2022	Percentage of Ownership (%) 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

May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares (Note)	December 31 2022	2021
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 For the Year Ended		Dividend Per Share (NT$) 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	December 31 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	
Carrying amount of deferred revenue	2022	2021
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.

Sensitivity analysis

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

Gross settled	On Demand or Less than1 Month
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	December 31 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

	For the Year Ended December 31	
Related Party Category/Name	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

		December 31	
Line Item	Related Party Category/Name	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	For the Year Ended December 31 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	Purchase Price For the Year Ended December 31 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	For the Year Ended December 31 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	December 31 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.

TABLE 1

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	<u>CNY financial products</u>													
	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	<u>CNY financial products</u> 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	<u>CNY financial products</u> 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	<u>CNY financial products</u> 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

TABLE 3

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.

TABLE 4

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.

TABLE 5

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.

Thinking Electronic Industrial Company Limited

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Recognition of revenue from export sales

The Company'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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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)	$ 1,752,733	13	$ 1,428,034	12
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 27)	92,250	1	-	-
Notes receivable (Note 9)	2,557	-	3,879	-
Accounts receivable, net (Notes 4 and 9)	833,552	7	829,581	7
Accounts receivable - related parties (Notes 9 and 28)	179,793	1	212,413	2
Other receivables	5,822	-	5,245	-
Other receivables - related parties (Note 28)	1,058	-	266	-
Inventories (Notes 4 and 10)	350,148	3	410,995	4
Other financial assets - current (Notes 11 and 29)	151,700	1	276,800	2
Other current assets	53,181	-	38,812	-
Total current assets	3,422,794	26	3,206,025	27
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	25,723	-	36,273	-
Investments accounted for using the equity method (Notes 4 and 12)	7,955,007	61	7,490,254	63
Property, plant and equipment (Notes 4, 13, 28 and 30)	1,368,831	11	936,977	8
Right-of-use assets (Notes 4 and 14)	51,078	1	53,092	-
Computer software, net (Note 4)	29,015	-	33,652	-
Deferred tax assets (Notes 4 and 23)	94,791	1	99,007	1
Prepayments for equipment (Note 28)	49,726	-	77,806	1
Net defined benefit assets - non-current (Notes 4 and 19)	13,514	-	11,100	-
Other financial assets - non-current (Notes 11 and 29)	2,315	-	31,115	-
Total non-current assets	9,590,000	74	8,769,276	73
TOTAL	$ 13,012,794	100	$ 11,975,301	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 15)	$ 678,000	5	$ 749,630	6
Financial liabilities at fair value through profit or loss- current (Notes 4,7 and 27)	92,340	1	-	-
Accounts payable (Note 16)	26,974	-	47,752	-
Accounts payable - related parties (Notes 16 and 28)	378,977	3	428,093	4
Other payables (Note 17)	356,036	3	382,554	3
Other payables - related parties (Note 28)	3,999	-	5,599	-
Current tax liabilities (Notes 4 and 23)	144,994	1	96,076	1
Lease liabilities - current (Notes 4 and 14)	1,465	-	1,023	-
Current portion of long-term borrowings (Notes 4 and 15)	14,458	-	-	-
Refund liabilities - current (Notes 4 and 18)	84,696	1	92,669	1
Other current liabilities (Notes 4 and 25)	3,073	-	2,764	-
Total current liabilities	1,785,012	14	1,806,160	15
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 15)	1,022,218	8	688,100	6
Deferred tax liabilities (Notes 4 and 23)	1,324,251	10	1,255,099	10
Lease liabilities - non-current (Notes 4 and 14)	52,235	-	53,700	1
Long-term deferred revenue (Notes 4 and 25)	19,879	-	13,489	-
Guarantee deposits received	120	-	120	-
Total non-current liabilities	2,418,703	18	2,010,508	17
Total liabilities	4,203,715	32	3,816,668	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 12 and 20)				
Ordinary shares	1,281,127	10	1,281,127	11
Capital surplus	352,907	3	352,907	3
Retained earnings				
Legal reserve	1,316,508	10	1,159,089	10
Special reserve	222,378	2	201,436	1
Unappropriated earnings	5,776,786	44	5,386,452	45
Total retained earnings	7,315,672	56	6,746,977	56
Other equity	(140,627)	(1)	(222,378)	(2)
Total equity	8,809,079	68	8,158,633	68
TOTAL	$ 13,012,794	100	$ 11,975,301	100

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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, 21 and 28)	$ 3,619,285	100	$ 3,775,517	100
OPERATING COSTS (Notes 10, 22 and 28)	2,466,157	68	2,310,989	61
GROSS PROFIT	1,153,128	32	1,464,528	39
UNREALIZED GAINS FROM SALES (Notes 4 and 28)	(26,915)	(1)	(29,161)	(1)
REALIZED GAINS FROM SALES (Note 4)	29,161	1	4,773	-
REALIZED GROSS PROFIT	1,155,374	32	1,440,140	38
OPERATING EXPENSES (Notes 4, 10, 22 and 28)				
Selling and marketing expenses	122,438	3	127,963	3
General and administrative expenses	198,016	6	224,462	6
Research and development expenses	140,083	4	134,925	4
Expected credit loss (gain)	(130)	-	631	-
Total operating expenses	460,407	13	487,981	13
PROFIT FROM OPERATIONS	694,967	19	952,159	25
NON-OPERATING INCOME AND EXPENSES (Notes 12, 22, 25 and 28)				
Interest income	25,666	1	15,999	-
Other income	3,474	-	2,272	-
Other gains and losses	141,037	4	(44,909)	(1)
Finance costs	(11,939)	-	(7,220)	-
Share of profit of subsidiaries	837,609	23	1,070,155	28
Total non-operating income and expenses	995,847	28	1,036,297	27
PROFIT BEFORE INCOME TAX	1,690,814	47	1,988,456	53
INCOME TAX EXPENSE (Notes 4 and 23)	316,981	9	411,149	11
NET PROFIT FOR THE YEAR	1,373,833	38	1,577,307	42

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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

	2022 Amount	2022 %	2021 Amount	2021 %
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 1,360	-	$ (1,430)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(10,550)	-	(3,208)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	884	-	(1,977)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(272)	-	286	-
	(8,578)	-	(6,329)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	611,730	17	(139,598)	(4)
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	(496,354)	(14)	117,430	3
Income tax related to items that may be reclassified subsequently to profit or loss	(23,075)	(1)	4,434	-
	92,301	2	(17,734)	(1)
Other comprehensive income (loss) for the year, net	83,723	2	(24,063)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,457,556	40	$ 1,553,244	41
EARNINGS PER SHARE (Note 24)				
Basic	$ 10.72		$ 12.31	
Diluted	$ 10.66		$ 12.25	

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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

			Retained Earnings				Other Equity			
	Share Capital	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 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
Appropriation of 2020 earnings (Note 20)										
Legal reserve	-	-	138,883	-	(138,883)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(704,620)	(704,620)	-	-	-	(704,620)
Reversal of special reserve	-	-	-	(83,219)	83,219	-	-	-	-	-
	-	-	138,883	(83,219)	(760,284)	(704,620)	-	-	-	(704,620)
Net profit for the year ended December 31, 2021	-	-	-	-	1,577,307	1,577,307	-	-	-	1,577,307
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(3,121)	(3,121)	(17,734)	(3,208)	(20,942)	(24,063)
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
Difference between consideration and carrying amount of subsidiaries acquired (Notes 12 and 20)	-	4,644	-	-	-	-	-	-	-	4,644
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
Appropriation of 2021 earnings (Note 20)										
Legal reserve	-	-	157,419	-	(157,419)	-	-	-	-	-
Special reserve	-	-	-	20,942	(20,942)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(807,110)	(807,110)	-	-	-	(807,110)
	-	-	157,419	20,942	(985,471)	(807,110)	-	-	-	(807,110)
Net profit for the year ended December 31, 2022	-	-	-	-	1,373,833	1,373,833	-	-	-	1,373,833
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,972	1,972	92,301	(10,550)	81,751	83,723
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
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

The accompanying notes are an integral company only financial statements.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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		
Income before income tax	$ 1,690,814	$ 1,988,456
Adjustments for:		
Depreciation expense	81,398	74,808
Amortization expense	7,463	5,559
Expected credit loss (gain)	(130)	631
Net loss on financial assets or liabilities at fair value through profit or loss	2,165	-
Finance costs	11,939	7,220
Interest income	(25,666)	(15,999)
Dividend income	(988)	-
Share of profit of subsidiaries	(837,609)	(1,070,155)
Gain (loss) on disposal of property, plant and equipment, net	(404)	1
Loss on inventories	86,781	9,418
Unrealized gain on transactions with subsidiaries	26,915	29,161
Realized gain on transactions with subsidiaries	(29,161)	(4,773)
Reversal of provisions	-	(47,912)
Amortization of grants income	(749)	(752)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(2,075)	-
Notes receivable	1,322	1,445
Accounts receivable	(3,841)	(29,372)
Accounts receivable - related parties	32,620	73,314
Other receivables	357	(271)
Other receivables - related parties	(792)	(169)
Inventories	(25,934)	(212,700)
Other current assets	(14,369)	(20,048)
Net defined benefit assets	(1,054)	(1,123)
Accounts payable	(20,778)	27,404
Accounts payable - related parties	(49,116)	(163,900)
Other payables	(45,631)	83,798
Other payables - related parties	(449)	4,014
Other current liabilities	313	306
Refund liabilities	(7,973)	(30,398)
Cash generated from operations	875,368	707,963
Interest received	24,732	14,137
Interest paid	(6,896)	(4,753)
Income taxes paid	(218,042)	(196,554)
Net cash generated from operating activities	675,162	520,793
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using equity method	(43,740)	(29,250)
Acquisition of property, plant and equipment	(467,337)	(420,863)

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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

	2022	2021
Proceeds from disposal of property, plant and equipment	$ 1,973	$ -
Acquisition of intangible assets	(2,826)	(10,852)
Increase in other financial assets	-	(276,800)
Decrease in other financial assets	153,900	-
Dividends received	536,090	-
Net cash generate from (used in) investing activities	178,060	(737,765)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	678,000	4,450,200
Decrease in short-term borrowings	(749,630)	(4,075,570)
Proceeds from long-term borrowings	351,240	353,540
Decrease in guarantee deposits received	-	(10)
Repayments of the principal portion of lease	(1,023)	(929)
Cash dividends paid	(807,110)	(704,620)
Net cash (used in) generated from financing activities	(528,523)	22,611
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	324,699	(194,361)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	1,428,034	1,622,395
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$ 1,752,733	$ 1,428,034

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

(Concluded)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

NOTES TO PARENT COMPANY ONLY 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 parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the 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 material impact on the Company's accounting policies.

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 Company 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 Company 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 Company 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 Company 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 Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company 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 Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company 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 Company 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 Company shall recognize the cumulative effect of initial application in retained earnings at that date. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. The Company 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	$ 94,791	$ 10,740	$ 105,531
Total effect on assets	$ 13,012,794	$ 10,740	$ 13,023,534
Deferred tax liabilities	$ 1,324,251	$ 10,216	$ 1,334,467
Total effect on liabilities	$ 4,203,715	$ 10,216	$ 4,213,931
Retained earnings	$ 7,315,672	$ 524	$ 7,316,196
Total effect on equity	$ 8,809,079	$ 524	$ 8,809,603
January 1, 2022			
Deferred tax assets	$ 99,007	$ 10,945	$ 109,952
Total effect on assets	$ 11,975,301	$ 10,945	$ 11,986,246
Deferred tax liabilities	$ 1,255,099	$ 10,618	$ 1,265,717
Total effect on liabilities	$ 3,816,668	$ 10,618	$ 3,827,286
Retained earnings	$ 6,746,977	$ 327	$ 6,747,304
Total effect on equity	$ 8,158,633	$ 327	$ 8,158,960
Impact on total comprehensive income for the year ended December 31, 2022			
Income tax expense	$ 316,981	$ (197)	$ 316,784
Total effect on net profit for the year	1,373,833	197	1,374,030
Total effect on total comprehensive income for the year	$ 1,457,556	$ 197	$ 1,457,753

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company'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 Company 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 Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company 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 Company shall disclose information that enables users of financial statements to understand the risk of the Company 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 Company'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 Company'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 Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company'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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only 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.

The subsidiaries are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on consolidated financial statements, the effect of the differences between the parent company only basis and consolidated basis are adjusted in the investments accounted for using the equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and related equity.

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 parent company only financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

In preparing the parent company only financial statements, 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 parent company only 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.

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 are reclassified to profit or loss.

e. 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.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. Differences between the carrying amounts of the investment and the fair value of the consideration paid or received are directly recognized in equity.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

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. 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.

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

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset 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 Company 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 corresponding the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined 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.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 Financial asset at FVTPL, 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 27.

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

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company 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 Company 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 Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

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 Company 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 Company 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 27.

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 Company 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.

k. Revenue recognition

The Company 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 Company 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.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Company 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 Company as lessee, the Company 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, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. 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 Company 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 parent company only balance sheets.

m. 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.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company 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 Company recognized as expense the related cost that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company 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 Company 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 is 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.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as 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 Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

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

1) Current tax

According to the Income Tax Law, 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 Company 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred 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 Company'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	$ 631	$ 549
Checking accounts	74	74
Demand deposits	1,138,435	925,234
Cash equivalents		
Time deposits with original maturities of 3 months or less	613,593	502,177
	$ 1,752,733	$ 1,428,034
The annual interest rate of time deposits (%)	2.60-2.74	2.71-3.00

The Company 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

Financial assets at fair value though profit or loss (FVTPL)- current	December 31, 2022
Financial assets mandatorily classified as at FVTPL	
Derivative instruments (non-designated hedges)	
Swap contracts (b)	$ 92,250

Financial liabilities at FVTPL- current	
Financial assets mandatorily classified as at FVTPL	
Derivative instruments (non-designated hedges)	
Swap contracts (b)	$ 92,273
Forward exchange contracts (a)	67
	$ 92,340

a. 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

b. 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 Company 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 22.

8. 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.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31 2022	December 31 2021
Notes receivable		
At amortized cost		
Gross carrying amount - operating	$ 2,557	$ 3,879
Accounts receivable - non-related parties		
At amortized cost		
Gross carrying amount - operating	$ 849,075	$ 845,234
Less: Allowance for impairment loss	15,523	15,653
	$ 833,552	$ 829,581
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount - operating (Note 28)	$ 179,793	$ 212,413

The Company's notes receivable and accounts receivable have been measured by amortized cost. Refer to Note 27 for information related to credit management policy.

The Company 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 Company 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 Company 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 (including related parties) based on the Company'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	$ 980,321	$ 5,068	$ 26,531	$ 3,100	$ 34	$ 13,814	$ 1,028,868
Loss allowance (Lifetime ECLs)	(470)	(26)	(266)	(930)	(17)	(13,814)	(15,523)
Amortized cost	$ 979,851	$ 5,042	$ 26,265	$ 2,170	$ 17	$ -	$ 1,013,345

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	$ 1,009,054	$ 3,040	$ 28,139	$ 3,496	$ 117	$ 13,801	$ 1,057,647
Loss allowance (Lifetime ECLs)	(443)	(15)	(281)	(1,049)	(64)	(13,801)	(15,653)
Amortized cost	$ 1,008,611	$ 3,025	$ 27,858	$ 2,447	$ 53	$ -	$ 1,041,994

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 15,653	$ 15,022
Net remeasurement (reversal) of loss allowance	(130)	631
Balance at December 31	$ 15,523	$ 15,653

10. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 175,797	$ 219,022
Semi-finished	59,087	20,099
Work-in-process	69,908	52,895
Raw materials	36,348	100,242
Supplies	2,943	6,444
Inventory in transit	6,065	12,293
	$ 350,148	$ 410,995

The cost of inventories recognized as cost of goods sold and recognized under cost of goods sold, which included the following items:

	For the Year Ended December 31	
	2022	2021
Cost of goods sold	$ 2,466,157	$ 2,310,989
Write-off obsolete inventories	12,416	7,084
Inventory write-downs	74,365	2,334
	$ 86,781	$ 9,418

11. OTHER FINANCIAL ASSETS

	December 31 2022	December 31 2021
Pledged time deposits	$ 151,700	$ 305,600
Refundable deposits	2,315	2,315
	$ 154,015	$ 307,915
Current	$ 151,700	$ 276,800
Non-current	2,315	31,115
	$ 154,015	$ 307,915
Interest rate of pledge time deposits (%)	1.195-4.15	0.35-0.57

For information on other financial assets pledged, refer to Note 29.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

	December 31 2022	December 31 2021
Not listed company		
Yenyo Technology Co., Ltd. (Yenyo)	$ 231,421	$ 202,130
Greenish Co., Ltd. (Greenish)	2,463,106	2,172,842
Thinking (Changzhou) Electronic Co., Ltd. (Thinking Changzhou)	1,794,272	2,050,787
Thinking Holding (Cayman) Co., Ltd. (Thinking Holding)	3,437,858	3,064,495
Thinking Electronic USA, Inc. (Thinking USA)	28,350	-
	$ 7,955,007	$ 7,490,254

At the end of the reporting period, the percentages of owners' voting rights in subsidiaries held by the Company were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
Yenyo	63.76%	63.76%
Greenish	100.00%	100.00%
Thinking Changzhou	47.39%	47.39%
Thinking Holding	100.00%	100.00%
Thinking USA	100.00%	-

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.

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.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were recognized based on the subsidiaries' financial statements which have been audited.

13. PROPERTY, PLANT, AND EQUIPMENT

a. Changes in cost 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	$ 144,685	$ 209,636	$ 670,170	$ 1,514	$ 205,354	$ 385,218	$ 1,616,577
Additions	-	635	116,642	-	9,159	386,956	513,392
Disposals	-	-	(4,532)	-	(2,808)	-	(7,340)
Balance at December 31, 2022	$ 144,685	$ 210,271	$ 782,280	$ 1,514	$ 211,705	$ 772,174	$ 2,122,629
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 88,905	$ 416,111	$ 1,448	$ 173,136	$ -	$ 679,600
Depreciation expense	-	5,302	58,021	26	16,620	-	79,969
Disposals	-	-	(3,003)	-	(2,768)	-	(5,771)
Balance at December 31, 2022	$ -	$ 94,207	$ 471,129	$ 1,474	$ 186,988	$ -	$ 753,798
Carrying amount at December 31, 2022	$ 144,685	$ 116,064	$ 311,151	$ 40	$ 24,717	$ 772,174	$ 1,368,831

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	$ 144,685	$ 208,664	$ 568,489	$ 1,514	$ 197,763	$ 104,013	$ 1,225,128
Additions	-	972	106,011	-	8,641	281,205	396,829
Disposals	-	-	(4,330)	-	(1,050)	-	(5,380)
Balance at December 31, 2021	$ 144,685	$ 209,636	$ 670,170	$ 1,514	$ 205,354	$ 385,218	$ 1,616,577
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 83,594	$ 374,541	$ 1,421	$ 152,044	$ -	$ 611,600
Depreciation expense	-	5,311	45,899	27	22,142	-	73,379
Disposals	-	-	(4,329)	-	(1,050)	-	(5,379)
Balance at December 31, 2021	$ -	$ 88,905	$ 416,111	$ 1,448	$ 173,136	$ -	$ 679,600
Carrying amount at December 31, 2021	$ 144,685	$ 120,731	$ 254,059	$ 66	$ 32,218	$ 385,218	$ 936,977

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 cash flow statement 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	$ 513,392	$ 396,829
Increase in payables for equipment (in other payables)	(18,541)	(12,397)
Increase (decrease) in payables for equipment-related parties (in other payables-related parties)	1,151	(1,151)
Increase (decrease) in prepayments for equipment	(28,080)	38,166
Capitalization of depreciation	(585)	(584)
Payments of acquisition of property, plant, and equipment	$ 467,337	$ 420,863

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	60 years
Improvement engineering	60 years
Machinery and equipment	8 years
Leasehold improvement	10 years
Others	5-6 years

c. As of December 31, 2022 and 2021, the Company has not provided property, plant and equipment as guarantee.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 51,078	$ 53,092

	For the Year Ended December 31	
	2022	2021
Depreciation charge for right-of-use assets - land	$ 2,014	$ 2,013

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

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 1,465	$ 1,023
Non-current	$ 52,235	$ 53,700

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.75-1.38	0.75-1.38

c. Material leasing activities and terms

The Company leases land located at Nanzih Export Processing Zone for the use of plants with the remaining useful life of 3 to 7 years. The government reserves the right to adjust the rent according to the assessed land value. The Company does not have bargain purchase options to acquire the leasehold land at the end of the lease period. In addition, the Company 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	$ 812	$ 821
Expenses relating to low-value asset leases	$ 402	$ 357
Total cash outflow for leases	$ 2,917	$ 2,795

15. BORROWINGS

a. Short - term borrowings

	December 31	
	2022	2021
Secured loans (Note 29)	$ 108,000	$ 249,630
Credit loans	570,000	500,000
	$ 678,000	$ 749,630
The annual interest rate (%)		
Secured loans	1.5	0.34
Credit loans	1.09-1.655	0.68-0.72

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 the relevant loan contract are as follows:

1) Credit period: The credit period is from October 2020 to October 2027, and the credit 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. As of December 31, 2022 and 2021, which was 1.47% and 0.845% , 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

16. ACCOUNTS PAYABLE

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

The Company 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.

17. OTHER PAYABLES

	December 31	
	2022	**2021**
Payable for salaries and bonuses	$ 141,859	$ 165,627
Payable for employees' compensation	79,543	91,100
Payable for purchase of equipment	58,668	40,127
Payable for remuneration of directors	23,242	26,800
Others	52,724	58,900
	$ 356,036	$ 382,554

18. 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.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company 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.

b. Defined benefit plans

The defined benefit plan adopted by the Company 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 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 Company 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 Company 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 Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 85,577	$ 83,126
Fair value of plan assets	(99,091)	(94,226)
Net defined benefit assets	$ (13,514)	$ (11,100)

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	$ 81,262	$ (92,669)	$ (11,407)
Service cost			
Current service cost	104	-	104
Net interest expense (income)	631	(727)	(96)
Recognized in profit or loss	735	(727)	8
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(930)	(930)
Actuarial loss-change in financial assumptions	637	-	637
Actuarial loss - experience adjustments	1,723	-	1,723
Recognized in other comprehensive income	2,360	(930)	1,430
Contributions from the employer	-	(1,131)	(1,131)
Benefits paid	(1,231)	1,231	-
Balance at December 31, 2021	83,126	(94,226)	(11,100)
Service cost			
Current service cost	102	-	102
Net interest expense (income)	536	(612)	(76)
Recognized in profit or loss	638	(612)	26
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,315)	(7,315)
Actuarial loss-change in financial assumptions	(2,060)	-	(2,060)
Actuarial loss - experience adjustments	8,015	-	8,015
Recognized in other comprehensive income	5,955	(7,315)	(1,360)
Contributions from the employer	-	(1,080)	(1,080)
Benefits paid	(4,142)	4,142	-
Balance at December 31, 2022	$ 85,577	$ (99,091)	$ (13,514)

Through the defined benefit plans under the Labor Standards Law, the Company is 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	0.65
Expected rate of salary increase (%)	2.00	2.00

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	$ (816)	$ (1,056)
0.25% decrease	$ 841	$ 1,088
Expected rate of salary increase (decrease)		
1% increase	$ 3,454	$ 4,454
1% decrease	$ (3,135)	$ (4,026)

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 will 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	$ 1,130	$ 1,130
Average duration of the defined benefit obligation (years)	8	9

20. 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
The difference between consideration and the carrying amount of 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 2021 had been proposed by the Company's board of directors on March 22, 2022. 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	611,730	(139,598)
Share from subsidiaries accounted for using the equity method	(496,354)	117,430
Income tax (expenses) benefit relating to exchange differences arising on translation of foreign operations	(122,346)	27,920
Income tax benefit (expenses) relating to share from subsidiaries accounted for using the equity method	99,271	(23,486)
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
Recognized for the year		
Unrealized loss on financial assets at FVTOCI	(10,550)	(3,208)
Balance at December 31	$ (8,219)	$ 2,331

21. OPERATING REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 3,619,075	$ 3,775,336
Service revenue	210	181
	$ 3,619,285	$ 3,775,517

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

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (Note 9)	$ 1,015,902	$ 1,045,873	$ 1,091,891

c. Disaggregation of revenue

	For the Year Ended December 31	
	2022	2021
Type of revenue		
Passive components	$ 3,619,075	$ 3,775,336
Service revenue	210	181
	$ 3,619,285	$ 3,775,517

22. NET PROFIT

Net profit included following items:

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 25,076	$ 14,285
Financial assets at fair value through income	-	102
Others	590	1,612
	$ 25,666	$ 15,999

b. Other income

	For the Year Ended December 31	
	2022	2021
Grants	$ 1,343	$ 894
Rental income	717	700
Dividend income	988	-
Others	426	678
	$ 3,474	$ 2,272

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	142,798	(44,908)
Others	404	(1)
	$ 141,037	$ (44,909)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest expense of borrowings	$ 16,228	$ 7,821
Interest on lease liabilities	680	688
	16,908	8,509
Less: Amounts included in the cost of qualifying assets	4,969	1,289
	$ 11,939	$ 7,220

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	$ 79,969	$ 73,379
Right-of-use-assets	2,014	2,013
Computer software	7,463	5,559
	89,446	80,951
Less: Amounts included in the cost of qualifying assets	585	584
	$ 88,861	$ 80,367
An analysis of depreciation by function		
Operating costs	$ 67,280	$ 59,787
Operating expenses	14,118	15,021
	$ 81,398	$ 74,808
An analysis of amortization by function		
Operating costs	$ 2,712	$ 2,100
Operating expenses	4,751	3,459
	$ 7,463	$ 5,559

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits		
Salary	$ 427,425	$ 458,613
Others	83,266	83,206
	510,691	541,819
Retirement benefits		
Defined contribution plans	$ 17,987	$ 17,901
Defined benefit plans (Note 19)	26	8
	18,013	17,909
	$ 528,704	$ 559,728
An analysis of employee benefits expense by function		
Operating costs	$ 203,040	$ 208,653
Operating expenses	325,664	351,075
	$ 528,704	$ 559,728

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 parent company only 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 parent company only 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.

23. 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	$ 259,460	$ 156,571
Income tax on unappropriated earnings	29,436	31,427
Adjustments for prior years	(21,936)	(2,514)
	266,960	185,484
Deferred tax		
In respect of the current year	59,813	223,029
Adjustments for prior years	(9,792)	2,636
	50,021	225,665
Income tax expense recognized in profit or loss	$ 316,981	$ 411,149

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

	For the Year Ended December 31	
	2022	2021
Profit before income tax	$ 1,690,814	$ 1,988,456
Income tax expense calculated at the statutory rate	$ 338,163	$ 397,691
Deductible income in determining taxable income	(5,682)	(4,091)
Tax-exempt income	(198)	-
Income tax on unappropriated earnings	29,436	31,427
Usage of investment credit	(13,010)	(14,000)
Adjustments for prior years' tax	(31,728)	122
Income tax expense recognized in profit or loss	$ 316,981	$ 411,149

The applicable tax rate of the Company is 20%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred income tax expense (benefit)		
Remeasurement on defined benefit plans	$ 272	$ (286)
The difference in translation of foreign operations	122,346	(27,920)
Share of other comprehensive income (loss) of subsidiaries by using equity method	(99,271)	23,486
Income tax recognized in other comprehensive income	$ 23,347	$ (4,720)

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	$ 144,994	$ 96,076

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	Balance, End of Year
Temporary differences				
Unrealized loss on inventories	$ 8,344	$ 15,413	$ -	$ 23,757
Unrealized gross profits	6,528	9,259	-	15,787
Unrealized refund liabilities	18,534	(1,595)	-	16,939

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Exchange differences on translation of the financial statements of foreign operations	$ 122,441	$ -	$ (122,346)	$ 95
Share of other comprehensive income (loss) of subsidiaries for using the equity method	(66,264)	-	99,271	33,007
Others	9,424	(3,946)	(272)	5,206
	$ 99,007	$ 19,131	$ (23,347)	$ 94,791
Deferred Tax Liabilities				
Temporary differences				
Foreign investment income	$ 1,251,484	$ 54,820	$ -	$ 1,306,304
Others	3,615	14,332	-	17,947
	$ 1,255,099	$ 69,152	$ -	$ 1,324,251

(Concluded)

For the Year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Unrealized loss on inventories	$ 7,629	$ 715	$ -	$ 8,344
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	94,521	-	27,920	122,441
Share of other comprehensive income (loss) of subsidiaries for using the equity method	(42,778)	-	(23,486)	(66,264)
Others	12,153	(3,015)	286	9,424
	$ 109,789	$ (15,502)	$ 4,720	$ 99,007
Deferred Tax Liabilities				
Temporary differences				
Foreign investment income	$ 1,041,545	$ 209,939	$ -	$ 1,251,484
Others	3,391	224	-	3,615
	$ 1,044,936	$ 210,163	$ -	$ 1,255,099

e. Income tax assessments

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

24. 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
Net profit used in the computation of earnings per share	$ 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 Company may settle the compensation of employees in cash or shares; therefore, the Company 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.

25. 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	$ 14,240	$ 7,480
Deferred revenue in the reporting period	7,135	7,512
Realized revenue in the reporting period (in other income)	(749)	(752)
Balance at December 31	$ 20,626	$ 14,240

Carrying amount of deferred revenue	December 31 2022	2021
Current (in other current liabilities)	$ 747	$ 751
Non-current	19,879	13,489
	$ 20,626	$ 14,240

26. CAPITAL MANAGEMENT

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

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

27. FINANCIAL INSTRUMENTS

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

The Company'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				
Derivative financial assets	$ -	$ 92,250	$ -	$ 92,250
Financial assets at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 25,723	$ 25,723
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 92,340	$ -	$ 92,340

December 31, 2021

	Level 1	Level 2	Level 3	Total
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	Equity Instruments Financial Assets at FVTOCI
Balance at January 1, 2022	$ 36,273
Recognized in other comprehensive income	(10,550)
Balanced at December 31, 2022	$ 25,723

For the year ended December 31, 2021

Financial assets	Equity Instruments Financial Assets at FVTOCI
Balance at January 1, 2021	$ 39,481
Recognized in other comprehensive income	(3,208)
Balanced at December 31, 2021	$ 36,273

3) Valuation techniques and assumptions used to measure the fair value of the Company

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

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.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 92,250	$ -
Financial assets at amortized cost (Note 1)	2,926,962	2,784,492
Financial assets at FVTOCI		
Equity instruments	25,723	36,273
Financial liabilities		
FVTPL		
Mandatorily classified as at FVTPL	$ 92,340	$ -
Amortized cost (Note 2)	2,480,782	2,301,848

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

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable (including related parties) and 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 Company included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company 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 Company'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 Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

1) Market risk

The Company'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 Company has foreign currency denominated sales and purchases, which exposes the Company to foreign currency risk. The Company 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 Company's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the reporting year are set out in Note 32.

Sensitivity analysis

The Company is mainly exposed to the risk from the fluctuations of the USD, CNY and EUR, 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 Company'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 For the Year Ended December 31		CNY Impact For the Year Ended December 31		EUR Impact For the Year Ended December 31	
	2022	2021	2022	2021	2022	2021
Profit or loss	$ 6,635	$ 10,097	$ 12,221	$ 9,236	$ 2,839	$ 1,348

b) Interest rate risk

The interest rate risk of the Company is primarily related to its fixed interest rates and variable rate of borrowing funds. The Company manages its interest rate risk by using interest rate swap contracts and forward interest rate contracts. Furthermore, total amount of the Company'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 Company.

The carrying amounts of the Company'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	$ 738,808	$ 810,092
Financial liabilities	611,700	804,353
Cash flow interest rate risk		
Financial assets	1,167,235	925,234
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 Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have been higher/lower by $106 thousand and by $2,371 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 Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation provided due to the financial guarantees provided by the Company, could be the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company 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 Company uses other publicly available financial information and its own trading records to rate its major customers. The Company 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 Company annually.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company. As of December 31, 2022 and 2021, the Company 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 Company'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 Company 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	$ 75,004	$ 468,617	$ 221,523	$ -	$ -
Lease liabilities	178	356	1,600	7,677	60,883
Variable interest rate liabilities	120,864	1,709	22,144	1,062,026	-
Fixed interest rate liabilities	76,340	183,829	300,554	-	-
	$ 272,386	$ 654,511	$ 545,821	$ 1,069,703	$ 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	$ 2,134	$ 7,677	$ 7,321	$ 7,321	$ 7,321	$ 38,920
Variable interest rate liabilities	144,717	1,062,026	-	-	-	-
	$ 146,851	$ 1,069,703	$ 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	$ 80,062	$ 521,570	$ 262,366	$ -	$ -
Lease liabilities	135	269	1,299	8,347	62,347
Variable interest rate liabilities	204	409	1,839	547,749	161,619
Fixed interest rate liabilities	150,525	599,953	-	-	-
	$ 230,926	$ 1,122,201	$ 265,504	$ 556,096	$ 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	$ 1,703	$ 8,347	$ 7,321	$ 7,321	$ 7,321	$ 40,384
Variable interest rate liabilities	2,452	547,749	161,619	-	-	-
	$ 4,155	$ 556,096	$ 168,940	$ 7,321	$ 7,321	$ 40,384

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

The following table details the Company'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

Gross settled	On Demand or Less than 1 Month
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	$ 1,729,780	$ 1,450,170
Amount unused	2,204,220	2,372,830
	$ 3,934,000	$ 3,823,000

28. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and its relationship with the Company

Related Party Name	Related Party Category
Yenyo	Subsidiary
Thinking Changzhou	Subsidiary
Thinking Yichang	Subsidiary
Dongguan Welkin	Subsidiary
Welkin Electronic Industrial Co., Ltd. (Pingtung Welkin)	Related party in substance
Boh Chin Investment Co., Ltd. (Boh Chin Investment)	Related party in substance

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Sales of goods	Subsidiaries		
	Thinking Changzhou	$ 256,764	$ 249,647
	Dongguan Welkin	242,658	291,876
	Others	3,542	3,006
		$ 502,964	$ 544,529

The price of goods sold to related parties is calculated at cost plus gross profit. Since April 2021, the term of collection was changed from 90 days to 60 days from the invoice date, which was the same as those with non-related parties.

The amounts of unrealized gain on transactions with subsidiaries were $26,915 thousand and $29,161 thousand as of December 31, 2022 and 2021, respectively, which were recognized as the deduction of investments accounted for using the equity method.

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Purchases of goods	Subsidiaries		
	Thinking Changzhou	$ 982,797	$ 889,632
	Dongguan Welkin	1,117,170	1,250,129
	Others	87,711	128,067
		$ 2,187,678	$ 2,267,828

The purchase price with related parties was based on cost plus gross profit. The prices were not comparable as the Company has no other similar category of purchases with non-related parties. The term of collection was 60 days from the invoice date.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts receivable - related parties	Subsidiaries		
	Thinking Changzhou	$ 108,871	$ 86,544
	Dongguan Welkin	70,435	124,614
	Others	487	1,255
		$ 179,793	$ 212,413
Other receivables - related parties	Subsidiaries		
	Thinking Changzhou	$ 937	$ -
	Yenyo	121	-
	Thinking Yichang	-	121
	Related party in substance		
	Pingtung Welkin	-	145
		$ 1,058	$ 266

The payment terms between the Company 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.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts payable - related parties	Subsidiaries		
	Thinking Changzhou	$ 160,381	$ 186,048
	Dongguan Welkin	204,929	224,869
	Others	13,667	17,176
		$ 378,977	$ 428,093
Other payables - related parties	Subsidiaries		
	Thinking Changzhou	$ -	$ 1,151
	Related party in substance		
	Pingtung Welkin	3,999	4,448
		$ 3,999	$ 5,599

Other payables - related parties (Thinking Changzhou) were classified under payables for equipment. The Company and its related parties have monthly payment terms of 60 days, and the outstanding amounts due to related parties are not guaranteed.

f. Prepayments

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Prepayments for equipment	Subsidiaries		
	Dongguan Welkin	$ -	$ 766

g. Acquisition of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31 2022	2021
Subsidiaries		
Thinking Changzhou	$ 1,427	$ 2,010
Dongguan Welkin	3,830	3,760
	$ 5,257	$ 5,770

h. Disposal of property, plant and equipment

For the Year Ended December 31, 2022

Related Party Category/Name	Proceeds	Gain (Loss) on Disposal
Subsidiaries		
Thinking Changzhou	$ 1,493	$ 251
Yenyo	115	74
	$ 1,608	$ 325

i. Other transactions with related parties

1) Consigned processing

Related Party Category/Name	For the Year Ended December 31 2022	2021
Related party in substance - Pingtung Welkin	$ 10,918	$ 15,859

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

2) Consigned purchases

Related Party Category/Name	For the Year Ended December 31 2022	2021
Subsidiaries		
Thinking Yichang	$ 1,381	$ 314
Others	37	-
Related party in substance		
Pingtung Welkin	-	147
	$ 1,418	$ 461

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 Company and related parties in substance is based on the market rental agreement under general payment terms.

j. Remuneration of key management personnel

	For the Year Ended December 31 2022	2021
Short-term employee benefits	$ 69,419	$ 105,770
Post-employment benefits	853	865
	$ 70,272	$ 106,635

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.

29. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

The Company provided the following assets as collateral for bank borrowing and deposits of construction contract:

	December 31 2022	2021
Pledged deposits (classified as other financial assets)	$ 151,700	$ 305,600

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	December 31 2022	2021
Acquisition of property, plant and equipment	$ 390,034	$ 395,064

31. 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.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousand)	Exchange Rate		Carrying Amount (In Thousand)
December 31, 2022				
Financial assets				
Monetary items				
USD	$ 33,412	30.725	(USD:NTD)	$ 1,026,584
CNY	283,097	4.4023	(CNY:NTD)	1,246,278
EUR	8,804	32.65	(EUR:NTD)	287,451
Non-monetary items				
Investment accounted for using the equity method				
USD	192,980	30.725	(USD:NTD)	5,929,314
CNY	408,258	4.4023	(CNY:NTD)	1,797,272
Financial liabilities				
Monetary items				
USD	11,818	30.725	(USD:NTD)	363,108
CNY	5,492	4.4023	(CNY:NTD)	24,177
EUR	110	32.65	(EUR:NTD)	3,592
December 31, 2021				
Financial assets				
Monetary items				
USD	$ 51,362	27.6800	(USD:NTD)	$ 1,421,700
CNY	219,785	4.3471	(CNY:NTD)	955,427
EUR	4,356	31.3200	(EUR:NTD)	136,430
Non-monetary items				
Investment accounted for using the equity method				
USD	189,210	27.6800	(USD:NTD)	5,237,337
CNY	471,760	4.3471	(CNY:NTD)	2,050,787
Financial liabilities				
Monetary items				
USD	14,884	27.6800	(USD:NTD)	411,989
CNY	7,333	4.3471	(CNY:NTD)	31,877
EUR	52	31.3200	(EUR:NTD)	1,629

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	Exchange Rate		Net Foreign Exchange Gains (Losses)
For the year ended December 31, 2022			
USD	30.725	(USD:NTD)	$ 5,257
CNY	4.4023	(CNY:NTD)	1,523
EUR	32.65	(EUR:NTD)	(8,618)
			$ (1,838)
For the year ended December 31, 2021			
USD	27.6800	(USD:NTD)	$ (3,783)
CNY	4.3471	(CNY:NTD)	1,500
EUR	31.32	(EUR:NTD)	(1,099)
			$ (3,382)

33. 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) Trading in derivative instruments: Note 7.

10) Information on investees: Table 5.

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: Refer to Note 28.

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 shareholders

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 7

34. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements; the parent company financial statements do not need to disclose segment information.

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	

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

TABLE 3

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	% 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	

TABLE 4

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	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	-

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)	Note 10
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	-	
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	-	
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	-	
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	-	
Zhongshan Welkin	Manufacturing and selling thermistors, varistors and sensors	CNY$140,000 thousand	Note 6	-	-	-	-	(17,027)	100	(17,027)	582,482	-	

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: Financial report had been audited by 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 amount 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.

TABLE 7

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.

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THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Petty cash and cash on hand		$ 631
Bank deposit		
Deposit of NTD		
Checking accounts		74
Demand deposits		357,439
Foreign currency deposits (Note)		
Demand deposits	USD 5,278 thousand	162,177
	CNY 91,043 thousand	400,797
	EUR 6,122 thousand	199,897
	JPY 620 thousand	142
	HKD 4,562 thousand	17,983
Cash equivalents		
Time deposits with original maturities of 3 months or less		
Deposit of NTD		
Foreign currency deposits	CNY 139,380 thousand, with annual interest rate of 2.60%-2.74%. The expiry date of foreign currency deposits is February 2023.	613,593
		$ 1,752,733

Note: Foreign currency exchange rates of USD, CNY, EUR, JPY and HKD were as follows:

USD:NTD=1: 30.725.

CNY:NTD=1: 4.4023.

EUR:NTD=1: 32.65.

JPY:NTD=1: 0.2297.

HKD:NTD=1: 3.942.

STATEMENT 2

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Company A	Sale of goods	$ 733
Company B	Sale of goods	378
Company C	Sale of goods	269
Company D	Sale of goods	208
Others (Note)	Sale of goods	969
		$ 2,557

Note: The amounts of individual clients that are included in others does not exceed 5% of the account balance.

STATEMENT 3

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount	Over a Year	Remark
Related parties			
Thinking Changzhou	$ 108,871	$ -	Sale of goods
Thinking Yichang	487	-	Sale of goods
Dongguan Welkin	70,435	-	Sale of goods
	179,793	-	
Non-related parties			
E Company	52,093	-	Sale of goods
Others (Note)	796,982	13,814	Sale of goods
	849,075	13,814	
Less: Loss allowance	(15,523)	(13,814)	
	833,552	-	
	$ 1,013,345	$ -	

Note: The amount of individual clients that are included in others does not exceed 5% of the account balance.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount	Remark
Related parties		
Thinking Changzhou	$ 937	Transaction of property
Yenyo	121	Transaction of property
	1,058	
Non-related parties		
Income tax refund receivable	2,568	Business tax
Earned revenue receivable	3,247	
Others	7	
	5,822	
	$ 6,880	

STATEMENT 5

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Cost	Net Realizable Value (Note)
Finished goods	$ 175,797	$ 228,522
Semi-finished	59,087	118,532
Work-in-process	69,908	122,541
Raw materials	36,348	55,989
Supplies	2,943	3,124
Inventory in transit	6,065	6,065
	$ 350,148	$ 534,773

Note: Refer to Note 4 for accounting policy of net realizable value.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Prepayment for purchases	$ 9,507
Prepaid expenses	9,677
Office supplies	3,234
Offsets against business tax payable	30,217
Others	546
	$ 53,181

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2022		Additions in Investment			Decrease in Investment			Balance, December 31, 2022			Market Value or Net Assets Value		Collateral	Note
	Shares	Amount	Shares	Amount		Shares	Amount		Shares	% of Ownership	Amount	Unit Price	Total Amount		
Non-listed company															
Yenyo	25,732,508	$ 202,130	-	$ 29,291		-	$ -		25,732,508	63.76	$ 231,421	$ 9.19	$ 236,528	None	
Greenish	7,374,997	2,172,842	-	302,037		-	11,773		7,374,997	100	2,463,106	338.32	2,495,127	None	
Thinking Changzhou	10,075,514	2,050,787	4,739,290	438,680		-	695,195		14,814,804	47.39	1,794,272	117.95	1,747,409	None	
Thinking Holding	24,728,858	3,064,495	447,444	377,898		-	4,535		25,176,302	100	3,437,858	138.38	3,483,913	None	
Thinking USA	-	-	1,000,000	30,776		-	2,426		1,000,000	100	28,350	28.35	28,350	None	
		$ 7,490,254		$ 1,178,682	(Note 1)		$ 713,929	(Note 2)			$ 7,955,007		$ 7,991,327		

Note 1: Share of profits using the equity method, realized gain on transactions in the beginning of year, acquired investment funds using the equity method, exchange differences on the translation of the financial statements of foreign operations, remeasurement of defined benefit plans and Thinking Changzhou transferred surplus to capital during the year to $840,035 thousand, $29,161 thousand, $43,740 thousand, $115,376 thousand, $884 thousand and $149,486thousand.

Note 2: Share of loss using the equity method, unrealized gain on transactions in the beginning of year, Thinking Changzhouu surplus remittance and transferred surplus to capital to$2,426 thousand, $26,915 thousand, $535,102 thousand and $149,486 thousand.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Market Value or Net Assets Value		Accumulated Impairment	Collateral
	Shares	Fair Value	Shares (Note 1)	Amount	Shares	Amount (Note 2)	Shares	Fair Value (Note 3)		
Non-listed company's shares										
ACPA TECHNOLOGY CO., LTD.	2,469,130	$ 36,273	74,073	$ -	-	$ 10,550	2,543,203	$ 25,723	$ -	None

Note 1: ACPA TECHNOLOGY CO., LTD. transferred surplus to capital during the year, stock dividends allocated to the Company.

Note 2: Recognized as unrealized other comprehensive gain of financial assets at fair value.

Note 3: Refer to Note 27 for fair value measurement.

STATEMENT 9

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Balance at January 1, 2022	Additions	Deductions	Balance of December 31, 2022
Cost				
Land	$ 58,682	$ -	$ -	$ 58,682
Accumulated depreciation				
Land	(5,590)	(2,014)	-	(7,604)
	$ 53,092	$ (2,014)	$ -	$ 51,078

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Type of Borrowings and Bank Name	Contract Period	Interest Rates for the Year (%)	Balance of December 31, 2022
Secured loans			
E. SUN Bank	2022.12.09-2023.03.09	1.5	$ 108,000
Credit Loans			
Bank SinoPac	2022.12.30-2023.01.03	1.655	120,000
Yuanta Bank	2022.10.13-2023.03.16	1.35-1.41	150,000
CTBC Bank	2022.06.06-2023.05.31	1.09	300,000
			570,000
			$ 678,000

Note: At the end of December 31, 2022, the amount of unused short-term borrowings was approximately $2,204,220 thousand.

STATEMENT 11

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related parties	
Dongguan Welkin	$ 204,929
Thinking Changzhou	160,381
Thinking Yichang	13,108
Yenyo	559
	378,977
Non-related parties	
Company F	5,583
Company G	5,166
Company H	2,469
Company I	1,360
Others (Note)	12,396
	26,974
	$ 405,951

Note: The amount of individual vendor that are included in others does not exceed 5% of the account balance.

STATEMENT 12

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Temporary receipts	$ 455
Withholding	1,871
Deferred revenue	747
	$ 3,073

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Lease Term	Discount Rate (%)	Balance of December 31, 2022
Land	2016.06-2029.10	0.75-1.38	$ 53,700
Less: Lease liabilities - current			1,465
Lease liabilities - non-current			$ 52,235

STATEMENT 14

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING REVENUE
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Shipments (Thousand PCS)	Amount
Revenue from sale of goods		
Passive components	5,854,078	$ 3,619,075
Service revenue		210
		$ 3,619,285

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Production cost	
Raw material used	
Raw material, beginning of year	$ 100,242
Raw material purchased	145,624
Raw material, end of year	(36,348)
Others	(42,572)
	166,946
Supplies used	20,779
Direct labor	142,039
Manufacturing expense	253,896
Manufacturing cost	583,660
Work-in-process, beginning of year	72,994
Work-in-process purchased	8,475
Work-in-process, end of year	(128,995)
Others	(8,425)
Cost of finish goods	527,709
Finish goods, beginning of year	219,022
Finish goods purchased	2,189,795
Finish goods, end of year	(175,797)
Others	(367,235)
Total of production cost	2,393,494
Other operating cost	
Write-downs of inventories	74,365
Income from sale of scraps	(4,419)
Loss on obsolete inventory	12,416
Others	(9,699)
	72,663
	$ 2,466,157

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salaries	$ 52,735	$ 124,239	$ 85,160	$ 262,134
Labor cost (Note)	7,939	18,345	14,004	40,288
Export expense	15,545	45	-	15,590
Professional service fees	3,728	6,393	2,823	12,944
Commission expense	8,406	-	-	8,406
Depreciation and amortization expense	2,314	6,564	9,991	18,869
Utilities expense	124	689	4,023	4,836
Remuneration of directors	-	23,242	-	23,242
Consumption supplies	12	53	14,884	14,949
Shipping expense	13,554	485	133	14,172
Others	18,081	17,961	9,065	45,107
	$ 122,438	$ 198,016	$ 140,083	460,537
Expected credit loss reversed on trade receivables				130
				$ 460,407

Note: The labor cost includes labor and health insurance, pension, food stipend and others.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2022			2021		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Labor cost						
Salary and bonuses	$ 165,291	$ 262,134	$ 427,425	$ 172,620	$ 285,993	$ 458,613
Labor and health insurance	16,783	20,135	36,918	15,677	17,917	33,594
Pension	7,842	10,171	18,013	7,322	10,587	17,909
Remuneration of directors	-	23,242	23,242	-	26,800	26,800
Others	13,124	9,982	23,106	13,034	9,778	22,812
	$ 203,040	$ 325,664	$ 528,704	$ 208,653	$ 351,075	$ 559,728
Depreciation	$ 67,280	$ 14,118	$ 81,398	$ 59,787	$ 15,021	$ 74,808
Amortization	2,712	4,751	7,463	2,100	3,459	5,559

Note: a. As of December 31, 2022 and 2021, the Company had 525 and 498 employees, respectively. There were 5 non-employee director for both of the reporting period.

b. The average employee welfare expense for the years ended December 31, 2022 and 2021 was $972 thousand and $1,081 thousand, respectively.

c. The average employee salary and bonuses for the years ended December 31, 2022 and 2021 was $822 thousand and $930 thousand, respectively.

d. Change in the average employee salary and bonuses was 12%.

e. The Company has established an audit committee to replace the role of supervisor, so it has no remuneration for supervisor.

f. The Company's salary and remuneration policy (including directors, supervisors, managers and employees).

1) Director

The Company's remuneration of directors are distributed in accordance with the Articles of Incorporation. Please refer to Note 22 (g) for related regulations. The remuneration will be adjusted based on the Company's operating conditions and the related regulations. In consideration of the Company's sustainable development, the remuneration of directors will be submitted to the compensation committee and the board of directors for approval.

(Continued)

2) Manager

Based on the "Rules for Distribution of Compensation to Managers", the Company's compensation committee will take the manager's services provided and standards of the industry into consideration.

Monthly salary: Depending on the manager's job tenure and the value of job title. Salary movement should not exceed 150% of the industry standards.

Variable salary: Depending on the Company's operating condition, including bonuses and employee remuneration.

3) Employee

The principle of the Company's employee salary system stands on fairness and competitiveness. Employee salary includes monthly salary and variable salary. For the total amount of remuneration of employees, please refer to Note 22 (g). Salary of employee is distributed according to the "Regulation of Salary" and according to the employee's duties and professional skills. Remuneration of employee is also distributed according to the "Regulation of Distribution of Cash and Shares Dividends" and according to the employee's performance and contribution to the Company.

(Concluded)

VII. Review and Analysis of Financial Conditions, Operating Results, and Risk Management

7.1 Review and Analysis of Financial Status

Unit: NTD Thousand

Entry \ Year	2022	2021	Difference	
			Amount	%
Current asset	9,136,066	8,850,782	285,284	3
Property, plant and equipment	3,219,260	2,619,638	599,622	23
Other assets	1,402,490	1,199,465	203,025	17
Total assets	13,757,816	12,669,885	1,087,931	9
Current liabilities	2,299,113	2,309,372	(10,259)	-
Non-current liabilities	2,515,256	2,084,160	431,096	21
Total liabilities	4,814,369	4,393,532	420,837	10
Equity attributable owners of the company	8,809,079	8,158,633	650,446	8
Ordinary shares	1,281,127	1,281,127	-	-
Capital surplus	352,907	352,907	-	-
Retained earnings	7,315,672	6,746,977	568,695	8
Other equities	(140,627)	(222,378)	81,751	37
Non-controlling interest	134,368	117,720	16,648	14
Total shareholders' equities	8,943,447	8,276,353	667,094	8

i. Analysis of increases/decreases over 20%:

(1) Increase in property, plant and equipment: Mainly due to the increase in construction of new plants, unfinished work, and related equipment.

(2) Increase in non-current liabilities: mainly due to the increase in long-term borrowings.

(3) Increase in other equities: mainly due to the exchange differences on translation of foreign operations caused by fluctuating exchange rates.

7.2 Review and Analysis of Operating Results

Unit: NTD Thousand

Entry \ Year	2022	2021	Difference	
			Amount	%
Operating revenue, net	7,463,135	7,500,455	(37,320)	-
Gross profit	2,633,376	3,239,431	(606,055)	(19)
Profit from operations	1,400,177	2,124,835	(724,658)	(34)
Non-operating income and expenses	396,567	34,499	362,068	1,050
Profit before income tax	1,796,744	2,159,334	(362,590)	(17)
Income tax expense	406,766	568,711	(161,945)	(28)
Net profit	1,389,978	1,590,623	(200,645)	(13)
Other comprehensive income (loss), net of tax	84,226	(25,187)	109,413	434
Total comprehensive income	1,474,204	1,565,436	(91,232)	(6)

i. Analysis of increases/decreases over 20%:

(1) Decrease in profit from operations: mainly due to the increase in raw materials and related utilities expenses.

(2) Increase in non-operating income and expenses: mainly due to the increase in exchange profit caused by fluctuating exchange rates.

(3) Decrease in income tax expenses: mainly due to the decrease in operating profit.

(4) Increase in other comprehensive income (loss), net of tax: mainly due to the increase in exchange differences on translation of foreign operation.

ii. Reason for the change to the main scope of operation of the Company: The main scope of operation of the Company did not experience major changes.

iii. Possible impacts of expected sales quantities and their bases on the future financial operations of the Company and the countermeasures: Not applicable; the Company does not prepare financial forecasts.

7.3 Review and Analysis of Cash Flow

i. Cash Flow Analysis for the Current Year

Unit: NTD Thousand

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing and Financing Activities	Cash Surplus	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
2,578,973	1,868,099	(873,952)	3,573,120	-	-

(1) Analysis of change in cash flows of the current year:

A. Operating activities: mainly the accounts receivable/payable, expenses on purchases of materials, and payment for income tax as part of normal operations, etc.

B. Investing activities: mainly the expansion of production and net purchases of financial assets to meet operational demand.

C. Financing activities: mainly borrowings and distribution of cash dividends.

(2) Remedies in case of cash shortage: Not applicable.

ii. Cash Flow Analysis for the Coming Year

Unit: NTD Thousand

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing and Financing Activities	Cash Surplus	Leverage of Cash Surplus (Deficit)	
				Investment plan	Financing plan
3,573,120	1,601,741	(1,758,099)	3,416,762	-	-

(1) Analysis of change in cash flows:

A. Operating activities: mainly the accounts receivable/payable, expenses on purchases of materials, and payment for income tax as part of normal operations, etc.

B. Investing activities: mainly projected construction of new premises and purchase of fixed assets, etc.

C. Financing activities: mainly borrowings and distribution of cash dividends etc.

(2) Projected remedies in case of cash shortage: Not applicable.

7.4 Impacts of Major Capital Expenditure for the Most Recent Fiscal Year on Financial Operation: None.

7.5 Investment Policy for the Most Recent Fiscal Year, Reasons for Profit (Loss), Improvement Plan and the Investment Plan for the Coming Year:

i. Re-investment policy of the latest year:

The Company's reinvestment policy of the latest year mainly aims to expand the operational scale, to reinforce its competitive advantages on the market, and to improve the revenue and investment gains.

ii. Main reasons for profits from reinvestments:

The Company's investment income recognized under the equity method in 2022 was NT 837,609 thousand. The investment gains in recent years are mainly due to the increase in profits of subsidiaries with good operating conditions.

iii. Investment plan for the coming year:

The Company will carefully evaluate respective investment plans in order to cope with demand on the market and environmental changes and challenges in the future and to ensure overall steady operational growths, which will hopefully create optimal investment gains.

7.6 Review and Analysis of Risk Management

i. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

Impacts on profits or losses

Item	2022 (NTD thousand; %)
Net interest income (expenses)	83,652
Net (loss) profit from exchange	240,666
Ratio of net interest income/ expenses to net sales	1.12%
Ratio of net interest income/ expenses to pre-tax net profit	4.66%
Ratio of net loss/profit from exchange to net sales	3.22%
Ratio of net loss/profit from exchange to pre-tax net profit	13.39%

Changes in interest rate:

The net interest income of the Company for 2022 was NTD 83,652 thousand, accounting for only 1.12% of the operating income. Therefore, impacts of changes in the interest rate impacted minimally on the Company's profitability. The Company will keep track of information about interest rates on the market at all times and adjust its deposits and borrowings in respective currencies while at the same time seeking the most preferred interest rates from banks so that fluctuating interest rates would have a minimal effect on the Company.

Changes in exchange rate:

The net losses/profits from foreign exchange incurred by assets and liabilities in foreign currencies for 2022 were NTD 240,666 thousand, accounting for 3.22% of the operating income. The Company will take the corresponding hedging measures according to existing policies for the coming year with regard to its forward foreign exchange income/expenditure.

Inflation:

A majority of the Company's products are exported. Therefore, impacts of the domestic inflation on the Company's profits or losses are minimal. In case of inflation on the Asian market, however, it will impact consumers' purchasing power and willingness and the demand for consumer products will hence drop. It will impact the overall revenue and profits or losses of the Company negatively. Given the fact that impacts of international inflations are comprehensive in nature, however, the impacts will not be borne by a single company and governments around the world shall be capable of coping with them. Nevertheless, the Company will devote itself to the research and development as well as distribution of niche products and the reduction of production cost so that its revenue may be maintained with products whose prices are more capable of driving consumer demand and the negative impacts from inflations on the Company's profits or losses may be reduced.

ii. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company does not engage in high-risk or highly leveraged investments; the lending of funds and endorsements and guarantees are processed in accordance with the Company's "Operating Procedure for Lending Funds to Others" and "Regulations on Endorsements and Guarantees", and the objects are all subsidiaries of the Company; Derivatives are traded on the basis of risk avoidance, with receivables/payables or assets/liabilities arising or expected to be incurred as a result of the Company's business activities for hedging and in accordance with the Company's "Financial Derivatives Transaction Procedure."

iii. Future Research & Development Projects and Corresponding Budget

For the Company's future R&D plans, refer to 5.1 i. (4) New Products and Services Planned to be Developed under "V. Operational Highlights" of this Annual Report. In addition, for the sake of consolidating the Company's competitive advantages and maintaining its strengths on the market, the Company spares no effort in research, development, and innovation. Each year, the R&D budget devoted accounts for around 3% to 5% of the revenue and is expected to remain at a comparable level in 2023.

iv. Impacts of important domestic and international policies and regulatory changes on the Company's financial performance and the countermeasures

The Company's business activities are conducted in compliance with national policies and regulations, and the Company will always pay attention to the updates of various policies and regulations in order to carry out risk control and formulate countermeasures. In 2022 and up to the publication date of this annual report, no changes in policies and laws have had a material impact on the Company's financial operations.

v. Effects of and Response to Changes in Technology (Including the cyber security risk) and the Industry Relating to Corporate Finance and Sales:

Any cyber attack may be meant to steal the Company's intellectual properties and formulation of raw materials, among other business secrets to result in undesirable impacts on the Company's operations. The Company has set up a complete cyber and computer safety protection system to control and protect the Company's operating system and the software and hardware equipment resources are enhanced from time to time to reinforce the Company's cyber safety system by importing from various cyber security levels such as email filtering protection/terminal behavior detection/system snapshot. Throughout 2022 and up to the date the Annual Report was printed, the Company had not discovered any major cyber-attack or incident that had or might significantly impact the Company's financial business and operation undesirably and had not been involved in any relevant legal case or regulatory investigation.

vi. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None.

vii. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

viii. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:
None.

ix. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

(1) Purchases: Individual suppliers of the Company are not monopolies that cannot be replaced. The sources of supply are sufficient, without concerns over shortage. In honor of its decentralized purchase principle, the Company inquires about prices with more than two suppliers and makes purchases accordingly most of the time for the same raw material and maintains long-term steady partnerships with them to avoid the risk of shortage in supply due to force majeure or individual factors and the purchase contracts are often signed in advance. The supply has been steady and minimally impacted by fluctuating prices internationally. The source of supply is not impacted. Since it was established, the Company has not experienced shortage in or interruption of supply.

(2) Sales: The Company's products include positive and negative temperature coefficient thermistors and zinc oxide varistors that are widely applied and are sold mainly to power supply manufacturers, monitor manufacturers, motherboards, mobile phones, and home appliance clients. The sales are growing on a yearly basis. Despite the slight changes to the Top 10 clients over the past two years, there is no single client accounting for the overall sales by more than 10%. In other words, customers where the products are sold to are relatively decentralized and are not obviously focused.

x. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%
None.

xi. Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

xii. Litigation or Non-litigation Matters: None.

xiii. Other important risks and countermeasures: None.

7.7 Other Material Items: None.

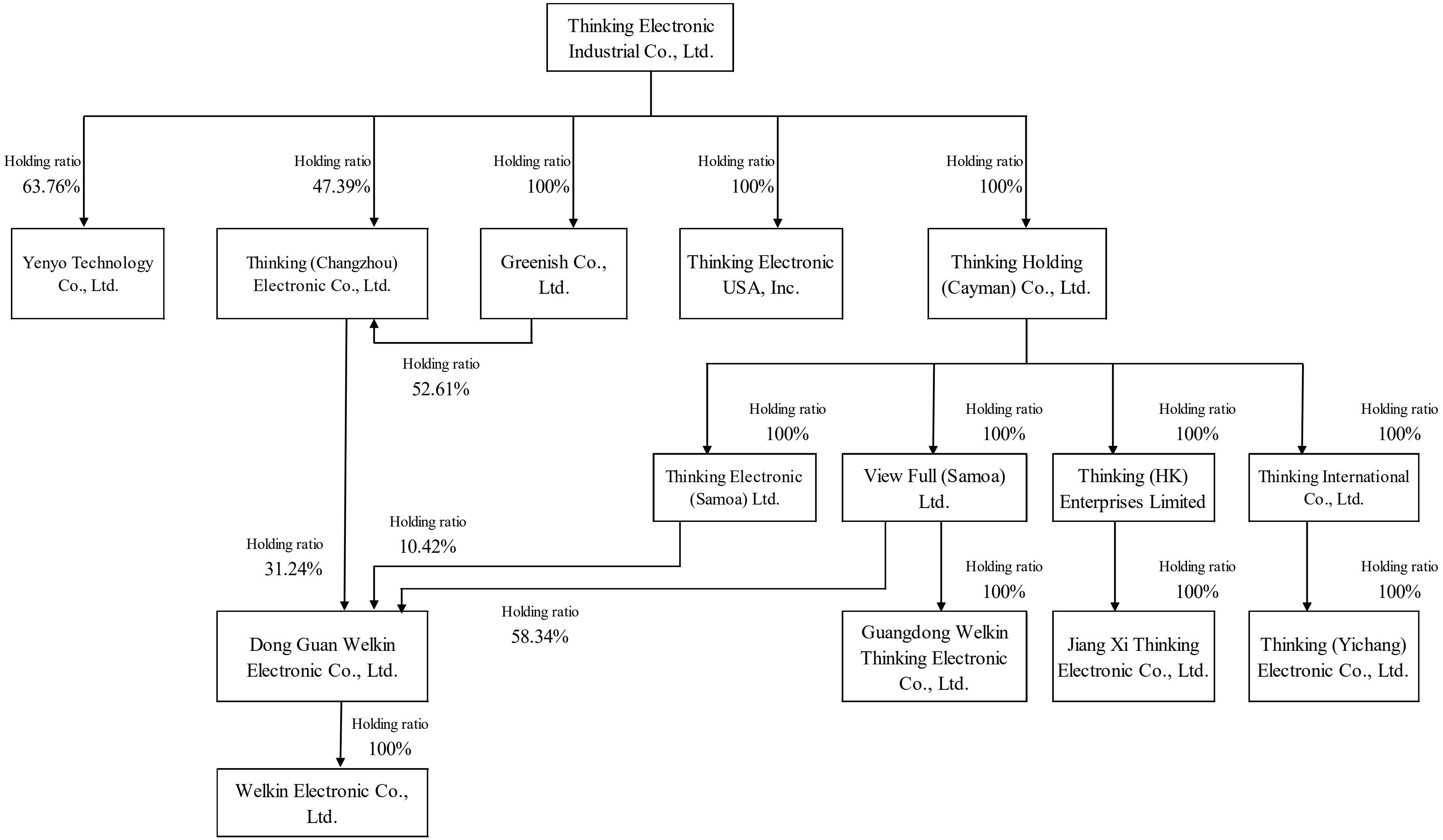
VIII. Special Disclosure

8.1 Summary of Affiliated Companies

i. Consolidated Business Report of Affiliates

(1) Overview of Affiliates

A. Organizational Chart of Affiliates



B.Profile of respective affiliates:

December 31, 2022 ; Unit: Respective Currencies in Thousands

Name of affiliate	Date established	Address	Paid-in capital size		Main scope of operation or production
Yenyo Technology Co., Ltd.	8/15/1997	No. 189, Longquan Road, Longtan Village, Jiaoxi Township, Yilan County	NTD	403,580	Processing, selling and manufacturing diodes
Thinking (Changzhou) Electronic Co., Ltd.	3/22/1996	No. 6, Longmen Road, Wujin National Hi-Tech Industrial Development Zone, Changzhou City, Jiangsu Province	USD	31,260	Manufacturing and selling thermistors, varistors and sensors
Greenish Co., Ltd.	2/26/1997	Sea Meadow House, Blackburne Highway, (P.O.Box 116), Road Town, Tortola, British Virgin Islands	USD	7,375	International trading and investment
Thinking Holding (Cayman) Co., Ltd.	3/30/2007	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road,P.O.Box 32052,Grand Cayman, KY1-1208, Cayman Islands	USD	25,176	International trading and investment
Thinking International Co., Ltd.	6/3/2004	Suite 802, St James Court St Denis Street, Port Louis, Mauritius	USD	6,075	International trading and investment
Thinking (HK) Enterprises Limited	9/11/2009	Room 1204, Yu Sung Boon Bldg., 107-111 Des Voeux Road Central,Hong Kong	USD	10,020	International trading and investment
View Full (Samoa) Ltd.	4/30/2013	Le Sanalele Complex, Ground Floor, Vaea Street, Saleufi, Apia, Samoa	USD	5,055	International trading and investment
Thinking Electronic (Samoa) Ltd.	4/30/2013	Le Sanalele Complex, Ground Floor, Vaea Street, Saleufi, Apia, Samoa	USD	3,864	International trading and investment
Thinking (Yichang) Electronic Co., Ltd.	7/2/2004	No. 283, Huting Boulevard, Huting District, Yichang City, Hubei Province	USD	6,000	Manufacturing and selling thermistors, varistors and sensors
Jiang Xi Thinking Electronic Co., Ltd.	11/20/2009	Anhua Road, Tangying Boulevard, Fuliangxian Ceramics Industrial Park, Jingdezhen City, Jiangxi Province	USD	10,000	Manufacturing and selling thermistors and varistors
Guangdong Welkin Thinking Electronic Co., Ltd.	4/11/2014	Level 7, No. 7, Lane 2, Building 1, Huaideyao Village, Humen Township, Dongguan City, Guangdong Province	USD	5,000	Wholesale of thermistors, varistors, sensors and equipment
Dong Guan Welkin Electronic Co., Ltd.	10/19/2001	No. 45, Dongda Street, Shatou Community, Changan Township, Dongguan City, Guangdong Province	CNY	163,859	Manufacturing and selling thermistors, varistors, sensors and equipment
Welkin Electronic Co., Ltd.	12/18/2020	B1 and B2, No. 28, Dongping Road, Tanzhou Township, Zhongshan City, Guangdong Province (One license with multiple registered addresses)	CNY	140,000	Manufacturing and selling thermistors, varistors and sensors
Thinking Electronic USA, Inc.	12/21/2022	1300 E Main Street Unit 109D Alhambra, CA 91801	USD	1,000	Electronic product design and marketing

C. Data of common shareholders inferred to have control or to be in a subordinate relationship: None.

D. Industries that the scope of operation of affiliates covers and their business relationship with the Company:

Name of affiliate	Main scope of operation or production	Business relationship with the Company
Yenyo Technology Co., Ltd.	Processing, selling and manufacturing diodes	-
Thinking (Changzhou) Electronic Co., Ltd.	Manufacturing and selling thermistors, varistors and sensors	The Company purchases products and sells them and then sells the products of the Company
Greenish Co., Ltd.	International trading and investment	It is an overseas holding company that the Company reinvests in
Thinking Holding (Cayman) Co., Ltd.	International trading and investment	It is an overseas holding company that the Company reinvests in
Thinking International Co., Ltd.	International trading and investment	It is an overseas holding company that the Company reinvests in
Thinking (HK) Enterprises Limited	International trading and investment	It is an overseas holding company that the Company reinvests in
View Full (Samoa) Ltd.	International trading and investment	It is an overseas holding company that the Company reinvests in
Thinking Electronic (Samoa) Ltd.	International trading and investment	It is an overseas holding company that the Company reinvests in
Thinking (Yichang) Electronic Co., Ltd.	Manufacturing and selling thermistors, varistors and sensors	The Company purchases products and sells them and then sells the products of the Company
Jiang Xi Thinking Electronic Co., Ltd.	Manufacturing and selling thermistors and varistors	The Company purchases semi-finished products and then sells the products of the Company
Guangdong Welkin Thinking Electronic Co., Ltd.	Wholesale of thermistors, varistors, sensors and equipment	-
Dong Guan Welkin Electronic Co., Ltd.	Manufacturing and selling thermistors, varistors, sensors and equipment	The Company purchases products and sells them and then sells the products of the Company
Welkin Electronic Co., Ltd.	Manufacturing and selling thermistors, varistors and sensors	-
Thinking Electronic USA, Inc.	Electronic product design and marketing	-

E. Profile of directors, supervisors, and president of each affiliate

Name of affiliate	Position	Name or Representative	Shareholding	
			Shares	Shareholding ratio
Yenyo Technology Co., Ltd.	Chairman Director/President Director Director Director Supervisor Supervisor	Sui, Tai-Chung (Representative of Thinking) Ho, Yi-Sheng (Representative of Thinking) Tseng, Lung-Ji (Representative of Thinking) Chu, You-Mei (Representative of Thinking) Cheng, Chien-Ming Ting, Si-Nan Chen, Yen-Hui	25,732,508 25,732,508 25,732,508 25,732,508 109,432 - -	63.76% 63.76% 63.76% 63.76% 0.27% - -
Thinking (Changzhou) Electronic Co., Ltd.	Chairman Director Director Supervisor	Sui, Tai-Chung (Representative of Thinking) Chen, Su-Ai (Representative of Thinking) Sui, Wan-Ni (Representative of Thinking) Ting, Si-Nan (Representative of Thinking)	USD 31,260,000	100.00%
Greenish Co., Ltd.	Director	Sui, Tai-Chung (Representative of Thinking)	USD 7,374,997	100.00%
Thinking Holding (Cayman) Co., Ltd.	Director	Chen, Su-Ai (Representative of Thinking)	USD 25,176,302	100.00%
Thinking International Co., Ltd.	Chairman Director	Sui, Tai-Chung (Representative of Thinking Holding (Cayman)) Chen, Su-Ai (Representative of Thinking Holding (Cayman))	USD 6,075,000	100.00%
Thinking (HK) Enterprises Limited	Director Director	Sui, Tai-Chung (Representative of Thinking Holding (Cayman)) Chen, Su-Ai (Representative of Thinking Holding (Cayman))	USD 10,020,000	100.00%
View Full (Samoa) Ltd.	Director Director	Sui, Tai-Chung (Representative of Thinking Holding (Cayman)) Chen, Su-Ai (Representative of Thinking Holding (Cayman))	USD 5,055,000	100.00%
Thinking Electronic (Samoa) Ltd.	Director Director	Sui, Tai-Chung (Representative of Thinking Holding (Cayman)) Chen, Su-Ai (Representative of Thinking Holding (Cayman))	USD 3,864,354	100.00%

Name of affiliate	Position	Name or Representative	Shareholding	
			Shares	Shareholding ratio
Thinking (Yichang) Electronic Co., Ltd.	Chairman Director Director	Sui, Tai-Chung (Representative of Thinking International) Sui, Chung-Hua (Representative of Thinking International) Chen, Su-Ai (Representative of Thinking International)	USD 6,000,000	100.00%
Jiang Xi Thinking Electronic Co., Ltd.	Chairman Director Director Supervisor	Sui, Tai-Chung (Representative of Thinking (HK)) Chen, Su-Ai (Representative of Thinking (HK)) Sui, Wan-Ni (Representative of Thinking (HK)) Ting, Si-Nan (Representative of Thinking (HK))	USD 10,000,000	100.00%
Guangdong Welkin Thinking Electronic Co., Ltd.	Chairman Director Director Supervisor	Li, Ling-Wen (Representative of View Full Samoa) Sui, Wan-Ni (Representative of View Full Samoa) Ting, Si-Nan (Representative of View Full Samoa) Fang, Hsiao-Hua (Representative of View Full Samoa)	USD 5,000,000	100.00%
Dong Guan Welkin Electronic Co., Ltd.	Chairman Director Director Supervisor	Sui, Tai-Chung (Representative of Thinking Changzhou and Thinking Samoa) Chen, Su-Ai (Representative of Thinking Changzhou and Thinking Samoa) Sui, Chieh-Heng (Representative of Thinking Changzhou and Thinking Samoa) Ting, Si-Nan (Representative of Thinking Changzhou and Thinking Samoa)	CNY 163,859,218	100.00%
Welkin Electronic Co., Ltd.	Chairman Director Director Supervisor	Sui, Tai-Chung (Representative of Dongguan Welkin) Chen, Su-Ai (Representative of Dongguan Welkin) Sui, Chieh-Heng (Representative of Dongguan Welkin) Ting, Si-Nan (Representative of Dongguan Welkin)	CNY 140,000,000	100.00%
Thinking Electronic USA, Inc.	Chairman	Sui, Tai-Chung (Representative of Thinking)	USD 1,000,000	100.00%

(2) Operational overview of respective affiliates

December 31, 2022; Unit: NTD thousands

Name of affiliate	Capital size	Total assets	Total liabilities	Net worth	Operating income	Operating (loss) profit	(Loss) profit of current term (after-tax)	Fundamental earnings per share (NTD) (after-tax)
Yenyo Technology Co., Ltd.	403,580	484,435	113,472	370,963	396,586	33,408	44,551	1.10
Thinking (Changzhou) Electronic Co., Ltd.	1,008,050	4,209,646	522,577	3,687,069	3,198,946	396,901	516,533	(Note)
Greenish Co., Ltd.	242,300	2,503,575	8,448	2,495,127	-	(21,656)	251,749	(Note)
Thinking Holding (Cayman) Co., Ltd.	783,237	3,483,913	-	3,483,913	-	(19)	272,422	(Note)
Thinking International Co., Ltd.	196,512	1,121,385	-	1,121,385	-	(91)	51,130	(Note)
Thinking (HK) Enterprises Limited	311,109	771,145	-	771,145	-	(29)	52,368	(Note)
View Full (Samoa) Ltd.	155,108	1,401,729	-	1,401,729	-	(21)	150,409	(Note)
Thinking Electronic (Samoa) Ltd.	112,518	185,611	-	185,611	-	(21)	19,028	(Note)
Thinking (Yichang) Electronic Co., Ltd.	194,170	1,300,385	180,343	1,120,042	889,978	6,497	51,221	(Note)
Jiang Xi Thinking Electronic Co., Ltd.	310,330	872,440	102,477	769,963	718,281	49,432	52,395	(Note)
Guangdong Welkin Thinking Electronic Co., Ltd.	153,547	377,012	13,279	363,733	816,263	61,598	48,851	(Note)
Dong Guan Welkin Electronic Co., Ltd.	715,093	2,572,547	795,921	1,776,626	2,792,990	161,284	183,337	(Note)
Welkin Electronic Co., Ltd.	613,645	759,152	176,670	582,482	406,522	(26,573)	(17,027)	(Note)
Thinking Electronic USA, Inc.	30,715	30,725	2,375	28,350	-	(2,303)	(2,426)	(Note)

Note : The company is a company limited.

ii. Consolidated Financial Statement of Affiliates

Declaration

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 Standards 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 parent and subsidiary companies. Consequently, Thinking Electronic Industrial Co., Ltd. and subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

Thinking Electronic Industrial Co., Ltd.

By
Sui, Tai-Chung
Chairman

March 22, 2023

iii. Affiliation Report

Declaration

The Affiliation Report of the Company for 2022 (from January 1 to December 31, 2022) is prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the information disclosed does not show significant discrepancies from related information disclosed in the notes to financial statements during the above-mentioned period.

Thinking Electronic Industrial Co., Ltd.

By
Sui, Tai-Chung
Chairman

March 22, 2023

Thinking Electronic Industrial Co., Ltd.

Affiliation Report

2022

I. Overview of Relations between Subordinate Companies and Controlling Companies:

Unit: Share; %

Name of controlling company	Cause of control	Shareholding and pledge status of controlling company			Directors, supervisors, or managers assigned by the controlling company
		Number of shares held	Shareholding ratio	Number of shares pledged	Title/Name
Boh Chin Investment Co., Ltd.	With substantial control over the Company	27,178,247	21.21%	-	Chairman/Sui, Tai-Chung Director/Chung, Shih-Ying

II. Current Transaction:

(I) Purchases/Sales: None

(II) Properties: None

(III) Capital financing: None

(IV) Asset lease: The Company spent NTD 480 thousand in 2022 for renting buildings and land from Boh Chin Investment Co., Ltd.

III. Endorsements/guarantees: None

8.2 Any Private Placement of Securities for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

8.4 Other Matters Requiring Supplementary Information: None

IX. Matters with Important Impacts on Shareholders' Equity or Prices of Securities

Matters with important impacts on shareholders' equity or prices of securities as indicated in Article 36 Paragraph 3 Subparagraph 2 of the Securities and Exchange Act in the past year up to the date the Annual Report was printed: None.