



Stock Symbol:	3265
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**Winstek Semiconductor Co., Ltd.**

**2022**  
**Annual Report**

**Printed on: April 9, 2023**

**Annual report website: <http://mops.tse.com.tw>**

**1. Name, job title, contact telephone and email address of spokesperson and acting spokesperson:**

Name of spokesperson : Liu Kui-Chu  
Job title of spokesperson : Finance Director  
Contact Telephone Number : 03-5936565 extn. 133  
Email address : kevin.liu@winstek.com.tw  
Name of Acting Spokesperson : Huang Hou-Chi  
Job Title of Acting Spokesperson : Vice General Manager of Test Operation  
Department :  
Contact Telephone Number : 03-5936565 extn. 201  
Email address : Steven.huang@winstek.com.tw

**2. Address and Telephone Number of Headquarters, Subsidiary, and Factory:**

Address of Headquarters: : No. 176-5, Luliaokeng, Qionglin Township,  
Hsinchu County 307410, Taiwan, R.O.C.  
Telephone Number : 03-5936565  
Address of Factory : No. 176-5, Luliaokeng, Qionglin Township,  
Hsinchu County 307410, Taiwan, R.O.C.  
Telephone Number : 03-5936565

**3. Name, Address, Website, and Telephone Number of Stock Transfer Brokage:**

Name : Yuana Securities Co., Ltd.  
Address : B1 #210, Section 3, Chengde Rd., Datong District,  
Website: : www.yuanta.com.tw  
Telephon : 02-25865859

**4. Name of, Office, Website, and Telephone Number: Certified Public Accountant Who Prepares Recent Annual Report:**

Name of Accountants : CPA Hsieh Chih-Cheng & CPA Chiang Tsai-Yen  
Name of Accounting Office : PwC Taiwan  
Address : 27F, #333, Section 1, Keelung Rd. Taipei City  
Website: : <http://www.pwcglobal.com.tw>  
Telephone Number : 02-27296666

**5. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities:**

NA

**6. Website of the Company:** [http : // www.winstek.com.tw](http://www.winstek.com.tw)

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## **I. Letter to Shareholders**

The business environment in 2022 was plagued by intensified global inflation, the intensifying Russia-Ukraine war, and the escalation of COVID-19 in mainland China. These factors have slowed down the demands for global consumer-end products and hampered the semiconductor industry's growth. On the other hand, the governments of various nations have actively strengthened semiconductor manufacturing energy, especially in the United States. In addition to curbing the rise of the red supply chain, it also created a new type of semiconductor alliance through funding subsidies and cooperative R&D.

Regarding the domestic market overview, the weak consumer application demand has led to continued inventory adjustments by end customers. According to the Taiwan Semiconductor Industry Association (TSIA), the annual increase in our IC industry's output value dropped from 26.7% in 2021 to 19.7% in 2022. The annual increase in the output value of the IC packaging and testing industry also dropped from 16.3% in 2021 to 7.7% in 2022.

Despite many uncertainties in the global economy, governments and manufacturers from various countries are eager to invest in future market opportunities, resulting in a strong demand for high-performance computing and heterogeneous integration. As a result, orders for advanced process wafer foundry and high-end packaging and testing will remain strong. For the high-end packaging and testing industry, small chip design and heterogeneous integration technology will help meet customer product upgrade needs. Meanwhile, system-in-package modules will have higher energy requirements, contributing to the growth momentum of products in related fields. On the other hand, the U.S. has continued to expand the semiconductor industry development restrictions in mainland China at the product, equipment, software, material, and many other levels. The determination to restrict China's supply chain development has hampered supply chain production, caused some production lines to expand outward, and increased demand for production capacity support from Taiwan's semiconductor manufacturers.

The high global inflationary pressure has affected public consumer confidence. The failure of various types of consumer demand to meet expectations may lead to a global semiconductor demand growth slowdown in 2023. Governments worldwide and the semiconductor industry have invested huge sums of money in constructing fabs. The number of 12-inch wafer fabs in operation worldwide is expected to reach 203 by 2026, and overall semiconductor production capacity will be significantly increased. This may lead to an oversupply risk. The demand for 5G, HPC, and automotive electronics is on the rise, the process technology required is constantly being developed and innovated, and the active supply chain layout will drive the rapid growth of relevant talents required. Regarding industrial policy, it is recommended to actively improve the supply side and assist the semiconductor

industry's development in cultivating and recruiting talents.

With the collective efforts of all our employees and shareholders' and customers' support, the Company's overall business performance for the past year is reported as follows:

- I. The consolidated operating income in 2022 was NT\$3.95 billion, an increase of 27.9% from NT\$3.90 billion in 2021. The net income after tax in 2022 was NT\$920 million, an increase of NT\$5200 million from NT\$390 million in 2021. The earnings per share in 2022 was NT\$6.37, an increase of NT\$3.84 from NT\$2.89 in 2021.
- II. Budget execution: The Company did not disclose financial forecasts for 2022.

### Financial structure, debt service ability, and profitability analysis

The Company's financial position and profitability are great and its financial structure, debt service ability, and profitability are as follows:

Item		Parent Company Only Financial Statements		Consolidated Financial Statements	
		2022	2021	2022	2021
Financial structure	Ratio of liabilities to assets (%)	8.0%	6.2%	21.5%	23.1%
	Ratio of long-term capital to fixed property (%)	331.3%	413.1%	212.3%	211.4%
Debt service ability	Current ratio (%)	426.7%	271.3%	531.5%	494.2%
	Quick ratio (%)	423.8%	267.4%	515.0%	472.9%
Profitability	Return on assets (%)	16.0%	7.8%	13.4%	6.6%
	Return on equity (%)	17.1%	8.2%	17.1%	8.2%
	Net profit rate (%)	49.9%	33.9%	23.2%	12.8%
	Earnings per share (NTD)	6.73	2.89	6.73	2.89

### Research and Development Status

Automotive, high-performance computing (HPC), IoT, and other high-growth sectors will continue to be critical in the long-term development of application products in the future. HPC will become the focus of future market attention in next-generation computing. After 2023, IoT product applications will focus on the innovative use of high computing power and non-traditional IT products. Computing power improvement is linked to issues such as wafer manufacturing process and power consumption. We hope to increase chip computing power and overcome power consumption bottlenecks for future processors via miniaturization and new material introduction. On a technical level, the next stage of the wafer foundry industry will advance to 3nm mass



production process technology after 2023, and clients will place orders based on quality and stability. Under this wave of demand, the company adopts a diverse and stable deployment to maintain a highly competitive strategic orientation despite the drastic changes in the external environment. The Company continues to maintain close collaboration with clients and actively invests in relevant technologies and production capacity to clients' future needs.

### **This Year's Business Strategy and Policy**

In light of the rapid changes in the industry and the numerous external environmental uncertainties, we shall continuously focus on investment in the R&D of high-end semiconductor package and testing to maintain our advantage in high-end technology and satisfy clients' product demands. Meanwhile, we are committed to resource integration, cost reduction, and increased productivity. We are also actively developing new clients to ensure the company's revenue and profitability in addition to providing a comprehensive packaging and testing one-stop service model to the existing clients.

According to research firm Gartner, the global semiconductor revenue in 2023 is estimated to be US\$596 billion, showing a decrease of 3.6% from the 2022 global semiconductor revenue of US\$618 billion. According to semiconductor industry prosperity signal indicators and 2023 market forecasts from various professional institutions, procurement demand in emerging technology fields such as 5G/WiFi6/HPC/LEO/Data Center/AI will remain high. However, there are numerous market uncertainties. The company will continue to improve its product competitiveness to meet the clients' demands according to the product development trends.

### **Impact of the external environment, regulatory environment, and general business environment**

The COVID-19 pandemic has raged for many years, and it has had a significant impact on the current globalization model. It has also changed human consumption behavior and the overall economic structure. As times progressed, a new economic model emerged due to industrial chain restructuring and digital economy growth. We have survived the COVID-19 crisis and witnessed more opportunities. In addition to meeting the needs of the world's top clients with the right products at the right time, Winstek Semiconductor has also joined forces with clients to develop the next-generation technology blueprint based on existing products. Our goal is to create a comprehensive smart living environment while continuing to optimize production and R&D capabilities. Winstek Semiconductor will continue to maintain its core values, process integration,

and execution capabilities in response to the volatile external environment; and become the best strategic supplier partner for clients.

We would like to thank our shareholders for your continuous support and encouragement of the Company and hope that you will continue to encourage us and offer us your precious advice. We wish you

Good health and all the best!

Winstek Semiconductor Co., Ltd.

Chairman: Huang Hsing-Yang

## II. About the Company

I. Date of Incorporation: April 26, 2000

II. Company History

Date	Chronicle
April, 2000	Incorporated on April 26 with paid-in capital of NT\$20,000 Thousand Dollars
May, 2000	Completed Preparation of Chubei Factory
May, 2000	Completed Installation of Machinery and Equipment of Chubei Factory
June, 2000	Beginning of mass production
July, 2000	Groundbreaking Ceremony of New Chunglin Factory
October, 2000	Certified with QS9000
November, 2000	Certified with IECQ
April, 2001	Commencement Ceremony of New Chungling Factory
August, 2001	Investment of STATS ChipPAC Ltd., Singapore in Tai Yao Electric Co., Ltd acquiring 51% of ownership
October, 2001	Opening Ceremony of Chungling Factory
November, 2001	Bonded Factory Approved by Taipei Customs, Ministry of Finance
December, 2001	Opening Ceremony of Bonded Factory of Tai Yao Electronics Co., Ltd (officially operated by Taipei Customs) on December 14
April, 2003	Supplementary procedures required for a public company
June, 2003	Certified with TS16949
January, 2004	Began trading in emerging stock market
June, 2004	Certified with ISO 14000
February, 2005	OTC trading approved by the Securities and Futures Bureau
August, 2005	Became a listed company
June, 2006	Newly Developed “Wafer Cleaner” Patented by Intellectual Property Office, Ministry of Economic Affairs, the R.O.C.
September, 2006	Certified with OHSAS
September, 2006	Certified with ISO9001 /ISO14001
October, 2007	The name was changed to “STATS ChipPAC Taiwan Semiconductor Corporation”.
April, 2008	Certified with OHSAS 18001 2007
April, 2009	Certified with Revised Edition of ISO9001
April, 2009	Certified with 2004 ISO14001

Date	Chronicle
April, 2009	Certified with 2007 OHSAS 18001
April, 2010	Certified with Revised Edition of ISO9001
April, 2010	Certified with 2009 TS16949
April, 2010	Certified with 2004 ISO14001
April, 2010	Certified with 2007 OHSAS 18001
May, 2011	Proceeded cash refund capital and decreased capital by 50%
June, 2011	WLCSP Certified with 2008 ISO9001
May, 2013	Certified with 2008 ISO9001
May, 2013	Certified with 2009 TS16949
May, 2013	Certified with 2004 ISO14001
May, 2013	Certified with 2007 OHSAS 18001
March, 2014	Certified with 2008 ISO9001
March, 2014	Certified with 2009 TS16949
March, 2014	Certified with 2004 ISO14001
March, 2014	Certified with 2007 OHSAS 18001
July, 2015	The Company acquired 100% equity of the subsidiary "Winstek Semiconductor Technology Co., Ltd." for US\$ 15,000,000. STATS ChipPAC Ltd., the original parent company of the Company, transferred all its shares in the Company to Bloomeria Limited, the Company and its subsidiary Winstek Semiconductor Technology Co., Ltd. secede from the Group STATS ChipPAC Ltd.
July, 2015	The Company and its subsidiary Winstek Semiconductor Technology Co., Ltd. signed the credit contract with Singapore's DBS Bank of total amount of US\$127,000,000.
August, 2015	The Company and its subsidiary Winstek Semiconductor Technology Co., Ltd. signed a five-year technical service agreement with STATS ChipPAC Ltd. to provide wafer level packaging and testing services.
September, 2015	The company was renamed as "Winstek Semiconductor Co., Ltd."
May, 2016	Certified with 2008 ISO9001
May, 2016	Certified with 2009 TS16949
May, 2016	Certified with 2004 ISO14001
May, 2016	Certified with 2007 OHSAS 18001
March, 2017	Certified with 2008 ISO9001
March, 2017	Certified with 2009 TS16949

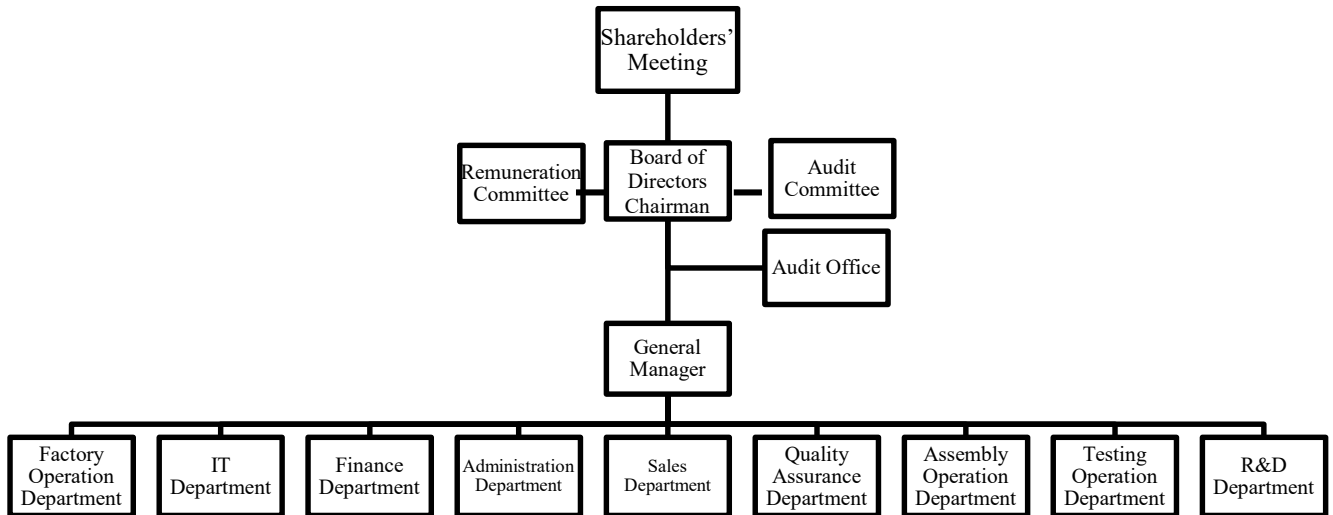
Date	Chronicle
March, 2017	Certified with 2004 ISO14001
March, 2017	Certified with 2007 OHSAS 18001
October, 2017	Sigurd Microelectronics indirectly acquired 51.88% ownership of the Company and became our mother company.
March, 2018	Certified with 2015 Revised Edition of ISO9001
March, 2018	Certified with 2016 IATF16949
March, 2018	Certified with 2015 ISO14001
March, 2018	Certified with 2007 OHSAS 18001
March, 2018	Certified with 2017 ISO/IEC17025
March, 2019	Certified with 2015 ISO9001
March, 2019	Certified with 2016 IATF16949
March, 2019	Certified with 2017 ISO/IEC17025
March, 2019	Certified with 2015 ISO14001
March, 2019	Certified with 2007 OHSAS 18001
March, 2020	Certified with 2015 ISO 9001
March, 2020	Certified with 2016 IATF 16949
March, 2020	Certified with 2017 ISO/IEC 17025
March, 2020	Certified with 2015 ISO 14001
March, 2020	Certified with 2007 OHSAS 18001
March, 2021	Certified with 2013 ISO 9001 for the Third-Year Reissuance and expanded Flip Chip production line
March, 2021	Certified with 2016 IATF 16949 for the Third-Year Reissuance
March, 2021	Certified with 2017 ISO/IEC 17025 for the Third-Year Reissuance
March, 2021	Certified with 2015 ISO 14001 for the Third-Year Reissuance
March, 2021	Certified with 2018 ISO 45001
March, 2022	Certified with 2015 ISO 9001
March, 2022	Certified with 2016 IATF 16949
March, 2022	Certified with 2017 ISO/IEC 17025
March, 2022	Certified with 2015 ISO 14001
March, 2022	Certified with 2018 ISO 45001
May, 2022	The subsidiary "TST Co., Ltd." was established.
August, 2022	Approved in the inspection as per ISO 14064-1:2018 - Greenhouse gases
November, 2022	Approved in the inspection as per ISO 14067:2018 - Carbon footprint

Date	Chronicle
December,2022	Certified for ANSI ESD S20.20 Standard for the Development of an ESD Control Program 2021
February, 2023	Certified with 2015 ISO 14001
February, 2023	Certified with 2018 ISO 45001

### III. Corporate Governance Report

#### I. Organizational System

##### 1. Organizational Structure



##### 2. Responsibilities of Main Functional Departments

By Department	Responsibilities
Office of General Manager	<ol style="list-style-type: none"> <li>1. Collecting of management information and assisting General Manager to develop all sorts of plans and initiatives.</li> <li>2. Assisting the Company to build a comprehensive management system, evaluating proposals submitted by each department, and facilitating the Company to make decisions.</li> <li>3. Convening all meetings hosted by General Manager, keeping meeting minutes, and conducting follow-ups.</li> <li>4. Planning and promoting company management.</li> <li>5. Assisting top management to promote quality improvement events and providing technology consultation.</li> <li>6. Providing solutions to questions related to production and technology of the Company.</li> <li>7. Carrying out tasks entrusted by top management.</li> </ol>
R&D Department	<ol style="list-style-type: none"> <li>1. Forming inter-functional task force to prepare for mass production.</li> <li>2. Testing products developed and ensuring compliance with specification and assisting to begin mass production.</li> <li>3. Responding to improvement demands for production technology and testing capabilities.</li> </ol>

By Department	Responsibilities
	<ol style="list-style-type: none"> <li>4. Holding responsible for R&amp;D of software interface and IC design automation.</li> <li>5. Holding responsible for R&amp;D of software interface and testing machine automation.</li> <li>6. Integrating date of production line and testing machine.</li> <li>7. Connecting production software automation and systems.</li> <li>8. Researching and developing testing equipment and testing peripheral equipment.</li> <li>9. Integrating the automation hardware system.</li> </ol>
Quality Assurance Department	<ol style="list-style-type: none"> <li>1. Inspecting material feeding, manufacturing, and final check.</li> <li>2. Verifying new products, new equipment, new manufacturing processes.</li> <li>3. Maintaining clean work environment.</li> <li>4. Submitting alert of quality alternation and improvement request.</li> <li>5. Managing document control center.</li> <li>6. Monitoring, maintaining internal quality system and preparing quality manual.</li> <li>7. Coordinating quality target enactment and execution.</li> <li>8. Testing, measuring, collaborating, and managing measurement devices.</li> <li>9. Handling customer complaints towards quality.</li> <li>10. Verification of non-compliance, correction, and preventative measures.</li> </ol>
Administration Department	<ol style="list-style-type: none"> <li>1. Handling HR affairs and HR development.</li> <li>2. Enacting, implementing, and conducting follow-ups of educational training plan.</li> <li>3. Managing general affairs.</li> <li>4. Managing procurement of the Factory.</li> <li>5. Managing imports and exports and tracing progresses.</li> <li>6. Declaring product exports and managing information.</li> <li>7. Managing bonded affairs.</li> <li>8. Promoting and managing corporate social responsibility and RBA affairs.</li> </ol>
Finance Department	<ol style="list-style-type: none"> <li>1. Handing of general accounting.</li> <li>2. Handling cost accounting.</li> <li>3. Preparing tax plans.</li> <li>4. Preparing financial planning and managing operating funds.</li> <li>5. Managing and monitoring budget spending.</li> <li>6. Supervising investments.</li> <li>7. Managing operations of shareholders and stock affairs.</li> </ol>
Testing Operation Department	<ol style="list-style-type: none"> <li>1. Providing IC wafer and chip testing services.</li> <li>2. Training production and manufacturing personnel and achieving certified production goals.</li> <li>3. Scheduling and managing production plans, outputs, and warehouse materials and goods.</li> <li>4. Supporting customer engineering needs and improving yields.</li> <li>5. Developing and introducing new customers and new products.</li> <li>6. Optimizing production procedure, improving machinery and equipment</li> </ol>



By Department	Responsibilities
	<p>effectiveness, and reducing production costs.</p> <ol style="list-style-type: none"> <li>7. Accepting reliability tests and failure analyses of semiconductor components entrusted by customers.</li> <li>8. Providing services of SMT manufacturing process, impact test in accelerated environment, and simulation for accelerated life span, and electricity verification test, and mechanic pressure tests.</li> <li>9. Assisting customers to conduct failure analyses of products including electrical characteristics testing, pre-treatment of samples, and non-destructive analyses according to their needs.</li> </ol>
<p>Assembly Operation Department</p>	<ol style="list-style-type: none"> <li>1. Providing services for wafer bumping and wafer grade packages.</li> <li>2. Training production and manufacturing personnel and achieving certified production goals.</li> <li>3. Scheduling and managing production plans, outputs, and warehouse materials and goods.</li> <li>4. Supporting customer engineering needs and improving yields.</li> <li>5. Developing and introducing new customers and new products.</li> <li>6. Optimizing production procedure, improving machinery and equipment effectiveness, and reducing production costs.</li> </ol>
<p>Sales Department</p>	<ol style="list-style-type: none"> <li>1. Managing planning, expansion, sales, and distribution of domestic and international markets and sales.</li> <li>2. Handling customer orders and tracing progress and responding to customer demands and managing client relationship.</li> </ol>
<p>Audit Office</p>	<p>Holding responsible for internal control system of the company, assisting internal audit system building and executing audits, and proposing suggestions for improvement.</p>
<p>IT Department</p>	<ol style="list-style-type: none"> <li>1. Maintaining network structure.</li> <li>2. Managing servers (including WEB, DB, Mail, FTP, and File...)</li> <li>3. Maintaining end users' hardware and software.</li> <li>4. Managing databank and backups.</li> <li>5. Managing website (including the front page of the Company, webpage design, construction, and maintenance...).</li> <li>6. Planning, developing, and maintain E.R.P. system.</li> <li>7. Connecting production software automation and systems.</li> </ol>
<p>Factory Operation Department</p>	<ol style="list-style-type: none"> <li>1. Designing, planning, and constructing factory buildings.</li> <li>2. Managing and maintaining utility, water, materials, and pipes needed by production.</li> <li>3. Maintaining, inspecting, and managing the factory area.</li> </ol>

## II. Information of Directors, Supervisors, General Manager, Vice General Manager, Assistant Vice General Management, and departments and offices Heads

### 1. Information of Directors

#### (1) Personal Data Table of Members of Board of Directors

April 9, 2023

Job Title	Nationality or Residency Registered	Name	Sex Age	Date Elected (Inaugurated)	Tenure	Date of First Appointment/Elected)	Shares held upon election		Current shares held		Number of shares currently held by the spouse and minor child(ren)		Shares held in the name of others		Work Experience (Educational Background)	Position(s) held concurrently in the company and/or in any other company	Those who are the spouses of or are related to the general manager or assistant general manager within the second degree of kinship			Note (Note 1)
							Number of Shares	Percentage	Number of Share	Percentage	Number of Share	Percentage	Number of Share	Percentage			Position	Name	Relations	
Chairman	Republic of China	SIGWIN Corporation Representative: Huang Hsing-Yang	Male 71~80 years old	06/2020	3 years	Nov, 2017	32,000	0.02	70,726,438	51.90	-	-	-	-	MA in Business Administration, National Taiwan University; President, Xilunboge Corporation	Chairman & Executive of Sigurd Microelectronics Co., Ltd.; Chairman of Sigurd International, Sigurd Microelectronics (Cayman), Sigurd Microelectronics (Wuxi) Co., Ltd., BogeCo., Ltd., Sigurd UTC Corporation, Winstek Semiconductor Technology Co., Ltd., TST Co., Ltd., SIGWIN Corporation.	None	None	None	None
Director	Republic of China	Weng, Chih-Li	Male 61~70 years old	Jun, 2020	3 years	May, 2000	571,507	0.42	571,507	0.42	-	-	-	-	MS of Illinois Institute of Technology, the USA, General Manager of World-Wide Test Technology Inc. for three years, Assistant Vice General Manager of IC Testing Department of Formosa Advanced Technologies Co., Ltd., Sales Manager of ASE, the USA.	President of the Company, Director and President of Winstek Semiconductor Technology Co., Ltd., Director and President of TST Co., Ltd.	None	None	None	None
Director	Republic of China	SIGWIN Corporation Representative: Yeh, Tsan-Lien	Male 71~80 years old	Jun, 2020	3 years	Nov, 2017	32,000	0.02	70,726,438	51.90	-	-	-	-	BA of Department of Electrophysics, National Chiao Tung University, MBA of National Chiao Tung University, General Manager of Ouxiang Technology Co., Ltd., General Manager of Semiconductor Business of CHROMA ATE INC.e	General Manager and COO of Sigurd Microelectronics Co., Ltd.; Chairman of Flatek, Inc.; Director of Sigurd Microelectronics (Cayman) Co., Ltd., Bloomeria, Sigurd UTC Corporation, and, and SIGWIN Corporation.	None	None	None	None

Job Title	Nationality or Residency Registered	Name	Sex Age	Date Elected (Inaugurated)	Tenure	Date of First Appointment/Elected)	Shares held upon election		Current shares held		Number of shares currently held by the spouse and minor child(ren)		Shares held in the name of others		Work Experience (Educational Background)	Position(s) held concurrently in the company and/or in any other company	Those who are the spouses of or are related to the general manager or assistant general manager within the second degree of kinship			Note (Note 1)
							Number of Shares	Percentage	Number of Share	Percentage	Number of Share	Percentage	Number of Share	Percentage			Position	Name	Relations	
Director	Republic of China	SIGWIN Corporation Representative: Wu, Min-Hung	Male 61~70 years old	Jul, 2021	2 years	Nov, 2017	70,726,438	51.90	70,726,438	51.90	-	-	-	-	Department of Electronic Engineering, National Taiwan University of Science and Technology; President, Xilunbo Corporation	CEO and CFO of Sigurd Microelectronics Co., Ltd; Chairman of TEST-SERV INC. and Flatek, Inc.; Director of Chen Jun Co., Ltd., Flusol Co., Ltd., Xi Xing Co., Ltd., Bloomeria, Sigurd UTC Corporation, Winstek Semiconductor Technology Co., Ltd., TST Co., Ltd. and SIGWIN Corporation.	None	None	None	None
Director	Republic of China	SIGWIN Corporation Representative: Kuo, Hsu-Tung	Male 61~70 years old	Jun, 2020	3 years	Nov, 2017	32,000	0.02	70,726,438	51.90	-	-	-	-	Department of Electrical & Mechanical Engineering, National Cheng Kung University; Chairman of Panther Technology Co., Ltd.; Executive Vice President & CTO of WALSIN; Chairman and President of Advantech Semiconductor Inc.	General Manager and Vice CFO of Sigurd Microelectronics Co., Ltd; Director of Xi Xing Co., Ltd., Microelectronics (Cayman) Co., Ltd., Sigurd Micro Electronics (Wuxi) Co., Ltd., Sigurd UTC Corporation, and Flatek, Inc.	None	None	None	None
Director	Republic of China	SIGWIN Corporation Representative: Hsieh, Chao-Hung	Male 51~60 years old	Jun, 2020	3 years	Nov, 2017	32,000	0.02	70,726,438	51.90	-	-	-	-	Department of Chemical Engineering, Yuan Ze University	Senior Vice General Manager of Sigurd Microelectronics Co., Ltd.; Director of Xi Xing Co., Ltd., Sigurd UTC Corporation, and Flatek, Inc.	None	None	None	None
Independent Director	Republic of China	Lin Min-Kai	Male 61~70 years old	Jun, 2020	3 years	Nov, 2017	-	-	-	-	-	-	-	-	Graduate Institute of Accounting, National Taiwan University, worked as Investment /Finance Senior Specialist/Special Assistant to Chairman/Director of Audit Office/Chief Secretary of Chia Hsin Cement Corporation, and Supervisor of Hua Tung Cement International/Chia Hsin Construction/Chia Chi International.	Member of the Company's Compensation and Remuneration Committee; Independent Director and Member of the Compensation and Remuneration Committee, Sigurd Microelectronics Co., Ltd.	None	None	None	None

Job Title	Nationality or Residency Registered	Name	Sex Age	Date Elected (Inaugurated)	Tenure	Date of First Appointment/Elected)	Shares held upon election		Current shares held		Number of shares currently held by the spouse and minor child(ren)		Shares held in the name of others		Work Experience (Educational Background)	Position(s) held concurrently in the company and/or in any other company	Those who are the spouses of or are related to the general manager or assistant general manager within the second degree of kinship			Note (Note 1)
							Number of Shares	Percentage	Number of Share	Percentage	Number of Share	Percentage	Number of Share	Percentage			Position	Name	Relations	
Independent Director	Republic of China	Wei Jen-Yu	Male 51-60 years old	Jun, 2020	3 years	Jun, 2016	-	-	-	-	420	-	-	-	MBA of National Cheng Chi University, Assistant Vice General Manager of Investment Division, Wahshing International Investment Group Limited, Vice General Manager of Entire Technology Co., Ltd.	Member of Remuneration Committee of the Company, Partner of MagiCap Venture Capital Co., Ltd., Independent Director of Entire Technology Co., Ltd. and NEWMAX Technology Co., Ltd.	None	None	None	None
Independent Director	United States	Wen-chou Vincent Wang	Male 71-80 years old	Jun, 2020	3 years	Sep, 2015	-	-	-	-	-	-	-	Ph.D. Materials Science & Engineering from Cornell University, Ithaca, New York, was Senior Vice President for STATSChipPAC Ltd, Head of Flip Chip Engineering for Altera Corporation, San Jose	None	None	None	None	None	

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase of independent directors and more than half Directors not taking the post as employees or managers).

(2) Major shareholders of corporate shareholders

April 9, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder
SIGWIN Corporation	Sigurd Microelectronics Co., Ltd. (100%)

Major shareholders of institutional Investor with the highest ownership

April 9, 2023

Name of Institutional Investor	Main Shareholder of Institutional Investor
Sigurd Microelectronics Co., Ltd.	Yanyuan Investment Co., Ltd. (3.19%)
	Huang Hsing-Yang (1.58%)
	Cooperative Bank (1.41%)
	American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of Vanguard Emerging Markets Stock Index Fund investment account managed by Vanguard Group (1.28%)
	American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the series funds, Advanced Starlight General International Stock Index Fund investment account of PGIA (1.28%)
	Chiu Ming-Chun (1.27%)
	LSV Emerging Market Stock Fund Limited Partnership in the Custody of HSBC (1.14%)
	Taipei Fubon Bank (1.12%)
	Yuanta Taiwan High-Dividend and Low-Volatility ETF Funds Account (1.11%)
	Standard Chartered Bank, Operation Department as Trustee of iShares Core MSCI Emerging Markets ETF Investment Account (1.06%)

(3) Disclosure of Professionalism of Directors and Supervisors and Independence of Independent Directors:

April 9, 2023

Condition Name	Professional Qualification and Experience	Independence	Number of Public Listed Company that taking the post of Independent Directors
Chairman Huang Hsing-Yang	<ol style="list-style-type: none"> <li>1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company.</li> <li>2. Main work experience: Chairman and CEO of Sigurd Microelectronics Co., Ltd.; Director of Sigurd International; Director of Singapore Bloomeria Limited; Chairman of Winstek Semiconductor Co., Ltd.; Chairman of TST Co., Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>2. Without kinship relationship such as spouse or within the second degree relative with other directors.</li> <li>3. No violation to Article 30 of the Company Act.</li> <li>4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company.</li> </ol>	0
Director Weng Chih-Li	<ol style="list-style-type: none"> <li>1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company.</li> <li>2. Main work experience: MS of Illinois Institute of Technology, the USA, General Manager of World-Wide Test Technology Inc. for three years, Assistant Vice General Manage of IC Testing Department of Formosa Advanced Technologies Co., Ltd., Sales Manager of ASE, the USA.</li> </ol>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>2. Without kinship relationship such as spouse or within the second degree relative with other directors.</li> <li>3. No violation to Article 30 of the Company Act.</li> <li>4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company.</li> </ol>	0
Director Yeh Tsan-Lien	<ol style="list-style-type: none"> <li>1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company.</li> <li>2. Main work experience: Director, General Manager and COO of Sigurd Microelectronics Co., Ltd.; Director of reinvestment company of Sigurd Microelectronics Corporation; Director of Singapore Bloomeria Limited.</li> </ol>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>2. Without kinship relationship such as spouse or within the second degree relative with other directors.</li> <li>3. No violation to Article 30 of the Company Act.</li> <li>4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company.</li> </ol>	0

Condition Name	Professional Qualification and Experience	Independence	Number of Public Listed Company that taking the post of Independent Directors
Director Wu Min-Hung	<ol style="list-style-type: none"> <li>1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company.</li> <li>2. Main experience: CEO and CFO of Sigurd Microelectronics Co., Ltd; Director of reinvestment company of Sigurd Microelectronics Corporation; Director of Winstek Semiconductor Technology Co., Ltd; Director of TST Co., Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>2. Without kinship relationship such as spouse or within the second degree relative with other directors.</li> <li>3. No violation to Article 30 of the Company Act.</li> <li>4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company.</li> </ol>	0
Director Kuo Hsu-Tung	<ol style="list-style-type: none"> <li>1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company.</li> <li>2. Main work experience: General Manager and Vice CFO of Sigurd Microelectronics Co., Ltd; Director of reinvestment company of Sigurd Microelectronics Corporation.</li> </ol>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>2. Without kinship relationship such as spouse or within the second degree relative with other directors.</li> <li>3. No violation to Article 30 of the Company Act.</li> <li>4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company.</li> </ol>	0
Director Hsieh Chao-Hung	<ol style="list-style-type: none"> <li>1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company.</li> <li>2. Main work experience: Senior Vice President in Sale, Sigurd Microelectronics Corporation, President of Sigurd UTC Corporation.</li> </ol>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>2. Without kinship relationship such as spouse or within the second degree relative with other directors.</li> <li>3. No violation to Article 30 of the Company Act.</li> <li>4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company.</li> </ol>	0
Independent Director Lin, Min-Kai	<ol style="list-style-type: none"> <li>1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company.</li> <li>2. Main work experience: Investment /Finance Senior Specialist/Special Assistant to Chairman/Director of Audit Office/Chief Secretary of Chia Hsin Cement Corporation, and Supervisor of Hua Tung Cement International/Chia Hsin Construction/Chia Chi International.</li> </ol>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>2. Without kinship relationship such as spouse or within the second degree relative with other directors.</li> <li>3. No violation to Article 30 of the Company Act.</li> <li>4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company.</li> </ol>	1

Condition Name	Professional Qualification and Experience	Independence	Number of Public Listed Company that taking the post of Independent Directors
Independent Director Wei, Jen-Yu	<ol style="list-style-type: none"> <li>1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company.</li> <li>2. Main work experience: Assistant Vice General Manager of Investment Division, Wahshing International Investment Group Limited, Vice General Manager of Entire Technology Co., Ltd., Partner of MagiCap Venture Capital Co., Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>2. Without kinship relationship such as spouse or within the second degree relative with other directors.</li> <li>3. No violation to Article 30 of the Company Act.</li> <li>4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company.</li> </ol>	2
Independent Director Wen-chou Vincent Wang	<ol style="list-style-type: none"> <li>1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company.</li> <li>2. Main work experience: Ph.D. Materials Science &amp; Engineering from Cornell University, Ithaca, New York, was Senior Vice President for STATChipPAC Ltd, Head of Flip Chip Engineering for Altera Corporation, San Jose.</li> </ol>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</li> <li>2. Without kinship relationship such as spouse or within the second degree relative with other directors.</li> <li>3. No violation to Article 30 of the Company Act.</li> <li>4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company.</li> </ol>	0

(4) Diversification policy of the Board of Directors:

Composition of the Board of Directors is diverse and diversification policy is enacted in consideration of operations, organizational structure, and development needs that include criteria in two dimensions:

1. Basic qualification and value: gender, age, nationality, and culture.
2. Professional knowledge and skill: professional background, professional skill, and industrial experience.

Members of the Board of Directors should be equipped with knowledge, skills, and literacies required to carry out their duties. To achieve ideal goals of corporate governance, the Board of Directors should possess overall abilities of operational judgement, management, industrial knowledge, and decision-making, and international market perspectives, and accounting and financial analyses.

(5) Independence of the Board of Directors:

Directors and Independent Directors of the Company do not violate any item regulated by Article 26-3-3 and 26-3-4 of the Securities and Exchange Act.



2. Personal Information of General Manager, Vice General Manager, Assistant Vice General Manager, and Department and Office Heads

April 9, 2023

Job Title	Nationality	Name	Sex	Date of Elected (Appointed)	Shares of Stocks Held		Shares of Stocks Held by Spouse and Minors		Shares of stocks held through nominees		Work Experience (Educational Background)	Posts in other companies taken	Managers with spouse and second degree kinship			Note (Note 1)
					Number of Shares	Percentage	Number of Share	Percentage	Number of Share	Percentage			Occupational title	Name	Relations	
General Manager	The Republic of China	Weng, Chih-Li	Male	Feb, 2017	571,507	0.42	-	-	-	-	MS of Illinois Institute of Technology, the USA., Sales Manager of ASE, the USA. General Manager of World-Wide Test Technology Inc. Assistant Vice General Manage of IC Testing Department of Formosa Advanced Technologies Co., Ltd. Sales Manager of ASE, the USA.	Director and President of Winstek Semiconductor Technology Co., Ltd.; Director and President of TST Co., Ltd.	None	None	None	None
Department of Testing Operation Vice General Manager	The Republic of China	Huang Hou-Chi	Male	Jan, 2012	-	-	-	-	-	-	Department of Electronics, Tamkang University Director of Sales, Winstek Semiconductor Co., Ltd. Engineering Manager of World-wide Test Technology Inc. Engineer of VC3 Networks Inc.	None	None	None	None	None
Assembly Operation Department Vice General Manager	The Republic of China	Chen Chien-Hsun	Male	Nov, 2017	-	-	-	-	-	-	Electrical Engineering, National Ching Hua University Former Deputy Manager of UMC Technology Manager of Universe Optical Technology Co., Ltd. and Chipbond Technology Co., Ltd. Deputy Director of Engineering, Winstek Semiconductor Technology Co., Ltd. Assistant Vice General	None	None	None	None	None

Job Title	Nationality	Name	Sex	Date of Elected (Appointed)	Shares of Stocks Held		Shares of Stocks Held by Spouse and Minors		Shares of stocks held through nominees		Work Experience (Educational Background)	Posts in other companies taken	Managers with spouse and second degree kinship			Note (Note 1)
					Number of Shares	Percentage	Number of Share	Percentage	Number of Share	Percentage			Occupational title	Name	Relations	
											Manager of Tron Energy Technology Corporation					
Finance Department Controller (Note 2)	The Republic of China	Tang Li-Ying	Female	Dec,2015	-	-	-	-	-	-	Department of Accounting, National Cheng Kung University Former CFO of Winstek Semiconductor Technology Co., Ltd.	None	None	None	None	None
Finance Department Controller	The Republic of China	Liu Kui-Chu	Male	Jun, 2020	9,106	0.01	-	-	-	-	Department of Accounting, Tunghai University Former Manager of ShineWing Accounting Firm	CFO of Winstek Semiconductor Technology Co., Ltd.	None	None	None	None

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase of independent directors and more than half of members of the Board of Directors should not take the post of employees or managers).

Note 2: CFO Tang Li-Ying left her post on February 25, 2022 and disclosure of the said shares of stocks held and relevant information was as of February 25, 2022.

### III. Remuneration paid to Directors, Supervisors, General Manager, and Vice General Manager in the Recent Year

#### 1. Remuneration paid to General Directors and Independent Directors

Unit: NT\$ Thousand Dollars

Occupational title	Name	Remuneration paid to Directors								Sum of A, B, C and D and percentage of net profit after tax		Remuneration paid to Directors taking the post of employee:								Sum of A, B, C, D, E, F and G and percentage of net profit after tax		Remuneration received from reinvestment other than subsidies or mother company
		Remuneration (A)		Severance Pay and Pension (B)		Remuneration paid to Directors (C)		Expense of Business Operation (D)				Salaries, bonuses, and special allowance (E)		Severance Pay and Pension (F)		Employee Bonus (G)						
		All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered		All companies covered by the Financial Statement		All companies covered	All companies covered by the Financial Statement	
General Directors	SIGWIN Corporation Representative: Huang, Hsing-Yang	8,831	8,831	0	0	0	0	768	768	1.05%	1.05%	13,587	16,501	108	108	0	0	0	0	2.54%	2.86%	None
	SIGWIN Corporation Representative: Yeh, Tsan-Lien																					
	SIGWIN Corporation Representative: Wu, Min-Hung																					
	SIGWIN Corporation Representative: Kuo, Hsu-Tung																					
	SIGWIN Corporation Representative: Hsieh, Chao-Hung																					
Weng, Chih-Li																						
Independent	Lin, Min-Kai	3,159	3,159	0	0	0	0	35	35	0.35%	0.35%	0	0	0	0	0	0	0	0	0.35%	0.35%	None
	Wei, Jen-Yu																					
	Wen-chou Vincent Wang																					
<p>1. Please describe the payment policy, system, criteria, and structure of remuneration for independent directors and the association between factors such as responsibilities assigned, risks, and time spent, among others, and the value of the rewards paid: Remuneration paid to Independent Directors of the Company is made according to Article 23 of Corporation By-Laws of the Company. The Remuneration Committee evaluates levels of participation and contribution made by each directors. Fairness of performance risk is tied to income and remuneration payment. Operational performance and payment level made by the industry are also taken into consideration before submit the proposal for approval of the Board of Directors.</p> <p>2. In addition to information disclosed in the above table, information of remuneration paid to directors who provided services in the financial statement in the most recent fiscal year (such as advisors other than employees): None.</p>																						

## Remuneration Brackets

Remuneration Brackets paid to each Director	Name of Director			
	Sum of the first four items of remuneration (A+B+C+D)		Sum of the first seven items of remuneration (A+B+C+D+E+F+G)	
	All companies covered	All companies covered by the Financial Statement H	All companies covered	All companies covered by the Financial Statement I
Below NTD 1,000,000	Ye Can-Lian (Note), Kuo Hsu-Tung (Note), Hsieh Chao-Hung (Note), Wang Wen-Chou Vincent	Ye Can-Lian (Note), Kuo Hsu-Tung (Note), Hsieh Chao-Hung (Note), Wang Wen-Chou Vincent	Ye Can-Lian (Note), Kuo Hsu-Tung (Note), Hsieh Chao-Hung (Note), Wang Wen-Chou Vincent	Ye Can-Lian (Note), Kuo Hsu-Tung (Note), Hsieh Chao-Hung (Note), Wang Wen-Chou Vincent
\$1,000,000.00 (inclusive) ~ \$2,000,000.00 (exclusive)	Weng Chih-Li, Wu Min-Hung (Note), Wei Jen-Yu, Lin Min-Kai	Weng Chih-Li, Wu Min-Hung (Note), Wei Jen-Yu, Lin Min-Kai	Wu Min-Hung (Note), Wei Jen-Yu, Lin Min-Kai	Wu Min-Hung (Note), Wei Jen-Yu, Lin Min-Kai
NT\$ 2,000,000 (including) ~NT\$3,500,000 (excluding)				
NT\$ 3,500,000 (including) ~NT\$5,000,000 (excluding)	Huang, Hsing-Yang (note)	Huang, Hsing-Yang (note)	Huang, Hsing-Yang (note)	Huang, Hsing-Yang (note)
NT\$ 5,000,000 (including) ~NT\$10,000,000 (excluding)				
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)			Chi-Li Ong	
NT\$ 15,000,000 (including) ~NT\$30,000,000 (excluding)				Weng, Chih-Li
NT\$ 30,000,000 (including) ~NT\$50,000,000 (excluding)				
NT\$ 50,000,000 (including) ~NT\$100,000,000 (excluding)				
NT\$ 100,000,000 and up				
Total	9 Seats	9 Seats	9 Seats	9 Seats

Note : Representative of Legal Person of SIGWIN Corporation.

2. Remuneration paid to Supervisors: None; the Company in 2019 set up the Audit Committee to replace Supervisors.

### 3. Remuneration paid to General Manager and Vice General Manager

Unit: NT\$ Thousand Dollars

Occupational title	Name	Salaries (A)		Severance Pay and Pension (B)		Bonus and Special Allowance (C)		Amount of Employee Bonus (D)				Sum of A, B, C and D and percentage of net profit after tax (%)		Remuneration received from re-investment other than subsidiaries and mother company
		All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered		All companies covered by the Financial Statement		All companies covered	All companies covered by the Financial Statement	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	Weng Chih-Li													
Vice General Manager	Chen Chien-Hsun	5,942	12,044	216	324	11,055	13,099	1,500	-	4,000	-	2.04%	3.21%	None
Vice General Manager	Huang Hou-Chi													

Note: The Company's Board of Directors approved on March 9, 2023 the amount of remuneration to employees. The list of employees entitled to the current distribution, however, is yet to be finalized. The said amount is just an estimate.

## Remuneration Brackets

Remuneration Brackets paid to General Manager and Vice General Manager	Name of General Manager and Vice General Manager	
	All companies covered	All companies covered in the financial statement E
Less than NT\$1,000,000		
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)		
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)		
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)		
NT\$ 5,000,000 (including) ~NT\$10,000,000 (excluding)	Huang Hou-Chi	Huang Hao-Chi, Chen Chien-Hsun
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	Weng, Chih-Li	
NT\$ 15,000,000 (including) ~NT\$30,000,000 (excluding)		Weng, Chih-Li
NT\$ 30,000,000 (including) ~NT\$50,000,000 (excluding)		
NT\$ 50,000,000 (including) ~NT\$100,000,000 (excluding)		
NT\$ 100,000,000 and up		
Total	Two	Three

4. Name of managers receiving employee remuneration and remuneration distribution:

Unit: NT\$ Thousand Dollars

	Occupational title	Name	Amount of Stocks	Amount of Cash (Note)	Total	Percentage of total amount in net profit after tax (%)
Managers	General Manager	Weng, Chih-Li	-	4,800	4,800	0.52%
	Vice General Manager	Chen Chien-Hsun				
	Vice General Manager	Huang Hou-Chi				
	CFO	Liu Kui-Chu				

Note: The Company's Board of Directors approved on March 9, 2023 the amount of remuneration to employees.

The list of employees entitled to the current distribution, however, is yet to be finalized. The said amount is just an estimate.

5. If the total amount of remuneration received by all of the directors and supervisors in their capacities as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, the company shall disclose the remuneration paid to that individual director or supervisor and describe relevance of remuneration payment with remuneration policy, standard and composition, enactment procedure, management performance and future risks:

- (1) Analyses of the total amount of remuneration paid to Directors, General Manager, and Vice General Manager in the percentage of net profit after tax;

Unit: NT\$ Thousand Dollars

Occupational title	2022				2021			
	All companies covered		All companies covered by the Financial Statement		All companies covered		All companies covered by the Financial Statement	
	Total amount of remuneration	Total amount in the percentage of net profit after tax %	Total amount of remuneration	Total amount in the percentage of net profit after tax %	Total amount of remuneration	Total amount in the percentage of net profit after tax %	Total amount of remuneration	Total amount in the percentage of net profit after tax %
General Directors	9,599	1.05%	9,599	1.05%	8,529	2.20%	8,529	2.20%
Independent Director	3,194	0.35%	3,194	0.35%	2,925	0.70%	2,925	0.70%
General Manager and Vice General Manager	18,713	2.04%	29,467	3.21%	18,671	4.70%	30,899	7.80%

- (2) Relevance of remuneration payment with remuneration policy, standard and composition, enactment procedure, management performance and future risks:

Remuneration paid to Independent Directors of the Company is made according to rules and regulation of the Company by authorizing the Board of Directors to determine the amount through evaluation towards levels of participation and contribution made by each director.

If the Company is making a profit in the current fiscal year, 0.1-15% of profit should

be allocated as employee bonus. When employee bonus is distributed in stocks or cash, recipients should be qualified employees of companies controlled or affiliated, but when the Company is at a accumulated loss, employee bonus shall be put in reserve. According to sales, less than 3% revenue should be allocated as remuneration paid to Directors, , but when the Company is at a accumulated loss, employee bonus shall be put in reserve.

Remuneration paid to General Manager and Vice General Manager should be made according to their duty responsibilities and contributions towards operational targets of the Company. Remuneration payment should also be made according to the Corporation By-Laws and Article 29 of the Company Act.

In terms of the procedure to decide remuneration payment, the Salary and Remuneration Committee of the Company make objective decisions according to “the Rules of Organization of Salary and Remuneration Committee,” “Rules Governing Rewards and Remuneration Distribution Paid to Directors” and “Rules Governing Salaries and Remuneration Paid to Managers” and to evaluate salary and remuneration policy relating to payment made to Directors and Managers of the Company before proposing to the Board of Directors.

The remuneration policy of the Company takes consideration of financial status, management result, and future needs for capital to make a comprehensive plan. Assessment of future risks is also included to minimize risk occurrence and up to the date when this annual report is published, no incidents that may result in responsibilities, liabilities, or debts of the Company.



## IV. Operations of Corporate Governance

### 1. Operations of Board of Directors

The Board of Directors met 5 times throughout 2022. The attendance (seating) of directors in the meetings is as follows:

Occupational title	Name	Seats of Actual Attendance	Seats with Proxy Attendance	Percentage of Actual Attendance (%)	Note
Chairman	SIGWIN Corporation Representative: Huang, Hsing-Yang	5	0	100%	Appointed on June 9, 2020
Director	SIGWIN Corporation Representative: Yeh, Tsan-Lien	5	0	100%	Appointed on June 9, 2020
Director	SIGWIN Corporation Representative: Wu, Min-Hung	5	0	100%	Appointed on July 13, 2021
Director	SIGWIN Corporation Representative: Kuo, Hsu-Tung	4	0	80%	Appointed on June 9, 2020
Director	SIGWIN Corporation Representative: Hsieh, Chao-Hung	5	0	100%	Appointed on June 9, 2020
Director	Weng Chih-Li	5	0	100%	Re-elected on June 9, 2020
Independent Director	Lin, Min-Kai	5	0	100%	Re-elected on June 9, 2020
Independent Director	Wei, Jen-Yu	5	0	100%	Re-elected on June 9, 2020
Independent Director	Wen-chou Vincent Wang	5	0	100%	Re-elected on June 9, 2020

Other items that should be included:

I. If one of the following situations occurs, date of Board of Directors' meeting, term, resolution contents, opinions of all Independent Directors and Handling of the Company towards opinions of Independent Directors should be described:

(I) Items listed in Article 14-3 of Securities and Exchange Act:

Time of Board of Directors' Meeting	Resolution Contents and Results:	Items listed in Article 14-3 of Securities and Exchange Act	Opinion of Independent Directors
The 2022 1st Meeting of the Board of Directors (March 7, 2022)	(1) Change of the Company's controller at the Finance Department Decision: It was approved as is by all directors attending the meeting.	Yes	independent Directors unanimously agreed the resolution.
	(2) Establishment of the wholly owned subsidiary "TST Co., Ltd." Decision: It was approved as is by all directors attending the meeting.	Yes	independent Directors unanimously agreed the resolution.
	(3) Approval of replacement of and their independence and suitability evaluation of CPAs for 2022 Financial Statements. Resolution: Directors attending the meeting unanimously adopted the resolution after inquired by the Chairman.	Yes	independent Directors unanimously agreed the resolution.

The 2022 2rd Meeting of the Board of Directors (April 26, 2022)	(1) Amendment to some provisions of the “Procedure for the Acquisition or Disposal of Assets” Decision: It was approved as is by all directors attending the meeting.	Yes	independent Directors unanimously agreed the resolution.
	(2) Adjustment of the remuneration to directors. This involves the distribution of remuneration to independent directors. Those who were stakeholders (Lin Min-Kai, Wei Jen-Yu, Vincent Wang) were excused as required by law from the discussions and were disallowed to take part in the voting session. The remaining members discussed and voted. This involves the distribution of remuneration to non-independent directors. Those who were stakeholders (Weng Chih-Li, Wu Min-Hung, Yeh Can-Lian, Kuo Hsu-Tung, and Hsieh Chao-Lung) were excused as required by law from the discussions and were disallowed to take part in the voting session. The remaining members discussed and voted. Decision: For the distribution of remuneration to independent directors, it was approved as is by all non-independent directors attending the meeting. For the distribution of compensation to non-independent directors, It was approved as is by all independent directors attending the meeting.	Yes	All independent directors approved the distribution of remuneration to non-independent directors as is.

(II) In addition to said items, any resolution item that Independent Directors object or hold conservative opinion in documentation or in writing: None.

II. Execution of Directors with conflict of interest to be excluded in the resolution discussion and name of Director, resolution contents, and reason to avoid conflict of interest, and vote of decision making should be described:

Time of Board of Directors’ Meeting	Resolution Contents and Results:	Name of Director that prevents conflicting interest	Reason for prevention	Participation in vote
The 2022 1st Meeting of the Board of Directors (March 7, 2022)	2021 compensation and remuneration paid to managers as introduced by the Compensation and Remuneration Committee	Weng, Chih-Li	This resolution involves in salary and remuneration paid to managers and due to the concern of conflict of interest, Director taking a post of manager should be excluded in the discussion according to rules and regulations.	Mr. Weng Chih-Li was a stakeholder and was excused from the discussions. It was approved by all the remaining attending directors as is through inquiries by the Chairman.
The 2022 2rd Meeting of the Board of Directors (April 26, 2022)	(1) Distribution of the performance prize to President as introduced by the Compensation and Remuneration Committee.	Weng Chih-Li	This resolution involves in performance bonus paid to managers and due to the concern of conflicting interest, Board Director taking a post of manager should be excluded in the discussion according to rules and regulations.	Mr. Weng Chih-Li was a stakeholder and was excused from the discussions. It was approved by all the remaining attending directors as is through inquiries by the Chairman.

	(2) Distribution of quarterly prize for the first quarter of 2022 to managers as introduced by the Compensation and Remuneration Committee	Weng Chih-Li	This resolution involves in performance bonus paid to managers and due to the concern of conflicting interest, Board Director taking a post of manager should be excluded in the discussion according to rules and regulations.	Mr. Weng Chih-Li was a stakeholder and was excused from the discussions. It was approved by all the remaining attending directors as is through inquiries by the Chairman.
	(3) Adjustment of the remuneration to directors as introduced by the Compensation and Remuneration Committee	Weng Chih-Li, Wu Min-Hung, Yeh Can-Lian, Kuo Hsu-Tung, Hsieh Chao-Hung, Lin Min-Kai, Wei Jen-Yu, Vincent Wang	This involves the distribution of remuneration to independent directors. Those who were stakeholders (Lin Min-Kai, Wei Jen-Yu, Vincent Wang) were excused as required by law from the discussions and were disallowed to take part in the voting session. The remaining members discussed and voted. This involves the distribution of remuneration to non-independent directors. Those who were stakeholders (Weng Chih-Li, Wu Min-Hung, Yeh Can-Lian, Kuo Hsu-Tung, and Hsieh Chao-Lung) were excused as required by law from the discussions and were disallowed to take part in the voting session. The remaining members discussed and voted.	For the distribution of remuneration to independent directors, it was approved as is by all non-independent directors attending the meeting (Weng Chih-Li, Wu Min-Hung, Yeh Can-Lian, Kuo Hsu-Tung, Hsieh Chao-Hung). For the distribution of remuneration to non-independent directors, It was approved as is by all independent directors attending the meeting (Lin Min-Kai, Wei Jen-Yu, Vincent Wang).

### III. Self-evaluation executed by the Board of Directors:

Evaluation Period	Evaluation Period	Evaluation Scope	Evaluation Method)	Evaluation Contents
Execute once a year.	January 1 through December 31, 2022	1. All members of the Board of Directors 2. Members of the Board of Directors 3. Functional Committees	Self-evaluation of members of the Board of Directors	Performance evaluation of the Board of Directors: Toward participation in company operations, decision-making quality of the Board, composition and structure of the Board, election and continuous training of Directors, and internal control. Performance evaluation of members of the Board of Directors: Control and command of company goals and mission, participation in company operations, management and communication of internal

				relationship, profession and continuous training of Directors, and internal control. Performance evaluation of functional committees: Participation in company operations, awareness of responsibility of functional committees, decision-making quality of functional committees, composition and election of members of functional committees, and internal control.
Once every three years	January 1 through December 31, 2022	All members of the Board of Directors	The evaluation was outsourced to a professional external organization (Taiwan Institute of Ethical Business)	(1) Professional functions of the Board of Directors (composition and structure of the Board of Directors, election of directors, and continuing education) (2) Decision-making efficacy of the Board of Directors (involvement in corporate operations, enhanced decision-making quality of the Board of Directors) (3) The level of emphasis and supervision the Board of Directors has over internal control (4) Attitude of the Board of Directors about sustainable development

The Company evaluates the implementation status through self-assessment questionnaires once a year (of the Board of Directors as a whole, Board directors, and the functional committees). All results of such self-assessments performed this year of the “Board of Directors as a Whole”, the Board directors”, and the “functional committees” are optimal. An outside organization, the Taiwan Institute of Ethical Business and Forensics, was also authorized this year to evaluate the performance of the Board of Directors and the implementation status was presented to the Board of Directors on March 6, 2023.

IV. Reinforced assessments of functional objectives (such as setting up the Audit Committee, promoting information transparency, etc.) of the Board of Directors and implementation status of the objectives of the specific year and the most recent year:

(1) The Company has the Audit Committee and the Compensation and Remuneration Committee in place to help the Board of Directors fulfill its duties. The Audit Committee consists of three independent directors while the Compensation and Remuneration

Committee consists of two independent directors and one external member in order to reinforce the functions of directors and corporate governance and external experts may be authorized to provide feedback as needed.

- (II) The responsibilities of the Company's Board of Directors include the appointment and supervision of the Company's management, supervision of the operational performance, prevention against conflicts of interest, and ensuring that respective regulations and laws and the requirements in the Articles of Incorporation or decisions made in shareholders' meetings are followed by the Company. The Board of Directors meets at least once a quarter and the Company's management is to report the operational performance to the Board of Directors and the Board of Directors shall decide the operational policies and major policies for the future.

## 2. Operations of the Audit Committee

The Company on June 26, 2009 after the shareholders' annual meeting set up the Audit Committee. The Committee consists of three independent directors and at least one meeting should be convened each quarter. The Audit Committee should assist the Board to carry out its supervision duties in accounting, audit, financial reporting processes as well as quality and reliability of financial control. Items audited mainly include:

- (1) Audit of financial reports and accounting policies and procedures
- (2) Internal control system and relevant policies and procedures
- (3) Handling of material asset or financial derivatives
- (4) Material capital loan or endorsement or guarantee
- (5) Acquisition or issuing of securities
- (6) Investment in financial derivatives and cash
- (7) Legal compliance
- (8) Related party trading and possible conflict of interest involving managers and Directors
- (9) Appeals
- (10) Anti-fraud plan and fraud investigation report.
- (11) Cyber security
- (12) Risk Management of the Company
- (13) Appointment, dismissal, or remuneration of CPA
- (14) Appointment and dismissal of finance, accounting or internal audit heads

The Audit Committee met 4 times throughout 2022. The attendance (seating) in the meetings is as follows:

Occupational title	Name	Time of actual attendance (B)	Seats with Proxy Attendance	Percentage of actual attendance (%) (B/A)	Note
Independent Director	Lin, Min-Kai	4	0	100%	Re-elected on June 9, 2020
Independent Director	Wei, Jen-Yu	4	0	100%	Re-elected on June 9, 2020
Independent Director	Wen-chou Vincent Wang	4	0	100%	Re-elected on June 9, 2020

Other items that should be included:

I. When one of the following situations occurs in operations of the Audit Committee, date of the Board of Directors' meeting, term, resolution contents, resolution adopted by the Audit Committee, and handlings of the Company towards opinion of the Audit Committee should be described:

(I) Items listed in Article 14-5 of Securities and Exchange Act :

Time of the Audit Committee Meeting	Resolution Contents	Resolution Adopted by the Audit Committee	Handling of the Company toward Opinion of the Audit Committee	Resolution Adopted by the Board of Directors
First meeting of 2022 (Mar 07,2022)	(1) Review of 2021 Business Report and Financial Statements	It was approved unanimously by all attending directors	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
	(2) Evaluation of the validity of 2021 Internal Control System	All members of the Audit Committee attending the meeting agreed the reviews unanimously.	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
	(3) Establishment of the wholly owned subsidiary "TST Co., Ltd."	It was approved unanimously by all attending directors	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
	(4) Change of the Company's controller at the Finance Department	It was approved unanimously by all attending directors	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
	(5) Delegation and compensation of and their independence and suitability evaluation of CPAs for 2022 Financial Statements.	It was approved unanimously by all attending directors	NA	All members of the Board of Directors attending the meeting agreed

				unanimously after inquired by the Chairman.
Second meeting of 2022 (Apr 26,2022)	(1) Review of the Consolidated Financial Quarterly Statements for the first quarter of 2022.	It was approved unanimously by all attending directors	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
	(2) Amendment to some provisions of the “Procedure for the Acquisition or Disposal of Assets”	It was approved unanimously by all attending directors	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
Third meeting of 2022 (August01,2022)	Review of the Consolidated Financial Quarterly Statements for the second quarter of 2022.	All members of the Audit Committee attending the meeting agreed the reviews unanimously.	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
Fourth meeting of 2022 (Oct 31,2022)	Review of the Consolidated Financial Quarterly Statements for the third quarter of 2022.	All members of the Audit Committee attending the meeting agreed the reviews unanimously.	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.

(II) In addition to the said resolutions, are there any other resolutions that are not adopted by the Audit Committee and approved by two thirds of all members of the Board of Directors: None.

II. Execution of avoiding conflict of interest among Independent Directors and the name of Independent Director, resolution contents, reason for avoiding conflict of interest, and participation in vote should be described:

Not available.

III. Communication between Independent Directors and Head of Audit and CPA:

(I) The head of Audit quarterly attended the Audit Committee Meeting and the Board of Directors' meeting to report audit exaction. Independent Directors held no objection and good communication was maintain between the head of Audit and Independent Directors. independent Directors provided expert opinions towards audit reports and the Company respected their opinions. The head of Audit of the Company monthly submitted audit review report to Independent Directors and they also communicated via emails or phone calls. The communications covered the control setting or advice provided during internal audits and reinforced matters; they are documented, tracked, and improvements have been made.

(II) CPAs at least once a year needs to communicate with Independent Directors over important matters of audit results of financial status and statements of the Company face to face or in writing. If there are significant issues, the Board of Directors would also invite CPAs to provide professional advice to facilitate exchanges between two sides. The Audit Committee of the Company maintained good communications with CPAs.

3. Corporate Governance Operations and Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause
	Yes	No	Summarized Description	
1. Does the Company comply with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to enact and disclose corporate governance best practice principles?	Yes		The Company has enacted the “Corporate Governance Best Practice Principles” to carry out responsibilities of business managers, safeguard legal rights of shareholders, and take care of other stakeholders’ interest.	We comply with the Corporate Governance Best Practice Principles.
2. Stock Structure of the Company and Shareholders’ Rights (I) Does the Company enact the internal operational procedure to handle shareholders’ suggestions, questions, disputes and litigations and has it implemented the procedure?  (II) Does the Company have a good command of major shareholders that actually control the Company and the list of ultimate controllers of major shareholders?  (III) Does the Company build and execute risk control and firewall mechanism between and among affiliated?  (IV) Does the Company enact internal rules and regulations to forbid insiders of the Company to trade securities with unpublished information not available in the market?	Yes  Yes  Yes  Yes		(I) To ensure shareholders’ rights, the Company assigns spokesperson and acting spokesperson to handle suggestions, questions, and disputes of shareholders and at the same time, the Company uses a shareholder services agent to handle shareholder affairs. (II) Through the shareholder services agent, information of shareholders’ name is provided and the declaration of internal share rights change is managed. (III) Handlings are proceeded according to “the Operational Procedure of Business Engagement with Group Companies, Specific Companies, and Related Parties,” “Rules Governing Monitoring of Subsidiaries,” and relevant operational procedure of internal control. (IV) The Company has established the “Material Information Management Procedure” and “Procedures for the Prevention of Insider Trading” and work management rules and ethical norms are incorporated with contents that prohibit insider trading.	(I) We comply with the Corporate Governance Best Practice Principles.  (II) The same as above.  (III) The same as above.  (IV) The same as above.
3. Composition and Responsibility of Board of Directors (I) Has the Board of Directors enacted diversification policies, concrete management goals for actual realization?	Yes		(I) Considering diversification, members of the Board of Directors has enacted proper diversification policies for needs of its own operations, organizational structure, and development. According to the Corporation By-Laws of the Company, the Board of Directors consists of nine to 11	(I) We comply with the Corporate Governance Best Practice Principles.



Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause
	Yes	No	Summarized Description	
(II) Has the Company voluntarily established other functional committees besides the Salary and Remuneration Committee and the Audit Committee?		No	<p>directors and among them, at least three should be Independent Directors. A candidates nomination system is adopted for election of members of the Board of Directors and all members should be equipped with professionalism, skills, and literacies required to carry out their duties. In summary, the Company has followed diversification guidance of composition of members of the Board of Directors and details are described as Description 1 and the website of the Company, and on Market Observation Post System.</p> <p>(II) Besides mandatory establishment of the Salary and Remuneration Committee and the Audit Committee, in the future the Company will abide by rules and regulations to establish other functional committees as requested by laws and according to operational needs.</p>	(II) No difference
(III) Has the Company enacted evaluation methods to assess performance of the Board of Directors and submit the result to the Board and use as the reference of remuneration and consecutive appointment?	Yes		(III) The Company has complied with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies to enact rules for performance evaluation of the Board of Directors and evaluation scope includes the Board of Directors and individual members. Evaluation methods include proper internal self-evaluation of the Board and its members.	(III) We comply with the Corporate Governance Best Practice Principles.
(IV) Has the Company regularly evaluate independence of CPAs?	Yes		(IV) CPAs hired by the Company are from PwC Taiwan, one of the largest accounting firms in Taiwan, which requests all employees have to complete Independence and Risk Management Policy Compliance Statement for the current fiscal year in its independence policy and before entrusted, PwC Taiwan conducted self-evaluation to check its independence. With its independent status, PwC complies rules and regulations to audit financial status of the Company. The Company also evaluates independence and appropriateness of CPAs regularly once every year. The Company already approved the independence	(IV) We comply with the Corporate Governance Best Practice Principles.

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause
	Yes	No	Summarized Description	
			and suitability assessments of CPAs through its Board of Directors on March 7, 2022. The assessments covered whether the CPAs are in direct or significant indirect financial interests with the Company or not, whether the CPAs have financing or guarantees with the Company's directors or not, whether the CPAs and members on their audit team have served as the Company's directors or managers or other positions with significant impacts on the audit assignment now or over the past two years or not, whether the CPAs are relatives of the Company's directors or managers or other positions with significant impacts on the case being audited or not. Results showed that CPAs Chiang Cai-Yen and Lin Yu-Kuan of Pricewaterhouse Coopers (PwC) both fulfilled the independence criteria and are competent as the Company's CPAs.	
4. Has the TWSE/TPEX listed company had an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, to be in charge of corporate governance affairs (including but not limited to providing information needed by Directors and Supervisors to carry out duties and to comply with laws, and handling matters relating to board meetings and shareholders meetings according to laws)?	Yes		The Company has established the Corporate Governance team that the Department of Finance and Accounting serve as the convenor; members also include those from Administration, HR, and Legal Department to take charge of affairs related to corporate governance. It works mainly to take charge of stipulating and preparing appropriate corporate systems and organizational structures in order to boost the independence of the Board of Directors, transparency of the Company, and compliance. In cases of issues that require recusals, the corresponding parties are properly reminded. The date of the shareholders' meeting is registered by the statutory deadline each year, with the meeting notice, the meeting handbook, and the meeting minutes prepared and filed.	We comply with the Corporate Governance Best Practice Principles.
5. Has the company maintain channels of communication with stakeholders (including but not limited to shareholders, employees, consumers, and suppliers) and respect and safeguard their legal rights and interests, and designate a stakeholder section on its website to properly address to important corporate	Yes		The company has designated a stakeholder section on its website to properly address to important corporate social responsibility concerned by stakeholders, to maintain communication channels and proper frequency with stakeholders, and to provide responsive information. At the	We comply with the Corporate Governance Best Practice Principles.

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause
	Yes	No	Summarized Description	
social responsibility concerned by stakeholders?			same time, communication performance related to stakeholders has been listed. At present, Spokesperson and Acting Spokesperson of the Company serve as the contact window to respond to shareholders' suggestions and questions.	
6. Has the Company entrusted with a shareholder services agent to take charge of affairs related to shareholders' meeting?	Yes		The Company entrusted Yuanta Securities Co., Ltd. to be in charge of affairs related to shareholders' meeting.	We comply with the Corporate Governance Best Practice Principles.
7. Disclosure of Information				
(I) Has the Company constructed a website to disclose financial status and corporate governance information?	Yes		(I) The Company follows declaration procedure to disclose and declare information of financial status and corporate governance online. At the same time, both Chinese and English websites are constructed to disclose more important information related to financial status and corporate governance.	(I) We comply with the Corporate Governance Best Practice Principles.
(II) Has the Company used other method to disclose information (such as English website, designated personnel to collect and disclose company information, execute spokesperson system, and release process of investor conference on the Company's website)?	Yes		(II) The Company has constructed both Chinese and English website and designated personnel to collect and disclose company information, execute spokesperson system, and release process of investor conference on the Company's website.	(II) We comply with the Corporate Governance Best Practice Principles.
(III) Has the Company made public announcement and declared its annual financial statements within two months after the end of a fiscal year and announced and declared financial statements of Q1, Q2, and Q3 before the regulated dates?	Yes		(III) The Company has announced and declared financial statements of Q1, Q2, and Q3 before the regulated dates.	(III) No difference
8. Has the Company provided assistance to understand important information of corporate governance (including but not limited to employee's rights, caring for employees, investor relations, supplier relations, shareholders' rights, trainings for Directors and supervisors, risk management policy, and risk assessment criteria, and execution of customer police, and purchase of liability insurance for Directors and Supervisors by the Company)?	Yes		(I) The Company has established the Employee Welfare Committee, implemented pension system, provided equal employment opportunity, conducted employee trainings, and purchased group insurance as well as arranged regular health checkup for employees and respected harmony labor relations. (II) The Company maintains good communications with suppliers and customers and keeps good partnership. The Company according to laws honestly discloses relevant information to protect investor rights and fulfill its responsibility for shareholders. The Company has established a designated area for stakeholders to build communication	

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause																												
	Yes	No	Summarized Description																													
			<p>channels with them.</p> <p>(III) Trainings received by Directors:</p> <table border="1"> <thead> <tr> <th>Occupational title</th> <th>Name</th> <th>Date of Training</th> <th>Name of Organization</th> <th>Course Title</th> <th>Hour of Training</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Independent Director</td> <td rowspan="2">Lin, Min-Kai</td> <td rowspan="2">Nov01,2022</td> <td rowspan="2">Taiwan Corporate Governance Association</td> <td>Analysis of global taxation trends and the CFC system in Taiwan</td> <td>3</td> </tr> <tr> <td>Updated corporate governance blueprint and ESG</td> <td>3</td> </tr> <tr> <td>Independent Director</td> <td>Wei, Jen-Yu</td> <td>Apr22,2022</td> <td>Taiwan Institute for Sustainable Energy</td> <td>Taishin 30 Sustainable Net Zero Summit - Serious Net Zero Accommodates Sustainable 2030</td> <td>3</td> </tr> <tr> <td rowspan="2">Director</td> <td rowspan="2">Huang Hsing-Yang, Yeh Tsan-Lien, Kuo Hsu-Tung, Wu Min-Hung, Hsieh Chao-Hung</td> <td rowspan="2">Nov01,2022</td> <td rowspan="2">Taiwan Corporate Governance Association</td> <td>Analysis of global taxation trends and the CFC system in Taiwan</td> <td>3</td> </tr> <tr> <td>Updated corporate governance blueprint and ESG</td> <td>3</td> </tr> </tbody> </table> <p>(IV) Implementation of Risk Management Policies and Risk Measurement Standards:</p> <p>1. Risk Management Police and Mechanism:</p> <p>(1) The Company has enacted strategies and guidance to monitor and manage risks. We pay close attention to material supply, market technology resolution,</p>	Occupational title	Name	Date of Training	Name of Organization	Course Title	Hour of Training	Independent Director	Lin, Min-Kai	Nov01,2022	Taiwan Corporate Governance Association	Analysis of global taxation trends and the CFC system in Taiwan	3	Updated corporate governance blueprint and ESG	3	Independent Director	Wei, Jen-Yu	Apr22,2022	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit - Serious Net Zero Accommodates Sustainable 2030	3	Director	Huang Hsing-Yang, Yeh Tsan-Lien, Kuo Hsu-Tung, Wu Min-Hung, Hsieh Chao-Hung	Nov01,2022	Taiwan Corporate Governance Association	Analysis of global taxation trends and the CFC system in Taiwan	3	Updated corporate governance blueprint and ESG	3	
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Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause
	Yes	No	Summarized Description	
			<p>competition, economy, and the political environment. The Company from time to time analyzes market and assess market risk and adjust department plans accordingly. Through discussion of periodical meetings and temporary meetings, responsive guidance has been given to reduce overall business risks.</p> <p>(2) The Company considers each key factor to achieve overall objectives such as industrial climate change, product life cycle, and launches of new products. Through budget allocation, the Company makes sure to achieve its overall objectives and to prevent from risks associated with overall execution.</p> <p>(3) Responsibilities and duties of important heads of the Company are clearly defined and they are appointed with acting personnel to find funds necessary for stability of financial activities and to backup important information systems of customer information, R&amp;D confidential data, and accounting systems to reduce business risks.</p> <p>2. Risk analyses and assessment: For related information, refer to the Company's 2022 Annual Report: "Seven. Discussion and Analysis of Financial Standing and Financial Performance and Risks" - VI. Risk Management and Assessment".</p> <p>(V) Implementation of Customer Policies: The Company has prepared its Ethical Corporate Management Best Practice Principles to govern business activities so that they are in compliance with ethical corporate management. Please refer to "I. Scope of Operation under Five. Operational Overview" of the Company's 2022 Annual Report.</p> <p>(VI) Up to the date when this Prospectus is published, Directors of the Company stay away from resolution discussions of stakeholders that may have conflict of interest with them.</p> <p>(VII) The Company already presented to the Board of Directors the liability insurance purchased for directors, which covered 2022 and involved a coverage worth USD 10 million.</p>	
9. According to evaluation result released by TWSE Corporate Governance Center in the current year, has improvement been made and is there priority item and measure that needs to be proposed for items not improved? None.				

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause						
	Yes	No	Summarized Description							
Description 1: Diversification policy of members composed of the Board of Directors and Execution:										
(I) Diversification policy of members composed of the Board of Directors										
Members of the Board of Directors should be equipped with knowledge, skills, and literacies required to carry out their duties. To achieve ideal goals of corporate governance, the Board of Directors should be overall equipped with abilities below:										
1. Judgmental abilities for operations.										
2. Accounting and financial analyses abilities.										
3. Management abilities.										
4. Responsive abilities to risk.										
5. Industrial knowledge.										
6. International market perspective.										
7. Leadership.										
8. Decision-making abilities.										
(II) Execution										
Name of Director		Diversified Core Items	Nationality or Registered Residency	Judgmental ability for operations	Accounting and financial analyses	Management	Risk management	Industrial knowledge	International market perspective	Leadership and decision making
Chairman	Huang Hsing-Yang (note)		The Republic of China	✓	✓	✓	✓	✓	✓	✓
Directors	Weng, Chih-Li		The Republic of China	✓	✓	✓	✓	✓	✓	✓
Directors	Yeh Tsan-Lien (note)		The Republic of China	✓	✓	✓	✓	✓	✓	✓
Directors	Wu Min-Hung (note)		The	✓	✓	✓	✓	✓	✓	✓

Evaluation Item			Operations						Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause	
			Yes	No	Summarized Description					
		Republic of China								
Directors	Kuo Tung-Hsu (note)	The Republic of China	✓	✓	✓	✓	✓	✓	✓	✓
Directors	Hsieh Chao-Hung (note)	The Republic of China	✓	✓	✓	✓	✓	✓	✓	✓
independent Directors	Lin, Min-Kai	The Republic of China	✓	✓	✓	✓	✓	✓	✓	✓
independent Directors	Wei, Jen-Yu	The Republic of China	✓	✓	✓	✓	✓	✓	✓	✓
independent Directors	Wen-chou Vincent Wang	United States	✓		✓	✓	✓	✓	✓	✓

Note: Legal Representative of SIGWIN Corporation

4. If the Company has established the Salary and Remuneration Committee, its composition and operations should be disclosed:

Approved by the Board of Directors of the Company, the Salary and Remuneration Committee consists of members entrusted and approved by the Board of Directors with the main duties to regularly review performance assessment of Directors and Managers as well as salary and remuneration policy. The Committee submits its suggestion for discussions at the Board of Directors Meeting.

(1) Information of Members of the Salary and Remuneration Committee

Identification Type	Condition Name	Professional Qualification and Experience	Independence	Number of Publicly Listed Companies that a Director Serve as a Member of the Salary and Remuneration Committee
Independent Director	Lin, Min-Kai	Note 1	Note 1	1
Independent Director	Wei, Jen-Yu	Note 1	Note 1	0
Other	Liao Chin-Yi	1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. 2. Main experience: AA of Machinery Manufacturing of National Union Technical College, Manager of Global Part and Component Strategic Purchase of Logitech, Automation Testing Engineer, Xuli Semiconductor Co., Ltd.	1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 2. Without kinship relationship such as spouse or within the second degree relative with other directors. 3. No violation to Article 30 of the Company Act. 4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company.	0

Note1: Please see (3) Professional qualification and disclosure of independence of Independent Directors on Page 16-18.



(2) Operations of the Salary and Remuneration Committee

A. There are three members in the Salary and Remuneration Committee of the Company.

B. Service term of current committee members started from August 5, 2020 and will end on June 8, 2023. In the current fiscal year, two meetings were held by the Committee (A) with eligibility and attendance of its members described below:

Occupational title	Name	Number of Attendance (B)	Seats with Proxy Attendance	Attendance Rate (%) (B/A)	Note
Convenor	Lin, Min-Kai	2	0	100%	Re-elected on August 5, 2020
Committee Members	Wei, Jen-Yu	2	0	100%	Re-elected on August 5, 2020
Committee Members	Liao Chin-Yi	2	0	100%	Re-elected on August 5, 2020
Other items that should be included: Resolution contents, result, and handling of the Company towards opinion of the Salary and Remuneration Committee:					
The Salary and Remuneration Committee	Resolution Contents and Follow-ups	Resolution Result	Handling of the Company towards opinion of the Salary and Remuneration Committee:		
First meeting of 2022 (Mar 07,2022)	Preparation of 2021 compensation and remuneration for the Company's managers	The resolution was adopted unanimously by the Committee after inquired by the Chairperson.	The resolution was proposed to the Board of Directors and was adopted unanimously by members of the Board attending the meeting.		
Second meeting of 2022 (Apr 26,2022)	(1) Preparation of the 2021 Employee Remuneration Distribution Proposal for managers	The resolution was adopted unanimously by the Committee after inquired by the Chairperson.	The resolution was proposed to the Board of Directors and was adopted unanimously by members of the Board attending the meeting.		
	(2) Preparation of the prize for managers of the Company and the distribution of the prize for the first quarter of 2022	The resolution was adopted unanimously by the Committee after inquired by the Chairperson.	The resolution was proposed to the Board of Directors and was adopted unanimously by members of the Board attending the meeting.		
	(3) Preparation of director remuneration adjustments	The resolution was adopted unanimously by the Committee after inquired by the Chairperson.	The resolution was proposed to the Board of Directors and was adopted unanimously by members of the Board attending the meeting.		
1. If there is suggestion made by the Salary and Remuneration Committee not adopted or amended by the Board of Directors, please describe date, term, resolution contents, and result, and handling of the Company toward opinion of the Committee (such as difference and cause between proposal of the Committee and resolution adopted by the Board): None.					
2. If any resolution adopted by the Salary and Remuneration Committee is objected and reserved by it member, please describe date, term, resolution contents, and result, and handling of the Committee toward opinions of the Committee members: None.					

5. Promotion of Sustainable Development and Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Promotion	Execution		Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
1. Has the Company established governance structure to promote sustainable development and designated an (part-time) unit to promote sustainable development and through authorization by the Board of Directors, how's management conducted by top management level and supervised by the Board of Directors?	Yes		<p>I. The Company already has the Sustainable Development Best Practice Principles in place in order to enforce applicable sustainable development measures. People are sent each year to attend the Sustainable Development Seminar organized by the competent authority and educational trainings and communications on procedures or laws or regulations such as employee occupational and ethical norms and the whistle-blowing system.</p> <p>II. The Company already has the Sustainable Development Committee in place to be the primary decision-making and promoting authority for sustainable developments. Its members are from respective departments, and it is responsible for:</p> <ol style="list-style-type: none"> <li>1. Preparing the ESG policy</li> <li>2. Reflecting upon how the ESG management system works.</li> <li>3. Reflecting upon the goals, strategies, and action plans of the ESG policy and tracking the progress of respective plans.</li> <li>4. Supervising respective stakeholder communication plans.</li> </ol> <p>Job responsibilities of members of the Committee:</p> <ol style="list-style-type: none"> <li>1. Call for and preside over ESG Committee meetings.</li> <li>2. Call for meetings once every six months or from time to time as needed.</li> <li>3. Render a decision on issues having been discussed in meetings.</li> <li>4. Release related policies and implementation goals to the staff of the Company on behalf of the ESG Committee.</li> <li>5. Report to the Board of Directors at least once a year and the implementation status of the Board of Directors on October 31, 2022.</li> </ol>

Promotion	Execution			Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
			III. The Company's Board of Directors examines the developments of sustainability issues and the progress made and provides supervision in order to consolidate corporate sustainable developments.	
2. Has the Company assess risks related to environment as well as social and corporate governance issues of its operations according to the materiality principle and enacted relevant risk management policy or strategy? (Note 2)	Yes		<p>The Company has come up with the optimization solution for risk assessments in honor of the materiality principle and is gradually examining risks associated with materiality ESG issues of the Company (important subsidiaries of the Company are included in the risk assessments).</p> <p>1. Environmental Protection</p> <p>To maintain nature and healthy living environment, the Company reduces impacts caused by production activities on the environment and people and has been continuously devoted to improvement of pollution prevention. The Company actively reduce waste and concerns safety to reduce resource waste and to comply with governmental rules and regulations of environmental safety. Relevant targets have been enacted to improve performance and build an environmental management system. Through both internal and external communications, reviews of sustainable environmental protection have been carried out.</p> <p>To ensure lowest impact on environment during working process, the Company has used the best technology to promote health and control hazards. The Company promises to comply with relevant laws and high standard safety operations to meet environmental safety criteria and other requirements. At the same time, environmental targets are set and through internal and external communication and operational reviews, comprehensive management initiatives have been adopted to prevent workplace hazards and environmental impact.</p> <p>2. Supplier Management</p> <p>The Company concerns of customer satisfaction and corporate social responsibility (CSR) and works closely</p>	Compliance with Sustainable Development Best Practice Principles

Promotion	Execution		Summarized Description	Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
			<p>with suppliers to promote supplier management concepts in order to achieve goals of sustainable management and jointly enhance CSR. The Company periodically reviews main material suppliers and if a supplier fails to meet the standard, it will be requested to submit improvement plan to ensure effectiveness. The Company also audits main suppliers and if any defect is detected, suppliers are requested to submit improvement plan and ensure effectiveness or his qualification as an eligible supplier will be suspended.</p> <p>The Company continuously promotes “green procurement” and suppliers of raw materials need to provide certificate of inspection issued by the trusted third party such as EU RoHS and REACH to assure no banned substances harmful to the environment is used (in compliance with the document G-ES-018 in Appendix 9.1: Rules for Environmental Substance Management) and compliance with customer demands and international laws. The Company has demonstrated full capabilities to manage harmful substances and each year, relevant information is collected such as material testing report to ensure materials provided by suppliers meet customer and internal law requirements.</p> <p>3. Labor Relations</p> <p>The Company maintains harmony labor relations and respect employees’ opinions. Through employer-employee meetings and opinion box, effective communications with employees are maintained. To improve talent quality and development advantages, “Method of Educational Training” has been enacted with annual training plan to strength operational advantage of the Company and the ability to satisfy customers’ needs. When new employees start working, they will receive professional orientation. Employees also receive regular and professional training from time to time (including internal and external one) with aims to cultivate professional talents, improve</p>	

Promotion	Execution			Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
			<p>management performance and utilize and develop their potential.</p> <p>4. Anti-corruption The Company has set up the Administration Department to be the full-time (part-time) unit to help enforce ethical corporate management and to take charge of preparing, communicating, enforcing, and reporting policies on related matters. At least, once a year, a report on execution of ethical corporate management needs to be submitted to the Board of Directors. Each year, the Company promotes trainings on “Management Procedure,” “Procedures for the Prevention of Insider Trading,” and “Professional Ethics Codes” “Ethical Corporate Management Policy” and “Reporting System and Procedure” between employees each year.</p>	
3. Environmental Issues				
(1) Has the Company established proper environment management system according to its industrial characteristics?	Yes		The Company has established its environmental management system reflective of the industrial characteristics that is ISO14001-approved and there is a responsible unit to maintain the environment.	(I) Compliance with Sustainable Development Best Practice Principles
(2) Has the Company been devoted to the development of energy utilization efficiency and utilization of recycled materials with low environmental impacts?	Yes		The Company is engaged in the IC test and service sector. Products that have been tested by the Company and their packaging materials meet RoHS requirements.	(II) The same as above.
(3) Has the Company evaluated future potential risks and opportunities brought by climate change and adopted relevant responsive measures?	Yes		The Company has included climate change as part of its risk management. There is the “climate change risk identification”, such as climbing temperatures and persistent warming in the future, more and more distinct rainy/wet and dry seasons, extreme weathers, among others. Countermeasures, related action, and risk considerations/countermeasures/substantial actions, among others, are available on the corporate website, too. In addition, there are the behavioral guide to reinforce the design of extreme weathers. Substantial countermeasures are introduced to cope with climate risks such as shortage in electricity, shortage in water, and strong wind.	(III) The same as above.

Promotion	Execution		Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(4) Has the Company conducted statistics for the total weight of its GHGs, water utilization and waste and enacted policies to reduce GHGs, water utilization, and waste?	Yes		<p>I. GHG inventory check:</p> <p>All premises of Winstek have the GHG inventory check and energy-saving measures as part of its management for the sake of fulfilling GHG reduction and minimizing environmental impacts. Meanwhile, SGS third-party certification was obtained on August 9, 2022 and the ISO14064-1 GHG investigation. According to the findings: Scope 1 emissions in 2021 came to around 3,912.6546 tCO<sub>2</sub>e/year and Scope 2 around 28,192.8992 tCO<sub>2</sub>e/year.</p> <p>1. Direct GHG emissions (Scope 1): including fixed equipment (such as generators), process emissions, and mobile combustion sources of transportation (public vehicles and stackers), fugitive emissions, accounting for about 12.19% of total emissions.</p> <p>2. Energy indirect greenhouse gas emissions (Scope 2): a main source of emission is externally purchased electricity, accounting for about 87.81% of total emissions.</p> <p>II. Amount of Water Consumed:</p> <p>1. To cope with climate change and the shortage in water resource each day, the amount of water recycled from processes and equipment is being increased each year on all premises of Winstek to meet the demand for water and to fulfill the purpose of water conservation and protection of water resource, minimizing the impacts on the natural environment. With water-conserving measures being promoted, process and equipment are constantly improved each year. The water recovery rate now already reaches 70%. The recovery rate of DI water was 16.40% in 2016 and 14.18% in 2022, showing steady improvements. Efforts will continue in the future to improve water consumed by equipment. It is planned to accomplish the water conservation and recovery rate by up to 85%.</p> <p>2. The four major water-conserving directives, namely</p>

Promotion	Execution		Summarized Description	Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
			<p>“reduced process water consumption”, “reduced wastewater discharged”, “enhanced system recovery rates”, and “daily water conservation” are emphasized for all premises of Winstek. The amount of water consumed during the manufacturing process and that recovered from equipment are reduced each year and the scheduled reduced demand for water consumed in factories will be continued.</p> <p>3. The factory effluent goes through respective treatment procedures. For the sake of ensuring that the amount and quality of the effluent meet regulatory criteria, there are primary system protective measures in place, including the automatic control, real-time monitoring system, surveillance system, and staff audit and besides periodically maintaining the features of wastewater processing equipment and analyzing and monitoring the effluent, process chemicals are strictly monitored and reviewed.</p> <p>III. Waste:</p> <p>1. Winstek outsources the waste recycling process on all of its premises to qualified service providers and classification is done at the origin of the waste in order to increase the recoverability of the waste. Process waste is collected, categorized, reduced, and recycled for reuse in order to minimize and effectively manage environmental impacts to enhance the value of resource reutilization. The waste recovery rate was about 91.51% in 2021 and the total weight of the waste recycled was 2,831.94 tons while the waste recovery rate was about 87.45% in 2022 and the total weight of the waste was 2,252.00 tons.</p> <p>2. For the sake of protecting the natural and healthy living environment and for reducing the impacts of production activities on the environment and staff safety, efforts are made to constantly seek improvements and prevent against pollutions, to proactively enforce waste</p>	

Promotion	Execution		Summarized Description	Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
			<p>reduction and emphasize safety, and to minimize squandering of resources while complying with governmental laws and regulations as well as various other standards. Goals are set to bring about improvements and to establish the environmental management system. Internal and external communications and operational reviews have been ongoing in order to realize sustainable environmental protection.</p> <p>3. Target waste recovery of <math>\geq 80\%</math>. Between 2022 and 2032, there is the ten-year waste recovery goal of <math>\geq 80\%</math>. Waste recovered includes resources (paper, plastic, pallets, iron and aluminum cans), hazards (chemical solutions, sludge, and empty barrels), electronic scraps, light tubes, domestic trash, etc.</p> <p>The Company has the GHG inventory check and energy-saving measures as part of its management for the sake of fulfilling GHG reduction and minimizing environmental impacts. Meanwhile, SGS third-party certification was obtained and the ISO14064-1 GHG investigation was completed. Meanwhile, substantial electricity-saving measures are set each year to bring down the amount of electricity consumed and to reduce carbon dioxide emissions and impacts on the environment. There is also the ten-year waste recovery goal of <math>\geq 80\%</math>.</p>	
<p>4. Social Issues</p> <p>(1) Has the Company complied with relevant rules and regulations and International Bill of Human Rights to enact relevant management policies and procedures?</p>	Yes		<p>According to the Labor Standard Act and relevant labor laws, the Company enacts practices of labor and ethical corporate management issues to provide principles for employees to follow and to protect legal rights of employees.</p>	(I) Compliance with Sustainable Development Best Practice Principles



Promotion	Execution			Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
(2) Has the Company enacted and implemented employee welfare measures (including salary and remuneration, holidays, and other welfare) and reflected management performance or result appropriately to employees' salaries or remuneration?	Yes		<p>The Company has defined and enforced reasonable employee welfare measures according to the Personnel Management Regulations and adequately reflects operational performance or achievements in the employees' compensation.</p> <ol style="list-style-type: none"> <li>1. The Company has all of its staff covered by group medical insurance and there is the Employee Welfare Committee to enforce respective benefits, such as condolences, birthday celebrations, and festival gifts, club events, and travels.</li> <li>2. The Company follows governmental labor laws and regulations and periodically takes part in salary surveys and evaluates related indicators such as the salary level in the industry and corporate operational performance. The employee pay criteria are examined in order to keep the Company competitive. Meanwhile, reflective of the contributions, performance, and accountability of employees in the preceding year, the performance review is done. Salaries (including the base salary, food allowances, special allowances, etc.) and remuneration to employees are adjusted reflective of the performance outcome and prospective contributions. Gender, age, race, religion, politics, and marital status, among others, are not considered for respective salaries and benefits. The compensation and remuneration policy honors the principle of being fair and just and ensures competitive advantages on the talent market. In order to encourage and thank employees for their effort and hard work, 0.1% ~ 15% of profits, if any, for the current year, will be set aside and be distributed as remuneration to employees as required by the Articles of Incorporation on a yearly basis.</li> </ol>	(II) The same as above.

Promotion	Execution			Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
(3) Has the Company provided employees a safe and healthy workplace and conducted regular safety and health education?	Yes		<p>The Company has enacted labor safety and health policies to provide regular health checkups for employees and promote labor safety, drill training, and maintain safety of employees and suppliers.</p> <p>Onsite work environment has been periodically and irregularly inspected by labor safety unit and a head from each level. Improvement suggestions are provided to reduce risks at the workplace. Statistics show that the disability/injury frequency was 0, the disability/injury severity was 0, and the comprehensive disaster index was 0, indicating optimal industrial safety performance in 2022.</p>	(III) The same as above.
(4) Has the Company established effective career training plans for employees?	Yes		<p>The Company has established comprehensive and effective professional training plans to enhance employees' abilities to develop careers. Comprehensive training structure and diverse learning development channel are provided for employees to develop their career planning via educational trainings to advance professional skills and capabilities, to develop career plans, and to become the elite of the semiconductor industry.</p> <p>Training plans cover orientation for new employees, professional job training, growth and motivation, management skill training under the training scope for heads and employees with overall good effectiveness.</p>	(IV) The same as above.
(5) Has the Company complied with relevant laws and international standard to enact policies and grievance procedures for consumer protection and rights on issues such as health and safety of consumers, privacy, marking and labels?	Yes		<p>The Company has engaged in IC testing services and provide customers product and service transparency as well as effective grievance procedures and channels. The Company has place emphases on marketing labels of products and services to link up with international standards.</p>	(V) The same as above.
(6) Has the Company established supplier management policy to request suppliers to comply with rules and regulations governing environmental protection, occupational safety or labors' human rights and how is the implementation?	Yes		<p>The Company evaluates new suppliers and at the same time, inspects records of suppliers in terms of environmental and social impacts. The Company has entered contracts with suppliers according to actual operations including termination or cancellation of contracts signed with suppliers who involve in violation to CSR and impose significant negative impacts on the environment and the society. At the same time, main raw</p>	(VI) The same as above.

Promotion	Execution		Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
			material suppliers are audited with quality system, environmental safety and health system, requirement of banned substances, and Responsible Business Alliance. If an audit finds any defect, a supplier should submit improvement plan and assure effectiveness. Those without making improvement will have eligibility cancelled.
5. Has the Company referred to GRI principles to compile its sustainable report and disclose its non-financial information? Has the said report obtained assurance and guarantee opinion from the third verification party?		No	The Company in the future will follow laws and regulations to request sustainability report relating operations and disclose non-financial information in a report.
6. Has the Company complies with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” to enact its own principles and please describe difference between operations and principles enacted: The Company has already defined its “Sustainable Development Best Practice Principles” in compliance with the “Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies” in order to reinforce the implementation of its corporate social responsibilities and to fulfill the goal of sustainable development. There is not drastic difference regarding it operational status.			
7. Other important information that helps to understand promotion and execution of sustainable development: (1) Package materials of finished goods of the Company after testing meet with requirements of the EU RoHS. Reusable utensils are used in employee cafeteria and garbage sorting has been implemented to reduce environmental impacts. (2) The Company over the past recent years makes donation to charitable organizations including organizing charity event and donation to Shi Guang Education and Nursing Center, and Huashan Social Welfare Foundation, financial assistance to Family Support Center, and Ai Heng Special Education Center in Hsinchu. The Company especially invited Family Support Center, and Shi Guang Education and Nursing Center to our charity events and our employees were encouraged to donate government uniform invoices to spread love and contribute to the society. (3) The Company has established a designated unit to handle issues related to customers’ rights. (4) The employment policy of the Company contains no discrimination against genders, races, ages, marital statuses. Equality is implemented in salaries, employment conditions, and training and promotion opportunities. (5) Each year, employees are educated with labor safety, firefighting drills and exercise to maintain employee safety. Each year periodical health checkups are provided for employees to provide a safe and healthy workplace. (6) The Company has been certified with ISO9001, IATF 16949, ISO/IEC 17025, ISO14001, ISO45001, OHSAS18001 and Sony Green Partner.			

6. management of the Company and difference and cause of difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies.

Evaluation Item	Operations			Difference and cause of difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies
	Yes	No	Summarized Description	
1. Enactment of Corporate Management Policy and Init Initiative				
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	Yes		(I) The Company follows the “Ethical Corporate Management of Best Practice Principles for TWSE/GTSM Listed Companies” to enact our own principles as well as abide by relevant labor laws to enact principles to manage labor and ethical behavior with contents also including ethical corporate management policy and preventative initiative. The Company has declared ethical corporate management policy clearly in company rules and external documents and the Board of Directors and management level actively execute and execution can also be proved in activities of internal management and external business operations.	(I) Comply with ethical corporate management best practice principles of the Company.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	Yes		(II) The Company follows the “Ethical Corporate Management of Best Practice Principles for TWSE/GTSM Listed Companies” to enact our own principles as well as abide by relevant labor laws to enact principles to regulate higher risks of unethical behavior in operations to prevent from bribery paying and receiving and illegal political donation.	(II) The same as above.
(III) Has the Company clearly enacted the procedure, behavioral guidance, discipline and grievance system for the initiative to prevent from unethical behavior to carry out execution and regularly review and amend the said initiative?	Yes		(III) The Company has defined its Ethical Corporate Management Best Practice Principles in compliance with applicable laws and regulations, created a corporate culture featuring ethical operation and normal developments. Operating procedures, behavioral guides, disciplines for violators, and the complaint-filing system are specified and are enforced.	(III) The same as above.

Evaluation Item	Operations			Difference and cause of difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies
	Yes	No	Summarized Description	
<p>2. Implementation of Ethical Corporate Management</p> <p>(I) Has the Company evaluated ethical corporate management record of transaction parties and enacted clauses of ethical corporate management in contracts entered with transaction parties?</p> <p>(II) Has the Company designated a unit affiliating the Board of Directors to promote ethical corporate management and report to the Board about ethical management policy and initiatives to prevent from unethical behavior and execution (at least once per year)?</p> <p>(III) Has the Company enacted the policy to prevent from conflict of interest and provide proper grievance channel for execution?</p> <p>(IV) Has the Company established effective accounting system, internal control system to execute ethical corporate government and has the internal audit unit enacted relevant play according to risk assessment result of unethical behavior and audit compliance or entrusted CPAs to do relevant audits?</p> <p>(V) Has the Company regularly conducted internal and external educational trainings on ethical corporate management?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>(I) The Company has included clauses of ethical behaviors in commercial contracts to prevent from unethical behaviors.</p> <p>(II) The Company has established a designated (part-time) unit, the Administration Department, to be in charge of ethical corporate management and to submit a report of relevant execution to the Board of Directors once every year.</p> <p>(III) The Company has complied with labor laws to enact labor and ethical corporate management rules including employee grievance mechanism and reporting procedure. The Company has established grievance channel to avoid conflict of interest and related issues have been properly handled.</p> <p>(IV) The Company has established effective accounting system and internal control system audited periodically by internal auditors and meanwhile, CPAs from leading accounting firms in Taiwan have been entrusted to conduct periodical auditing.</p> <p>(V) The Company each year organizes educational training on “Procedures for the Prevention of Insider Trading,” “Ethics and Regulating the Behaviors at Work,” “Ethical Corporate Management Policy,” and “Reporting System and Procedure” to promote relevant procedures or laws.</p>	<p>(I) Comply with ethical corporate management best practice principles of the Company.</p> <p>(II) The same as above.</p> <p>(III) The same as above.</p> <p>(IV) The same as above.</p> <p>(V) The same as above.</p>
<p>3. Execution of Reporting System</p> <p>(I) Has the Company enacted concrete reporting and encouragement system, established reporting channels, and properly designated personnel in charge of reporting investigation?</p>	<p>Yes</p>		<p>(I) The Company has enacted principles including labor and ethical corporate management rules and reporting illegal and violating behavior of ethical corporate management with contents of all grievance mechanism and reporting procedure. Employees can report violation of relevant</p>	<p>(I) Comply with ethical corporate management best practice principles of the Company.</p>

Evaluation Item	Operations			Difference and cause of difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies
	Yes	No	Summarized Description	
(II) Has the Company enacted standard procedure to handle reporting and follow-up measures after reporting and relevant confidentiality mechanism?	Yes		(II) The Company has enacted procedure to manage reporting of illegal and unethical behaviors and established confidentiality mechanism to strictly forbid taking revenge on reporters.	(II) The same as above.
(III) Has the Company adopted measures to protect reporter from being mistreated?	Yes		(III) The Company has enacted procedure to manage reporting of illegal and unethical behaviors and established confidentiality mechanism to properly prevent reporters from being mistreated and to strictly forbid taking revenge on reporters.	(III) The same as above.
4. Enhancement of Information Disclosure Has the Company declared contents of its Ethical Corporate Management Best Practice Principles and promotion effectiveness on its website and on the Market Observation Post System?	Yes		The Company has disclosed its Ethical Corporate Management Best Practice Principles on the Market Observation Post System and constructed the website at to disclose relevant information of ethical corporate management. Designated personnel have been appointed to collect information and disclose information on the Company’s website.	Comply with ethical corporate management best practice principles of the Company.
5. If the Company has enacted its own Ethical Corporate Management Best Practice Principles according to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” please describe its operations and difference: The Company has enacted its own Ethical Corporate Management Best Practice Principles according to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and its operations comply with requirements.				
6. Other important information that helps understand operations of ethical corporate management of the Company (such as amendment of its own Ethical Corporate Management Best Practice Principles) The Company has enacted its own Ethical Corporate Management Best Practice Principles, labor and ethical corporate management methods and methods of reporting illegal and unethical behaviors for the purpose of compliance.				

7. If the Company has enacted its own Corporate Governance Best Practice Principles and relevant rules, search methods should be disclosed:

The Company has defined its “Corporate Governance Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, and “Sustainable Development Best Practice Principles”. Refer to the Market Observation Post System and the Company’s website.

8. Other important information that helps understand operations of ethical corporate management of the Company should be disclosed: Please refer to Open Market Post System and the Company’s website.

## 9. Execution of Internal Control System:

### (1) The Statement on Internal Control

#### Winstek Semiconductor Co., Ltd The Statement of Internal Control

March 6, 2023

With regards to the results of 2022 self-evaluation of the internal control system, we hereby declare the following:

1. We acknowledge and understand that it is the responsibility of our Board of Directors and management team to establish, implement, and maintain an internal control system, and we have established such a system with the purpose to fairly ensure the effectiveness and efficiency of the Company's operations, including profitability, performance, and security of assets in order to provide reliable, timely, and transparent financial reporting that meets legal compliance.
2. Despite limitation inherent to each internal control system, an effective internal control system can only fairly ensure the achievement of aforementioned goals. Furthermore, the effectiveness of an internal control system may vary in response to changes in environment and market condition. By equipping our internal control system with a self-monitoring mechanism, immediate corrective actions can be taken against defects once identified.
3. The Company follows procedures specified in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Criteria") to determine the effectiveness of design and implementation of our internal control system. With regard to management control process, the Criteria divides an internal control system into five elements: a) control environment, b) risk assessment, c) control operation, d) information and communication, and e) monitoring. Each element also contains several audits items, and shall be referred to the Criteria for details.
4. We have evaluated the effectiveness of the design and implementation of our internal control system based on aforementioned criteria.
5. Based on the assessment results following aforementioned evaluation criteria, we believe that the design and implementation of our internal control system on December 31, 2022, including supervision and management of subsidiaries, were effective in understanding the effectiveness. of operation, progress in achieving above set goals. Our internal control system delivers reliable, timely, and transparent information, and meets compliance governed by relevant regulations.
6. The statement of internal control shall form an integral part of the Company's annual report and prospectus, the statement will also be disclosed to public. If there is any fraud, concealment, or unlawful practice found in the above contents, we shall be liable for legal consequences set forth in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. This statement of declaration was approved unanimously by the Board of Directors meeting held on March 6, 2023 with none of the nine attending directors expressing dissenting opinions.

Winstek Semiconductor Co., Ltd.

Chairman: Hsing-Yang Huang

General Manager: Weng Chih-Li



(2) CPA certified report should be disclosed if there is the engagement of a CPA to conduct a special audit of the company's internal control systems: None

10. In the recent fiscal year and up to the date when this annual report is published, have the company and anyone inside the Company been punished by laws or is there any discipline imposed by the Company for its internal personnel's violation of internal control system and the discipline may bring huge impacts of shareholders' rights or securities price?

Discipline contents, major defect, and improvement should be listed: None.

11. Important resolutions made by Shareholders' meeting or the Board of Directors' meeting in the most recent fiscal year and up to the date when this annual report is published:

(1) Decisions made during the 2022 shareholders' meeting and their implementation status:

Name of Meeting	Date of Meeting	Important Resolutions	Execution
2022 General Shareholders' Meeting	Jun 08, 2022	1. Ratified the 2021 Business Report and Financial Statements	Follow ratifications during the General Shareholders' Meeting.
		2. Ratified the 2021 Earnings Distribution Proposal	Follow ratifications during the General Shareholders' Meeting. All of the 2021 earnings were distributed and July 18, 2021 were set to be the record date and cash bonus was released on August 10, 2022.
		3. Approved the amendment to some of the "Articles of Incorporation".	After it was approved through the shareholders' meeting, the change was registered with the Ministry of Economic Affairs on June 16, 2022 and the registration was approved by the Ministry of Economic Affairs on July 4, 2022, with records on file and applicable procedures were completed in compliance with the revised guidelines.
		4. Approved the amendment to some provisions of the "Procedure for the Acquisition or Disposal of Assets"	After it was approved through the shareholders' meeting, the revised Procedure was uploaded to the Market Observation Post System on June 9, 2022 and applicable processes were completed in compliance with the revised Procedure.

(2) Important decisions made by the Board of Directors in 2022 up to April 9, 2023:

Date	Important Resolutions
March 7, 2022	1. Approved 2021 Salaries and Remuneration Distribution to employees. 2. Approved the 2021 sales report and financial statements 3. Approved the 2021 earning distribution. 4. Approved date, venue, and agenda of 2022 Shareholders' Meeting and accepted proposals made by shareholders. 5. Approved the establishment of "TST Co., Ltd."
April 26, 2022	Approved the Company's Consolidated Financial Report for the first quarter of 2022.
August 1, 2022	Approved the Company's Consolidated Financial Report for the second quarter of 2022.

Date	Important Resolutions
October 31, 2022	Approved the Company's Consolidated Financial Report for the third quarter of 2022.
December 15, 2022	Approved the 2023 Operational Plan.
March 06, 2023	1. Approved 2022 Salaries and Remuneration Distribution to employees. 2. Approved the 2022 sales report and financial statements 3. Approved the 2022 earning distribution. 4. Approved date, venue, and agenda of 2023 Shareholders' Meeting and accepted proposals made by shareholders. 5. Passed the reelection of Company directors

12. Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.
13. A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

April 9, 2023

OCCUPATIONAL TITLE	NAME	DATE OF APPOINTMENT	DATE OF DISMISSAL	RESIGNATION OR DISMISSAL CAUSE
CFO	TANG LI-YING	DECEMBER 1, 2015	FEBRUARY 25, 2022	RESIGNED BECAUSE OF PERSONAL REASON

## V. CPA Charge

Unit of Amount: NT\$1,000

Name of Accounting Firm	Name of Accountants	CPA Audit Term	Financial Audit Fee	Non-Financial Audit Fee	Total	Note
PwC Taiwan	Hsieh Chi-Cheng	January 1, 2022 ~ December 31, 2022	2,190	715 (Note)	2,905	
	Chiang Tsai-Yen	January 1, 2022 ~ December 31, 2022				

Note: Non-financial audit fee covers services of tax compliance audit, application for direct deduction of business tax for dual-status business entities, and audit on tax credit regulated by the Statute for Industrial Innovation. °

- When the accounting firm was changed and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.
- When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and

reason for the reduction in audit fees shall be disclosed : None.

VI. Information of CPA change: none.

VII. Working of Chairman, General Manager, Manger in Charge of Finance and Accounting Affairs at Office and Affiliate of CPA wthin the Past One Year: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent.

1. Change of Equity

Unit: Share

Occupational title	Name	2022		2023 up to April 9	
		shares held Increase (decrease)	Pledged Increase (decrease)	shares held Increase (decrease)	Pledged Increase (decrease)
Major Shareholders and Director of Legal Person	SIGWIN Corporation.	0	0	0	0
Director of Legal Person and Chairman	Huang Hsing-Yang	0	0	0	0
Representative of Directors of Legal Person	Yeh Tsan-Lien	0	0	0	0
Representative of Directors of Legal Person	Kuo Hsu-Tung	0	0	0	0
Representative of Directors of Legal Person	Hsieh Chao-Hung	0	0	0	0
Representative of Directors of Legal Person	Wu Min-Hung	0	0	0	0
Director and General Manager	Weng Chih-Li	0	0	0	0
Independent Director	Lin Min-Kai	0	0	0	0
Independent Director	Wei Jen-Yu	0	0	0	0
Independent Director	Wen-chou Vincent Wang	0	0	0	0
Vice General Manager	Huang Hou-Chi	0	0	0	0
Vice General Manager	Chen Chien-Hsun	0	0	0	0
CFO	Tang Li-Ying (Note)	0	0	0	0
CFO	Liu Kui-Chu	0	0	0	0

Note: Resigned on February 25, 2022.

2. Equity transfer to related party: None.

3. Collateralization Information: None.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party.

April 9, 2023

Name	Stocks held in one's own name		Shares of Stocks Held by Spouse and Minors		Total stocks held in street name		Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another regulated by Accounting Principles Gazette No.6.		Note
	Number of Shares	Percentage	Number of Share	Percentage	Number of Share	Percentage	Name	Relations	
SIGWIN Corporation. Representative: Huang, Hsing-Yang	70,726,438	51.90%	0	0	0	0	None	None	
	0	0.00%	0	0	0	0	None	None	
Investment Account of Morgan Stanley & Co.International PLC in the trusteeship of HSBC (Taiwan)	5,007,001	3.67%	0	0	0	0	None	None	
Lu De-Tsen	3,058,000	2.24%	0	0	0	0	None	None	
Tsai Cheng-Da	1,984,000	1.46%	0	0	0	0	None	None	
SBL/PB Investment Account in the trusteeship of Citibank	1,472,000	1.08%	0	0	0	0	None	None	
Tsai Ching-Wen	1,315,000	0.97%	0	0	0	0	None	None	
Pan Yu-Ching	1,001,643	0.74%	0	0	0	0	None	None	
Chen Hou-Guang	845,000	0.62%	0	0	0	0	None	None	
JPMorgan Securities investment account in the trusteeship of Chase Bank	803,960	0.59%	0	0	0	0	None	None	
Investment Account of Merrill Lynch International in the trusteeship of HSBC (Taiwan)	695,000	0.51%	0	0	0	0	None	None	

X. The total number of shares and total equity stake held.

Unit: 1,000 shares

Trans-investment (Note)	Investment of the Company		Investment of directly or indirectly controlled business by Director, Supervisor, and Manager		Consolidated Investment	
	Number of Share	Holding Percentage	Number of Share	Holding Percentage	Number of Share	Holding Percentage
Winstek Semiconductor Technology Co., Ltd.	210,000	100%	0	0	210,000	100%
TST Co., Ltd.	20,000	100%	0	0	20,000	100%

Note: Long-term investment placed by the Company with Equity Method.

## IV. Fundraising

### I. Capital and Share

#### 1. Source of Equity Capital

Unit: NT\$1,000; 1,000 shares

Month/ Year	Par value per share	Authorized Stock		Paid-up Capital		Note		
		Numb er of Shares	Amount	Numbe r of Share	Amount	Source of Equity Capital	Those who use property other than cash as stock payment	Other
89.04	10	2,000	20,000	2,000	20,000	Established though funding	None	Note 1
89.06	10	120,000	1,200,000	80,000	800,000	Cash capital increase of NT\$780,000	None	Note 2
90.04	10	120,000	1,200,000	90,000	900,000	Cash capital increase of NT\$100,000	None	Note 3
90.09	10	250,000	2,500,000	184,000	1,840,000	Cash capital increase of NT\$940,000	None	Note 4
92.11	10	250,000	2,500,000	224,000	2,240,000	Cash capital increase of NT\$400,000	None	Note 5
93.08	10	274,900	2,749,000	243,736	2,437,357	Capital increase by earning NT\$ 197,357	None	Note 6
94.08	10	274,900	2,749,000	254,291	2,542,913	IPO Increase by Cash of NT\$ 105,556	None	Note 7
94.10	10	274,900	2,749,000	254,432	2,544,318	Conversion of ESO into Shares, NT\$1,405	None	Note 8
95.01	10	274,000	2,749,000	255,108	2,551,078	Conversion of ESO into Shares, NT\$6,760	None	Note 9
95.04	10	274,000	2,749,000	255,147	2,551,468	Conversion of ESO into Shares, NT\$390	None	Note 10
95.08	10	274,000	2,749,000	255,150	2,551,498	Conversion of ESO into Shares, NT\$30	None	Note 11
95.08	10	400,000	4,000,000	263,605	2,636,046	Capital increase by earning NT\$ 84,548	None	Note 12
95.11	10	400,000	4,000,000	263,976	2,639,761	Conversion of ESO into Shares, NT\$3,715	None	Note 13
96.02	10	400,000	4,000,000	264,152	2,641,516	Conversion of ESO into Shares, NT\$1,755	None	Note 14
96.05	10	400,000	4,000,000	264,208	2,642,078	Conversion of ESO into Shares, NT\$563	None	Note 15
96.08	10	400,000	4,000,000	262,428	2,624,283	(1) ESO Conversion into Shares, NT\$ 75 (2) Cancellation of Treasury Stock, NT\$ 17,870	None	Note 16
96.08	10	400,000	4,000,000	271,902	2,719,016	Capital increase by earning NT\$ 94,732	None	Note 17
96.11	10	400,000	4,000,000	272,019	2,720,188	Conversion of ESO into Shares, NT\$1,173	None	Note 18
97.02	10	400,000	4,000,000	272,388	2,723,878	Conversion of ESO into Shares, NT\$3,690	None	Note 19
97.05	10	400,000	4,000,000	272,411	2,724,108	Conversion of ESO into Shares, NT\$230	None	Note 20
97.08	10	400,000	4,000,000	272,429	2,724,288	Conversion of ESO into Shares, NT\$180	None	Note 21
97.11	10	400,000	4,000,000	272,523	2,725,233	Conversion of ESO into Shares, NT\$945	None	Note 22
100.05	10	400,000	4,000,000	136,262	1,362,617	Return of Equity Capital by	None	Note 23

						Reduction of Cash Capital, NT\$ 1,362,617		
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Note 1	#89284149, April 26, 1990
Note 2	Jing (89) Shang Zi# 118968, June 14, 1990.
Note 3	Jing (90) Shang Zi #09001129230, April 20, 2001
Note 4	Jing (90) Shang Zi #09001350740, September 3, 2001
Note 5	Jing Shou Shang Zi #09201311200, November 11, 2003
Note 6	Jing Shou Shang Zi #09301152930, August 19, 2004
Note 7	Jing Shou Shang Zi # 09401158140, August 19, 2005
Note 8	Jing Shou Shang Zi #09401222330, November 8, 2005
Note 9	Jing Shou Shang Zi #09501036070, March 2, 2006
Note 10	Jing Shou Shang Zi #09501084860, May 15, 2006
Note 11	Jing Shou Shang Zi #09501171060, August 8, 2006
Note 12	Jing Shou Shang Zi #09501194040, August 31, 2006
Note 13	Jing Shou Shang Zi #09501249320, November 9, 2006
Note 14	Jing Shou Shang Zi #09601032890, February 12, 2007
Note 15	Jing Shou Shang Zi #09601100470, May 5, 2007
Note 16	Jing Shou Shang Zi #09601193040, August 9, 2007
Note 17	Jing Shou Shang Zi #09601212680, August 31, 2007
Note 18	Jing Shou Shang Zi #09601270960, November 5, 2007
Note 19	Jing Shou Shang Zi #09701029790, February 5, 2008
Note 20	Jing Shou Shang Zi #09701111670, May 16, 2008
Note 21	Jing Shou Shang Zi #09701200880, August 13, 2008
Note 22	Jing Shou Shang Zi #09701287880, November 10, 2008
Note 23	Jing Shou Shang Zi #10001100240, May 18, 2011

## Type of Shares

April 9, 2023

Type of Shares	Authorized Stock (shares)			Note
	Outstanding Shares	Unissued Stock	Total	
Nominal Stock	136,261,659	263,738,341	400,000,000	TPEX Stock

## 2. Shareholder Structure

April 9, 2023

Quantity Shareholder Structure	Governmental Agency	Financial Institution	Other Legal Person	Individual	Foreign Institution and Foreign National	Total
Number of People	0	0	30	9,673	53	9,756
Number of shares held	0	0	71,845,893	53,630,368	10,785,398	136,261,659
Holding Percentage	0.0%	0.0%	52.7%	39.4%	7.9%	100.0%

## 3. Share Holding Distribution

April 9, 2023

Share Holding Range			Number of Shareholders	Number of shares held	Holding Percentage
1	To	999	2,237	420,527	0.3%
1,000	To	5,000	6,119	11,789,289	8.7%
5,001	To	10,000	735	5,960,263	4.4%
10,001	To	15,000	160	2,090,949	1.5%
15,001	To	20,000	144	2,672,419	2.0%
20,001	To	30,000	120	3,122,846	2.3%



30,001	To	40,000	58	2,051,684	1.5%
40,001	To	50,000	39	1,838,000	1.4%
50,001	To	100,000	65	4,713,283	3.5%
100,001	To	200,000	43	6,155,819	4.5%
200,001	To	400,000	20	5,644,031	4.1%
400,001	To	600,000	6	2,894,507	2.1%
600,001	To	800,000	1	695,000	0.5%
800,001	To	1,000,000	2	1,648,960	1.2%
1,000,001	Above		7	84,564,082	62.1%
Total			9,756	136,261,659	100.0%

#### 4. Name List of Major Shareholders

List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage and specify the number of shares and stake held by each shareholder on the list.

April 9, 2023

Name of major shareholder	shares held	Shareholding ratio
Gexing Co., Ltd.	70,726,438	51.90%
Investment Account of Morgan Stanley & Co. International PLC in the trusteeship of HSBC (Taiwan)	5,007,001	3.67%
Lu De-Tsen	3,058,000	2.24%
Tsai Cheng-Da	1,984,000	1.46%
SBL/PB Investment Account in the trusteeship of Citibank	1,472,000	1.08%
Tsai Ching-Wen	1,315,000	0.97%
Pan Yu-Ching	1,001,643	0.74%
Chen Hou-Guang	845,000	0.62%
JPMorgan Securities investment account in the trusteeship of Chase Bank	803,960	0.59%
Investment Account of Merrill Lynch International in the trusteeship of HSBC (Taiwan)	695,000	0.51%

5. Provide share prices for the past two fiscal years together with the company's net worth per share, earnings per share, dividends per share, and related information.

Items	Year	2021	2022
		Highest	36.65
Market Value per Share	Lowest	23.90	28.75
	Average	31.88	47.69

Net per Share	Before Distribution		35.78	42.96
	After Distribution		33.48	(Note)
EPS	Weighted average number of ordinary shares (thousand shares)		136,262	136,261
	Before Retrospective Adjustment		2.89	6.73
	After Retrospective Adjustment		2.89	(Note)
Dividends per Share	Cash Dividend		2.30	5.0
	Stock Grants	Surplus Stock	-	(Note)
		Additional Paid-In Capital Stock	-	(Note)
	Accumulated Unpaid Dividend		-	(Note)
ROI Analysis	PE		11.03	7.09
	Ratio of Dividend		13.86	9.54
	Cash Dividend Yield		7.21%	10.48%

Note: Dividend distribution for the current fiscal year has not been determined by the Board of Directors.

## 6. Dividend Policy of the Company and Execution:

### (1) Dividend Policy of the Company:

Where the Company makes a profit after tax in a fiscal year, the profit shall be first used for offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve as per needs, and then any remaining profit, together with any undistributed earnings at the beginning of the period, after a portion is retained depending on the business situation, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution of shareholders' bonuses. The Company authorizes the Board of Directors to pay out dividends and bonuses payable or cash from all or part of capital surplus or legal reserve with approval of more than half of the directors present at a Board meeting attended by more than two-thirds of all directors and report to the shareholders' meeting.

The Company's dividend distribution policy shall be based on the Company's earnings for the year, future investment environment, capital needs, capital budget plan, and operational plan, as well as the financial structure and earnings dilution. The amount to be distributed shall not be less than 10% of the annual earnings after tax, but

if the earnings per share is less than NT\$50 cents or the dividend distribution will lead to a default, such earnings can be retained without being distributed. The Company's earnings may be distributed in the form of stock dividends or cash dividends, of which cash dividends shall not be less than 10% of the total dividends to be distributed.

- (2) This Shareholders' Meeting will discuss dividend distribution.

The intended discussion of dividends during the current shareholders' meeting was based on the decision made by the Board of Directors; it is intended to set aside shareholder bonus in cash worth NTD 681,308 thousand in total. This matches with dividend policy of the Company enacted according to the Corporation By-laws.

7. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at this shareholders' meeting :

There will be no stock dividend distribution proposed or adopted at this shareholders' meeting and there will be no effect upon business performance and earnings per share.

8. Employee remuneration and remuneration of Director and Supervisor:

- (1) Information of Employee compensation and Director and Supervisor compensation regulated in Corporation By-Law:

In cases of profits for the year, the Company shall set aside 0.1 to 15% as the remuneration to employees and no more than 3% to be that to directors, depending on the operational status. If the Company has cumulative deficits, however, the profits shall be reserved to offset the deficits first. The remuneration to employees shall be distributed in stock or cash, and the remuneration to directors shall be distributed in cash only, which shall only be implemented after approved by more than half of the directors present at a Board meeting attended by more than two-thirds of all directors and reported to the shareholders' meeting. The recipients of employee remuneration shall include employees of controlling companies or subsidiaries who met certain criteria.

- (2) The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

For the current term, NTD 66,002 thousand was estimated and recognized as the remuneration to employees and NTD 0 was to directors. The amounts were the results reflective of the percentages in the Articles of Incorporation. They were set aside at 5.9% and 0% from the net profit before tax for the current year before the remuneration

to employees and that to directors were deducted.

Employee compensation is distributed in cash and if there is difference between the amount of actual distribution and estimate, that is because of change of accounting estimate and adjustment made according to profit and loss of the current fiscal year.

(3) Compensation distribution approved by the Board of Directors:

A. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The Company's Board of Directors decided on March 6, 2023 to distribute the remuneration to employees worth NTD 66,002 thousand and that to directors worth NTD 0. The remuneration was distributed in cash. The distribution did not differ from the book-kept amount.

B. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation:

This is not applicable since this year no stock dividend will be distributed to employees.

(4) The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

For 2021, the amount of remuneration to employees estimated and recognized was NTD 25,738 thousand that to directors was NTD 0; the actual distribution did not differ from the estimated and recognized amount.

9. Repurchases already completed : None.

II. Issuing of Corporate Bond (including overseas): None.

III. Issuing of Preferred Stock: None.

IV. Issuing of GDR: None.

V. Implementation of Employee Stock Option Plan and Restricted Stock Awards:  
None.

VI. VI. Issuance of new shares due to acquisition of shares of another company: None.

VII. VII. Execution of Fund Utilization Plan

As of the previous quarter before publishing this annual report, the Company has no uncompleted issuing or privately raised securities or has no effectiveness of capital allocation plans within the most recent three fiscal years.

## V. Status of Operations

### I. Sales Contents

#### 1. Sales Scope

##### (1) Main Sales Content:

- A. The design, testing, accessory, processing, packing, and trading of IC.
- B. Bumping, COF packing, and related product design.
- C. Product reliability validation service and failure analysis service.
- D. Information software service.
- E. Manufacturing of electronic parts and components.

##### (2) Business proportion:

Unit: In NTD thousands

Product	2022	Percentage
Testing service	1,806,954	45.78%
WLCSP service	2,096,664	53.12%
Others	43,534	1.10%
Sum	3,947,152	100.00%

##### (3) Carrying items (services):

The Company is a professional IC packing firm and the principal business engagement is wafer and IC testing service, product reliability validation, and failure analysis, WLCSP service, Bumping service, Cu Pillar Bump Flip Chip packing service and chip grinding and cutting service.

##### (4) New products (services) Development Plan:

- Development of assembly and testing technologies for advanced wafers, such as 3 nano advanced process wafer assembly testing.
- Development of testing technology of New Wafer Level Packing and precision Packing and precision balls distance testing.
- 5G R/F component testing technology, integrated IC testing technology.
- R&D of MEMS product testing technology
- Development of integrated classifier technology.
- Development of Pin Scale/J750 testing software
- Development of advanced packing technology for providing System on Chip and System in Package service.
- Multi-chip flip-chip assembly
- Plasma wafer dicing technology.
- Poly laminate wiring packing technique.

- SiC/GaN special dicing service.
- Backside metallization
- Silicon optical component wafer testing.
- Ultra thin wafer dicing service.
- Development of chip hybrid bonding production technology
- Development of substrate-embedded assembly
- Artificial intelligence testing system

## 2. Industry Outlook

### (1) Industry Outlook and Prospect

Work and lifestyles are altered in the post-pandemic era of 2022; inflation impacts the overall economy and leads to reduced purchasing power; the metaverse and electric self-driving vehicles are catching attention; governments are introducing their subsidies and autonomy in semi-conductors is being proactively sought in the US, Europe, Japan, and Korea given the geopolitical conflicts; technologies continue to innovate, driving advanced processes and advanced assembly; corporate ESG sustainable developments, among others, all concern the outlook of the semi-conductor sector.

WSTS statistics show that the total sales throughout 2022 on the global semi-conductor market reached USD 573.5 billion, with an annual growth of 3.2%. Despite the persistent growing momentum from 2021 in the global semi-conductor sector of 2022, the down-turning demand and inflation impacted the economy as a whole in addition to the war, led to undesirable purchases on the consumer market and the growth fell short of expectations. In regional growth, the total sales value on the semi-conductor market in the US reached USD 140.9 billion, with an annual growth of 16%; that in Japan, Europe, China, and the Asia Pacific Region reached USD 48 billion (annual growth of 10%), USD 53.8 billion (annual growth of 12.7%), USD 180.3 billion (annual growth of 6.3%), and USD 150.4 billion (annual growth of 0.1%), respectively. For 2023, due to the remaining external environmental factors, the persistently sluggish purchases on the consumer market, the weak pulling force, and the excessively high inventory levels of businesses in the supply, the performance on the semi-conductor market will be impacted. The WSTS estimated at the end of 2022 that the semi-conductor market will turn into recession by 4.1% to around USD 557 billion. It is primarily because that the memories are estimated to reduce by 17% each year while digital growths remain in the other categories. In addition, by the region, the said organization mentioned that it is estimated that the performance will remain the same in all regions throughout 2023 and the Asia-Pacific Region is the only one estimated to see a reduction of 7.5%.

As far as the domestic market is concerned, according to the ITR Global Talent statistics, the production value of the IC sector in Taiwan reached \$4,837 billion in 2022, with an annual growth of 18.5%. Among them, the production value of the IC design sector was \$1,232 billion, with an annual growth of 1.4% and that of the IC manufacture sector \$2,920 billion, with an annual growth of 31%. The wafer OEM production value was \$2,684 billion, with an annual growth of 38.3%. For the manufacture of memories and others, it was \$235.6 billion, with an annual reduction of 18.2%; was \$466 billion in the IC assembly sector, with an annual growth of 7%, and was \$218 billion in the IC testing sector, with an annual reduction of 2.3%.

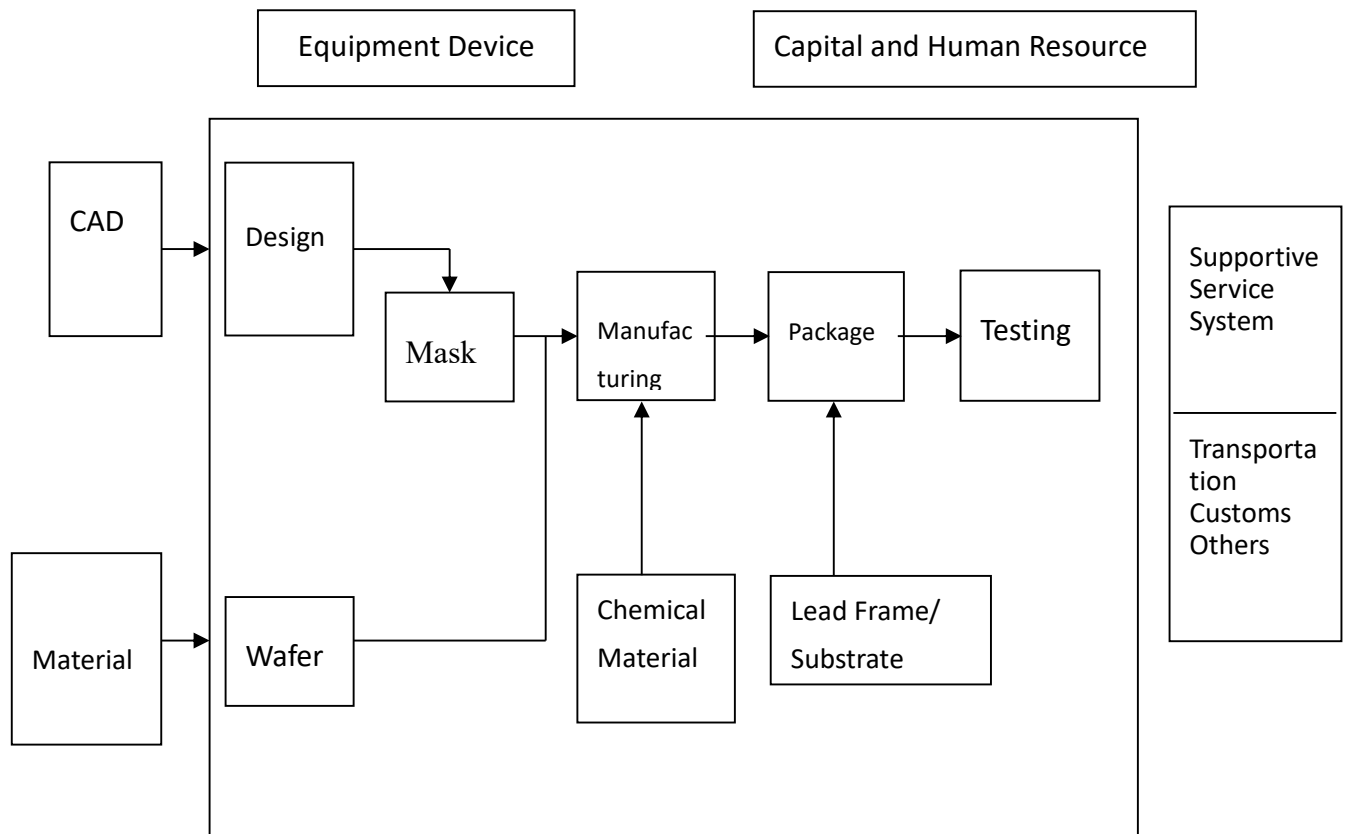
For 2023, given the elevated baseline, weakened terminal demand, and inventory adjustment, among others, it is expected the production value of the semi-conductor sector in our country will see a recession for the first time since 2012. The IRTI Global Talent estimates that the production value of the IC sector in Taiwan is likely to see an annual reduction of 5.6% in 2023 and drop to \$4,564.3 billion. The performance in the IC design sector, in particular, will be the worst, with an annual reduction of 12.3% in the production value to reach \$180 billion. The annual reduction in the production value of memories and others, in particular will reach 26.7% while that in wafer OEM is minimal by 1.3%. The production value in the IC assembly sector, on the other hand, is estimated to show a year-on-year reduction of 3.4% and that in the IC testing sector 2.6%.

(2) The association of the upstream, midstream and downstream industries

The semiconductor industry in Taiwan is developed into vertical division of labor in industrial structure. The upstream to downstream industries are IC design, IC manufacturing, IC packing, and IC testing. The vertical division of labor and industrial clustering in Taiwan give competitive advantage to the IC industry in terms of agility, speed, low cost.

Relationship diagram of upstream, midstream, downstream suppliers of Taiwan's IC industry is shown below:





Source: Economic Information Center, Industrial Technology Research Institute IT IS Project of

### (3) Various trends of development toward products

Looking forward toward the application trends of semiconductor in the future, we shall orient to artificial intelligence, Internet of Things (IoT), intelligent vehicles, high-speed computing among other applications. The requirements of chips for IC manufacturing industry shall focus on multi-function, high-speed execution and access, low power consumption among other items.

As far as existing consumer electronics are concerned, the chip specifications are changed for the sake of improving the efficacy of the processor. The increased computing power is also associated with increased chips and power consumption. In the future, processors will advance to be below 5 nanometers. The computing power will be enhanced and the issue of power consumption will be overcome through micro-formation and by introducing new materials. For memories, on the other hand, technological developments will help boost the speed of data transmission and access reliability. Continuous introduction of advanced processes remains as one major trend. Those key packaging and testing plants will, as well, continually develop and provide a variety of chip system-level heterogeneous integration technologies to satisfy the need of electronic

terminal products characterized by a slim type to continually boost efficiency of electronic terminals and to, meanwhile, minimize power consumption.

As far as the auto-chips are concerned, total intelligence, self-driving, IoT, and AI, among other emerging applications will significantly bring up the quantity of semi-conductors consumed. Ahead in the future, vehicles will be designed toward the direction of electrification and automotive processor chips will, as well, strengthen the demand for advanced processes. In addition, electricity conversion and circuit control of electric vehicles feature large power, rapidity, small size, optimal heat-dissipating performance, and high durability, which will also boost the developments of hybrid semi-conductors.

The 3-nanometer new era of mass production officially begins in 2023 for the semi-conductor sector of Taiwan. Domestic IC design businesses continue to adopt the most advanced semi-conductor process technologies and design chips that are of the best computing efficacy for the global market. Meanwhile, the IC assembly and testing sector in Taiwan supplies advanced heterogeneous integration and assembly technologies for the global market and the chips needed for the global market.

#### (4) Circumstances in competition

Geopolitics will continue to impact the semi-conductor sector. Governments around the world are turning protective from prior global division of labor and are trying to have their own semi-conductor production sites. In light of the confrontation between the US and China, the Institute for Information Industry MIC indicates that it is foreseeable that equipment, software, key parts and components, and consumables that are needed for the development of advanced processes in Mainland China will suffer export control in the future. In addition, from the CHIPS Act to CHIP 4, it is sufficient to see that the US hopes to gain more powerful support from semi-conductor manufacturers. Under the extensive control imposed in the US to Taiwan plants, businesses of IC design and wafer OEM businesses will be further restricted in terms of the operations on the Mainland China market. On the other hand, forced to expedite the development of autonomous semi-conductor process technologies and equipment, it is expected that in 3 to 5 years, mature processes in Mainland China will pose threats to Taiwanese wafer OEM plants.

Given the competition in the future, the Company will continue to focus on high-end semi-conductor assembly and testing fields and invest in R&D resources in order to remain closely bound to customers' demand for products in terms of advanced technologies. Meanwhile, we are devoted to integrating resources, bringing down the production cost, and improving the production efficiency in order to provide existing customers with the complete assembly-testing turnkey service. We shall continually team

up with partners as ID designers to jointly develop new products for the future to lower the cost down toward high-performance packaging and testing technologies and lay out differentiated competitive strategies. Here at the Company, we have set up long-term cooperative strategic ties with customers with advanced packaging and testing engineering capabilities, automated IT/MES production management system, sound quality and accurate lead time

### 3. Profiles in technology and research & development

#### (1) Technological level in business lines:

In response to the trend of ID design which becomes increasingly complicated, in the aspect of testing technology services, our Company focuses on logic testing, simulation testing, mixed-signal semiconductor testing, RF semiconductor testing, SoC testing along with other testing e.g., image sensor testing, focusing on high-end technology level field. Through unceasing research & development and innovation and upgrade of manufacturing process, we assure integrated solution available to customers.

To satisfy the customers' need toward high performance, versatile functions, slim type, the Company has successfully developed wafer bump technology services including lead-free bump technology (tin silver and tin copper) integrated circuit wafer bump technology (Lead free bumps), integrated circuit bump technology (Cu pillar bump), 8"/12" lead-free tin ball phytochemical wafer level packages (8"/12" WLCSP).

#### (2) R&D:

The Company set up its own Research & Development Department at the very inception to assume the responsibilities for research & development and introduction to new manufacturing process, new equipment, software & hardware integration and automated engineering to respond to the rapid vicissitude in the markets and the demand in the mainstream IC markets. The Company has committed itself to profound cultivation technologically. Other than research & development into new products on our own, we try hard to bring in new know-how by means of technical cooperation. Our Research & Development Teammates possess extensive technical capabilities in development of software & hardware for testing, hardware programs as well as advanced packaging capabilities. We provide customers with new product process development failure analyses and reliability verification services.

#### (3) The costs invested onto research & development in the most recent year as of the publication date of the Annual Report.

Item	Unit: In NTD thousands	
	2022	March 31, 2023
R& D Expenditure	11,534	3.369

(4) Technologies or products successfully developed in the most recent year as of the publication date of the Annual Report.

- 116/12/10/7/5 Nano advanced process wafer testing
- 40um tiny matrix type integrated circuit wafer copper column bump chip test
- Edge & Cloud AI wafer or finished products testing
- Bitcoin wafer or finished products testing
- DTV wafer or finished products testing
- Game Console wafer testing
- USB3.x Hard disk control wafer or finished products testing
- 4G-LTE related wafer or finished products testing
- Digital products 12/16 sites finished products parallel testing
- 80um~150um pitch matrix type integrated circuit wafer copper column bump technology (80um~150um pitch Cu pillar bump)
- 12" lead-free tin solder bulb phyco-sphere wafer level package (12" WLCSP)
- 40um~80um pitch matrix type integrated circuit wafer copper column bump technology (80um~150um pitch Cu pillar bump)
- Low-temperature cyclized polyimide dielectric layer process technology (Low Cure Temp PI process)
- 12/7/5 copper column bump cladding of advanced nanofabrication (Cu Pillar Bump Flip Chip) packaging service and wafer level chip size packaging (WLCSP) services
- 8" wafer level packaging services
- Silicon photonic chip wafer level packaging services
- FCCSP/FCBGA cladding packaging services
- Multi-chip assembly

#### 4. long-term and short-term programs for business development

##### (1) Short-term development programs

- A. The Company tries by all available means to render diversified services in a wider range to further diversify its customer bases and broaden the scope of product supply. We primarily invest to subsidiaries that aim at services on chip bumps and wafer-level packaging and testing services and further extend the scope of services to cover over-crystalline packaging and customer product reliability certification

services, failure analyses and other services concerned. We put our sophisticated capability in technologies, hands-on experiences accumulated with teamwork with customers in the international community along with the renowned wafer foundry mills to extend and enhance the Company's competitive edge. Meanwhile, with continual and uninterrupted efforts, we bring in other international wafer mills and renowned international level design houses to boost customer bases in Europe, North America and elsewhere in Asia. Thanks to such policies, we will expand the range of customer products and minimize the potential risk with over centralized customers.

- B. At an accelerated pace, we develop packaging and testing technology closely oriented to the markets. Meanwhile, we continually upgrade output efficiency to satisfy customers in their needs while we minimize the investment costs.
  - C. We put the Group's resources, in particular testing machine platform conversion technology into maximum possible utilization to enhance productivity efficiency, provide customers with optimal solution, minimize production costs and enhance quality. As a natural result, we maintain very close cooperative ties with customers.
  - D. Expedite the development and introduce automotive products and maximize the product line in response to the electric trend for automobiles.
- (2) Long-term development programs:
- A. Continue with the strategic collaboration with international wafer plants taking advantage of the self-owned mature testing technologies for advanced process wafers (such as 3-nato process chips) in order to reinforce the Company's competitive advantages. Meanwhile, in coordination with the customers' investment strategy for the back-end advanced processes to facilitate the expansion of testing of wafers to disperse customer bases, upgrade product utilization to prevent the problem of potential over concentration of product application and, in turn, minimize potential risk in business operation.
  - B. Continually as always, we implement a variety of improvement programs toward manufacturing processes to assure effective outputs, conserve cost expenditures, improve yield, enhance customer satisfaction level. Furthermore, we team up with customers and equipment suppliers to jointly develop high-level parallel testing capabilities to, in turn, cut production costs and boost industrial competitive edge.
  - C. With unceasing efforts, we carry out on-the-job training programs for entire staff. We work out plans to retain talented staff members to upgrade the employees both qualitatively and quantitatively to effectively boost productivity and quality as a

means to deal with the potential human resources shortage which tends to hit the current industrial circumstances.

- D. We launch total turnkey solution services in response to customer needs. Continually and unceasingly, we develop new style packaging and testing technologies.
- E. To satisfy customers in their needs in high-end product testing, we launch research & development program toward testing platforms with low costs, high yield and probe card maintenance know-how to maintain and boost yield rate.
- F. We spare no effort to strengthen research & development toward utilization of information technology (IT) to boost operating efficiency. Meanwhile, toward the goal of manpower streamlining, we try to pep up profitability in concert with the global goal toward energy saving & carbon reduction.

## II. Market and Production and Sales Status

### 1. Market Analyses

#### (1) Main Product (Service) Sales (Provision) Region:

Unit: In NTD thousands

Region \ Year	2021		2022	
	Amount	%	Amount	%
Domestic Sales	1,196,619	38.77%	1,592,921	40.36%
Export	1,889,773	61.23%	2,354,231	59.64%
Total	3,086,392	100.00%	3,947,152	100.00%

#### (2) Market Share

The ITRI Global Talent statistics show that the production value of the domestic assembly and testing sector in 2022 was NTD 684.7 billion. The Company's revenue in 2022 was NTD 3.95 billion and the market share was 0.58%. The production value of the domestic assembly and testing sector in 2021 was NTD 638.4 billion and the Company's revenue was NTD 3.09 billion in 2021 and the market share was 0.48%.

#### (3) Market's Future Supply and Demand and Growth

Factors that push Taiwan's IC industry to grow include launch of various 5G SoC smartphone chips by IC design leaders, increasing penetration of 5G smartphones, AIoT/high-performance computing and growth of image processing chips for (electric) cars, transfer order effect of the Sino-US technology war since 2020, equipment device demands because of spreading COVID-19, dominant trend of AI, recovery of economy and trading activities after prevalence of vaccination that increase sales of consumer electronics and automotive electronic products. The survey institute Gartner indicates that the revenue of the global semi-conductor sector reached USD 618 billion in 2022, a growth of 4% from that in 2021 and the estimate for 2023 has been adjusted down to USD 596 billion from USD 623 billion, a reduction of 3.6% compared to this year. The SIPO, MOEA indicates that the OEM production value in global professional assembly and testing in 2022 saw a growth of 7.2%. Despite the down-going pressure facing the semi-conductor sector, the production value of semi-conductor assembly and testing is hopefully to reach NTD 733 billion, with an annual growth of 4.6%. Taiwan has the world's most abundant advanced package and testing capabilities and technologies and with high penetration in highly integrated and high-performance market demands, we are able to meet demands of global consumers for chips.

#### (4) Competitive Advantages

A. Management team of the Company has been equipped with professional background, rich experience, and quick response and management abilities of

testing and packing. The Company has established a set of comprehensive and strict operation system to timely respond to any problem of manufacturing process and quickly provide testing result to customers for them to alter wafer and design IC.

- B. We are able to effectively shorten customer's product verification time, reduce development time, and save cost.
  - C. As customers' product design is getting more and more complex each day, to go with customers' demand and future trends, the Company continues to introduce automation and high-precision machinery and equipment and line design simulating software from world-famous heavy-weights to help satisfy customers' demand and enhance the service quality.
  - D. Having worked with international fabless design companies and IDM heavy weights over the long term, the Company's professional service and technicality have been well-received.
  - E. The Company provides the turnkey service for wafer assembly, flip-chip assembly, and testing (CP/FT) at the same to to effectively reduce the production cycle, the manufacturing cost, and the transport risk, which not only helps meet customer demand but also enhance the overall competitive advantages of the Company as a service provider.
  - F. The Company takes advantage of the Internet system for transmitting production information and traceability, which not only enables customers to keep track of the production status and schedule at all times but also enhances the service value and quality of customers.
- (5) Advantage and Disadvantage for Future Development and Responsive Measure
- A. Advantages:
    - a. The Company's R&D and process staff possesses many years of industrial experience and professionalism and is able to act quickly to solve problems encountered by customers and provide the best solution in honor of the customer-oriented belief and highest requirement for moral conduct at work, making the Company a long-standing strategic partner of customers.
    - b. The Company provides assembly-testing turnkey service and continues to optimize respective process nodes while effectively streamlining process hours and reducing the time, cost, an risk needed for transports. In addition, in order to respond to the demand on the market and from customers, we have expanded our production capacity in advance by investing in the most advanced equipment; it will help the Company meet customers' needs and



provide strategic partners with the most competitive solutions.

- c. In the development of AIoT and 5G-related high-performance computing fields, besides mass production of 5-nanometer flip-chip bumps with strategic partners, the Company continues to introduce new customers to the needs for high-end advanced process assembly and testing. Given the regional economic developments deriving from G2 and the many uncertain factors remaining in the economic cycle of semi-conductors, by enforcing a differential product operational strategy, it enables the Company to keep growing despite the sluggish economy.

B. Disadvantage and Responsive Measure:

- a. The global IC sector saw drastic fluctuations from 2021 to 2022. The imbalance in the supply and demand as a result of the COVID-19 pandemic obviously adds to the operational risk of assembly plants in 2023 onwards. The assembly sector, as part of the IC process, is impacted by the drastic fluctuations in the sales of semi-conductors the most significantly. Any imbalance in the supply and demand on the market will trigger fluctuating prices of chips and will impact directly the profitability for the assembly and testing sector that is in the later stage of the semi-conductor process.

**Responsive measure:** In addition to active coordination with machine operation to shorten programming writing and execution time, we provide upstream wafer manufacturers and IC design companies quick and accurate delivery services to retain and attract customers to maintain long-term partnership.積 In the expansion of production capacity, robust and proactive investments are adopted in order to prevent against missed business opportunities on the market due to insufficient capacity and to also avoid idle equipment as a result of rapid expansion as it will only increase the operational risk. Meanwhile, we build long-term strategic partnerships with customers by reinforcing the strategic collaboration model and the communication efficiency with them and continue to develop and introduce new needs from new customers so that the production capacity can be fully and stably utilized.

- b. Capitals are needed because capacity expansion requires purchase of expensive advanced package and testing equipment. That is why operators in our industry have more urgent demands for working capital and investment capital than before.

**Responsive measure:** The Company has robust and solid financial structure

with high percentage of funds in the hand of the Company. Our demands for capitals can be funded via net cash flow from operation as well as financing of capital market.

- c. Competition pressure from the Chinese semiconductor industry due to its accelerating policies of independent control and export alternatives.

**Countermeasures:** Given the constantly changing industrial situation and the many uncertain external environmental factors, we will continue to focus on the high-end semi-conductor assembly and testing sector and invest in R&D resources in order to remain closely bound to customers' Research and Development demand for products in terms of advanced technologies. Meanwhile, we are devoted to integrating resources, bringing down the production cost, and improving the production efficiency in order to not only provide existing customers with the complete assembly-testing turnkey service but also proactively develop new customers to ensure constantly growing momentum for the Company in terms of revenue and profitability. According to the semi-conductor monitoring indicators and the market forecasts for 2023 through 2027 by respective professional institutions, purchase needs in the field for emerging technologies such as 5G/WiFi6/WiFi7/HPC/Data Center/AI will remain at a high level. It is expected that the sales and revenue for 2023 of the Company will still be reasonably optimistic.

## 2. Important Function and Production and Manufacturing Process of Main Product

### (1) Usage of Product

Main Product or Service Item	Important Usage or Function
Testing Service-Wafer Testing (Wafer Sort)	Inspect defect of wafer before IC package.
Testing Service- Integrated Circuit Testing (Final Test)	With precise high-tech machinery and equipment, we conduct tests according to customer request to test and classify attributes of IC finished products in order to assure compliance with quality and stability requested by customers.
Wafer Grade and Chip Dimension Package (Wafer Level CSP) Dimension Package of	Main applications include those used in computers, telecommunication networks, networks, and electronic products including laptops, tablets, smartphones, feature phones, wearable devices,

Chip with flip Technology (Flip Chip CSP)	smart home appliances, STBs, LED TVs, digital cameras, game consoles, IoT, and finger identification devices.
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(2) Production and Manufacturing Process

Testing Services:

Stock in→IQC→Stock in →Machine Setup→Chip Probe/IC

Sort→QVM→Bake→FQC→Stock out→Delivery

Package Services:

Stock in →IQC→Bumping→Cutting→Die Bonding→Underfill→Top

Mark→WLCSP→Apperance Inspection→Inspection→Finished Goods in→Stock out

3. Supply of Main Materials

The Company mainly provide customers IC processing services and supply of main materials used for package is described below:

Main Materials	Main Suppliers	Supply Situation
Taping	Lindeke Advanced Technology Co., Ltd.	Good
Photo Graphy Material	SHOWA DENKO MATERIALS (HONG KONG) CO. LTD	Good
	AKROS	Good
Plating Material	AMPOC FAR-EAST CO., LTD.	Good
	DDP Specialty Products Taiwan Co., Ltd.	Good
	MACDERMID PERFORMANCE SOLUTIONS TAIWAN LTD.	Good
Etching Material	CHEMLEADER CORPORATION	Good
	MELTEX TAIWAN INC.	Good
General Chemical	KANTO-PPC Inc.	Good

4. A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the two most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

(1) Main Sales Customers

Items	2021				2022			
	Name	Amount (NT\$1,000)	Percentage accounting for annual net sales (%)	Relations with Issuer	Name	Amount (NT\$1,000)	Percentage accounting for annual net sales (%)	Relations with Issuer
1	Company B	406,885	13.18	None	Company B	922,392	23.37	None
2	Company E	1,060,567	34.36	None	Company E	681,505	17.27	None
3	Company H	295,280	9.57	None	Company H	552,999	14.01	None
4	Company G	361,982	11.73	None	Company G	458,738	11.62	None
5	Others	961,678	31.16	None	Other	1,331,518	33.73	None
	Total	3,086,392	100.00		Total	3,947,152	100.00	

Description of the increase/decrease: The change in the amount and ratio of sales is mainly the result of changing demand for customers' products.

(2) Main Trade Creditors

Items	2021				2022			
	Name	Amount (NT\$1,000)	Percentage accounting for annual net purchase (%)	Relations with Issuer	Name	Amount (NT\$1,000)	Percentage accounting for annual net purchase (%)	Relations with Issuer
1	Company B	139,052	22.14	None	Company B	89,523	14.10	None
2	Other	489,147	77.86	None	Other	545,453	85.90	None
	Total	628,199	100.00		Total	634,976	100.00	

Increase/Decrease Change Description: the amount and percentage of goods supplied varies according to change of goods specification.

### 5. Table of Production Quantity and Value in the Most Recent Two Fiscal Years

Unit: Wafer; thousand chips; NT\$1,000

Production Year Value of Quantity	2021			2022		
	Production Capacity	Production Quantity	Production Value	Production Capacity	Production Quantity	Production Value
Main Products						
Wafer Testing	Note	249,112	665,927	Note	366,191	847,744
IC Testing		137,279			108,428	
Wafer Package	660,000	379,171	1,708,900	660,000	330,546	1,794,044
Total			2,374,827			2,641,788

Note: Due to the fact that the production capacity is calculated by the time, not the quantity, the number of production machines disclosed, as of the end of 2021 and 2022, was 131 and 156, respectively.

### 6. Table of Sales Quantity in the Most Recent Two Fiscal Years

Unit: Wafer; Thousand Chips; NT\$1,000

Sales Year Value of Quantity	2021				2022			
	Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Main Products								
Wafer Testing	92,280	177,388	156,832	483,906	76,039	194,232	290,152	934,523
IC Testing	112,761	351,465	24,518	126,212	93,388	520,931	15,040	157,267
Wafer Package	130,442	662,575	248,729	1,257,018	112,375	877,758	218,171	1,218,907
Others (Note)		5,191		22,637		-		43,534
Total		1,196,619		1,889,773		1,592,921		2,354,231

Note: It is mainly product qualification service and failure analysis service.

### III. Employee Details

Number of employees for the past two years and up to the date when the Annual Report was printed, their mean years in service, mean age, and distribution of their education levels.

Year		2021	2022	Current year as of April 9, 2023
Number of employees	Direct	288	316	324
	Indirect	476	524	511
	Management	70	70	70
	Total	834	910	905
Average Age		37.3	36.7	37.0
Average Seniority		7.0	6.4	6.6
Educational Background Distribution Rate	PhDs	0.0%	0.0%	0.0%
	Master	8.1%	6.6%	6.7%
	University Graduate	63.8%	67.5%	67.6%
	High School	25.9%	24.0%	23.6%
	High School and Lower	2.2%	2.0%	2.0%

### IV. Information of Environmental Protection Expenditure

1. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

2. Future Responsive Measure:

The Company will continuously promote relevant energy saving and carbon reduction policy and implement relevant measures. The Company has established designated environmental protection and work safety units in charge of management and monitoring.

- (1) Wastewater management: The real-time wastewater monitoring system is set up and external verification agency has been entrusted to inspect effluent quality as requested by environmental protection laws.
- (2) Emission management: Continuous exhaust monitoring system is set up and external

verification agency has been entrusted to inspect emission quality as requested by environmental protection laws.

- (3) Waste disposal: An eligible agency has been entrusted to disposal waste and conduct regular inspection.
  - (4) Contractor Management: Contracts have been audited periodically to jointly take work safety and environmental protection responsibility.
  - (5) Energy Management: Save water, electricity, and gas consumption and increase recycle and reuse.
3. Expected expenditure on environmental protection for the coming years:

It is expected that the expenditure on environmental protection for 2023 and 2024 as a result of the expanded production capacity and improved wastewater, waste gas, business waste clearance and treatment facilities, and energy-saving waste-reduction measures will be NTD 69,187 thousand and NTD 93,551 thousand.

## V. Labor Relation

1. List employee welfare measures, pension system, and execution as well as negotiation between the employer and employees.

- (1) Employee Welfare Measure:

The Employee Welfare Committee is in charge of employee welfare affairs and periodically organizes tourist and exchange activities for employees to relax from work stress.

Besides labor insurance, the Company has purchased various types of insurance such as group insurance and casualty insurance, medical insurance, national health insurance. The Company allocates budget to conduct

employee trainings to promote professional skills and advance career development of employees.

- (2) Pension System and Execution:

The Company has enacted the Rules Governing Employee Pension and according to the Labor Standard Acts, with the approve of 91 Fu She Tzi Tzi Letter # 9100045465 on May 20, 2011, the “Labor Pension Preparation and Monitoring Committee” was established to allocation pension preparation fund to the designated account at Bank of Taiwan. Since July, 2005, the new Labor Pension Scheme has been applied to employees with certain seniority to allocate the pension. The Company allocates 6% and up of monthly salary of these employees as pension funds to their individual

accounts.

(3) Negotiation between the Employer and the Employee:

The Company maintains harmony labor relations and respect employees' opinions. Through employer-employee meetings and opinion box, effective communications with employees are maintained.

(4) Training, Development, and Execution:

To improve human resource quality and development strength, the "Rules Governing Educational Training" and annual training plan have been enacted to strengthen operational advantages of the Company and the ability to satisfy customers' needs. When new employees start working, they will receive professional orientation. Employees also receive regular and professional training from time to time (including internal and external one) with aims to cultivate professional talents, improve management performance and utilize and develop their potential. Employee Training of the Current Fiscal Year:

Items	Number of Sessions	Number of Participants	Total Hours	Total Expenditure (NT\$1,000)
1. Orientation for New Employees	452	2,581	2,518	4
2. Professional Vocational Trainings	95	610	1,653	81
3. Managerial Skills Training	5	322	940	437
4. General Educational Training	10	6,850	3,425	0
5. Self-motivation Training	10	167	367	90
6. Environmental Safety and Health Related Issues	48	1,867	2,444	138
Total	620	12,397	11,347	750

2. List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.



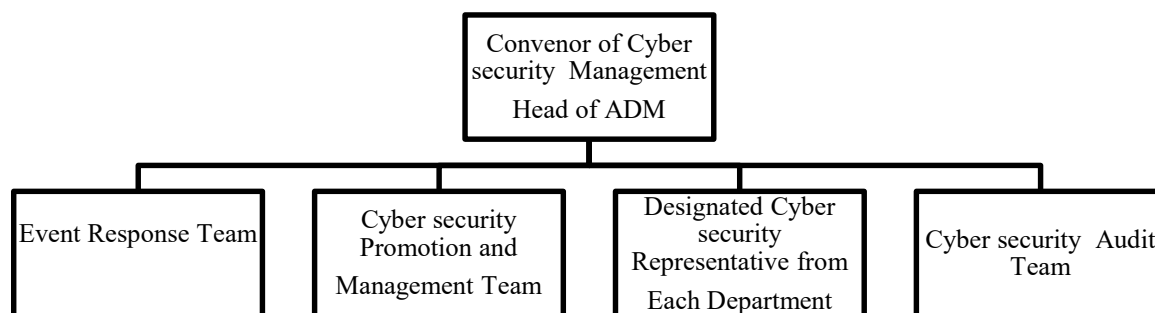
## VI. Cyber security Management

### 1. Cyber security Risk Management Structure

#### (1) Governance Structure of Business Cyber security

In 2021, the Company has established the “Cyber security Team” composed of head of the Administration Department, the convenor, and representatives from different units to take charge of enactment of cyber security policy and to audit cyber security plan, allocate resources, and promote relevant cyber security work. Each year, work meetings are held periodically or convened or prolonged according to actual needs.

#### (2) Organizational Structure of Business Cyber security



### 2. Cyber security Policy

To ensure and strengthen confidentiality, integrity, and usability of information assets of the Company, to increase employee awareness towards cyber security , and to comply with relevant legal requirement to avoid internal or external intentional or accidental threat.

To promote and execute cyber security management measures, the Cyber security Team is responsible for convening periodical meetings or meetings as needed, plan and promote various cyber security task, execute cyber security inspection, and appropriately adjust resource use and propose directions and measures of cyber security management. Cyber security Audit Team is responsible for cyber security audit operations and propose cyber security audit report and provide relevant suggestions to the Cyber security Committee.

Additionally, all employees have received relevant educational trainings of cyber security and comply with relevant rules of the Company.

### 3. Concrete Management Initiatives of Cyber security

- (1) Assets of the Company are classified according to their attributes and use and management is sorted according to confidentiality level to adopt proper control measures. The “Information Asset List” has been prepared and managed by designated personnel to periodically examine accuracy and implement control measures. In addition to information safety educational training plan executed annually, all new employees are required to receive cyber security training and shall pass exams after training.
- (2) Protection measures of Information Room physical and environmental safety are enacted and relevant maintenance operations are periodically conducted.
- (3) Communication and operational safety management measures including network security management, information equipment management, general equipment management, general equipment management, and safety management of data and software exchange are enacted.
- (4) Uses of portable devices and software are clearly defined, accesses control to account and password and backups are authorized to prevent from unauthorized accesses.
- (5) Acquisition, development, and maintenance of information system shall be conducted according to relevant rules of the Company to prevent from occurrence of cyber security hazards.
- (6) Response procedure to cyber security incident management has been enacted.
- (7) Internal audit is conducted each year periodically to audit cyber security and correct preventative management.

### 4. Resources Put in Cyber Security

- (1) System
  - A. Monitor, analyze, and quickly repair major system weaknesses for improved system safety, such as 7-Zip, DCSync Attack, iControl REST, SAMBA, Zoom....
  - B. Increase the complexity of passwords in order to reduce chances for an account to be broken into.
  - C. Deploy the terminal protection system in order to enhance the visibility of terminal malware.
  - D. Create domain-based message authentication reporting and conformance (DMARC) in order to reduce the possibility for the Company domain name to be used in a phishing mail.

E. Continue to upgrade the anti-virus system so that the terminal protection remains at a highly safe and efficient setting.

(2) Structure

F. Reinforce the FAB local network isolation mechanism in order to minimize the scope of impacts of information security incidents.

G. Upgrade the email transmission and encryption mechanism in order to minimize the risk of being disassembled during transmission.

H. Count and collect printer devices in order to minimize the scope of exposure to printing weaknesses.

I. Eliminate the Internet boundary switch in order to repair the information security vulnerabilities and reduce the possibility of external invasion.

(3) Management

J. Application procedure for visitors to carry out devices with them to the factory has been amended to strictly control device safety in areas visited by visitors.

K. Cyber security information has been continuously promoted to reduce network phishing risks.

L. Share with collaborating suppliers information security trends, explain how malware invades, and provide advised protective measures in order to enhance the awareness and protection of information security throughout the supply chain.

M. Deploy 24/7 monitoring systems in important IT facility areas for reinforced physical security.

N. Introduce third-party vulnerability evaluation mechanisms to continue monitoring and repair pathways that may be accessed by external attacks.

5. List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important contracts: the contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year.

Nature of Contract	Person Involved	Contract Term	Main Contents	Restrictive Covenants
Long-term Credit Contracts	Mega International Commercial Bank	2020.12.02~ 2025.11.15	Rooting in Taiwan Accelerated Investment Loan for Taiwanese Businesses	None
Long-term Credit Contracts	Hua Nan Bank	2021.02.09~ 2026.01.15	Rooting in Taiwan Accelerated Investment Loan for Taiwanese Businesses	None
Long-term Credit Contracts	Taipei Fubon Bank	2021.04.08~ 2026.03.15	Rooting in Taiwan Accelerated Investment Loan for Taiwanese Businesses	None
Long-term Credit Contracts	Bank SinoPac	2021.04.22~ 2026.04.15	Rooting in Taiwan Accelerated Investment Loan for Taiwanese Businesses	None
Long-term Credit Contracts	Yuanta Bank	2022.04.01~ 2025.04.01	Credit Loan	None
Long-term Credit Contracts	Bank SinoPac	2022.07.19~ 2027.07.19	Credit Loan	None

## VI. Financial Status

### I. Condensed balance sheet and comprehensive income statement most recent 5 fiscal years.

#### 1. Condensed balance sheet and comprehensive income statement

##### (1) Condensed balance sheet —IFRSs

Unit: In NTD thousands

Item \ Year		Financial Statement of the Most Recent Five Fiscal Years ( Note )				
		2018	2019	2020	2021	2022
Current Assents		3,636,955	4,206,648	3,813,896	3,378,430	4,052,276
Property, plant, and equipment		2,084,149	2,101,684	1,768,742	2,667,119	3,144,227
Intangible Assets		20,815	32,132	52,115	121,992	157,910
Other Assets		38,092	75,581	58,207	170,710	99,462
Total Amount of Assets		5,780,011	6,416,045	5,692,960	6,338,251	7,453,875
Current Liabilities	Before Distribution	541,508	889,134	639,675	683,581	762,486
	After Distribution	705,022	1,093,526	807,193	996,983	1,443,794
Non-current Liabilities		664,092	637,915	323,892	778,759	837,473
Total Amount of Liabilities	Before Distribution	1,205,600	1,527,049	963,567	1,462,340	1,599,959
	After Distribution	1,369,114	1,731,441	1,131,085	1,775,742	2,281,267
Equity attributable to owners of parent company		4,574,411	4,888,996	4,729,393	4,875,911	5,853,916
Capital stock		1,362,617	1,362,617	1,362,617	1,362,617	1,362,617
Capital surplus		366,243	366,243	366,243	366,243	366,243
Retained earnings	Before Distribution	2,807,636	3,205,990	3,204,006	3,429,121	4,040,780
	After Distribution	2,644,122	3,001,598	3,036,488	3,115,719	3,359,472
Other Liabilities		37,915	(45,854)	(203,473)	(282,070)	84,276
Treasury Stock		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total equity	Before Distribution	4,574,411	4,888,996	4,729,393	4,875,911	5,853,916
	After Distribution	4,410,897	4,684,604	4,561,875	4,562,509	5,172,608

Note: Financial information has been audited and certified by CPAs.

## (2) Condensed Comprehensive Income Statement—IFRSs

Unit: In NTD thousands

Item \ Year	Financial Statement of the Most Recent Five Fiscal Years ( Note )				
	2018	2019	2020	2021	2022
Revenue	2,869,643	2,942,669	2,613,534	3,086,392	3,947,152
Gross Profit	661,533	883,193	433,328	711,565	1,305,364
Net amount of other non-operating income and expenses	-	-	-	-	-
Operating Profit and Loss	435,840	655,616	227,031	480,391	1,056,866
Other non-operating income and expenses	20,372	85,017	715	(9,251)	55,066
Net Profit before Tax	456,212	740,633	227,746	471,140	1,111,932
Net Profit from Continuing Operation	329,820	567,643	209,398	393,931	917,467
Valuation Loss of Shutdown	-	-	-	-	-
Current Net Profit (Loss)	329,820	567,643	209,398	393,931	917,467
Current Other Comprehensive Income ( Net after Tax )	102,151	(89,544)	(164,609)	(79,895)	373,940
Total Amount of Current Comprehensive Income	431,971	478,099	44,789	314,036	1,291,407
Net Profit Belonging to Owners of Mother Company	329,820	567,643	209,398	393,931	917,467
Net Profit Belonging to Non-Controlling Interests	-	-	-	-	-
Total Amount of Comprehensive Income Belonging to Owners of Mother Company	431,971	478,099	44,789	314,036	1,291,407
Total Amount of Comprehensive Income Belonging to Non-Controlling Interests	-	-	-	-	-
Earnings per share (NTD)	2.42	4.17	1.54	2.89	6.73

Note: Financial information has been audited and certified by CPAs.

## (3) Independent Condensed Balance Sheet - IFRSs

Unit:NT\$1,000

Item	Year	Financial Statement of the Most Recent Five Fiscal Years (Note)				
		2018	2019	2020	2021	2022
Current Assents		1,101,396	1,479,572	1,085,549	798,092	1,669,554
Property, plant, and equipment		694,059	708,503	687,374	1,183,958	1,800,876
Intangible Assets		5,014	18,450	39,747	111,722	144,857
Other Assets		3,297,677	3,299,605	3,144,592	3,104,489	2,748,661
Total Amount of Assets		5,098,146	5,506,130	4,957,262	5,198,261	6,363,948
Current Liabilities	Before Distribution	263,276	410,114	195,862	294,138	391,289
	After Distribution	426,790	614,506	363,380	607,540	1,072,597
Non-current Liabilities		260,459	207,020	32,007	28,212	118,743
Total Amount of Liabilities	Before Distribution	523,735	617,134	227,869	322,350	510,032
	After Distribution	687,249	821,526	395,387	635,752	1,191,340
Equity attributable to owners of parent company		4,574,411	4,888,996	4,729,393	4,875,911	5,853,916
Capital Stock		1,362,617	1,362,617	1,362,617	1,362,617	1,362,617
Capital surplus		366,243	366,243	366,243	366,243	366,243
Retained earnings	Before Distribution	2,807,636	3,205,990	3,204,006	3,429,121	4,040,780
	After Distribution	2,644,122	3,001,598	3,036,488	3,115,719	3,359,472
Other Liabilities		37,915	(45,854)	(203,473)	(282,070)	84,276
Treasury Stock		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total equity	Before Distribution	4,574,411	4,888,996	4,729,393	4,875,911	5,853,916
	After Distribution	4,410,897	4,684,604	4,561,875	4,562,509	5,172,608

Note: Financial information has been audited and certified by CPAs.

## (4) Independent Condensed Income Statement - IFRSs

Unit:NT\$1,000

Item	Year	Financial Statement of the Most Recent Five Fiscal Years ( Note )				
		2018	2019	2020	2021	2022
Revenue		1,085,489	1,268,512	749,533	1,162,807	1,840,072
Gross Profit		407,943	598,923	139,605	494,301	990,309
Net amount of other non-operating income and expenses		-	-	-	-	-
Operating Profit and Loss		292,366	479,404	28,490	379,098	856,682
Other non-operating income and expenses		135,524	215,072	168,144	79,974	204,795
Net Profit before Tax		427,890	694,476	196,634	459,072	1,061,477
Net Profit from Continuing Operation		329,820	567,643	209,398	393,931	917,467
Valuation Loss of Shutdown		-	-	-	-	-
Current Net Profit (Loss)		329,820	567,643	209,398	393,931	917,467
Current Other Comprehensive Income ( Net after Tax )		102,151	(89,544)	(164,609)	(79,895)	373,940
Total Amount of Current Comprehensive Income		431,971	478,099	44,789	314,036	1,291,407
Net Profit Belonging to Owners of Mother Company		329,820	567,643	209,398	393,931	917,467
Net Profit Belonging to Non-Controlling Interests		-	-	-	-	-
Total Amount of Comprehensive Income Belonging to Owners of Mother Company		431,971	478,099	44,789	314,036	1,291,407
Total Amount of Comprehensive Income Belonging to Non-Controlling Interests		-	-	-	-	-
Earnings per share (NTD)		2.42	4.17	1.54	2.89	6.73

Note: Financial information has been audited and certified by CPAs.

## 2. Name of CPAs and Auditor's Opinion of the Most Recent Five Fiscal Years

Year	CPAs	Name of Responsible Unit	Auditor's Opinion
2018	Li Ding-Yi, Chiang Tsai-Yen	PwC Taiwan	No
2019	Li Ding-Yi, Chiang Tsai-Yen	PwC Taiwan	Unqualified Opinion
2020	Hsieh Chi-Cheng, Chiang Tsai-Yen	PwC Taiwan	Unqualified Opinion
2021	Hsieh Chi-Cheng, Chiang Tsai-Yen	PwC Taiwan	Unqualified Opinion
2022	Hsieh Chi-Cheng, Chiang Tsai-Yen	PwC Taiwan	Unqualified Opinion



## II. Financial Analyses for the Most Recent 5 Fiscal Years

### 1. Consolidated Financial Analyses—IFRSs

Analysis Item		Year	Financial Analyses of the Most Recent Five Fiscal Years				
			2018	2019	2020	2021	2022
Financial Structure (%)	Debt Ratio		20.86	23.80	16.93	23.07	21.46
	Long term funds to fixed assets		251.35	259.10	284.37	211.39	212.27
Solvency (%)	Current Ratio		671.63	473.12	596.22	494.23	531.46
	Quick Ratio		648.46	461.26	581.53	472.95	515.04
	Times Interest Earned		19.56	50.30	30.69	100.23	98.71
Management Ability	Receivables Turnover Ratio (Times)		3.08	3.08	2.93	4.44	4.69
	Average Collection Turnover		118.33	118.68	124.62	82.22	77.87
	Inventory Turnover Ratio (Times)		29.43	26.12	28.21	26.00	24.39
	Payable Turnover Ratio (Times)		25.77	34.99	28.21	26.06	27.68
	Day's Sales in Inventory		12.4	13.97	12.94	14.04	14.96
	Fix Assets Turnover Ratio (Times)		1.37	1.40	1.34	1.39	1.35
	Total Assets Ratio (Times)		0.49	0.48	0.43	0.51	0.57
Profitability	Return on assets (%)		5.88	9.50	3.58	6.61	13.44
	Return on Equity (%)		7.42	12.00	4.35	8.20	17.10
	Net profit before tax to capital (%)		33.48	54.35	16.71	34.58	81.60
	Net profit rate (%)		11.49	19.29	8.01	12.76	23.24
	Earnings per share (NTD)		2.42	4.17	1.54	2.89	6.73
Cash Flow	Cash Flow Ratio (%)		282.05	114.01	187.19	140.96	210.32
	Cash Flow Adequacy Ratio (%)		249.53	274.55	258.05	160.89	120.22
	Cash Re-investment Ratio (%)		8.14	4.79	5.93	4.62	6.67
Leverage Degree	Degree of Operation Leverage		2.55	2.16	3.96	2.31	1.60
	Degree of financial leverage		1.06	1.02	1.03	1.01	1.01
Reasons for Changes of Various Financial Ratios in the Most Recent Two Years. (If increase/decrease has not reached 20% , no analyses are needed.)							
1. Profitability Ratio (assets return ratio, equity return ratio, operation income to capital before tax, and EPS): Due to the increase of current operation income, current net profit after tax increases and profitability also significantly increases.							
2. Cash flow ratio and cash reinvestment ratio: The increase in the current term in the net cash flows of operating activities for the current term leads to the increase in the cash flow ratio and the cash re-investment ratio for the current term.							
3. Cash flow adequacy ratio: Due to increase of capital expense in this fiscal year, cash flow adequacy ratio decreases.							
4. Degree of operating leverage: Due to increase of revenue, operating profit grows and current degree of operating leverage is lower.							

Note: The said financial information is acquired from financial statements certified by CPAs.

Formulas of the said ratios are shown below:

#### A. Financial structure

(A) Debt Ratio = Total Liabilities / Total Assets

(B) Long term funds to fixed assets = ( Total Equity + Non-current Liabilities ) / ( Net Fixed Assets + Net

- Right-of-use asset) ◦
- B. Debt service ability
- (A) Current Ratio = Current Assets / Current Liabilities
  - (B) Quick Ratio = ( Current Assets – Inventory – Prepayment ) / Current Liabilities
  - (C) Times Interest Earned = Net Profit before Tax and Interest Expense / Current Interest Expense
- C. Management Ability
- (A) Receivable (including payment and bill receivable generated from operations) Turnover Rate = Net Sales / Average Receivable Balances (including payment and bill receivable generated from operations)
  - (B) Days sales in account receivable = 365 / account receivable turnover
  - (C) Inventory Turnover = Cost of Goods Sold / Average Inventory
  - (D) Payable (including payment and bill payable generated from operations) Turnover Rate = Net Sales / Average Payable Balances (including payment and bill payable generated from operations)
  - (E) Days sales in account receivable = 365 / account receivable turnover
  - (F) Fixed Assets Turnover = Net Sales / (Average Net Fixed Assets + Average Net(Right-of-use asset))
  - (G) Total Assets Turnover = Net Sales / Total Average Assets
- D. Profitability
- (A) Return on Assets = [ Income after Tax + Interest Expense × ( 1 – Tax Rate ) ] / Total Average Assets
  - (B) Return on Equity = Income after Tax / Total Average Equity
  - (C) Profit Margin = Income after Tax / Net Sales
  - (D) Earning per Share = ( Income belonging to Owners of Mother Company – Preferred Stock Dividend ) / Average Weighted Shares Outstanding ( Note 4 )
- E. Cash Flow
- (A) Cash Flow Ratio = Operating Cash Flow Ratio / Current Liabilities
  - (B) Cash Flow Adequacy Ratio = Operating Cash Flow Ratio of the Most Recent Five Fiscal Year / (Capital Expense + Increase of Inventory + Cash Dividend)
  - (C) Cash Re-investment Ratio = (Operating Cash Flow Ratio – Cash Dividend) / (Gross Fixed Assets + Gross Right-of-use Asset) + Long-term Investment + Other Non-Current Assets + Working Capital)
- F. Leverage:
- (A) Degree of Operating Leverage = (Net Operating Revenue – Operating Cost and Expenses) / Operating Profit
  - (B) Degree of Financial Leverage = Operating Profit / (Operating Profit – Interest Expenses)

## 2. Independent Financial Analyses—IFRSs

Analysis Item		Financial Analyses of the Most Recent Five Fiscal Years				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt Ratio	10.27	11.21	4.60	6.20	8.01
	Long term funds to fixed assets	696.61	689.44	690.06	413.12	331.28
Solvency (%)	Current Ratio	418.34	360.77	554.24	271.33	426.68
	Quick Ratio	402.55	355.77	547.63	267.41	423.81
	Times Interest Earned	1089.78	143.98	70.04	10931.29	165.85
Management Ability	Receivables Turnover Ratio (Times)	4.65	4.89	4.05	8.85	5.05
	Average Collection Turnover	78.63	74.6	90.14	41.25	72.31
	Inventory Turnover Ratio (Times)	NA	NA	NA	NA	NA
	Payable Turnover Ratio (Times)	343.41	593.61	459.11	305.39	302.30
	Day's Sales in Inventory	NA	NA	NA	NA	NA
	Fix Assets Turnover Ratio (Times)	1.61	1.77	1.05	1.24	1.23
	Total Assets Ratio (Times)	0.22	0.24	0.14	0.23	0.32
Profitability	Return on assets (%)	6.73	10.78	4.06	7.76	15.97
	Return on Equity (%)	7.42	12	4.35	8.20	17.10
	Net profit before tax to capital (%)	31.4	50.97	14.43	33.69	77.90
	Net profit rate (%)	30.38	44.75	27.94	33.88	49.86
	Earnings per share (NTD)	2.42	4.17	1.54	2.89	6.73
Cash Flow	Cash Flow Ratio (%)	266	188.4	178.34	220.70	227.94
	Cash Flow Adequacy Ratio (%)	219.12	228.45	235.26	150.30	106.28
	Cash Re-investment Ratio (%)	5.69	6.07	1.55	5.17	5.48
Leverage Degree	Degree of Operation Leverage	1.6	1.6	7.96	1.54	1.36
	Degree of financial leverage	1.00	1.01	1.11	1.00	1.01
<p>Reasons for Changes of Various Financial Ratios in the Most Recent Two Years. (If increase/decrease has not reached 20% , no analyses are needed.)</p> <ol style="list-style-type: none"> <li>1. Debt ratio: Current income tax liability increases to result in increase of current debt ratio.</li> <li>2. Current ratio and quick ratio: The net accounts receivable for the current term increased from the preceding term to lead to an increase in the current ratio and the quick ratio.</li> <li>3. Interest Protection Multiples: The net profit before tax and interest expenditure for the current term increased compared to those of the previous term and this led to the reduction in the interest protection multiples from the previous term.</li> <li>4. Receivables turnover and average sales days: The increase in the net sales and accounts receivable for the current term led to the decrease in the receivable's turnover for the current term as compared to the previous term and the average sales days also increased from the previous term.</li> <li>5. Total assets turnover: Due to increase of net sales, total assets turnover increases than that of previous fiscal year.</li> <li>6. Profitability Ratio (assets return ratio, equity return ratio, operation income to capital before tax, and EPS): Due to the increase of current operation income, current net profit after tax increases and profitability also significantly increases.</li> <li>7. Cash flow adequacy ratio: The increase in capital expenditure for the current term led to the reduction in the cash flow adequacy ratio.</li> </ol>						

The said financial information is acquired from financial statements certified by CPAs.

Formulas of the said ratios are shown below:

### A. Financial structure

- (A) Debt Ratio = Total Liabilities / Total Assets
- (B) Long term funds to fixed assets = ( Total equity + Non-current assets ) / Net fixed assets
- B. Debt service ability
- (A) Current Ratio = Current Assets / Current Liabilities
- (B) Quick Ratio = ( Current Assets – Inventory – Prepayment ) / Current Liabilities
- (C) Times Interest Earned = Net Profit before Tax and Interest Expense / Current Interest Expense
- C. Management Ability
- (A) Receivable (including payment and bill receivable generated from operations) Turnover Rate = Net Sales / Average Receivable Balances (including payment and bill receivable generated from operations)
- (B) Days sales in account receivable = 365 / account receivable turnover
- (C) Inventory Turnover = Cost of Goods Sold / Average Inventory
- (D) Payable (including payment and bill payable generated from operations) Turnover Rate = Net Sales / Average Payable Balances (including payment and bill payable generated from operations)
- (E) Days sales in account receivable = 365 / account receivable turnover
- (F) Fixed assets turnover = Net sales / Average fixed assets
- (G) Total Assets Turnover = Net Sales / Total Average Assets
- D. Profitability
- (A) Return on Assets = [ Income after Tax + Interest Expense × ( 1 – Tax Rate ) ] / Total Average Assets
- (B) Return on Equity = Income after Tax / Total Average Equity
- (C) Profit Margin = Income after Tax / Net Sales
- (D) Earning per Share = ( Income belonging to Owners of Mother Company – Preferred Stock Dividend ) / Average Weighted Shares Outstanding ( Note 4 )
- E. Cash Flow
- (A) Cash Flow Ratio = Operating Cash Flow Ratio / Current Liabilities
- (B) Cash Flow Adequacy Ratio = Operating Cash Flow Ratio of the Most Recent Five Fiscal Year / (Capital Expense + Increase of Inventory + Cash Dividend)
- (C) Cash Re-investment ratio = (Net Operating cash flow – cash dividend) / (gross fixed assets + long-term investment + other non-current liabilities + working capital)
- F. Leverage:
- (A) Degree of Operating Leverage = (Net Operating Revenue – Operating Cost and Expenses) / Operating Profit
- (B) Degree of Financial Leverage = Operating Profit / (Operating Profit – Interest Expenses)

III. Supervisors' or Audit Committee's Report for the Most Recent Fiscal Year's Financial Statement

**Winstek Semiconductor Co., Ltd.**

**Audit Committee's Audit Report**

Among the Company's 2022 Business Report, financial statement, and profit distribution proposal; the 2022 Business Report and financial statements were approved by the board of directors, and the financial statements were audited by CPAs Hsieh Chih-Cheng and Chiang Tsai-Yen of PwC Taiwan. The Audit Committee has audited the aforesaid financial statement, Business Report, and surplus distribution proposals, and no discrepancy was found. A report is prepared and submitted for examination pursuant to Articles 14-4 of the Securities and Exchange Act and 219 of the Company Act.

It is hereby presented to

The Company's 2023 General Shareholders' Meeting

Convener of the Audit Committee: Lin, Min-Kai

March 6, 2023

#### IV. Financial Statement for the Most Recent Fiscal Year

Winstek Semiconductor Co., Ltd.

##### Declaration of Consolidated Financial Statement of Affiliates

In year of 2022(from January 1, 2022 to December 31, 2022), the related entities that are required to be included in the preparation of the consolidated financial statements of the Company, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those defined in International Financial Reporting Standards (IFRS) No. 10 "Consolidated Financial Statements." In addition, the information which shall be disclosed in the combined financial statements of affiliated companies is included in the consolidated financial statements of the parent company. Consequently, there will be no separate preparation of combined financial statements of affiliated companies.

As hereby declared

Company name : Winstek Semiconductor Co., Ltd.

Legal Representative : Huang Hsing-Yang

March 6, 2023

## Independent Auditors' Report

(112) PWCR 22002995

To Winstek Semiconductor Co., Ltd.:

### **Audit Opinion**

The consolidated balance sheet on December 31, 2022 and December 31, 2021 consolidated composite income sheet, consolidated statement of changes in equity, combined statement of cash flows from January 1, 2022 to December 31, 2021, and the notes to the consolidated financial statements (including the summary of material accounting policies) of Winstek Semiconductor Co., Ltd. and Subsidiaries (hereinafter referred to as "Winstek Group"), have been audited by CPA.

According to our CPAs' opinion, the financial reports of the said Company are prepared in accordance with these Regulations Governing the Preparation of Financial Reports by Securities Firms approved by the Financial Supervisory Commission and are also prepared, governed, interpreted with International Financial Reporting Standards (IFRS), and International Accounting Standards (IAS) to sufficiently state financial statuses of Winstek Group between December 31, 2021 and 2022 as well as consolidated financial performance and cash flow of the Group from January 1, 2021 to December 31, 2022.

### **Basis of Opinion**

We have performed the auditing work in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards in the ROC. Below, our CPAs will further explain the responsibilities auditors shall execute during the audit of consolidated financial statements under the above principles. The personnel of our accounting firm who are subject to independent regulations have acted in accordance with the ROC CPA Code of Professional Ethics to remain highly neutral from Winstek Group, while fulfilling other duties set forth in the said Code. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of the auditor's opinion.

### **Key Audit Matters**

The key audit matters refer to those most material items when auditing the combined financial statements of the year 2022 of Winstek Group, based on the professional judgment of the CPA. The said matters have been expressed when we audited the consolidated financial statements and when we established the auditor's opinion. We will not express any personal opinion on any of the matters.

The key audit matters of the consolidated financial statements of the year 2022 of Winstek Group are as follows:

### **Audits of Real Estate, Plant, and Equipment Capitalization**

#### Matter description

Winstek Semiconductor Co., Ltd. and Subsidiaries increase capital expenditures along with their operations. Please refer to Note 4 (XIII) of the consolidated balance sheet for accounting policies related to items of real estate, plants, and equipment and Note 6(V) for description of items related to real estate, plants, and equipment. The amount of capital expenditure of real estate, plants, and equipment in this year is significant, and therefore, the CPA listed audits of real estate, plant, and equipment capitalization as key matters.

#### Corresponding auditing procedures

The auditor conducted main audit procedures towards the said key audit matters including:

Evaluation and testing of effectiveness time points of relevant control of additional procurement and depreciation of real estate, plant, and equipment and audit relevant procurement orders and invoices to confirm proper approval of transactions and accuracy of account amounts; audit and accept relevant forms to confirm time appropriation of availability of asset utilization and property inventory and accuracy of depreciation allocated.

### **Other matters- Individual financial report**

Winstek Semiconductor Co., Ltd. has prepared the individual financial report of the year 2022 and 2021, and the CPA has issued the unqualified audit report with other matters for future reference.

### **The responsibility of the management and governance units for the consolidated financial statements**

The responsibility of the management and the governance units shall be conducting necessary internal control to ensure that the Group is prepared in accordance with these Regulations Governing the Preparation of Financial Reports by Securities Firms approved by the Financial Supervisory Commission and are also prepared, governed, interpreted with International Financial Reporting Standards (IFRS), and International Accounting Standards (IAS) for avoidance of misleading, manipulated or major unfaithful expression of consolidated financial statements of the Group.

When preparing the consolidated financial statements, the management is also responsible for the assessment of Winstek Group's ability on going concern, the disclosure of relevant matters, the adoption of the accounting base for going concern, unless the management intends to proceed with the liquidation to Winstek Group or to discontinue its operations or has no other practical alternative solutions except for liquidation or closure.



The governing body of Winstek Group (including the Audit Committee) had the responsibility to supervise the financial reporting process.

## **The responsibility of CPAs when auditing Consolidated Financial Statements**

Our objective when auditing the consolidated financial statements was to ascertain whether they contained any false contents as a result of fraudulence or mistakes and whether they were reasonably reliable and issue the auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with ROC audit guidelines cannot guarantee detection of significant false contents in parent company only financial statements. Misstatements could be caused by fraud or error. If the individual amounts or sums that false contents involved could be reasonably expected to affect the financial decision making of users of consolidated financial statements such false contents would be considered significant.

CPAs observed the ROC Standards on Auditing and utilized auditor professional judgement and skepticism to conduct auditing. We have also executed the following tasks:

1. Identifying and evaluating likely risks from significant false contents in the consolidated financial statements as a result of fraudulence or errors, designing and executing proper counter measures against the risks identified, and also establishing sufficient and appropriate audit evidence to serve as the basis of the auditor's report. As fraudulence can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect significant false contents resulting from fraudulence is higher than the risk of failing to identify those coming from errors.
2. Obtaining necessary understanding of internal controls relevant to the audit, in order to design appropriate audit procedures in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal controls of Winstek Group.
3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly.
4. Based on the audit evidence obtained, conclusions are drawn on the appropriateness of the management's continuing adoption of the going concern accounting foundation and whether there was any significant doubt (in the events or circumstances) about the capacity of Winstek Group to remain in operation or whether any significant uncertainty existed. If we thought such doubt or significant uncertainty existed, we had to point it out in the auditor's report to remind users of the consolidated financial statements to look out for related disclosures in the consolidated financial statements to revise our audit opinion if such disclosures were considered inappropriate. Our conclusion was established according to the audit evidence obtained before the deadline for the auditor's report. However, future events or circumstances may result in Winstek Group no longer being able to continue as a going concern.

5. Evaluating the overall expression, structure and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements could appropriately express related transactions and events.
6. Obtaining sufficient and appropriate audit evidence with regard to the finance of the individual entities in the group to establish our opinion about the consolidated financial statements. We were responsible for guiding, supervising, and executing the audit work for the group and also establishing the auditor's opinion.

We communicated with governance units about the planned audit range and time and important audit discoveries (including significant internal control defects found during the audit process).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and also communicate with them about the all relations and other matters (including related preventive measures) that could affect the independence of CPAs.

Based on the result of our discussion with the governance body, we decided the key audit matters when auditing the 2022 consolidated financial statement of Winstek Group. We have clearly described the said matters in the auditor's report except certain matters whose public disclosure is prohibited by law or certain matters we decided not to mention under some extremely rare circumstances because disclosure of such matters can be reasonably expected to lead negative effects that would be greater than public good they might benefit.

PwC Taiwan

Hsieh Chih-Cheng

Certified public accountant

Tsai-Yen Chiang

Financial Supervisory Commission (FSC)

Approved certificate No. 0990042599

FSC Approved Certificate No. 1060025097

March 6, 2023

Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NT\$ thousand

Assets	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and Cash Equivalents	6 (1)	\$ 1,719,592	23	\$ 1,603,413	25
1136	Financial assets on the basis of amortized cost – current	6 (2)	1,233,850	17	800,040	13
1140	Contracts Assets – current	6 (15)	35,202	1	22,510	-
1170	Net account receivables	6 (3)	915,405	12	761,947	12
1180	Account receivables – related parties – net	6 (3) and 7	2,088	-	991	-
1200	Other receivables		11,952	-	1,913	-
1210	Other receivables– related parties	7	-	-	2,097	-
1220	Income tax assets in the current period		-	-	32,791	-
130X	Inventory	6 (4)	97,808	1	104,848	2
1410	Prepayments		27,336	-	40,593	1
1470	Other current assets		9,043	-	7,287	-
11XX	<b>Total current assets</b>		<u>4,052,276</u>	<u>54</u>	<u>3,378,430</u>	<u>53</u>
<b>Non-current assets</b>						
1535	Financial assets on the basis of amortized cost –noncurrent	6 (2) and 8	21,700	-	21,700	1
1600	Property, plant, and equipment	6 (5)	3,144,227	42	2,667,119	42
1755	Right of use assets	6 (6)	8,085	-	7,883	-
1780	Intangible assets	6 (8)	157,910	2	121,992	2
1840	Deferred income tax assets	6 (22)	24,679	1	21,554	-
1900	Other non-current assets	6 (24)	44,998	1	119,573	2
15XX	<b>Total non-current assets</b>		<u>3,401,599</u>	<u>46</u>	<u>2,959,821</u>	<u>47</u>
1XXX	<b>Total assets</b>		<u>\$ 7,453,875</u>	<u>100</u>	<u>\$ 6,338,251</u>	<u>100</u>

(To be continued on next page)

Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NT\$ thousand

	Liability and shareholder's equity	Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
	<b>Current liabilities</b>					
2130	Contract liabilities -current	6 (15)	\$ 4,861	-	\$ -	-
2170	Account payables		72,120	1	99,450	2
2180	Account payables –related parties	7	-	-	646	-
2200	Other payables	6 (9)	448,485	6	497,744	8
2220	Other payables –related parties	7	239	-	93	-
2230	Income tax liabilities in the current period		165,023	2	68,585	1
2250	Provision for liabilities – current		11,066	-	9,144	-
2280	Leasehold liabilities – current		1,844	-	2,561	-
2320	Current portion of long-term liabilities	6 (10)	53,180	1	-	-
2399	Other current liabilities – others		5,668	-	5,358	-
21XX	<b>Total current liabilities</b>		<u>762,486</u>	<u>10</u>	<u>683,581</u>	<u>11</u>
	<b>Non-current liability</b>					
2540	Long-term loans	6 (10)	792,820	11	746,000	12
2570	Deferred income tax liabilities	6 (22)	14,577	-	338	-
2580	Leasehold liabilities –non-current		6,001	-	5,517	-
2640	Defined benefit liabilities – non-current	6 (11)	17,628	-	26,638	-
2670	Other non-current liabilities – others		6,447	-	266	-
25XX	<b>Total non-current liabilities</b>		<u>837,473</u>	<u>11</u>	<u>778,759</u>	<u>12</u>
2XXX	<b>Total liabilities</b>		<u>1,599,959</u>	<u>21</u>	<u>1,462,340</u>	<u>23</u>
	<b>Equity</b>					
	Capital	6(12)				
3110	Capital from ordinary share		1,362,617	18	1,362,617	21
	Capital reserve	6(13)				
3200	Capital surplus		366,243	5	366,243	6
	Retained earnings	6(14)				
3310	Legal reserve		752,782	10	713,519	11
3320	Special reserve		282,069	4	203,472	3
3350	Undistributed earnings		3,005,929	41	2,512,130	40
	Other equity					
3400	Other equity		84,276	1	(282,070)	(4)
3XXX	<b>Total equity</b>		<u>5,853,916</u>	<u>79</u>	<u>4,875,911</u>	<u>77</u>
	Material commitments and contingencies	9				
	Significant subsequent events	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 7,453,875</u>	<u>100</u>	<u>\$ 6,338,251</u>	<u>100</u>

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to December 31 of 2022 and 2021

Unit: NT\$ thousand

		(except for unit of earnings per share which is NTD)					
		2022		2021			
Items	Notes	Amount	%	Amount	%		
4000	Revenue	\$ 3,947,152	100	\$ 3,086,392	100		
5000	Operating cost	( 2,641,788)	( 67)	( 2,374,827)	( 77)		
5950	Net gross profit	<u>1,305,364</u>	<u>33</u>	<u>711,565</u>	<u>23</u>		
	Operating expenses						
6100	Selling expenses	( 25,544)	( 1)	( 23,265)	( 1)		
6200	General and administrative expenses	( 211,420)	( 5)	( 194,172)	( 6)		
6300	Research and development expenses	( 11,534)	-	( 13,737)	( 1)		
6000	Total operating expenses	<u>( 248,498)</u>	<u>( 6)</u>	<u>( 231,174)</u>	<u>( 8)</u>		
6900	Operating profit	<u>1,056,866</u>	<u>27</u>	<u>480,391</u>	<u>15</u>		
	Non-operating income and expenses						
7100	Interest income	32,025	1	7,369	-		
7010	Other income	4,182	-	2,091	-		
7020	Other gains and losses	30,239	1	( 13,963)	-		
7050	Financing cost	( 11,380)	( 1)	( 4,748)	-		
7000	Total non-operating income and expenses	<u>55,066</u>	<u>1</u>	<u>( 9,251)</u>	<u>-</u>		
7900	<b>Profit before tax</b>	<u>1,111,932</u>	<u>28</u>	<u>471,140</u>	<u>15</u>		
7950	Income tax expense	( 194,465)	( 5)	( 77,209)	( 2)		
8200	<b>Net profit of this period</b>	<u>\$ 917,467</u>	<u>23</u>	<u>\$ 393,931</u>	<u>13</u>		

(To be continued on next page)

Winstek Semiconductor Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to December 31 of 2022 and 2021

Unit: NT\$ thousand

(except for unit of earnings per share which is NTD)

Items	Notes	2022		2021	
		Amount	%	Amount	%
<b>Other comprehensive gain or loss</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Remeasurements of defined benefit plans	6(11)	\$ 7,594	-	(\$ 1,298)	-
8310 Total amount of items that will not be reclassified subsequently to profit or income		7,594	-	( 1,298)	-
<b>Items that may be reclassified to profit or loss</b>					
8361 Foreign currency translation difference of financial statements of overseas business units		366,346	10	( 78,597)	( 3)
8360 Total amount of items that may be reclassified subsequently to profit of loss		366,346	10	( 78,597)	( 3)
8500 <b>Total consolidated profit/loss for the current period</b>		\$ 1,291,407	33	\$ 314,036	10
Profit attributable to:					
8610 Owners of parent		\$ 917,467	23	\$ 393,931	13
Total comprehensive income attributable to:					
8710 Proprietors of parent company		\$ 1,291,407	33	\$ 314,036	10
Earnings per share	6(24)				
9750 Basic earnings per share		\$	6.73	\$	2.89
9850 Diluted earnings per share		\$	6.66	\$	2.87

The notes to the combined financial statements attached is part of the combined financial report for your reference.  
Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd. and Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31 of 2022 and 2021

Unit: NT\$ thousand

	Notes	Equity attributable to owners of parent company					The balance of translation of the financial statements of foreign operating institutions	Total equity
		Share	Capital surplus	Legal capital reserve	Special capital reserve	Retained earnings		
January 1, 2021 to December 31, 2021								
Balance as of January 1, 2021		\$ 1,362,617	\$ 366,243	\$ 693,278	\$ 45,854	\$ 2,464,874	(\$ 203,473 )	\$ 4,729,393
Net income in current period		-	-	-	-	393,931	-	393,931
Other comprehensive profit and loss in current period		-	-	-	-	( 1,298 )	( 78,597 )	( 79,895 )
Total comprehensive gain or loss in current period		-	-	-	-	392,633	( 78,597 )	314,036
Annual appropriation of net income 6(14) and allocation of the year 2020								
Appropriated as Legal reserve		-	-	20,241	-	( 20,241 )	-	-
Appropriated as special surplus reserve		-	-	-	157,618	( 157,618 )	-	-
Cash dividend		-	-	-	-	( 167,518 )	-	( 167,518 )
Balance as of December 31, 2021		<u>\$ 1,362,617</u>	<u>\$ 366,243</u>	<u>\$ 713,519</u>	<u>\$ 203,472</u>	<u>\$ 2,512,130</u>	<u>(\$ 282,070 )</u>	<u>\$ 4,875,911</u>

Winstek Semiconductor Co., Ltd. and Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31 of 2022 and 2021

Unit: NT\$ thousand

	Notes	Equity attributable to owners of parent company					The balance of translation of the financial statements of foreign operating institutions	Total equity
		Share	Capital surplus	Legal capital reserve	Special capital reserve	Retained earnings		
January 1, 2022 to December 31, 2022								
Balance as of January 1, 2022		\$ 1,362,617	\$ 366,243	\$ 713,519	\$ 203,472	\$ 2,512,130	(\$ 282,070 )	\$ 4,875,911
Net income in current period		-	-	-	-	917,467	-	917,467
Other comprehensive profit and loss in current period		-	-	-	-	7,594	366,346	373,940
Total comprehensive gain or loss in current period		-	-	-	-	925,061	366,346	1,291,407
Annual appropriation of net income and allocation of the year 2021	6(14)							
Appropriated as Legal reserve		-	-	39,263	-	( 39,263 )	-	-
Appropriated as special surplus reserve		-	-	-	78,597	( 78,597 )	-	-
Cash dividend		-	-	-	-	( 313,402 )	-	( 313,402 )
Balance as of December 31, 2022		\$ 1,362,617	\$ 366,243	\$ 752,782	\$ 282,069	\$ 3,005,929	\$ 84,276	\$ 5,853,916

The notes to the combined financial statements attached is part of the combined financial report for your reference.  
Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu



Winstek Semiconductor Co., Ltd. and Subsidiaries  
Consolidated Statement of Cash Flow  
January 1 to December 31 of 2022 and 2021

Unit: NT\$ thousand

	Note	January 1 To December 31, 2022	January 1 To December 31, 2021
<u>Cash flow from operating activities</u>			
Current net profit before tax		\$ 1,111,932	\$ 471,140
Adjusted items			
Income and expense items			
Depreciation expenses	6(5), 6(6), and 6(20)	599,950	604,942
Amortization expenses	6 (8) (20)	39,452	24,825
Interest expense	6 (6) (19)	11,380	4,748
Interest income	6 (16)	( 32,025 )	( 7,369 )
Disposition of plant, property, and equipment	6 (18)	( 3,045 )	( 4,209 )
Accumulated impairment of plant, property, and equipment	6 (5) (18)	15,516	-
Government subsidies	6 (10) (17)	( 3,738 )	( 1,628 )
Changes in assets and liabilities relating to operating activities			
Net change in assets relating to operating activities			
Contract assets		( 11,588 )	( 2,317 )
Accounts receivable		( 94,458 )	( 150,406 )
Accounts receivable - related parties		( 1,027 )	661
Other receivables		( 612 )	557
Other receivables - related parties		2,249	( 2,152 )
Inventory		17,972	( 38,778 )
Prepayment		12,428	( 12,350 )
Other current assets		( 1,611 )	3,388
Net change in liabilities relating to operating activities			
Contract liabilities		4,717	( 389 )
Accounts payable		( 36,789 )	19,152
Account payable-related parties		( 2,448 )	1,318
Other payables		58,114	81,341
Other payables - related parties		( 1,913 )	958
Provisions		894	( 1,387 )
Other current liabilities		( 20 )	202
Net defined benefit liabilities		( 1,416 )	( 1,478 )
Other noncurrent liabilities		-	( 3,336 )
Cash flow from operating activities		1,683,914	987,433
Interest income received		17,365	8,141
Interest paid		( 11,168 )	( 4,751 )
Income tax paid		( 86,453 )	( 27,248 )
Net cash flow from operating activities		1,603,658	963,575

(To be continued on next page)

Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flow

January 1 to December 31 of 2022 and 2021

Unit: NT\$ thousand

Notes	January 1 To December 31, 2022	January 1 To December 31, 2021
<u>Cash flow from investment activities</u>		
Financial assets measured at amortized cost	( \$ 2,916,240 )	( \$ 1,530,475 )
Disposal of financial assets measured at amortized cost	2,569,081	2,671,394
Acquisition of property, plant, and equipment	6 (24) ( 994,243 )	( 1,613,386 )
Intangible assets acquired	6 (8) ( 74,246 )	( 95,009 )
Disposal of property, plant, and equipment	4,367	8,608
Increases in refundable deposits	( 1,014 )	( 1,013 )
Decreases in refundable deposits	27	361
Net cash flow from investing activities (out)	<u>( 1,412,268 )</u>	<u>( 559,520 )</u>
<u>Cash from financing activities</u>		
Long-term loans borrowed	100,000	743,000
Repayment of long term loans	-	( 427,500 )
Increases in guarantee deposits	6,191	128
Decreases in guarantee deposits	( 85 )	( 89 )
Release principal repayment	( 2,785 )	( 2,186 )
Cash dividends paid	6(14) ( 313,402 )	( 167,518 )
Net cash outflow from financing	<u>( 210,081 )</u>	<u>145,835</u>
Impacts on exchange rates	<u>134,870</u>	<u>( 12,100 )</u>
Amount of cash and cash equivalents(decrease) increase	116,179	537,790
Cash and cash equivalents at beginning of year	6(1) 1,603,413	1,065,623
Cash and cash equivalents at end of year	6(1) <u>\$ 1,719,592</u>	<u>\$ 1,603,413</u>

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

2022 and 2021

Unit: NT\$ thousand

I. Company History

Winstek Semiconductor Co., Ltd. (hereinafter referred to as "the Company") was established in April 26, 2000 in the ROC. The Company's shares were listed and traded at GreTai Securities Market in August 2005. The Company and its subsidiaries (hereinafter referred to as "the Group") are mainly engaged in the R&D and testing of integrated circuits, services of turnkey wafer bumping and wafer level packaging, and other related businesses.

The ultimate parent company of the Company was originally Temasek Holding Limited, and Silicon Microelectronics Corporation (hereinafter referred to as "Sigurd Corporation") took control of the parent company Bloomeria Limited on October 13, 2017, and indirectly acquired 51.88% equity of the Company, becoming the ultimate parent company of the Company.

In consideration of the overall operation of the group, our parent company, Bloomeria Limited, transferred all its shares of the Company to the Ge-Shing Corporation, a wholly-owned subsidiary of the ultimate parent on July 6 2020. As such Ge-Shing Corporation becomes the parent of the Company.

II. Approval date and procedures of the financial statements

This consolidated financial statements were issued by the board of directors on March 6, 2023.

III. Application of New and Amended International Financial Reporting Standards (IFRS) and Interpretations

(I) The Company has adopted impacts of the newly amended effective International Financial Reporting Standards (IFRS) approved and promulgated by the Financial Supervisory Commission (FSC).

Table below lists newly announced, modified, and amended applicable principles and interpretations of IFRS approved and promulgated by the IFRS in 2022 :

The Standard, Interpretations and Amendments	Effective date issued by IASB
Amendments to “References to the Conceptual Framework” in IFRS 3	January 1, 2022
Amendments to “Property, Plant and Equipment: Proceeds before Intended Use” in IFRS 16	January 1, 2022
Amendments to “Onerous Contracts-Costs to Fulfill a Contract” in IFRS 37	January 1, 2022
Improvements during the cycle between 2018-2020	January 1, 2022

After evaluating the said principles and interpretation, there has been no significant impacts on the Group’s financial status and performance.

(II) Effects of not yet applying the newly-announced and revised IFRSs endorsed by the FSC:

The following table compiles principles and interpretation of new announcement, amendment, and modification of IFRSs applicable in 2023 ratified by the FSC:

The Standard, Interpretations and Amendments	Effective date issued by IASB
Amendments to IFRS 1, “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IFRS 8, “Definition of Accounting Estimates”	January 1, 2023
Amendments to IFRS 12, “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

After evaluating the said principles and interpretation, there has been no significant impacts on the Group’s financial status and performance.

(III) Effects of IFRSs issued by IASB but not yet endorsed by the FSC:

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

The Standard, Interpretations and Amendments	Effective date issued by IASB
Amendment to IFRS 10 and IAS 28, “the disposal or investment in assets between Investors and its associates or joint ventures”.	Pending on the decision of IASB
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024
IFRS 17, “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17, “Insurance Contracts”.	January 1, 2023
Amendment to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Amendment to IAS 1, “Classification of current and noncurrent liabilities”	January 1, 2024
Amendments to IAS 1, “Classification of Liabilities as Current or Non-Current”	January 1, 2024

After evaluating the said principles and interpretation, there has been no significant impacts on the Group’s financial status and performance.

#### IV. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (I) Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), interpretations and interpretation announcements (hereinafter referred to as IFRSs) stated in Regulations Governing the Preparation of Financial Reports by Securities Issuers and approved and promulgated effective by the Financial Supervisory Commission(FSC).

##### (II) Basis of preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:  
Defined benefit liabilities recognized based on the amount of pension fund assets less net present value of defined benefit obligations.
2. Critical accounting estimates are required when preparing financial statements in compliance with IFRSs. When the Group adopts the accounting policies, the management is required to exercise judgments on highly judgmental or complex

items or significant assumptions and estimates with regards to this consolidated financial reports. Please refer to Note 5 for details.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:
  - (1) The Group includes all subsidiaries as entities in the consolidated financial statements. Subsidiaries refer to entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control, and are excluded from the consolidated financial statements from the date when such control ceases.
  - (2) Transactions, balances and unrealized gains or losses between companies within the Group are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Group.
  - (3) The components of profits and loss and other comprehensive income attributable to the owners of the parent company and uncontrolled equity. Comprehensive loss is also attributable to the owners of the parent company and uncontrolled equity even if a loss of the balance of the uncontrolled equity occurs.
  - (4) If the changes in the shares held by subsidiaries do not result in a loss of control (transactions with uncontrolled equities), accounted for as equity transactions, which means that it is the transactions with the owners. The difference deriving from the adjustment of the amount in uncontrolled equities and payment or the fair value in consideration shall be directly recognized as equity.
  - (5) If the Group loses its control over the subsidiaries, the residual investment of the former subsidiaries will be remeasured at fair value and recognized as the fair value of the financial assets at initial recognition or the cost of the initial investment in associates or joint ventures. The difference between fair value and book value shall be recognized as income in the current period. Amount previously recognized as other comprehensive incomes and amount related to the subsidiary shall be accounted for shall be the same as the direct disposal of assets or liabilities by the Group. In other words, if previously recognized as profit or loss under other comprehensive income, reclassify as income at the time of disposal of related assets or liabilities. If the control over the subsidiary extinct, the profit or loss will be reclassified as income under the reclassification.

2. Subsidiaries included in the consolidated financial statements:

Name of investment company	Name of subsidiaries	Nature of business	Percentage of equity held		Details
			December 31, 2022	December 31, 2021	
The Company	Winstek Semiconductor Technology	Services of turnkey wafer bumping and wafer level packaging	100%	100%	Note 2
The Company	TST Co., Ltd.	Plant development, leasing, and sales	100%	-	Note 1

Note 1: TST Co., Ltd. was established on May 10, 2022 and the Group invested the capital of \$200,000 to acquire 100% ownership.

Note 2: Winstek Semiconductor Technology implemented a reduction of share capital on October 17, 2022 and returned the total amount of \$1,000,000 to the Group, a reduction of 32.25%.

3. Subsidiaries not absorbed into the consolidated financial reports: none.
4. Adjustment for subsidiaries with different balance sheet date: none.
5. Significant restrictions: none.
6. Subsidiaries with material non-controlling interest to the Group: none.

(IV) Foreign currency translation

All items on the financial statements of each entity of the Group are measured at the currency of the principal economic environment in which the entity operates (i.e. functional currency). The consolidated financial statements are presented in NT\$, which is the Company's functional and the Group's presentation currency.

1. Foreign currency transaction and balance
  - (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred are to be recognized in the current profit or loss.
  - (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.
  - (3) For non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in profit or loss; if they are measured at FVOCI, they are adjusted using the spot exchange rate prevailing at the balance sheet date

and any exchange differences arising therefrom are recognized in other comprehensive income; and if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.

(4) All exchange gains and losses are presented as “Other gains and losses” on the statement of comprehensive income.

2. Translation from Foreign Operations

The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) The assets and liabilities presented in each balance sheet are translated at the closing rate of the balance sheet date;
- (2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of current and non-current assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) Assets held primarily for trading purposes;
- (3) Assets that are expected to be realized within 12 months after the balance sheet date;
- (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

The Group classifies assets not meet the aforesaid criteria into non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) The liability is held mainly for transaction purposes.
- (3) Liabilities that are expected to be settled within 12 months after the balance sheet date;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

The Group classifies liabilities not meet the aforesaid criteria into non-current



liabilities.

(VI) Cash equivalents

Cash equivalents refer to the investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to known amount of cash. Time deposits satisfying the afore-mentioned definition and for which the objective of holding is to meet the short-term operating cash commitment are classified as the cash equivalent.

(VII) Financial assets measured at amortized cost

1. Refer to those comply with all the following conditions:
  - (1) The financial asset is held under a business model for the purpose of collecting contractual cash flow.
  - (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.
2. The Group uses the trade day accounting for financial assets measured at amortized cost and complied with trade practices.
3. The Group originally recognized the financial assets measured at its fair value plus transaction costs. Subsequently, the Group recognized interest income and impairment loss within the period of circulation by adopting the effective interest method in accordance with the amortization procedure. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
4. The time deposits which are not complied with the definitions of cash equivalents held by the Group are measured by the amount of investment due to the short holding period and the immaterial influence of the discounting.

(VIII) Accounts receivable

1. Refers to the accounts which, as agreed in the contract, are entitled to unconditionally receive the amount of consideration for the transfer of commodity or services.
2. For the short-term accounts receivable with unpaid interest, the Group measures at the original invoice amount due to the immaterial influence of discounting.

(IX) Impairment of financial assets

The Group measures the loss allowance for financial assets measured at amortized cost after taking into account all reasonable and proving information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial

recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(X) Derecognition of financial assets

The Group derecognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XI) Operating lease (lessor)

Rental income from operating lease deducted any incentives given to the lessor was recognized as current profit and loss according to straight line method of amortization during the lease term.

(XII) Inventory

Inventory, as the accounting foundation of acquisition cost, is mainly consumed and transferred to cost of sales in the process of providing services. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. The item by item approach is employed when evaluating the lower of costs and net realizable value. Net realizable value is the balance of estimated selling price in the normal operating course less the estimated cost of completion and applicable variable selling expenses.

(XIII) Property, plant, and equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. The cost model is applied to other property, plant and equipment and these are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.
4. In the end of each financial year, the Group reviews the residual value, useful life and depreciation method of each asset; if the expected values of the residual value and useful life are different from previous estimates, or the consumption patterns of

the future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of change. The estimated useful lives of property, plant, and equipment are as follows:

Housing and construction equipment	5 ~ 25 years
Machinery equipment	3 ~ 8 years
Office and other equipment	3 ~ 8 years

(XIV) Lease transactions of the lessee – use-of-right asset/lease obligations

1. Lease asset on the available day to the Group is recognized as use-of-right asset and lease obligations. When a lease contract belongs to short-term lease or low-value asset, it is recognized as expense according to straight-line method during the lease term.
2. Current value of lease obligations that are not paid on the beginning day of lease was converted into cash and recognized according to the Group's incremental borrowing rate of interest. Rental payment is fixed deducted any rental incentive collectable.

The future interest method adopts the measurement of amortized cost method and recognized as interest expense during the leasing term. When there is a lease term or rental payment change resulting not from contract revision, lease obligations shall be re-evaluated and use-of-right asset shall be measured and adjusted accordingly.

3. Use-of-right asset shall be recognized according to the costs on the beginning day of lease and the costs include:
  - (1) Initial measurement amount of lease obligations; and
  - (2) Any initial direct costs arising.

The cost model measurement is continuously adopted depending on the maturity of service life of right-of-use asset or termination of lease, which comes first, to amortize the depreciation amount. When lease obligations are re-evaluated, use-of-right asset shall adjust any re-measured amount of lease obligations.

(XV) Intangible asset

Computer software is recognized at acquisition cost, amortized by the straight-line method, with an estimated useful life of 3 to 5 years.

(XVI) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets for which there is an indication that they are impaired. An impairment loss is recognized for the amount when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When circumstances contributed to the recognition of impairment loss of an asset in the previous period do not exist or are decreased, the recognized impairment loss is reversed to the carrying amount of an asset to the extent that it does not exceed the carrying amount (net of depreciation and amortization) if the impairment loss had not been recognized.

(XVII) Loan

1. Refers to the long-term or short-term funds borrowed from a bank. Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequently, borrowing expenses are recognized in profit or loss based on the difference amounts between the proceeds (net of any transaction costs) and the redemption value that are amortized over the lives of borrowings using the effective interest method.
2. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. When there is no evidence of the possibility that some or all the facility will be drawn down, the fee is recognized as a pre-payment and amortized over the period of the facility to which it relates.

(XVIII) Accounts payable

1. Refers to the debts that incurred for the purchase of raw materials, commodity or services and notes payable that incurred by both operating and non-operating activities.
2. For the short-term accounts payable without paid interest, the Group measures them by the original invoice amount due to the immaterial influence of discount.

(XIX) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(XX) Liability reserve

Liability reserve is a current statutory or constructive obligation generated from a past event. It is likely that outflow of resources with economic benefit will be required to settle the obligation and the amount of the obligation shall be recognized when it can be estimated reliably. Provisions are measured at the best estimate of the expenditure

required to settle the present obligation at the balance sheet date. The discount rate used is a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the liability. The discounted amortization amount is recognized as interest expense. Provisions are not recognized for future operating losses.

(XXI) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2. Pensions

(1) Defined contribution plan

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.

(2) Defined benefit plans

A. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is computed by independent actuaries every year using the projected unit credit method. The discount rate employed is the market yields on government bonds (at the balance sheet date).

B. The re-measured amount of defined benefit plans is recognized in other comprehensive income as it arises and presented in retained earnings.

3. Compensation to employees and remuneration to directors and supervisors

Compensation to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(XXII) Income Tax

1. Income tax expense comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other

comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The income tax expenses are calculated on tax rates on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. For the income tax levied on retained earnings in accordance with the income tax law, it shall be recognized as retained earnings income tax expenses, based on the actual allocation status of surplus, after the surplus allocation plan has been approved in the shareholders' meeting in the following year of the year in which the surplus is generated.
3. Deferred income tax adopts the balance sheet approach. It is recognized as the temporary difference between the tax bases of assets and liabilities and their carrying amounts on the consolidated balance sheet at the reporting date. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. If tax rate changes occur in the interim, the Group recognizes all effects of changes to the period when such changes accrue; for income tax attributable to items not included in profit or loss, effects of changes are recognized in other comprehensive income or equity; and for income tax related to items included in profit or loss, effects of changes are recognized in profit or loss.

#### (XXIII) Share capital

Ordinary shares are classified as equity. The net amount of increased cost (directly attributed to the issue or warrant of new shares) less income tax, will be recognized as price reduction in equity.

#### (XXIV) Dividend distribution

The dividend allocated to the shareholders of the Company shall be recognized in the

financial report during the resolution of the shareholders' meeting to distribute dividend, while cash dividends shall be recognized as liabilities.

(XXV) Revenue recognition

Income from labor services

The Group engages in testing of integrated circuits, and services of turnkey wafer bumping and wafer level packaging and other related businesses. If the following conditions are complied with: (a) with the performance of contract by enterprises, customers acquire and consume the benefits provided by enterprises; (b) the performance of contract by enterprises creates or strengthens the assets which are controlled by the customer during the performance process; (c) the performance of contract by enterprises does not create assets which are useful for other purposes, in addition to the presence of executable rights on the currently completed performance items, then the enterprise will gradually transfer control of the commodity or services over time, thus the performance obligations are gradually fulfilled and are recognized as income. The testing and packaging services provided by the Group meet the condition (b) above, hence they shall be recognized as revenue gradually over time by following the procedure of completion measurement on the performance obligations. The Group has not adjusted the transaction price to reflect the time value of the currency, because the time interval between the transfer of the promised commodity or services to the customer and the customer's payment time has not exceeded one year.

(XXVI) Government subsidy

Government subsidy are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and will receive the grant. If the nature of the government grant is to compensate the expenses incurred by the Group, the government grant shall be recognized as the current profit or loss on a systematic basis during the period in which the relevant expenses are incurred.

(XXVII) Operating segment

The information on the operating segment of the Group and the internal management report presented to the key corporate decision-maker of the Group are presented in a consistent manner. Key corporate decision-makers are responsible for the allocation of resources to the operating segments and the evaluation of their performance.

V. The primary sources of uncertainties in major accounting judgments, estimates, and assumptions

When preparing the consolidated financial statements, management of the Group had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, the historical experience, and other factors will be taken into account in order to continue assessment and adjustment. Such estimates and assumptions may result in a risk of a material adjustment to the carrying amount of assets and liabilities in the next year. The related information is addressed below:

(I) Major judgments in adopting the accounting policies

None.

(II) Critical accounting estimates and assumptions

None.

VI. Descriptions of major accounting subjects

(I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 100	\$ 100
Demand deposit	865,292	1,243,473
Time deposits	854,200	359,840
Total	<u>\$ 1,719,592</u>	<u>\$ 1,603,413</u>

1. The Group deals with financial institutions with good credit quality. The Group also deals with various financial institutions to diversify credit risks. Therefore, the expected risk of default is pretty low.
2. The Group has not pledged any cash or cash equivalents.

(II) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits	\$ 1,233,850	\$ 775,040
Pledged Time deposit	-	25,000
Total	<u>1,233,850</u>	<u>800,040</u>
Non-current items:		
Pledged Time deposit	<u>\$ 21,700</u>	<u>\$ 21,700</u>

1. The details of recognition of financial assets measured by amortized cost as gains



or losses are as follows:

	<u>2022</u>	<u>2021</u>
Interest income	\$ 17,078	\$ 6,475
2. The fixed deposits as of December 31 2022 and December 31 2021 of amount of \$21,700 and \$46,700, the purpose of which is limited by the customs guarantee are accounted in "financial assets measured at amortized cost - current" and "financial assets measured at amortized cost - non-current". Please refer to Note VIII for details.		
3. For credit risk information, please refer to Note 12 (2).		

(III) Accounts receivable

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 915,405	\$ 761,947
Accounts receivable - related parties	2,088	991
Less: allowance for losses and bad debts	-	-
	<u>\$ 917,493</u>	<u>\$ 762,938</u>

The Group does not have accounts provided as hypothecation security.

1. Aging analysis of accounts receivable is stated as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$ 739,685	\$ 688,974
≤30 days	52,582	69,981
31-90 days	124,664	3,978
91-180 days	25	5
More than 181 days	537	-
	<u>\$ 917,493</u>	<u>\$ 762,938</u>

The aging analysis above was based on the number of days overdue.

- The account receivable balance as of December 31 2022 and December 31 2021 were generated from customer contracts, and the account receivable balance from customer contracts as of January 1 2021 amounted to \$692,100.
- The maximum exposure of credit risk of the group deriving from account receivables let alone the collaterals held or other enhanced credit amounted to \$917,493 and \$762,938 as of December 31 2022 and December 31 2021, respectively. For credit risk information, please refer to Note 12(2).

(IV) Inventory

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 107,054	\$ 109,537
Allowance for price decline of inventories	( 9,246 )	( 4,689 )
Carrying amount	<u>\$ 97,808</u>	<u>\$ 104,848</u>

The cost of inventories recognized as expense for the period:

	<u>2022</u>	<u>2021</u>
Inventory cost and labor cost	\$ 2,637,231	\$ 2,374,803
Loss from falling price	3,840	24
Exchange Influence	717	-
	<u>\$ 2,641,788</u>	<u>\$ 2,374,827</u>

(V) Property, plant, and equipment

	2022					
	Land	Buildings	Machinery equipment	Office equipment and other equipment	Uncompleted construction and equipment to be tested	Total
Cost	\$ 194,924	\$ 855,179	\$ 11,532,717	\$ 1,460,234	\$ 40,010	\$ 14,083,064
Accumulated depreciation	-	( 795,057 )	( 9,514,835 )	( 1,106,053 )	-	( 11,415,945 )
	<u>\$ 194,924</u>	<u>\$ 60,122</u>	<u>\$ 2,017,882</u>	<u>\$ 354,181</u>	<u>\$ 40,010</u>	<u>\$ 2,667,119</u>
January 1	\$ 194,924	\$ 60,122	\$ 2,017,882	\$ 354,181	40,010	\$ 2,667,119
Additions	45,545	10,467	833,635	39,326	7,423	936,396
Disposals	-	-	-	( 1,322 )	-	( 1,322 )
Reclassification	-	155	17,354	23,716	( 41,225 )	-
Depreciation expenses	-	( 11,840 )	( 476,040 )	( 109,355 )	-	( 597,235 )
Impairment <i>loss</i>	-	-	15,516	-	-	( 15,516 )
et exchange differences	-	-	130,530	23,052	1,203	154,785
December 31	<u>\$ 240,469</u>	<u>\$ 58,904</u>	<u>\$ 2,507,845</u>	<u>\$ 329,598</u>	<u>\$ 7,411</u>	<u>\$ 3,144,227</u>
December 31						
Cost	\$ 240,469	\$ 865,801	\$ 12,955,908	\$ 1,612,519	\$ 7,411	\$ 15,682,108
Accumulated depreciation	-	( 806,897 )	( 10,448,063 )	( 1,282,921 )	-	( 12,537,881 )
	<u>\$ 240,469</u>	<u>\$ 58,904</u>	<u>\$ 2,507,845</u>	<u>\$ 329,598</u>	<u>\$ 7,411</u>	<u>\$ 3,144,227</u>

## 2021

	Land	Buildings	Machinery equipment	Office equipment and other equipment	Equipment awaiting examination	Total
Cost	\$ 194,924	\$ 852,402	\$ 10,842,170	\$ \$ 1,325,142	\$ 15,231	\$ 13,229,869
Accumulated depreciation	-	( 795,275 )	( 9,564,292 )	( 1,101,560 )	-	( 11,461,127 )
	<u>\$ 194,924</u>	<u>\$ 57,127</u>	<u>\$ 1,277,878</u>	<u>\$ 223,582</u>	<u>\$ 15,231</u>	<u>\$ 1,768,742</u>
January 1	\$ 194,924	\$ 57,127	\$ 1,277,878	\$ 223,582	\$ 15,231	\$ 1,768,742
Additions	-	13,310	1,258,032	221,552	40,010	1,532,904
Disposals	-	-	( 249 )	( 4,150 )	-	( 4,399 )
Reclassification	-	-	2,673	12,554	( 15,227 )	-
Depreciation expenses	-	( 10,315 )	( 496,931 )	( 95,597 )	-	( 602,843 )
Net exchange differences	-	-	( 23,521 )	( 3,760 )	( 4 )	( 27,285 )
December 31	<u>\$ 194,924</u>	<u>\$ 60,122</u>	<u>\$ 2,017,882</u>	<u>\$ 354,181</u>	<u>\$ 40,010</u>	<u>\$ 2,667,119</u>
December 31						
Cost	\$ 194,924	\$ 855,179	\$ 11,532,717	\$ 1,460,234	\$ 40,010	\$ 14,083,064
Accumulated depreciation	-	( 795,057 )	( 9,514,835 )	( 1,106,053 )	-	( 11,415,945 )
	<u>\$ 194,924</u>	<u>\$ 60,122</u>	<u>\$ 2,017,882</u>	<u>\$ 354,181</u>	<u>\$ 40,010</u>	<u>\$ 2,667,119</u>

Amount of capitalization and interest rate range of real estate, plants, and equipment borrowing costs:

	2022	2021
Amount of capitalization	\$ -	\$ 46
Interest rate range		0.98%~1.08%

(VI) Lease transactions— Lessee

1. Underlying assets of leased by the Group include any building and company vehicles. Normally, the lease term is between two to ten years. All lease contracts are negotiated individually and include various terms and conditions. Except for pledge and guarantee purposes, no other restrictions have been imposed.
2. The lease term of the Group for the leasing of building and transportation equipment is limited to 12 months. The low value subject matters of lease are buildings and machinery equipment.
3. Information of book value and depreciation expense of right-of-use asset is described below:

	December 31, 2022	December 31, 2021
	Book Value	Book Value
Building	\$ 6,043	\$ 4,478
Transportation Equipment (Company Vehicle)	2,042	3,405
	<u>\$ 8,085</u>	<u>\$ 7,883</u>
	2022	2021
	Depreciation Expense	Depreciation Expense
Building	\$ 584	\$ 508
Transportation Equipment (Company Vehicle)	2,715	2,099
	<u>\$ 584</u>	<u>\$ 508</u>

4. The addition of right of use assets in 2022 and 2021 amounted to \$2,477 and \$1,836 respectively.

5. Information of profit and loss items related to lease contracts is shown below:

	<u>2022</u>	<u>2021</u>
<u>Items of influence of current profit and loss</u>		
Interest expense of lease obligations	\$ 76	\$ 83
Expense of short-term lease	32,997	43,126
Expense of low-value asset lease	8,050	6,893

6. The total amount in cash outflow to rental expense of the Group in 2022 and 2021 amounted to \$43,908 and \$52,288, respectively.

(VII) Lease transactions – Lessor

- Underlying assets of leased out by the Group include any buildings and generally, the lease term is five years. Lease contracts are negotiated individually and include various terms and conditions. Requirements are usually made for uses of asset rented for security purpose.
- In 2022 and 2021, rental income has been recognized as \$444 and \$463 respectively according to operating lease contracts and there has been no change of lease payment change.
- Analyses of maturity date of lease payment of operating lease of the Company is shown below:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>
2023	463	2022	453
2024	463	2023	349
2025	434	2024	349
2026	291	2025	320
2027	234	2026	117
Total	<u>\$ 1,885</u>	Total	<u>\$ 1,588</u>

(VIII) Intangible asset

	2022	2021
	<u>Computer software</u>	<u>Computer software</u>
January 1	-	
Cost	\$ 289,606	\$ 197,793
Accumulated amortization and impairment	( 167,614 )	( 145,678 )
	<u>\$ 121,992</u>	<u>\$ 52,115</u>
January 1	\$ 121,992	\$ 52,115
Add - derived from separate gain	74,246	95,009
Amortization	( 39,452 )	( 24,825 )
Net exchange differences	1,124	( 307 )
December 31	<u>\$ 157,910</u>	<u>\$ 121,992</u>
December 31		
Cost	\$ 376,394	\$ 289,606
Accumulated amortization and impairment	( 218,484 )	( 167,614 )
	<u>\$ 157,910</u>	<u>\$ 121,992</u>

The amortization details of intangible assets are as follows:

	2022	2021
Operating cost	\$ 35,743	\$ 21,540
Administrative expenses	3,709	3,285
	<u>\$ 39,452</u>	<u>\$ 24,825</u>

(IX) Other payables

	December 31, 2022	December 31, 2021
Bonus and salaries payable	\$ 186,453	\$ 145,968
Compensation payable to employees and remuneration payable to Directors and Supervisors	104,858	39,532
Payables on equipment	45,336	181,244
Others	111,838	131,000
	<u>\$ 448,485</u>	<u>\$ 497,744</u>

(X) Long-term loans

<u>Loan type</u>	<u>Loan period and repayment method</u>	<u>Interest range</u>	<u>Collateral</u>	<u>Remark</u>	<u>December 31, 2022</u>
Long-term bank loans					
Credit borrowing	From December 2, 2020 to November 15, 2025, to repay in installments over the period of the agreement	1.175%	None	Note	\$ 196,000
Credit borrowing	From February 8, 2021 to January 15, 2026, to repay in installments over the period of the agreement	1.175%	None	Note	100,000
Credit borrowing	From April 8, 2021 to April 15, 2026, to repay in installments over the period of the agreement	1.161%	None	Note	150,000
Credit borrowing	From April 22, 2021 to April 15, 2026, to repay in installments over the period of the agreement	1.105%	None	Note	300,000
Credit borrowing	From July 19, 2022 to July 19, 2027, to repay in installments over the period of the agreement	1.550%			100,000
					<u>846,000</u>
Less: Long-term loans due within one year or one operating cycle					( 53,180 )
					<u>\$ 792,820</u>

<u>Loan type</u>	<u>Loan period and repayment method</u>	<u>Interest range</u>	<u>Collateral</u>	<u>Remark</u>	<u>December 31, 2021</u>
Long-term bank loans					
Credit borrowing	From December 2, 2020 to November 15, 2025, to repay in installments over the period of the agreement	0.550%	None	Note	\$ 196,000
Credit borrowing	From February 8, 2021 to January 15, 2026, to repay in installments over the period of the agreement	0.550%	None	Note	100,000
Credit borrowing	From April 8, 2021 to April 15, 2026, to repay in installments over the period of the agreement	0.500%	None	Note	150,000
Credit borrowing	From April 22, 2021 to April 15, 2026, to repay in installments over the period of the agreement	0.480%	None	Note	300,000
					<u>746,000</u>
Less: Long-term loans due within one year or one operating cycle					-
					<u>\$ 746,000</u>



In 2021 and 2022, interest expenses of borrowing recognized were \$11,290 and \$4,699 respectively.

Note: On July 1, 2019, the Ministry of Economic Affairs implemented the "Accelerated Investment Action Plan for Enterprises Remaining in Taiwan". Enterprises can obtain subsidized loans from financial institutions for compliant investment projects at a preferential interest rate of 0.58%~0.80%. The company has been approved by the Ministry of Economic Affairs as being eligible for project loans and has signed a loan contract with a financial institution to obtain a total financing line of NT\$746 million, with a credit period of five years. The funds obtained are used for newly purchased machinery and equipment and operating turnover. The Company's government loan subsidies recognized in 2021 and 2022 were \$3,738 and \$1,628 respectively (listed as "Other Income").

#### Credit loans

According to terms of credit contracts signed, before loans are paid back in full before the each credit duration, financial ratios and terms shall be maintained as summarized below:

1. Current ratio: the net current assets divided by the net current liabilities in the consolidated financial statements shall not be less than 100%.
2. Debt ratio: the total net liabilities plus contingent liabilities divided by tangible net value in the consolidated financial statements shall not be more than 100%.
3. Interest coverage ratio: the net profit before tax plus interest expenses plus depreciation expenses and amortization expenses divided by interest expenses in the consolidated financial statements shall not be less than 10 times.
4. Shares of Winstek Semiconductor Corporation held by Sigurd Corporation shall not be less than 51% and the directors must maintain more than half of the seats. Winstek Semiconductor Corporation holds no less than 100% of the shares of Winstek Semiconductor Technology Co., Ltd.
5. Net value of tangible assets shall not be lower than NT\$3.8 billion.
6. The balance of deposit at the contract bank over the recent three months on average shall not be lower than NT\$ 6 million.

The said financial commitment ratios use the consolidated financial statement audited or approved by the CPT quarterly as the calculation basis and the consolidated financial statement of the Group in 2022 and 2021 meet the requirement of the financial ratios.

(XI) Pension Funds

1. (1) The company and the subsidiaries in accordance with the provisions of the "Labor Standards Law," have made the method to define retirement allowance, which applies to the length of service of all regular employee before the implementation of "Labor Pensions Ordinance" on July 1, 2005, and the length of follow-up service of employee choosing to continue to apply to "Labor Standards Law" after the implementation of "Labor Pensions Ordinance." Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last 6 months prior to retirement. Two bases are given for each full year of service over the first 15 years, and one base is given for an additional year of service thereafter, provided that the total bases do not exceed forty-five (45). The Company shall contribute 2% of the total salary to the pension fund on a monthly basis, which shall be deposited into an account of the Bank of Taiwan in the name of the Supervisory Committee of Workers' Pension Preparation Fund. Prior to the end of each annual period, the Company assesses the balance of the aforementioned designated account for the labor pension fund. If the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

- (2) Amounts recognized on the balance sheets are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of Defined Benefit obligations	\$ 48,472	\$ 53,897
Fair value of plan assets	( 30,844 )	( 27,259 )
Net defined benefit liabilities	<u>\$ 17,628</u>	<u>\$ 26,638</u>

(3) Changes in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligations	Plan fair value of assets	Net defined benefit liabilities
2022			
Balance as of January 1	\$ 53,897	( \$ 27,259 )	\$ 26,638
Interest expense (income)	404	( 211 )	193
	<u>54,301</u>	<u>( 27,470 )</u>	<u>26,831</u>
Remeasurement amount:			
Plan assets return (excluding amounts included in interest income or expenses)	-	( \$ 2,044 )	( 2,044 )
Impacts of changes in financial assumptions	( 3,771 )	-	( 3,771 )
Experience adjustment	( 1,779 )	-	( 1,779 )
	<u>( 5,550 )</u>	<u>( 2,044 )</u>	<u>( 7,594 )</u>
Provision of pension funds	-	( 1,609 )	( 1,609 )
Pay pension	( 279 )	279	-
Balance as of December 31	<u>\$ 48,472</u>	<u>( \$ 30,844 )</u>	<u>\$ 17,628</u>

	2021		
	Present value of defined benefit obligations	Plan fair value of assets	Net defined benefit liabilities
2021			
Balance as of January 1	\$ 52,400	( \$ 25,584 )	\$ 26,816
Interest expense (income)	262	( 132 )	130
	<u>52,662</u>	<u>( 25,716 )</u>	<u>26,946</u>
Remeasurement amount:			
Plan assets return (excluding amounts included in interest income or expenses)	-	( 316 )	( 316 )
Impacts of changes in demographic assumptions	2,245	-	2,245
Impacts of changes in financial assumptions	( 1,745 )	-	( 1,745 )
Experience adjustment	1,114	-	1,114
	<u>1,614</u>	<u>( 316 )</u>	<u>1,298</u>
Provision of pension funds	-	( 1,606 )	( 1,606 )
Pay pension	( 379 )	379	-
Balance as of December 31	<u>\$ 53,897</u>	<u>( \$ 27,259 )</u>	<u>\$ 26,638</u>

(4) The fund asset of the Company’s defined benefit pension plan (hereinafter referred to as the “Fund”) is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund” (i.e. deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund’s annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19 paragraph 142. For the fair value of the total assets of the Fund as of 31 December, 2021 and 31 December, 2022, please refer to the various annual labor pension utilization reports issued by the government.

(5) Actuarial assumptions on pensions are summarized as follows:

	2022	2021
Discount rate	<u>1.375%</u>	<u>0.750%</u>
Future increase rate of wage	<u>3.000%</u>	<u>3.000%</u>

Future mortalities of 2021 and 2022 are assumed according Taiwanese Insurance Industry’s 6<sup>th</sup> Standard Ordinary Experience Mortality Table.

Effects of changes in the principal actuarial assumptions on present value analysis of defined benefit obligation are as follows:

	Discount rate		Future increase rate of wage	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
December 31, 2022				
The impact on present value of defined benefit obligations	( \$ 1,400 )	\$ 1,460	\$ 1,413	( \$ 1,362 )
December 31, 2021				
The impact on present value of defined benefit obligations	( \$ 1,721 )	\$ 1,800	\$ 1,733	( \$ 1,667 )

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same. The method of analyzing sensitivity and the method of calculate net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

- (6) The Group's projected allocation to the pension plan for the year 2023 is \$1,644.
- (7) As at 31 December 2022, the weighted average duration of the pension plan is 11.8 years. The analysis of the due dates of retirement allowance payment is as follows:

Within 1 year	\$	648
1 - 2 years		5,842
2 - 5 years		5,254
5-10 years		10,501
	\$	<u>22,245</u>

2. (1) As of July 1, 2005, the Company and its subsidiaries have, in accordance with the "Labor Pensions Ordinance," have made the method to define retirement allowance, which applies to local employees. Where the employees have elected to apply the labor pension system as stipulated in the Labor Pension Act, the Company and subsidiaries make a contribution in an amount equal to 6% of the employees' monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance.
- (2) The retirement allowance costs recognized by the Group under the above retirement allowance method were \$29,216 and \$26,994 respectively in the years of 2022 and 2021.

(XII) Share capital

On December 31, 2022, the Company's authorized capital was NT\$4 million, divided into 400 million shares, and the paid-up capital was NT\$1,362,617, with a face value of NT\$ 10 per share. Share payments for the Company's issued shares have been collected in full. Quantities of the Company's outstanding ordinary shares at the beginning and ending of periods were reconciled as follows:

	Unit: 1,000 shares	
	2022	2021
January 1/December 31	<u>136,262</u>	<u>136,262</u>

(XIII) Capital surplus

According to the provisions of the Company Act, over face value of share premium gifts of assets donated to additional paid-in capital for covering deficit. If there is no accumulated deficit in company, company shall issue new shares with existing shares or cash by ratio to shareholders According to the relevant provisions of the Securities Exchange Act, allocated capital from additional paid-in capital, its maximum not exceed the limit of 10% of the paid-up capital each year Company in surplus reserves to fill the capital loss still remains insufficient, may not be complemented by additional paid-in capital.

	<u>2022</u>	
	Issue premium	Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries
January 1/December 31	<u>\$ 250,734</u>	<u>\$ 115,509</u>
	<u>2021</u>	
	Issue premium	Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries
January 1/December 31	<u>\$ 250,734</u>	<u>\$ 115,509</u>

(XIV) Retained earnings

1. In accordance with the Articles of Association of the Company, if there is after-tax surplus in the annual accounts, 10% of the statutory capital reserve shall be appropriated after covering the loss of previous years, and the special capital reserve shall be appropriated as necessary. If there is still surplus, together with the accumulated undistributed surplus of the previous years, the Board of Directors may reserve a portion of the surplus based on the operating circumstances, and draw the allocation plan of net income and submit to the shareholders' meeting for resolution to distribute shareholder dividend. The Board of Directors authorized

will especially resolve to distribute part or all stock dividend and bonus in cash and report to the shareholders' meeting.

2. The dividend distribution policy of the Company shall consider the current surplus status of the Company and the future investment environment, the capital demand, capital budget plan and operating plan, etc., allocated according to the financial structure and the surplus dilution situation, the amount of which shall be not less than 10% of the net surplus after-tax in current year, but shall be retained and not assigned if the EPS is below NT\$ 0.5 or dividend distribution will result in a breach of contract. The Company's surplus may be distributed as stock dividends or cash dividends, of which the cash dividends shall not be less than 10% of the total dividends.
3. The Board of Directors of the Company may at the end of a semi-accounting year, compile a business report, financial statements, and resolutions about surplus distribution or recovery of loss for the audit first by the Audit Committee and submission to the Board of Directors afterwards. When distributing surplus, tax payables, recovery of losses, and statutory surplus reserve as required by laws shall be estimated and reserved. But there shall be an exception when statutory surplus reserve exceeds the amount of paid-in capital. If distribution of the said surplus is provided via issuing of new stocks, it shall be handled according to Article 240 of the Company Law and the distribution in cash shall be resolved by the Board of Directors.
4. The statutory capital reserve shall not be used except to cover the Company's losses and to issue new shares or cash in proportion to the shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall exceed 25% of the reserves of the paid-in capital.
5. By resolutions of the shareholders' meeting on June 8, 2022 and July 13, 2021, respectively, the Company adopted the following surplus allocation for the years of 2021 and 2020:

	2021		2020	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve	\$ 39,263	\$ -	\$ 20,241	\$ -
Special reserve	78,597	-	157,618	-
Cash dividend	313,402	2.30	167,518	1.23
Total	\$ 431,262	\$ 2.30	\$ 345,377	\$ 1.23

6. By a resolution of the Board of Directors on March 6, 2023, the Company adopted the following surplus allocation plan for the year 2022:

	2022	
	Amount	Dividend per share (NT\$)
Legal reserve	\$ 92,506	\$ -
Special reserve	( 282,069 )	-
Cash dividend (Note)	681,308	5.00
Total	\$ 491,745	\$ 5.00

Note: For dividend distribution information, please refer to TWSE MOPS.

(XV) Revenue

	2022	2021
Revenue from customer contracts	\$ 3,947,152	\$ 3,086,392

1. Segments of revenue from contracts with customers

The revenue of the Group is derived from the provision of services that are gradually transferred over time and can be categorized into the following main product lines:

	2022			Total
	Testing income	Bumping income	Other services income	
Segment revenue	\$ 1,806,954	\$ 2,096,664	\$ 43,534	\$ 3,947,152
Revenue from external customer contracts	\$ 1,806,954	\$ 2,096,664	\$ 43,534	\$ 3,947,152
	2021			Total
	Testing income	Bumping income	Other services income	
Segment revenue	\$ 1,138,971	\$ 1,919,593	\$ 27,828	\$ 3,086,392
Revenue from external customer contracts	\$ 1,138,971	\$ 1,919,593	\$ 27,828	\$ 3,086,392

2. Contract assets and liabilities

The assets and liabilities associated with the client's contract revenue recognized by the Group are as follows:



	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets:			
Contract assets - packaging testing	\$ 35,202	\$ 22,510	\$ 20,529
Contract liabilities			
Contract liabilities- unearned sales revenue	\$ 4,861	\$ -	\$ 396

Beginning contract liabilities recognized as income:

	December 31, 2022	December 31, 2021
Contract liabilities	\$ -	\$ 396

(XVI) Interest income

	2022	2021
Interest from bank deposits	\$ 14,947	\$ 894
Interest income from financial assets at amortized cost	17,078	6,475
	\$ 32,025	\$ 7,369

(XVII) Other income

	2022	2021
Rental income	\$ 444	\$ 463
Government subsidy	3,738	1,628
	\$ 4,182	\$ 2,091

(XVIII) Other gains and losses

	2022	2021
Interests from disposal of property, plant, and equipment	\$ 3,045	\$ 4,209
Foreign exchange gains (losses)	39,274	( 23,840 )
Impairment losses of property, plant, and equipment	15,516	-
Other gains and losses	( 3,436 )	5,668
	\$ 30,239	( \$ 13,963 )

(XIX) Financial cost

	2022	2021
Interest expense	\$ 11,290	\$ 4,699
Other financial expenses	90	95
Capitalized interest	-	( 46 )
	<u>\$ 11,380</u>	<u>4,748</u>

(XX) Additional information regarding the nature of expense

	2022	2021
Employee benefit expenses	\$ 990,327	\$ 818,372
Depreciation expenses of property, plant, and equipment	599,950	604,942
Amortization expense of intangible assets	\$ 39,452	\$ 24,825

(XXI) Employee benefit expenses

	2022	2021
Wages and salaries expenses	\$ 856,876	\$ 699,968
Labor and health insurance expenses	67,072	61,437
Pension expense	29,409	27,124
Other employment expenses	36,970	29,843
	<u>\$ 990,327</u>	<u>\$ 818,372</u>

1. According to the Articles of Association of the Company, if the Company earns profits during the year, 0.1%~15% of which shall be allocated to the employees bonus. If remuneration is in the form of a stock dividend or cash dividend, the employees of controlled entities or subsidiaries shall also be entitled. The Company shall appropriate for covering loss carried forward if applicable. If the company earns profits during the year, less than 3% of which shall be appropriated as directors' bonus depending on the operating circumstances. The Company shall appropriate for covering loss carried forward if applicable.
2. The Company estimated remuneration to employees in 2022 and 2021 amounting to \$66,002 and \$25,738, respectively, and estimated remuneration to Directors at \$0 for both years. The above amount was presented under the account title of salary expense in the book.

The Board resolved to pay out remuneration to employees and Directors amounting

to \$25,738 and \$0 in 2021, which is relevant with the amount presented in the financial report of 2021.

Information on remuneration to employees and Directors passed by the Board is available and Market Observation Post Service.

(XXII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>2022</u>	<u>2021</u>
Current income tax:		
Income tax incurred in current period	\$ 210,352	\$ 92,656
Overestimation of prior year's annual income tax	( 27,001 )	( 16,975 )
Total income tax in the period	<u>183,351</u>	<u>75,681</u>
Deferred income tax:		
Initial recognition and reversal of temporary differences	<u>11,114</u>	<u>1,528</u>
Total deferred income tax	<u>11,114</u>	<u>1,528</u>
Income tax expense	<u>\$ 194,465</u>	<u>77,209</u>

2. Relation between income tax expense and accounting profit

	<u>2022</u>	<u>2021</u>
Income tax calculated on net profit before tax by statutory tax rate (Note)	\$ 222,386	\$ 94,228
Expenses which shall be excluded in accordance with the provisions of the tax law	713	882
Overestimation of prior year's annual income tax	( 27,001 )	( 16,975 )
Other	( 1,633 )	( 926 )
Income tax expense	<u>\$ 194,465</u>	<u>\$ 77,209</u>

Note: The basis of applicable tax rate is 20% of applicable income tax rate in Taiwan.

3. The amount of assets or liabilities of deferred income tax resulting from temporary difference is shown below:

	2022		
	January 1	Recognized in profit and loss	December 31
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	\$ 12,197	\$ 595	\$ 12,792
Unrealized exchange loss	6,386	( 1,574 )	4,812
Compensations	1,829	384	2,213
Inventory allowance loss from falling price	991	768	1,759
Impairment losses of assets	-	3,103	3,103
Other	151	( 151 )	-
Subtotal	21,554	3,125	24,679
- Deferred income tax liabilities:			
Unrealized exchange gains	( 338 )	( 14,106 )	( 14,444 )
Other	( - )	( 133 )	( 133 )
Subtotal	( 338 )	( 14,239 )	( 14,577 )
Total	\$ 21,216	( \$ 11,114 )	\$ 10,102

	2021		
	January 1	Recognized in profit and loss	December 31
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	\$ 11,602	\$ 595	\$ 12,197
Unrealized exchange loss	9,638	( 3,252 )	6,386
Inventory allowance loss from falling price	957	34	991
Other	2,163	( 183 )	1,980
Subtotal	24,360	( 2,806 )	21,554
- Deferred income tax liabilities:			
Unrealized exchange gains	( 1,471 )	1,133	( 338 )
Other	( 145 )	( 145 )	( - )
Subtotal	( 1,616 )	1,278	( 338 )
Total	\$ 22,744	( \$ 1,528 )	\$ 21,216

4. The Company's business income tax has been audited and approved by the taxation authority until the year of 2020.

(XXIII) Earnings per share (EPS)

	2022		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders of the parent company	\$ 917,467	136,262	\$ 6.73
<u>Diluted earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders of the parent company	917,467	136,262	
Impacts of dilutive potential ordinary shares			
Employee remuneration	-	1,595	
Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders of the parent company in the current period	\$ 917,467	137,857	\$ 6.66

	2021		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders of the parent company	\$ 393,931	136,262	\$ 2.89
<u>Diluted earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders of the parent company	393,931	136,262	
Impacts of dilutive potential ordinary shares			
Employee remuneration	-	944	
Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders of the parent company in the current period	\$ 393,931	137,206	\$ 2.87

(XXIV) Additional information regarding cash flows

Investing activities with partial cash payments:

	<u>2022</u>	<u>2021</u>
Purchase of property, plant, and equipment	\$ 936,396	\$ 1,532,904
Add: payable on equipment at the beginning of period	181,244	146,656
Add: prepaid equipment at the end of the period(Note)	37,009	115,070
Less: payable on equipment at the end of the period	( 45,336 )	( 181,244 )
Less: prepaid equipment at the end of the period(Note)	115,070	-
Cash paid in the period	<u>\$ 994,243</u>	<u>\$ 1,613,386</u>

None: List on Other non-current assets

(XXV) Changes in financing liabilities

	2022			
	Leasing obligations	Long-term loans (note)	Deposit Received	Total liabilities from financing activities
January 1	\$ 8,077	\$ 746,000	\$ 267	\$ 754,344
Changes in cash flows from financing activities	( 2,785 )	100,000	6,106	103,321
Other non-cash changes:				
Interest costs	76	-	-	76
Impacts of exchange rate changes	-	-	75	75
Increase of current period	2,477	-	-	2,477
December 31	<u>\$ 7,845</u>	<u>\$ 846,000</u>	<u>\$ 6,448</u>	<u>\$ 860,293</u>
	2021			
	Leasing obligations	Long-term loans (note)	Deposit Received	Total liabilities from financing activities
January 1	\$ 8,344	\$ 430,500	\$ 228	\$ 439,072
Changes in cash flows from financing activities	( 2,186 )	315,500	39	313,353
Other non-cash changes:				
Interest costs	83	-	-	83
Impacts of exchange rate changes	-	-	-	-
Increase of current period	1,836	-	-	1,836
December 31	<u>\$ 8,077</u>	<u>\$ 746,000</u>	<u>\$ 267</u>	<u>\$ 754,344</u>

Note: include long-term loans due within one year or one operating cycle.

VII. Related-party transactions

(I) The parent company and the ultimate controlling party

The Group was previously controlled by Bloomeria Limited (incorporated in Singapore). It was eventually under the control of Ge-Shing Corporation Since July 6, 2020 after Bloomeria Limited has transfer all the equity shares under its holding holds 51.90% of the Company's shares. The ultimate parent company and the ultimate controlling entity of the Group is Sigurd Microelectronics Corporation (incorporated in Taiwan).

(II) Name and relation of affiliates

<u>Name of related party</u>	<u>Relation with the Company</u>
Sigurd Microelectronics Corporation	Ultimate parent
Bloomeria Limited	Parent company (before July 6, 2020)
Ge-Shing Corporation	Parent company (after July 6, 2020)
Sirize Technology(Suzhou) Corporation	Affiliates
Sigurd UTC Corp.	Affiliates

(III) Major transactions between related parties

1. Operating revenue

	<u>2022</u>	<u>2021</u>
Operating revenue:		
Ultimate parent company	\$ <u>8,735</u>	\$ <u>8,782</u>

Income from labor service is processed according to the general transaction price and conditions, and the payment condition is 30-day monthly statement.

2. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable		
Ultimate parent company	\$ <u>2,088</u>	\$ <u>991</u>
Other Receivables - Sale of Miscellaneous Acquisitions :		
Affiliate	\$ <u>-</u>	\$ <u>2,097</u>

Receivables from related parties mainly come from the provision of labor services and the sale of spare parts of machinery and equipment. The receivables are unsecured and interest-bearing.

3. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payables:		
Ultimate parent company	\$ <u>-</u>	\$ <u>646</u>
Other payables: leasing:		
Ultimate parent company	\$ <u>239</u>	\$ <u>93</u>

Related Party Payables mainly come from labor and leasing services provided by related parties and



payables do not come with interest.

Other transactions

	Accounting subject	Amount of transaction	
		2022	2021
Ultimate parent company	Rental receipt	\$ 3,066	\$ 831
Ultimate parent company	Receipt of processing services	\$ 12,434	\$ 6,571

(IV) Information about Remunerations to the Major Management:

	2022	2021
Short-term employee benefits	\$ 28,109	\$ 29,361
Benefits after retirement	\$ 450	\$ 558
Total	\$ 28,559	\$ 29,919

VIII. Pledged Assets

Assets pledged as collateral by the Group are enumerated as follows:

Assets	Book value		Collateral purpose
	December 31, 2022	December 31, 2021	
Hypothecated time deposits (financial assets account measured at amortized cost - non-current)	\$ 21,700	\$ 46,700	Customs security

IX. Significant contingent liabilities and unrecognized commitments

Capital expenditures contracted but not yet incurred

	December 31, 2022	December 31, 2021
Property, plant, and equipment	\$ 106,408	\$ 832,810

X. Significant losses from disasters

No.

XI. Material subsequent events

The Company resolved and approved the appropriation plan of net income for the year 2022 by

the board of directors on March 6, 2023. Please refer to Note 6 (14) for details.

## XII. Others

### (1) Financial situation

The Group's strategy in the year of 2022 remains the same as that in the year of 2021, with the aim of reducing the debt-to-capital ratio to a reasonable level of risk. As of 2022 and December 31, 2021, the Group's debt-to-capital ratios were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total borrowing	\$ 846,000	\$ 746,000
Less: cash and cash equivalent		
	( 1,719,592 )	( 1,603,413 )
Net debt	( 873,592 )	( 857,413 )
Total equity	<u>5,853,916</u>	<u>4,875,910</u>
Total capital	<u>\$ 4,980,324</u>	<u>\$ 4,018,497</u>
Capital and liabilities ratio	<u>-</u>	<u>-</u>

### (2) Financial Instruments

#### 1. Types of Financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 1,719,592	\$ 1,603,413
Financial assets measured at amortized cost (including noncurrent)		
Accounts receivable	1,255,550	821,740
Accounts receivable - related parties	915,405	761,947
Other receivables	2,088	991
Other receivables- related parties	11,952	1,913
Refundable Deposits	-	2,097
	5,490	4,503
	<u>\$ 3,910,077</u>	<u>\$ 3,196,604</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liability</u>		
Financial liabilities measured at amortized cost		
Accounts payable	\$ 72,120	\$ 99,450
Account payables – related parties	-	646
Other payables	448,485	497,744
Other accounts payable - related parties	239	93
Long-term loans (including whose due within one year or one operating cycle)	846,000	746,000
Guarantee deposits	6,448	266
	<u>\$ 1,373,292</u>	<u>\$ 1,344,199</u>
Lease obligations (including non-current)	<u>\$ 7,845</u>	<u>\$ 8,078</u>

2. Risk Management Policy
  - (3) The Board of Directors shall fully take the responsibilities for establishment and supervision of the risk management structure of the Group, and take the responsibilities for development and control of the risk management policies of the Group.
  - (4) The risk management policy of the Group is established to identify and analyze risks encountered by the Group, set appropriate risk limits and control, and supervise the compliance of risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the Group's operations. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.
  - (5) The Audit Committee of the Group shall supervise the management to monitor the compliance of the Group's risk management policies and procedures, and review the appropriateness of the Group's relevant management framework for the risks encountered. Internal auditors assist the Group's audit committee in a supervision role. These officers conduct review on risk management controls and procedures and report the review results to the Audit Committee.
3. Nature and degree of significant financial risks
  - (1) Market risk
    - Foreign currency risk
      - A. The functional currency of the Company is New Taiwan Dollar and the functional currency of the subsidiary is United States Dollar. Therefore, the information of foreign currency assets and liabilities affected by significant exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT\$)
<b>(Foreign currency: functional currency)</b>			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	\$ 38,161	30.710 \$	1,171,924
NT\$:US\$	272,797	0.033	272,797
<u>Financial liability</u>			
<u>Monetary items</u>			
US\$:NT\$	\$ 513	30.710 \$	15,754
NT\$:US\$	1,035,997	0.033	1,035,997

December 31, 2021			
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT\$)
<b>(Foreign currency: functional currency)</b>			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	\$ 19,785	27.68 \$	547,649
NT\$:US\$	442,662	0.036	442,662
<u>Financial liability</u>			
<u>Monetary items</u>			
US\$:NT\$	\$ 696	27.68 \$	19,265
NT\$:US\$	1,014,687	0.036	1,014,687

B. Monetary items of the Group due to fluctuation of exchange rate and significant impacts recognized in disclosure of total exchange profits(losses) at the accumulated amounts of \$39,274 and (\$23,840) respectively for 2022 and 2021.

C. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

	2022		
	Sensitivity analysis		
	Range of change	Affect the profit and loss	Affect other comprehensive income
<b>(Foreign currency: functional currency)</b>			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	1%	\$ 11,719	\$ -
NT\$:US\$	1%	2,728	-
<u>Financial liability</u>			
Monetary items			
US\$:NT\$	1%	( \$ 158 )	\$ -
NT\$:US\$	1%	( 10,360 )	-

	2021		
	Sensitivity analysis		
	Range of change	Affect the profit and loss	Affect other comprehensive income
<b>(Foreign currency: functional currency)</b>			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	1%	\$ 5,476	\$ -
NT\$:US\$	1%	4,427	-
<u>Financial liability</u>			
Monetary items			
US\$:NT\$	1%	( \$ 193 )	\$ -
NT\$:US\$	1%	( 10,147 )	-

Cash flow interest rate risk and fair value interest rate risk

- A. Interest rate risk of the Group mainly comes from long-term loans issued according to floating rates that expose the Group to interest rate risk of cash flow. In 2022 and 2021, loans of the Group issued according to floating rates are mainly calculated according to New Taiwan Dollars.
- B. Loans of the Group are measured according to costs after amortization

and values will be re-evaluated according to annual interest rates stated in contracts. Thus, the Group exposes to risk of any interest rate change in future market.

- C. When any interest rate of loan increased or decreased 1% and all other factors remained unchanged, in 2022 and 2021, net profit before tax respectively reduce or increase \$8,460 and \$7,460 respectively mainly due to changes of interest expenses arising according to flowing rates of loans.

(2) Credit risk

- A. The Group's credit risk is the risk of financial loss to the Group due to the failure of the customer or counterparty of the financial instrument to perform its contractual obligations, which are mainly resulted from the failure of the counterparty to pay off accounts receivable payable on the terms of collection and the contractual cash flow.
- B. The Group manages its credit risk from the perspective of the Group as a whole. Manage and conduct analysis of credit risk prior to determining the terms and conditions for payment and delivery in accordance with the internal credit policy explicitly stated. Internal risk control is conducted in consideration of the financial position, experience in the past and other factors of the customers for assessment of their credit quality. The limits of individual risks are determined on the basis of internal or external rating with routine monitoring of the consumption of credit limit.
- C. According to the risk management procedure of the Group, if a specific counterparty fails to make payment in accordance with the agreed terms and conditions of payment and overdue for a certain period, it shall be construed as an act of breach.
- D. The Group based on the rating of the customers to classify account receivable and contract assets of customers into two categories, and estimate credit loss on the basis of a simplified method of preparation matrix.
- E. The Group adopts IFRS 9 in making the following assumption for judgment of possible significant rise of credit risk inherent to the financial instruments after initial recognition:  
Suppose specific account is overdue for more than 30 days under the agreed terms and conditions of payment. In that case, it shall be construed as significant risk of credit risk of the financial instrument after initial recognition.
- F. The Group uses the following indicators to judge credit impairment of the investment of debt instruments:

- (A) High level of insolvency to the issuer, or proceeding to bankruptcy or very likely of financial restructuring:
- (B) The financial asset lost its active market due to the insolvency of the issuer.
- (C) The issuer delays or declines to pay interest or the principal.
- (D) Unfavorable economic change nationwide or in the region that caused the default of the issuer.
- G. The Group mainly provides specific customers with semiconductor wafer packaging and testing services. Therefore, the Group assesses the credit risk of individual customers and adjusts loss rate according to the specific historical and current information, considering future prospects, to estimate the loss allowance on accounts receivable. The preparation matrix of the Group as of December 31, 2022 and December 31, 2021 is shown as follows:

	Not overdue	Overdue within 30 days	Overdue 31-90 days	Overdue 91-180 days	Overdue more than 181 days	Total
<u>December 31, 2022</u>						
Expected loss rate	0.110%	0.190%	3.66%~7.74%	50%	50%-100%	
Total book value	\$ 711,484	\$ 69,981	\$ 3,978	\$ 5	\$ -	\$ 785,448
Provision for bad debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>December 31, 2021</u>						
Expected loss rate	0.001%	0.001%	30%	50%	50%-100%	
Total book value	\$ 601,256	\$ 46,146	\$ 1,729	\$ 498	\$ -	\$ 649,629
Provision for bad debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- H. The Group has no written off liabilities in 2022 and on December 31, 2021.
- I. Information of current investments in debt instrument and credit rating after amortized by costs is shown below:

		December 31, 2022		
		<u>According to duration</u>		
		Significant increase of credit risk	Reduce of credit risk	
		<u>12 months</u>	<u>Significant increases</u>	<u>Impairment losses</u>
		<u>Total</u>		
Financial loans measured according to cost amortization	<u>\$1,255,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,255,550</u>
December 31, 2021				
<u>According to duration</u>				
Significant increase of credit risk				
Reduce of credit risk				
<u>12 months</u>				
<u>Significant increases</u>				
<u>Impairment losses</u>				
<u>Total</u>				
Financial loans measured according to cost amortization	<u>\$ 821,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 821,740</u>

Financial assets measured according to cost amortization held by the Group

Are bank time deposit and time deposit mortgaged and have no major anomalies of credit risk.

(3) Liquidity risk

- A. The details of the Group's undrawn borrowing facilities are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fixed interest rate		
Due within 1 year	\$ 766,800	\$ 1,251,978
Due for more than 1 year	600,000	1,553,000
	<u>\$ 1,366,800</u>	<u>\$ 2,804,978</u>

- B. The table below analyzes the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities, and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.



December 31, 2022	Less than 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 72,120	\$ -	\$ -	\$ -
Other payables	448,485	-	-	-
Other payables - related parties	239	-	-	-
Leasing obligations	1,058	852	1,441	4,738
Guarantee Deposit	-	-	-	6,448
Long-term loans (including those due within one year or one business circle)	17,443	45,656	295,882	511,360
December 31, 2021	Less than 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 99,450	\$ -	\$ -	\$ -
Account payables – related parties	646	-	-	-
Other payables	497,744	-	-	-
Other payables - related parties	93	-	-	-
Leasing obligations	1,326	1,308	1,475	4,201
Guarantee Deposit	-	-	-	267
Long-term loans (including those due within one year or one business circle)	1,888	1,909	56,915	697,460

(3) Fair value information:

1. The Group does not have financial instruments measured at fair value.
2. Financial tools not measured with fair values

Book values of cash and cash equivalents, receivables (including related parties), other receivables (including related parties), financial assets measured according to cost amortization, refundable deposits, short-term borrowings, payables (including related parties), long-term liabilities matured within one year, long-term liabilities, and deposit received of the Group have reasonably close conformity with fair price.

(4) Impact of the novel coronavirus on the operation of the company:

It has been assessed that the novel coronavirus pneumonia has no material impact on the Group's continued operations, asset impairment and financing risks °

XIII. Additional disclosure

(I) Information about significant transactions:

1. Loans to others: Please refer to Appendix Table 1.
2. Endorsements and guarantees: Please refer to Appendix Table 2.

3. Marketable securities held (excluding investments in subsidiaries, affiliates, and jointly control identities): None
4. Accumulated to buy or sell the same marketable securities amount to NT\$300 million or more than 20% of the paid-up capital: None
5. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None
6. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None
7. The amount of purchase and sales with related parties amounts to NT\$100 million or more than 20% of the paid-up capital: Please refer to Appendix Table 3
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
9. Information about the derivative financial instruments transaction: None.
10. The business relationship between the parent company and its subsidiaries and their subsidiaries, and the status and amount of important transactions: Please refer to Appendix Table 4.

(II) Information on reinvestment

Name of investee companies, location, and other relevant information (excluding investee companies in Mainland China): Please refer to Appendix Table 5.

(III) Information on investment in mainland china

No.

(IV) Information on dominant shareholders

Please refer to Appendix Table 6

XIV. About operating departments

(I) General information:

There are two reporting divisions in the Group: Testing Division and Packaging Division.

(II) Measurement of segment information

The Group has apportioned its non-recurring profit and loss to the reporting department. In addition, all reported department profits and losses include significant non-cash items other than depreciation and amortization. The amount of departmental information reported is consistent with the amount used by operational decision makers. The accounting policies of the operating departments are the same as the important accounting policies of the Group. The Group's operating departments' profit and loss are measured by sales income and net profit before tax, and serve as the basis for assessing the performance of the departments.

(III) Information on segment profit or loss, and assets and liabilities

The financial information of reportable segments provided to chief operating decision maker is as follows:

2022	Testing business segment	Bumping business segment	Plant developm ent business segment	Adjustment and elimination	Total
External revenue	\$ 1,840,072	\$ 2,536,326	-	(\$ 429,246)	\$ 3,947,152
Depreciation and amortization expenses	\$ 304,729	\$ 334,673	-	\$ -	\$ 639,402
Segment Income	\$ 856,682	\$ 200,234	( 50 )	\$ -	\$ 1,056,866
Segment assets	\$ 954,250	\$ 56,392	-	\$ -	\$ 1,010,642

2021	Testing business segment	Bumping business segment	Adjustment and elimination	Total
External revenue	\$ 1,162,807	\$ 2,283,149	(\$ 359,564)	\$ 3,086,392
Depreciation and amortization expenses	\$ 205,913	\$ 423,854	(\$ -)	\$ 629,767
Segment Income	\$ 379,098	\$ 101,292	(\$ -)	\$ 480,390
Segment assets	\$ 685,566	\$ 847,339	\$ -	\$ 1,532,905

December 31, 2022	Testing business segment	Bumping business segment	Plant developm ent business segment	Adjustment and elimination	Total
Segment assets	\$ 3,689,588	\$ 3,718,800	\$ 200,578	(\$ 155,091)	\$ 7,453,875

December 31, 2021	Testing business segment	Bumping business segment	Plant developm ent business segment	Adjustment and elimination	Total
Segment assets	\$ 2,240,036	\$ 4,204,041	=	(\$ 105,826)	\$ 6,338,251

(IV) Information by product and service:

Please refer to Note VI(XV) for details.

(V) Geographical information:

The geographical information of the Group for 2022 and 2021 is as follows:

	2022		2021	
	Income	Non-current assets	Income	Non-current assets
Taiwan	1,592,921	3,310,222	1,560,603	2,796,994
USA	1,139,673	-	578,549	-
China	599,586	-	336,598	-
Singapore	409,992	-	476,845	-
Other	204,980	-	133,797	-
Total	<u>\$ 3,947,152</u>	<u>\$ 3,310,222</u>	<u>\$ 3,086,392</u>	<u>\$ 2,796,994</u>

(VI) Major customer information

Information on major customers of the Group for 2022 and 2021 is as follows:

	2022	2021
	Income	Income
Customer B	922,392	406,885
Customer E	681,505	1,060,567
Customer H	552,999	295,280
Customer G	458,738	361,982
	<u>\$ 2,615,634</u>	<u>\$ 2,124,714</u>

Winstek Semiconductor Co., Ltd.  
Funds Lent to Others  
From January 1 to December 31, 2022

Unit: NT\$1,000  
(unless otherwise specified)

Table 1

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No )	Maximum balance at current period (Note 3)	Ending balance (Note 8)	Actual amount of disbursemen t	Interest rate collars	Characteris tic of fund lent to others (Note 4)	Business transactio n amount	Reason for short- term loans	Amount of provision for loss allowance	Collateral Name	Value	Limit of The Parent Company Only lending (Note 7)	Total limit of funds lent to others (Note 7)	Note
0	Winstek Semiconductor Technology Co., Ltd.	Winstek Semiconductor Co., Ltd.	Other accounts receivable - related parties	Y	\$ 805,375	\$ 767,750	\$ -	1%	2	\$ -	Purchase of equipmen t	\$ -	None.	\$ -	\$ 742,169	\$ 742,169	

Note 1: Complete the "Number" column as described below:

(1) Fill "0" in the issuer field.

(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: If any recorded account receivable from an associate or a related party, account with shareholder, prepayment or provisional payment has the characteristic of fund lent to others, fill it into this column.

Note 3: Maximum balance of funds lent to others in the current year

Note 4: In the "Characteristic of fund lent to others" column, in case of a business transaction, or in case of a short-term loan.

Note 5: If the characteristic of fund lent to other is business transaction, the business transaction amount should be entered; "Business Transaction Amount" refers to the amount of business transactions between the lending company and the borrower in the most recent year.

Note 6: If the characteristic of fund lent to other is short-term loan, the reason for and purpose of such loan issued to the borrower should be specified, such as repayment, equipment acquisition, and operation financing, etc.

Note 7: It is required to fill the limit of The Parent Company Only lending and the total limit of funds lent to others as stated in Longshan's "Procedures for Lending of Capital" and to explain the calculation methods of such limit and total limit in the "Note" field.

Note 8: If a public company reported such fund lending to the board of directors for resolution on a trade-by-trade basis pursuant to Article 14.1 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the amount approved by the board of directors should be included in the announced balance to disclose the risk thereof, although such loan has not been issued yet. For subsequent repayment, the balance after repayment should be disclosed to indicate the risk-based adjustment. If the public company obtains the resolution of the board of directors and the Chairman is authorized to handle the matter within the specific amount of fund lending approved by the board of directors and the lending is authorized in installment or revolver within one year, pursuant to Article 14.2 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported. In spite of subsequent refinement, further fund authorization can be considered. Therefore, the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported.

Winstek Semiconductor Co., Ltd.  
Providing Endorsement/guarantee to Others  
From January 1 to December 31, 2022

Unit: NT\$1,000  
(unless otherwise specified)

Table 2

Number (Note 1)	The name of the company that provides endorsement/guarantee	The object receiving endorsement/guarantee		Maximum amount of endorsement/guarantee for a single enterprise (Note 3)	Maximum balance of endorsement/guarantee for the current period (Note 4)	Balance of endorsement/guarantee at the end of current period (Note 5)	Actual amount drawn (Note 6)	Amount of endorsement/guarantee guaranteed with property	Percentage of aggregated amount of endorsement/guarantee with the net value in the most recent financial reports	Maximum amount of endorsement/guarantee (Note 3)	A parent company provides endorsement/guarantee for its subsidiary (Note 7)	A subsidiary provides endorsement/guarantee for its parent company (Note 7)	The endorsement/guarantee involves Mainland China (Note 7)	Note
		Name of company	Relationship (Note 2)											
0	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	2	\$5,853,916	\$ 300,000	\$ 300,000	\$ -	\$ -	5.12%	\$ 5,853,916	Y	N	N	

Note 1: The description of the number column is as follows:

- (1) The issuer shall fill in 0.
- (2) The investees are numbered in alphabetical order beginning with the Arabic numeral 1.

Note 2: Please indicate the relationship between the provider of endorsement/guarantee and the object of endorsement/guarantee, which can be classified into the following six categories:

- (1) Companies which are doing business with each other.
- (2) Companies of which the Company directly or indirectly holds more than 50% of the voting shares.
- (3) Companies of which directly or indirectly hold more than 50% of the voting shares in the Company.
- (4) Among companies of which the Company directly or indirectly holds more than 90% of the voting shares.
- (5) Companies in the same industry that endorse/guarantee for each other due to the need to contract project; or companies which are endorsed/guaranteed mutually by the same founders under provision of contract.
- (6) Companies which are endorsed/guaranteed by all shareholders based on their shareholding percentage due to joint investment.
- (7) In accordance with the consumer protection law, Companies in the same industry who perform housing pre-sale contract, are jointly and severally endorsed/guaranteed.

Note 3: The total amount of the Company's external endorsement/guarantee shall not exceed 50% of the Company's most recent net value. The amount of the Company's endorsement/guarantee for a single enterprise shall not exceed 20% of the net value at the time when the company endorses/guarantees.

However, an endorsement/guarantee between the Company and among companies of which the Company directly or indirectly holds 100% of the voting shares, or other companies that the Company has agreed to purchase and upon completion will become a subsidiary of which the Company directly or indirectly holds 100% shares, and approved by a resolution of the Board of Directors, its endorsement/guarantee amount shall not be restricted by the aforesaid total amount of endorsement/guarantee and the limit of endorsement/guarantee for a single enterprise.

However, the endorsement/guarantee to a single enterprise shall not exceed 100% of the net value of the Company in its most recent financial reports audited or reviewed by CPA. In addition, the endorsement/guarantee not between the Company and among companies of which the Company directly or indirectly holds 100% voting shares, the total cumulative amount of such external endorsements/guarantees shall not exceed 100% of the net value of the Company in its most recent financial reports audited or reviewed by CPA.

Note 4: The maximum balance of endorsement/guarantee for others in the current year.

Note 5: By the end of the year, Chu Fan Company shall undertake the obligation of endorsement/guarantee when the amount of endorsement/guarantee contract/bill signed by it to the bank is approved; Other relevant endorsements/guarantees shall be accounted in the balance of endorsements/guarantees.

Note 6: The actual amount drawn by the company endorsed/guaranteed within the balance of the endorsement/guarantee shall be filled here.

Note 7: To be filled if a listed/OTC parent company provides endorsement/guarantee for its subsidiary, or if a subsidiary provides endorsement/guarantee for its listed/OTC parent company; "Y" shall be filled in if the endorsement/guarantee involves Mainland China

Winstek Semiconductor Co., Ltd.  
The amount in purchase or sale with related-party amounting to NT\$100 million or more than 20% of the paid-in capital  
From January 1 to December 31, 2022

Unit: NT\$1,000  
(unless otherwise specified)

Table 3

Purchase (Sale) Company	Name of Counterparty	Relationship	Transaction Nature				Nature and reasons for the difference between trade terms and general trade (Note 1)		Bills and accounts receivable (payable)		Notes
			Purchase (Sale)	Amount	Proportion of total Purchase (Sales)	Credit period	Unit Price	Credit period	Balance	Proportion of total Bills and accounts receivable (payable)	
Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	Subsidiary	Sale	(\$427,227)	(23%)	Monthly settlement 30 days	-	-	\$ 98,561	18%	
Winstek Semiconductor Technology Corporation	Winstek Semiconductor Corporation	Parent company	Purchase	427,227	19%	Monthly settlement 30 days	-	-	( 98,561)	59%	

Note 1: For the sales transactions between the Company and the interested persons, the transaction prices and the collection conditions have no significant differences from those with others having no interests, and the transaction conditions are determined by both parties concerned through negotiations.

Winstek Semiconductor Co., Ltd.  
Business relation and important transactions between the parent company and subsidiaries, and among the subsidiaries, and the amount  
From January 1 to December 31, 2022

Unit: NT\$1,000  
(unless otherwise specified)

Table 4

Serial No. (Note 1)	Name of Related Company	Counterparty	Relationship With the Counterparty (Note 2)	Transaction Nature			As a Percentage of Consolidated Revenues or Total Assets (Note 3)	
				Account	Amount	Trade Terms		
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Sales revenue	\$ 427,227	It is to be processed in accordance with the price and conditions agreed by both parties. It is to be processed in accordance with the price and conditions agreed by both parties.	10.82%	
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Accounts receivable	98,651		1.32%	
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Other receivables	54,839		0.74%	
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Dividend income	76,982		-	1.95%
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Business overall management income (Accounting operating costs and deductions of operating expenses)	34,202		-	0.87%

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:

- (1). 0 for parent company.
- (2). Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below. Only the category is indicated (no duplicate disclosure is made on two counterparties of the same transaction. For example, in a parent-to-subsiary transaction, no disclosure is made on the subsidiary's end if disclosure has already been made on the parent company's end; in a subsidiary-to-subsiary transaction, no disclosure is made on one subsidiary's end if disclosure has already been made on the other subsidiary):

- (1). Parent to subsidiary.
- (2). Subsidiary to parent.
- (3). Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of consolidated total revenues or total assets is explained as follows: for balance sheet items, percentage relative to total assets is calculated using end-of-period balances; for profit and loss accounts, percentage relative to total revenues is calculated using cumulative amount and cumulative total revenues.

Note 4: If the single transaction amount is for less than NT\$20,000, it needs not be disclosed, and the relative transactions will no longer be disclosed.



Winstek Semiconductor Co., Ltd.  
Name, Location, and Other Relevant Information of the Investee Companies (excluding Investee Companies in Mainland China)  
From January 1 to December 31, 2022

Unit: NT\$1,000  
(unless otherwise specified)

Table 5

Name of investing company	Name of the investee company (Notes 1, 2)	Location	Main business items	Original investment amount		Holding at the end of period			Profit and loss of investee company in the current period (Note 2(2))	Investment gains and losses recognized in the current period (Note 2(3))	Note
				At the end of this period	At the end of last year	Number of shares	Ratio	Carrying amount			
Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	Taiwan	Wafer bumping and wafer level packaging services	\$ 1,875,740	\$ 2,875,740	210,000,000	100%	\$ 2,473,897	\$ 226,308	\$ 226,308	
Winstek Semiconductor Corporation	TST Co., Ltd.	Taiwan	Plant development and leasing	200,000	-	20,000,000	100%	200,462	462	462	Note 3

Note 1: If a public company has a foreign holding company and the consolidated financial report is the main financial report according to local laws and regulations, the disclosure of information about the foreign investee may only include the relevant information of the holding company.

Note 2: In cases other than those described in Note 1, the following information shall be provided:

- (1) The columns of "Name of the investee company", "Location", "Main business items", "Original investment amount" and "Shareholding at the end of period", etc., shall be filled in in order according to the reinvestment situation of the (public) company and each reinvestment situation of the investee company under direct or indirect control. The relationship between each investee company and the (public) company (if it is a subsidiary or sub-subsidiary) shall be indicated in the remarks column.
- (2) In the column B of "Profit and loss of investee company in the current period", the current profit and loss amount of each investee shall be filled in.
- (3) In the column B of "investment gains and losses recognized in the current period", only the recognized profit and loss amount of each directly reinvested subsidiary of this (public) Company and each investee assessed by equity method shall be filled in, and the balance is not required to be filled in. When filling in "recognized profit and loss amount of each directly reinvested subsidiary for the current period", it shall be confirmed that the amount of profit and loss of each subsidiary for the current period has included the reinvestment profit and loss that should be recognized as investment profit and loss according to provisions

Note 3: TST Co., Ltd. was established on May 10, 2022 and the Group invested the capital of \$200,000 to acquire 100% ownership.

Winstek Semiconductor Co., Ltd.  
Information on dominant shareholders  
From January 1 to December 31, 2022

Table 6

Name of major shareholders	Shares of Stock	
	Quantity of shareholdings	The ratio of shareholding
Ge-Shing Corporation	70,726,438	51.90%

Note 1: The information on the major shareholders listed in this Form is about that concerning the ordinary shares and special shares (that are completed but without physical delivery, as calculated by CHEP) (including the treasury stocks) totaling up to 5%. The capital stocks as stated in the financial reports of the Company and the stocks that are factually completed but without physical delivery may be different or varied because of the preparation and calculation basis.

Note 2: If the abovementioned data is about the shares held by the shareholders and delivered to a trust, it will be disclosed by the accounts of the principals (that are opened by the agent by means of trust accounts). As for the declaration of the insiders' equities with the shareholding percentage over 10% as handled by the shareholders according to the securities exchange acts, their equities shall include their own shares plus the shares that are delivered to the trust and have the right to make decisions on how to use them, etc. As for the data about the declaration of the insiders' equities, please refer to the open information observation station.

V. The Company's independent financial statement audited showing the name of the certified public accountant and the auditor's opinion.

Independent Auditors' Report

(112) PWCR 22002897

To the Winstek Semiconductor Co., Ltd.:

**Opinion**

The Parent Company Only Balance Sheets as on December 31, 2022 and December 31, 2021; Parent Company Only Statements Of Comprehensive Income, Parent Company Only Statement of Changes in Equity, Parent Company Only Statement of Cash Flows from January 1, 2021 to December 31 2021 and December 31 2022; and the Notes to the Parent Company Only Financial Statements (including the Summary of Significant Accounting Policies) of Winstek Semiconductor Co., Ltd., have been audited by the certified public accountant (hereafter referred to as "CPA").

According to our CPAs' opinion, the financial reports of the said Company are prepared in accordance with these Regulations Governing the Preparation of Financial Reports by Securities Firms approved by the Financial Supervisory Commission and are also prepared, governed, interpreted with International Financial Reporting Standards (IFRS), and International Accounting Standards (IAS) to sufficiently state financial statuses of Winstek Semiconductor Co., Ltd. between December 31, 2021 and 2022 as well as financial performance and cash flow of the said company from January 1, 2021 to December 31, 2022.

**Basis for Opinion**

We have performed the auditing work in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards in the ROC. Our CPAs will further explain the responsibilities auditors shall execute during the audit of Parent Company Only Financial Statements under the above principles. The personnel of our accounting firm who are subject to independent regulations have acted according to the ROC CPA Code of Professional Ethics to remain neutral from Winstek Semiconductor Co., Ltd. while fulfilling other duties set forth in the said Code. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of the auditor's opinion.

**Key Audit Matters**

Key audit key matters refer to those most material key matters for the audit on the Parent Company Only Financial Statements of the year 2022 of Winstek Semiconductor Co., Ltd., based on the professional judgment of the accountant. Such matters have been taken into account in audit of the overall Parent Company Only Financial Statements and have been considered to the formation of

audit opinions, therefore the CPA is not giving any personal opinions on such key matters.

The key audit matters of the Parent Company Only Financial Statements of the year 2022 of Winstek Semiconductor Co., Ltd. are as followings:

### **Audits of Real Estate, Plant, and Equipment Capitalization**

#### Matters descriptions

Winstek Semiconductor Co., Ltd. and Subsidiaries increase capital expenditures along with their operations. Please refer to Note 4 (XII) of the consolidated balance sheet for accounting policies related to items of real estate, plants, and equipment and Note 6(V) for description of items related to real estate, plants, and equipment. The amount of capital expenditure of real estate, plants, and equipment in this year is significant, and therefore, the CPA listed audits of real estate, plant, and equipment capitalization as key matters.

#### Corresponding auditing procedures

The auditor conducted main audit procedures towards the said key audit matters including: Evaluate and examine the effectiveness of the internal control of the time for the addition and recognition for depreciation of property, plant, and equipment with a random selection of the purchase orders and invoices to ascertain the appropriate approval of the transactions and the accuracy of bookkeeping. Acceptance documents have also been examined, on a selective basis, to determine the asset is in working condition and the timing for entry into asset index and starting to recognize for depreciation.

### **The responsibility of the management and governance units for the Parent Company Only Financial Statements**

The responsibility of the management and the governance units shall be conducting necessary internal control to ensure that the said Company are prepared in accordance with these Regulations Governing the Preparation of Financial Reports by Securities Firms approved by the Financial Supervisory Commission and are also prepared, governed, interpreted with International Financial Reporting Standards (IFRS), and International Accounting Standards (IAS) for avoidance of misleading, manipulated or major unfaithful expression of financial statements of the said Company.

When preparing the Parent Company Only Financial Statements, the management is also responsible for the assessment of Winstek Semiconductor Co., Ltd.'s ability on going concern, the disclosure of relevant matters, the adoption of the accounting base for going concern, unless the management intends to proceed with the liquidation to Winstek Group or to discontinue its operations or has no other practical alternative solutions except for liquidation or closure.

The governing body of Winstek Semiconductor Co., Ltd. (including the Audit Committee) had the responsibility to supervise the financial reporting process.

## **The responsibility of CPAs when auditing Parent Company Only Financial Statements**

Our objective when auditing the parent company only financial statements was to ascertain whether they contained any false contents as a result of fraudulence or mistakes and whether they were reasonably reliable and issue the auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with ROC audit guidelines cannot guarantee detection of significant false contents in parent company only financial statements. Misstatements could be caused by fraud or error. If the individual amounts or sums those false contents involved could be reasonably expected to affect the financial decision making of users of Parent Company Only Financial Statements such false contents would be considered significant.

CPAs observed the ROC Standards on Auditing and utilized auditor professional judgement and skepticism to conduct auditing. CPAs also carried out works below:

1. Identifying and evaluating likely risks from significant false contents in the Parent Company Only Financial Statements because of fraudulence of errors, designing and executing proper counter measures against the risks identified, and establishing sufficient and appropriate audit evidence to serve as the basis of the auditor's report. As fraudulence can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect significant false contents resulting from fraudulence is higher than the risk of failing to identify those coming from errors.
2. Obtaining necessary understanding of internal controls relevant to the audit, in order to design appropriate audit procedures in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal controls of Winstek Semiconductor Co., Ltd.
3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly.
4. Based on the audit evidence obtained, conclusions are drawn on the appropriateness of the management's continuing adoption of the going concern accounting foundation and whether there was any significant doubt (in the events or circumstances) about the capacity of Winstek Semiconductor Co., Ltd. to remain in operation or whether any significant uncertainty existed. If we thought such doubt or significant uncertainty existed, we had to point it out in the auditor's report to remind users of the Parent Company Only Financial Statements to look out for related disclosures in the Parent Company Only Financial Statements to revise out audit opinion if such disclosures were considered inappropriate. Our conclusion was established according to the audit evidence obtained before the deadline for the auditor's report. However, future events or circumstances may result in Winstek Semiconductor Co., Ltd. no longer being able for going concern.

5. Evaluating the overall expression, structure, and contents of the Parent Company Only Financial Statements (including related notes) and whether the Parent Company Only Financial Statements could appropriately express related transactions and events.
6. Obtaining sufficient and appropriate audit evidence regarding the finance in Winstek Semiconductor Co., Ltd. to establish our opinion about the Parent Company Only Financial Statements. We were responsible for guiding, supervising, and executing the audit work for the Company and also establishing the auditor's opinion.

We communicated with governance units about the planned audit range and time and important audit discoveries (including significant internal control defects found during the audit process).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and also communicate with them about the all relations and other matters (including related preventive measures) that could affect the independence of CPAs.

Based on the result of our discussion with the governance body, we decided the key audit matters when auditing the 2022 Parent Company Only Financial Statements of Winstek Semiconductor Co., Ltd. We have clearly described the said matters in the auditor's report except certain matters whose public disclosure is prohibited by law or certain matters we decided not to mention under some extremely rare circumstances because disclosure of such matters can be reasonably expected to lead negative effects that would be greater than public good they might benefit.

PwC Taiwan

Hsieh Chih-Cheng

Certified public accountant

Chiang Tsai-Yen

Former Executive Yuan Financial Supervisory Commission  
(FSC)

SC Approved Certificate No. 0990042599

Financial Supervisory Commission (FSC)

FSC Approved Certificate No. 1060025097

March 6, 2023

Winstek Semiconductor Co., Ltd.  
Parent Company Only Balance Sheet  
December 31, 2021 and 2022

Unit: NT\$ thousand

Assets	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current asset</b>						
1100	Cash and cash equivalents	6(1)	862,230	14	\$ 433,040	8
1136	Financial assets measured at amortized cost - current	6(2) and 8	153,550	2	25,000	1
1140	Contract assets - current	6(15)	27,559	-	11,056	-
1170	Net accounts receivable	6(3)	450,050	7	172,018	3
1180	Accounts receivable from related parties (net)	6(3) and 7	100,436	2	93,434	2
1200	Other receivables		2,309	-	14	-
1210	Other accounts receivable - related parties	7	54,955	1	13,264	-
1220	Income tax assets in the current period		-	-	32,791	1
1410	Prepayments		11,225	-	11,551	-
1479	Other current assets		7,240	-	5,924	-
11XX	<b>Total current assets</b>		<u>1,669,554</u>	<u>26</u>	<u>798,092</u>	<u>15</u>
<b>Non-current asset</b>						
1535	Financial assets measured at amortized cost - non-current	6(2) and 8	12,000	-	12,000	-
1550	Investment under equity method	6(4)	2,674,359	42	2,958,225	57
1600	Property, plant, and equipment	6(5)	1,800,876	29	1,183,958	23
1755	Right-of-use assets	6(6)	2,018	-	3,127	-
1780	Intangible assets	6(8)	144,857	2	111,722	2
1840	Deferred income tax assets	6(21)	17,500	-	17,024	1
1990	Other non-current assets		42,784	1	114,113	2
15XX	<b>Total non-current assets</b>		<u>4,694,394</u>	<u>74</u>	<u>4,400,169</u>	<u>85</u>
1XXX	<b>Total assets</b>		<u>6,363,948</u>	<u>100</u>	<u>\$ 5,198,261</u>	<u>100</u>

(To be continued on next page)

Winstek Semiconductor Co., Ltd.  
Parent Company Only Balance Sheet  
December 31, 2021 and 2022

Unit: NT\$ thousand

Liability and shareholder's equity	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>Current liability</b>					
2170	Accounts payable	\$ 2,776	-	\$ 2,846	-
2180	Accounts payable-related parties	7	-	803	-
2200	Other payables	6(9)	218,165	3	216,294
2220	Other payables - related parties	7	1,725	-	1,505
2230	Current income tax liabilities	6(21)	165,023	3	68,585
2280	Lease obligations-current		1,149	-	1,781
2399	Other current liabilities - others		2,451	-	2,324
21XX	<b>Total current liabilities</b>		<u>391,289</u>	<u>6</u>	<u>294,138</u>
<b>Non-current liability</b>					
2540	Long-term loans	6(10)	100,000	2	-
2570	Deferred income tax liabilities	6(21)	141	-	107
2580	Lease obligations-non-current		862	-	1,367
2640	Net defined benefit liability - non-current	6(11)	17,628	-	26,638
2670	Other non-current liabilities – others		112	-	100
25XX	<b>Total non-current liabilities</b>		<u>118,743</u>	<u>2</u>	<u>28,212</u>
2XXX	<b>Total liabilities</b>		<u>510,032</u>	<u>8</u>	<u>322,350</u>
<b>Equity</b>					
Capital					
3110	Capital from ordinary share	6(12)	1,362,617	21	1,362,617
	Capital reserve	6(13)			26
3200	Capital surplus		366,243	6	366,243
Retained earnings					
3310	Legal reserve	6(14)	752,782	12	713,519
3320	Special reserve		282,069	5	203,472
3350	Undistributed earnings		3,005,929	47	2,512,130
Other equity					
3400	Other equity		84,276	1	(282,070)
3XXX	<b>Total equity</b>		<u>5,853,916</u>	<u>92</u>	<u>4,875,911</u>
	Material commitments and contingencies	9			
	Significant subsequent events	11			
3X2X	<b>Total liabilities and equity</b>		<u>\$ 6,363,948</u>	<u>100</u>	<u>\$ 5,198,261</u>

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang    Manager: Weng Chih-Li    Accounting Officer: Liu Kui-Chu



Winstek Semiconductor Co., Ltd.  
Parent Company Only Statement of Comprehensive Income  
January 1, to December 31, 2022 and 2021

Unit: NT\$ thousand  
(Except for earnings per share)

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 Revenue	6(15) and 7	\$ 1,840,072	100	\$ 1,162,807	100
5000 Operating cost		( 849,763)	( 46)	( 668,506)	( 57)
5950 Net gross profit		<u>990,309</u>	<u>54</u>	<u>494,301</u>	<u>43</u>
Operating expenses	6(19)(20)				
6100 Selling expenses		( 9,522)	( 1)	( 6,183)	-
6200 General and administrative expenses		( 116,728)	( 6)	( 102,781)	( 9)
6300 Research and development expenses		( 7,377)	-	( 6,239)	( 1)
6000 Total operational expenses		( 133,627)	( 7)	( 115,203)	( 10)
6900 Operating profit		<u>856,682</u>	<u>47</u>	<u>379,098</u>	<u>33</u>
Non-operating income and expenses					
7100 Interest income	6(16)	7,181	-	859	-
7010 Other income	6(16)	444	-	463	-
7020 Other gains and losses	6(17)	( 23,161)	( 1)	( 6,841)	-
7050 Financing cost	6(18)	( 6,439)	-	( 42)	-
7070 Shares of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	6(4)	<u>226,770</u>	<u>12</u>	<u>85,535</u>	<u>7</u>
7000 Total non-operating income and expenses		<u>204,795</u>	<u>11</u>	<u>79,974</u>	<u>7</u>
7900 <b>Profit before tax</b>		<u>1,061,477</u>	<u>58</u>	<u>459,072</u>	<u>40</u>
7950 Income tax expense	6(21)	( 144,010)	( 8)	( 65,141)	( 6)
8200 <b>Net profit of this period</b>		<u>\$ 917,467</u>	<u>50</u>	<u>\$ 393,931</u>	<u>34</u>
<b>Other comprehensive gain or loss</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
8311 Remeasurements of defined benefit plans	6(11)	\$ 7,594	-	(\$ 1,298)	-
8310 Total amount of items that will not be reclassified subsequently to profit or income		<u>7,594</u>	<u>-</u>	<u>( 1,298)</u>	<u>-</u>
<b>Items that may be reclassified to profit or loss</b>					
8361 Foreign currency translation difference of financial statements of overseas business units	6(4)	<u>366,346</u>	<u>20</u>	<u>( 78,597)</u>	<u>( 7)</u>
8360 Total amount of items that may be reclassified subsequently to profit of loss		<u>366,346</u>	<u>20</u>	<u>( 78,597)</u>	<u>( 7)</u>
8500 <b>Total comprehensive income</b>		<u>\$ 1,291,407</u>	<u>70</u>	<u>\$ 314,036</u>	<u>27</u>
Earnings per share	6(22)				
9750 Basic earnings per share			<u>6.73</u>		<u>2.89</u>
9850 Diluted earnings per share			<u>6.66</u>		<u>2.87</u>

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd.  
Parent Company Only Statement of Changes in Equity  
January 1, to December 31, 2022 and 2021

Unit: NT\$ thousand

	Notes	Share	Capital surplus	Retained earnings			The balance of translation of the financial statements of foreign operating institutions	Total equity
				Legal capital reserve	Special capital reserve	Retained earnings		
<u>2021</u>								
Balance as at January 1, 2021		\$ 1,362,617	\$ 366,243	\$ 693,278	\$ 45,854	\$ 2,464,874	(\$ 203,473 )	\$ 4,729,393
Net profit of current period		-	-	-	-	393,931	-	393,931
Other comprehensive profit and loss in current period		-	-	-	-	( 1,298 )	( 78,597 )	( 79,895 )
Total comprehensive gain or loss in current period		-	-	-	-	392,633	( 78,597 )	314,036
Annual appropriation of net income and allocation of the year 2020	6(14)							
Appropriated as Legal reserve		-	-	20,241	-	( 20,241 )	-	-
Appropriated as special surplus reserve		-	-	-	157,618	( 157,618 )	-	-
Cash dividend		-	-	-	-	( 167,518 )	-	( 167,518 )
Balance as of December 31, 2021		<u>\$ 1,362,617</u>	<u>\$ 366,243</u>	<u>\$ 713,519</u>	<u>\$ 203,472</u>	<u>\$ 2,512,130</u>	<u>(\$ 282,070 )</u>	<u>\$ 4,875,911</u>
<u>2022</u>								
Balance as of January 1, 2022		\$ 1,362,617	\$ 366,243	\$ 713,519	\$ 203,472	\$ 2,512,130	(\$ 282,070 )	\$ 4,875,911
Net profit of current period		-	-	-	-	917,467	-	917,467
Other comprehensive profit and loss in current period		-	-	-	-	7,594	366,346	373,940
Total comprehensive gain or loss in current period		-	-	-	-	925,061	366,346	1,291,407
Annual appropriation of net income and allocation of the year 2021	6(14)							
Appropriated as Legal reserve		-	-	39,263	-	( 39,263 )	-	-
Appropriated as special surplus reserve		-	-	-	78,597	( 78,597 )	-	-
Cash dividend		-	-	-	-	( 313,402 )	-	( 313,402 )
Balance as of December 31, 2022		<u>\$ 1,362,617</u>	<u>\$ 366,243</u>	<u>\$ 752,782</u>	<u>\$ 282,069</u>	<u>\$ 3,005,929</u>	<u>\$ 84,276</u>	<u>\$ 5,853,916</u>

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang    Manager: Weng Chih-Li    Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd  
Parent Company Only Statement of Cash Flow  
January 1, to December 31, 2022 and 2021

Unit: NT\$ thousand  
January 1  
To December 31,  
2021

Notes	January 1 To December 31, 2022	January 1 To December 31, 2021
<u>Cash flow from operating activities</u>		
Current net profit before tax	\$ 1,061,477	\$ 459,072
Adjusted items		
Income expense items		
Depreciation expenses	6(5)(6)(19) 269,906	185,968
Amortization expenses	6(8)(19) 34,823	19,944
Interest expense	6(18) 6,439	42
Interest income	6(16) ( 7,181 )	( 859 )
Disposition of plant, property, and equipment	6(17) ( 2,053 )	( 4,253 )
The share of gains and losses of subsidiaries recognized by the equity method	6(4) ( 226,770 )	( 85,535 )
Changes in assets and liabilities relating to operating activities		
Net change in assets relating to operating activities		
Contract assets	( 16,503 )	( 2,675 )
Accounts receivable	( 278,032 )	( 81,834 )
Accounts receivable - related parties	( 7,002 )	( 35,898 )
Other receivables	( 3 )	2,681
Other accounts receivable--related parties	6,283	12,669
Prepayments	( 2,173 )	1,391
Other current assets	( 1,316 )	( 3,075 )
Net change in liabilities related to operating activities		
Accounts payable	( 70 )	1,314
Accounts receivable - related parties	( 803 )	803
Other payables	43,726	21,431
Other payables - related parties	220	897
Provisions	-	( 160 )
Other current liabilities	125	( 198 )
Net defined benefit liability	( 1,416 )	( 1,476 )
Other non-current liabilities	-	( 3,335 )
Cash flow from operating activities	879,677	486,914
Interest income received	4,889	1,475
Dividends received	6(4) 76,982	162,090
Interest paid	( 6,439 )	( 42 )
Income tax paid	( 63,196 )	( 1,264 )
Net cash inflow from operating activities	891,913	649,173
<u>Cash flow from investment activities</u>		
Financial assets acquired at amortized cost	( 452,375 )	( 197,060 )
Disposal of financial assets at amortized cost	323,825	557,500
Investments accounted for using equity method	6(4) ( 200,000 )	-
Refund obtained from Investments accounted for using equity method	6(4) 1,000,000	-
Acquisition of property, plant, and equipment	6(22) ( 853,621 )	( 792,055 )
Amount from disposal of property, plant and equipment	3,376	8,598
Acquire intangible assets	6(8) ( 67,958 )	-
Increased refundable deposit	( 666 )	( 901 )
Net cash outflow from investing activities	( 247,419 )	( 515,837 )
<u>Cash from financing activities</u>		
Long-term borrowing	6(24) 100,000	-
Amount returned for long-term borrowing	6(24) ( 1,914 )	( 1,360 )
Increase in guarantee deposits	6(24) 38	38
Decrease in guarantee deposits	6(24) ( 26 )	( 24 )
Cash dividends paid	6(14) ( 313,402 )	( 167,518 )
Net cash outflow from financing activities	( 215,304 )	( 168,864 )
Increase in cash and cash equivalents (decrease) in the current period	429,190	( 35,528 )
Cash and cash equivalents at beginning of year	6(1) 433,040	468,568
Cash and cash equivalents at end of year	6(1) \$ 862,230	\$ 433,040

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang    Manager: Weng Chih-Li    Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd.  
Notes to the Parent Company Only Financial Statements  
2022 and 2021

Unit: NT\$ thousand  
(unless otherwise specified)

I. Overview

Winstek Semiconductor Co., Ltd. (hereinafter referred to as "the Company") was established in April 26, 2000 in the ROC. The Company's shares were listed and traded at GreTai Securities Market in August 2005. The Company is mainly engaged in the testing of integrated circuits and other related businesses.

The ultimate parent company of the Company was originally Temasek Holding Limited, and Silicon Microelectronics Corporation (hereinafter referred to as "Sigurd Corporation") took control of the parent company Bloomeria Limited on October 13, 2017, and indirectly acquired 51.88% equity of the Company, becoming the ultimate parent company of the Company.

In consideration of the overall operation of the group, our parent company, Bloomeria Limited, transferred all its shares of the Company to the Ge-Shing Corporation, a wholly-owned subsidiary of the ultimate parent on July 6 2020. As such Ge-Shing Corporation becomes the parent of the Company.

II. Approval date and procedures of the financial statements

This Parent Company Only Financial Statements was approved and issued by the Board of Directors on March 6, 2023.

III. Application of New and Amended International Financial Reporting Standards (IFRS) and Interpretations

(I) The Company has adopted impacts of the newly amended effective International Financial Reporting Standards (IFRS) approved and promulgated by the Financial Supervisory Commission (FSC).

Table below lists newly announced, modified, and amended principles and interpretations of IFRS approved and promulgated by the IFRS in 2022:

The Standard, Interpretations and Amendments	Effective date issued by IASB
Amendments to "References to the Conceptual Framework" in IFRS 3	January 1, 2022
Amendments to "Property, Plant and Equipment: Proceeds before Intended Use" in IFRS 16	January 1, 2022
Amendments to "Onerous Contracts-Costs to Fulfill a Contract" in IFRS 37	January 1, 2022

The Company has assessed that the above standards and interpretations have no significant influence on the Company's financial position and financial performance.

(II) Effects of not yet applying the newly announced and revised IFRSs endorsed by the FSC:

The Standard, Interpretations and Amendments	Effective date issued by IASB
Amendments to IFRS 1, “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IFRS 8, “Definition of Accounting Estimates”	January 1, 2023
Amendments to IFRS 12, “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

The Company has assessed that the above standards and interpretations have no significant influence on the Company's financial position and financial performance.

(III) Effects of IFRSs issued by IASB but not yet endorsed by the FSC:

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

The Standard, Interpretations and Amendments	Effective date issued by IASB
Amendment to IFRS 10 and IAS 28, “the disposal or investment in assets between Investors and its associates or joint ventures”.	Pending on the decision of IASB
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024
IFRS 17, “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17, “Insurance Contracts”.	January 1, 2023
Amendment 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

The Company has assessed that the above standards and interpretations have no significant influence on the Company's financial position and financial performance.

#### IV. Summary of Significant Accounting Policies

Accounting policies applied in preparing this Parent Company Only Financial Statements are listed below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (I) Statement of Compliance

The Parent Company Only Financial Statements has been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

##### (II) Basis of Preparation

1. The Parent Company Only Financial Statements are prepared at historical cost, except for the following significant items:

Defined benefit liabilities recognized based on the amount of pension fund assets less net present value of defined benefit obligations.

2. Some material accounting estimates will be used for the preparation of financial reports to comply with IFS, IAS, interpretation and interpretation announcement (hereafter referred to as IFRSs), and also will be applied by the management for judgment in the application of the Company's accounting policies. For the items involving high judgment or complexity, or items involving material hypotheses and estimates of The Parent Company Only financial reports, please refer to the specific Note V.

##### (III) Foreign currency translation

All items on the financial statements of each entity of the Company are measured at the currency of the principal economic environment in which the entity operates (i.e. functional currency). The Parent Company Only Financial Statements are presented in NT\$, which is the Company's functional and presentation currency.

1. Foreign currency transaction and balance

- (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred are to be recognized in the current profit or loss.

- (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss

- (3) For non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in profit or loss; if they are measured at FVOCI, they

are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in other comprehensive income; and if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.

(4) All exchange gains and losses are presented as “Other gains and losses” on the statement of comprehensive income.

2. Translation from Foreign Operations

All Group's entities, related companies and joint agreements with different functional currency and presentation currency, the operating results and financial position of which are translated to presentation currency in the following ways:

(1) The assets and liabilities presented in each balance sheet are translated at the closing rate of the balance sheet date;

(2) The assets and liabilities presented in each composite income sheet are translated at the current average exchange rate; and

(3) All translation differences generated by translations are recognized as other comprehensive income.

(IV) Classification of current and non-current assets and liabilities

1. Assets shall be classified as current assets if comply with one of the following conditions:

(1) The asset is expected to be realized in the normal operating cycle, or is intended to be sold or consumed.

(2) The asset is held mainly for transaction purposes.

(3) The asset is expected to be realized within 12 months after the balance sheet date.

(4) Cash or cash equivalents, except for those are restricted because of exchange at least twelve months after the date of the balance sheet or using for liquidation of liabilities.

The Company classifies all assets that do not comply with the conditions above as non-current assets.

2. Liabilities shall be classified as current liabilities if comply with one of the following conditions:

(1) The liability is expected to be settled in the normal operation cycle.

(2) The asset is held mainly for transaction purposes.

(3) The liability is expected to be settled due within 12 months after the date of the balance sheet.

(4) The settlement term of the liability cannot be deferred unconditionally to at least 12 months after the date of the balance sheet. The terms of liability, which may lead to the settlement by issue equity instruments at the option of the

counterparty, shall not affect the classification of assets.

The Company classifies all liabilities that do not comply with the conditions above as non-current liabilities.

(V) Cash equivalents

Cash equivalents is a short-term investment with highly liquidity that can be readily converted into quota cash at any time with little risk of change in value. Fixed deposits are classified as cash equivalents if they comply with the above mentioned definitions and are held for meeting short-term cash commitments in operating.

(VI) Financial assets measured at amortized cost

1. Refer to those comply with all the following conditions:
  - (1) The financial asset is held under a business model for the purpose of collecting contractual cash flow.
  - (2) The cash flow generated on a specific date from the contractual terms of the financial asset is solely for the payment of interest on the principal and the amount of principal outstanding.
2. The Company uses the trade day accounting for financial assets measured at amortized cost complied with trade practices.
3. The Company originally recognized the financial assets measured at its fair value plus transaction costs. Subsequently, the Company recognized interest income and impairment loss within the period of circulation by adopting the effective interest method in accordance with the amortization procedure. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
4. The time deposits which are not comply with the definitions of cash equivalents held by the Company are measured by the amount of investment due to the short holding period and the insignificant influence of the discounting.

(VII) Accounts receivable

1. Refers to the accounts which, as agreed in the contract, are entitled to unconditionally receive the amount of consideration for the transfer of commodity or services.
2. For the short-term accounts receivable with unpaid interest, the Company measures at the original invoice amount due to the immaterial influence of discounting.

(VIII) Impairments of financial assets

For the financial assets measured at amortized cost on each balance sheet date, the Company, after consideration of all reasonable and verifiable information (including prospective information), and the credit risk of which has not increased significantly since the initial recognition, measures the allowance losses by the amount of expected



credit losses within 12 months; For the credit risk of those has increased significantly since the initial recognition, measures the allowance losses by the amount of the lifetime expected credit losses; For those accounts receivables or contract assets that do not include significant financial components, measures the allowance losses by the amount of lifetime expected credit losses.

(IX) Derecognition of financial assets

When the Company's contractual right to receive cash flows from financial assets lapses, the financial assets will be derecognized.

(X) Operating lease (lessee)

The benefits of an operating lease, less receipts from the lessor for any inducements, shall be amortized and recognized as current gains and losses during the lease term under the straight-line method.

(XI) Investment / Subsidiaries under equity method

1. A subsidiary is an entity controlled by the Company (including structural The Parent Company Only s). When the Company is exposed to the participation on changes in remuneration of the entity or is entitled to the rights to such changes, and has the ability to influence such remuneration through its power over the entity, the Company controls the entity.
2. The unrealized gains and losses between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary in line with those adopted by the Company.
3. The Company recognized the share of gain and loss after acquisition of the subsidiary as current gain and loss, and the other comprehensive gain and loss after acquisition of the subsidiary as other comprehensive gain and loss. The Company shall continue to recognize losses in proportion to its shareholding if the company's share of losses recognized on the subsidiary is equal to or greater than its equity in the subsidiary.
4. As stipulated in "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current gains and losses and other comprehensive income in the Parent Company Only Financial Statements shall be the same as the allocation of other comprehensive income attributable to the parent company owners in the consolidated financial statements, and the owners' equity in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company's owners in the consolidated financial statements.

(XII) Property, plant, and equipment

1. Property, plant and equipment are on the accounting foundation of acquisition cost,

capitalize relevant interest during the period of acquisition and construction.

2. The subsequent costs shall be included in the carrying amount of the assets or recognized as a separate asset only if the future economic benefits related to the project are likely to flow to the Company and the cost of the project can be measured reliably. The carrying amount of the replacement shall be derecognized All other maintenance expenses are recognized as current gains and losses when incurred.
3. The property, plant and equipment shall be subsequently measured by the cost model, and the depreciation of which, except for the land, shall be itemized for depreciation under straight-line method according to the estimated useful life. If each item of property, plant and equipment is significant, it should be itemized for depreciation The Parent Company Only.
4. In the end of each financial year, the Company reviews the residual value, useful life and depreciation method of each assets, if the expected values of the residual value and useful life are different from previous estimates, or the consumption patterns of the future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of change. The useful life of each asset is as follows:

Building	5 ~ 25 years
Machinery equipment	3 ~ 8 years
Office and other equipment	3 ~ 8 years

(XIII) Lease transactions of the lessee — use-of-right asset/lease obligations

1. Lease asset on the available day to the Company is recognized as use-of-right asset and lease obligations. When a lease contract belongs to short-term lease or low-value asset, it is recognized as expense according to straight-line method during the lease term.
2. Current value of lease obligations that are not paid on the beginning day of lease was converted into cash and recognized according to the Company's incremental borrowing rate of interest. Rental payment is fixed deducted any rental incentive collectable.

The future interest method adopts the measurement of amortized cost method and recognized as interest expense during the leasing term. When there is a lease term or rental payment change resulting not from contract revision, lease obligations shall be re-evaluated and use-of-right asset shall be measured and adjusted accordingly.

3. Use-of-right asset shall be recognized according to the

costs on the beginning day of lease and the costs include:

- (1) Initial measurement amount of lease obligations; and
- (2) Any initial direct costs arising.

The cost model measurement is continuously adopted depending on the maturity of service life of right-of-use asset or termination of lease, which comes first, to amortize the depreciation amount. When lease obligations are re-evaluated, use-of-right asset shall adjust any re-measured amount of lease obligations.

(XIV) Intangible asset

Computer software is recognized at acquisition cost, amortized by the straight-line method, with an estimated useful life of 3 to 5 years.

(XV) Impairment of non-financial assets

On the balance sheet date, the Company estimates the recoverable amount of the assets with indicators of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. Recoverable amount refers to the fair value less costs of disposal of the assets or its use value, whichever is higher. When circumstances contributed to the recognition of impairment loss of an asset in the previous period do not exist or are decreased, the recognized impairment loss is reversed to the carrying amount of an asset to the extent that it does not exceed the carrying amount (net of depreciation and amortization) if the impairment loss had not been recognized.

(XVI) Loan

1. Refers to the long-term or short-term funds borrowed from a bank. The Company originally recognizes the loans measured at its fair value abating transaction costs, and subsequently recognizes interest expense as gain and loss within the period of circulation adopting the effective interest method in accordance with the amortization procedure in respect of any balance between the price after transaction costs abatement and the redemption value.
2. Expenses paid at the establishment of the borrowing limit, if it is likely to withdraw some or all of the limit, shall be recognized as the transaction cost of the loan, deferred to the withdrawal incurrence and recognized as the adjustment of the effective interest rate; When it is unlikely to withdraw some or all of the limit, the expenses shall be recognized as advance payment and amortized over the period in which the limit is relevant.

(XVII) Accounts payable

1. Refers to the debts that incurred for the purchase of raw materials, commodity or services and notes payable that incurred by both operating and non-operating

activities.

2. For the short-term accounts payable without paid interest, the Company measures them by the original invoice amount due to the immaterial influence of discount.

(XVIII) Derecognition of financial liabilities

The Company shall, upon the performance, cancellation or expiration of obligations under the agreement, derecognize the financial liabilities.

(XIX) Liability reserve

Liability reserve is a current statutory or constructive obligation generated from a past event. It is likely that outflow of resources with economic benefit will be required to settle the obligation and the amount of the obligation shall be recognized when it can be estimated reliably. Liability reserve is measured by the best estimated present value required to pay for the settlement to the obligation at the balance sheet date. The discounting rate adopts the pre-tax discounting rate reflecting the current market assessment of the time value of the currency and the specific risks of the liability, and the amortization of which is recognized as interest expense. Future operating losses shall not be recognized as liability reserves.

(XX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by expected payment amount for non-discounting, and are recognized as expenses at the time of service delivery.

2. Retirement allowance

(1) Defined allocation plan

Defined allocation plan is to recognize the amount of the pension fund to be allocated as the current retirement allowance cost on an accrual basis. Allocation funds paid in advanced are recognized as assets within the scope that they are refundable in cash or reduce future benefit.

(2) Defined benefit plan

A. Net obligations under defined benefit plan are calculated by discounting the amount of future benefits earned by the employee from the current or past services, and by present value of defined benefit obligations abating the fair value of plan assets on the balance sheet date. Defined benefit net obligation is calculated annually by the actuary adopting the projected unit credit method, and the discounting rate adopts the market yield-to-maturity of government bonds (at the balance sheet date).

B. The amount of remeasurement generated from defined benefit plan are recognized as other comprehensive income in the current period and

presented in retained earnings.

3. Compensation to employees and remuneration to directors

Employees' bonus and consideration of directors, with legal or constructive obligations and the amount of which can be reasonably estimated, are recognized as expenses and liabilities. If there is any difference between the actual allocation amount and the estimated amount after resolution, it shall be treated by the changes in accounting estimates.

(XXI) Income tax

1. Income tax expense comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The income tax expenses are calculated on tax rates on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. For the income tax levied on retained earnings in accordance with the income tax law, it shall be recognized as retained earnings income tax expenses, based on the actual allocation status of surplus, after the surplus allocation plan has been approved in the shareholders' meeting in the following year of the year in which the surplus is generated.
3. Deferred income tax shall be recognized as the temporary difference generated between the levy foundation of assets and liabilities and the carrying amount of the amalgamated balance sheet adopting the balance sheet method. Deferred income tax liabilities generated from the goodwill of original recognition shall not be recognized, and deferred income tax liabilities generated from the original recognition of assets or liabilities in transactions (excluding enterprise merger) shall not be recognized if the accounting profits or taxable income (taxable loss) are not influenced at the time of the transaction. The temporary differences generated from investment in subsidiaries, the reversal time point of which can be controlled by the Company, and which is likely not to reverse in the foreseeable future, shall not be recognized. Deferred income tax shall adopt the tax rate (and tax law) on which already has legislation or substantially legislation on the balance sheet date and is expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized within the scope of that temporary differences are likely to be used to offset future taxable income, and will be

reassessed on those unrecognized and recognized on each balance sheet date.

5. Unconsumed deferred income tax deduction generated from the procurement of equipment or technology and spending on R&D development carried forward to subsequent period should be recognized as income tax assets within the scope of possible use as income tax deduction for taxation in the future.

(XXII) Share capital

Ordinary shares are classified as equity. The net amount of increased cost (directly attributed to the issue or warrant of new shares) less income tax, will be recognized as price reduction in equity.

(XXIII) Dividend distribution

The dividend allocated to the shareholders of the Company shall be recognized in the financial report during the resolution of the shareholders' meeting to distribute dividend, while cash dividends shall be recognized as liabilities.

(XXIV) Revenue recognition

Revenue from labor services

The Company engages in testing of integrated circuits, and services of turnkey wafer bumping and wafer level packaging and other related businesses. If the following conditions are complied with: (a) with the performance of contract by enterprises, customers acquire and consume the benefits provided by enterprises; (b) the performance of contract by enterprises creates or strengthens the assets which are controlled by the customer during the performance process; (c) the performance of contract by enterprises does not create assets which are useful for other purposes, in addition to the presence of executable rights on the currently completed performance items, then the enterprise will gradually transfer control of the commodity or services over time, thus the performance obligations are gradually fulfilled and are recognized as income. The testing and packaging services provided by the Company meet the condition (b) above, hence they shall be recognized as revenue gradually over time by following the procedure of completion measurement on the performance obligations.

The Company has not adjusted the transaction price to reflect the time value of the currency, because the time interval between the transfer of the promised commodity or services to the customer and the customer's payment time has not exceeded one year.

V. The primary sources of uncertainties in major accounting judgments, estimates, and assumptions

While preparing this Parent Company Only financial report, the management has applied its judgment to determine the accounting policies to be adopted and has made accounting estimates and hypotheses on reasonable expectations of future events based on the current situation on

the balance sheet date. The material accounting estimates and hypotheses have been made may differ from the actual results, and the historical experience and other factors will be taken into account for continuous assessment and adjustment. Such estimates and hypotheses carry the risk of leading to material adjustments in the carrying amounts of assets and liabilities in the next financial year. Please refer to the following descriptions of uncertainty of material accounting judgments, estimates and hypotheses:

(I) Important judgment of accounting policy adoption

None.

(II) Significant accounting estimates and hypotheses

None.

VI. Description of major accounting subjects

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 100	\$ 100
Checking deposit and demand deposit	416,450	432,940
Time Deposit	445,680	-
Total	\$ 862,230	\$ 433,040

1. The credit quality of the financial institutions with which the Company has transactions is good, and the Company has transactions with a number of financial institutions to spread credit risk and the possibility of an expected default is low.
2. The Company has not pledged cash or cash equivalents under lien.

(II) Financial assets measured at amortized cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits	\$ 153,550	\$ -
Pledged Time deposit	-	25,000
Total	\$ 153,550	\$ 25,000
Non-current items:		
Pledged Time deposit	\$ 12,000	\$ 12,000

1. The details of recognition of financial assets measured by amortized cost as gains or losses are as follows:

	2022	2021
Interest income	\$ 2,240	\$ 527

2. The fixed deposits of amount of \$12,000 and \$37,000, the purpose of which is limited by the customs guarantee are accounted in "financial assets measured at amortized cost - current" and "financial assets measured at amortized cost - non-current". Please refer to Note VIII for details.



(III) Accounts receivable

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 450,050	\$ 172,018
Accounts receivable - related parties	100,436	93,434
	<u>550,486</u>	<u>265,452</u>
Less: allowance for losses	-	-
	<u>\$ 550,486</u>	<u>\$ 265,452</u>

There is no such situation of that the Company have accounts provided as hypothecation security.

1. The aging analysis of accounts receivable is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$ 437,949	\$ 265,088
≤30 days	-	-
31-90 days	112,537	364
91-180 days	-	-
	<u>\$ 550,486</u>	<u>\$ 265,452</u>

The above is an aging analysis based on overdue days.

2. Balance amounts of account receivables on December 31, 2022 and December 31, 2021 both were generated from customer contracts and additionally, the amount of account receivable on January 1, 2021 arising from customer contracts was \$147,720.
3. Without regard to other credit enhancement, the maximum amounts of exposure at default best representing credit risk of the Company's accounts receivable on 2022 and December 31, 2021 are \$550,486 and \$265,452, respectively.
4. For credit risk information, please refer to Note 12 (2).

(IV) Investment under equity method

	<u>2022</u>	<u>2021</u>
January 1	\$ 2,958,225	\$ 3,113,377
Increased investments accounted for under equity method	200,000	-
Refund of investment capital reduction under equity method	( 1,000,000 )	-
Share of interests from investments under equity method	226,770	85,535
Surplus allocation of investments under equity method	( 76,982 )	( 162,090 )
Changes in other equity	( 366,346 )	( 78,597 )
December 31	<u>\$ 2,674,359</u>	<u>\$ 2,958,225</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary	<u>\$ 2,674,359</u>	<u>\$ 2,958,225</u>

For information about the company's subsidiaries, please refer to Note 4 (3) to the combined financial statements of the company in the year of 2022.

(V) Property, plant and equipment

2022

	Buildings				Machinery equipment	Office equipment and other equipment	Equipment awaiting examination	Total
	Land	For self-use	For leasing	Subtotal				
January 1								
Cost	\$ 194,924	\$ 472,619	\$ 382,560	\$ 855,179	\$ 3,838,959	\$ 531,599	\$ 856	\$ 5,421,517
Accumulated depreciation	-	( 427,691 )	( 367,366 )	( 795,057 )	( 3,061,668 )	( 380,834 )	-	( 4,237,559 )
	<u>\$ 194,924</u>	<u>\$ 44,928</u>	<u>\$ 15,194</u>	<u>\$ 60,122</u>	<u>\$ 777,291</u>	<u>\$ 150,765</u>	<u>\$ 856</u>	<u>\$ 1,183,958</u>
January 1	\$ 194,924	\$ 44,928	15,194	60,122	777,291	150,765	856	1,183,958
Additions	45,545	10,467	-	10,467	807,731	17,094	5,454	886,291
Disposal	-	-	-	-	-	( 1,322 )	-	( 1,322 )
Reclassification	-	155	-	155	1	700	( 856 )	-
Depreciation expenses	-	( 9,185 )	( 2,655 )	( 11,840 )	( 207,708 )	( 48,503 )	-	( 268,051 )
December 31	<u>\$ 240,469</u>	<u>\$ 46,365</u>	<u>\$ 12,539</u>	<u>\$ 58,904</u>	<u>\$ 1,377,315</u>	<u>\$ 118,734</u>	<u>\$ 5,454</u>	<u>\$ 1,800,876</u>
December 31								
Cost	\$ 240,469	\$ 483,241	\$ 382,560	\$ 865,801	\$ 4,602,367	\$ 540,074	\$ 5,454	\$ 6,254,165
Accumulated depreciation	-	( 436,876 )	( 370,021 )	( 806,897 )	( 3,225,052 )	( 421,340 )	-	( 4,453,289 )
	<u>\$ 240,469</u>	<u>\$ 46,365</u>	<u>\$ 12,539</u>	<u>\$ 58,904</u>	<u>\$ 1,377,315</u>	<u>\$ 118,734</u>	<u>\$ 5,454</u>	<u>\$ 1,800,876</u>

2021

Buildings								
	Land	For self-use	For leasing	Subtotal	Machinery equipment	Office equipment and other equipment	Equipment awaiting examination	Total
January 1								
Cost	\$ 194,924	\$ 469,843	\$ 382,560	\$ 852,403	\$ 3,462,140	\$ 4,888,487	\$ 13,754	\$ 5,011,708
Accumulated depreciation	-	( 430,564 )	( 364,712 )	( 795,276 )	( 3,140,923 )	( 3,888,135 )	-	( 4,324,334 )
	<u>\$ 194,924</u>	<u>\$ 39,279</u>	<u>\$ 17,848</u>	<u>\$ 57,127</u>	<u>\$ 3,212,177</u>	<u>\$ 100,352</u>	<u>\$ 13,754</u>	<u>\$ 6,873,744</u>
January 1	\$ 194,924	\$ 39,279	17,848	57,127	321,217	100,352	13,754	687,374
Additions	-	13,310	-	13,310	586,739	84,661	856	685,566
Disposal	-	-	-	-	( 195 )	( 4,150 )	-	( 4,345 )
Reclassification	-	-	-	-	2,673	11,081	( 13,754 )	-
Depreciation expenses	-	( 7,661 )	( 2,654 )	( 10,315 )	( 133,143 )	( 41,179 )	-	( 184,637 )
December 31	<u>\$ 194,924</u>	<u>\$ 44,928</u>	<u>\$ 15,194</u>	<u>\$ 60,122</u>	<u>\$ 777,291</u>	<u>\$ 150,765</u>	<u>\$ 856</u>	<u>\$ 1,183,958</u>
December 31								
Cost	\$ 194,924	\$ 472,619	\$ 382,560	\$ 855,179	\$ 3,838,959	\$ 531,599	\$ 856	\$ 5,421,517
Accumulated depreciation	-	( 427,691 )	( 367,366 )	( 795,057 )	( 3,061,668 )	( 380,834 )	-	( 4,237,559 )
	<u>\$ 194,924</u>	<u>\$ 44,928</u>	<u>\$ 15,194</u>	<u>\$ 60,122</u>	<u>\$ 777,291</u>	<u>\$ 150,765</u>	<u>\$ 856</u>	<u>\$ 1,183,958</u>

The capitalized amount of the borrowing costs of property, plant and equipment was \$0 in both 2022 and 2021.

(VI) Lease transactions – Lessee

1. The subject matter of lease of the Company is company vehicle. The lease contract usually ranged from 2 to 4 years. All lease contracts are negotiated The Parent Company Only and include various terms and conditions. Except for pledge and guarantee purposes, no other restrictions have been imposed.
2. The lease term of the buildings, equipment and transportation equipment leased by the company is not more than 12 months, and the leased assets are low-value target assets are buildings and machinery and equipment.
3. Information of book value and depreciation expense of right-of-use asset is described below:

	<u>December 31,2022</u>	<u>December 31, 2021</u>
	Book Value	Book Value
Transportation equipment (Company vehicles)	\$ 2,018	\$ 3,127

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Depreciation Expense	Depreciation Expense
Transportation equipment (Company vehicles)	\$ 1,855	\$ 1,331

4. The addition of right of use assets for the Company in 2022 and 2021 amounted to \$746 and \$1,836, respectively.
5. Information of profit and loss items related to lease contracts is shown below:

	<u>2022</u>	<u>2021</u>
<u>Items impacting current profit and loss</u>		
Interest income of lease obligations	\$ 31	\$ 32
Expenses of short-term lease contracts	32,997	42,674
Expenses of low-value asset lease	2,761	1,997

6. The total cash outflow for lease of the Company in 2022 and 2021 amounted to \$37,703 and \$46,063, respectively.

(VII) Lease transactions – Lessor

1. Underlying assets of leased out by the Company include any buildings and generally, the lease term is one to five years. Lease contracts are negotiated The Parent Company Only and include various terms and conditions.
2. In 2022 and 2021, rental income has been recognized as \$444 and \$463 respectively

according to operating lease contracts and there has been no change of lease payment change.

3. Analyses of maturity date of lease payment of operating lease of the Company are shown below:

	December 31, 2022		December 31, 2021	
2023	\$	463	2023	\$ 453
2024		463	2024	349
2025		434	2025	349
2026		291	2026	320
2027		234	2027	117
Total	\$	<u>1,885</u>	Total	<u>\$ 1,588</u>

(VIII) Intangible asset

	2022		2021	
	Computer software		Computer software	
January 1				
Cost	\$	176,512	\$	84,592
Accumulated amortization	(	64,790)	(	44,845)
	\$	<u>111,722</u>	\$	<u>39,747</u>
January 1	\$	111,722	\$	39,747
Additions		67,958		91,919
Amortization expenses	(	34,823)	(	19,944)
December 31	\$	<u>144,857</u>	\$	<u>111,722</u>
December 31				
Cost	\$	244,470	\$	176,512
Accumulated amortization	(	99,613)	(	64,790)
	\$	<u>144,857</u>	\$	<u>111,722</u>

The amortization details of intangible assets are as follows:

	2022		2021	
Operating cost	\$	32,957	\$	18,267
Administration expenses		1,866		1,677
	\$	<u>34,823</u>	\$	<u>19,944</u>

(IX) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonus and salaries payable	\$ 68,908	\$ 59,586
Compensation payable to employees and remuneration payable to Directors	66,002	25,738
Payables on equipment	30,063	71,887
Others	53,192	59,083
	<u>\$ 218,165</u>	<u>\$ 216,294</u>

(X) Long-term debt payable

<u>Nature of Loan</u>	<u>Loan Term and Repayment Method</u>	<u>Interest</u>		<u>December 31, 2022</u>
		<u>Interval</u>	<u>Collateral</u>	
Long-term bank loan				
Credit loan	Amortized installment repayment according to negotiated time from July 19, 2022 to July 19, 2027	1.550%	None	100,000
Less: Long-term debts payable with mature time shorter than one year or one business cycle				<u>-</u>
				<u>\$ 100,000</u>

December 31, 2021: None

(XI) Retirement allowance

- (1) In accordance with the provisions of the "Labor Standards Law", the Company has developed the method to define retirement allowance, which applies to the length of service of all regular employee before the implementation of "Labor Pensions Ordinance" on July 1, 2005, and the length of follow-up service of employee choosing to continue to apply to "Labor Standards Law" after the implementation of "Labor Pensions Ordinance". If the employee is eligible for retirement, the retirement allowance payment shall be calculated based on the service length and the average salary of 6 months before retirement. The service length within 15 years (including) shall be given two cardinalities for each full year, and the service length over 15 years shall be given one cardinality for each full year. However, the cumulative maximum shall be limited to 45 cardinalities. The Company shall transfer 2% of the total salary to the pension fund on a monthly basis, which shall be deposited in the special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Fund Supervision Committee.

(2) The amounts recognized in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 48,472	\$ 53,897
Fair value of plan assets	( 30,844 )	( 27,259 )
Net defined benefit liabilities	<u>\$ 17,628</u>	<u>\$ 26,638</u>

(3) Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
<b>2022</b>			
Balance as of January 1	\$ 53,897	( \$ 27,259 )	\$ 26,638
Interest expense (income)	404	( 211 )	193
	<u>54,301</u>	<u>( 27,470 )</u>	<u>26,831</u>
Remeasurement:			
Plan assets return (excluding amounts included in interest income or expenses)	-	( 2,044 )	( 2,044 )
Impacts of changes in financial assumptions	( 3,771 )	-	( 3,771 )
Experience adjustment	( 1,779 )	-	( 1,779 )
	<u>( 5,550 )</u>	<u>( 2,044 )</u>	<u>( 7,594 )</u>
Provision of pension funds	-	( 1,609 )	( 1,609 )
Pay pension	( 279 )	279	-
Balance as of December 31	<u>\$ 48,472</u>	<u>( \$ 30,844 )</u>	<u>\$ 17,628</u>
<b>2021</b>			
Balance as of January 1	\$ 52,400	( \$ 25,584 )	\$ 26,816
Interest expense (income)	262	( 132 )	130
	<u>52,662</u>	<u>( 25,716 )</u>	<u>26,946</u>
Remeasurement:			
Plan assets return (excluding amounts included in interest income or expenses)	-	( 316 )	( 316 )
Impacts of changes in demographic assumptions	2,245	-	2,245
Impacts of changes in financial assumptions	( 1,745 )	-	( 1,745 )
Experience adjustment	1,114	-	1,114
	<u>1,614</u>	<u>( 316 )</u>	<u>1,298</u>
Provision of pension funds	-	( 1,606 )	( 1,606 )
Pay pension	( 379 )	379	-
Balance as of December 31	<u>\$ 53,897</u>	<u>( \$ 27,259 )</u>	<u>\$ 26,638</u>



- (4) The Company's defined benefit retirement plan fund assets, is handled entrusted operating by Bank of Taiwan, within the scope of the entrusted operating ratio and amount defined by the fund's annual investment application plan, in accordance with items in article 6 of the regulations for the custody and use of the income and expenditure of the labor retirement fund (namely the deposit in financial institutions at home and abroad, investment on equity securities listed at home and abroad, over-the-counter (OTC) or private placed, and investment of property securitization products at home and abroad, etc.), related use is supervised by the Board of Supervisors of the Labor Pension Fund. For the utilization of the fund, the minimum annual income allocated in the final accounts shall not be less than the income calculated according to the two-year fixed deposit interest rate of the local bank. Any insufficiency, shall be made up by the national treasury after being approved by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of the plan assets in accordance with paragraph 142 of IAS 19. For the composition of the fair value of the total assets of the fund as in 2022 and at 31 December 2021, please refer to the annual report on the use of the labor pension fund published by the government.
- (5) Actuarial hypotheses relating to retirement allowance are summarized as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.375%</u>	<u>0.750%</u>
Future increase rate of wage	<u>3.000%</u>	<u>3.000%</u>

The Sixth Experience Mortality Table of Taiwan's life insurance industry estimates the assumptions for future mortality rate of 2022 and 2021.

The analysis of present value of defined benefit obligations affected by the changes of main actuarial hypotheses adopted is as follows:

	<u>Discount rate</u>		<u>Future increase rate of wage</u>	
	<u>Increase of 0.25%</u>	<u>Decrease of 0.25%</u>	<u>Increase of 0.25%</u>	<u>Decrease of 0.25%</u>
December 31, 2022				
Impact on the present value of defined benefit obligations	( \$ 1,400 )	\$ 1,460	\$ 1,413	( \$ 1,362 )
December 31, 2021				
Impact on the present value of defined benefit obligations	( \$ 1,721 )	\$ 1,800	\$ 1,733	( \$ 1,667 )

The above sensitivity analysis is based on the influence of the change of a single hypothesis with other hypotheses unchanged. In practice many of the changes in hypotheses may be linked. The methodology used for sensitivity analysis is consistent with that used to calculate the net pension liabilities of the balance sheet.

The methods and assumptions used in preparing the current sensitivity analysis are the same as those used in the previous period.

- (6) The Company's projected allocation to the retirement plan for the year 2022 is \$1,644.
- (7) As at 31 December 2022, the weighted average duration of the retirement plan is 11.8 years. The maturity analysis of retirement allowance payment is as follows:

Within 1 year	\$	648
1 - 2 years		5,842
2 - 5 years		5,254
5-10 years		10,501
	\$	<u>22,245</u>

2. (1) As of July 1, 2005, the Company, in accordance with the "Labor Pensions Ordinance", has developed the method to define retirement allowance, which applies to employees of the nationality. For the retirement system as provided in "Labor Pensions Ordinance" chose by employees, the Company transfer labor retirement allowance of 6% of monthly salary to personal accounts of employees in Labor Security Bureau. Employees can draw the retirement allowance by monthly pension payments or one-time payment based on the amount person pension account and accumulated income of employees.
- (2) The retirement allowance costs recognized by the Company by the above-mentioned retirement allowance method were \$12,432 and \$11,104 respectively in the years of 2022 and 2021.

(XII) Share capital

On December 31, 2022, the Company's authorized capital was NT\$4 million, divided into 400 million shares, and the paid-up capital was NT\$1,362,617, with a nominal amount of \$10 per share. Share payments for the Company's issued stocks have been collected in full.

Quantities of the Company's outstanding common shares at the beginning and ending of periods were reconciled as follows:

	2022	Unit: 1,000 shares 2021
January 1/December 31	<u>136,262</u>	<u>136,262</u>

(XIII) Capital surplus

According to the provisions of the Company Act, over face value of share premium, gifts of assets donated to additional paid-in capital for covering deficit. If there is no accumulated deficit in company, company shall issue new shares with existing shares or cash by ratio to shareholders According to the relevant provisions of the Securities Exchange Act, allocated capital from additional paid-in capital, its maximum not exceed the limit of 10% of the paid-up capital each year Company in surplus reserves to fill the capital loss still remains insufficient, may not be complemented by additional paid-in capital.

	2022	
	Issue premium	Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries or disposal of a subsidiary and its book value
January 1/December 31	<u>\$ 250,734</u>	<u>\$ 115,509</u>

	2021	
	Issue premium	Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries or disposal of a subsidiary and its book value
January 1/December 31	<u>\$ 250,734</u>	<u>\$ 115,509</u>

(XIV) Retained earnings

1. In accordance with the Articles of Association of the Company, if there is after-tax surplus in the annual accounts, 10% of the statutory capital reserve shall be appropriated after covering the loss of previous years, and the special capital reserve shall be appropriated as necessary. If there is still surplus, together with the accumulated undistributed surplus of the previous years, the Board of Directors may reserve a portion of the surplus based on the operating circumstances, and draw the allocation plan of net income and submit to the shareholders' meeting for resolution to distribute shareholder dividend. The Board of Directors authorized will especially resolve to distribute part or all stock dividend and bonus in cash and

report to the shareholders' meeting.

2. The dividend allocation policy of the Company shall consider the factors of surplus situation of the Company and the future investment environment, the capital demand, capital budget plan and operating plan, etc., allocated according to the financial structure and the surplus dilution situation, the amount of which shall be not less than 10% of the after-tax surplus in current year, but shall be retained and not assigned if EPS is below \$0.5 or dividend allocation will result in a breach of contract. The Company's surplus may be allocated with stock dividends or cash dividends, of which the cash dividends shall not be less than 10% of the total dividends.
3. The company is required to compile, report, and submit a proposal for earnings distribution or audit results after accounting every half year. After checking, the committee should notify the committee in advance that the distribution of the surplus has reached the threshold. When actually received, this limit is not applicable. Article 240 of the law stipulates that declarations shall be made; cash distribution shall be subject to regulations.
4. The legal capital reserve shall not be used except to cover the Company's deficiency and to issue new shares or cash in proportion to the original shares held by shareholders with the limit of the portion of the reserve exceeding 25% of the paid-in capital.
5. The Shareholders Meeting of the Company resolved on June 8, 2022 and July 13, 2021 to pay out earnings of 2021 and 2020 specified as follows:

	2021		2020	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve	\$ 39,263	\$ -	\$ 20,241	\$ -
Special reserve	78,597	-	157,618	-
Cash dividends	313,402	2.30	167,518	1.23
Total	\$ 431,262	\$ 2.30	\$ 345,377	\$ 1.23

6. On March 6, 2023, the Company's 2022 earnings distribution proposal proposed by the board of directors is as follows, and the proposal has yet to be passed by the shareholders' meeting:

	2022	
	Amount	Dividend per share (NT\$)
Legal reserve	\$ 92,506	\$ -
Special reserve	( 282,069 )	-
Cash dividends(Note)	681,308	5.00

Total	\$ 491,745	\$ 5.00
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Note: For dividend distribution information, please refer to TWSE MOPS.

(XV) Operating revenue

	2022	2021
Revenue from customer contracts	\$ 1,840,072	\$ 1,162,807

1. Disaggregation of revenue from client contract

The revenue of the Company is derived from the provision of services that are transferred over time and can be disaggregate into the following main product lines:

<u>2022</u>	<u>Testing income</u>	<u>Other Service income</u>	<u>Total</u>
Segment Revenue	\$ 1,774,881	\$ 65,191	\$ 1,840,072
Revenue from external customer contracts	<u>1,774,881</u>	<u>\$ 65,191</u>	<u>\$ 1,840,072</u>
<u>2021</u>	<u>Testing income</u>	<u>Other Service income</u>	<u>Total</u>
Segment Revenue	\$ 1,125,562	\$ 37,245	\$ 1,162,807
Revenue from external customer contracts	<u>\$ 1,125,562</u>	<u>\$ 37,245</u>	<u>\$ 1,162,807</u>

2. Contract assets

The assets and liabilities associated with the client's contract revenue recognized by the Company are as follows:

	December 31, 2022	December 31, 2021	January 31, 2020
Contract assets:			
Contract asset – testing	\$ 27,559	\$ 11,056	\$ 8,381

(XVI) Interest income and other income

	<u>2022</u>	<u>2021</u>
Interest income:		
Interest from bank deposits	\$ 4,941	\$ 332
Interest income from financial assets at amortized cost	<u>2,240</u>	<u>527</u>
Total interest income	7,181	859
Rental income	<u>444</u>	<u>463</u>
	<u>\$ 7,625</u>	<u>\$ 1,322</u>

(XVII) Other gains and losses

	<u>2022</u>	<u>2021</u>
Interests from disposal of property, plant, and equipment	\$ 2,053	\$ 4,256
Foreign exchange gains (losses)	( 26,355 )	( 15,119 )
Other gains	<u>1,141</u>	<u>4,025</u>
	<u>( \$ 23,161 )</u>	<u>( \$ 6,841 )</u>

(XVIII) Financial cost

	<u>2022</u>	<u>2021</u>
Interest expense	\$ 1,508	\$ -
Related Party Loans	4,886	-
Other financial expenses	<u>45</u>	<u>42</u>
	<u>\$ 6,439</u>	<u>\$ 42</u>

(XIX) Additional information on the nature of expense

	<u>2022</u>	<u>2021</u>
Employee benefit expenses	<u>\$ 440,410</u>	<u>\$ 351,337</u>
Depreciation expenses of property, plant, and equipment	<u>\$ 269,906</u>	<u>\$ 185,968</u>
Amortization expenses of intangible assets	<u>\$ 34,823</u>	<u>\$ 19,944</u>

(XX) Employee benefits expense

	<u>2022</u>	<u>2021</u>
Wages and salaries expenses	\$ 383,561	\$ 305,220
Labor and health insurance expenses	29,525	26,183

Pension expense	12,625	11,234
Other employment expenses	14,699	8,700
	\$ 440,410	\$ 351,337

1. According to the Articles of Association of the Company, if the Company earns profits during the year, 0.1%~15% of which shall be allocated to the employees' bonus. Employee's remuneration may be distributed in shares or cash, and the counterparty to whom shares or cash are distributed may include the employees of its subordinate companies that meet certain criteria. But if the Company still has an accumulated deficiency, the amount to cover should be retained in advance. If the Company earns profits during the year, less than 3% of which shall be appropriated as bonus to directors depending on the situation of the business. But if the Company still has an accumulated deficiency, the amount to cover should be retained in advance.
2. The estimated amount of employee bonus of the Company in the years of 2022 and year 2021 is \$66,002 and \$25,738 respectively; The estimated amount of bonus to directors is \$0. The foregoing amount is accounted in the subject of pay expense account.

The amount of employees' bonus and bonus to directors that had been resolved by the board of directors are the same as the amount recognized in the financial report of 2021.

Information regarding employees' bonus and bonus to directors approved by the board of directors of the Company can be found at the open information observatory.

(XXI) Income tax

1. Income tax expense (benefit)

(1) Income tax expense components:

	2022	2021
Current income tax:		
Income tax incurred in current period	\$ 167,382	\$ 77,029
Over-estimation of income tax in previous period	( 22,931 )	( 9,566 )
Total income tax in the period	144,451	67,463
Deferred income tax:		
Initial recognition and reversal of temporary differences	( 441 )	( 2,322 )
Total deferred income tax	( 441 )	( 2,322 )
Income tax expense	\$ 144,010	( \$ 65,141 )

2. The relationship between income tax expense and accounting profit

	<u>2022</u>	<u>2021</u>
Income tax calculated on net profit before tax by statutory tax rate (note)	\$ 212,295	\$ 91,814
Costs exempted as tax law requirement	( 45,354 )	( 17,107 )
Over-estimation of income tax in previous period	( 22,931 )	( 9,566 )
Income tax expense	<u>\$ 144,010</u>	<u>( \$ 65,141 )</u>

Note: Basis of applicable tax rate is 20% of applicable ones in Taiwan.

3. The amounts of deferred income tax assets or liabilities generated from temporary differences are as follows:

	<u>2022</u>		
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>December 31</u>
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	\$ 12,197	\$ 595	\$ 12,792
Unrealized exchange loss	4,677	31	4,708
Others	151	( 151 )	-
Subtotal	<u>17,025</u>	<u>475</u>	<u>17,500</u>
Deferred income tax liabilities			
Unrealized exchange gains	( 107 )	99	( 8 )
Others	( - )	( 133 )	( 133 )
Subtotal	<u>( 107 )</u>	<u>( 34 )</u>	<u>( 141 )</u>
Total	<u>\$ 16,918</u>	<u>\$ 441</u>	<u>\$ 17,359</u>

	<u>2021</u>		
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>December 31</u>
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	\$ 11,062	\$ 595	\$ 12,197
Unrealized exchange loss	3,250	1,427	4,677
Others	32	( 118 )	150
Subtotal	<u>14,884</u>	<u>2,140</u>	<u>17,024</u>
Deferred income tax liabilities			
Unrealized exchange gains	( 144 )	( 37 )	( 107 )
Others	( 145 )	( 145 )	-
Subtotal	<u>( 289 )</u>	<u>( 182 )</u>	<u>( 107 )</u>
Total	<u>\$ 14,595</u>	<u>\$ 2,322</u>	<u>\$ 16,917</u>



4. The Company's business income tax has been checked and approved by the taxation authority until the year 2020.

(XXII) Proprietors of parent company

	2022		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	\$ 917,467	136,262	\$ 6.73
<u>Diluted earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	917,467	136,262	
Impacts of dilutive potential ordinary shares			
Employee remuneration	-	1,595	
Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders in the current period	\$ 917,467	137,857	\$ 6.66

	2021		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	\$ 393,931	136,262	\$ 2.89
<u>Diluted earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	393,931	136,262	
Impacts of dilutive potential ordinary shares			
Employee remuneration	-	944	
Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders in the current period	\$ 393,931	137,206	\$ 2.87

(XXIII) Supplement information of Cash flow

Investment activities with only partial cash payment:

	<u>2022</u>	<u>2021</u>
Purchase of property, plant, and equipment	\$ 886,291	\$ 685,566
Add: payable on equipment at the beginning of period	71,887	111,503
Add: prepaid on equipment at the end of the period (Note)	37,009	66,873
Less: payable on equipment at the end of the period	( 30,063 )	( 71,887 )
Less: prepaid equipment at the end of the period (Note)	( 111,503 )	-
Cash paid in the period	<u>\$ 853,621</u>	<u>\$ 792,055</u>

Note: List on "Other non-current assets.

(XXIV) Changes in liabilities generated from financing activities

	<u>Leasing obligations</u>	<u>Long-term loans</u>	<u>Deposit Received</u>	<u>Total liabilities from financing activities</u>
January 1, 2022	\$ 3,148	\$ -	\$ 100	\$ 3,248
Changes in cash flows from financing activities	( 1,914 )	100,000	12	( 98,098 )
Change of other non-cash items	-	-	-	-
Interest costs	31	-	-	31
Increase of current period	746	-	-	746
December 31, 2022	<u>\$ 2,011</u>	<u>\$ 100,000</u>	<u>\$ 112</u>	<u>\$ 102,123</u>

	<u>Leasing obligations</u>	<u>Deposit Received</u>	<u>Total liabilities from financing activities</u>
January 1, 2021	\$ 2,640	\$ 86	\$ 2,726
Changes in cash flows from financing activities	( 1,360 )	( 14 )	( 1,346 )
Change of other non-cash items	-	-	-
Interest costs	32	-	32
Increase of current period	1,836	-	1,836
December 31, 2021	<u>\$ 3,148</u>	<u>\$ 100</u>	<u>\$ 3,248</u>

## VII. Related-party transactions

### (I) Parent Company and ultimate controlling party

The Company was previously under the control of Bloomeria Limited (incorporated and registered in Singapore). After the assignment of the shares held by Bloomeria Limited on 07.06.2020, the Company was under the control of Ge-Shing Corporation since then with the holding of 51.09% of the stakes of the Company. The ultimate parent company and controller of the company is Sigurd Co., Ltd. (incorporated and registered in Taiwan, the Republic of China).

<u>Name of related party</u>	<u>Relationship with the Company</u>
Sigurd Microelectronics Corporation	Ultimate parent company
Bloomeria Limited	Parent company (before July 06, 2020)
Ge-Shing Corporation	Parent company (after July 06, 2020)
Winstek Semiconductor Technology Corporation	Subsidiary
TST Co., Ltd.	Subsidiary
Sigurd UTC Corporation	Affiliate

### (II) Material transactions with affiliates

#### 1. Operating revenue

	<u>2022</u>	<u>2021</u>
Ultimate parent company	\$ 8,735	\$ 8,782
Subsidiary	427,227	356,985
Total	<u>\$ 435,962</u>	<u>\$ 365,767</u>

Income from labor service mentioned above is processed according to the general transaction price and conditions, and the payment condition is monthly statement 30 days.

#### 2. Restock

	<u>2022</u>	<u>2021</u>
Service purchase :	\$	\$
Subsidiary	2,020	769
Total	<u>\$ 2,020</u>	<u>\$ 769</u>

Labor services have been purchased from subsidiaries based on general business clauses and terms.

### 3. Receivables from related parties

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Ultimate parent company	\$ 1,785	\$ 991
Subsidiary	98,651	92,443
Subtotal	<u>100,436</u>	<u>93,434</u>
Other receivables - plant leasing:		
Subsidiary	325	325
Other receivables - management services and services support:		
Subsidiary	3,049	2,900
Other receivables - advance money for another:		
Subsidiary	51,581	7,943
Other receivables -Selling Miscellaneous Acquisitions:		2,096
Affiliate	-	
Subtotal	<u>54,955</u>	<u>13,264</u>
Total	<u>\$ 155,391</u>	<u>\$ 106,698</u>

The receivables from related parties mainly come from the provision of labor services. The receivables are unsecured and non-interest bearing. There is no provision for liability reserve for the receivables from related parties. For information on the Lessor, refer to Note 6 (7).

### 4. Accounts payables to related parties

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payables		
Subsidiary	-	803
Subtotal	<u>-</u>	<u>803</u>
Other payables - machine leasing:		
Ultimate parent company	\$ 239	\$ 93
Other payables - business support:		
Subsidiary	1,478	1,412
Other payables - advance money for another:		
Subsidiary	8	-
	<u>1,725</u>	<u>1,505</u>
Total	<u>\$ 1,725</u>	<u>\$ 2,308</u>

The payables to related parties are mainly from related parties providing labor services, machine leasing and business support and machine leasing. There is no bearing interest on the amount payable.

The payables to related parties mainly come from the machine rental and business support provided by the affiliates.

#### 5. Other transactions

	Accounting subject	Amount of transaction	
		2022	2021
Subsidiary	Rental income (accounting for operating costs reduction)	\$ 2,655	\$ 2,655
	Manage revenue from services and business support (accounting for operating costs and operating expenses reduction)	\$ 34,202	\$ 38,931
	Business support cost (recorded as operating cost and operating expenses)	\$ 16,725	\$ 19,240
Ultimate parent company	Rental expenses	\$ 3,066	\$ 831

#### 6. Fund loan and related person

Loan from related parties

Amount :

	December 31, 2022	December 31, 2021
Subsidiary	\$ 767,750	692,000-

On December 21, 2021, the Company's subsidiary was approved by the Board of Directors to loan funds to the Company, with a total amount of US\$25 million (\$692,000). Interest is calculated monthly, and the interest is charged at an annual interest rate of 1.05%. The Company borrowed \$556,000 from subsidiaries on January 3, 2022, and the full amount was repaid on October 21, 2022.

#### 7. Endorsement guarantee provided by affiliates

	December 31, 2022	December 31, 2021
Subsidiary	\$ 300,000	\$ 300,000

8. Linked tax regime

Since 2016, the Company and its subsidiaries, Winstek Semiconductor Technology Co., Ltd. and TST Co., Ltd., filed Profit-seeking Enterprise Income Tax jointly to consolidate receivables and payables: related parties, the Company estimated consolidated tax amounts below (2022 and on December 31, 21 items were listed under other receivables-related parties and other receivables-related parties):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary	(\$ <u>36,325</u> )	(\$ <u>8,637</u> )

(III) Compensation information of main management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 19,610	\$ 18,479
Benefits after retirement	<u>324</u>	<u>324</u>
Total	<u>\$ 19,934</u>	<u>\$ 18,803</u>

VIII. Pledged Assets

The details of the asset pledged as collateral provided by the Company are as follows:

<u>Assets</u>	<u>Book value</u>		<u>Guarantee use</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Hypothecated time deposits (financial assets account measured at amortized cost - non-current)	\$ 12,000	\$ 37,00	Customs security

IX. Significant contingent liabilities and unrecognized contractual commitments

Capital expenditures contracted but not yet incurred

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant, and equipment	\$ <u>45,358</u>	\$ <u>772,617</u>

X. Material disaster losses

None.

XI. Material subsequent events

The Company resolved and approved the appropriation plan of net income for the year 2022 by the board of directors on March 6, 2023. Please refer to Note 6(14) details.

## XII. Others

### (I) Capital management

The Company's strategy of the year 2022 remains the same as that of the year 2021, all are dedicating to reduce the debt-to-capital ratio to a reasonable level of risk. As at December 31, 2022 and December 31, 2021.

The Company's debt-to-capital ratios were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total borrowing	\$ 100,000	\$ -
Less: cash and cash equivalent	( 862,230 )	( 433,040 )
Net debt	( 762,230 )	( - )
Total equity	5,853,916	4,875,911
Total capital	<u>\$ 5,091,686</u>	<u>\$ 4,875,911</u>
Capital and liabilities ratio	<u>-</u>	<u>-</u>

### (II) Financial instrument

#### 1. Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 862,230	\$ 433,040
Financial assets measured at amortized cost – current	153,550	25,000
Accounts receivable	450,050	172,018
Accounts receivable - related parties	100,436	93,434
Other receivables	2,309	14
Other accounts receivable - related parties	54,955	13,264
Refundable deposits	3,275	2,610
Financial assets measured at amortized cost - non-current	12,000	12,000
	<u>\$ 1,638,805</u>	<u>\$ 751,380</u>
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable	\$ 2,776	\$ 2,846
Accounts payable- related parties	-	803
Other payables	218,165	216,294
Other payables- related parties	1,725	1,505
Liability reserve	100,000	-
Guarantee deposits	112	100
	<u>\$ 322,778</u>	<u>\$ 221,548</u>
Lease obligations-non-current	<u>\$ 2,011</u>	<u>\$ 3,148</u>

2. Risk management policy
  - (1) The board of directors shall fully take the responsibilities for establishment and supervision of the risk management structure of the Company, and take the responsibilities for development and control of the risk management policies of the Company.
  - (2) The risk management policy of the Company is established to identify and analyze risks encountered by the Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines and procedures to enable all employees to understand their roles and obligations.
  - (3) The audit committee of the Company shall supervise the management level to monitor the compliance of the Company's risk management policies and procedures, and review the appropriateness of the Company's relevant management framework for the risks encountered. Internal auditors assist the Company's audit committee in a supervision role. These auditors conduct review on risk management controls and procedures and report the review results to the audit committee.
3. Nature and degree of material financial risks
  - (1) Market risks
    - Exchange rate risk
      - A. The company is engaged in business involving several non-functional currencies. The functional currency of the Company is New Taiwan dollar. The information of foreign currency assets and liabilities affected by significant exchange rate fluctuations is as follows:



				December 31, 2022			
				Foreign			Carrying
				Currency (in	Exchange		
				thousands)	rate		
				(NT\$)			
<b>(Foreign currency: functional currency)</b>							
<u>Financial asset</u>							
<u>Monetary items</u>							
US\$:NT\$	\$	38,161	30.71	\$	1,171,924		
<u>Long-term equity investments</u>							
<u>under equity method</u>							
US\$:NT\$	\$	80,557	30.71	\$	2,473,898		

				December 31, 2021			
				Foreign			Carrying
				Currency (in	Exchange		
				thousands)	rate		
				(NT\$)			
<b>(Foreign currency: functional currency)</b>							
<u>Financial asset</u>							
<u>Monetary items</u>							
US\$:NT\$	\$	19,785	27.68	\$	547,649		
<u>Long-term equity investments</u>							
<u>under equity method</u>							
US\$:NT\$	\$	106,872	27.68	\$	2,958,225		

- B. The monetary items of the Company have significant influence due to the exchange rate fluctuations and have been recognized and disclosed in the aggregate amounts of exchange gains (losses) of \$26,355 and \$15,119 respectively in the years of 2022 and 2021.
- C. The foreign currency market risks of the Company due to material exchange rate fluctuations are analyzed as follows:

	2022		
	Sensitivity analysis		
	Range of	Affect	Affect other
	change	the profit	comprehens
		and loss	ive income
<b>(Foreign currency: functional currency)</b>			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	1% \$	11,719 \$	-
<u>Long-term equity investments under equity method</u>			
US\$:NT\$	1% \$	- \$	24,739

	2021		
	Sensitivity analysis		
	Foreign	Exchange	Carrying
	Currency (in	rate	amount
	thousands)		(NT\$)
<b>(Foreign currency: functional currency)</b>			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	\$ 1% \$	5,476 \$	-
<u>Long-term equity investments under equity method</u>			
US\$:NT\$	1% \$	- \$	29,582

(2) Credit risk

- A. The Company's credit risk is the risk of financial loss to the Company due to the failure of the customer or counterparty of the financial instrument to perform its contractual obligations, and is mainly from the failure of the counterparty to settle accounts receivable payable under the terms of collection and the contractual cash flows of classified as debt instrument investment measured by amortized cost.
- B. The company's credit risk management is to set the banks and financial institutions with which only those with good credit ratings can be accepted as transaction partners. Management and credit risk analysis must be carried out before the terms and conditions of payment and delivery are set according to the internal credit policy. Internal risk control is to assess the credit quality of customers by taking into account their financial status, past experience and other factors. The Parent Company Only risk limits are established based on internal or external ratings, and the use of credit lines is regularly monitored.
- C. According to the credit risk management procedures of the company, when the counterparty fails to meet the payment terms agreed in the contract for a certain period of time, it is deemed that a default has occurred.
- D. The Company groups customers' accounts receivable and contract assets

according to the characteristics of customer ratings, using a simplified approach to estimate expected credit losses based on a reserve matrix.

- E. The company adopts IFRS 9 to provide the following assumptions as a basis for judging whether the credit risk of financial instruments has increased significantly since the original recognition: When the contract payment is overdue for more than 30 days according to the agreed payment terms, it is deemed that the financial asset has been issued from the original recognition. Credit risk has increased significantly since listing.
- F. The indicators used by the Company to determine credit impairment on debt instrument investments are as follows:
- (A) The possibility of the issuer experiencing material financial difficulties or entering into bankruptcy or other financial restructuring increases;
  - (B) The issuer loss the active market for the financial assets due to financial difficulties;
  - (C) Arrearage or non-payment of interest or principal from the issuer;
  - (D) Adverse changes in national or regional economic conditions that result in issuer default.
- G. The Company mainly provides testing service for designated customers in IC and wafer testing. It assesses the credit risk of particular customers to estimate the provision for loss from account receivables under the customers' loss rate in forethought with chronological adjustment and information on hand. The provision matrix as of December 31, 2022 and December 31, 2021 is shown below:

	Not overdue	Overdue within 30 days	Overdue 31-90 days	Overdue 91-180 days	Overdue more than 181 days	Total
<u>December 31, 2022</u>						
Expected loss rate	0.33%	0.32%~0.58%	23.66%~24.79%	50.000%	100%	
Total book value	\$ 465,508	\$ -	\$ 112,537	\$ -	\$ -	\$ 578,045
Provision for bad debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Not overdue	Overdue within 30 days	Overdue 31-90 days	Overdue 91-180 days	Overdue more than 181 days	Total
<u>December 31, 2021</u>						
Expected loss rate	0.110%	0.190%	3.66%~7.74%	50.000%	100%	
Total book value	\$ 276,144	\$ -	\$ 364	\$ -	\$ -	\$ 276,508
Provision for bad debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(3) Liquidity risk

A. Details of the Company's undrawn borrowing are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fixed interest rate		
Due within 1 year	\$ 392,670	\$ 333,400
Due for more than 1 year	<u>500,000</u>	<u>400,000</u>
	<u>\$ 892,670</u>	<u>\$ 733,400</u>

B. The below table is the non-derivative financial liabilities of the Company and the derivative financial liabilities delivered in net or total amount, grouped according to the relevant maturity date. The non-derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to contract expiration date, while derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to expected maturity. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

December 31, 2022	Less than 6 months	Between 6 months to 1 year	Between n 1 to 2 years	Between 2 to 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 2,776	\$ -	\$ -	\$ -
Other payables	218,165	-	-	-
Other payables - related parties	1,725	-	-	-
Leasing obligations	674	492	721	148
Long-term loans	835	840	1,680	103,070
Guarantee deposits	-	-	-	112
December 31, 2021	Less than 6 months	Between 6 months to 1 year	Between n 1 to 2 years	Between 2 to 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 2,846	\$ -	\$ -	\$ -
Accounts payable- related parties	803	-	-	-
Other payables	216,294	-	-	-
Other payables - related parties	1,505	-	-	-
Leasing obligations	913	895	912	466
Guarantee deposits	-	-	-	100

(III) Fair value information

1. The Company does not have financial instruments measured at fair value.
2. Financial tools not measured with fair values

Book values of cash, cash equivalents, receivables (including related parties), other receivables (including related parties), gain from sale of amortized cost-financial assets, refundable deposit, payables (including related parties), other payables (including related parties), long-term debt, and deposit received are in reasonably close conformity with fair price.

XIII. Additional disclosure

(I) Information about significant transactions:

1. Loans to others: Please refer to Appendix Table 1
2. Endorsements and guarantees: Please refer to Appendix Table 2.
3. Marketable securities held (excluding investments in subsidiaries, affiliates, and jointly control identities): None
4. Accumulated to buy or sell the same marketable securities amount to NT\$300 million or more than 20% of the paid-up capital: None
5. Acquisition of property amounting to NT\$300 million or more than 20% of the paid-in capital: None
6. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None
7. The amount of purchase and sales with related parties amounts to NT\$100 million or more than 20% of the paid-up capital: Please refer to Appendix Table 3
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
9. Information about the derivative financial instrument's transaction: None.
10. The business relationship between the parent company and its subsidiaries and their subsidiaries, and the status and amount of important transactions: Please refer to Appendix Table 4.

(II) Information on reinvestment

Name of investee companies, location, and other relevant information (excluding investee companies in Mainland China): Please refer to Appendix Table 5.

(III) Information on investment in mainland china

None.

(IV) Information on dominant shareholders

Please refer to Appendix Table 6

XIV. Segment Information

Please refer to consolidated financial report of 2022 for details.

(Blank below)

Winstek Semiconductor Co., Ltd.  
Funds Lent to Others  
From January 1 to December 31, 2022

Unit: NT\$1,000  
(unless otherwise specified)

Table 1

Number (Note 1)	Lending company	Borrower	Account (Note 2)	Related party? (Yes/No)	Maximum balance at current period (Note 3)	Ending balance (Note 8)	Actual amount of disbursement	Interest rate collars	Characterist ic of fund lent to others (Note 4)	Business transactio n amount	Reason for short-term loans	Amount of provision for loss allowance	Collateral		Limit of The Parent Company Only lending (Note 7)	Total limit of funds lent to others (Note 7)	Note
													Name	Value			
0	Winstek Semiconductor Technology Co., Ltd.	Winstek Semiconductor Co., Ltd.	Other accounts receivable - related parties	Y	\$ 805,375	\$ 767,750	\$ -	1%	2	\$ -	Purchase of equipment	\$ -	None.	\$ -	\$ 742,169	\$ 742,169	

Note 1: Description of number column is shown below:

(1). For issuer, fill in 0.

(2). Fill in names of companies invested from 1 according to alphabetical order.

Note 2: List accounts that are related to fund loaning and with similar loaning nature such as Receivables-related enterprises, Receivables-related parties, Shareholder dealings, Pre-payments, Temporary payments, and so on in this column.

Note 3: The maximum amount allowed to loan funds to others in the current year.

Note 4: Companies with the necessities for business dealings or short-term financing involved in fund loaning and with similar loaning nature shall be listed here.

Note 5: For those related to fund loaning and with similar loaning nature, the business dealing amounts that refer to that in recent accounting year handled between the fund providing company and companies that lent loans.

Note 6: Companies with necessities to request short-term loan lending shall be given with reasons for necessary loan lending and the usage of funds loaned by borrowers, for example, paying loans back, purchase of equipment and operating needs.

Note 7: The total amount of funds loaned by the Company shall not exceed 30% of the net profit of financial statements in the current accounting year certified or audited by CPAs. The amount of funds loaned by the Company to individual parties shall not exceed 30% of net profit of financial statements in the current accounting year certified or audited by CPAs.

Note 8: If the public company follows Article 14.1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies to submit each loan to the Board of Directors for resolution and when the amount submitted for the Board's resolution is not allocated, it shall still be included in the residual amount to disclose relevant bearing risks; After the amount is paid back, the balance amount after paying back shall also be disclosed to reflect risk adjustment. If the public company submits a resolution by the Board of Directors pursuant to the Article 14.2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, for a specific borrowing counterparty, within a certain monetary limit and within a period not to exceed one year to give loans in installments or to make a revolving credit line available for the counterparty to draw down. The residual amount shall be announced on the basis of fund loaning and limited amount resolved by the Board and although after the amount is paid back, due to the consideration that funds may be allocated again, the balance amount shall be announced based on fund loaning and amounts resolved by the Board.

Winstek Semiconductor Co., Ltd.  
Providing Endorsement/guarantee to Others  
From January 1 to December 31, 2022

Unit: NT\$1,000  
(unless otherwise specified)

Table 2

Number (Note 1)	The name of the company that provides endorsement/guarantee	The object receiving endorsement/guarantee		Maximum amount of endorsement/guarantee for a single enterprise (Note 3)	Maximum balance of endorsement/guarantee for the current period (Note 4)	Balance of endorsement/guarantee at the end of current period (Note 5)	Actual amount drawn (Note 6)	Amount of endorsement/guarantee guaranteed with property	Percentage of aggregated amount of endorsement/guarantee with the net value in the most recent financial reports	Maximum amount of endorsement/guarantee (Note 3)	A parent company provides endorsement/guarantee for its subsidiary (Note 7)	A subsidiary provides endorsement/guarantee for its parent company (Note 7)	The endorsement/guarantee involves Mainland China (Note 7)	Note
		Name of company	Relationship (Note 2)											
0	Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	2	\$5,853,916	\$ 300,000	\$ 300,000	\$ -	\$ -	5.12%	\$ 5,853,916	Y	N	N	

Note 1: Description of number column is shown below:

- (1). For issuer, fill in 0.
- (2). Fill in names of companies invested from 1 according to alphabetical order.

Note 2: Specify one of the six the relationship types in the making of endorsements/guarantees:

- (1) Companies with business dealings.
- (2) Companies where the Company owns more than 50% shares with the rights to make direct and indirect decisions.
- (3) Companies that own more than 50% shares of the Company with the rights to make direct and indirect decisions.
- (4) Companies where the Company owns more than 90% shares with the rights to make direct and indirect decisions.
- (5) Companies that mutually make endorsements/guarantees for each other due to the need of construction contracts or agreements between the companies or joint issuers.
- (6) Due to joint investment relationship, all shareholders who invest shall make endorsements/guarantees according to their investment percentage for companies invested.
- (7) Joint endorsements/guarantees made for performance guarantees involving pre-selling house sales according to the Consumers Protection Act.

Note 3: The total amount of the making of endorsements/guarantees by the Company shall not exceed 50% of net value in the recent accounting year. The limited amount of the making of endorsements/guarantees for a single enterprise shall not exceed 20% of the net value of the making of endorsements/guarantees by the Company.

Any endorsement/guarantee made between the Company and companies where the Company owns 100% shares with the right to make direct and indirect decisions or where the Company agrees to acquire and after acquisition, the subsidiary of the Company will directly or indirectly own 100% of the company and the deal has been resolved by the Board of Directors, the amount of making of endorsement/guarantee shall not be limited to the said total amount of the making of endorsements/guarantees for others and for a single enterprise; however, the making of endorsements/guarantees for a single enterprise shall not exceed 100% of net values of recent financial statements certified or audited by CPAs and plus the amount of endorsements/guarantees for companies made by the Company without 100% ownership with the rights to make direct and indirect decisions held by the Company, the total amount of the making of endorsements/guarantees shall not exceed 100% net values of recent financial statements certified or audited by CPAs.

Note 4: The maximum balance amount of the making of endorsements/guarantees for others in the current accounting year.

Note 5: Until the end of the year, when the amount of the making of endorsements/guarantees or banknotes certified by the Company to banks is resolved, the Company shall bear the responsibility of endorsement/guarantee; amounts of other relevant items related to the making of endorsements/guarantees shall be included in the balance amount of the making of endorsements/guarantees.

Note 6: Please fill in the actual amount allocated to use within the range of balance amount of the making of endorsements/guarantees for companies endorsed and guaranteed.

Note 7: Fill "Y" for the making of endorsements/guarantees by the parent companies for subsidiaries, by the listed and OTC parent company for subsidiaries and the making of endorsements/guarantees for companies in China.



Winstek Semiconductor Co., Ltd.

The amount in purchase or sale with related-party amounting to NT\$100 million or more than 20% of the paid-in capital.  
From January 1 to December 31, 2022

Unit: NT\$1,000  
(unless otherwise specified)

Table 3

Purchase (Sale) Company	Name of Counterparty	Relationship	Transaction Nature				Nature and reasons for the difference between trade terms and general trade (Note 1)		Bills and accounts receivable (payable)		
			Purchase (Sale)	Amount	Proportion of total Purchase (Sales)	Credit period	Unit Price	Credit period	Balance	Proportion of total Bills and accounts receivable (payable)	Notes
Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	Subsidiary	Sale	(\$427,227)	(23%)	Monthly settlement 30 days	-	-	\$ 98,561	18%	
Winstek Semiconductor Technology Corporation	Winstek Semiconductor Corporation	Parent company	Purchase	427,227	19%	Monthly settlement 30 days	-	-	( 98,561)	59%	

Note 1: In terms of purchase and sales transactions between the Company and its affiliated enterprises, there have been no major difference of transaction price and payment condition from those with non-affiliated enterprises and transaction conditions are decided by both parties.

Winstek Semiconductor Co., Ltd.  
Business relation and important transactions between the parent company and subsidiaries, and among the subsidiaries, and the amount  
From January 1 to December 31, 2022

Unit: NT\$1,000  
(unless otherwise specified)

Table 4

Serial No. (Note 1)	Name of Related Company	Counterparty	Relationship With the Counterparty (Note 2)	Transaction Nature			As a Percentage of Consolidated Revenues or Total Assets (Note 3)
				Account	Amount	Trade Terms	
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Sales revenue	\$427,227	It is to be processed in accordance with the price and conditions agreed by both parties.	10.82%
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Accounts receivable	98,651	It is to be processed in accordance with the price and conditions agreed by both parties.	1.32%
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Other receivables	54,839		0.74%
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Dividend income	76,982	-	1.95%
0	Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	1	Business overall management income (Accounting operating costs and deductions of operating expenses)	34,202	-	0.87%

Note 1: Business dealings between the parent company and its subsidiaries shall be specified in no. columns according to the coding numbers below:

- (1). Fill in 0 for the mother company.
- (2). Number subsidiaries starting from 1.

Note 2: There are three following types of relationships of transaction parties (there is no need for repeated disclosure if the same transaction occurs between the parent company and its subsidiaries and among subsidiaries. For example, for a transaction between the parent company and its subsidiary, if the parent company has disclosed the transaction, the subsidiary does not need to repeatedly disclose it;

For a transaction between two subsidiaries, if one subsidiary has disclosed the transaction, the other does not need to repeatedly disclose it:

- (1). Parent company to its subsidiary.
- (2). Subsidiary to the parent company.
- (3). Subsidiary to Subsidiary.

Note 3: For calculation of the percentage of transaction amount accounting for consolidated revenue or total assets, if the account belongs to Assets-Liabilities, end balance shall be calculated for the percentage accounting for consolidated revenue; if the account belongs to Losses, mid-term accumulated amount shall be calculated for the percentage accounting for consolidated revenue.

Note 4: No disclosure is needed for an individual transaction less than \$20,000 and related transactions shall not be disclosed, either.

Winstek Semiconductor Co., Ltd.  
Name, Location, and Other Relevant Information of the Investee Companies (excluding Investee Companies in Mainland China)  
From January 1 to December 31, 2022

Unit: NT\$1,000  
(unless otherwise specified)

Table 5

Name of investing company	Name of the investee company (Notes 1, 2)	Location	Main business items	Original investment amount		Holding at the end of period			Profit and loss of investee company in the current period (Note 2(2))	Investment gains and losses recognized in the current period (Note 2(3))	Note
				At the end of this period	At the end of last year	Number of shares	Ratio	Carrying amount			
Winstek Semiconductor Corporation	Winstek Semiconductor Technology Corporation	Taiwan	Wafer bumping and wafer level packaging services	\$ 1,875,740	\$ 2,875,740	210,000,000	100%	\$ 2,473,897	\$ 226,308	226,308	
Winstek Semiconductor Corporation	TST Co., Ltd.	Taiwan	Plant development and leasing	200,000	-	20,000,000	100%	200,462	462	462	Note 3

Note 1: If a public company set up a foreign holding company and in compliance with local rules and regulations, it shall report with consolidated financial statements and for the disclosure of foreign company invested, it shall only disclose relevant information of the holding company.

Note 2: When there is no situation as stated in Note 1, please follow the rules below to fill in information:

- (1) Columns of "Name of company invested," "area of location," "main business operation items," "initial investment amount" and "end shareholding" shall be filled according to the reinvestment situation of the Company (public company) and that of each directly and indirectly invested company. In the Note column, relationships of companies being invested in and the Company (public company) shall be specified (such as a subsidiary or a sub-subsidiary).
- (2) The column of "Current profits and losses of company being invested" shall describe the current profit and loss amount of the company being invested in.
- (3) In the column of "Current investment losses and profits recognized," subsidiaries recognized by the Company (public company) as direct re-investment and investment profit and loss accounted for using the equity method shall be described without information of balance amount. When filling in information of "Amount of current profit and loss of each subsidiary recognized as direct re-investment," please confirm that the current profit and loss amount of each subsidiary includes the investment loss and profit amount recognized according to rules and re-investment.

Note 3: Winstek Semiconductor Technology Co., Ltd. was established on May 10, 2022 and the Company had a paid up capital of \$200,000 to acquire 100% ownership.

Winstek Semiconductor Co., Ltd.  
Information of major shareholders  
December 31, 2022

Attached Table 6

Name of major shareholders	Number of shares	
	Number of shares owned	Percentage of ownership
SIGWIN Corporation	70,726,438	51.90%

Note 1: Information of major shareholders in this table is provided by TAIWAN DEPOSITORY and CLEARING CORPORATION that calculates ownership of shareholders who own more than 5% of the common and preferred stocks under the dematerialized issuance system (including treasury stocks). For recorded stocks on financial statements and actually registered complete stocks of the company under the dematerialized issuance system, due to a different calculation basis or discrepancy during compiling, they may be different.

Note 2: If the said information belongs to that transferred by shareholders to the trust, it shall be disclosed according to individually transferred accounts designated to the trust by the trustees. For share ownership declaration of insiders holding more than ten percent in compliance with the Securities and Exchange Act, shareholding includes shares owned by shareholders themselves as well as shares over which the owners have the right to determine uses transferred to the trust. For declaration of insider ownership, please refer to TWSE MOPS.

Winstek Semiconductor Co., Ltd.  
Detail List of Cash and Cash Equivalences  
December 31, 2022

Detail List (1)			Unit: NT\$ thousand
Item	Summaries		Amount
Cash			
Petty cash			\$ 100
Demand deposit			
-NTD	171,425 Thousand		171,425
		Dollars	
-USD	7,951 Thousand	Exchange rate 30.71	244,181
		Dollars	
-JPY	3,632 Thousand	Exchange rate 0.23	844
		Dollars	
Time Deposit			
-NTD	200,000 Thousand		200,000
		Dollars	
-USD	8,000 Thousand	Exchange rate 30.71	245,680
		Dollars	
			\$ 862,230

Winstek Semiconductor Co., Ltd.  
Detail List of Accounts Receivable  
December 31, 2022

Name of customer	Summaries	Amount	Note
Detail List (2) <span style="float: right;">Unit: NT\$ thousand</span>			
General customer:			
C customer		\$ 389,214	
Others		60,836	The amount of each sporadic account does not exceed 5% of this account.
		450,050	
Related party			
Winstek Semiconductor Technology Co., Ltd.		98,651	
Sigurd Microelectronics Corporation		1,785	
		100,436	
		\$ 550,486	

Winstek Semiconductor Co., Ltd.  
Detailed List of Investment Change Accounted for Using Equity Method  
From January 1 to December 31, 2022

Detailed List (3)

Unit: NT\$ thousand

Name	Beginning balance amount		Increases of current period (Note 2)		Decreases of current period (Note 1)		End balance amount			Market price of net value of share ownership		Provision of guarantees or mortgages	Note
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Percentage of ownership	Amount	Unit price	Total price		
Winstek Semiconductor Technology Co., Ltd.	310,000	\$ 2,958,225	-	\$ -	100,000	( \$ 484,328 )	210,000	100%	\$ 2,473,897	\$ -	\$ 2,473,897	None	
TST Co., Ltd.	-	-	20,000	200,462	-	-	20,000	100%	200,462	-	200,462		

Note 1: This includes acquired cash dividends of long-term equity investment, investment revenue recognized according to equity method, and long-term investment cumulative translation adjustment.

Note 2: This includes increased amount of investment used with the equity method and investment revenue recognized according to the equity method.

Winstek Semiconductor Co., Ltd.  
Detail List of Property, Plant and Equipment Change  
From January 1 to December 31, 2022

Detail List (4)

Unit: NT\$ thousand

Item	Beginning balance amount	Current increased amount	Current decreased amount	Current reclassificati on	End balance amount	Provision of guarantees or mortgages	Note
Land	\$ 194,924	\$ 45,545	\$ -	\$ -	\$ 240,469	None	
Building	855,179	10,467	-	155	865,801	None	
Machinery equipment	3,838,959	807,731	( 44,324 )	1	4,602,367	None	
Office equipment and other equipment	531,599	17,094	( 9,319 )	700	540,074	None	
Equipment awaiting examination	856	5,454	-	( 856 )	5,454	None	
	<u>\$ 5,421,517</u>	<u>\$ 886,291</u>	<u>( \$ 53,643 )</u>	<u>\$ -</u>	<u>\$ 6,254,165</u>		



Winstek Semiconductor Co., Ltd.  
Detail List and Accumulated Depreciation Change of Property, Plant, and Equipment  
From January 1 to December 31, 2022

Detail List (5)

Unit: NT\$ thousand

Item	Beginning balance amount	Current increased amount	Current decreased amount	End balance amount	Note
Building	\$ 795,057	\$ 11,840	\$ -	\$ 806,897	
Machinery equipment	3,061,668	207,708	( 44,324 )	3,225,052	
Office equipment and other equipment	380,834	48,503	( 7,997 )	421,340	
	<u>\$ 4,237,559</u>	<u>\$ 268,051</u>	<u>(\$ 52,321 )</u>	<u>\$ 4,453,289</u>	

Winstek Semiconductor Co., Ltd.  
Detailed List of Revenue  
From January 1 to December 31, 2022

Detailed List (6)

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Service revenue:		
Testing revenue:	\$ 1,774,881	
Others	65,191	
	<u>\$ 1,840,072</u>	

Winstek Semiconductor Co., Ltd.  
Detailed List of Operating Costs  
From January 1 to December 31, 2022

Detailed List (7)

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Payroll expense	\$ 293,800	
Depreciation expense	262,335	
Repair and maintenance expense	59,078	
Utility expense	51,952	
Others	182,598	The amount of each sporadic account does not exceed 5% of this account.
Total operating cost	<u>\$ 849,763</u>	

Winstek Semiconductor Co., Ltd.  
Detailed List of Selling Expense  
From January 1 to December 31, 2022

Detailed List (8)

Unit: NT\$ thousand

Item	Summaries	Amount	Note
Payroll expense		\$ 8,674	
Depreciation expense		668	
Others		180	
		<u>\$ 9,522</u>	The amount of each sporadic account does not exceed 5% of this account.

Winstek Semiconductor Co., Ltd.  
Detailed List of General and administrative Expense  
From January 1 to December 31, 2022

Detailed List (9)

Unit: NT\$ thousand

Item	Summaries	Amount	Note
Payroll expense		\$ 74,665	
Fixed remuneration for the Board Directors		12,425	
Depreciation expense		6,903	
Others		22,735	The amount of each sporadic account does not exceed 5% of this account.
		<u>\$ 116,728</u>	

Winstek Semiconductor Co., Ltd.  
Detailed List of Research and development Expense  
From January 1 to December 31, 2022

Detailed List (10)

Unit: NT\$ thousand

Item	Summaries	Amount	Note
Payroll expense		\$ 6,622	
Insurance expense		522	
Others		233	
		<u>\$ 7,377</u>	The amount of each sporadic account does not exceed 5% of this account.

Winstek Semiconductor Co., Ltd.  
Current Compiled Table of Employee Benefit, Depreciation, Impairment Losses and Amortization by Expense Functions  
From January 1 to December 31, 2022

Detailed Table (11)

Unit: NT\$ thousand

By Function	2022			2021								
	By Nature	Belonging to operating cost	Belonging to operating expenses	Sum	Belonging to operating cost	Belonging to operating expenses	Sum					
Employee welfare expense												
Payroll expense	\$	283,695	\$	87,443	\$	371,138	\$	218,351	\$	76,183	\$	294,534
Labor and health insurance expense		24,572		4,953		29,525		21,531		4,652		26,183
Pension expense		10,105		2,520		12,625		8,863		2,371		11,234
Remuneration of Board Directors		-		12,425		12,425		-		10,686		10,686
Other employee welfare expense		12,472		2,227		14,699		7,167		1,533		8,700
Depreciation expense		262,335		7,571		269,906		178,661		7,307		185,968
Amortized expense		32,957		1,866		34,823		18,268		1,677		19,945

Attached notes:

1. The numbers of employees in this year and previous year were 386 and 347, respectively, and the number of Directors of the Board who are not employees in this year and previous year was 9.
2. For companies that are listed on TWSE or trade OTC shall add disclosure of information below:
  - (1) This year's average employee welfare expense was NTD 1,135( "Total of this year's average employee welfare expense"- "Total of remuneration of Directors of the Board" / "This year's number of employees- The number of Directors of Board who are not employees").  
Previous year's average employee welfare expense was NTD 1,008( "Total of previous year's average employee welfare expense"- "Total of remuneration of Directors of the Board" / "Previous year's number of employees- The number of Directors of Board who are not employees").
  - (2) This year's average employee payroll expense was NTD 984(This year's total payroll expense / "This year's number of employees- The number of Directors of the Board who are not employees").

Winstek Semiconductor Co., Ltd.

Current Compiled Table of Employee Benefit, Depreciation, Impairment Losses and Amortization by Expense Functions (Continue)

From January 1 to December 31, 2022

Previous year's average employee payroll expense was NTD 871(Previous year's total payroll expense /"Previous year's number of employees- The number of Directors of Board who are not employees").

- (3) Adjustment of average employee payroll expense change 13% ("This year's average employee payroll expense - Previous year's average employee payroll expense" / Previous year's average employee payroll expense) °
- (4) This year's supervisor remuneration was NTD 0 and that of the previous year was NTD 0. (Note: The Company set up the Audit Committee and there was no supervisor remuneration.)
- (5) Chairman and Directors of the Board: The Company complies with the Articles of Incorporation to authorize the Board of Directors to consider involvement degree and contribution to operations of the Company as well as the industry standard to determine the remuneration.

Managers: Remuneration of General Manager and Vice General Manager shall be determined according to job duties of the post as well as contribution to operating objectives of the Company.

General employees: payrolls should be determined according to labor laws regulated by the government and regular reviews of payrolls, relevant indicators and industrial payroll standards shall be conducted. According to factors such as employees' contribution, performance, responsibilities in previous year, performance appraisals should be conducted and according to the performance results and contributions to objectives to adjust payrolls and remuneration. Rewards shall not be considered based on gender, age, race, religion, politics or marital status. Payroll and remuneration policy shall be fair and unbiased to ensure talents of the Company can maintain competitiveness in the market;

in order to encourage and thank employees for their hard work and efforts, each year, according to the Articles of Incorporation, the Company shall allocate 0.1%~15% profit of the current year according to profitability to distribute as employees' remuneration.



VI: Financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report experienced by the Company and its affiliates that impact financial status of the Company:  
None.

## VII. Review analyze and Risk's of financial position and performance.

### I. Comparative Analyses of Financial Position

Unit: In NTD thousands

Items	Year		Discrepancy	
	2022.12. 31	2021.12. 31	Amount	%
Current Assents	4,052,276	3,378,430	673,846	19.95
Property, plant, and equipment	3,152,312	2,675,002	477,310	17.84
Intangible Assets	157,910	121,992	35,918	29.44
Other Assets	91,377	162,827	(71,450)	(43.88)
Total Amount of Assets	7,453,875	6,338,251	1,115,624	17.60
Current Liabilities	762,486	683,581	78,905	11.54
Non-current Liabilities	837,473	778,759	58,714	7.54
Total Amount of Liabilities	1,599,959	1,462,340	137,619	9.41
Equity attributable to owners of parent company	5,853,916	4,875,911	978,005	20.06
Capital stock	1,362,617	1,362,617	-	-
Capital surplus	366,243	366,243	-	-
Retained earnings	4,040,780	3,429,121	611,659	17.84
Other Liabilities	84,276	(282,070)	366,346	(129.88)
Treasury Stock	-	-	-	-
Non-controlling Interests	-	-	-	-
Total equity	5,853,916	4,875,911	978,005	20.06

For any change between current and previous fiscal years exceeds more than 20% and at the amount higher than NT\$10,000, analyses and description of the main reason is provided below:

1. Intangible assets:

Current intangible assets increase due to purchase of software.

2. Other assets:

Other assets dropped for the current term as compared to the previous term mainly because of the reduced other non-current assets.

3. Equity belonging to the owner of the parent company:

The retained earnings increased for the current term as compared to the previous term mainly because of the increase in the net profit after tax.

4. Other equity:

Other equities dropped for the current term as compared to the previous term

mainly because of the reduced difference from the conversion of financial statements of overseas operating entities due to depreciation of New Taiwan Dollar.

#### 5. Total equity:

The retained earnings increased for the current term as compared to the previous term mainly because of the increase in the net profit after tax.

## II. Analyses of Financial Performance

Unit: NT\$1,000

Items \ Year	2022	2021	Discrepancy	
			Amount	%
Net Operating Revenue	3,947,152	3,086,392	860,760	27.89
Operating Cost	2,641,788	2,374,827	266,961	11.24
Gross Profit	1,305,364	711,565	593,799	83.45
Operating expenses	248,498	231,174	17,324	7.49
Operating Profit	1,056,866	480,391	576,475	120.00
Other non-operating income and expenses	55,066	(9,251)	64,317	(695.24)
Current Net Profit before Tax	1,111,932	471,140	640,792	136.01
Income tax expense (profit)	194,465	77,209	117,256	151.87
Current Net Profit	917,465	393,931	523,534	132.90
Other comprehensive income (net after tax)	366,346	(79,895)	446,241	(558.53)
Total Amount of Current Comprehensive Income	1,291,407	314,036	977,371	311.23

1. For any change between current and previous fiscal years exceeds more than 20% and at the amount higher than NT\$10,000, analyses and description of the main reason is provide below:

(1) Operating income, operating gross profit, operating gains, net profit before tax, income expenses, net profit for current term:

The increase in the operating income showed a year-on-year increase mainly because of the increased customer demand. As a result, the operating gross profit, operating gains, net profit before tax, income expenses, and net profit increased for the current term as compared to the previous term.

(2) Non-operating income and expense:

The non-operating income and expenditure showed a year-on-year increase mainly because of the climbing interest rate that brought about an increase in interest income and the increased foreign exchange gains.

(3) Other comprehensive income (net after tax):

Other comprehensive income (net after tax) in this fiscal year increases than that of last year due to conversion discrepancy on financial statements of foreign operating institutions.

(4) Total combined gains and losses for the current term:

The increase in the total combined gains or losses for the current term was mainly the result of increased net profit and other combined gains (losses) (net value after tax) for the current term.

2. Expected sales quantity and its basis as well as possible impacts on future financial affairs of the Company and responsive plan.

The Company based on operational plan to put industrial planning and past performance into consideration to enact annual sales target. In the future, we will regard customer demands for services and products to continuously maintain partnership with existing customers and actively explore new customers to expand market share. Our company expects in the next fiscal year sales quantity and revenue would still grow.

### III. Analyses of Cash Flow

1. Analyses of Cash Flow Change in the Most Recent Fiscal Year

Unit: In NTD thousands

Cash balances at the beginning of the year	Net cash flow from this year's operating activities	Net cash flow from this year's investment and financing	Impact of exchange rate change on cash and cash equivalents	Cash balances at the end of the	Reactive measures for insufficient cash balances	
					Investment plan	Financing plan
1,603,413	1,603,658	(1,622,349)	134,870	1,719,592	-	-

Analyses of cash flow change:

1. Net operating cash flow mainly generates from this year's profit growth from operating activities.
2. Net cash flow from investment activities increases mainly because of increase of purchase of fixed assets.
3. The cash out-flows of fund-raising activities are mainly the result of the release of dividends.

2. Cash flow analyses in the future fiscal year

Unit: In NTD thousands

Cash balances at the beginning of the year	Net cash flow from this year's operating activities	Net cash flow from this year's investment and financing	Cash balances at the end of the	Reactive measures for insufficient cash balances 現	
				Investment plan	Financing Plan
1,719,592	1,193,525	(1,148,473)	1,764,644	-	-

Analyses of cash flow:

- |   |
|---|
| <p>1. Operating activities: Operating income and profit are expected to increase net cash flow.</p> <p>2. Investment activities: Fixed assets purchase is expected to result in decrease of net cash flow.</p> <p>3. Financing activities: Cash dividends and new bank loans are expected to increase net cash flow.</p> <p>Analyses of responsive measure for insufficient cash and liquidity: None.</p> |
|---|

IV. Impact of major capital expenditure on sales in the most recent fiscal year:  
None.

V. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated and the plan for improving re-investment profitability, and investment plans for the coming year.

1. Re-investment policy

For operational purpose, the Company mainly invests in fields relevant to its mainstream so that more extensive services may be provided to a more diversified customer base. The Company now owns 100% of the shares of the reinvestees Winstek Semiconductor Co., Ltd., whose scope of operation mainly includes chip bumps and wafer assembly, and TST Co., Ltd., which deals with development and rental of industrial workshops.

2. Profit or Loss of Reinvestment and Improvement Plan

Unit: In NTD thousands

Name of Company Invested	Name of Company Reinvested	Recognition of gains (losses) for 2022	Main Reason of Profit or Loss	Improvement Plan
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	226,308	The 2021 sales revenue of Winstek Semiconductor Technology Co., Ltd. 111 grew by 11.1% than that of last year with stable operation and continuous profit making.	NA
Winstek Semiconductor Co., Ltd.	TST Co., Ltd.	462	The source of profit for TST Co., Ltd. In 2022 was the interest income from bank deposits.	NA

3. Investment plan in the next one year:

The Company estimates no major Investment plans for the following year.

VI. Risk analyses and assessment during the most recent fiscal year and up to the date of publication of annual report.

1. Impact and responsive measures of impacts of interest rate, foreign exchange rate change, and inflation:

Unit: NT\$1,000

Item/Year	2021	2022
Net Operating Revenue	3,086,392	3,947,152
Net interest expense	4,653	11,290
Percentage of interest expenses accounting for operating income (%)	0.15%	0.29%
Net exchange profit(loss)	(23,840)	39,274
Percentage of net exchange income accounting for operating income (%)	-0.77%	0.99%

(1) Interest Change

Interest expenditure accounted for 0.29% and 0.15% of the net sales throughout 2022 and 2021, respectively, so interest rate change did not impact the Company and its subsidiaries significantly. The Company has paid close attention to interest rate change and maintain good relationship with banks to acquire better interest rate. We also appropriately adjust our financing tool to reduce change of interest rate. Hence, we expect change of interest rate will not bring major risks to income of the Company.

(2) Exchange Rate Change

The Company and its subsidiaries adopt natural hedge principle to offset liabilities and assets for sales and purchase transaction in foreign currencies to maximize exposure to the risk of foreign exchange rate fluctuation. We closely contact with foreign exchange departments of banks to understand the trend of foreign exchange change as the reference basis of foreign currency trading and conversion. When necessary, we use foreign exchange tools with hedge purpose to reduce impact of foreign exchange rate fluctuation on operating cost.

(3) Inflation

Major impact of inflation on the Company and its subsidiaries 本 In the future, we will watch market price fluctuation and maintain good interactive relationship with customers and suppliers. We will properly adjust product price and ensure stable supply of raw material to reduce impact of inflation.

2. The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives

transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future :

The company has not engaged in high-risk investments, highly leveraged investments, and derivatives transactions and the Company has endorsed only its subsidiaries and provided them guarantees. The Company has normal financial position and complied with relevant rules and the “Procedure for Lending Funds to Other Parties and Guarantee” and there has been no related losses arising.

3. Future R&D and Expected R&D Expenses:

The Company will continuously engage in new manufacturing process of package and testing and research and develop and introduce new technologies; in the future, coordinating with demands of new products of customers towards multi-functions, high speed, high reliability, and high precision, we will actively research and develop and introduce new technologies. In the future, expected R&D expenditure would account for no more than 2% of annual revenue.

4. Impact of important domestic and international legal changes on financial position of the Company and responsive measures:

In the most recent fiscal year, there has been no impact of important domestic and international legal changes on financial position of the Company and responsive measures.

5. Impact of technology (including risks of cyber security) and industrial change on financial position of the Company and responsive measures:

In terms of risk of cyber security, the Company has established business cyber security structural framework, policies, and management initiatives to ensure and strengthen confidentiality, integrity, and usability of information assets of the Company and cyber security awareness of the employees has been enhanced. We have complied with relevant rules and regulations to avoid internal or external intentional or accidental threats. Additionally, the Company has been keen to technology changes in the industry and assessed impacts of new technologies on operations. In the most recent fiscal year, there has been no major impact of technology change on financial position of the Company.

6. Impact of business image change on risk management and responsive measures:

Since its establishment, the Company has continuously strengthened its internal management and quality management abilities. In the most recent, fiscal year, there have been no major change of company image and no negative reports on company image.

7. Expected effectiveness, possible risk and responsive measures for M&A:

In the most recent fiscal year and up to the date when this annual report was published, there had been no M&A plan.
8. Expected effectiveness, possible risk, and responsive measures of factory expansion:

The Company does not have facility expansion plans now.
9. Risk of concentrated purchase and sales and responsive measures:
  - (1) Risk of concentrated purchase

To respond to frequently changing market demands, main materials needed by operations of the Company are supplied by several stable suppliers and each year, we have plan to evaluate new suppliers and actively look for new qualified suppliers and alternative materials. Main material suppliers of the Company are internal leaders with robust financial position to ensure sufficient supply of materials. Hence, there has been no risk of concentrated purchase.
  - (2) Risk of concentrated sales

In the recent years, due to market demands, the Company actively look for new customers based on its adjusted capacity to improve overall competitive advantages and to diverse risk of concentrated sales.
10. The Company's director, supervisor, or any major shareholder with a stake of more than 10 percent in the most recent 2 fiscal years transferred or changed impacts on the Company and describe related risks and responsive measures: None.
11. Impact, risk, and counter measures towards management right change: None.
12. Handling of litigation and non-litigation event: None.
13. Other important risks and responsive measures: None.

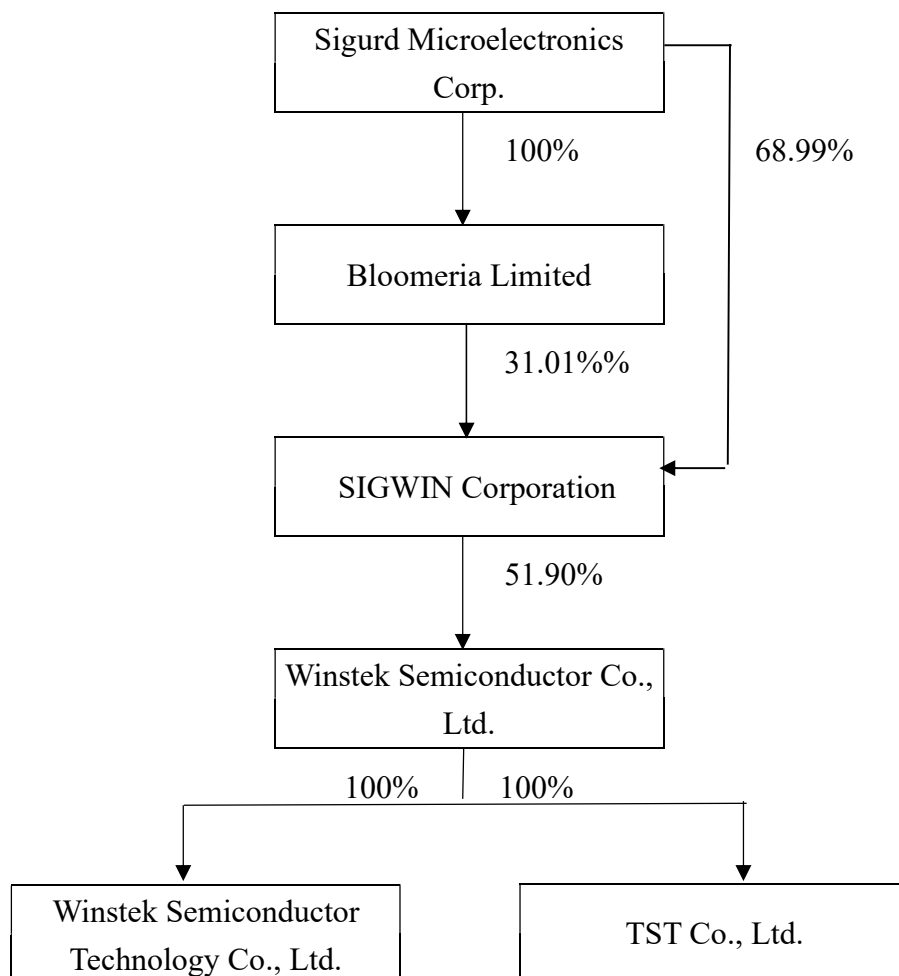
VII. Other Important Matters: None.



## VIII. Any Other Matters That Need to be Specified

### I. Relevant Information of Affiliated

#### 1. Organizational Chart of Affiliated Companies



#### 2. Basic Information of Affiliated Companies

Name of Company	Date of Establishment	Address	Paid-in Capital	Main Operating or Production Items
Winstek Semiconductor Technology Co., Ltd.	Sep 29, 2025	No. 176-5, Luliaokeng, 6th Ling, Qionglin Township, 307410 Hsinchu County	NTD 2,100,000 thousand	Bump and Chip with Flip Technology Package Services
TST Co., Ltd.	2022.05. 10	No. 176-5, Luliaokeng, 6th Ling, Qionglin Township, 307410 Hsinchu County	NTD 200,000 thousand	Plant development and leasing services

3. Assumed holding and affiliating relations: None.

4. Industries covered by operations of overall affiliated companies:

The Company and its affiliated companies have operations that cover package

services of bump and chips with flip technology as well as semiconductor testing services.

5. Name of Directors, Supervisors, and General Managers of Affiliated Companies and their Holding and Controlling:

December 31, 2022; Unit: Thousand Shares

Name of Company	Occupational title	Name or Representative:	Shares of Stocks Held	
			Number of Share	Holding Percentage
Winstek Semiconductor Technology Co., Ltd.	Chairman	Representative of Winstek Semiconductor Co., Ltd.: Huang Hsing-Yang	2,100,000	100%
	Director	Representative of Winstek Semiconductor Co., Ltd.: Weng Li-Chi		
	Director	Representative of Winstek Semiconductor Co., Ltd.: Wu Min-Hung		

December 31, 2022; Unit: Thousand Shares

Name of Company	Occupational title	Name or Representative:	Shares of Stocks Held	
			Number of Share	Holding Percentage
TST Co., Ltd.	Chairman	Representative of Winstek Semiconductor Co., Ltd.: Huang Hsing-Yang	200,000	100%
	Director	Representative of Winstek Semiconductor Co., Ltd.: Weng Li-Chi		
	Director	Representative of Winstek Semiconductor Co., Ltd.: Wu Min-Hung		

6. Operations of Affiliated Companies:

December 31, 2022; Unit: NTD thousand

Name of Company	Amount of Capital	Amount of Total Assets	Total Amount of Liabilities	Net Value	Revenue	Operating Income	Current Net Profit (after Tax)
Winstek Semiconductor Technology Co., Ltd.	2,100,000	3,718,800	1,244,903	2,473,897	2,536,326	200,233	226,308
TST Co., Ltd.	200,000	200,578	116	200,462	0	(50)	462

7. Consolidated Financial Statements of Affiliated Companies

Companies that should be included in the compiled Consolidated Financial Statement of Affiliates for 2022 (from January 1 to December 31, 2022) in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to those that should be compiled in the Consolidated Statement of Parent Company and Subsidiaries as per International Financial Reporting Standard 10, which is

recognized by the Financial Supervisory Commission, and all the information that should be disclosed in the Consolidated Financial Statement of Affiliates has been disclosed in the Consolidated Statement of Parent Company and Subsidiaries. Therefore, the Consolidated Financial Statement of Affiliates is not prepared separately.

8. Affiliation Report

Winstek Semiconductor Co., Ltd.

(Ticker Symbol:3265)

Affiliation Report

2022

Winstek Semiconductor Co., Ltd.

Statement of Affiliation Report

The Company's 2022 (January 1 through December 31, 2022) Affiliation Report was prepared according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the disclosed information did not show significant discrepancy from related information disclosed in the notes to the above-mentioned financial statements.

Name of Company: Winstek Semiconductor Co., Ltd.

Responsible Person: Huang Hsing-Yang

March 6, 2023

Winstek Semiconductor Co., Ltd.  
CPA's Re-Audit Report towards Affiliation Report

Tzi Kui Tzung Tzi # 22009672

To Winstek Semiconductor Co., Ltd.

The 2022 Affiliation Report of Winstek Semiconductor Co., Ltd. (January 1 through December 31, 2022) is prepared according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and the related financial information has been verified by the CPAs against related information disclosed in the notes to the foregoing financial statements.

Based on the CPAs' review results, the 2022 Affiliation Report of Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises had related information disclosed in compliance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. The financial data are consistent with those shown in the financial statements; therefore, no major modifications are required.

PwC Taiwan

Hsieh Chi-Cheng

CPA

Chiang Tsai-Yen

Financial Supervisory Commission

Approved Document: Jin Guan Zheng Shen Tzi# 0990042599

Jin Guan Zheng Shen Tzi# 1060025097

March 6, 2023

Winstek Semiconductor Co., Ltd.

2022 Affiliation Report

I. Overview of Relationships between Affiliates and Controlling Company

The Company is the affiliated company of “Sigurd Microelectronics Corp. (hereinafter referred to as “Sigurd”)” with information below:

Unit: Shares; %

Name of Controlling Company	Controlling Reason	Share h Holding and Pledge of Controlling Company			Directors, Supervisors, or Managers Dispatched by Controlling Company	
		Number of shares held	Holding Percentage	Number of Shares Pledged	Occupational title	Name
Sigurd	Ultimate mother company with controlling power over the Company	Comprehensive Holding 70,726,438(Note)	Comprehensive Holding Percentage 51.90%(Note)	-	Chairman Director Director Director Director	Huang Hsing-Yang Wu Min-Hung Yeh Tsan-Lien Kuo Hsu-Tung Hsieh Chao-Hung

Note: Sigurd on October 13, 2017 acquired controlling power of parent company of the Company, Bloomeria Limited, and indirectly acquired 51.88% shares of the Company and became ultimate parent company of the Company.

On July 6, 2020, Bloomeria Limited transferred shares of the Company owned to Sigurd’s 100% owned subsidiary, Gexing Co., Ltd..

Plus shares acquired from open market, Sigurd owned 51.90% shares of the Company.

2. Transactions

Transactions between the Company and controlling company, Sigurd, are shown below:

- (1) Purchase and sales transaction: Please see attached Table 1.
- (2) Property transactions: None.
- (3) Financing: No.
- (4) Property leasing: Please refer to attached Table 2.
- (5) Other important transactions: None.

3. Endorsement and guarantee: None.

4. Other important impacts on financial position and operations: None.

Attached Table 1

Purchase and Sales Transactions

Unit: NTD thousand; %

Transactions with Controlling Company				Transaction Terms with Controlling Company		General Transaction Terms		Difference Cause	Account and Bill Receivable (Payable)		Overdue Account Receivable			Note
Purchase (Sales)	Amount	Percentage accounting for total purchase (sales)	Sales Gross profit rate	Unit Price (Dollar)	Credit period	Unit Price (Dollar)	Credit Term		Balances	Percentage accounting for total account and bill receivable (payable)	Amount	Handling Method	Allowance for Bad Debt	
(Sales)	(\$8,735)	0.22%	10%	Note	Monthly paid 30 days	Note	Monthly paid 30~90 days	Note	\$ 2,088	0.23%	\$ -	-	\$ -	None

Note: Products and labor services are provided/sold to related person according to general commercial terms and conditional terms.



Attached Table 2

Assets Lease

Unit: NTD thousand; %

Type of transaction	Object		Lease Term	Nature of Lease	Determination of Rent	Collection (Payment) Method	Compared to Normal Rent Standard	Total rent for the current term	Collection and payment for the current term	Other agreed matters
	Name	Location								
Lease	Other Equipment	All companies covered	From January 2022 to December 2022	Operating Lease	Decided through Negotiation	Pay by month	Normal	\$ 3,066	Paid in a lump sum.	None

- II. Issuance by the Company for a private placement of securities during the most recent fiscal year up to the date of publication of the annual report: None.
- III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- IV. Other matters that require additional description: None.
- V. Disclosure of any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year up to the date of publication of the annual report: None.

**Winstek Semiconductor Co., Ltd.**

**Chairman: Huang Hsing-Yang**