Stock Code: 6127

LEATEC Fine Ceramics Co., Ltd.
& Subsidiaries

Consolidated Financial Statements
and Accountants' Review Report

For Years 2022 and 2021

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Statement of Consolidated Financial Statements of Affiliated Enterprises

The Company has prepared the Consolidated Financial Statements of Affiliated Enterprises for 2022 (from January 1, 2022, to December 31, 2022) according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises.” The companies included in the Consolidated Financial Statements of Affiliated Enterprises and those included in the parent-subsidiary consolidated financial statements according to International Financial Reporting Standard No. 10 are the same. The related information that should be disclosed in the Consolidated Financial Statements of Affiliated Enterprises has been disclosed in the aforementioned parent-subsidiary consolidated financial statements, so there is no need to prepare separate Consolidated Financial Statements of Affiliated Enterprises.

Company name: LEATEC Fine Ceramics Co., Ltd.

Responsible person: CHEN, QING-JIN

March 24, 2023

INDEPENDENT AUDITORS' REVIEW REPORT

To LEATEC Fine Ceramics Co., Ltd.:

Audit opinion

We have audited the financial statements of LEATEC Fine Ceramics Co., Ltd. And its subsidiaries (LEATEC Group), which comprise the Consolidated Statement of Financial Position as of December 31, 2022 and December 31, 2021, the Consolidated Statement of Comprehensive Income from January 1 to December 31, 2022 and from January 1 to December 31, 2021, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows, and Notes to Consolidated Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position of the LEATEC Group as of December 2022 and 2021 and of the financial performance, changes in equity and cash flows of the LEATEC Group from January 1 to December 31, 2022 and 2021.

Basis for audit opinion

We conducted our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of the LEATEC Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, 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 matter

The key audit matter is which that, in our professional judgment, is most significant to our review of the consolidated financial statements of the LEATEC Group for 2022. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the consolidated financial statements of the LEATEC Group for 2022:

Authenticity of revenue from specific sales targets

The LEATEC Group's sales revenue for the year 2022 amounted to $407,761 thousand, a decrease of 22% compared to the same period last year. The auditor, based on factors such as changes in sales amount and ratio, considered the authenticity of the sales revenue of some specific customers as key audit matters.

The auditor performed the following main audit procedures for the authenticity of the revenue from the aforementioned specific sales targets:

1. Understand the internal control process related to revenue recognition and evaluate whether the design of the relevant controls is effective and implemented;
2. Review and inspect the shipping documents, records, and collections of these customers to test the authenticity of the sales;
3. Review the subsequent sales returns and allowances of these customers to confirm the reasonableness of sales revenue recognition.

Other matters

LEATEC Fine Ceramics Co., Ltd. has prepared parent company only financial statements for 2022 and 2021, which have been audited by our accountants and issued unqualified opinions on file for reference.

Responsibilities of management and directors for the consolidated financial statements

Management's responsibility is to prepare the consolidated financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as well as maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of the LEATEC Group to continue as 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 LEATEC Group or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of the LEATEC Group.

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 GAAS 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 in the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS, 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of the LEATEC Group.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of the LEATEC Group. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 LEATEC Group. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. We have obtained sufficient and appropriate evidence to audit the consolidated financial information of the LEATEC Group. to express an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on the LEATEC Group.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant’s independence.

We have determined the key audit matter for the audit of the Consolidated Financial Statements of the LEATEC Group. for the year ended December 31, 2021 from the communications we have had with the governing body. We identified such matter in our auditor’s report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor’s report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche
CPA: XU, JIN-MING

CPA: XU, WEN-YA

SFB Approval Number:
Tai-Cai-Zheng-Liu-Zi
No. 0930128050

SFB Approval Number:
Tai-Cai-Zheng-Liu-Zi
No. 0920123784

March 24, 2023

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 & 6)	$ 180,036	5	$ 122,600	4
1110	Financial assets at fair value through profit or loss – current (Note 4, 7, 32 & 34)	13,607	-	-	-
1136	Financial assets measured at amortized cost - current (Note 4 & 8)	66,142	2	-	-
1150	Notes receivable (Note 4, 9, 26 & 27)	14,763	-	16,813	1
1170	Accounts receivable (Note 4, 9, 26, 27 & 34)	238,532	7	371,089	12
1180	Accounts receivable - related parties net amount (Note 4, 9, 26 & 33)	1,191	-	424	-
1200	Other receivables	19,314	1	6,175	-
130X	Inventories (Note 4, 10, 27 & 35)	307,855	9	198,874	6
1460	Non-current assets held for sale (Note 11, 14 & 15)	124,326	4	-	-
1476	Other financial assets - current (Note 34)	265,858	8	230,070	7
1479	Other current assets (Note 4, 18 & 28)	27,348	1	31,058	1
11XX	Total current assets	1,258,972	37	977,103	31
	NON-CURRENT ASSETS				
1550	Investments accounted for using the equity method (Note 4 & 13)	74,725	2	78,519	2
1600	Property, plant and equipment (Note 4, 14, 27, 30 & 34)	1,379,412	40	1,468,044	46
1755	Right-of-use assets (Note 4, 15, 27 & 34)	149,248	4	165,661	5
1760	Investment properties net amount (Note 4, 16, 27 & 34)	371,197	11	378,688	12
1780	Other intangible assets (Note 4, 17 & 27)	4,109	-	5,102	-
1840	Deferred tax assets (Note 4 & 28)	28,215	1	20,039	1
1915	Prepayments for equipment	111,891	3	36,091	1
1980	Other financial assets - non-current (Note 34)	5,045	-	-	-
1990	Other non-current assets (Note 4 & 18)	59,326	2	66,826	2
15XX	Total non-current assets	2,183,168	63	2,218,970	69
1XXX	TOTAL	$ 3,442,140	100	$ 3,196,073	100
CODE	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Note 19, 34 & 35)	$ 409,507	12	$ 373,378	12
2150	Notes payable (Note 21)	2,403	-	2,718	-
2170	Accounts payable (Note 21)	36,404	1	34,662	1
2200	Other payables (Note 22 & 30)	112,244	4	151,676	5
2230	Current income tax liabilities (Note 4 & 28)	2,174	-	4,363	-
2280	Lease liabilities - current (Note 4 & 15)	1,118	-	1,084	-
2320	Long-term borrowings and corporate bonds payable within one year or operating cycle (Note 19, 34 & 35)	140,165	4	532,242	17
2399	Other current liabilities (Note 22)	417,685	12	4,871	-
21XX	Total current liabilities	1,121,700	33	1,104,994	35
	NON-CURRENT LIABILITIES				
2530	Corporate bonds payable (Note 20)	250,000	7	-	-
2540	Long-term loans (Note 19, 34 & 35)	782,219	23	807,216	25
2550	Provision for liabilities - non-current (Note 4 & 23)	930	-	884	-
2570	Deferred tax liabilities (Note 4 & 28)	113,572	3	100,343	3
2580	Lease liabilities - non-current (Note 4 & 15)	2,042	-	3,160	-
2640	Net defined benefit liability - non-current (Note 4, 24 & 27)	21,137	1	23,935	1
2670	Other non-current liabilities - other	13,625	-	6,916	-
25XX	Total non-current liabilities	1,183,525	34	942,454	29
2XXX	Total liabilities	2,305,225	67	2,047,448	64
	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (Note 25)				
3110	Ordinary shares	1,080,798	31	1,080,798	34
3200	Capital surplus	102,301	3	353,093	11
	Retained earnings				
3310	Legal reserve	3,166	-	3,166	-
3350	Losses to be compensated	(37,316)	(1)	(253,313)	(8)
3300	Total retained earnings	(34,150)	(1)	(250,147)	(8)
3400	Other equity	(12,034)	-	(35,119)	(1)
31XX	Total equity attributable to the owners of the Company	1,136,915	33	1,148,625	36
3XXX	Total equity	1,136,915	33	1,148,625	36
	TOTAL	$ 3,442,140	100	$ 3,196,073	100

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

Chairman: CHEN, QING-JIN General Manager: CHEN, QING-JIN Accounting Supervisor: CHEN, YONG-CANG

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022AND 2021

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

		2022		2021	
CODE		AMOUNT	%	AMOUNT	%
4000	OPERATING REVENUE (Note 4, 26 & 33)	$ 783,512	100	$ 1,033,429	100
5000	OPERATING COSTS (Note 10 & 27)	(614,529)	(79)	(711,271)	(69)
5900	GROSS PROFIT	168,983	21	322,158	31
	OPERATING EXPENSES (Note 9, 24, 27 & 34)				
6100	Selling expenses	(14,454)	(2)	(15,779)	(1)
6200	Administrative expenses	(232,726)	(29)	(144,605)	(14)
6300	Research and development expenses	(54,457)	(7)	(57,112)	(5)
6450	Expected credit impairment gains (losses)	1,871	-	(5,482)	(1)
6000	Total operating expenses	(299,766)	(38)	(222,978)	(21)
6900	PROFIT (LOSS) FROM OPERATIONS	(130,783)	(17)	99,180	10
	NON-OPERATING INCOME AND EXPENSES (Note 13 & 27)				
7100	Interest income	7,585	1	652	-
7010	Other income	105,382	14	52,332	5
7020	Other gains and losses	48,369	6	(14,307)	(1)
7050	Financial cost	(49,654)	(6)	(47,745)	(5)
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method	(5,317)	(1)	(5,446)	(1)
7000	Total non-operating income and expenses	106,365	14	(14,514)	(2)
7900	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	($ 24,418)	(3)	$ 84,666	8
7950	INCOME TAX EXPENSE (Note 4 & 28)	(9,058)	(1)	(33,832)	(3)
8200	NET PROFIT (LOSS) FOR THE YEAR	(33,476)	(4)	50,834	5

Code					
	OTHER COMPREHENSIVE INCOME				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement amounts of defined benefit plans	(4,799)	(1)	(2,682)	-
8349	Income tax related to items not reclassified	960	-	536	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	23,085	3	(7,799)	(1)
8300	Other comprehensive income (net amount)	19,246	2	(9,945)	(1)
8500	TOTAL COMPREHENSIVE INCOME	($ 14,230)	(2)	$ 40,889	4
	Net loss attributable to:				
8610	Owners of the parent company	($ 33,476)	(4)	$ 50,834	5
8620	Non-controlling interests	-	-	-	-
8600		($ 33,476)	(4)	$ 50,834	5
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	($ 14,230)	(2)	$ 40,889	4
8720	Non-controlling interests	-	-	-	-
8700		($ 14,230)	(2)	$ 40,889	4
	EARNINGS PER SHARE (Note 29)				
9710	Basic	($ 0.31)		$ 0.47	
9810	Diluted	($ 0.31)		$ 0.47	

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

Chairman: CHEN, QING-JIN

General Manager: CHEN, QING-JIN

Accounting Supervisor: CHEN, YONG-CANG

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022AND 2021

(In Thousands of New Taiwan Dollars)

		Equity attributable to the owners of the Company						
		Share capital			Retained earnings		Other equity	
Code		Shares (in thousands)	Amount	Capital surplus	Legal reserve	Losses to be compensated	Exchange differences on translation of the financial statements of foreign operations	Total equity
A1	Balance on January 1, 2021	108,080	$ 1,080,798	$ 353,265	$ 3,166	($ 302,001)	($ 27,320)	$ 1,107,908
C7	Changes in amounts of associates and joint ventures accounted for using the equity method	-	-	(172)	-	-	-	(172)
D1	Net profit for 2021	-	-	-	-	50,834	-	50,834
D3	Other comprehensive income (loss) for 2021, net of income tax	-	-	-	-	(2,146)	(7,799)	(9,945)
D5	Total comprehensive income for 2021	-	-	-	-	48,688	(7,799)	40,889
Z1	Balance on December 31, 2021	108,080	1,080,798	353,093	3,166	(253,313)	(35,119)	1,148,625
C7	Changes in amounts of associates and joint ventures accounted for using the equity method	-	-	2,520	-	-	-	2,520
C11	Capital reserve to offset losses	-	-	(253,312)	-	253,312	-	-
D1	Net profit for 2022	-	-	-	-	(33,476)	-	(33,476)
D3	Other comprehensive income (loss) for 2022, net of income tax	-	-	-	-	(3,839)	23,085	19,246
D5	Total comprehensive income for 2022	-	-	-	-	(37,315)	23,085	(14,230)
Z1	Balance on December 31, 2022	108,080	$ 1,080,798	$ 102,301	$ 3,166	($ 37,316)	($ 12,034)	$ 1,136,915

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

Chairman: CHEN, QING-JIN General Manager: CHEN, QING-JIN Accounting Supervisor: CHEN, YONG-CANG

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022AND 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit (loss) before tax for the current year	($ 24,418)	$ 84,666
A20010	Income and expense items		
A20100	Depreciation expenses	113,565	112,056
A20200	Amortization expenses	1,959	1,427
A20300	Expected credit impairment (reversal of gains) losses	(1,871)	5,482
A20400	Net loss on financial assets and liabilities at fair value through profit or loss	1,723	-
A20900	Financial cost	49,654	47,745
A21200	Interest income	(7,585)	(652)
A22300	Share of profit (loss) of associates and joint ventures accounted for using the equity method	5,317	5,446
A22500	Gain (loss) on disposal and write-off of property, plant, and equipment	(113)	588
A22600	Property, plant, and equipment transfer expense	1,372	-
A22800	Intangible assets transfer expense	-	654
A23000	Gains on disposal of non-current assets held for sale	(68,852)	-
A23700	Gain from price recovery of inventory	(9,841)	(9,913)
A24100	Loss (gain) on foreign currency exchange	4,584	(1,148)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	2,055	14,678
A31150	Accounts receivable	133,850	(46,357)
A31180	Other receivables	(9,940)	(6,087)
A31200	Inventories	(99,685)	(9,223)
A31240	Other current assets	4,595	(1,392)
A31250	Other financial assets	(40,833)	(46,020)
A31990	Other non-current assets	(14,455)	(7,761)
A32130	Notes payable	(315)	(2,348)
A32150	Accounts payable	1,779	(7,027)
A32180	Other payables	(4,328)	16,404
A32200	Provision for liabilities	46	(105)
A32230	Other current liabilities	(8,529)	(4,342)
A32240	Accrued pension liabilities	(7,597)	(21)
A33000	Cash generated from (used in) operations	22,137	146,750
A33100	Interest received	4,378	658
A33300	Interest paid	($ 48,869)	($ 48,674)
A33500	Income tax (paid) received	(6,001)	(20,591)
AAAA	Net cash generated from (used in) operating activities	(28,355)	78,143

	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets measured at amortized cost	(66,142)	-
B01800	Acquisition of long-term equity investments accounted for using the equity method	-	(16,517)
B00100	Acquisition of financial assets measured at fair value through profit or loss	(15,330)	-
B02600	Proceeds from disposal of non-current assets held for sale	73,386	-
B02700	Acquisition of property, plant and equipment	(144,292)	(170,257)
B02800	Disposal of property, plant and equipment	353	-
B02900	Advance payments increase - disposal of assets	421,343	-
B03700	Increase in refundable deposits	-	(116)
B03800	Decrease in refundable deposits	21,955	-
B04500	Payments for intangible assets	(966)	(1,289)
B07100	(Increase) decrease in prepayments for equipment	(75,800)	(18,988)
BBBB	Net cash generated from (used in) investing activities	214,507	(207,167)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase (decrease) in short-term borrowings	36,575	(71,237)
C01200	Issuance of corporate bonds	250,000	-
C01300	Repayment of corporate bonds	(250,000)	-
C01600	Proceeds from long-term borrowings	568,126	40,908
C01700	Repayment of long-term loans	(743,518)	-
C04020	Repayment of the principal portion of lease liabilities	(1,084)	(1,051)
C03000	Increase in deposits received	6,709	238
CCCC	Net cash generated from (used in) financing activities	(133,192)	(31,142)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	4,476	(1,800)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,436	(161,966)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	122,600	284,566
E00200	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	$ 180,036	$ 122,600

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

Chairman: CHEN, QING-JIN

General Manager: CHEN, QING-JIN

Accounting Supervisor: CHEN, YONG-CANG

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022AND 2021

(In thousands of New Taiwan Dollars, unless stated otherwise)

1. GENERAL INFORMATION

LEATEC Fine Ceramics Co., Ltd. (hereinafter referred to as “the Company”) was established on December 2, 1991, with the approval of the Ministry of Economic Affairs. The main business items include the manufacture, design, processing, and sales of ceramic substrates, circuit components, and solar junction boxes, as well as general import and export trading. After several capital increases, the paid-in capital amounted to $1,080,798 thousand as of December 31, 2022. The Company’s shares were approved by the Securities and Futures Bureau, FSC and listed for trading on the Taipei Exchange on January 10, 2002.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 24, 2023.

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

i. First-time application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as “IFRSs”) approved and issued by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

The application of the amended IFRSs approved and issued by the FSC will not result in significant changes in the Consolidated Company’s accounting policies.

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

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 - “Disclosure of Material Accounting Policy Information”	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: This revision applies to reporting periods beginning on or after January 1, 2023.

Note 2: This revision applies to accounting estimate changes and accounting policy changes occurring during reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary differences related to deferred income taxes recognized for lease and decommissioning obligations as of January 1, 2022, this revision applies to transactions occurring on or after January 1, 2022.

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

   The amendment explicitly requires the Consolidated Company to determine the disclosure of significant accounting policy information based on the definition of materiality. If the accounting policy information can be reasonably expected to affect the decisions of the primary users of general-purpose financial statements based on such financial statements, the accounting policy information is material. The amendment also clarifies:

   - Accounting policy information related to immaterial transactions, other matters, or circumstances is immaterial, and the Consolidated Company is not required to disclose such information.
   - The Consolidated Company may determine that the relevant accounting policy information is material due to the nature of the transactions, other matters, or circumstances, even if the amounts are immaterial.
   - Not all accounting policy information related to material transactions, other matters, or circumstances is material.

   In addition, the amendment provides examples of when the accounting policy information related to material transactions, other matters, or circumstances may be material under the following circumstances:

   (1) The Consolidated Company changes its accounting policies during the reporting period, and the change leads to significant changes in the financial reporting information;

   (2) The Consolidated Company chooses its applicable accounting policies from the options allowed by the standards;

(3) Due to the lack of specific standard provisions, the Consolidated Company establishes its accounting policies in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors";

(4) The Consolidated Company discloses its relevant accounting policies determined by applying significant judgments or assumptions; or

(5) Involving complex accounting treatment provisions, and financial statement users rely on such information to understand the material transactions, other matters, or circumstances.

2. Amendment to IAS 8 "Definition of Accounting Estimates"

The amendment clarifies that accounting estimates are monetary amounts in the financial statements that are affected by measurement uncertainty. When applying accounting policies, the Consolidated Company may need to measure financial statement items with monetary amounts that cannot be directly observed and must be estimated, thus requiring the use of measurement techniques and input values to develop accounting estimates for this purpose. If the impact of changes in measurement techniques or input values on accounting estimates is not a correction of prior period errors, such changes are considered changes in accounting estimates.

In addition to the above effects, as of the date of approval for issuance of the consolidated financial statements, the Consolidated Company continues to assess that the amendments to other standards and interpretations will not have a significant impact on the financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 1 - "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 - "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: The seller and lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the initial application of IFRS 16.

As of the date of adoption of this consolidated financial statements, the Consolidated Company is still evaluating the impact of the amendments to other standards and interpretations on the financial position and financial performance, which will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and IFRSs.

ii. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments measured at fair value.

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 the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

iii. Standard in determining whether the asset or liability are current or non-current

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months of the asset balance sheet; and
3. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. liabilities held mainly for transaction purposes;
2. liabilities due for payment within 12 months after the balance sheet date (current liabilities are classified as current even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the adoption of the financial statements); and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. However, the terms of the liabilities may be settled by issuing equity instruments at the option of the counter-parties, which does not affect the classification.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

iv. Basis of consolidation

This consolidated financial report includes the financial statements of the Company and the entities controlled by the Company (subsidiaries). The financial statements of the subsidiaries have been adjusted to align their accounting policies with those of the Consolidated Company. In preparing the consolidated financial statements, all transactions, account balances, revenues, and expenses between the entities have been fully eliminated. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and non-controlling interests, even if the non-controlling interests result in a deficit balance.

When changes in the Consolidated Company's ownership interest in the subsidiaries do not result in a loss of control, they are treated as equity transactions. The carrying amounts of the Consolidated Company and non-controlling interests have been adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the adjustment amounts for non-controlling interests and the fair value of the consideration paid or received is directly recognized in equity and attributed to the owners of the Company.

For details of the subsidiaries, shareholding ratios, and business items, please refer to Note 12 and Table 7 and 8.

v. Foreign currency

When preparing financial statements for each entity, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the functional currency using the exchange rate on the transaction date.

Foreign currency monetary items are translated at the closing exchange rate on each balance sheet date. Except for the following items, exchange differences arising from the settlement or translation of monetary items are recognized in profit or loss for the period in which they occur: for foreign currency borrowings related to assets under construction for future production use, the exchange differences that are adjustments to the interest costs of foreign currency borrowings are included in the cost of those assets.

Non-monetary items measured at fair value in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss in the current period. However, if the change in fair value is recognized in other comprehensive income, the resulting exchange differences are recorded as other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

For the purpose of preparing consolidated financial statements, assets and liabilities of the foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the resulting exchange differences are included in other comprehensive income.

If the Consolidated Company disposes of all ownership interests in a foreign operation, disposes of partial ownership interests in a subsidiary of a foreign operation but loses control, or disposes of its remaining interests in a foreign operation that are financial assets and are accounted for under the accounting policies for financial instruments, all cumulative translation differences related to that foreign operation will be reclassified to profit or loss.

If a partial disposal of a subsidiary of a foreign operation does not result in a loss of control, the cumulative translation differences are not recognized as profit or loss. In any other partial disposal of a foreign operation, the cumulative translation differences are reclassified to profit or loss according to the disposal proportion.

vi. Inventory

Inventories include raw materials, finished goods and work in process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances, less estimated costs to complete and estimated costs to sell. The cost of inventories is calculated using the weighted-average method.

vii. Investment in associates

Associates are entities over which the Consolidated Company has significant influence but are not subsidiaries or joint ventures.

The Consolidated Company accounts for investments in associates using the equity method.

Under the equity method, investments in associates are initially recognized at cost, and the carrying amount is adjusted thereafter for the Consolidated Company's share of the associate's profit or loss and other comprehensive income and distributions. In addition, the Consolidated Company recognizes changes in the associate's equity according to the proportion of ownership.

The excess of acquisition cost over the Consolidated Company's share of the fair value of the identifiable assets and liabilities of the associate as of the acquisition date is recognized as goodwill, which is included in the carrying amount of the investment and not subject to amortization. If the Consolidated Company's share of the fair value of the associate's identifiable assets and liabilities as of the acquisition date exceeds the acquisition cost, the excess is recognized as current income.

When an associate issues new shares, if the Consolidated Company does not subscribe according to its proportion of ownership, causing a change in the ownership percentage and consequently an increase or decrease in the net equity value of the investment, the increase or decrease is adjusted to the capital reserve - changes in the net equity value of associates and joint ventures accounted for using the equity method and the investments accounted for using the equity method. However, if the non-subscription or acquisition causes a decrease in the ownership interest in the associate, the amounts recognized in other comprehensive income related to the associate are reclassified according to the reduction ratio, and the accounting basis is the same as the basis that would have to be followed if the associate had directly disposed of the related assets or liabilities. If the adjustment should be debited to capital reserve, and the balance of the capital reserve generated by investments accounted for using the equity method is insufficient, the difference is debited to retained earnings.

When the Consolidated Company's share of losses in an associate equals or exceeds its interest in the associate (including the carrying amount of the investment in the associate under the equity method and any other long-term interests that, in substance, form part of the Consolidated Company's net investment in the associate), further losses are not recognized. The Consolidated Company recognizes additional losses and liabilities only to the extent of legal obligations, constructive obligations, or payments made on behalf of the associate.

When assessing impairment, the Consolidated Company considers the entire carrying amount of the investment (including goodwill) as a single asset, comparing the recoverable amount with the carrying amount and performing an impairment test, with the recognized impairment loss being part of the carrying amount of the investment. Any reversal of impairment losses is recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The Consolidated Company ceases to use the equity method from the date when its investment is no longer considered an associate. The retained interest in the former associate is measured at fair value, and the difference between the fair value and the disposal proceeds and the carrying amount of the investment as of the date of ceasing to use the equity method is recognized as current income. In addition, the amounts recognized in other comprehensive income related to the associate are accounted for on the same basis as if the associate had directly disposed of the related assets or liabilities. If the investment in an associate becomes an investment in a joint venture or the investment in a joint venture becomes an investment in an associate, the Consolidated Company continues to use the equity method without remeasuring the retained interest.

The Consolidated Company recognizes gains and losses arising from upstream, downstream, and lateral transactions between the Consolidated Company and its associates in the consolidated financial statement only to the extent that they are unrelated to the Consolidated Company's interest in the associate.

viii. Property, plant and equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment loss.

Construction in progress for property, plant, and equipment is recognized at cost less accumulated impairment losses. The cost includes professional service fees and capitalized borrowing costs that meet the capitalization criteria. These assets are measured at the lower of cost and net realizable value before reaching the expected use status, with their sales proceeds and costs recognized in profit or loss. Upon completion and reaching the expected condition for use, these assets are reclassified to the appropriate category of property, plant, and equipment and depreciation begins to be recognized.

Property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives, with each significant component depreciated separately. The Consolidated Company reviews the estimated useful lives, residual values, and depreciation methods at least at each year-end and applies the effects of changes in accounting estimates on a prospective basis.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

ix. Investment properties

Investment properties are real estate held to earn rental income, capital appreciation, or both. Investment properties also include land held for which future use has not yet been determined.

Owned investment properties are initially measured at cost (including transaction costs), and subsequently at cost less accumulated depreciation and accumulated impairment losses.

Depreciation for investment properties is provided on a straight-line basis.

Upon disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

x. Intangible assets

1. Acquired separately

   Intangible assets with limited duration acquired separately were initially measured at cost and subsequently at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized over their useful lives on a straight-line basis and the estimated useful lives, residual values and amortization method are reviewed at least at each year-end and the effect of changes in applicable accounting estimates is deferred. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Derecognition

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss of the year when intangible assets are derecognized.

xi. Property, plant and equipment, right-of-use assets, investment properties and intangible assets

At each balance sheet date, the Consolidated Company assesses whether there is any indication that property, plant and equipment, right-of-use assets, investment properties and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest cash-generating unit groups on a reasonable and consistent basis.

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

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

Impairment is first recognized for inventory, property, plant, and equipment, and intangible assets identified by customer contracts according to inventory impairment provisions and the aforementioned provisions. Next, impairment losses are recognized when the carrying amount of contract cost-related assets exceeds the remaining consideration expected to be collected for the related goods or services, less directly related costs. The carrying amount of contract cost-related assets is then included in the cash-generating unit for impairment assessment.

When the following recoverable amount increases, the carrying amount of the asset or cash generating unit increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or depreciation) determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

xii. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is expected to be recovered primarily through a sale transaction rather than through continued use. Non-current assets (or disposal groups) meeting this classification must be available for immediate sale in their present condition, and their sale must be highly probable. A sale is considered highly probable when an appropriate level of management commits to a plan to sell the asset, and the sale transaction is expected to be completed within one year from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and depreciation is no longer provided for such assets.

xiii. Financial instruments

Financial assets and financial liabilities are recognized in the Consolidated Balance Sheet when the Consolidated Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement types

The types of financial assets held by the Consolidated Company are financial assets at fair value through profit or loss and financial assets at amortized cost.

A. Financial assets measured at FVTPL

Financial assets measured at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and those designated as such. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated as measured at fair value through other comprehensive income and debt instrument investments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value.

B. Financial assets at amortized cost

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

a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and

b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets.

Cash equivalents include time deposits that are highly liquid, readily convertible into known amounts of cash and subject to a low risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

(2) Impairment of financial assets

The Consolidated Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) at each balance sheet date based on expected credit losses.

Accounts receivable are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses represent the weighted-average credit losses based on the risk of default. 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. The 12-month expected credit losses represent the expected credit losses arising from all possible defaults of the financial instruments during the 12-month period after the reporting date.

For internal credit risk management purposes, the Consolidated Company determines that a financial asset has defaulted in the following situations, without considering the collateral held:

A. Internal or external information indicates that the debtor is unable to repay the debt.

B. Delinquency of more than 90 days, unless there is reasonable and verifiable information indicating that a later default criterion is more appropriate.

Impairment losses on all financial assets are reduced through an allowance account adjusting their carrying amounts.

(3) Derecognition of financial assets

The Consolidated Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When financial assets are derecognized in their entirety at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity according to the substance of contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Consolidated Company are recognized at the amount of proceeds received, less direct issuance costs.

Repurchase of the Company’s own equity instruments is recognized and deducted in equity, and their carrying amount is calculated based on the weighted average of the stock types and the reasons for the repurchase. Purchases, sales, issuances, or cancellations of the Company’s own equity instruments are not recognized in profit or loss.

3. Financial liability

(1) Subsequent measurement

The financial liabilities of the Company are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liability

Any difference between the carrying amount of a financial liability at the time of derecognition and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

xiv. Provision for liabilities

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

xv. Income recognition

The Consolidated Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

For contracts with a time lag between the transfer of goods or services and the receipt of consideration of less than one year, no adjustment is made to the transaction price for significant financial components.

<u>Merchandise sales revenue</u>

Revenue from the sale of goods mainly comes from ceramic substrates, circuit components, processing transactions, and general import and export trade. Except for some sales targets agreed upon when the products arrive at the designated location of the customer, the remaining sales targets are agreed upon at the time of shipment, when the customer has the right to use and the primary responsibility for reselling the goods at a specified price and bears the risk of obsolescence. The Consolidated Company recognizes revenue and accounts receivable at that point in time.

xvi. Lease

The Consolidated Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Consolidated Company as lessor

   Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. The Consolidated Company as lessee

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

   Right-of-use assets are measured initially at cost (comprising the original measurement of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost and estimated cost to reinstate the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately on consolidated balance sheet.

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

   Lease liabilities are initially measured at the present value of lease payments (including fixed payments, substantially fixed payments, and variable lease payments based on indices or rates). If the implicit interest rate in the lease is easily determinable, the lease payments are discounted at that rate. If the rate is not easily determinable, the lessee's incremental borrowing rate is used.

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

xvii. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an eligible asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on temporary investments of specific borrowings made to fund qualifying capital expenditure is deducted from the borrowing costs that are eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

xviii. Employee benefits

1. Short-term employee benefits

   The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

   Defined benefit pension plans are recognized as current expenses over the period of service of the employees.

   The defined benefit costs (including service costs, net interest, and remeasurement amounts) of a defined benefit pension plan are actuarially calculated using the projected unit credit method. Service costs (including current service costs and past service costs/settlement gains or losses) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses when incurred, when plan amendments or curtailments occur, and when settlements occur. Remeasurement amounts (including actuarial gains and losses, changes in the effect of the asset ceiling, and the return on plan assets after deducting interest) are recognized in other comprehensive income and included in retained earnings when they occur, and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) is the shortfall (surplus) of the defined benefit pension plan. The net defined benefit asset shall not exceed the present value of the amount that can be refunded from the plan or can reduce future contributions.

3. Other long-term employee benefits

The accounting treatment of other long-term employee benefits is the same as that of defined benefit pension plans, except that the related remeasurements are recognized in profit or loss.

xix. Income tax

Income tax expense is the sum of current income taxes and deferred income taxes.

1. Current income tax

The consolidated companies determine the current income (loss) based on the regulations established by each tax jurisdiction for income tax reporting, and calculate the payable (recoverable) income tax accordingly.

The income tax on undistributed earnings under the Income Tax Act of the ROC is recognized in the year of the resolution of the shareholders' meeting.

Adjustments to prior years' income tax payable are included in the current period's income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized when it is probable that taxable income will be available to offset temporary differences, loss carryforwards, or deductions generated from the purchase of machinery and equipment, research and development, and talent training expenditures.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Consolidated Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax

The current and deferred tax are recognized in profit or loss, provided that the current and deferred tax in relation to the items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity, respectively.

5. <u>CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY</u>

When the Consolidated Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The management will review the estimates and underlying assumptions on an ongoing basis. If an amendment to an estimate affects only the current period, the amendment is recognized in the period in which it is made. If an amendment to an accounting estimate affects both the current and future periods, the amendment is recognized in both the current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 500	$ 377
Checking accounts and demand deposits	179,536	120,580
Cash in transit	-	1,543
Cash equivalents (original maturities within 3 months of the investment)		
Time deposits with banks	-	100
	$ 180,036	$ 122,600

The market interest rate range for bank deposits at the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Time deposits with banks	-%	0.35%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
Financial assets - current		
mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- bonds	$ 13,607	$ -

The Consolidated Company has set up pledges for debt instrument investments measured at fair value through profit or loss as collateral for borrowings. The amount of pledged debt instrument investments is disclosed in Note 34.

8. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	December 31, 2022	December 31, 2021
Current		
Time deposits with original maturities exceeding 3 months	$ 66,142	$ -

As of December 31, 2022, the interest rate for time deposits with original maturities exceeding 3 months was 1.95% per annum.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
Notes receivable		
Incurred due to business	$ 15,126	$ 17,181
Less: Allowance for losses	(363)	(368)
	$ 14,763	$ 16,813

	December 31, 2022	December 31, 2021
Accounts receivable		
Measured at amortized cost		
Total carrying amount	$ 257,085	$ 391,508
Related parties	1,191	424
Less: Allowance for losses	(18,553)	(20,419)
	$ 239,723	$ 371,513

The Consolidated Company's average credit period for sales of goods is 90 to 120 days. No interest is charged on the outstanding balance of notes receivable and accounts receivable. The Consolidated Company's policy is to rate major customers based on other publicly available financial information and historical transaction records. The Consolidated Company continuously monitors credit exposure and credit ratings of counterparties and diversifies the total transaction amount among different customers with qualified credit ratings.

To mitigate credit risk, the Consolidated Company's management level assigns business units to be responsible for decisions on credit limits, credit approvals, and other monitoring procedures to ensure appropriate actions have been taken to recover overdue receivables. In addition, the Consolidated Company reviews the recoverable amounts of receivables on an individual basis at the balance sheet date to ensure that appropriate impairment losses have been recognized for unrecoverable receivables. Based on this, the Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

The Consolidated Company recognizes allowances for losses on accounts receivable based on the expected credit losses over the lifetime. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the past default history of customers, their current financial condition, and industry economic conditions. As the Consolidated Company's historical credit loss experience shows no significant differences in loss patterns among different customer groups, the provision matrix does not further distinguish customer groups and only sets expected credit loss rates based on the number of days accounts receivable are overdue.

If there is evidence that the counterparty is facing severe financial difficulties and the Consolidated Company cannot reasonably expect the amount to be recovered, such as the counterparty undergoing liquidation, the Consolidated Company will directly write off the relevant accounts receivable, but will continue collection activities, and the amount recovered from collection will be recognized in profit or loss.

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

December 31, 2022

	Not overdue	Overdue 1~60 days	Overdue 61~90 days	Overdue 91~120 days	Overdue more than 120 days	Total
Expected credit loss rate	0.37%~0.57%	3.91%~39.39%	25.85%~83.39%	33.53%~100%	100%	
Total carrying amount	$ 231,575	$ 8,015	$ 2,492	$ 290	$ 15,904	$ 258,276
Allowance for losses (lifetime expected credit losses)	(1,103)	(803)	(645)	(98)	(15,904)	(18,553)
Amortized cost	$ 230,472	$ 7,212	$ 1,847	$ 192	$ -	$ 239,723

December 31, 2021

	Not overdue	Overdue 1~60 days	Overdue 61~90 days	Overdue 91~120 days	Overdue more than 120 days	Total
Expected credit loss rate	0.05%~3.025%	3.7%~51.46%	47.99%~66.31%	75.41%~100%	100%	
Total carrying amount	$ 360,679	$ 16,587	$ 437	$ -	$ 14,229	$ 391,932
Allowance for losses (lifetime expected credit losses)	(2,391)	(3,531)	(268)	-	(14,229)	(20,419)
Amortized cost	$ 358,288	$ 13,056	$ 169	$ -	$ -	$ 371,513

The changes in the allowance for losses on notes receivable, accounts receivable, and overdue collection are as follows:

	Notes receivable	Accounts receivable
Balance on January 1, 2021	$ 357	$ 14,948
Add: Impairment loss provision for the current period	11	5,471
Balance on December 31, 2021	368	20,419
Add: (Reversal of) impairment loss for the current period	(5)	(1,866)
Balance on December 31, 2022	$ 363	$ 18,553

The amount of accounts receivable pledged as collateral for loans by the Consolidated Company, please refer to Note 34.

10. INVENTORY

	December 31, 2022	December 31, 2021
Finished goods	$ 118,262	$ 50,030
Work in progress	90,854	78,792
Raw materials	95,686	64,969
Goods in transit	3,053	5,083
	$ 307,855	$ 198,874

The cost of goods sold related to inventory for 2022 and 2021 was $614,529 thousand and $711,271 thousand, respectively.

The cost of goods sold for 2022 and 2021 included net realizable value declines and subsequent recovery gains on inventory of $9,841 thousand and $9,913 thousand, respectively.

The amount of inventory pledged as collateral for loans by the Consolidated Company, please refer to Note 34.

11. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2022	December 31, 2021
Right-of-use assets held for sale	$ 9,659	$ -
Plant and buildings held for sale	67,003	-
Machinery and equipment held for sale	47,664	-
	$ 124,326	$ -

The Consolidated Company's subsidiary, LEATEC Fine Ceramics (Kunshan) Co., Ltd., expects that its land use rights, houses, buildings, and ancillary assets in Bacheng Town, Kunshan City, will be requisitioned by the local government and undergo a policy-driven relocation within the next 12 months.

As the expected relocation compensation will exceed the carrying amount of the related net assets, there is no impairment loss to be recognized when classifying these units as non-current assets held for sale.

The local government requisitioned part of the right-of-use assets held for sale in July 2022, with a cost of $4,508 thousand and recognized a gain of $68,852 thousand on disposal of non-current assets held for sale. Please refer to Note 27.

12. SUBSIDIARIES

The main entities in this consolidated financial report are as follows:

			Percentage of equity held		
Invested company name	Subsidiary name	Business nature	Dec 31, 2022	Dec 31, 2021	Description
LEATEC Fine Ceramics Co., Ltd. (hereafter referred to as LEATEC)	LEATEC Fine Ceramics (Samoa) Co., Ltd. (hereafter referred to as LEATEC Samoa)	Buying and selling ceramic substrates	100.00	100.00	
	COSMOS Harvest International Limited (hereafter referred to as COSMOS Limited)	Buying and selling ceramic substrates and related production machinery and equipment	100.00	100.00	
LEATEC Samoa	LEATEC Fine Ceramics (Kunshan) Co., Ltd. (hereafter referred to as LEATEC Kunshan)	Production of precision electronic ceramic substrates, etc.	100.00	100.00	

Invested company name	Subsidiary name	Business nature	Percentage of equity held Dec 31, 2022	Percentage of equity held Dec 31, 2021	Description
	LEATEC Application Materials (Kunshan) Co., Ltd. (hereafter referred to as LEATEC Application Materials)	Manufacturing and buying and selling of precision electronic ceramics and solar photovoltaic products	100.00	100.00	
LEATEC Kunshan	Kunshan Leatec Optoelectronics Technology Co., Ltd. (hereafter referred to as Leatec Optoelectronics)	Research and development and buying and selling of solar photovoltaic products	100.00	100.00	

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Significant associates

	December 31, 2022	December 31, 2021
ECOCERA Optronics Co., Ltd.	$ 51,344	$ 47,098
Jiangsu Yongsheng New Energy Technology Co., Ltd.	23,381	31,421
	$ 74,725	$ 78,519

As of the balance sheet date, the Consolidated Company's ownership interest and voting power percentages in associates are as follows:

	December 31, 2022	December 31, 2021
ECOCERA Optronics Co., Ltd.	12.00%	12.00%
Jiangsu Yongsheng New Energy Technology Co., Ltd.	20.25%	20.25%

For the business nature, main operating locations, and country of registration information of the aforementioned associates, please refer to Table 7 "Information on Investee Companies, Locations, etc." and Table 8 "Mainland China Investment Information".

In the fiscal year 2021, the Consolidated Company did not subscribe to additional shares of ECOCERA Optronics Co., Ltd. according to its shareholding ratio, which resulted in the shareholding ratio dropping from 12.48% to 12.00%. However, the Consolidated Company did not lose significant influence over ECOCERA Optronics Co., Ltd., mainly because the Consolidated Company still holds one of the four director seats in ECOCERA Optronics Co., Ltd., with the substantial ability to direct its relevant activities, and therefore, the equity method was adopted.

The Consolidated Company holds one of the four director seats in Jiangsu Yongsheng New Energy Technology Co., Ltd., and the management of the Consolidated Company believes that it has significant influence over the company, classifying it as an associate of the Consolidated Company.

The following summary financial information is prepared based on the IFRSs consolidated financial statements of each associate and has reflected adjustments made when adopting the equity method.

ECOCERA Optronics Co., Ltd.

	December 31, 2022	December 31, 2021
Current assets	$ 433,410	$ 485,851
Non-current assets	337,460	372,359
Current liabilities	(286,719)	(439,401)
Non-current liabilities	(56,366)	(35,000)
Equity	$ 427,785	$ 383,809
The Consolidated Company's shareholding percentage	12.00	12.00
Equity held by the Consolidated Company	$ 51,344	$ 47,098
Investment book value	$ 51,344	$ 47,098

	2022	2021
Operating revenue	$ 472,944	$ 518,290
Net profit for the current period	$ 30,070	$ 36,585
Other comprehensive income	-	-
Total comprehensive income	$ 30,070	$ 36,585

Jiangsu Yongsheng New Energy Technology Co., Ltd.

	December 31, 2022	December 31, 2021
Current assets	$ 16,316	$ 27,827
Non-current assets	151,251	194,826
Current liabilities	(52,091)	(67,465)
Non-current liabilities	-	-
Equity	$ 115,476	$ 155,188
The Consolidated Company's shareholding percentage	20.25	20.25
Equity held by the Consolidated Company	$ 23,381	$ 31,421
Investment book value	$ 23,381	$ 31,421

	2022	2021
Operating revenue	$ 4,496	$ 8,396

	2022	2021
Net loss for the current period	($ 42,383)	($ 48,625)
Other comprehensive income	-	-
Total comprehensive income	($ 42,383)	($ 48,625)

The share of profit or loss and other comprehensive income of the associates accounted for using the equity method for the fiscal years 2022 and 2021 were recognized based on the financial statements audited by accountants for the same period of each associate.

14. PROPERTY, PLANT, AND EQUIPMENT

	Owned land	Buildings	Machinery and equipment	Electrical equipment	Other equipment	Construction in progress	Total
Cost							
Balance on January 1, 2022	$ 119,790	$ 1,100,290	$ 1,491,101	$ 193,753	$ 168,149	$ 89,223	$ 3,162,306
Addition	-	3,808	69,123	3,498	3,863	23,566	103,858
Disposal	-	-	(19,119)	(190)	(1,072)	-	(20,381)
Reclassification	-	-	12,276	1,199	3,900	(18,747)	(1,372)
Reclassified to held for sale	-	(189,776)	(550,220)	-	-	-	(739,996)
Interest capitalization	-	-	-	-	-	4,547	4,547
Net exchange difference	-	12,930	14,034	888	821	1,189	29,862
Balance on December 31, 2022	$ 119,790	$ 927,252	$ 1,017,195	$ 199,148	$ 175,661	$ 99,778	$ 2,538,824
Accumulated depreciation and impairment							
Balance on January 1, 2022	$ -	$ 252,015	$ 1,154,644	$ 126,769	$ 160,834	$ -	$ 1,694,262
Disposal	-	-	(18,888)	(190)	(1,063)	-	(20,141)
Reclassified to held for sale	-	(122,773)	(502,556)	-	-	-	(625,329)
Depreciation expense	-	31,677	50,367	8,959	4,273	-	95,276
Net exchange difference	-	2,062	11,577	882	823	-	15,344
Balance on December 31, 2022	$ -	$ 162,981	$ 695,144	$ 136,420	$ 164,867	$ -	$ 1,159,412
Net amount on December 31, 2022	$ 119,790	$ 764,271	$ 322,051	$ 62,728	$ 10,794	$ 99,778	$ 1,379,412
Cost							
Balance on January 1, 2021	$ 119,790	$ 1,021,546	$ 1,410,846	$ 192,472	$ 177,989	$ 85,465	$ 3,008,108
Addition	-	310	19,050	1,593	1,626	153,603	176,182
Disposal	-	(1,984)	(1,575)	-	(11,191)	-	(14,750)
Reclassification	-	84,714	68,368	-	15	(153,097)	-
Interest capitalization	-	-	-	-	-	3,676	3,676
Net exchange difference	-	(4,296)	(5,588)	(312)	(290)	(424)	(10,910)
Balance on December 31, 2021	$ 119,790	$ 1,100,290	$ 1,491,101	$ 193,753	$ 168,149	$ 89,223	$ 3,162,306
Accumulated depreciation and impairment							
Balance on January 1, 2021	$ -	$ 223,013	$ 1,111,788	$ 118,289	$ 167,875	$ -	$ 1,620,965
Disposal	-	(1,571)	(1,416)	-	(11,175)	-	(14,162)
Depreciation expense	-	31,288	49,116	8,784	4,397	-	93,585
Net exchange difference	-	(715)	(4,844)	(304)	(263)	-	(6,126)
Balance on December 31, 2021	$ -	$ 252,015	$ 1,154,644	$ 126,769	$ 160,834	$ -	$ 1,694,262
Net amount on December 31, 2021	$ 119,790	$ 848,275	$ 336,457	$ 66,984	$ 7,315	$ 89,223	$ 1,468,044

The Consolidated Company's property, plant, and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	3 to 35 years
Machinery and equipment	3 to 20 years
Electrical equipment	5 to 25 years
Other equipment	3 to 10 years

The major components of the Consolidated Company's buildings include decoration works, etc., and depreciation is provided based on their useful life of 20 years.

In December 2021, the Consolidated Company's subsidiary, LEATEC Fine Ceramics (Kunshan) Co., Ltd., reached an agreement with the Kunshan Municipal Government for a policy-driven relocation of its land use rights, houses, buildings, and ancillary assets in Bacheng Town, Kunshan City. It will receive RMB235,174 thousand in relocation compensation, and the relocation period will last until June 2023. LEATEC Fine Ceramics (Kunshan) Co., Ltd. received RMB117,584 thousand in relocation compensation in January 2022, which was recorded as advance receipts under other current liabilities. Please refer to Note 22. The aforementioned land use rights, houses, buildings, and ancillary assets, which are expected to be disposed of within one year, have been reclassified as non-current assets held for sale. Please refer to Note 11.

For the amount of property, plant, and equipment pledged by the Consolidated Company as collateral for borrowings, please refer to Note 34.

15. LEASE AGREEMENTS

i. Right-of-use assets

	December 31, 2022	December 31, 2021
Book value of right-of-use assets		
Lands	$ 146,195	$ 161,497
Buildings	3,053	4,164
	$ 149,248	$ 165,661

	2022	2021
Depreciation expense of right-of-use assets		
Lands	$ 3,684	$ 4,102
Buildings	1,111	1,110
	$ 4,795	$ 5,212

All of the Consolidated Company's right-of-use assets are land use rights located in mainland China. For the amount of right-of-use assets pledged by the Consolidated Company as collateral for borrowings, please refer to Note 34.

The Consolidated Company's subsidiary, LEATEC Fine Ceramics (Kunshan) Co., Ltd., reached an agreement with the Kunshan Municipal Government in December 2021 for a policy-driven relocation of its land use rights, houses, buildings, and ancillary assets in Bacheng Town, Kunshan City. The aforementioned land use rights, which are expected to be disposed of within one year, have been reclassified as non-current assets held for sale with an amount of $14,167 thousand. The local government expropriated part of the land use rights in July 2022, with the expropriated land use rights cost being $4,508 thousand. Please refer to Notes 11 and 14.

ii. Lease liabilities

	December 31, 2022	December 31, 2021
Book value of lease liabilities		
Current	$ 1,118	$ 1,084
Current	2,042	3,160
	$ 3,160	$ 4,244

The discount rate range for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Buildings	3%	3%

iii. Significant leasing activities and terms

The Consolidated Company leases buildings for use as factories with a lease term of 5 years. At the end of the lease term, the Consolidated Company has no preferential purchase rights for the leased buildings, and it is agreed that the Consolidated Company shall not sublease or transfer all or part of the leased object without the consent of the lessor.

iv. Other lease information

	December 31, 2022	December 31, 2021
Short-term lease expenses	$ 215	$ 361
Total cash (outflow) for leases	($ 1,415)	($ 1,561)

16. INVESTMENT PROPERTY

	Completed investment property
Cost	
Balance on January 1, 2022	$ 396,301
Net exchange difference	6,203
Balance on December 31, 2022	$ 402,504
Accumulated depreciation and impairment	
Balance on January 1, 2022	($ 17,613)
Depreciation expense	(13,494)
Net exchange difference	(200)
Balance on December 31, 2022	($ 31,307)

Net amount on December 31, 2022	$ 371,197
Cost	
Balance on January 1, 2021	$ 398,431
Net exchange difference	(2,130)
Balance on December 31, 2021	$ 396,301
Accumulated depreciation and impairment	
Balance on January 1, 2021	($ 4,427)
Depreciation expense	(13,259)
Net exchange difference	73
Balance on December 31, 2021	($ 17,613)
Net amount on December 31, 2021	$ 378,688

The lease term for investment properties rented out is 3 to 10 years. When lessees exercise their renewal rights, the rent is adjusted according to market conditions. Lessees do not have preferential purchase rights for investment properties at the end of the lease term.

The total lease payments to be received in the future for investment properties leased under operating leases are as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 41,758	$ 31,474
Year 2	44,627	36,925
Year 3	46,209	41,007
Year 4	46,594	43,920
Year 5	48,519	45,497
Over 5 years	142,323	233,778
	$ 370,030	$ 432,601

The Consolidated Company's investment properties are depreciated on a straight-line basis over a useful life of 30 years.

The fair value of the Consolidated Company's investment properties as of December 31, 2022, is $464,400 thousand. The valuation was conducted by the Consolidated Company's management using a valuation model commonly used by market participants, referencing market evidence of similar property transaction prices.

For the amount of investment properties pledged by the Consolidated Company as collateral for borrowings, please refer to Note 34.

17. OTHER INTANGIBLE ASSETS

	Computer software	Trademark rights	Patent rights	Total
Cost				
Balance on January 1, 2022	$ 8,542	$ 1,350	$ 16,032	$ 25,924
Acquired separately	966	-	-	966
Disposal	(7,397)	-	-	(7,397)
Balance on December 31, 2022	$ 2,111	$ 1,350	$ 16,032	$ 19,493
Accumulated amortization and impairment				
Balance on January 1, 2022	$ 7,456	$ 1,350	$ 12,016	$ 20,822
Amortization expense	721	-	1,238	1,959
Disposal	(7,397)	-	-	(7,397)
Balance on December 31, 2022	$ 780	$ 1,350	$ 13,254	$ 15,384
Net amount on December 31, 2022	$ 1,331	$ -	$ 2,778	$ 4,109
Cost				
Balance on January 1, 2021	$ 7,907	$ 1,350	$ 16,032	$ 25,289
Acquired separately	1,289	-	-	1,289
Reclassification expense	(654)	-	-	(654)
Balance on December 31, 2021	$ 8,542	$ 1,350	$ 16,032	$ 25,924
Accumulated amortization and impairment				
Balance on January 1, 2021	$ 7,267	$ 1,350	$ 10,778	$ 19,395
Amortization expense	189	-	1,238	1,427
Balance on December 31, 2021	$ 7,456	$ 1,350	$ 12,016	$ 20,822
Net amount on December 31, 2021	$ 1,086	$ -	$ 4,016	$ 5,102

The above limited-useful-life intangible assets are amortized on a straight-line basis over the following useful lives:

Computer software	10 years
Trademark rights	10 years
Patent rights	10 years

18. OTHER ASSETS

	December 31, 2022	December 31, 2021

	December 31, 2022	December 31, 2021
Current		
Prepaid expenses	$ 25,394	$ 25,027
Current income tax assets	890	5
Advance payments for goods	727	3,562
Advance payments	337	279
Payments on behalf of others	-	1,240
Prepaid rent	-	945
	$ 27,348	$ 31,058
Non-current		
Prepaid expenses	$ 28,316	$ 13,861
Refundable deposits	31,010	52,965
	$ 59,326	$ 66,826

19. BORROWINGS

i. Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
－Bank loans	$ 211,477	$ 276,177
－Commercial paper payable	20,993	-
Unsecured borrowings		
－Bank loans	171,978	41,460
－Commercial paper payable	5,059	55,741
	$ 409,507	$ 373,378

The interest rates for bank revolving loans are as follows:

	December 31, 2022	December 31, 2021
Short-term borrowings	1.64%~7.4%	1.72%~10.689855 %

For collateral information, please refer to Note 34.

ii. Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Chailease Finance Co., Ltd. (1)	$ 11,335	$ 37,843
Chailease Finance Co., Ltd. (2)	39,155	-
IBT Leasing Co., Ltd.	-	31,514
Agricultural Bank of China Limited	352,755	373,367
Co-operative Assets Management Co. Ltd.	-	28,125
Infinite Finance Co., Ltd.	-	2,640
TBB International Leasing Co., Ltd.	-	8,537
Sunny Bank (1)	-	20,363

	December 31, 2022	December 31, 2021
Sunny Bank (2)	-	345,000
Sunny Bank (3)	-	72,700
Hotai Finance Co., Ltd.	-	13,715
Taichung Bank Leasing Corporation Limited	-	16,074
Shinshin Credit Corporation	-	11,067
Bank of Panhsin (1)	-	15,833
Bank of Panhsin (2)	15,128	-
Hua Nan International Leasing Co., Ltd.	-	35,178
Bank of Shanghai	15,811	29,500
SinoPac International Leasing Corp.	4,409	28,461
CTBC Finance Co., Ltd.	-	19,541
Hua Nan Commercial Bank Ltd.	10,000	-
Bank of Kaohsiung Co., Ltd. (1)	442,500	-
Bank of Kaohsiung Co., Ltd. (2)	25,991	-
Cathay United Bank	5,300	-
	922,384	1,089,458
Less: portion due within one year	(140,165)	(282,242)
Long-term borrowings	$ 782,219	$ 807,216

The interest rates for bank revolving loans are as follows:

	December 31, 2022	December 31, 2021
Long-term borrowings	2.00%~6.4365%	1.72%~10.689%

The secured borrowings for the fiscal years 2022 and 2021 were secured by the Consolidated Company’s financial assets measured at fair value through profit or loss, accounts receivable, inventories, other financial assets, property, plant and equipment, right-of-use assets, and investment properties (please refer to Notes 34 and 35). Additionally, the repayment and interest payment methods according to the contract are as follows:

Institution name	Borrowing period	Repayment and interest payment method
Chailease Finance Co., Ltd. (1)	2021.11~2023.05	Repay principal and interest monthly for a total of 18 periods.
Chailease Finance Co., Ltd. (2)	2022.05~2024.05	Repay principal and interest monthly for a total of 24 periods.
IBT Leasing Co., Ltd.	2021.09~2023.03	Repay principal monthly for a total of 18 periods, with early repayment in 2022.

Institution name	Borrowing period	Repayment and interest payment method
Agricultural Bank of China Limited	2020.11~2030.10	Interest is paid monthly, and principal is repaid semiannually.
Co-operative Assets Management Co. Ltd.	2021.03~2023.03	Repay principal monthly for a total of 24 periods, with early repayment in 2022.
Infinite Finance Co., Ltd.	2020.09~2022.03	Repay principal monthly for a total of 18 periods.
TBB International Leasing Co., Ltd.	2020.11~2022.05	Repay principal and interest monthly for a total of 18 periods.
Sunny Bank (1)	2019.06~2026.06	Repay principal and interest monthly for a total of 84 periods, with early repayment in 2022.
Sunny Bank (2)	2019.06~2026.06	Repay principal and interest quarterly for a total of 27 periods, with early repayment in 2022.
Sunny Bank (3)	2021.11~2028.11	Repay principal and interest monthly for a total of 84 periods, with early repayment in 2022.
Hotai Finance Co., Ltd.	2020.12~2022.06	Repay principal and interest monthly for a total of 18 periods.
Taichung Bank Leasing Corporation Limited	2021.10~2023.04	Repay principal monthly for a total of 18 periods, with early repayment in 2022.
Shinshin Credit Corporation	2021.01~2023.01	Repay principal and interest monthly for a total of 18 periods, with early repayment in 2022.
Bank of Panhsin (1)	2020.07~2023.07	Repay principal and interest monthly for a total of 36 periods, with early repayment in 2022.
Bank of Panhsin (2)	2022.06~2024.06	Repay principal and interest monthly for a total of 24 periods.
Hua Nan International Leasing Co., Ltd.	2021.08~2023.02	Repay principal and interest monthly for a total of 18 periods, with early repayment in 2022.
Bank of Shanghai	2020.12~2023.12	One-year principal grace period, repay principal and interest monthly for a total of 24 periods.
SinoPac International Leasing Corp.	2021.05~2023.05	Repay principal and interest monthly for a total of 18 periods.
CTBC Finance Co., Ltd.	2021.08~2023.02	Repay principal and interest monthly for a total of 18 periods, with early repayment in 2022.
Hua Nan Commercial Bank Ltd.	2022.05~2025.05	One-year principal grace period, repay principal and interest monthly for a total of 24 periods.
Bank of Kaohsiung Co., Ltd. (1)	2022.07~2029.07	Repay principal and interest quarterly for a total of 28 periods.
Bank of Kaohsiung Co., Ltd. (2)	2022.07~2025.07	Repay principal and interest monthly for a total of 36 periods.
Cathay United Bank	2022.11~2025.10	Half-year principal grace period, repay principal and interest monthly for a total of 30 periods.

20. CORPORATE BONDS PAYABLE

	December 31, 2022	December 31, 2021
Domestic secured corporate bonds	$ 250,000	$ 250,000
Less: portion due within 1 year	-	(250,000)
	$ 250,000	$ -

The Company issued the first domestic secured ordinary corporate bonds in 2022 on December 9, 2022, with a total issuance amount of $250,000 thousand, a face interest rate of 2.03%, and simple interest calculated annually. Interest is paid once a year, and the bonds will mature on December 9, 2025.

The Company issued the first domestic secured ordinary corporate bonds in 2019 on December 13, 2019, with a total issuance amount of $250,000 thousand, a face interest rate of 0.9%, and simple interest calculated annually. Interest is paid once a year, and the bonds will mature on December 12, 2022.

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31, 2022	December 31, 2021
Notes payable		
Not arising from operations	$ 2,403	$ 2,718
Accounts payable		
Arising from operations	$ 36,404	$ 34,662

i. Notes payable

As of December 31, 2022 and 2021, mainly for notes payable for equipment and labor suppliers.

ii. Accounts payable

The Consolidated Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit terms, and unpaid balances do not accrue interest.

22. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	December 31, 2022	December 31, 2021
Other payables		
Payable for equipment	$ 32,302	$ 68,189
Salaries payable	32,102	38,794
Other payable expenses	31,696	30,509
Others	16,144	14,184
	$ 112,244	$ 151,676
Other current liabilities		
Advance receipts	$ 1,090	$ 2,288

	December 31, 2022	December 31, 2021
Other payables		
Advance receipts - relocation compensation fee (Note)	406,376	-
Temporary payments	8,188	475
Payments on behalf	2,031	2,108
	$ 417,685	$ 4,871

Note: This is the relocation compensation fee paid in advance by the Kunshan Municipal Government. Please refer to Notes 14 and 15. The local government has expropriated part of the right-of-use assets held for sale in July 2022. Please refer to Note 11. Relocation expenses have occurred in 2022, and government grant income has been recognized proportionally according to the relocation progress. Please refer to Note 27(ii).

23. PROVISIONS FOR LIABILITIES

	December 31, 2022	December 31, 2021
Employee benefits - non-current	$ 930	$ 884

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Balance on January 1, 2021	$ 989
Additions this year	371
Payments this year	(440)
Actuarial gains	(36)
Balance on December 31, 2021	884
Additions this year	259
Payments this year	(570)
Actuarial losses	357
Balance on December 31, 2022	$ 930

Employee benefit provisions for liabilities are estimates of employees’ vested long-term service rights.

In 2022 and 2021, the Consolidated Company recognized actuarial losses (gains) of $357 thousand and $(36) thousand in other comprehensive income, respectively. As of December 31, 2022, and 2021, the cumulative amount of actuarial losses recognized in other comprehensive income was $715 thousand and $358 thousand, respectively.

24. POST-RETIREMENT BENEFIT PLANS

i. Defined contribution plan

The pension system applicable to the Company under the "Labor Pension Act" is a government-managed defined contribution pension plan, which allocates 6% of employees' monthly salaries to individual accounts with the Bureau of Labor Insurance.

Employees of the Consolidated Company's subsidiaries in China are members of the retirement benefit plan operated by the Chinese government. The subsidiary is required to contribute a specific percentage of salary costs to the retirement benefit plan to provide funds for the plan. The Consolidated Company's obligation for this government-operated retirement benefit plan is limited to contributing a specific amount.

ii. Defined benefit plan

The Company's pension system in accordance with Taiwan's "Labor Standards Act" is a government-managed defined benefit pension plan. The payment of employees' pensions is calculated based on the years of service and the average wage of the 6 months before the approved retirement date. The Company allocates 2% of the total monthly salaries of employees for pensions, which are deposited into a special account with the Bank of Taiwan in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve. Before the end of the year, if the estimated balance of the special account is insufficient to pay the workers who are expected to meet the retirement conditions within the next year, the difference will be allocated once before the end of March of the following year. The special account is entrusted to the Bureau of Labor Funds, MOL, and the Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the consolidated balance sheet are shown as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 34,206	$ 31,054
Fair value of plan assets	(13,069)	(7,119)
Contribution shortfall	21,137	23,935
Net defined benefit liability	$ 21,137	$ 23,935

The changes in net defined benefit liabilities are as follows:

Present value	Fair value of	Net defined

	of defined benefit obligations	plan assets	benefit liability
January 1, 2021	$ 27,572	($ 6,298)	$ 21,274
Service cost			
Current service cost	563	-	563
Interest expense (income)	110	(25)	85
Recognized in profit or loss	673	(25)	648
Remeasurement			
Actuarial losses (gains) - changes in financial assumptions	2,809	(91)	2,718
Recognized in other comprehensive income	2,809	(91)	2,718
Employer contributions	-	(705)	(705)
December 31, 2021	31,054	(7,119)	23,935
Service cost			
Current service cost	603	-	603
Interest expense (income)	160	(37)	123
Recognized in profit or loss	763	(37)	726
Remeasurement			
Actuarial losses (gains) - changes in financial assumptions	5,015	(573)	4,442
Recognized in other comprehensive income	5,015	(573)	4,442
Employer contributions	-	(7,966)	(7,966)
Benefit payments	(2,626)	2,626	-
December 31, 2022	$ 34,206	($ 13,069)	$ 21,137

The Company is exposed to the following risks due to the pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds, MOL invests the labor pension fund in domestic (foreign) equity securities, debt securities, and bank deposits through self-management and entrusted management. However, the plan assets' distributable income is calculated based on a return not lower than the local bank's 2-year fixed deposit rate.
2. Interest rate risk: A decline in government bond rates will increase the present value of defined benefit obligations, but the return on debt investments of plan assets will also increase. Both have a partially offsetting effect on the net defined benefit liability.
3. Salary risk: The calculation of the present value of defined benefit obligations takes into account the future salaries of plan members. Therefore, an increase

in plan members' salaries will increase the present value of defined benefit obligations.

The present value of the Company's defined benefit obligations is actuarially determined by a qualified actuary, and the significant assumptions at the measurement date are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.4019%	0.5170%
Expected salary increase rate	1.5%	1.0%

If significant actuarial assumptions change reasonably, the increase (decrease) in the present value of defined benefit obligations under the condition that all other assumptions remain unchanged is as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 795)	($ 822)
Decrease by 0.25%	$ 824	$ 854
Expected salary increase rate		
Increase by 0.5%	$ 1,639	$ 1,704
Decrease by 0.5%	($ 1,539)	($ 1,592)

Due to the possible correlation between actuarial assumptions, the likelihood of a single assumption change is low, so the above sensitivity analysis may not reflect the actual changes in the present value of defined benefit obligations.

	December 31, 2022	December 31, 2021
Expected contributions within one year	$ 455	$ 439
Average duration of defined benefit obligations	13 years	13 years

25. EQUITY

i.. Share capital

Common shares

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	150,000	150,000
Authorized share capital	$ 1,500,000	$ 1,500,000
Issued and fully paid-up shares (in thousands)	108,080	108,080
Issued share capital	$ 1,080,798	$ 1,080,798

Each issued common share has a par value of $10, with one voting right and the right to receive dividends per share.

The share capital reserved for the issuance of employee stock warrants in the authorized share capital is 5,000 thousand shares.

ii. Capital surplus

The adjustments to the balances of various types of capital reserves for the fiscal years 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Available for covering losses, distributing cash, or increasing share capital (Note)		
Premium on issuance of shares	$ 99,781	$ 113,870
Conversion premium on convertible corporate bonds	-	163,256
Treasury stock transactions	-	47,746
Available only for covering losses		
Gain on disposal of assets	-	86
Changes in the net value of associates recognized under the equity method	2,520	28,135
	$ 102,301	$ 353,093

Note: This type of capital surplus can be used to cover losses or, when the Company has no losses, to distribute cash or increase share capital, but the increase in share capital is limited to a certain percentage of paid-up share capital per year.

The Company's shareholders' meeting held on June 23, 2022, resolved to use the capital surplus of $253,312 thousand to cover losses.

iii. Retained earnings and dividend policy

The Company's articles of incorporation stipulate that if the Company has a profit for the year, after paying taxes and covering accumulated losses, 10% of the profit should be allocated as a legal reserve, and the remainder should be allocated or reversed as a special reserve according to the law. If there is still a balance, it should be combined with the accumulated undistributed earnings, and the board of directors should propose a dividend distribution plan to be submitted to the shareholders' meeting for approval.

The Company's employee and director compensation distribution policy can be found in Note 27, Net profit from continuing operations (viii.) Employee compensation and director compensation.

Furthermore, according to the Company's articles of incorporation, dividends can be distributed in cash or as stock dividends.

Legal reserves should be allocated until the balance reaches the total amount of the company's paid-up share capital. Legal reserves can be used to cover losses. When the company has no losses, the portion of legal reserves exceeding 25% of the paid-up share capital can be distributed in cash or added to share capital.

The Company allocates and reverses special reserves from the undistributed earnings of previous periods according to the law.

The Company held shareholders' meetings on June 23, 2022, and July 22, 2021, to resolve the profit and loss allocation plans for 2021 and 2020, respectively, as follows:

	Profit and loss allocation plan	
	2021	2020
Losses to be compensated	($ 253,313)	($ 302,001)
Capital surplus to cover losses	253,312	-

The Company's board of directors proposed a profit and loss allocation plan for 2022 on March 24, 2023. Due to the net loss after tax, there is no proposal to allocate legal reserves or distribute dividends.

The profit and loss allocation plan for 2022 is subject to the approval of the shareholders' meeting scheduled to be held on June 20, 2023.

26. REVENUE

	2022	2021
Customer contract revenue		
Product sales revenue	$ 783,512	$ 1,033,429

i. Description of customer contracts

Product sales revenue

Product sales revenue mainly comes from the sales of ceramic substrates, circuit components, processing transactions, and general import and export trade. Except for some sales targets that agree to recognize revenue when the products arrive at the customer-designated location, the remaining sales targets agree to recognize revenue and accounts receivable when the products are shipped. At that point, the customer has agreed on the price and usage rights for the goods, bears the primary responsibility for resale, and assumes the risk of obsolescence.

ii. Contract balances

	December 31, 2022	December 31, 2021
Accounts receivable (Note 9)	$ 254,486	$ 388,326

iii. Segmentation of customer contract revenue

From January 1 to December 31, 2022

	Reportable segments		
	Substrate Division	Optoelectronics Division	Total
Type of goods or services			
Revenue from the sale of goods	$ 775,101	$ 8,411	$ 783,512

From January 1 to December 31, 2021

	Reportable segments		
	Substrate Division	Optoelectronics Division	Total
Type of goods or services			
Revenue from the sale of goods	$ 1,030,865	$ 2,564	$ 1,033,429

For revenue segmentation information, please refer to Note 39.

27. NET PROFIT FROM CONTINUING OPERATIONS

i. Interest income

	2022	2021
Bank deposits		
Financial assets measured at amortized cost	$ 7,124	$ 652
Other	461	-
	$ 7,585	$ 652

ii. Financial assets measured at amortized cost

	2022	2021
Rental income	$ 54,169	$ 47,390
Government grant income	39,360	-
Other	11,853	4,942
	$ 105,382	$ 52,332

Government grant income is provided by the Kunshan Municipal Government for the relocation and shutdown subsidies for the subsidiary LEATEC Fine Ceramics (Kunshan) Co., Ltd.

iii. Other gains and losses

	2022	2021
Gain on disposal of non-current assets held for sale	$ 68,852	$ -
Gain (loss) on disposal of property, plant, and equipment	113	(588)
Loss on financial assets measured at fair value through profit or loss	(1,723)	-
Net foreign exchange loss	(701)	(2,950)
Other expenses	(18,172)	(10,769)
	$ 48,369	($ 14,307)

iv. Finance costs

	2022	2021
Interest on bank loans and corporate bonds	$ 54,064	$ 51,222
Interest on lease liabilities	116	149
Other interest expenses	21	50
Less: Amounts included in the cost of qualifying assets	(4,547)	(3,676)
	$ 49,654	$ 47,745

Information related to interest capitalization is as follows:

	2022	2021
Amount of interest capitalized	$ 4,547	$ 3,676
Interest capitalization rate	2.83%~7.4%	2.47%~5.12%

v. (Reversal gain of) impairment loss of financial asset

	2022	2021
Impairment loss (reversal of gains) on accounts receivable	($ 1,871)	$ 5,482

vi. Depreciation and amortization

	2022	2021
Property, plant, and equipment	$ 95,276	$ 93,585
Investment property	13,494	13,259
Right-of-use assets	4,795	5,212
Other intangible assets	1,959	1,427

	2022	2021
Total	$ 115,524	$ 113,483
Depreciation expenses summarized by function		
Operating costs	$ 58,610	$ 61,130
Operating expenses	54,955	50,926
	$ 113,565	$ 112,056
Amortization expenses summarized by function		
Operating costs	$ 237	$ -
Operating expenses	1,722	1,427
	$ 1,959	$ 1,427

vii. Employee benefit expenses

	2022	2021
Short-term employee benefits	$ 312,724	$ 321,165
Post-retirement benefits (Note 24)		
Defined contribution plans	8,115	6,398
Defined benefit plans	726	648
	8,841	7,046
Long-term employee benefits (Note 23)	259	371
Total employee benefit expenses	$ 321,824	$ 328,582
Summarized by function		
Operating costs	$ 251,642	$ 252,475
Operating expenses	70,182	76,107
	$ 321,824	$ 328,582

viii. Employee compensation and director compensation

The Company allocates employee compensation and director/supervisor compensation based on 1.5% to 15% and not more than 5% of the pre-tax profit before deducting employee and director/supervisor compensation for the current year. However, when the Company has accumulated losses, it should reserve the amount to offset the losses before allocating employee compensation and director/supervisor compensation. In 2022 and 2021, there were accumulated losses, so no employee compensation and director/supervisor compensation were accrued, which were approved by the board of directors on March 24, 2023, and March 25, 2022.

If the amounts still change after the approval date of the consolidated financial statements for the year, the accounting estimate changes will be adjusted in the following year.

There were no differences between the actual distribution amounts of employee compensation and director/supervisor compensation for 2021 and 2020 and the amounts recognized in the 2021 and 2020 consolidated financial statements.

For information about the Company's employee compensation and director/supervisor compensation resolutions of the board of directors in 2023 and 2022, please visit the Taiwan Stock Exchange's "Market Observation Post System".

ix. Foreign exchange gain/loss

	2022	2021
Total foreign exchange gain	$ 64,157	$ 21,046
Total foreign exchange loss	(64,858)	(23,996)
Net (loss) gain	($ 701)	($ 2,950)

x. Reversal gain on impairment of non-financial assets

	2022	2021
Inventory (included in operating costs)	($ 9,841)	($ 9,913)

28. INCOME TAX OF CONTINUING OPERATIONS

i. Income tax recognized in profit or loss

The main components of income tax expense (benefit) are as follows:

	2022	2021
Current income tax		
Generated in the current year	$ 48	$ 17,395
Adjustments for prior years	2,879	2,837

	2022	2021
	2,927	20,232
Deferred income tax		
Generated in the current year	5,959	13,600
Adjustments for prior years	172	-
	6,131	13,600
Income tax expense recognized in profit or loss	$ 9,058	$ 33,832

The reconciliation of accounting income and income tax expense is as follows:

	2022	2021
Pre-tax net (loss) profit of continuing operations	($ 24,418)	$ 84,666
Income tax expense calculated at the statutory tax rate on pre-tax net loss	$ 5,524	$ 21,420
Non-deductible expenses for tax purposes	1,850	2,130
Losses recognized on investments accounted for using the equity method	1,374	849
Others	(10,169)	(119)
Unrecognized loss carryforwards	7,428	6,715
Adjustments for current and deferred income tax expenses of prior years in the current year	3,051	2,837
Income tax expense recognized in profit or loss	$ 9,058	$ 33,832

The Consolidated Company applies a tax rate of 20% under the Income Tax Act of the Republic of China for individual entities; the applicable tax rate for subsidiaries in China is 15% to 25%; the tax amount generated in other jurisdictions is calculated based on the applicable tax rates in the relevant jurisdictions.

ii. Income tax recognized in other comprehensive income

	December 31, 2022	December 31, 2021
Deferred income tax		
Generated in the current year		
Remeasurement of defined benefit plans	$ 960	$ 536

iii. Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets		
Receivable tax refunds	$ 890	$ 5
Current income tax liabilities		
Payable income tax	$ 2,174	$ 4,363

iv. Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Ending balance
Deferred tax assets					
Temporary differences					
Unrealized inventory valuation losses	$ 12,166	($ 1,690)	$ -	$ 84	$ 10,560
Unrealized expected impairment losses	3,067	(272)	-	34	2,829
Unrealized profits of subsidiaries	1,041	(725)	-	-	316
Financial asset valuation losses	-	344	-	-	344
Defined benefit pension plans	2,962	-	960	-	3,922
Property, plant, and equipment	137	(76)	-	-	61
	19,373	(2,419)	960	118	18,032
Loss carryforwards	666	9,517	-	-	10,183
	$ 20,039	$ 7,098	$ 960	$ 118	$ 28,215
Deferred tax liabilities					
Temporary differences					
Property, plant, and equipment	$ 1,856	$ 200	$ -	$ -	$ 2,056
Investment gains recognized using the equity method	98,460	12,087	-	-	110,547
Unrealized foreign exchange gains	27	942	-	-	969
	$ 100,343	$ 13,229	$ -	$ -	$ 113,572

2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Ending balance
Deferred tax assets					
Temporary differences					
Unrealized inventory valuation losses	$ 13,747	($ 1,551)	$ -	($ 30)	$ 12,166
Unrealized expected impairment losses	2,146	932	-	(11)	3,067
Unrealized profits of subsidiaries	538	503	-		1,041

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Ending balance
Defined benefit pension plans	2,426	-	536		2,962
Property, plant, and equipment	126	11	-		137
	18,983	(105)	536	(41)	19,373
Loss carryforwards	-	666	-	-	666
	$ 18,983	$ 561	$ 536	($ 41)	$ 20,039
Deferred tax liabilities					
Temporary differences					
Property, plant, and equipment	$ 1,517	$ 339	$ -	$ -	$ 1,856
Investment gains recognized using the equity method	84,581	13,879	-	-	98,460
Unrealized foreign exchange gains	84	(57)	-	-	27
	$ 86,182	$ 14,161	$ -	$ -	$ 100,343

v. Deductible temporary differences, unused loss carryforwards, and unused investment tax credits not recognized as deferred income tax assets in the balance sheet

	December 31, 2022	December 31, 2021
Loss carryforwards		
Expiring in 2022	$ -	$ 70,111
Expiring in 2023	63,445	63,445
Expiring in 2024	59,386	59,386
Expiring in 2025	92,117	92,117
Expiring in 2026	31,916	31,916
Expiring in 2027	17,161	17,161
Expiring in 2028	29,495	29,495
Expiring in 2029	122,856	122,856
Expiring in 2030	78,174	90,270
Expiring in 2032	48,589	-
	$ 543,139	$ 576,757
Deductible temporary differences		
Losses recognized on investments accounted for using the equity method	$ 45,829	$ 47,453

vi. Information on unused loss carryforwards

As of December 31, 2022, the information on loss carryforwards is as follows:

Unutilized balance	Final deduction year
$ 63,445	2023
59,386	2024
92,117	2025
31,916	2026
17,161	2027
29,495	2028
122,856	2029
78,174	2030
2,324	2031
97,179	2032
$ 594,053	

vii. Income tax assessment status

The Company's profit-seeking enterprise income tax returns have been assessed by the tax authorities up to 2020.

29. EARNINGS (LOSS) PER SHARE

Unit: per share in dollars

	2022	2021
Basic earnings (loss) per share		
From continuing operations	($ 0.31)	$ 0.47
Diluted earnings (loss) per share		
From continuing operations	($ 0.31)	$ 0.47

The net profit and weighted average number of common shares used to calculate earnings (loss) per share from continuing operations are as follows:

Current period net (loss) profit

	2022	2021
Net (loss) profit attributable to the owners of the Company	($ 33,476)	$ 50,834

Number of shares

Unit: thousand shares

	2022	2021
Weighted average number of common shares used to calculate basic earnings (loss) per share	108,080	108,080

If the Consolidated Company has the option to distribute employee compensation in the form of stocks or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be distributed in the form of stocks and included in the weighted average number of outstanding shares when the potential common stock has a dilutive effect, to calculate diluted earnings per share. When calculating diluted earnings per share before the resolution of the number of shares to be distributed as employee compensation in the following year, the dilutive effect of such potential common stock is also considered.

30. NON-CASH TRANSACTIONS

The Consolidated Company conducted the following non-cash investment activities in 2022 and 2021:

	December 31, 2022	December 31, 2021
Investment activities affecting both cash and non-cash transactions		
Increase in property, plant, and equipment	$ 108,405	$ 179,858
Net change in equipment payables	35,887	(9,601)
Cash paid for the purchase of property, plant, and equipment	$ 144,292	$ 170,257

31. CAPITAL RISK MANAGEMENT

The Consolidated Company manages its capital to ensure that entities within the group can continue to operate while optimizing the balance of debt and equity, in order to maximize shareholder returns. There have been no significant changes in the Consolidated Company’s overall strategy.

The Consolidated Company’s capital structure consists of its net debt (i.e., borrowings less cash and cash equivalents) and equity attributable to the owners of the Consolidated Company (i.e., share capital, capital reserves, retained earnings, and other equity items).

The Consolidated Company’s senior management, in collaboration with the Board of Directors, reviews the group’s capital structure at least quarterly, taking into account the costs and risks associated with various types of capital. Based on the recommendations of senior management, the Consolidated Company will balance its overall capital structure by distributing dividends, issuing new shares, repurchasing shares, and issuing new debt or repaying old debt. The Consolidated Company’s target debt ratio (i.e., the ratio of total liabilities to total assets) is set at 50% or below. As of December 31, 2022, the debt ratio was 67%, higher than the target debt ratio range. The Consolidated Company expects to reduce the debt ratio to an appropriate range by improving its operating performance.

32. FINANCIAL INSTRUMENTS

i. Fair value information - Financial instruments not measured at fair value

Except for the items listed in (iii.), the management of the Consolidated Company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair values.

ii. Fair value information - Financial instruments measured at fair value

Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Domestic debt instrument investments	$ 13,607	$ -	$ -	$ 13,607

There were no transfers between Level 1 and Level 2 fair value measurements from January 1 to December 31, 2022.

iii. Types of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$ 13,607	$ -
Financial assets measured at amortized cost (Note 1)	821,891	800,136
Financial liabilities		
Measured at amortized cost (Note 2)	1,714,465	1,870,001

Note 1: The balance includes cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable (including related parties), other receivables, other financial assets, and financial assets such as refundable deposits measured at amortized cost.

Note 2: The balance includes short-term borrowings, notes payable, accounts payable, other payables, corporate bonds payable, long-term borrowings, and financial liabilities such as deposits received measured at amortized cost.

iv. Financial risk management objectives and policies

The Consolidated Company's main financial instruments include debt instrument investments, accounts receivable, accounts payable, corporate bonds payable, and borrowings. The Consolidated Company's financial management department provides services to various business units, coordinating and coordinating access to domestic and international financial markets, and supervising and managing the Consolidated Company's operating-related financial risks through internal risk reports that analyze exposures according to the degree and breadth of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

The financial management department submits quarterly reports to the Consolidated Company's Board of Directors, which supervises risks and oversees the implementation of policies to mitigate risks.

1. Market risk

The main financial risks borne by the Consolidated Company's operating activities are foreign currency exchange rate fluctuations and interest rate fluctuations. The Consolidated Company closely monitors exchange rate changes and effectively interacts with banks to manage the foreign currency exchange rate and interest rate risks it bears. The Consolidated Company measures the impact of financial instruments on fair value and cash flows under the assumption of changes in all relevant market risk variables using sensitivity analysis. The Consolidated Company expects reasonable changes in the relevant risk variables at the end of the reporting period as follows:

NTD Market interest rate	10 basis points
USD Market interest rate	10 basis points
NTD/USD and other currencies	5%

(1) Exchange rate risk

On the balance sheet date, the carrying amounts of non-functional currency denominated monetary assets and monetary liabilities (including non-functional currency denominated monetary items that have been offset in the consolidated financial statements) are as per Note 37.

Sensitivity analysis

The Consolidated Company is mainly affected by fluctuations in the USD, JPY and EUR exchange rates.

The table below provides a detailed explanation of the Consolidated Company's sensitivity analysis when the New Taiwan Dollar (functional currency) appreciates or depreciates by 5% against each relevant foreign currency. The 5% represents the sensitivity ratio used for internal reporting of exchange rate risk to the main management level and also represents the management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis only includes foreign currency monetary items outstanding and adjusts their period-end conversions by changing the exchange rate by 5%. The positive numbers in the table indicate that when there is a net foreign currency asset, a 5% depreciation of the New Taiwan Dollar against each relevant currency will increase pre-tax net profit; when there is a net foreign currency liability, a 5% depreciation of the New Taiwan Dollar against each relevant foreign currency will have the same amount of negative impact on pre-tax net profit.

	Impact of USD		Impact of JPY	
	2022	2021	2022	2021
Profit or loss	($ 8,221) (i)	$ 10,344 (i)	$ 1,313 (ii)	($ 211) (ii)

	Impact of EUR	
	2022	2021
Profit or loss	$ 2,431 (iii)	$ 626 (iii)

(i) Mainly arising from the USD-denominated receivables and payables outstanding at the balance sheet date that have not been hedged for cash flow.

(ii) Mainly arising from the JPY-denominated receivables and payables outstanding at the balance sheet date that have not been hedged for cash flow.

(iii) Mainly arising from the EUR-denominated receivables and payables outstanding at the balance sheet date that have not been hedged for cash flow.

(2) Other price risks

The Consolidated Company is exposed to price risks due to bond investments, mainly holding bonds for interest and spread gains.

Sensitivity analysis

The following sensitivity analysis is based on bond price exposures as of the balance sheet date.

If bond prices increase/decrease by 10%, the pre-tax profit or loss for the period from January 1, 2022 to December 31, 2022 will increase/decrease by $1,361 thousand due to the fair value increase/decrease of financial assets measured at fair value through profit or loss.

(3) Interest rate risk

Due to the fact that individual entities within the Consolidated Company borrow funds at both fixed and floating interest rates, interest rate risk arises. The management of the Consolidated Company discusses an appropriate combination of fixed and floating interest rates with borrowing banks after thoroughly understanding the financial market.

The carrying amounts of financial liabilities exposed to interest rate risk as of the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk	$ 333,450	$ 650,415
Cash flow interest rate risk	1,248,441	1,062,421

Sensitivity analysis

The sensitivity analysis below is determined based on non-derivative instruments' interest rate exposure as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of liabilities outstanding as of the balance sheet date remains outstanding throughout the year. The rate of change used for internal reporting of interest rates to the main management level is an increase or decrease of 10 basis points, which also represents management's assessment of the reasonably possible range of changes in interest rates.

Financial assets are minimally affected by changes in interest rates due to the low level of market deposit interest rates. Interest rate sensitivity analysis is performed on financial liabilities for profit and loss impact. The change in fair value and cash flow estimates due to interest rate changes are analyzed under the assumption of other variables remaining constant, at the end of the reporting period, and with an increase or decrease of 10 basis points. The pre-tax net (loss) profit of the Consolidated Company for 2022 and 2021 will increase (decrease) by $1,248 thousand / $(1,248) thousand and $1,062 thousand / $(1,062) thousand, respectively.

The increased sensitivity of the Consolidated Company to interest rates in the current period is mainly due to the increase in variable interest rate debt instruments and the fair value interest rate risk exposure of redeemable corporate bonds.

2. Credit risk

Credit risk is the risk of financial loss to the Group due to counterparty default on contractual obligations. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk, which may result from the counterparty's failure to fulfill its obligations and the Consolidated Company's provision of financial guarantees, mainly arises from:

(1) The carrying amount of financial assets recognized in the consolidated balance sheet.

(2) The maximum amount that the Consolidated Company may need to pay for providing financial guarantees, regardless of the likelihood of occurrence.

The Consolidated Company's policy is to only engage in transactions with reputable counterparties and to obtain sufficient collateral when necessary to mitigate the risk of financial losses due to defaults. The Consolidated Company only transacts with businesses that meet the conditions assessed by internal credit management procedures or external credit rating agencies. The Consolidated Company continuously monitors credit exposure and counterparties' credit ratings and effectively manages the credit limits of counterparties through annual reviews and approvals by the management department to reduce risk.

To mitigate credit risk, the Consolidated Company's management assigns a dedicated team responsible for determining credit limits, approving credit, and other monitoring procedures to ensure that appropriate actions are taken for the collection of overdue receivables. In addition, the Consolidated Company reviews the recoverable amount of receivables individually as of the balance sheet date to ensure that uncollectible receivables have been adequately impaired. As a result, the Consolidated Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

The receivables are from a wide range of customers, spread across different industries and geographical areas. The Consolidated Company continuously evaluates the financial condition of its accounts receivable customers and, when necessary, purchases credit guarantee insurance contracts.

The Consolidated Company's credit risk is primarily concentrated on Customer A. As of the December 31, 2022 and 2021, the percentage of total receivables from the aforementioned customer was 16% and 11%, respectively.

3. Liquidity risk

As of December 31, 2022, the Consolidated Company's current assets were $1,258,972 thousand, current liabilities were $1,121,700 thousand, and the debt ratio was 67%. To improve liquidity, the Consolidated Company obtained funds from the capital market in 2022 through the issuance of secured corporate bonds or cash capital increases. In addition, the Consolidated Company's subsidiary, LEATEC Fine Ceramics (Kunshan) Co., Ltd., received a relocation compensation of RMB117,584 thousand in January 2022 and is expected to receive the remaining relocation compensation of RMB117,590 thousand in June 2023. The Consolidated Company expects to use these funds to repay short-term loans and for operational purposes.

The Consolidated Company plans appropriate fundraising methods based on operating conditions and the economic environment, and manages and maintains safe cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management coordinates the use and review of bank financing limits and ensures compliance with loan contract terms.

The ultimate responsibility for managing the Consolidated Company's liquidity risk lies with the Board of Directors. The management department plans appropriate measures to reduce liquidity risk in response to the Consolidated Company's short-term, medium-term, and long-term financing and liquidity management needs. The Consolidated Company manages liquidity risk by maintaining adequate reserves, bank financing limits, obtaining loan commitments, continuously monitoring projected and actual cash flows, and matching the maturity composition of financial assets and liabilities.

(1) Liquidity and interest rate risk table

The following table provides a detailed description of the remaining contractual maturities of the Consolidated Company's non-derivative financial liabilities, which are based on the earliest possible repayment dates required by the Consolidated Company and prepared using undiscounted cash flows of financial liabilities, including cash flows for interest and principal.

Bank loans that can be demanded for immediate repayment by the Consolidated Company are included in the earliest period in the table below, without considering the probability of the bank exercising that right immediately; other non-derivative financial liability maturity analyses are prepared according to the agreed repayment dates.

For cash flows of interest paid at floating interest rates, the undiscounted interest amounts are derived from the yield curve as of the balance sheet date.

December 31, 2022

	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Interest-free liabilities	$ -	$ 86,647	$ 32,302	$ 13,625	$ -
Lease liabilities	92	184	842	2,042	-
Floating rate instruments	12,750	161,742	291,730	322,161	460,058
Fixed rate instruments	23,205	29,506	30,739	-	-
Corporate bonds payable	-	-	-	250,000	-
	$ 36,047	$ 278,079	$ 355,613	$ 587,828	$ 460,058

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	$ 1,118	$ 2,042	$ -	$ -	$ -	$ -

December 31, 2021

	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Interest-free liabilities	$ -	$ 80,352	$ 69,910	$ 6,903	$ -
Lease liabilities	89	269	726	3,160	-
Floating rate instruments	1,760	71,938	218,612	507,021	263,090
Fixed rate instruments	32,773	59,384	271,153	37,105	-
Corporate bonds payable	-	-	250,000	-	-
	$ 34,622	$ 211,943	$ 810,401	$ 554,189	$ 263,090

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	$ 1,084	$ 3,160	$ -	$ -	$ -	$ -

(2) Financing limit

	December 31, 2022	December 31, 2021
Bank loan limit		
Amount utilized	$ 1,581,891	$ 1,712,836
Unused amount	433,213	352,942
	$ 2,015,104	$ 2,065,778

33. RELATED PARTY TRANSACTIONS

Transactions, account balances, revenues, and expenses between the Company and its subsidiaries (which are related parties of the Company) are eliminated in full upon consolidation and are not disclosed in this note. In addition to those disclosed in other notes, transactions between the Consolidated Company and other related parties are as follows:

i. Related party names and their relationship

Related party name	Relationship with the Consolidated Company
ECOCERA Optronics Co., Ltd.	Associate

ii. Operating revenue

Account item	Related party category/name	2022	2021
Sales revenue	Associate	$ 1,160	$ 902

Sales to related parties are calculated through negotiation.

iii. Receivables from related parties

Account item	Related party category/name	December 31, 2022	December 31, 2021
Accounts receivable - related parties	Associate	$ 1,191	$ 424

No guarantees have been collected for receivables from related parties outstanding. In 2022 and 2021, no provisions for losses were made on receivables from related parties.

iv. Compensation to key management personnel

The total compensation for directors and other key management personnel in 2022 and 2021 is as follows:

	2022	2021
Short-term employee benefits	$ 21,040	$ 19,136
Post-retirement benefits	29	50
	$ 21,069	$ 19,186

Compensation for directors and other key management personnel is determined by the Compensation Committee based on individual performance and market trends.

34. PLEDGED ASSETS

The following assets of the Consolidated Company have been provided as collateral for borrowings from banks and leasing companies:

	December 31, 2022	December 31, 2021
Financial assets measured at fair value through profit or loss	$ 13,607	$ -
Accounts receivable	22,375	128,509
Inventories	-	138,265
Other financial assets	270,903	230,070
Land	118,033	118,033
Buildings - net amount	747,873	836,208
Machinery and equipment - net amount	78,201	191,036
Electrical equipment	-	1,187
Right-of-use assets	146,195	161,497
Investment property - buildings	371,197	378,688
	$ 1,768,384	$ 2,183,493

The market interest rate range for bank deposits as of the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Pledged time deposits (accounted for as other financial assets)	0.60%~1.15%	0.76%

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to what is described in other notes, the Consolidated Company has the following significant commitments and contingencies as of the balance sheet date:

i. The unused letters of credit are as follows:

	December 31, 2022	December 31, 2021
USD	$ 72	$ 28
JPY	5,750	-

ii. Notes issued due to borrowings are as follows:

	December 31, 2022	December 31, 2021
USD	$ 7,030	$ 2,210
NTD	1,374,500	823,000

iii. In May 2021, the Consolidated Company signed a supplementary engineering contract with Jiangsu Zhongyu Construction Engineering Co., Ltd., adding a total contract engineering price of $89,304 thousand. As of December 31, 2022, a payment of $83,354 thousand has been made.

iv. The Consolidated Company's unrecognized contract commitments are as follows:

	December 31, 2022	December 31, 2021
Purchase of property, plant, and equipment	$ 169,757	$ 72,481

36. OTHER MATTERS

The Consolidated Company was affected by the continuous spread and control of the COVID-19 in some areas during 2022, resulting in intermittent shutdowns or delayed resumption of work at the plant in accordance with local government regulations. This led to a downward trend in operating income in 2022 compared to 2021. In response to the impact of the pandemic, the Consolidated Company has taken the following actions:

i. Ceramic substrates for resistors: Mainly used in consumer electronics products, the market has larger variables due to the epidemic. The Consolidated Company adopts planned production and adjusts production plans based on customer orders to appropriately control inventory.

ii. Ceramic for automotive use: In response to the closed management between countries, the shipment days are extended, and the demand specifications are confirmed with customers, especially the information of transportation tools listed as the primary shipping condition.

iii. New material development: Carefully assess the customer's prototype and market launch of the product, and whether the epidemic impact will delay the launch of new products.

iv. Capital expenditure: In the short term, investment will focus on improving production efficiency, and equipment with other medium-to-long-term benefits will be cautiously evaluated before investing.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The information below is expressed in a currency other than the functional currency of each entity within the Consolidated Company. The disclosed exchange rates refer to the exchange rates at which these foreign currencies are converted into functional currencies. The Consolidated Company's significant foreign currency financial assets and liabilities information is as follows:

December 31, 2022

	Foreign Currencies	Exchange Rates	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 5,795	30.71	$ 177,963
RMB	34	4.409434	149
EUR	1,486	32.72	48,629
JPY	138,017	0.2324	32,075
JPY	41	3.938	159
Financial liabilities			
Monetary items			
USD	11,149	30.71	342,357
JPY	25,002	0.2324	5,811

December 31, 2021

	Foreign Currencies	Exchange Rates	New Taiwan Dollars
Financial assets			

	Foreign Currencies	Exchange Rates	New Taiwan Dollars
Monetary items			
USD	$ 14,582	27.68	$ 403,630
RMB	103	4.341484	447
EUR	400	31.32	12,528
JPY	1,836	0.2405	442
JPY	35	3.549	124
Financial liabilities			
Monetary items			
USD	7,108	27.68	196,749
RMB	4	4.341484	16
JPY	19,417	0.2405	4,670

The Consolidated Company's foreign exchange gains (losses) (realized and unrealized) for 2022 and 2021 were $(701) thousand and $(2,950) thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of the group entities, it is not possible to disclose exchange gains or losses by major foreign currencies.

38. SEPARATELY DISCLOSED ITEMS

i. INFORMATION ABOUT SIGNIFICANT TRANSACTIONS and ii. INFORMATION ON INVESTEES:

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held (excluding investment in subsidiaries, associates and joint venture control components): Table 3.
4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual property at costs of at least NT$300 million or 20% of the paid-in capital: Table 4.
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: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.
9. Trading in derivative instruments: None.

10. Other: Business relationships and significant transactions between the parent and subsidiaries and among subsidiaries, as well as the amounts involved: Table 6.
11. Information on investees: Table 7.

iii. INFORMATION ON INVESTMENTS IN MAINLAND CHINA:

1. The names of invested companies in Mainland China, main business items, paid-in capital, investment methods, fund remittance and inflow situation, shareholding ratio, investment profit and loss, the book value of investment at the end of the period, repatriated investment profit and loss, and investment quota for Mainland China: Table 8.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 9.
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (3) The amount of property transactions and the amount of the resultant gains or losses.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
   (6) 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 receipt of services.

iv. Major shareholder information: No shareholders with a shareholding ratio of 5% or more.

39. SEGMENT INFORMATION

The information provided to the chief operating decision-maker for resource allocation and performance evaluation focuses on the types of products or services delivered or provided. The reportable segments of the Consolidated Company are as follows:

The Precision Ceramics Business Group mainly produces and sells ceramic substrates and the like.

The Optoelectronics Business Group mainly provides solar connectors and the like.

i. Segment revenue and operating results

The revenue and operating results of the Consolidated Company's continuing operations are analyzed by reportable segments as follows:

	Precision Ceramics Business Group	Optoelectronics Business Group	Total
2022			
Consolidated revenue from external customers	$ 775,101	$ 8,411	$ 783,512
Segment profit (loss)	($ 134,753)	$ 3,970	($ 130,783)
Interest income	7,570	15	7,585
Other income	105,382	-	105,382
Other gains and losses	49,295	(926)	48,369
Finance costs	(49,641)	(13)	(49,654)
Share of profit (loss) of associates accounted for using the equity method	(5,317)	-	(5,317)
Profit (loss) before tax from continuing operations	($ 27,464)	$ 3,046	($ 24,418)
2021			
Consolidated revenue from external customers	$ 1,030,865	$ 2,564	$ 1,033,429
Segment profit (loss)	$ 103,992	($ 4,812)	$ 99,180
Interest income	643	9	652
Other income	52,313	19	52,332
Other gains and losses	(14,500)	193	(14,307)
Finance costs	(47,733)	(12)	(47,745)
Share of profit (loss) of associates accounted for using the equity method	(5,446)	-	(5,446)
Profit (loss) before tax from continuing operations	$ 89,269	($ 4,603)	$ 84,666

Segment profit (loss) refers to the profit earned by each department, excluding the share of profit (loss) of associates accounted for using the equity method, rental income, interest income, gains or losses on the disposal of property, plant, and equipment, net foreign exchange gains (losses), finance costs, and income tax expenses. This measurement is provided to the chief operating decision-maker for allocating resources to the segments and evaluating their performance.

ii. Segment assets

Segment assets	December 31, 2022	December 31, 2021
Continuing operations		
Precision Ceramics Business Group	$ 3,313,272	$ 3,073,943
Optoelectronics Business Group	6,614	17,403
Unallocated assets	122,254	104,727
Total consolidated assets	$ 3,442,140	$ 3,196,073

For the purpose of supervising department performance and allocating resources to various departments:

All assets, excluding associates accounted for using the equity method, deferred tax assets, and other receivables, are allocated to the reportable segments. Assets used jointly by the reportable segments are allocated based on the revenue earned by each reportable segment.

iii. Other segment information

Other information reviewed by the chief operating decision-maker or regularly provided to the chief operating decision-maker:

	Precision Ceramics Business Group	Optoelectronics Business Group	Total
2022			
Depreciation and amortization	$ 115,315	$ 209	$ 115,524
Decrease in non-current assets during the year	($ 39,689)	($ 495)	($ 40,184)
2021			
Depreciation and amortization	$ 113,237	$ 246	$ 113,483

	Precision Ceramics Business Group	Optoelectronics Business Group	Total
Increase (decrease) in non-current assets during the year	$ 108,756	($ 23,184)	$ 85,572

Note: Non-current assets do not include associates accounted for using the equity method and deferred tax assets.

iv. Revenue from major products and services

The revenue analysis of the Consolidated Company's main products and services for continuing operations is as follows:

	2022	2021
Precision Ceramics Business Group	$ 775,101	$ 1,030,865
Optoelectronics Business Group	8,411	2,564
	$ 783,512	$ 1,033,429

v. Geographical information

The Consolidated Company mainly operates in three regions - Taiwan, China, and others.

The information on revenue from external customers of the Consolidated Company's continuing operations by operating location and non-current assets by the location of the assets is presented as follows:

	Revenue from external customers		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	$ 370,510	$ 469,762	$ 593,033	$ 616,634
China	412,583	546,095	1,487,195	1,503,778
Other	419	17,572	-	-
	$ 783,512	$ 1,033,429	$ 2,080,228	$ 2,120,412

vi. Major customer information

Revenue from a single customer accounting for more than 10% of the Consolidated Company's total revenue is as follows:

	2022	2021
Customer A	$ 91,091	$ 113,204
Customer B	84,511	105,094

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

TABLE 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lending Company	Borrower	Transaction Item	Related Party or Not	Highest Balance of the Current Period	Ending Balance	Actual Disbursement Amount	Interest Rate Range	Nature of Funds Lent	Amount of Business Transactions	Reason for the Necessity of Short-term Financing	Provision for Bad Debts Amount	Collateral		Individual Borrower Lending Limit	Total Lending Limit	Remarks
													Name	Value			
1	LEATEC Fine Ceramics (Kunshan) Co., Ltd.	LEATEC Application Materials (Kunshan) Co., Ltd.	Other receivables - related parties	Y	$ 531,548	$ 506,715	$ 390,015	—	Necessity for short-term financing	$ -	Operating turnover	$ -	—	$ -	Note 1	$ 586,533	
2	COSMOS Harvest International Limited	LEATEC Fine Ceramics (Samoa) Co., Ltd.	Other receivables - related parties	Y	32,215	30,710	-	2%	Necessity for short-term financing	-	Operating turnover	-	—	-	Note 2	71,439	
3	LEATEC Fine Ceramics (Samoa) Co., Ltd.	LEATEC Fine Ceramics Co., Ltd.	Other receivables - related parties	Y	64,430	61,420	41,559	2%	Necessity for short-term financing	-	Operating turnover	-	—	-	Note 3	568,622	

Note 1: The individual borrower's lending limit is 60% of the lending company's net value, which is $977,555 thousand x 60% = $586,533 thousand.

Note 2: The individual borrower's lending limit is 300% of the lending company's net value, which is $23,813 thousand x 300% = $71,439 thousand.

Note 3: The individual borrower's lending limit is 40% of the lending company's net value, which is $1,421,555 thousand x 40% = $568,622 thousand.

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

TABLE 2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Number (Note 1)	Endorser	Endorsee		Endorsement and guarantee limit for a single company	Maximum balance for the period	Ending balance	Actual expenditure	Endorsement and guarantee amount by assets	Ratio of cumulative endorsement/ guarantee amount to net worth as stated in the latest financial statements (%)	Maximum limit of endorsement and guarantee	Endorsement and guarantee from parent to subsidiary	Endorsement and guarantee from subsidiary to parent	Endorsement and guarantee for Mainland China
		Company name	Relationship										
0	LEATEC Fine Ceramics Co., Ltd.	LEATEC Fine Ceramics (Samoa) Co., Ltd.	2	(Note 1)	$ 80,860 thousand (USD2,510 thousand)	$ 74,625 thousand (USD2,430 thousand)	$ 57,888 thousand (USD1,885 thousand)	$ -	6.56%	(Note 2)	Y	-	-
1	LEATEC Fine Ceramics Co., Ltd.	LEATEC Fine Ceramics (Kunshan) Co., Ltd.	2	(Note 1)	36,073 thousand (RMB 8,000 thousand)	35,276 thousand (RMB 8,000 thousand)	- thousand (RMB - thousand)	-	3.10%	(Note 2)	Y	-	Y

Note 1: The maximum endorsement guarantee limit for a single enterprise is 40% of the company’s net value, which is $1,136,915 thousand x 40% = $454,766 thousand.

Note 2: The maximum total limit for endorsement guarantees is 50% of the company’s net value, which is $1,136,915 thousand x 50% = $568,458 thousand.

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

TABLE 3

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Type and Name of Securities	Relationship with the Securities Issuer	Accounting Item	Ending				Remarks
				Face Value (USD)	Book Value	Shareholding Ratio	Fair Value	
The Company	Domestic corporate bonds Cathay TSMC Global Limited USD Bonds TAISEM	None	Financial assets measured at fair value through profit or loss - current	550,000	$ 13,607	-	$ 13,607	None

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

ACQUISITION OF INDIVIDUAL PROPERTY AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

TABLE 4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Acquiring Company for Property	Property Name	Date of Event	Transaction Amount	Payment Status	Transaction Counterparty	Relationship	If the Transaction Counterparty is a Related Party, its Previous Transfer Information				Reference Basis for Price Determination	Purpose and Use	Other Agreements
							Owner	Relationship with the Issuer	Transfer Date	Amount			
LEATEC Application Materials (Kunshan) Co., Ltd.	Unrelated party	2014.6.14	$ 278,275	$ 278,275	Zhongyu Construction Engineering Limited Company Kunshan Branch	Unrelated party	—	—	—	$ -	Tender negotiation	For own use	None
〃	〃	2016.5.15	216,588	216,588	〃	〃	—	—	—	-	〃	〃	〃
〃	〃	2018.7.16	374,951	368,561	〃	〃	—	—	—	-	〃	〃	〃

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

TABLE 5

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Companies with Accounts Receivable	Transaction Counterparty Name	Relationship	Outstanding Receivables from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Amount Collected after the Period for Receivables from Related Parties	Allowance for Doubtful Accounts Amount
					Amount	Handling Method		
LEATEC Fine Ceramics (Kunshan) Co., Ltd.	LEATEC Application Materials (Kunshan) Co., Ltd.	3	$ 401,894	-	$ -	—	$ -	$ -

Note: This is for loan receivables and interest, so the turnover rate is not calculated.

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES AND AMONG SUBSIDIARIES, AS WELL AS THE AMOUNTS INVOLVED

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

TABLE 6

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Number (Note 1)	Transaction party name	Transaction counterparty	Relationship with the transaction party (Note 2)	Transaction situation			
				Account	Amount	Transaction conditions	Ratio to consolidated total revenue or total assets (Note 3)
	For the twelve months ended December 31, 2022						
0	LEATEC	LEATEC Kunshan	1	Sales revenue	$ 37,251	Note 4	5%
0	LEATEC	LEATEC Kunshan	1	Accounts receivable	11,811	〃	-
0	LEATEC	LEATEC Kunshan	1	Other receivables	7,678	〃	-
0	LEATEC	LEATEC Kunshan	1	Accounts payable	9,071	〃	-
0	LEATEC	LEATEC Kunshan	1	Purchases	25,117	〃	3%
0	LEATEC	LEATEC Kunshan	1	Other expenses	7,382	According to mutual agreement	1%
0	LEATEC	Leatec Optoelectronics	1	Accounts receivable	4,090	Note 4	-
0	LEATEC	LEATEC Samoa	1	Other payables	42,327	According to mutual agreement	1%
1	COSMOS Limited	LEATEC Kunshan	3	Accounts receivable	8,804	Note 5	-
2	LEATEC Kunshan	LEATEC Application Materials	3	Other receivables	401,894	According to mutual agreement	12%
2	LEATEC Kunshan	LEATEC Application Materials	3	Rent expenses	56,945	According to mutual agreement	7

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated separately in the number column. The numbering method is as follows:

1. The parent company fills in 0.
2. Subsidiaries are numbered sequentially from the Arabic numeral 1 according to the company type.

Note 2: There are three types of relationships with transaction parties:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The calculation of the transaction amount as a percentage of consolidated total revenue or total assets: if it belongs to an asset-liability account, it is calculated as the ending balance as a percentage of consolidated total assets; if it belongs to a profit and loss account, it is calculated as the accumulated amount during the period as a percentage of consolidated total revenue.

Note 4: The explanations of the transaction conditions for the above transactions with related parties are as follows:

Related party name	Sales transaction conditions	Purchase transaction conditions	Receivables conditions	Payment conditions
	For the twelve months ended December 31, 2022	For the twelve months ended December 31, 2022		
LEATEC Fine Ceramics (Kunshan) Co., Ltd.	According to mutual agreement	According to mutual agreement	150 days EOM	150 days EOM
Kunshan Leatec Optoelectronics Technology Co., Ltd.	According to mutual agreement	According to mutual agreement	150 days EOM	150 days EOM
COSMOS Harvest International Limited	According to mutual agreement	According to mutual agreement	150 days EOM	150 days EOM

Note 5: The explanations of the transaction conditions for the transactions between COSMOS Limited and related parties are as follows:

Related party name	Sales transaction conditions	Purchase transaction conditions	Receivables conditions	Payment conditions
	For the twelve months ended December 31, 2022	For the twelve months ended December 31, 2022		
LEATEC Fine Ceramics (Kunshan) Co., Ltd.	According to mutual agreement	According to mutual agreement	150 days EOM	150 days EOM

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

INFORMATION ON INVESTEE COMPANIES, LOCATIONS, ETC.

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

TABLE 7

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investment Company Name	Invested Company Name	Location	Main Business Items	Original Investment Amount		End of Period Holdings			Invested Company's Current Period (Loss) Profit	Current Period Recognized Investment (Loss) Profit	Remarks
				End of Current Period	End of Last Year	Number of Shares	Ratio	Book Value			
LEATEC Fine Ceramics Co., Ltd.	LEATEC Fine Ceramics (Samoa) Co., Ltd.	Western Samoa	Investment holding and buying and selling of machinery and equipment	$ 853,056	$ 853,056	26,700,000	100%	$ 1,415,619	$ 60,441	$ 60,441	Subsidiary
	COSMOS Harvest International Limited	Western Samoa	Sales of raw materials, ceramic substrates, and machinery and equipment parts	66,669	66,669	2,000,000	100%	23,813	(1,640)	(1,640)	Subsidiary
	ECOCERA Optronics Co., Ltd.	2F., No. 303, Sec. 2, Nanshan Rd., Luzhu Dist., Taoyuan City	Manufacturing, buying and selling, and wholesale of machinery, equipment, molds, and electrical appliances	44,412	44,412	3,161,664	12%	51,344	30,070	3,264	Associate

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

MAINLAND CHINA INVESTMENT INFORMATION

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

TABLE 8

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Invested Company in Mainland China	Main Business Items	Paid-in Capital	Investment Method	Cumulative Investment Amount Remitted from Taiwan at the Beginning of the Current Period	Investment Amount Remitted or Recovered in the Current Period		Cumulative Investment Amount Remitted from Taiwan at the End of the Current Period	Invested Company's Current Period Profit and Loss	The Company's Direct or Indirect Investment Shareholding Ratio	Current Period Recognized Investment Profit and Loss (Note 1)	End of Period Investment Book Value	Investment Income Repatriated up to the Current Period	Remark
					Remittance	Recovery							
LEATEC Fine Ceramics (Kunshan) Co., Ltd.	Manufacture and sale of precision electronic ceramic substrates	$ 444,137 (USD 13,200 thousand)	Investing in Mainland China companies through setting up a company in a third region	$ 414,972 (USD 12,000 thousand)	$ -	$ -	$ 414,972 (USD 12,000 thousand)	$ 48,469	100.00	$ 48,469	$ 977,555	$ -	
LEATEC Application Materials (Kunshan) Co., Ltd.	Manufacture and sale of precision electronic ceramics and photovoltaic solar products	542,439 (USD 18,000 thousand)	Investing in Mainland China companies through setting up a company in a third region	542,439 (USD 18,000 thousand)	-	-	542,439 (USD 18,000 thousand)	16,041	100.00	16,041	440,959	-	
Kunshan Leatec Optoelectronics Technology Co., Ltd.	Research and development and sale of solar photovoltaic products	2,461 (RMB 500 thousand)	Investing in Mainland China companies through LEATEC Fine Ceramics (Kunshan) Co., Ltd.		-	-		(2,745)	100.00	(2,745)	2,503	-	
Jiangsu Yongsheng New Energy Technology Co., Ltd.	Research, development, and manufacturing of biomass boilers, hot air furnaces, and other products	303,789 (RMB 67,910 thousand)	Investing in Mainland China companies through LEATEC Fine Ceramics (Kunshan) Co., Ltd.		-	-		(42,383)	20.25	(8,581)	23,381	-	

Note 1: The recognition basis for the current period's investment profit and loss is based on the financial statements audited by the Taiwan parent company's certified public accountant during the same period.

Note 2: Kunshan Leatec Optoelectronics Technology Co., Ltd. was established with investment from LEATEC Fine Ceramics (Kunshan) Co., Ltd.

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the current period	Investment amount approved by the Investment Commission, MOEA	Investment limit for investing in Mainland China according to the Investment Commission, MOEA regulations
$ 957,411	USD35,700 thousand	Note 4

Note 3: Jiangsu Yongsheng New Energy Technology Co., Ltd. was reinvested by LEATEC Fine Ceramics (Kunshan) Co., Ltd.

Note 4: In accordance with the regulations of the Industrial Development Bureau, MOEA, there is no investment limit for investments in Mainland China.

LEATEC FINE CERAMICS CO., LTD. & SUBSIDIARIES

SIGNIFICANT TRANSACTION MATTERS DIRECTLY OR INDIRECTLY OCCURRING THROUGH A THIRD REGION WITH INVESTED COMPANIES IN MAINLAND CHINA, AS WELL AS THEIR PRICES, PAYMENT CONDITIONS, UNREALIZED GAINS AND LOSSES, AND OTHER RELATED INFORMATION

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

TABLE 9

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Invested Company in Mainland China	Transaction Type	Purchase and Sale		Price	Transaction Conditions		Notes and Accounts Receivable (Payable)		Unrealized (Loss) Gain	Remarks
		Amount	Percentage		Payment Conditions	Comparison with General Transactions	Amount	Percentage		
The Company sells to LEATEC Fine Ceramics (Kunshan) Co., Ltd.	Sales	$ 37,251	9%	Negotiation	150 days EOM	—	$ 11,811	9%	$ 638	
Sold by LEATEC Fine Ceramics (Kunshan) Co., Ltd. to the Company	Purchases	25,117	17%	〃	150 days EOM	—	(9,071)	23%	3,831	

1. The situation of providing endorsements, guarantees, or collateral directly and indirectly through third-region businesses by Mainland China invested companies: see Table 2.
2. The situation of providing financial support directly and indirectly through third-region businesses with Mainland China invested companies: see Table 1.