



2022 ANNUAL REPORT

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TABLE OF CONTENTS

I. LETTER TO SHAREHOLDERS.....	5
Business Operations Report.....	7
II. COMPANY INTRODUCTION.....	12
III. CORPORATE GOVERNANCE.....	20
1. COMPANY ORGANIZATION.....	20
2. BOARD OF DIRECTORS, COMMITTEE MEMBERS, CEO, VICE PRESIDENTS, ASSISTANT VICE PRESIDENTS, HEAD OF EACH DEPARTMENT AND SUBSIDIARIES.....	21
3. REMUNERATION PAID TO DIRECTORS, CEO, AND VICE PRESIDENT	35
4. CORPORATE GOVERNANCE STATUS	40
5. PROFESSIONAL AUDIT SERVICES INFORMATION	87
6. CHANGE OF ACCOUNTANT	88
7. INFORMATION RELATING TO SERVING AT ACCOUNTING FIRM OF CPA OR RELATED COMPANIES.....	89
8. SHAREHOLDING POSITION FOR BOARD, MANAGEMENT AND CHANGE OF MORE THAN 10% STOCK TRANSFER OR LEDGE	89
9. TOP 10 SHAREHOLDERS AND THEIR RELATED PARTY, SPOUSES, OR RELATIVES	86
10. SHAREHOLDING INFORMATION REGARDING THE SAME INVESTED COMPANY OF COMPANY'S BOARD OF DIRECTORS, COMMITTEE MEMBERS, MANAGERS, AND BUSINESS THAT ARE DIRECTLY OR INDIRECTLY CONTROLLED BY COMPANY	90
IV. CAPITAL AND SHARES	
1. CAPITAL AND SHARES	91
2. ISSUANCE OF CORPORATE BONDS	92
3. ISSUANCE OF PREFERRED SHARES:.....	97
4. ISSUANCE OF GLOBAL DEPOSITARY RECEIPTS	98
5. STATUS OF EMPLOYEE STOCK OPTION PLANS AND EMPLOYEE RESTRICTED STOCKS:	99
6. STATUS OF NEW SHARE ISSUANCE IN CONNECTION WITH MERGER AND ACQUISITIONS:.....	99
7. FINANCING PLANS AND IMPLEMENTATION	99
V. OPERATIONAL HIGHLIGHTS.....	100

1. BUSINESS ACTIVITIES	100
2. MARKETS AND SALES OVERVIEW	108
3. EMPLOYEE STATUS	117
4. ENVIRONMENTAL PROTECTION EXPENDITURES	117
5. LABOR RELATIONS	121
6. INFORMATION SECURITY MANAGEMENT	
7. MAJOR CONTRACTS	128
VI. FINANCIAL HIGHLIGHTS	130
1. SUMMARIZED BALANCE SHEETS, INCOME STATEMENTS, CPA AND AUDIT OPINIONS FOR LAST 5 YEARS	130
2. FINANCIAL ANALYSIS FOR LAST 5 YEARS	133
3. AUDIT COMMITTEE'S AUDIT REPORT ON FINANCIAL REPORTS FOR MOST RECENT YEAR	136
4. CONSOLIDATED FINANCIAL STATEMENTS	143
5. STANDALONE FINANCIAL STATEMENTS	219
6. RISK ANALYSIS AND ASSESSMENT IN THE RECENT YEAR AND AS OF PUBLICATION DATE OF ANNUAL REPORT	308
VII. DISCUSSION AND ANALYSIS OF FINANCIAL STATUS AND OPERATING RESULTS AND RISK MANAGEMENT	
1. FINANCIAL STATUS	309
2. OPERATING RESULTS	310
3. CASH FLOW	311
4. EFFECTS OF MAJOR CAPITAL EXPENDITURES ON FINANCIAL STATUS IN MOST RECENT YEAR	312
5. INVESTMENT POLICY IN RECENT YEARS, MAIN CAUSES FOR PROFITS OR LOSSES, IMPROVEMENT PLANS, AND INVESTMENT PLANS FOR THE COMING YEAR	312
6. RISK ANALYSIS AND ASSESSMENT IN THE RECENT YEAR AND AS OF PUBLICATION DATE OF ANNUAL REPORT	312
7. OTHER IMPORTANT MATTERS	316
VIII. SPECIAL EVENTS	317
1. SUBSIDIARIES INFORMATION	317
2. PRIVATE PLACE IN CURRENT YEAR	323
3. STATUS OF SUBSIDIARY BUY AND SELL OF PARENT COMPANY STOCKS	323
4. OTHER SUPPLEMENT INFORMATION	323
5. MAJOR EVENT IMPACT ON SHAREHOLDERS AND PRICE SUBJECT TO Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan	323

I. Letter to Shareholders

Annual General Meeting of Shareholders 2022

Dear Shareholders, Ladies and Gentlemen,

In 2022, there was a dramatic decline in overall market demand due to the international economy being buffeted by series of negative factors such as inflation, the Russo-Ukrainian War, US-China tensions, interest rate increases, uncertain exchange rates, and cross-strait tensions. Vendors continued their rush to reduce inventories as well. The result was the most challenging time that the semiconductor has experienced in well-over a decade; the different rates of recovery in electronic industries is prolonging the inventory adjustment process of customers. The general consensus now is that the industry will only really begin picking up again in the second half of 2023.

In response to these very challenging times, the PTI Group is enforcing tight cost control and reducing our capital expenditures. At the same time, we are also reviewing our production processes in order to optimize our product portfolio in order to accelerate the certification and production of products with high added value such as advanced logic. The PTI Group delivered its best results ever in 2022 with the support of our customers and suppliers, and the combined efforts of all employees. Consolidated revenues reached NT\$83.927 billion; net profit after tax attributable to the parent company reached NT\$8.687 billion, and earnings per share (EPS) was NT\$11.60. To thank our shareholders for their longstanding supports, a cash dividend of NT\$7.0 per share was therefore passed by the Board of Directors this year and now pending approval from shareholders.

Despite the current international upheavals, the talent development, organizational reform, and business unit optimization initiatives that PTI adopted in the past have begun producing result at each Group company in their respective specialties: Greatek Electronics specializes in packaging and testing services for entry and medium-level products; Tera Probe/Tera Power strengthened its collaboration with international customers in Japan, Taiwan, Europe, and US to expand testing services for logic wafers and final products; PTI used its existing advanced packaging and testing technology for memory products as the basis for aggressive expansion of products and customers in advanced logic and heterogeneous integration; Mass production for Bumping, WLP and Flip Chip CSP/BGA processes are now proceeding on schedule. FOPLP (Fan-out Panel Level Packaging) and CIS TSV CSP processes have commenced production in 2022 as well. SIP/SIM/Sub-system based on custom combinations of advanced packaging technologies is now in discussions with customers on the joint development of new products in the future. Once this enters mass production it should give a boost to the sustainable growth of the Company's results.

In the year ahead, new high-end electronic product applications such as AI, 5G communications, autonomous vehicles, and High Performance Computing (HPC) products will also see new upgrades, demand for advanced packaging and testing processes will remain strong. PTI Group will concentrate on this future trend and continue to work closely with our customers and suppliers. Areas of interest include:

1. Continue to maintain our global leadership in quality, technology, and production capacity for memory products:
2. Expansion of businesses based on new technologies: Bumping, Flip Chip CSP/BGA, FOPLP mass production, and Fan-out on wafer level certification.
3. The research, development and manufacture of advanced technologies: Develop high performance products based on TSV connections such as CIS CSP for automotive and safety applications, and High Bandwidth Memory (HBM);
4. Periodic review of short-, medium- and long-term plans for ESG and related key performance indicators to ensure the sustainability of the Company. We will also strengthen our disclosures of related information and actions to keep stakeholders informed.

PTI thanks our shareholders and customers for your support. A quarter of century has now gone by with everyone working diligently together. In the future, PTI will continue to move forward towards realizing our goal of “becoming the World No.1 in technology, quality, and service!”

My thanks go out to all shareholders once again for all the support and encouragement that they provided to employees and management team of the PTI Group!
I wish everyone all the best of health and success in all endeavors.

Sincerely,
D.K. Tsai

PTI Chairman

Powertech Technology Inc. 2022 Business Report

I. 2022 Business Operations Report

According to the "World Economic Outlook" report issued by the International Monetary Fund (IMF) in January 2023, global economy growth in 2022 was 3.4% and is expected to drop to 2.9% in 2023, before rising back to 3.1% in 2024. Global economic growth in 2023 and 2024 will therefore be below the historic average of average of 3.8% (2000 ~ 2019). The two years will therefore be the weakest in terms of growth since 2001 with the exception of Global Financial Crisis and COVID-19. The slowdown in global economic activity is worse than expected while inflation is at its highest in decades. High interest rates and the Russian invasion of Ukraine may also continue to put pressure on economic activity. China's announcement of an end to economic lockdown is expected to contribute to global economic growth as well. IMF forecasts suggest that average global inflation will reach 6.6% in 2023 and drop to 4.3% in 2024 but still remain higher than the pre-pandemic average of 3.5% (2017 ~ 2019).

In terms of the global semiconductor performance, a study conducted by the international research and consulting firm Gartner found short-term outlook is deteriorating due to slump in consumer demand triggered by a rapid worsening of the global economic inflation, and higher interest rates in the second half of 2022. The negative impact on the semiconductor market may persist into 2023 as well. Corporate-driven markets such as corporate networks, computing, healthcare and commercial transportation may retain some of their flexibility. On the whole, global semiconductor revenues in 2022 amounted to US\$601.7 billion, a small increase of 1.1% over 2021. The Taiwanese semiconductor industry is still outperforming the rest of the world. The February 2023 statistics compiled by Industry, Science and Technology International Strategy Center (ISTI) at the Industrial Technology Research Institute (ITRI) showed that: The Taiwanese IC industry was worth NT\$4,837 billion in 2022, up 18.5% from 2021. The IC packaging industry in particular was worth NT\$466 billion, up 7% from 2021, while the IC testing industry was worth NT\$218.7 billion, up 7.7% from 2021. Memory applications are becoming more widespread due to the variety of semiconductor products. The Company is doing everything we can to meet the

needs of our customers by continuing with the development of packaging technologies as well as new processes and their related technical capabilities. Despite the downward trend in the semiconductor market and weak demand for consumer electronic products in the second half of 2022, customer-side demand for automotive, servers, high-performance computing and artificial intelligence (AI) is still growing. At PTI, we built on the solid foundations that we established and focused on the development of new products, technologies and customers in recent years. The resulting returns kept the aforementioned impacts within an acceptable range. As a result, PTI saw small gains in overall revenue and profits compared to the preceding year. In the future, we will continue to focus on technology development, the delivery of high quality and services, and expand our production capacity in order to satisfy customer demand and secure their trust. We will also respond to changing market conditions by cutting back on capital expenditure and closely control our operating costs in the hopes of seeing an economic recovery in the second half of 2023.

Details of 2022 revenue and profitability are reported as follow:

1. 2022 Operations Results

PTI Consolidated revenue of 2022 was NT\$83.93 billion, which was 0.16% increase from 2021 consolidated revenue of NT\$83.79 billion. 2022 net income belonged to parent company was NT\$8.69 billion which was 2.37% declined from 2021 NT\$8.90 billion.

2. Financial Status

2022 Consolidated Statement of Cash Flow	(in NT\$1,000)
a. Net cash inflow from operating activities	22,922,620
b. Net cash outflow from investing activities (Changes mainly from acquisition of machinery and equipment)	18,927,395
c. Net cash outflow from financing activities (Mainly for distribution of cash dividends and repayment of bank loans)	6,760,954

3. Profitability Analysis

Analysis Items		2022	2021
Profitability	Operating Income / Capital Ratio	163.97%	186.42%
	Pre-tax Net Income / Capital Ratio	179.67%	188.74%
	Return on Assets	9.22%	10.48%
	Return on Equity	16.59%	19.27%
	Net Income (Loss) Ratio	10.35%	10.62%
	Net Income(Loss) Per Share	\$11.60	\$11.54

4.R&D Updates

PTI has been constantly devoted to new technologies and production technologies development to meet industry standards and customers' demand. 2022 R&D expenses were NT\$2.46 billion which was about 2.93% of consolidated revenue. In addition to DRAM and NAND Flash products, PTI has been developing advanced packaging & testing and heterogeneous integration, such as Flip Chip (FC), System in Package (SiP), Wafer Level Package (WLP), CMOS image sensor (CIS), 2.5D/3D Through Silicon Via (TSV), and Fan-Out Panel Level Package (FOPLP). PTI has completed the lab for Antenna in Package (AiP) and Radio Frequency (RF) to provide certify services of 5G products. Apply TSV technologies on CIS products to enhance performance of health care, surveillance, and automotive devices. FOPLP has been engaged with customers in development and certification to provide comprehensive solutions.

II. 2022 Operations Plans

1. Plan Outlines:

- (1) Promise, Technology and Integration are our core values.
- (2) Focus on the assembly and final testing sectors in semiconductor industry in order to generate the profits together with our customers and vendors.
- (3) Devoted to the research and development of advanced technologies and launch new products to enhance corporate growth momentum.
- (4) Provide full services to customers with quality and exquisite technologies.
- (5) Integrated corporate resources to enhance operation performances and ensure corporate profitability and sustainability.
- (6) Provided employee trainings to talent, addressed employee benefits and

interest of shareholders to create mutual benefits.

2. Sales Forecast volume:

The 2023 semiconductor sales forecast issued by World Semiconductor Trade Statistics (WSTS) in November 2022 expected the global semiconductor market to decline by 4.1% to US\$557 billion. The biggest decline will be in memory products with a drop of 17%. While the semiconductor industry in Taiwan is being buffeted by global inflation, consecutive rate increases, the Russo-Ukrainian War, geopolitics and other factors, the Industry, Science and Technology International Strategy Center (ISTI) of ITRI expects the Taiwanese semiconductor industry to maintain positive growth. The Taiwanese IC industry is expected to grow by 6.1% and be worth NT\$5 trillion in 2023, demonstrating the resilient global competitiveness of Taiwan's semiconductor industry.

In 2023, growing popularity of 5G product applications such as well as emerging applications such as artificial intelligence (AI), electric vehicles, autonomous vehicles, data centers, distance learning, low-earth orbit satellites, e-healthcare, home electronic products and various mobile devices mean that semiconductors will remain continue to lead the ICT industry in expected growth.

The impact of COVID-19 is coming to an end along with its influence on the global economy. The whole world will revert back to their pre-pandemic ways of life in 2023. Friction in geopolitics and global trade remains a serious problem however and how they will impact on the overall economic market must be closely monitored.

All production this year including the packaging and testing markets for logic IC and memory products will need to take demand and rate of destocking into account with a more conservative outlook expected. Predicted production for each type of product in 2023 is therefore as shown in the table below:

2023 Sale forecast volume:

Item	Sale Forecast Volume
Assembly	16 billion packages
Final Test	10 billion packages
Bumping	1,000 K wafers
Chip Probing	3.2 million wafers
SSD & SiP	120 million pcs

3. Production and Marketing Strategies:

- (1) Provide the turn-key services to customers for cycle time and overall cost reduction.
- (2) Maintain the leading position in memory packaging and testing market.
- (3) Continue developing Logic business and enhancing technology development for Flip-Chip, Solid State Drive (SSD), Wafer Level Packaging (WLP), Chip Probing (CP), and Fan-Out Panel Level packaging (FOPLP) to create business growth.
- (4) Developing new customers, new markets, and new products at the same time enhancing the relationship with existing customers.
- (5) Improve corporate competitive advantages by cost reduction and resources integration.

Chairman: D.K. Tsai

President: J.S. Leu

Head of Accounting: Evan Tseng

II. Company Introduction

I. Date Established: May 15, 1997

II. Company History

- | | | |
|-------------|-------|---|
| 1997 | May | -- Powertech Technology Inc. established, with paid-in Capital of NT\$ 600 million. |
| | Aug | -- Received Powerchip's DRAM and Macronix's FLASH testing order and started memory IC testing services. |
| 1998 | Feb | -- Received Securities and Futures Commission, Ministry of Finance approval for public offering.
-- Started construction for PTI's Hsinpu Plant. |
| | March | -- Cash Injection of NT\$ 600 million, Paid-in Capital of NT\$ 1.2 billion. |
| | May | -- Passed ISO 9002 Quality Management System Certification (Testing). |
| 1999 | Jan | -- Mr. Duh Kung Tsai from the Kingston Group joined as Chairman. |
| | May | -- Cash injection of NT\$ 800 million, Paid-in Capital of NT\$ 2.0 billion. |
| | June | -- Stage One of PTI Hsinpu Plant completed, rented to Powerchip's Chubei Branch. |
| | Aug | -- Construction started on Stage two of PTI Hsinpu Plant.
-- Received testing order from Toshiba for DRAM and SST for Flash. |
| 2000 | April | -- Report prepared for the Taiwan Stock Exchange and GreTai Securities Market, started to receive guidance for listing on TSE and OTC. |
| | June | -- PTI Hsinpu Plant completed and relocated to new plant. |
| | Oct | -- Purchase backend equipment from Powerchip's Chubei Branch and added packaging business. Then obtained Powerchip's DRAM packaging orders and started to provide customers turnkey packaging and testing services. |
| 2001 | Jan | -- Become listed as bonded factory. |
| | April | -- Received quality certification from Mitsubishi. |
| | May | -- Received ISO 9002: 1994 Quality Management System Certification (Packaging, Testing). |
| | Aug | -- Surplus and Capital Reserve Capital Increase of NT\$ 218 million, Paid-in Capital of NT\$ 2.218 billion. |
| 2002 | Jan | -- Received quality certification from Hitachi. |
| | March | -- Received quality certification of testing and packaging from |

TOSHIBA.

- Received TOSHIBA FLASH packaging and testing orders, provide turnkey services for TOSHIBA packaging and testing.
- June -- Passed quality certification from Sun Microsystems.
- Sept -- Cash Injection of NT\$ 119 million, Surplus Capital Increase of NT\$ 134.229 million, Paid-in Capital of NT\$ 2.463129 billion.
- Purchased Hukuo Plant's Land and Plant of FICTA.
- Oct -- Company Shares listed for trading as Emerging Stock of Gretai Securities Market.
- Nov -- Received quality certification from M-Systems and Sankyo.
- 2003** Jan -- Certified for ISO 14001:1996 Environmental Management Systems Certification.
- March -- Received quality certification from Sony.
- April -- Company Shares listed for trading on Gretai Securities Market.
- Company headquarters moved to Hukuo Plant in Hsinchu Industrial Park.
- Received quality certification from ProMOS.
- May -- Received quality certification from IBM.
- July -- Received quality certification from Hynix and received Hynix orders.
- Formally received ProMOS orders.
- Aug -- Received ISO 9002: 2000 Quality Management System Certification
- Sept -- Surplus Capital Increase of NT\$ 149.371 million, Paid-in Capital of NT\$ 2.6125 billion.
- Dec -- Received quality certification from Xanavi.
- 2004** Jan -- WBGA packaging formally into volume production.
- April -- Received land from the Hukuo Industrial Park about 3000 pings, for expansion of future operations.
- Received quality certification from Renesas.
- July -- DDR2 formally into volume production.
- Sept -- Cash Injection of NT\$ 300 million, Surplus Capital Increase of NT\$ 467.5 million, Paid-in Capital of NT\$ 3.38 billion.
- Received OHSAS 18001: 1999 Occupational Health and Safety Management certification.
- Started construction on Plant 3.
- Oct -- Received quality certification from Elpida.
- Nov -- Company Shares listed for trading on the Taiwan Stock

- Exchange.
- Foundry grade testing formally into mass production.
- 2005**
- Feb -- Implemented Green Product (GP) Management System.
 - March -- Received quality certification from IBM (uBGA).
 - Received quality certification from Sharp.
 - May -- Received quality certification from Sony Green Partner.
 - Sept -- Surplus Capital Increase of NT\$ 625 million, Paid-in Capital of NT\$ 4.005 billion.
 - Tera Probe, Inc., a joint venture formed in Japan with Elpida, Advantest and Kingston Technology Japan.
 - Dec -- Use the “Purchase Method” for simplified merger of 100% owned company, Lijia Investment Ltd.
 - MCP packaging process into volume production.
 - Started production of MicroSD Card.
 - Received ISO 14001: 2004 Environmental Management System Certification.
- 2006**
- Jan -- R&D Technology Center Established.
 - Headquarters (Plant 3) completed for use.
 - First time issuance of Global Depository Receipts (old shares), listed for trading on the Bourse de Luxembourg.
 - Aug -- Surplus Capital Increase of NT\$ 750 million, Paid-in Capital of NT\$ 4.711 billion.
 - Received ISO/TS 16949: 2002 Certification.
 - Nov -- Received land from the Hukuo Industrial Park about 1089 pings, for expansion of future operations.
 - Dec -- Received the “2006 Industrial Innovation Outcome Commendation” from the Ministry of Economic Affairs Department of Industrial Technology (MOEA DOIT).
- 2007**
- Feb -- Started construction of Hukuo Plant 2B
 - March -- Issued for the first time the private placement domestic unsecured convertible bonds, with amount issued of NT\$ 3.412 billion.
 - July -- Successful developed the wBGA DDP technology, providing the best DRAM stacking solution.
 - Aug -- Surplus Capital Increase of NT\$ 853 million, Paid-in Capital of NT\$ 5.563 billion.
 - Monthly Revenue exceed NT\$ 2 billion formally, packaged volume exceeding 100 million chips.
 - Received the “2006 Golden Commerce Award” from the MOEA Bureau of Foreign Trade (BFT) for Being Tenth in

		Actual Import/Export.
	Nov	-- Received the “Eight Industrial Elite Award” from the MOEA BFT.
2008	Jan	-- Hukuo Plant 2B completed for operation.
	March	-- Started to provide packaging services for Logic IC.
	June	-- Received license from IBM for Metal Post Solder-Chip Connection (MPS-C2) technology. This is a key technology for fine-pitch Flip Chip packaging.
	Aug	-- Surplus Capital Increase of NT\$ 7.45 million, Paid-in Capital of NT\$ 6.694 billion. -- Formed joint venture, TeraPower Technology Inc, with Japanese company Tera Probe, Inc, with paid-in capital of NT\$ 750 million, and our company holding 49% of the JV.
	Sept	-- Received the “2007 Golden Commerce Award” from the MOEA Bureau of Foreign Trade (BFT) for Being Ninth in Actual Import/Export.
	Nov	-- Received land from the Hukuo Industrial Park about 5,953 pings, for expansion of future operations.
2009	July	-- Surplus Capital Increase of NT\$ 386 million, Paid-in Capital of NT\$ 6.694 billion.
	Aug	-- Received the “2008 Golden Commerce Award” from the MOEA Bureau of Foreign Trade (BFT) for Being Fifth in Actual Import/Export. -- Formed overseas subsidiary Powertech Holding(B.V.I.) Inc.
	Sept	-- Acquired Spansion Holdings (Singapore) Pte. Ltd. (name changed to PTI Technology (Singapore) Pte. Ltd.) through Powertech Holding(B.V.I.) Inc., and indirectly obtaining Spansion’s MCP packaging and testing plant in Suzhou, China. The China plant was renamed Powertech Technology (Suzhou) Ltd., and the Company formally entered China as a packaging and testing company.
2010	March	-- Formed subsidiary in the Hsinchu Science Park, Macrotech Technology Inc. -- Established US subsidiary Powertech Technology (USA), Inc through overseas subsidiary Powertech Holding (B.V.I.) Inc. to serve as overseas sales and service center.
	April	-- Paid-in capital increased to NT\$ 7,042,366,680 after conversion into common shares by convertible bonds.
	Sept	-- Paid-in capital increased to NT\$ 7,153,668,040 after conversion into common shares by convertible bonds. -- Received the “2009 Golden Commerce Award” from the

		MOEA Bureau of Foreign Trade (BFT) for Being Fifth in Actual Import/Export.
		-- Received the “Outstanding Innovation Company Award” portion of the 18 th Industry Technology Development Award from the MOEA DOIT.
	Dec	-- Paid-in capital increased to NT\$ 7,264,969,400 after conversion into common shares by convertible bonds.
2011	May	-- New Plant in Hukuo started construction.
	Aug	-- Surplus Capital Increase of NT\$ 7,264,969,400. Paid-in Capital of NT\$ 7,991,466,340.
		-- Received the “Creating Employment Contribution Award” from the Executive Yuan.
	Sept	-- Received the “2010 Golden Commerce Award” from the MOEA Bureau of Foreign Trade (BFT) for Being Sixth in Actual Import/Export.
	Dec	-- Established Remuneration Committee.
2012	Feb	-- Acquired 44% of Greatek Electronics through public tender offer.
	Apr	-- During re-election at the extraordinary shareholders’ meeting, PTI formally become part of the Greatek Electronics’ management.
		-- Institutional director Shiren Investment Company sold more than 50% of company shares owned when it was elected director, so naturally dismissed as company director.
	Aug	-- Purchased of company’s treasury stocks for the first time, with a capital reduction of NT\$ 200 million, paid in capital reduced to NT\$ 7,791,466,340.
	Dec	-- For effective use of company resources and tax considerations, liquidated US subsidiary Powertech Technology USA Inc.
2013	Jul	-- Elpdia Memory Inc. acquired by Micron Technology Inc. and changed the trading entity to Micron Japan.
	Sep	-- Received 2012 Golden Trade Award for 10 th place.
	Nov	-- Grand Opening for plant 3C, and relocated HQ to the new plant.
2014	Feb	-- Legal settlement reached with Tessera Inc. to early terminate product license agreement which help reducing future services costs.
	Jul	-- Acquired 100% shares of Nepes Pte. Ltd. Singapore and changed name to Powertech Technology (Singapore) Pte.

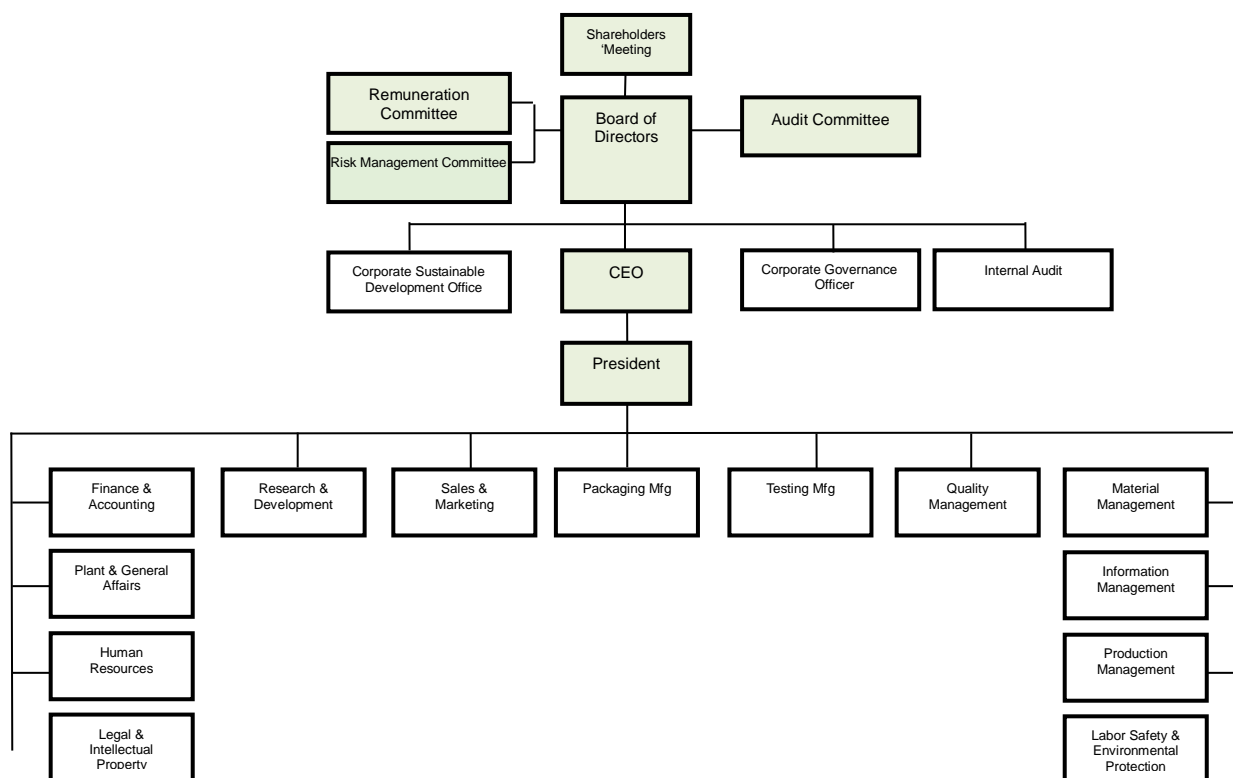
		Ltd.
	Dec	-- Signed investment agreements with Micron Inc. for providing package services in Xian, China. -- Merged Macrotech Technology Inc. and established Hsinchu Science Park branch on the site.
2015	Apr	-- Became a member of Electronic Industry Citizenship Coalition (EICC).
	May	-- Established Powertech Semiconductor (Xian) Co., Ltd.
	Oct	-- Signed strategic alliance agreement with Tsinghua Unigroup through private placement.
2016	Apr	-- Received 2015 Golden Trade Award for 4 th place.
	Nov	-- Received 2016 Taiwan Top 50 Corporate Sustainability Report Golden Award in Electronic Information Category. -- Certified for ISO 27001 Data Security Management System.
	Dec	-- Certified for SA8000 Social Responsibility Management System.
2017	Jan	-- Established Powertech Technology Japan Ltd. -- Mutual agreement among Powertech Technology Inc. and Tsinghua Unigroup Co., Ltd., and Tibet TouZhanChaungXin Investment Co., Ltd. authorized to terminate share subscription agreement. -- Became a member of Taiwan Alliance for Sustainable Supply and participate in Taiwan packaging and testing industry eco-cloud development program.
	Apr	-- Contracted with Micron Inc to acquire its 39.6% holding of Tera Probe, Inc. shares by public tender offer and 100% Micron Akita Inc. operations.
	Jun	-- Tera Probe, Inc. became a PTI subsidiary after completed acquisition of Tera Probe, Inc. with 59.44% consolidated holding.
	Aug	-- Completed the acquisition of 100% Micron Akita Inc. and name changed to Powertech Technology Akita Inc.
	Nov	-- Received 2017 Taiwan Top 50 Corporate Sustainability Report Golden Award in Electronic Information Category.
2018	Jan	-- Named Top 100 Global Technology Leader by Thomson Reuters.
	Sep	-- Groundbreaking for Hsin Chu Science Park Plant III as the Fan-Out Panel-Level Packaging (FOPLP) facility.
	Nov	-- Board of Directors appointed Mr. DK Tsai as Chief Strategy Officer and Mr. JY Hung as Chief Executive Officer. -- Received 11 th Annual Taiwan Institute for Sustainable Energy Top 50 Corporate Sustainability Report Platinum and Top 50 Corporate Sustainability.

2019	May	-- Received "Preferred Quality Supplier Award" and "Good Partner Award" from key customer.
	Nov	-- Received 2019 Annual Taiwan Institute for Sustainable Energy Top 50 Corporate Sustainability Report Platinum and Top 50 Corporate Sustainability.
	Dec	-- Certified ISO 5001 Energy Management System
2020	Apr	-- Board approved additional investment of US\$28 million for Powertech Technology (Suzhou) Ltd., a subsidiary of Powertech Technology Inc. Powertech Technology (Suzhou) Ltd. total register capital became US\$100 million after the addition.
	Aug	-- Ranked 45th in the Large Enterprises category of the 2020 "Common Wealth Excellence in Corporate Social Responsibility Awards"
	Sep	-- The Singapore subsidiary Powertech Technology (Singapore) Pte. Ltd. Was consolidated to a holding company.
	Oct	-- Presented with four awards at the 2020 Taiwan Corporate Sustainability Awards (TCSA) hosted by the Taiwan Institute for Sustainable Energy including "The Most Prestigious Sustainability Awards" -- Top Ten Domestic Enterprises (Manufacturing)", "Corporate Sustainability Report Platinum Award", "Growth through Innovation Award" and "Gender Equality Award."
2021	Oct	-- Completion and commissioning of Hsinchu Science Park Feb 3.
	Nov	--Presented with six awards at the 2021 Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy, including "Top 50 Taiwan Corporate Sustainability Award", "Corporate Sustainability Report Platinum Award", as well as the Best Performance in a Specific Category awards for "Human Rights Leadership", "Gender Equality Leadership", "Growth through Innovation", and "People Development". --Presented with the "Awards for Outstanding Trade Contributions and Emerging Markets Sales Promotion" at the 2021 International Trade Awards by the Bureau of Foreign Trade, MOEA.

	Dec	--Certification for ISO 37001 anti-bribery management systems completed.
2022	Sep	-- Winner of the 2022 "CommonWeatlh Magazine Sustainability Citizen Award Top 100."
	Nov	<p>-- Presented with six awards at the 2022 Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy, including "Taiwan Top 100 Sustainable Enterprise Award", "Corporate Sustainability Report Platinum Award", as well as the Best Performance in a Specific Category awards for "Cyber Security", "Growth through Innovation", "Transparency and Integrity", and "People Development".</p> <p>-- Recognized as "Occupational Safety and Health (OSH) Excellent Manufacturer" by the Occupational Safety and Health Administration, Ministry of Labor.</p>

III. Corporate Governance

1. Company Organization



Responsibilities of Major Sections:

Major Section	Responsibilities
Chairman	Leading corporate strategies and objectives. Execute and monitor for continuing improvement.
CEO	Supervises of corporate strategies, objectives, execution of overall business and operations.
President	Management of corporate strategies, objectives, execution of overall business and operations.
Corporate Governance Officer	Responsible for regulation compliance for board and shareholders' meeting.
Corporate Suitable Development Office	Responsible for corporate social responsibility regulation and execution. Risk management and emergency handling.
Internal Audit Office	Responsible for reviewing and assessing the effectiveness of the implementation of the Company's internal control system.
Accounting & Finance	Responsible for finance, accounting and shareholder services.
Labor Safety & Environmental Protection	Responsible for factory safety and labor's occupational health and hazard.
Human Resources	Responsible for Human Resources regulation creation and execution. Employee welfares and relationships.
Legal & Intellectual Property	Responsible for contract review, legal matters, and intellectual property management.
Research & Development	Responsible for development of new products.
Sales & Marketing	Responsible for market survey, development, and customer contact and coordination.
Packaging Manufacturing	Responsible for product packaging production and related process analysis, equipment maintenance.
Testing Manufacturing	Responsible for the production and related product testing process analysis, equipment maintenance.
Quality Management	Responsible for quality management policies, the design and implementation of quality indicators, customer complaints, reliability testing and equipment calibration.
Materials Management	Responsible for production scheduling, raw material procurement, warehousing and transportation management.
Information Management	Responsible for setting up and maintaining the information system.
Industrial Engineering	Responsible for facility layout planning and efficiency enhancement.
Production Management	Responsible for production capacity planning and scheduling.

2. Board of Directors, Independent Directors, CEO, Vice Presidents, Assistant Vice Presidents, Head of Each Department and Subsidiaries

(1) Information Regarding Board of Directors and Independent Directors

Information Regarding Directors and Independent Directors (I)

Mar 31, 2023

Title	Name	Nationality	Date On-Board	Gender	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children		PTI Shareholding by Nominee Arrangement		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Directors or Independent Directors Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers (Note 2)		
							Shareholding	%	Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Chairman	D.K. Tsai	ROC	5/28/2020	Male 71-80 yrs old	3 years	6/23/1999	4,010,000	0.51%	4,400,000	0.58%	-	0.00%	-	0.00%	Industrial Engineering from Taipei Institute of Technology General Manager, Kingston Technology Far East Corp. Chairman, Kingston Technology Far East Corp.	CSO of Powertech Technology Inc. Legal Representative Director of Greatek Electronics Inc. Director of Powertech Holding (B.V.I.) Inc. Director of PTI Technology (Singapore) Pte. Ltd. Director of Powertech Technology (Singapore) Pte. Ltd. Director of Powertech Technology (Suzhou) Ltd. Executive Director of Powertech Technology Japan Ltd. Director of Tera Probe, Inc. Director of Powertech Technology Akita Inc. Independent Director of Chicony Power Technology Co. Ltd. Chairman of PTI Education Foundation	-	-	-

Title	Name	Nationality	Date On-Board	Gender	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children		PTI Shareholding by Nominee Arrangement		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Directors or Independent Directors Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers (Note 2)		
							Shareholding	%	Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Director	J.Y. Hung	ROC	5/28/2020	Male 61-70 yrs old	3 years	5/26/2017	221,000	0.03%	207,379	0.03%	0	0.00%	0	0.00%	Master of Industrial and Information Management from National Cheng Kung University Sr. VP of Siliconware Precision Industries Co. Ltd., Chairman & CEO of Smack International Corp. President & CEO of Powertech Technology Inc.	Independent Director of JMC Electronics Co. Ltd.			
Director	J.S. Leu	ROC	5/28/2020	Male 61-70 yrs old	3 years	5/28/2020	0	0.00%	62,356	0.01%	0	0.00%	0	0.00%	Bachelor of Mechanical Engineering from Feng Chia University Deputy Director, Packaging Manufacturing, Powerchip Technology Corp.	President of Powertech Technology Inc. Chairman of Powertech Technology (Suzhou) Ltd. Chairman of Powertech Semiconductor (Xi'an) Co., Ltd Legal Representative Director of Greatek Electronics Inc. Director of PTI Technology (Singapore) Pte. Ltd Director of Powertech Technology (Singapore) Pte. Ltd.			
Director	Kingston Technology Corp. Investment Account Rep: Shigeo Koguchi	USA.	5/28/2020	Male 71-80 yrs old	3 years	5/26/2017	29,875,000 0	3.83% 0.00%	29,875,000 0	3.94% 0.00%	0	0.00%	0	0.00%	Master of Engineering from University of Florida Master of Engineering from Hokkaido University Sr. Executive VP. Of Toshiba Corp. Director and Senior Advisor of Toshiba Corp.	None	-	-	-

Title	Name	Nationality	Date On-Board	Gender	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children		PTI Shareholding by Nominee Arrangement		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Directors or Independent Directors Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers (Note 2)		
							Shareholding	%	Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Director	Kingston Technology Corp. Investment Account Rep: Daphne Wu	USA	5/28/2020	Female 51-60 yrs old	3 years	5/26/2017	29,875,000 0	3.83% 0.00%	29,875,000 9,000	3.94% 0.00%	0	— 0.00%	0	— 0.00%	Bachelor of Accountancy from National Chengchi University CFO of Kingston Technology Far East Corp.	CFO of Kingston Technology Far East Corp. Supervisor of Kingston Solution Inc.	-	-	-
Director	Greatek Electronic Inc. Rep: Boris Hsieh	ROC	5/28/2020	Male 61-70 yrs old	3 years	5/28/2020	4,750,000 0	0.61% 0%	11,800,000 48,000	1.55% 0.01%	— 102,000	— 0.01%	0	— 0.00%	Executive Master Degree in Business Administration from National ChiaoTung University General Manager of Kingston Technology Far East Corp. VP of Hon Hai Precision Industry Co Ltd Sr. VP of Powertech Technology Inc President of Microtech Technology Inc. CEO of Greatek Electronics Inc.	CEO of Powertech Technology Inc. Chairman of Greatek Electronics Inc. Director of Tera Probe, Inc.			
Director	Toshiba Memory Semiconductor Taiwan Corp. Rep: Kenjiro Hara	ROC	5/28/2020	Male 51-60 yrs old	3 years	6/14/2005	3,655,309 0	0.47% 0.00%	3,655,309 0	0.48% 0.00%	0	— 0.00%	0	— 0.00%	Master of Mechanical Engineering from Tokyo University of Science Director of Procurement of Toshiba Memory Corporation	Chairman & President of Koxia Memory Semiconductor Taiwan Corp. President of Microtops Design Corp.			

Title	Name	Nationality	Date On-Board	Gender	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children		PTI Shareholding by Nominee Arrangement		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Directors or Independent Directors Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers (Note 2)		
							Shareholding	%	Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Independent Director	Jim W.L. Cheng	ROC	5/28/2020	Male 61-70 yrs old	3 years	6/13/2008	331,614	0.04%	191,614	0.03%	0	0.00%	0	0.00%	Bachelor of Business Administration from Fu-Jen Catholic University Finance Manager of Yungtay Engineering Co., Ltd. Chairman, President & Finance VP of Taiwan Calsonic Co. Ltd. Chairman of Yong Lien Corp.	Chairman of Browave Corp Legal Representative Director of Center Laboratories Inc. Legal Representative Director of Yu-Cheng Consulting Co. Ltd. Legal Representative Director of Fung Hwa Biotech Co. Ltd.	-	-	-
Independent Director	Pei-Ing Lee	ROC	5/28/2020	Male 61-70 yrs old	3 years	5/26/2017	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Chemical Engineering from Syracuse University, New York Sr. Research Supervisor from IBM USA Chairman of Inotera Memories, Inc.	Director & President of Nanya Technology Corp. Chairman of Formosa Advanced Technologies Co. Ltd.	-	-	-
Independent Director	Morgan Chang	ROC	5/28/2020	Male 71-80 yrs old	3 years	5/28/2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor Degree in Computer and Control Engineering from National ChiaoTung University Manager of Acer Inc. Chairman of Kuang Chien Computer Co. Ltd. Deputy Mayor of Taichung City	Taiwan National Policy Advisor to the President CEO of Kuang Chien Computer Co. Ltd. Supervisor of Eastern Resins Industrial Co. Ltd. Independent Director of Max Echo Technology Corp.			
Independent Director	Jui-Tsung Chen	ROC	5/28/2020	Male 71-80 yrs old	3 years	5/28/2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Honorary Doctorate from National Cheng Kung University Chairman of Compal Communications, Inc. President of Compal Electronics, Inc.	Vice Chairman & CSO of Compal Electronics, Inc. (Note)			

Note: Independent director Jui-Tsung Chen currently holding the following position:

Chairman for: Arcadyan Technology Corporation, Ripal Optotronics Co., Ltd., Palcom International Corporation, Aco Healthcare Co., Ltd., General Life Biotechnology

Co., Ltd., ARCE Therapeutics, Inc., Ray-Kwong Medical Management Consulting Co., Ltd., Raypal Biomedical Co., Ltd., UniCore Biomedical Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Kinpo&Compal Group Assets Development Corporation, Compal Ruifang Health Assets Development Corporation and River Regeneration and Rejuvenation Biotechnology Co. Ltd.

Board of Director for: Compal Broadband Networks, Inc., HengHao Technology Co. Ltd., Mactech Co., Ltd., Kinpo Group Management Consultant Company, Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal (Vietnam) Co., Ltd., Compal Development & Management (Vietnam) Co., Ltd., UNICOM GLOBAL, INC., Phoenix Innovation Venture Capital Co., Ltd., NCKUEE ALUMNI ASSOCIATION, Ascendant Private Equity Investment Ltd., Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Billion Sea Holdings Limited, Big Chance International Co., Ltd., Bizcom Electronics, Inc., Center Mind International Co., Ltd., Compal Americas (US) Inc., Compal Display Holding (HK) Limited, Compal Electronics International Ltd., Compal Electronics (Holding) Ltd., Compal Electronics N.A. Inc., Compal International Ltd., Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal Rayonnant Holdings Ltd., Compal USA (Indiana), Inc., Compal Wise Electronic (Vietnam) Co., Ltd., Compalead Electronics B.V., Core Profit Holdings Ltd., Etrade Management Co., Ltd., Flight Global Holding Inc., Forever Young Technology Inc., Fortune Way Technology Corp., Giant Rank Trading Limited, Goal Reach Enterprises Ltd., High Shine Industrial Corp., Intelligent Universal Enterprise Ltd., Jenpal International Ltd., Just International Ltd., Prospect Fortune Group Ltd., Prisco International Co., Ltd., Smart International Trading Ltd., Sinoprime Global Inc., Wah Yuen Technology Holding Ltd., Webtek Technology Co., Ltd.

Note2: Reason for 2 highest position hold by the same person, spouses or 1st degree relatives: Not applicable.

For Directors or Committee Members that are representatives of Institutional Shareholders, the main shareholders of the Institutional Shareholders (the Top Ten Shareholders)

Apr 2, 2023

Name of Institutional Shareholder	Main Shareholders of the Institutional Shareholders
Kingston Technology Corporation Investment Account	John Tu (50%), David Sun (50%)
Greatek Electronic Inc.	Powertech Technology Inc. (42.91%), Chang Gung Medical Foundation (2.13%), Su-yu Wu(1.14%), Weltrend Semiconductor, Inc. (1.02%), Chu-sha Yang (1.01%), Chang Wah Electro-materials Inc. (0.95%), Cheng-shen Chu (0.81%), JP Morgan in Custody for Vanguard Emerging Market Investment Account (0.75%), Li-Syue Huang(0.72%)
Kioxia Memory Semiconductor Taiwan Corp.	Kioxia Corporation (100%)

The main shareholders of the Institutional Shareholders in Table above whose main shareholders are Institutional Shareholders:

Mar 31, 2023

Name of Institution	Main Shareholders of the Institution
Powertech Technology Inc.	China Life Insurance Co., Ltd.(5.16%), Yuanta Taiwan High Dividend ETF (4.55%), Investment Account of Kingston Technology Corporation(3.94%), Hermes Investment Funds Public Limited Company(3.73%), New Labor Pension Fund(2.47%), Chunghwa Post Co. Ltd. (2.45%), Nan Shan Life Insurance Co., Ltd.(2.27%), Cathay Life Insurance (2.22%), KTC-SUN Corp.(1.81%), Greatek Electronic Inc. (1.55%)
Chang Gung Medical Foundation	Nan Ya Plastics Corp(19.27%), Formosa Chemicals & Fiber Corp (14.83%),Formosa Plastics Corp(14.23%), Wang Yong Zai (12.04%), Wang Yong Ching (7.87%)
Hung-Wei Venture Capital Co., Ltd.	Realtek Semiconductor Corp.(100%)
Chang Wah Electro-materials Inc..	Wah Lee Industrial Corp. (28.70%), Shin-shin Investment Inc.(8.23%), Fubon Life Assurance Co. Ltd .(6.53%), Yuan-yao Energy Inc.(6.10%), Citibank (Taiwan) Ltd. in custody for Government of Singapore(4.93%), Bestjet Investment Inc. (3.09%),JMC ELECTRONICS CO., LTD (2.05%), Citibank (Taiwan) Ltd. in custody for Monetary Authority of Singapore (1.04%), JP Morgan in Custody for Vanguard Advanced International Investment Account (0.78%), Wu-Fang Lee (0.78%)
Kioxia Corporation	Kioxia Holdings Corporation (100%)

(1) Information Regarding Board of Directors

Name \ Qualification	Specialty Field and Experiences	Independence	Independent Director of Public listed Company
DK Tsai	Business strategy and operational experiences CSO of Powertech Technology Inc. President of Kingston Far East Group and Chairman of Kingston Technology Corp. Not been a person of any conditions defined by Article 30 of the Company Law	NA	Chicony Power Technology Co. Ltd.
JY Hung	Business strategy and mfg operation experiences. Sr VP of Siliconware Precision Industries Co. Ltd., Chairman & CEO of Smack International Corp., President & CEO of Powertech Technology Inc. Not been a person of any conditions defined by Article 30 of the Company Law	NA	JMC Electronics Co. Ltd.
JS Leu	Business strategy and mfg operation experiences. President of Powertech Technology Inc. Deputy Director of Packaging Manufacturing in Powerchip Technology Corp. Not been a person of any conditions defined by Article 30 of the Company Law	NA	None
Kingston Technology Corp. Investment Account Rep: Shigeo Koguchi	Business strategy and mfg operation experiences. Sr. Executive VP. Of Toshiba Corp. Director and Senior Advisor of Toshiba Corp. Not been a person of any conditions defined by Article 30 of the Company Law	NA	None
Kingston Technology Corp. Investment Account Rep: Daphne Wu	Business strategy and finance & accounting experiences. CFO of Kingston Technology Far East Corp. CFO of Kingston Technology Far East Corp. Supervisor of Kingston Solution Inc. Not been a person of any conditions defined by Article 30 of the Company Law	NA	None
Greatek Electronic Inc. Rep: Boris Hsieh	Business strategy and mfg operation experiences. CEO of Powertech Technology Inc. Chairman of Greatek Electronics Inc. General Manager of Kingston Technology Far East Corp. VP of Hon Hai Precision Industry Co Ltd Sr. VP of Powertech Technology Inc President of Microtech Technology Inc Not been a person of any conditions defined by Article 30 of the Company Law	NA	None

Qualification Name	Specialty Field and Experiences	Independence	Independent Director of Public listed Company
Toshiba Memory Semiconductor Taiwan Corp. Rep: Kenjiro Hara	Business strategy and supply management experiences. Chairman & President of Kioxia Memory Semiconductor Taiwan Corp. President of Microtops Design Corp. Director of Procurement of Toshiba Memory Corporation Not been a person of any conditions defined by Article 30 of the Company Law	NA	None
Jim W.L. Cheng	Business strategy and finance & accounting experiences. Chairman of Yong Lien Corp. Chairman of Browave Corp Director of Center Laboratories Inc. Legal Representative Director of Lumosa Therapeutics Co. Ltd. Legal Representative Director of Yu-Cheng Consulting Co. Ltd. Legal Representative Director of Yu-Cheng Biotech Co. Ltd. Legal Representative Director of Uni-Calsonic Co., Ltd. Legal Representative Director of Yu Sheng Finance Manager of Yungtay Engineering Co., Ltd. Chairman, President & Finance VP of Taiwan Calsonic Co. Ltd Not been a person of any conditions defined by Article 30 of the Company Law.	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer, or of any of the above persons.	None
Pei-Ing Lee	Business strategy and mfg operation experiences. Over 39 years' experiences in Semiconductor and DRAM industry. Director & President of Nanya Technology Corp. Legal Representative Director of Formosa Advanced Technologies Co. Ltd. ° Not been a person of any conditions defined by Article 30 of the Company Law.	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer, or of any of the above persons.	Max Echo Technology Corp.
Morgan Chang	Business strategy and mfg operation experiences. Taiwan National Policy Advisor to the President CEO of Kuang Chien Computer Co. Ltd. Supervisor of Eastern Resins Industrial Co. Ltd. Independent Director of Max Echo Technology Corp. Manager of Acer Inc. Chairman of Kuang Chien Computer Co. Ltd. Deputy Mayor of Taichung City Not been a person of any conditions defined by Article 30 of the Company Law	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer, or of any of the above persons.	None
Jui-Tsung Chen	Business strategy and mfg operation experiences. Vice Chairman & CSO of Compal Electronics, Inc Chairman of Compal Communications, Inc. President of Compal Electronics, Inc. Not been a person of any conditions defined by Article 30 of the Company Law	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer, or of any of the above persons.	None

Director Diversity and Independence:

1. 9th Term Board of Director are composed by of 11 directors with diverse profession skills including: (1) visionary and execution ability from DK Tsai, JY Hung, JS Leu, Boris Hsieh, Jui-Tsung Chen, and Morgan Chang (2) accounting & finance specialty from Daphne Wu and Jim W.L. Cheng (3) Technology expertise from Shigeo Koguchi and Pei-Ing Lee (4) supply management specialty from Kenjiro Hara.
2. Director diversification: (1) Nationality: 9 from Taiwan and 2 from Japan (2) 36% (4 person) as independent director higher than Taiwan Securities and Exchange Act requirement (3) Age distribution: 2 at 51-60, 5 at 61-70, and 4 at 71-80 (4) Gender distribution: 1 female director.
3. Board composition has surpassed the requirement of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies Article 20. Future implementation and improvement will be focus on but not limited to fundamental and professional skills to ensure board directors are up-to-date with regulation and industry trends.
4. Independence: Jim W.L. Cheng has served over 9 years as independent director whose specialty in accounting & finance, corporate governance, and legal made him a valuable asset to the company. Therefore, Mr. Cheng will continue serve as intendent director. The remaining 3 independent directors who served under 9 years.

(2) Information Regarding President, Vice Presidents, Assistant Vice Presidents, and Department Managers

Mar 31 2023 / Unit: share

Title	Name	Nationality	Gender	Date On-Board	Shareholding		Shareholding Under Spouse and Minor Children		Shareholding Under 3 rd Party Name		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Managers Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers		
					Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
CSO	D.K. Tsai	ROC	Male	11/02/2018	4,400,000	0.580%	-	-	-	-	Industrial Engineering from Taipei Institute of Technology General Manager of Kingston Technology Far East Corp. Chairman of Kingston Technology Far East Corp.	Chairman of Powertech Technology Inc. Legal Representative Director of Greatek Electronics Inc. Board Director of Powertech Holding (B.V.I.) Inc. Board Director of PTI Technology (Singapore) Pte. Ltd. Board Director of Powertech Technology (Singapore) Pte. Ltd. Board Director of Powertech Technology (Suzhou) Ltd. Executive Director of Powertech Technology Japan Ltd. Board Director of Tera Probe, Inc. Board Director of Powertech Technology Akita Inc. Independent Director of Chicony Power Technology Co. Ltd. Chairman of PTI Education Foundation	-	-	-
CEO	Boris Hsieh	ROC	Male	10/01/2020	48,000	0.006%					Executive Master Degree in Business Administration from National ChiaoTung University General Manager of Kingston Technology Far East Corp. VP of Hon Hai Precision Industry Co Ltd Sr. VP of Powertech Technology Inc. President of Microtech Technology Inc.	CEO of Powertech Technology Inc. Chairman of Greatek Electronics Inc. Board Director of Tera Probe, Inc			

Title	Name	Nationality	Gender	Date On-Board	Shareholding		Shareholding Under Spouse and Minor Children		Shareholding Under 3 rd Party Name		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Managers Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers		
					Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
President	J.S. Leu	ROC	Male	10/01/2020	62,356	0.008%	-	-	-	-	Bachelor of Mechanical Engineering from Feng Chia University Deputy Director of Packaging Manufacturing, Powerchip Technology Corp.	Board Director of Powertech Technology Inc. Chairman of Powertech Technology (Suzhou) Ltd Chairman of Powertech Semiconductor (Xian) Co., Ltd. Legal Rep Director of Greatek Electronics Inc. Board Director of PTI Technology (Singapore) Pte. Ltd. Board Director of Powertech Technology (Singapore) Pte. Ltd. Board Director of PTI Education Foundation	-	-	-
COO & Sr. VP.	Y. C. Chen	ROC	Male	11/05/2021	0	0.000%					Bachelor of Industrial Engineering from Chung Yuan Christian University Mfg Manager of PowerChip Technology Corp.	Board Director of Powertech Technology (Suzhou) Ltd Legal Rep Director of Greatek Electronics Inc. Board Director of PTI Education Foundation	-	-	-
COO of Testing Operations Sr. VP	Wilber Wu	ROC	Male	08/10/2013	10,786	0.001%					Master of Industrial Engineering from Chung Yuan Christian University Department Manager of PowerChip Technology Corp.	Legal Rep Director of TeraPower Technology Inc. Board Director of PTI Education Foundation	-	-	-
Quality Assurance Sr VP.	John Wang	ROC	Male	12/12/2002	91,056	0.012%	-	-	-	-	MBA from National Chia Tung University Assistant VP of R&D, Kingpak Technology Inc.	None	-	-	-

Title	Name	Nationality	Gender	Date On-Board	Shareholding		Shareholding Under Spouse and Minor Children		Shareholding Under 3 rd Party Name		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Managers Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers		
					Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Sr. VP & CFO	Evan Tseng	ROC	Male	05/01/2015	0	0.000%					Master of Accountancy from Soochow University Sr. AVP of Systex Corp.	Chairman of TeraPower Technology Inc. Board Director of Powertech Technology (Singapore) Pte. Ltd. Board Supervisor of Powertech Technology (Suzhou) Ltd. Board Director of Powertech Semiconductor (Xian) Co., Ltd. Board Director of Tera Probe, Inc. Representative Director of Powertech Technology Akita Inc. Supervisor of Tsai Lin Pu Social Welfare Foundation	-	-	-
Sales Strategy Sr.VP	Phu Le (Note 1)	USA	Male	04/01/2011	0	0.000%					Bachelor of Mechanical Engineering from Shibaura Institute of Technology, Assembly Package Engineering Manager of Toshiba Microelectronics America Corp. Director of Assembly Package Operations of Payton Technology Corp. Sales Director of Kingston Technology Corp.	None	-	-	-
Sales VP	Kevin Chiao	ROC	Male	10/01/2020	0	0.000%					Master of Industrial Engineering and Management from National Chiao Tung University Manager of Motorola, Inc. Manager of Macronix International Co., Ltd	None	-	-	-

Title	Name	Nationality	Gender	Date On-Board	Shareholding		Shareholding Under Spouse and Minor Children		Shareholding Under 3 rd Party Name		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Managers Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers		
					Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Packaging Operations II Sr. VP	Paul Wu	ROC	Male	03/09/2010	0	0.000%					Bachelor of Mechanical Engineering from Tamkang University Director of Amkor Taiwan	Board Director of PTI Education Foundation	-	-	-
Module Operations Sr. VP	Y.C. Chi	ROC	Male	05/10/2012	0	0.000%	25,000	0.003%			EMBA from National Central University Department Manager of PowerChip Technology Corp.	Board Director of PTI Education Foundation	-	-	-
Plant Affairs VP	Perry Lin	ROC	Male	01/11/2019	20,715	0.003%					Associate degree of Mechanical Engineering from Minghsin Institute of Science & Technology Manager of Kingston Technology Far East Corp.	None	-	-	-
Human Resources & Legal Affairs VP.	Yohan Lin	ROC	Male	01/11/2019	180,000	0.024%					J.D from Law School of Golden Gate University Attorney of PricewaterhouseCoopers Taiwan	Board Supervisor of Powertech Semiconductor (Xian) Co., Ltd Board Supervisor of Powertech Technology Akita Inc. Board Supervisor of TeraPower Technology Inc.	-	-	-
Logic Testing R&D AVP	Vic Chen	ROC	Male	05/10/2012	87,000	0.011%					Master of Electrical Engineering from National Taiwan Science & Technology University AVP of Verigy Ltd. AVP of Agilent Technology Taiwan Ltd.	None	-	-	-

Title	Name	Nationality	Gender	Date On-Board	Shareholding		Shareholding Under Spouse and Minor Children		Shareholding Under 3 rd Party Name		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Managers Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers		
					Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
WLP AVP	Victor Tung	ROC	Male	03/01/2016	0	0.00%	3,000	0.00%			Master of Industrial Engineering from Yuan Ze University Sr. Director of Amkor Taiwan	None	-	-	-
Production Planning AVP	Jonny Chu	ROC	Male	11/06/2020	18,000	0.002%					Bachelor of Business Administration from Feng Chia University Manager of Amkor Taiwan	None	-	-	-
Logic Packaging RD AVP	Michael Hsu	ROC	Male	01/01/2023	0	0.00%					Master of Nuclear Science from National Tsing Hua University Department Manager of Amkor Taiwan	Board Director of PTI Education Foundation	-	-	-
Advanced & Memory Package RD AVP	Jim Lin	ROC	Male	01/01/2023	5,000	0.000%					Ph. D of Power Mechanical Engineering from National Tsing Hua University RD Manager of TSMC	None	-	-	-

Note 1: Phu Le retired from Sales Strategy Sr.VP on Apr 30 2022.

3 Remuneration Paid to Directors, CEO, and Vice Presidents

(1) Remuneration Paid to Directors

Unit : NT\$ Thousands

Title	Name (Note 1)	Director's Remuneration								Total Remuneration (A+B+C+D) as % of 2017Net Income (Note 10)		Compensation Earned by Director Who is also an Employee of PTI or PTI's Consolidated Entities								Total Compensation (A+B+C+D+E+ F+G) as % of 2017 Net Income (Note 10)		Compensation Paid to Directors from Nonconsolidated Affiliates
		Base Compensation (A)(Note 2)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 3)		Allowances (D) (Note 4)				Base Compensation, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Employee Profit Sharing (G) (Note 6)						
		From PTI	From All Consolidated Entities	From PTI	From All Consolidated Entities	From PTI	From All Consolidated Entities	From PTI	From All Consolidated Entities	From PTI(%)	From All Consolidated Entities(%)	From PTI	From All Consolidated Entities	From PTI	From All Consolidated Entities	From PTI		From All Consolidated Entities		From PTI(%)	From All Consolidated Entities(%)	
																Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
Chairman	D.K. Tsai (Note 11)	0	0	0	0	117,271	162,196	840	1,272	118,111 1.36%	163,468 1.88%	38,951	38,951	0	0	17,591	0	32,607	0	174,653 2.01%	235,026 2.71%	NA
Director	J.Y. Hung																					
Director	JS Leu																					
Director	Kingston Technology Corporation Rep: Shigeo Koguchi																					
Director	Rep: Daphne Wu																					
Director	Greatek Electronic Inc. Rep: Boris Hsieh																					
Director	Kioxia Memory Semiconductors Taiwan Corp. Rep: Kenjiro Hara	9,120	9,120	0	0	0	0	480	480	9,600 0.11%	9,600 0.11%	0	0	0	0	0	0	0	9,600 0.11%	9,600 0.11%	NA	
Independent Director	Jim W.L Cheng																					
Independent Director	Pei-Ing Lee																					
Independent Director	Morgan Chang																					
Independent Director	Jui-Tsung Chen																					

1.Independent director's compensation policy, procedure, standard and structure are dependent on liability, risk, and time involved:

Base on the Article of Incorporation, independent director compensation will be distributed monthly exclude from annual board compensation. Independent director compensation will be dependent on contribution and involvement of operations and approved by board. The approved compensation should also be reasonable with domestic and international peers.

2.Additional compensation for services for company disclosed in the annual report(such as outside consultant): NA

Remuneration Paid to Directors Grade Table

Grade Scale of Remuneration paid to each director of PTI	Name of Director			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	From PTI (Note 8)	From All Consolidated Entities (Note 9)	From PTI (Note 8)	From All Consolidated Entities (Note 9)
Under NT\$ 2,000,000	—	—	—	—
NT\$ 2,000,000 ~ NT\$ 3,499,999	Jim WL Cheng, Pei-Ing Lee, Morgan Chang, Jui-Tsung Chen	Jim WL Cheng, Pei-Ing Lee, Morgan Chang, Jui-Tsung Chen	Jim WL Cheng, Pei-Ing Lee, Morgan Chang, Jui-Tsung Chen	Jim WL Cheng, Pei-Ing Lee, Morgan Chang, Jui-Tsung Chen
NT\$ 3,500,000 ~ NT\$ 4,999,999	—	—	—	—
NT\$ 5,000,000 ~ NT\$ 9,999,999	—	—	—	—
NT\$ 10,000,000 ~ NT\$ 14,999,999	JY Hung JS Leu Kingston Technology Corporation Investment Account (Rep: Shigeo Koguchi, Daphne Wu) Greatek Electronic Inc. Kioxia Memory Semiconductor Taiwan Corp	JY Hung JS Leu Kingston Technology Corporation Investment Account (Rep: Shigeo Koguchi, Daphne Wu) Kioxia Memory Semiconductor Taiwan Corp	JY Hung Kingston Technology Corporation Investment Account (Rep: Shigeo Koguchi, Daphne Wu) Kioxia Memory Semiconductor Taiwan Corp	JY Hung Kingston Technology Corporation Investment Account (Rep: Shigeo Koguchi, Daphne Wu) Kioxia Memory Semiconductor Taiwan Corp
NT\$ 15,000,000 ~ NT\$ 29,999,999	D.K. Tsai	—	—	—
NT\$ 30,000,000 ~ NT\$ 49,999,999	—	D.K. Tsai, Greatek Electronic Inc.	D.K. Tsai, JS Leu, Greatek Electronic Inc.	JS Leu
NT\$ 50,000,000 ~ NT\$ 99,999,999	—	—	—	D.K. Tsai , Greatek Electronic Inc.
Over NT\$ 100,000,000	—	—	—	—
Total Director Count	11	11	11	11

Note 1: The names of all directors are listed individually (institutional shareholders by the name of institutional shareholders and its representatives). The remuneration is disclosed by summary for each item. Because two directors or representatives serve as CEO and president, they are excluded from this table and will be listed in Table 3 below.

Note 2: Remuneration paid for 2022. According to the latest Article of Incorporation, independent directors' compensation will be paid monthly and no longer in title to annual profits sharing plan.

Note 3: Remuneration paid for 2022 profit sharing plan before the amendment of Board remuneration plan.

Note 4: Compensation for traveling.

Note 5: Includes 2022 salaries, wages, allowances, pensions, severance pay, bonuses, incentives, traveling expenses, special expenses, allowances, dormitories, vehicles and other offers received as both employees and directors.

Note 6: The amount was employees served as Board members and received employee's profit sharing. The amount was estimated by ratio of year of 2021 actual amount multiple by year of 2022 distribution rate because the actual amount was pending for shareholders meeting approval.

Note 7: Discloses the total remuneration by item paid to company's directors from all consolidated entities (including PTI).

Note 8: The total remuneration paid to each director by item from PTI, including the grade and disclosure of director's name.

Note 9: The total remuneration paid to each director by item from all consolidated entities (including PTI), including the grade and disclosure of director's name.

Note 10: After-tax net income refers to the after-tax net income of the PTI financial statements for 2022.

Note 11: One dedicated fulltime employee served as Chairman driver who was eligible for wages, bonuses, and benefits.

(2) Remuneration Paid to President and Vice President

Unit: NT\$ Thousands

Title	Name (Note1)	Salary (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances(C) (Note 3)		Employee Profit Sharing (D) (Note 4)				Total Remuneration (A+B+C+D) as % of 2017 Net Income (%)		Compensation Received from Non-consolidated Affiliates
		From PTI	From All Consolida ted Entities	From PTI	From All Consolida ted Entities	From PTI	From All Consolida ted Entities	From PTI		From All Consolidated Entities		From PTI	From All Consolidated Entities	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
CSO	D.K. Tsai	43,262	43,262	0	0	55,055	55,631	32,277	0	47,323	0	130,94 1.50%	146,216 1.68%	NA
CEO	Boris Hsieh													
President	J.S. Leu													
COO & Sr. VP.	Y.C. Chen													
Coo of Testing Operations Sr. VP.	Wilber Wu													
CQO & Sr. VP.	John Wang													
CFO & Sr. VP.	Evan Tseng													
Sales Management Sr. VP.	Phu Le (Note 2)													
Sales VP	Kevin Chiao													
Packaging Operations II Sr. VP.	Paul Wu													
Module Operations Sr. VP.	Y.C. Chi													
Plant Affairs VP	Perry Lin													
Human Resources & Legal Affairs VP.	Yohan Lin													

Remuneration Paid to President and Vice President Grade Table

Grade Scale of Remuneration paid to each of PTI's CEO, President, and Vice Presidents	Name	
	From PTI	From All Consolidated Entities
Under NT\$ 999,999	—	—
NT\$ 1,000,000 ~ NT\$ 1,999,999	—	—
NT\$ 2,000,000 ~ NT\$ 3,499,999	—	—
NT\$ 3,500,000 ~ NT\$ 4,999,999	Phu Le (Note 2)	Phu Le (Note 2)
NT\$ 5,000,000 ~ NT\$ 9,999,999	John Wang, Kevin Chiao, Paul Wu ,Wilber Wu, YC Chi, Perry Lin , Yohan Lin	John Wang, Kevin Chiao, Paul Wu ,Wilber Wu, YC Chi, Perry Lin , Yohan Lin
NT\$ 10,000,000 ~NT\$ 14,999,999	YC Chen , Evan Tseng	YC Chen , Evan Tseng
NT\$ 15,000,000 ~NT\$ 29,999,999	D.K. Tsai, Boris Hsieh, J.S. Leu	D.K. Tsai, J.S. Leu
NT\$ 30,000,000 ~NT\$ 49,999,999	—	Boris Hsieh
NT\$ 50,000,000 ~NT\$ 99,999,999	—	—
Over NT\$ 100,000,000	—	—
Total Number of Executives	13	13

Note: CTO& VP David Fang resigned on May 7 2021.

Note 1: The names of CEO, President, and Vice Presidents are separately listed, and total remuneration disclosed for each item paid. Director serving as CEO and President are listed in this table and Table 1.

Note 2: Phu Le retried from Sales Strategy Sr.VP on Apr 30 2022.

(3). Bonuses Paid to Management

Date: Dec 31 2022

	Title	Name	Stock (Fair Market Value)	Cash(NTD K)	Total(NTD K)	Total as % of 2021 Net Income
Management	CSO	D.K. Tsai	0	35,623	35,623	0.41 %
	CEO	Boris Hsieh				
	President	J.S. Leu				
	COO & Sr. VP	Y.C. Chen				
	Testing COO Sr. VP.	Wilber Wu				
	CQO & Sr. VP	John Wang				
	CFO & Sr. VP.	Evan Tseng				
	Sales Strategy Sr. VP.	Phu Le (Note 3)				
	Sales VP	Kevin Chiao				
	Packaging Operations II. Sr. VP.	Paul Wu				
	Operations Sr. VP.	Y.C. Chi				
	Plant Affairs VP.	Perry Lin				
	Human Resources & Legal Affairs VP.	Yohan Lin				
	Testing RD AVP.	Vic Chen				
	Wafer Level Packaging AVP.	Victor Dong				
	Production Planning AVP	Jonny Chu				

Note 1: The 2022 profit sharing amount was approved by Board of Directors but pending for Shareholders' Meeting approval. The estimation was based on 2022 actual amount multiple by proposed ratio for 2021. Net income after tax for 2022 was referred to 2022 PTI financial statement net income after tax.

Note 2: Applicable grades for management are based on ruling of FSC Letter No. 0920001301 MOF March 27, 2003. The grades are listed below:

- 1) President or equivalent grade
- 2) Vice Presidents or equivalent grade
- 3) Assistant Vice President or equivalent grades
- 4) Head of Finance Department
- 5) Head of Accounting Department
- 6) Other Corporate management affairs or have signing authority

Note 3: Sales Strategy Sr. VP. Phu Le retired on Apr 30 2022.

4. The percentage of compensation to Board, Supervisor, President, Vice President:

Title	2022 Compensation Percentage of Net Income after Tax		2021 Compensation Percentage of Net Income after Tax	
	PTI Alone	Consolidated	PTI Alone	Consolidated
Board of Director (Including Independent Director)	1.47%	1.99%	1.47%	1.94%
President and Vice President	1.50%	1.85%	1.64%	1.94%

- (1) Compensation for Board of Directors were based on the percentage defined in Article of Incorporation. 2022 compensation was based on revised Article of Incorporation which was less than 1.5% of before tax income deducted annual board and employee compensation. Independent Directors were paid monthly and not entitled to board compensation.
- (2) Compensation for President and vice President were based on corporate payroll policy and employee profit sharing policy considering individual seniority, experiences, performance, and contribution. Compensation proposal will be reviewed by Remunerations Committee and approved by Board.
- (3) Weight of 2022 Board compensation over net income were similar with 2021 due to including salary compensation of one employee who served as additional Legal Representative Director. Weight of 2022 management compensation over net income were lower than 2021 due to 2022 employee headcount decreased.

4. Corporate Governance Status

(I) Board of Directors Meeting Status:

Board of Directors Meeting Status

5 Board Meetings took place during 2022. The attendance status as follows:

Title	Name	Attend In Person	Attend By Proxy	Attendance Rate	Note
Chairman	D.K. Tsai	5	0	100%	
Director	JY Hung	5	0	100%	
Director	JS Leu	5	0	100%	
Director	Kingston Technology Corp. Rep: Shigeo Koguchi	5	0	100%	
Director	Kingston Technology Corp. Rep: Daphne Wu	5	0	100%	
Director	Greatek Electronic Inc. Rep: Boris Hsieh	4	1	80%	
Director	Kioxia Memory Semiconductors Taiwan Corp Rep : Kenjiro Hara	5	0	100%	
Independent Director	Jim W.L. Cheng	5	0	100%	
Independent Director	Pei-Ing Lee	5	0	100%	
Independent Director	Morgan Chang	5	0	100%	
Independent Director	Jui-Tsung Chen	5	1	83.3%	
Accumulated Average Attendance		54	1	98.0%	

Other Remark:

1. Any of the following situation should be clearly stated board meeting date, term, proposal details, all opinions from independent directors, and responses from the Company reading Independent Director opinion:

(1) Items listed by Article 14-3 of Securities and Exchange Act:

Audit Committee has been set up complied with Article 14-3 of Securities and Exchange Act and approved by Board. Details operations of Audit Committee can be found in Audit Committee Meeting Status in next section.

(2) Other written opinion or objection from Independent Directors regarding Board approval items:

None.

2. Independent Directors should leave during discussion for matters with conflict of interest. Name of directors, proposal details, reason of conflicts and voting results:

(1) Board Meeting on Mar 10, 2022

Item 4: Proposal of 2021 Board and employee compensation

DK Tsai, Boris Hsieh, and JS Leu were excused from the meeting due to conflict of interests. Remaining participated directors approved the proposal.

Item 5: Management compensation adjustment

DK Tsai, Boris Hsieh, and JS Leu were excused from the meeting due to conflict of interests. Remaining participated directors approved the proposal.

(2) Board Meeting on Aug 5, 2022

Item 2: Proposal for 2021 Management compensation.

DK Tsai, Boris Hsieh, and JS Leu were excused from the meeting due to conflict of interests. Remaining participated directors approved the proposal.

3. Self-professional targets set up for the Board (ex, set up of Audit Committee, improve corporation transparency) and keep track of progress:

Review Frequency	Once a year
Review Period	Jan 1 2022 to Dec 31 2022
Scope	Individual performance evaluation for director of board, audit and remuneration committee.
Evaluation Method	Each director will be reviewed by internal and self-evaluations. Or any other proper performance evaluation method.
Review Key Items	1. Board Operation Efficiency: Evaluation should include board's dedication, quality of decision making, quality of elected member, commitment of continuing education, and quality of internal control.
	2. Individual Director Performance : Realization of director responsibility, Awareness of corporate goals and progresses, involvement of operations, establishment of corporate communication, and improvement on professional learning and internal control.
	3. Functional Director Performance : Involvement of corporate operation, realization of director responsibility, quality of decision-making and elected members, and quality of internal control.

A performance category is rated as “exceptional” if the total completion rate was 90% or higher in the survey; A performance category is rated as “acceptable” if the total completion rate was between 80% (inclusive) and 90% in the survey; A performance category is rated as “improvement needed” if the total completion rate was less than 80% in the survey;

Board Performance Evaluation				
Index	Weight	Full Score	Evaluation	Achieved%
1.Involvement of Operations	7	21	21.0	100%
2.Improvement of Board conclusion quality	11	33	32.4	98%
3.Board structure and members selection	6	18	18.0	100%
4.Board member criteria and continue education	6	18	16.2	90%
5.Internal Evaluation	5	10	9.2	92%
Total	35	100	96.8	96.8%
Command	Achieve rate at 96.8% which met performance requirement.			
Board Member Evaluation				
Index	Weight	Full Score	Evaluation	Achieved%
1.Management of target achievement and progress	3	15	14.18	95%
2.Awarness of board duties	3	15	13.91	93%
3.Depth of operations involvement	6	30	27.55	92%
4.Bounding and communicate within the operations	3	15	13.36	89%
5.Board proficiency and continue education	2	10	8.82	88%
6.Internal Evaluation	3	15	13.91	93%
Total	20	100	91.73	91.73%
Command	Achieve rate at 91.73% which met performance requirement.			

Audit Committee Evaluation				
Index	Weight	Full Score	Evaluation	Achieved%
1.Depth of operations involvement	4	20	19.50	98%
2.Awariness of committee duties	5	25	24.25	97%
3.Improvement of Board conclusion quality	5	25	23.75	95%
4.Committee structure and members selection	3	15	14.75	98%
5.Internal Evaluation	3	15	14.25	95%
Total	20	100	96.50	96.5%
Command	Achieve rate at 96.5% which met performance requirement.			

Remuneration Committee Evaluation				
Index	Weight	Full Score	Evaluation	Achieved%
1.Depth of operations involvement	4	20	20.00	100%
2.Awareness of committee duties	4	20	19.00	95%
3.Improvement of Board conclusion quality	7	35	34.67	99%
4.Committee structure and members selection	4	20	19.33	97%
5.Internal Evaluation	1	5	5.00	100%
Total	20	100	98.00	98%
Command	Achieve rate at 98.00% which met performance requirement. °			

Risk Management Committee Evaluation				
Index	Weight	Full Score	Evaluation	Achieved%
1.Depth of operations involvement	4	20	19.00	95%
2.Awareness of committee duties	4	20	18.67	93%
3.Improvement of Committee conclusion quality	7	35	34.33	98%
4.Committee structure and members selection	3	15	14.67	98%
5.Internal Evaluation	2	10	9.67	97%
Total	20	100	96.33	96.33%
Command	Achieve rate at 96.33% which met performance requirement. °			

Method of improvement:

(1) Continuing education courses shall be arranged for all directors on professional knowledge and regulatory requirements related to corporate governance. Such courses will enhance the directors' understanding of their powers and duties as well as their participation in the operation of the company.

(2) The CPA shall be invited to attend Board meetings in a non-voting capacity when the annual financial reports are up for discussion. The participation of the CPA in the communication and discussion of the motion increases the opportunity for interaction between directors and the CPA.

4. An evaluation of the goals set for strengthening the functions of the Board (e.g. Establishment of Audit Committee, enhancing information transparency) and implementation status during the current and immediately preceding fiscal years:

The Company convened 6 meetings of the Board of Directors during 2022. An abstract of material resolutions passed by the Board were posted on the Market Observation Post System website in both English and Chinese on the same day immediately after each meeting in accordance with the principle of enhancing information transparency. Investor and press conferences were also held based on statutory or practical requirements to explain and answer questions about material information.

The "Rules for Performance Evaluation of Board of Directors" were passed by the 16th meeting of the 8th Board of Directors on March 10, 2020, to strengthen corporate governance and enhance Board functions, as well as improve the Board efficiency through the setting of performance targets.

Under the Rules, an international evaluation of Board performance must be conducted annually and completed by the first quarter of the following year.

5. Succession planning for the Chairperson (or Board members) and Management including related training, development and timetables:

Under the Company's succession plan, a successor must not only possess exceptional strategic business planning, logical analysis and management skills but also demonstrate that their values are aligned with our corporate culture of humanism, honesty and integrity. They must strive to realize the goal of "Global No.1 in Technology, Quality and Service" to ensure the sustainable development of the company. Succession planning is now being carried out in the following areas:

1. Organizational adjustments and rotation

(1) Change of CEO and President:

A change of President and COO was carried out in 2021. The adjustment of organizational role served to refine our succession planning. The passing of the baton on the Chairperson's business philosophy and management strategy will help pave the way for the President to take over the reins of the Company and its future direction of development.

(2) Rotation of senior managers:

Senior managers were appointed as the Chairperson or Board directors at subsidiaries while vice presidents of manufacturing operations were made managers at overseas subsidiaries. The rotation of assignments enhanced the business planning skills of senior managers and helped them build up experience in business administration.

(3) Appointment of factory directors:

The position of factory director was appointed for manufacturing operations to hone their management skills and build up their hands-on experience with all aspects of manufacturing operations. The assignment is used to cultivate successors for senior managers in manufacturing units.

2. Passing on of ideals and experience

(1) Institutionalization of business philosophy and management experience:

Business philosophy and management experience are institutionalized and documented by current senior management. The continuation of this legacy is assured through the definition of the Company's core and management competencies as well as the restructuring of roles and responsibilities.

(2) Establishment and participation in important Company meetings:

Middle and senior management's participation in Company meetings such as half-yearly meetings, business meetings, production and sales meetings, and information sessions by R&D units introduced them to core management operations, carry on the Company's business management philosophy, understand industry trends, and become familiar with the company's development strategy.

3. Successor nomination and development at all levels of management

(1) Successor nomination at all levels of management

Once a suitability assessment is conducted through annual performance management, managers can nominate personnel as potential successors.

(2) Development of potential successors

Managers at all levels are cultivated through a series of internal and external training programs to equip them with the necessary professional knowledge, skills, management ability, and ethics.

Familiarization with the Company's corporate culture and business philosophy also prepare them for a future role in each level of management.

(II) Audit Committee Meeting Status:

4 meetings were hold during 2022. The attendance status as follow:

Title Name	Attendance	In Person	By Proxy	Attendance Rate	Note
Independent Director	Jim W.L. Cheng	4	0	100%	
Independent Director	Pei-Ing Lee	4	0	100%	
Independent Director	Morgan Chang	4	0	100%	
Independent Director	Jui-Tsung Chen	4	0	100%	

Other matters that require reporting:

1. Summary of the Audit Committee's operations during the year

The Audit Committee of the Company is made up of 4 independent directors. The purpose of the Committee is to ensure the quality and integrity of the Board of Directors during its execution of the accounting, auditing, and financial reporting processes as well as financial controls.

Key matters reviewed by the Audit Committee in 2022 included:

- (1) Financial report as well as accounting policy and procedure
- (2) Internal audit plan and the effectiveness of the internal control system
- (3) Change of internal audit officer
- (4) Loans to subsidiaries as well as the provision of endorsements and guarantees to subsidiaries
- (5) Distribution of earnings
- (6) Transaction of derivative financial products
- (7) Amendment to Code of Business Conduct and Ethics
- (8) Downsizing and shutting down of subsidiaries
- (9) Private placement of securities
- (10) Company risk control
- (11) Evaluation of CPA independence and competence.
- (12) Non-arm's length transaction

▲ Review of financial report

The 2022 business report, financial statements, and earnings distribution proposal were issued by the Board of Directors. The financial statements were audited by the accounting firm Deloitte Taiwan and an auditor's report issued. The business report, financial statements and earnings distribution proposal mentioned above were reviewed by the Audit Committee and no discrepancies found.

▲ Evaluation of effectiveness for internal control system

The Audit Committee reviewed periodic reports from the Company's audit department, CPA and management to evaluate the effectiveness of the Company's internal control policy and procedure (including controls for finance, operations, risk management, information security, and compliance). The Audit Committee concluded that the Company's risk management and internal control systems were effective, and that the Company has already adopted the necessary measures to supervise and rectify violations.

▲ Appointment of CPA, and evaluation of CPA independence and competence.

The Audit Committee is empowered to supervise the independence of the CPA as to provide reasonable assurance on the reliability of the financial statements. The CPA may not provide the Company with other services other than those related to taxation or permitted under special dispensation.

To ensure the independence of the CPA, an independence evaluation form was drawn up by the Audit Committee based on Article 47 of the Certified Public Account Act, and the section on “Integrity, Objectivity, and Independence” in the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10. The form is used to evaluate the independence, professionalism, and competence of the CPA. On March 12, 2021, the 12th meeting of the 3rd Audit Committee and the 4th meeting of the 9th Board of Directors concluded that the accountants Yu-feng Huang and Cheng-chi Lin of Deloitte Taiwan both satisfied the standard for independence and were qualified to serve as the CPA of the Company.

2. The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

(1) Items specified in Article 14-5 of the Securities and Exchange Act:

Board Meeting	Proposal Details & Follow Ups	Subject to Article 14-5	Proposal Approved by more than 2/3 of Board Members without Audit Committee Approval
9th Term 10 th Meeting (Mar 10, 2022)	1. Review 2021 Operations Report and Financial Reports.	√	
	2. Review 2021 earnings distribution proposal	√	
	3. Authorized 2021 Internal Audit Report Declaration.	√	
	4. In order to reduce currency exchange risks, proposed to extend trade long term forward exchange term with existing US\$190 m credit limit.	√	
	5. Proposed not to continue private placement approved in 2021.	√	
	6. Amendment on Procedure for Acquisition or Disposal of Assets.	√	
	7. Review the independence and competence of hired CPA firm	√	
	All members of audit committee approved the proposals in the meeting on Mar 10, 2022.		
	All members of attended board members agreed with the conclusion reached by Audit Committee.		
9th Term 11 th Meeting (May 6, 2022)	1. Reviewed 1Q22 Financial Reports.	√	
	2. In order to reduce currency exchange risks, proposed to trade long term forward exchange term of US\$100 m.	√	
	All members of audit committee approved the		

Board Meeting	Proposal Details & Follow Ups	Subject to Article 14-5	Proposal Approved by more than 2/3 of Board Members without Audit Committee Approval
	proposals in the meeting on May 6, 2022.		
	All members of attended board members agreed with the conclusion reached by Audit Committee.		
9th Term 13th Meeting (Aug 5, 2022)	1. Reviewed 2Q22 Financial Reports.	√	
	2. In order to reduce currency exchange risks, proposed to trade long term forward exchange term of US\$100 m.	√	
	All members of audit committee approved the proposals in the meeting on Aug 5, 2022.		
	All members of attended board members agreed with the conclusion reached by Audit Committee.		
9th Term 14th Meeting (Nov 4, 2022)	1. Reviewed 3Q22 Financial Reports.	√	
	2. Approved 2023 Internal Audit Plan.	√	
	3. In order to reduce currency exchange risks, proposed to trade long term forward exchange term of US\$80 m.	√	
	All members of audit committee approved the proposals in the meeting on Nov 4, 2022.		
	All members of attended board members agreed with the conclusion reached by Audit Committee.		

(2) Proposal Approved by more than 2/3 of Board Members without Audit Committee Approval:

None.

2. Independent Directors should leave during discussion for matters with conflict of interest. Name of directors, proposal details, reason of conflicts and voting results:

None.

3. Communication between Independent Directors and CPA (ex. Issues regarding corporate financial, business operations, methods, results, and etc.):

- (1) Internal audit department email audit reports to independent directors in a monthly basis. The head of internal audit should have specified major findings during Audit Committee meetings.
- (2) Summarized quarterly consolidated and standalone financial statements information should be delivered and communicated with independent directors during Audit Committee meetings in order to comply with regulations defined in No 39 Statements of Auditing Standards and No.0930105373 of Securities and Futures Bureau.
- (3) No less than 1 Audit Committee meeting per quarter. Summarized communication among independent directors, head of internal audit, and CPA:

Date	Communication Summary	Action Item
2022/3/10	Matters communicated at the 3th session of the 7th Audit Committee were as follow: 1. Report on the results of the internal audit for 2021 Q4.	There were no other recommendations than the items

Date	Communication Summary	Action Item
	<p>2. Discussion of the results from the 2021 internal control review and self-assessment. A statement on the effective design and execution of internal controls was also issued.</p> <p>3. Revision of the PTI “Procedure of Acquisition or Disposal Assets”.</p> <p>4. Propose to discontinue the private placement approved in 2021.</p> <p>5. Approved change of CAP from Yu-Feng Huang and Cheng-Chi Lin to Cheng-Chi Lin and Su-Li Fang to meet CPA firm internal guidance.</p> <p>6. Accountant’s report on the content and outcomes from their audit of the 2021 separate and consolidated financial statements. (including explanation of key audit matters in the audit report). Discussion and communication of major accounting estimate issues as well as recent amendments to tax and securities management regulations. In addition, review/audit planning for 2022 were also presented by the accountant. There was also discussion and communication over major audit risk items already identified by PTI.</p> <p>Communication with independent directors and recommendations:</p> <p>1. Independent directors request for evaluation of Ukraine -Russian War impacts on business and supply chain presented in next meeting.</p>	<p>communicated on the left.</p> <p>The results from the internal audit for 2021 Q4 were reported to the Board of Directors; Statement on the effective design and execution of internal controls for 2021, as well as the 2021 separate and consolidated financial statements were submitted to the Board of Directors for approval. Once approved, they were published and filed with the competent authorities on time.</p>
2022/5/6	<p>Matters communicated at the 2th session of the 3rd Audit Committee were as follow:</p> <p>1. Report on the results of the internal audit for 2022 Q1.</p> <p>2. Accountant’s report on the content and outcomes from their audit of the 2022 Q1 consolidated financial statements. Discussion and communication of major accounting estimate issues.</p>	<p>There were no other recommendations than the items communicated on the left.</p> <p>The results from the internal audit for 2022 Q1 were reported to the Board of Directors; Once approved, they were published and filed with the competent authorities on time.</p>
2022/8/5	<p>Matters communicated at the 9th session of the 3rd Audit Committee were as follow:</p> <p>1. Report on the results of the internal audit for 2022 Q2.</p> <p>2. Accountant’s report on the content and outcomes from their audit of the 2022 Q2 consolidated financial statements. Discussion and communication of major accounting estimate issues.</p> <p>.</p>	<p>There were no other recommendations than the items communicated on the left.</p> <p>The results from the internal audit for 2022 Q2 were reported to the Board of Directors; Once approved, they were published and filed with the competent authorities on time.</p>
2022/11/4	<p>Matters communicated at the 10th session of the 3rd Audit Committee were as follow:</p> <p>1. Report on the results of the internal audit for 2022 Q3.</p> <p>2. Formulation of the 2023 internal audit plan.</p> <p>3. Accountant’s report on the content and outcomes from their audit of the 2022 Q3 consolidated financial statements.</p>	<p>There were no other recommendations than the items communicated on the left.</p> <p>The results from the</p>

Date	Communication Summary	Action Item
	Discussion and communication of major accounting estimate issues as well as recent amendments to tax and securities management regulations. The accountant also outlined and discussed the key audit matters for PTI. 4. Separate meeting was held for communication among attended directors, CPAs, and internal audit officer regarding financial reports and operations status.	internal audit for 2022 Q3 were reported to the Board of Directors; Once approved, they were published and filed with the competent authorities on time.

(III) Variances and Reasons between PTI Corporate Governance Practices and Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies:

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	√		PTI Corporate Governance Best Practice Principles has followed “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies” and approved by Board of Directors on Nov 5 2014 and amended on Feb 9, 2015 board meeting. The document was disclosed in PTI company website and MOPS.	Complied with Regulation.
2. Shareholding Structure & Shareholders’ Rights				
(1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters? If yes, has these procedures been implemented accordingly?	√		1. PTI has dedicated spokesman and shareholders’ affairs department to handle inquiries for shareholders. Contact information is available on company website. Legal inquiries will be handling by legal department.	Complied with Regulation.
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	√		2. Regular reports and shareholder lists will be provided by stock transfer agent. PTI has disclosed information required by authority and kept good communication with major shareholders.	
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	√		3. Procedures for activities with related parties has been established and followed.	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	√		4. “Prohibition against Insider Trading” policy has been established to educate and prevent insiders trading for who has access to significant internal information.	
3. Composition and Responsibilities of the Board of Directors:				Complied with Regulation.
(1) Has the Company established a diversification policy for the composition of its	√		1. Each director qualifies for requirements defined by Corporate Governance Best Practice Principles. 11 Board Directors met professional requirements, including no less than 4 and no less than 1/3 as	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
Board of Directors and has it been implemented accordingly?			independent directors. One of director is female.	
(2)Other than the Remuneration Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	√		2. The company has set up the Remuneration Committee and Audit Committee as directed by law. Other committees will be set up as needed.	
(3)Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis?	√		3. Board performance evaluation method has been approved in Mar 10, 2020 board meeting. Annual review will be performed and take into consideration for individual director compensation and future nomination. Current board of directors have been performed at the highest standards for shareholders' interests. 2022 evaluations were done by Feb 2023 and results will be discussed in Mar 10, 2023 board meeting.	
(4)Does the Company regularly evaluate its external auditors' independence?	√		4. Starting from 2015, annual independence review of CAP will be performed and major items are: a. Review CAP qualification and experiences. b. Declaration of Independence from CPA including audit team members and their spouses and dependents don't have conflict of interests to influence their independency. c. Search on internet for records of employed CPA breach of independence. d. Evaluate employed CAP independency using check list defined by No. 10 Article 23 of Certified Public Accountant Act. e. Reviewed on Mar 10, 2022 Audit Committee meeting. f. Present the evaluation for Board of Directors on Mar 10, 2022.	
4. Has the Company established dedicated person(s) or department to handle corporate governance issues (including but not limited to provide evaluation data for board of directors and supervisors hold board meeting and shareholder meeting, apply incorporation registration and modification, and record meeting minutes for board meetings and shareholder meetings)?	√		The Finance Department is in charge of corporate governance related issues and major tasks were listed in below. CFO was appointed as Corporate Governance Officer on Nov 6 2020 Board meeting. 1. Plan annual shareholder and board meetings agenda and schedule. 2. Planning for board meetings details and notify attendance directors board meeting agenda 7 days before the meeting. 3. Remind conflict of interests' attendance to leave when necessary. 4. Meeting minutes recording. Copy directors and file the meeting minute document within 20 days of meeting. 5. Register for annual shareholder meeting with authorization with completed meeting notice, meeting agenda, annual report and meeting minutes within required period. File for amendment within 15 days after annual shareholder meeting. 6. Public announcement of board and shareholder meeting conclusions comply with regulation and investor interests. 7. Assist Directors for continue education programs.	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)														
	Yes	No	Explanation															
5. Has the Company established a means of communicating with its Stakeholders or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	√		Stakeholders communication methods as below:	Complied with Regulation.														
			<table><tr><th>Related Party/Major Topics</th><th>Communication Method</th></tr><tr><td><u>Shareholders/Investors</u> Operations performance, Risk management, Code of business conduct & ethics, Regulation compliance, Technology & Series, and Corporate governance</td><td>Shareholders' Meeting Financial Reports Host Quarterly Institutional Investor Conference Established spokesman and Investor Relations Department Company Website</td></tr><tr><td><u>Employees</u> Compensation, Communication between employer and employees, work environment safety, career path development, Human rights of employees, Talent recruitment and retainment, and employee identify protection</td><td>Employees Benefits Committee Electronic Platform & Announcement Procedures for Improvement Proposal Reviewing Employee and Employer Meeting Suggestion Box Psychological Consultant and Aids</td></tr><tr><td><u>Customers</u> Technology & Services, IP management, Risk management, Code of business conduct and ethics, Supplier management, Green product, Climate change management, and customer communication</td><td>Sales Meetings Customer Satisfaction Survey Customer Service Annual Customer Audit</td></tr><tr><td><u>Suppliers</u> Supplier management, Risk management, Code of business conduct and ethics, Conflict minerals, and Procurement policy.</td><td>Electronic Procurement Platform Procurement Contract Management Supplier Management Meeting Supplier Audit Procedure Supplier Evaluation</td></tr><tr><td><u>Government</u> Regulation compliance, Corporate governance, Code of business conduct and ethics, Human rights of employees, Working environment safety, Pollution prevention, Water resource management, Climate change management, and Energy and Carbon footprint management</td><td>Emails and Official Notice in Mail Seminars and Public Hearings Host by Officials Supplement Documents from Officials</td></tr><tr><td><u>Community</u> Pollution prevention, Water resource management, Academic-Industry Collaboration, and Giveback to Community</td><td>Company Website General Affairs Contact Window</td></tr></table>		Related Party/Major Topics	Communication Method	<u>Shareholders/Investors</u> Operations performance, Risk management, Code of business conduct & ethics, Regulation compliance, Technology & Series, and Corporate governance	Shareholders' Meeting Financial Reports Host Quarterly Institutional Investor Conference Established spokesman and Investor Relations Department Company Website	<u>Employees</u> Compensation, Communication between employer and employees, work environment safety, career path development, Human rights of employees, Talent recruitment and retainment, and employee identify protection	Employees Benefits Committee Electronic Platform & Announcement Procedures for Improvement Proposal Reviewing Employee and Employer Meeting Suggestion Box Psychological Consultant and Aids	<u>Customers</u> Technology & Services, IP management, Risk management, Code of business conduct and ethics, Supplier management, Green product, Climate change management, and customer communication	Sales Meetings Customer Satisfaction Survey Customer Service Annual Customer Audit	<u>Suppliers</u> Supplier management, Risk management, Code of business conduct and ethics, Conflict minerals, and Procurement policy.	Electronic Procurement Platform Procurement Contract Management Supplier Management Meeting Supplier Audit Procedure Supplier Evaluation	<u>Government</u> Regulation compliance, Corporate governance, Code of business conduct and ethics, Human rights of employees, Working environment safety, Pollution prevention, Water resource management, Climate change management, and Energy and Carbon footprint management	Emails and Official Notice in Mail Seminars and Public Hearings Host by Officials Supplement Documents from Officials	<u>Community</u> Pollution prevention, Water resource management, Academic-Industry Collaboration, and Giveback to Community	Company Website General Affairs Contact Window
			Related Party/Major Topics		Communication Method													
			<u>Shareholders/Investors</u> Operations performance, Risk management, Code of business conduct & ethics, Regulation compliance, Technology & Series, and Corporate governance		Shareholders' Meeting Financial Reports Host Quarterly Institutional Investor Conference Established spokesman and Investor Relations Department Company Website													
			<u>Employees</u> Compensation, Communication between employer and employees, work environment safety, career path development, Human rights of employees, Talent recruitment and retainment, and employee identify protection		Employees Benefits Committee Electronic Platform & Announcement Procedures for Improvement Proposal Reviewing Employee and Employer Meeting Suggestion Box Psychological Consultant and Aids													
			<u>Customers</u> Technology & Services, IP management, Risk management, Code of business conduct and ethics, Supplier management, Green product, Climate change management, and customer communication		Sales Meetings Customer Satisfaction Survey Customer Service Annual Customer Audit													
			<u>Suppliers</u> Supplier management, Risk management, Code of business conduct and ethics, Conflict minerals, and Procurement policy.		Electronic Procurement Platform Procurement Contract Management Supplier Management Meeting Supplier Audit Procedure Supplier Evaluation													
			<u>Government</u> Regulation compliance, Corporate governance, Code of business conduct and ethics, Human rights of employees, Working environment safety, Pollution prevention, Water resource management, Climate change management, and Energy and Carbon footprint management		Emails and Official Notice in Mail Seminars and Public Hearings Host by Officials Supplement Documents from Officials													
			<u>Community</u> Pollution prevention, Water resource management, Academic-Industry Collaboration, and Giveback to Community		Company Website General Affairs Contact Window													
PTI has set up a section for stakeholders on the company website to disclose corporate social responsibilities, and CSR hotline and email account. Dedicated staff will take care of reported problems.																		

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
6.Has the Company outsource professional stock affair organization for assistance?	√		Concord Securities Co. Ltd assisted PTI for shareholder affairs.	Complied with Regulation.
7. Information Disclosure				Complied with Regulation.
(1)Has the Company established a corporate website to disclose information regarding its financial and corporate governance status?	√		Company website has been set up and well maintained. Financial and Corporate Governance information will be disclose on the website upon occurrence.	
(2)Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference etc.)?	√		The Company has dedicated personnel in charge of disclosure on MOPS following authority regulations. Investor Relations section under company website discloses information in both Chinese and English. Spokesman and deputy spokesman are in place. The Company has been hosting physical quarterly Institutional Investor Conference. Live webcasting and replay of conference available on company website for investors.	
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline		√	PTI complied with Security and Exchange Act Article 36 filing date.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	√		<p>1. Employee rights, interests and wellbeing: Please refer to Paragraph 4, Items (1) ~ (4) in (5) Implementation of Sustainable Development.</p> <p>2. The Company Board of Directors was convened at least once each quarter and each meeting was attended by a majority of directors. Before the establishment of the Audit Committee, supervisors were invited to attend and supervise the proceedings at all Board of Directors meetings and offer their opinion when appropriate. Each Board meeting was attended by at least one supervisor.</p> <p>3. Directors and managerial officers are reminded by the Company to engage in continuing education each year in accordance with the rules. Please refer to item 3 in the table below for status of continuing education in 2022.</p> <p>4. A "Risk Management Committee" composed of two independent directors and one directors has been established by the Company. It is convened at least once a year and its responsibilities include business judgment, business management and crisis management, international market sentiment and leadership. Its responsibilities include assisting with</p>	Complied with Regulation.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p>reviews of risk management policies, strategies, risk tolerance, and supervising the enforcement of risk management systems to ensure the sustainability of the Company. The "Risk Management Promotion Team" was also set up under the Risk Management Committee to support its activities. The team is organized as a task force and is headed by the President who also appoints a deputy team leader. The Chief Governance Officer serves as the executive secretary and team members are made up of selected tier-1 managers from each department. The task force meets periodically to discuss risk topics and an annual report is made to the Risk Management Committee for discussion to ensure effective risk management. Please refer to item 4 in the table for an overview of Risk Management Committee operations in 2022.</p> <p>5. The Company began purchasing liability insurance for directors (including independent directors) and managerial officers in 2008. The most recent insurance policy expired on August 26, 2022. Stacked insurance policies were renewed through Chubb (basic insurance) and Fubon Insurance Co., Ltd. (excess insurance) for the period running from August 26, 2022, through to August 26, 2023. Insurance coverage was US\$30,000,000, with annual premiums of US\$46,250. The scope of insurance and contents were reported at the 14th session of the 9th Board of Directors on November 4, 2022.</p> <p>6. The "Organic Charter of the Corporate Sustainability Committee" was formulated by the Company to establish the "Corporate Sustainability Committee." The Committee is convened once each quarter to improve and discuss the implementation of corporate sustainability and related topics.</p> <p>7. The "Business Continuity Management Regulations" and "Business Continuity Management Task Force" were established by the Company. Business Risk meetings are convened every year to examine potential emergencies or impacts on business continuity, to strengthen our risk management and response capabilities.</p> <p>8. Annual reports, financial statements and sustainability reports are published every year for the disclosure of corporate governance information.</p> <p>9. PTI has been working actively to build to a secure and reliable information security management system to effectively protect the intellectual property and assets of our company and customers. ISO 27001 information security management system certification was obtained in October 2016, and renewed for a further 3-year period on October 21, 2022, to maintain the validity of our ISO 27001 certification.</p>	
<p>9. Please describe improvements made in response to the results of the Corporate Governance Evaluation System in recent years, and propose what areas and measures will be prioritized for future improvements. PTI did not receive points for certain items in 6th Corporate Governance Evaluation (for 2021). Improvements made for the 8th Corporate Governance Evaluation (for 2022) are outlined below:</p>				

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
Type of Indicator	Indicator Description		Improvement Status	Explanation for non-improvement or improvement
Protecting Shareholder Rights and Interests, and Treating Shareholders Equitably	1.3	Did more than half of the directors (including at least one independent director) and the audit committee convener (or at least one supervisor) attend the AGM in person, and did the company disclose in the minutes the names of those who attended?	No	The Convener of the Audit Committee was unable to attend in person due to the effects of COVID-19.
	1.15	Did the company adopt bylaws prohibiting insiders, including directors and employees, from using information not available in the market for personal gain?	No	One representative of institutional director engaged in short-term trading. More emphasis will be placed on education and reminders in the future.
Enhance Board Structure and Operations	2.2	Did the company adopt a board diversity policy and disclose the specific management objectives as well as the status of implementation of the diversity policy on the company's website and in the annual report?	Yes	
	2.7	Did the company's independent directors reach one-half or more of all of the directors?	No	The Company has more independent directors than required by the Securities and Exchange Act.
	2.22	Has the company adopted risk management policies and procedures that have been passed by the board, and disclosed the scope of risk management, the corresponding organizational structure in place, and the status of risk management operations?	Yes	
	2.23	Have the rules adopted by the company for assessing the performance of the board of directors been passed by the board, with the express requirement that an external assessment be carried out at least once every three years, and has it furthermore carried out the assessment during the year being evaluated by the specified deadline, and disclosed the implementation status and assessment results on its website or in its annual report?	No	The existing Board evaluation excluded this item. Amendment of evaluation maybe needed.

Assessment Item		Implementation Status			Non-implementation and Its Reason(s)
		Yes	No	Explanation	
		2.28	Has the company adopted an approval method for the recruitment, evaluation, and remuneration of its internal auditors, whether by submission to the board for approval, or by submission by the chief internal auditor to the chairman of the board for approval, and disclosed the method on the company's website?	No	The Company has adopted comprehensive employee recruitment and evaluation systems. There is no need to adopt recruitment and evaluation systems targeted specifically at internal auditors at present.
		2.30	Did at least one of the company's internal auditors possess a certificate of qualification as a Certified Internal Auditor, Certified Information Systems Auditor, or Certified Public Accountant?	No	Encouraging existing staff to obtain the certificate.
	Improving Transparency	3.4	Did the company file the audited annual financial reports within 60 days of accounting year end?	No	CPA cannot completed the audited report within the time frame.
		3.8	Did the company voluntarily disclose its financial forecast quarterly, without having any corrections ordered by the competent authority or having any demerits imposed by the TWSE or TPEX?	No	The Company provides voluntary disclosure of financial forecasts. A institutional investor conference is convened quarterly to brief investors on current business operations.
		3.10	Were the company's financial reports approved by the board of directors or reported to the board of directors by 7 days before the filing deadlines, and were the financial reports published within 1 day after such approval or reporting?	No	Pending for future improvement.
		3.13	Did the annual report voluntarily disclose individual compensation for board director and supervisor?	No	Pending for board director approval.
		3.21	Did the annual report voluntarily disclose individual compensation for President and Vice President?	No	Pending for President approval.
	Practices on Corporate Social Responsibility	4.7	Did the company sign any contract/agreement with employee union organization?	No	Well employee welfare programs in place. No intention of forming any employee organization.

Explanation I. Policy to encourage board of directors to enroll in well-rounded programs:

1. Article of Incorporation 20-3 stated: board members should not be discriminated against gender; all members should be capable in knowledge, skills, and mind set. All board of directors should be capable in:
 - i. Operational judgments;
 - ii. Financial analysis;
 - iii. Management skills;

- iv. Crisis management;
- v. Industry knowledge;
- vi. International perspectives;
- vii. Leadership skills;
- viii. Decision Making.

2.Target and Progress:

Target	Progress Status
No less than 4 independent directors	Completed
Independent directors accounted for no less than 1/3 of board	Completed
No less than one female board director	Completed
Employees accounted for less than 1/3 of directors	Completed

3.Execution Status:

Name	Nationality	Gender	Employee of PTI	Age Range			Independence Director Seniority (Terms)		Operational Judgment	Financial Analysis	Management Skills	Crisis Management	Industry Knowledge	International Perspectives	Decision Making
				51 - 60	61 - 70	71 - 80	<3	> 3							
DK Tsai	ROC	Male	√			√			√		√	√	√	√	√
J.Y. Hung	ROC	Male			√				√		√	√	√	√	√
J. S. Leu	ROC	Male	√		√				√		√	√	√	√	√
Shigeo Koguchi	Japan	Male				√			√		√	√	√	√	√
Daphne Wu	ROC	Female		√					√	√	√	√	√	√	√
Boris Hsieh	ROC	Male	√		√				√		√	√	√	√	√
Kenjiro Hara	Japan	Male		√					√		√	√	√	√	√
Jim W.L. Cheng	ROC	Male			√			√	√	√	√	√	√	√	√
Pei-Ing Lee	ROC	Male			√		√		√		√	√	√	√	√
Morgan Chang	ROC	Male				√	√		√		√	√	√	√	√
Jui-Tsung Chen	ROC	Male				√	√		√		√	√	√	√	√

Explanation II: Evaluation of independency of CPA Cheng-Chih Lin and Su-Li Fang:

Events Influence CPA Independency:	Yes	No
1. Do the CPAs have direct and major financial relationship with the Company?		√
2. Do the Company or any board member lend or endorsement guarantee to CPAs?		√
3. Do the CPAs lend or endorsement guarantee to the Company?		√
4. Do the CPAs have frequent business relationship with the Company?		√
5. Do the CPAs have frequent business relationship with any board or management members?		√
6. Do the CPAs employee by the Company as board of director, management, or any position could significantly impact on audit now or last 2 years?		√

Events Influence CPA Independency:	Yes	No
7. Are the CPAs going to be employed by the Company as board of director, management, or any position could significantly impact on audit in the future?		√
8. Do the CPAs as family members of board of director, management, or any position could significantly impact on audit?		√
9. Do the CPAs receive any significant valuables or gifts from board of director or management?		√
10. Do the CPAs employed by the Company for consecutive 7 years?		√

Explanation III. Status of 2022 Continue Education for Board of Directors and Management:

Title	Name	Date	Host By	Course	Duration (Hours)
Chairman	DK Tsai	2022/09/08	Taiwan Corporate Governance Association	Practical issues with non-arm's length transactions for directors and supervisors (I)	3
				Practical issues with non-arm's length transactions for directors and supervisors (II)	3
Director	JY Hung	2022/12/05	Accounting Research and Development Foundation	Common deficiencies in the compilation of corporate financial reports, compliance with internal audit and internal control laws, best practice and internal compliance	6
Independent Director	Jim W.L. Cheng	2022/08/04	Taiwan Corporate Governance Association	CSR/ESG trends and development	3
				Green bonds and sustainability	3
Independent Director	Pei-Ing Lee	2020/11/27	Taiwan Corporate Governance Association	Variables in international order and responding through corporate governance	3
				Net-Zero carbon management trends and responses	3
Independent Director	Morgan Chang	2021/11/15	Taiwan Corporate Governance Association	How businesses can improve their profitability through energy conservation and carbon reduction	3
				How businesses can strengthen corporate governance through TIPS intellectual property management	3
Independent Director	Jui-Tsung Chen	2022/04/22	Taiwan Sustainable Energy Association	Taishin 30th Anniversary Sustainability and Net Zero Summit - Transform to Net Zero	3
		2022/10/03	Taiwan Corporate Governance Association - Securities & Futures Institute	Corporate Governance Evaluation essentials for directors and supervisors	3
CFO & Sr. VP	Evan Tseng	2022/04/14 – 2022/04/15	Accounting Research and Development Foundation	Continuing education class for principal accounting officers of issuers, securities firms and securities exchanges	3
		2022/08/26	Taiwan Corporate Governance Association	How the Audit Committee can ensure the effectiveness of internal controls	3
		2022/09/02		Establishment and operation of the Audit Committee	3
		2022/09/16		Digital investigation of major criminal financial cases dissected	3
		2022/11/18		Discussion of key integration issues during the process of a corporate merger	3
Internal Audit	Huck Shen	2022/08/22	The Institute of Internal Auditors – Chinese Taiwan	Adjustment of internal controls in response to new ESG regulations	6
		2022/10/14		Subsidiary audits in practice	6

Explanation IV: The Risk Management Committee was composed by 2 independent directors and one board director. The purpose of the committee was to supervise and enhance management operations whose responsibilities include:

- i. Review overall corporate risk management, establish risk management policy, structure, organization, and matrix.
- ii. Execute risk management plans approved by board.
- iii. Supervise the operation of the risk management procedures.
- iv. Review and consolidated risk management finding and report to board timely.

Attendance Status of Risk Management Committee:

Title	Name	Specialty	2022 Attendance
Independent Director/Chair	Jim W.L. Cheng	Note	100%
Independent Director	Morgan Chang	Note	100%
Director	JS Leu	Note	100%

Note: Please refer to Board of Director page. 21-24 for details

Risk Management Committee meeting minutes' summary:

Risk Management Committee	Agenda and follow-up	Resolution	The Company's response to Risk Management Committee opinions
1st 1st session (2022.5.6)	1. Report on implementation of risk management operations by the Company in 2021,	Passed unanimously by all members of the Committee in attendance	All members of the Board Approved by all directors in attendance

4. Status of Remuneration Committee Members and Attendance:

1.Information Regarding Remuneration Committee Members

Title	Criteria Name	More than 5 years of working experiences and professional filed	Test for Independent	Number of Remuneration Committee of other Public Listed Company	Note
Chair/Independent Director	Jim W.L. Cheng	Note	Note		
Independent Director	Pei- Ing Lee	Note	Note		
Independent Director	Morgan Chang	Note	Note		

Note :Refer to Board of director table page 21-24 for details.

2. Attendance of Remuneration Committee Members

(1) Total 3 members of Remuneration Committee.

(2) Service Period: Jun 5 2020 to May 27 2023 (4th Term)

2 meetings took place during 2022, and attendance status as below:

Title Name	Attendance	In Person	By Proxy	Attendance Rate	Note
Chair	Jim W.L. Cheng	2	0	100%	
Member	Pei-Ing Lee	2	0	100%	
Member	Morgan Chang	2	0	100%	

Annotations:

I. The meeting minutes should clearly indicate Board meeting date, proposal details, decision, and opinions from Remuneration Committee when Board Meeting rejected or amended proposals from Remuneration Committee: No such incident.

II. The meeting minutes should clearly indicate Remuneration Committee decision, date of the meeting, proposal details, and all members' opinions when any of the members rejected or disagree with the decision: No such incident.

Date of Meeting	Meeting Summary	Conclusion	Follow Up Action
Mar 10 2022	1. Review 2021 Director of Board Compensation and employee compensation proposal. 2. Review 2022 management compensation adjustment proposal.	Approved by all attendant committee members.	Propose in Board meeting seeking for all Board approval.
Aug 5 2022	1. Review 2021 management compensation proposal.	Approved by all attendant committee members.	Propose in Board meeting seeking for all Board approval.

3. Regular review of directors'/managerial officers' performance evaluation and other information such as salary policy, system, standard and structure.

(1) Information from PTI's review and assessment of remuneration in 2022 is as shown in the above table.

(2) The Remuneration Committee shall exercise the care of a prudent manager to fulfill the following duties, and submit recommendations to the board of directors for discussion.

- A. PTI remuneration rules are regularly reviewed and amendments proposed.
- B. Establish and regularly review the annual and long-term performance targets for directors and managerial officers, as well as the policies, systems, standards, and structure for their remuneration.
- C. PTI directors and managerial officers are regularly assessed on their ability to meet performance targets. The content and amount of their individual remuneration are set accordingly.

(3) The PTI Remuneration Committee shall carry out its duties in accordance with the following principles:

- A. Ensure that the remuneration arrangements of the Company conform to the law and are sufficient to attract quality talent.
- B. The performance evaluation and remuneration of directors, supervisors and executives

should take prevailing industry standards into account and take into consideration the amount of personal time invested, responsibilities, personal target completion, performance in other roles and company compensation for other people in equivalent roles in recent years. The achievement of the company's short-term and long-term business objectives as well as the company's finances are used to evaluate the correlation between personal performance, company business performance and future risks.

- C. The remuneration plan should not entice directors and managers into exceeding the Company's capacity for risk in pursuit of personal remuneration.
- D. Short-term performance bonuses for directors and senior managerial officers, and the timing of variable salary payments/remunerations shall be set with reference to the particular industry characteristics and the nature of the Company's business.
- E. Whether the content and amount of director and managerial officers' remuneration is reasonable should be taken into account. It is inadvisable for the remuneration decided for directors and managerial officers to diverge excessively from financial performance.
- F. Members of the Committee may not participate in the discussion and voting on their personal remuneration.

(V) Fulfillment of Corporate Sustainable Development as well as deviations from Corporate Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and their reasons:

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
I. Did the company implement a governance framework for the promotion of sustainable development, and establish an exclusively (or concurrently) dedicated unit in charge of promoting sustainable development, enforced by managerial officers with the authority of the Board of Directors, and reports to the Board of Directors?	✓		1. A dedicated "CSR Office" was established by the Company on August 1, 2014, ensure proper CSR management, and was approved by the Board of Directors on February 9, 2015. The CSR Office was changed to the "Sustainable Development Management Office" in March 2022, and is responsible for the development and execution of corporate sustainability policies, systems, as well as related management strategies and action plans. A "Corporate Sustainability Committee" is also convened quarterly to brief senior managerial officers on current progress. Regular schedule annual reporting to Board of Directors regarding the progress. Latest reporting to board was on Aug 5 2022.	None.
II. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		1. The Corporate Sustainability Promotion Team used experience from past engagements with different stakeholders and the four reporting principles (materiality, stakeholder inclusiveness, sustainability context and completeness) of GRI Standards as a reference. The process for identification of material issues is used to analyze sustainability issues and establish their materiality in the environmental, social and corporate governance aspects. These provide an important reference for determining the strategy and goals for the promotion sustainable development. 2. To identify the degree of influence from environmental, social and governance risks, the "Risk Management Committee "was established as the Company's top advisory body on risk management. To mitigate the impact of operating risks, the Business Continuity Management (BCM) Committee was established and a risk identification meeting is convened every year to examine potential emergencies or impacts on business continuity, Risk management policies or strategies that encompass management goals, organizational structure and accountability are then formulated. Risk management and	None.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
			<p>response are then strengthened through effective identification, measurement and execution. The risk assessments encompassed environmental, social, and corporate governance issues related to the company operations.</p> <p>Potential risks were identified for six issues in 2022, namely "personnel safety - large epidemics", "environmental and climate change", "supply chain management", "regional conflict", "IT security", and "regulatory change." Dedicated personnel were assigned to manage and respond to different categories of risk. Early warning, response, crisis management, business continuity plan and recovery operations were used to establish a safety net that ensures the continuity of operations. The content of relevant risks were also reported and explained to the Board of Directors.</p>	
III. Environmental Issues (I) Has the Company established a proper environmental management system based on the characteristics of the industry?	✓		(I) PTI has established an environmental management system based on the characteristics of our industry to fulfill our corporate responsibility on environmental protection as well as look after the safety and health of our employees. Certification for ISO 14001 environmental management system was obtained in 2003, followed by OHSAS 18001 (now ISO 45001) occupational safety and health management system in 2004. All factories also progressively obtained ISO 50001 energy management system certification from 2019 onwards. Environmental, safety and health management activities are now conducted in accordance with these standards. Environmental, safety and sustainability goals are now set and reviewed on a regular basis. The operation of the international standard management systems enables PTI to effectively control emissions, water pollution and waste from the production process. In addition, IECQ QC08000 hazardous substance management system certification was obtained in 2008. The certification ensured that PTI products do not contain substances harmful to human health or the environment, and complied with	None.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
			international regulations and customer requirements, reducing the environmental impact of our products and increasing their competitiveness.	
(II) Is the Company committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment?	✓		(2) Refer to Note 1.	
(III) Does the company evaluate the potential risks and opportunities to its business from climate change now and in the future, and take appropriate measures to counter climate change issues?	✓		(1) Refer to Note 2.	
(IV) Does the company disclose the annual emissions of greenhouse gases (GHG), water consumption, and total weight of waste for the past two years, and set management policies for energy conservation, reduction of GHG emissions, water use and other wastes?	✓		(4) Refer to Note 3.	
IV. Social issues (I) Does the Company formulate management policies and procedures based on the relevant laws, regulations and the International Bill of Human Rights?	✓		(I) The “Responsible Business Alliance” (RBA) is committed to supporting the rights and well-being of workers and communities worldwide affected by the global supply chain. The “RBA Code of Conduct” is a set of standards on social, environmental and ethical issues in the global industry supply chain that references key international human rights standards including the “United Nations Guiding Principles on Business and Human Rights”, the “Declaration of Fundamental Principles and Rights at Work” of International Labor Organization (ILO), and “Universal Declaration of Human Rights.”	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
			<p>The “RBA Code of Conduct” introduced by PTI in 2009 covers labor, health and safety, environment, ethics and management systems. PTI became a formal member of RBA on April 20, 2015.</p> <p>The Social Accountability 8000 International Standard (SA8000) was formulated with reference to International Labor Organization ILO, UN Convention on the Rights of the Child, and Universal Declaration of Human Rights. It is a management standards system for the protection of labor rights, occupational environments and labor conditions.</p> <p>Workplace PTI has been working actively to introduce the SA8000 social responsibility management system. Certification was achieved in 2016 and all subsequent annual audits passed successfully.</p> <p>PTI is committed to providing employees with safe and healthy working environment where employees can realize their true potential; to fulfill this commitment, we comply with local laws and regulations, and have also formulated the relevant management policies and procedures based on the RBA Code of Conduct and the international labor/human rights standards set out in SA8000.</p> <p>3. Human rights risk assessments and due diligence investigations are conducted every year to monitor and mitigate human rights risks.</p> <p>4. Training on labor rights, RBA and SA 8000 social responsibility management systems are conducted every year to enhance employee awareness on human rights protection.</p> <p>The Company is committed to providing employees with a safe, healthy working environment where they can fulfill their potential. To fulfill this commitment, we comply with local laws and regulations, and have also formulated the relevant management policies and procedures based on the Responsible Business Alliance (RBA) Code of Conduct, SA8000 and other related international labor and human rights standards.</p>	None.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
(II) Has the company formulated and implemented reasonable employee benefits (including salary, leave, and other benefits), and ensured that business performance or results are adequately reflected in employee remuneration?	✓		(2) Refer to Note 4.	
(III) Does the company provide employees with a safe and healthy working environment, and administer safety and health training on a regular basis?	✓		(3) Refer to Note 5.	
(IV) Has the company established an effective career development and training program for employees?	✓		(IV) PTI's planning of the education and training system ensures our training investment is aligned with business philosophy. The interaction between different training mechanisms provide employees with a complete blueprint for training and career development. Training tailored to each role and grade ensure that our talent cultivation and development will meet PTI's needs for business growth.	
(V) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and were relevant consumer protection and grievance procedure policies implemented?	✓		(V) The PTI "Code of Business Conduct and Ethics" required relevant policies to be formulated for all company R&D, purchasing, production, operation and service processes, such as: Policies for preventing stakeholders from being harmed by products or services, prohibition against leaking of confidential information, prohibition against violation of intellectual property rights, or engaging in unfair competition. PTI management of intellectual property is explained in item 6 of the following table. The relevant complaints procedure has been established by PTI. In addition to internal announcements, complaints channels are also disclosed on our corporate website to safeguard the interests and rights of both internal and external stakeholders.	
(VI) Does the company adopt supplier management policies requiring suppliers to comply with the relevant provisions regarding issues such as environmental protection, occupational safety and health, or labor	✓		(VI) PTI considers suppliers/contractors to be our partners. Our supply chain management strives for steady development and sustainability through mutual cooperation. Targets and assessments are continuously set for quality, delivery time, cost and technology. Planned visits and on-site	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
rights, and specify the status of implementation?			<p>audits of business systems are conducted every year as well. The audit systems include:</p> <p>(1) Quality management system</p> <p>(2) Green product management system for non-use of hazardous substances in raw materials</p> <p>(3) RBA Code of Conduct management system on labor and human rights, the environment and ethics</p> <p>(4) Environmental, safety and health risk management</p> <p>Our “Code of Business Conduct and Ethics” require potential suppliers to undergo an assessment of their past business associations. A suitable screening process is used to examine their business dealings and determine whether they have a past record on environmental and social impact. PTI’s supply chain management practices are explained in item 7 of the following table.</p>	
V. Does the company refer to international reporting standards or guidelines for the preparation of corporate social responsibility reports and other reports that disclose non-financial information? Does the company obtain third-party verification or assurance for the reports above?	✓		<p>The compilation and drafting of the Company's 2021 Sustainability Report adhered to the "Core" option of the GRI Standards published by the Global Reporting Initiative (GRI), the Task Force on Climate-Related Financial Disclosures (TCFD) framework, and the Semiconductor Sustainability Accounting Standard 2018 issued by the Sustainability Accounting Standards Board. Independent third-party verification was also conducted by the British Standards Institution (BSI) against the AA1000 AS Type II high-level assurance. Limited assurance was also conducted by the accounting firm PwC based on the ISAE 3000 standard. The information for "salary of permanent employees in non-management positions" was verified by the accounting firm Deloitte.</p>	None.
<p>VI. If the Company has established corporate sustainable development principles based on "Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any difference between the principles and their implementation:</p> <p>PTI referred to the “Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and other relevant laws and regulations in formulating our own “Corporate Sustainable Development Best Practice Principles.” The Corporate Sustainable Development Best Practice Principles were approved for implementation by the Board of Directors on November 8, 2013. Amendments were passed by the Board on November 4, 2016, to improve Corporate Sustainable Development performance, promote better corporate governance, develop a sustainable environment, protect social welfare and strengthen the disclosure of Corporate Sustainable Development information. There is no difference</p>				

Assessment Item	Implementation Status			Non-implemen- tation and Its Reason(s)
	Yes	No	Summary Explanation	
between the defined principles and their implementation. These principles apply to the overall business activities of PTI and all subsidiaries.				
VII. Other supplement information: Referred to Note 8.				

Note 1: Performance management targets for energy/resource recovery were set by PTI to improve resource utilization and reduce the environmental impact of production activities.

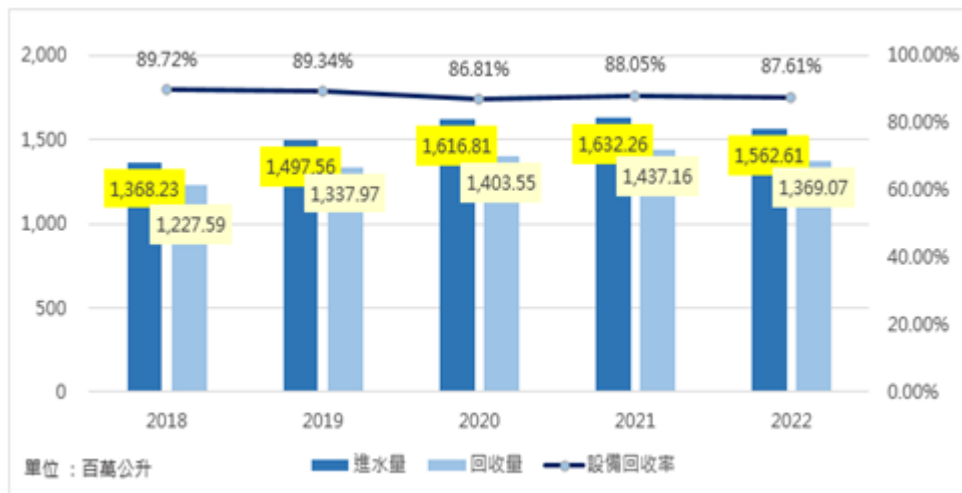
1. The results are reviewed on a regular basis; We also assessed and advocated the use of reclaimed materials with low environmental burden/impact where it does not affect product quality. To protect the environment as well as cope with the effects of climate change and water resource depletion, we are gradually increasing our waste recycling and energy savings every year. Reclamation of process water has also been increased as an alternative to tap water use.

i. 2022 energy concentration status:

Item	2021	2022	YoY
Power Concentration (kWh/NT\$K)	14.65	14.47	Reduced 1.23%
Water Concentration (Usage)/Revenue(NT\$M)	51.05	49.66	Reduced 2.72%
Waste Concentration (Volume)/Revenue(NT\$M)	0.16	0.15	Reduced 6.25%

Item	2020	2021	2022
Waste Recycle (Tone)	1,023.06	1,021.72	1,066.00
Electronic Saving (kWh)	11,595,401	13,036,455	11,435,224
Waste Water Recycle (Tone)	1,403,547	1,437,157	1,369,017

ii.2022 PTI recycled 87.61% waste water during dicing and grinding process.



Note: 1. Facility process dicing and grinding including: Plant 2A/B, 3A, 3C, and 8.

2. $\text{Recycle rate \%} = \{ \text{Recycle water volume (m}^3\text{)} / \text{Recycle Equipment Water input (m}^3\text{)} \} \times 100\%$

3. 2022 target water for dicing and grinding recycle rate was 85%.

2. Renewable energy consumption targets

Two plans will be progressively rolled out between 2022 and 2023 on renewable energy use. These were:

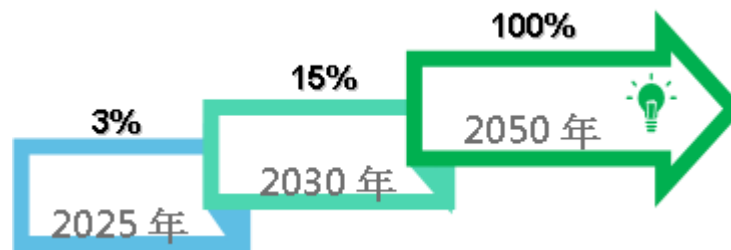
(1) Implement renewal energy project

- Installation of solar power equipment on the roof of the planet in 2022 with power generation to commence in 2023.
- Purchase of green energy from renewable energy providers and engage in green energy wheeling from 2023 onwards.

The two projects are expected to supply around 7.5 MWh of renewable energy (green energy 1%) each year and reduce carbon emissions from electricity consumption; it will also meet two years early the requirement for major electricity consumers to use renewable energy for 10% of their contract capacity by 2025 set by the government.

(2) Med-to-Long term target: Net zero schedule in line with international standard.

- Green entry reached 3% by 2025 and 15% by 2030.
- 100% Renewal energy by 2050 in line with RE100 standard.



II Climate disasters occurred with increasing frequency in each country as extreme climate continued to grow in severity in 2022. PTI is actively responding to the potential business impacts of climate change and is committed to the continued reduction of greenhouse gases, waste, and wastewater discharge. We are actively working on plans and configurations that optimize our energy efficiency, conducting

R&D on low-carbon or energy-efficient processes and services, continuing to review our risks and opportunities under the Task Force on Climate related Financial Disclosures, (TCFD) framework every year, and conducting trans-organizational assessments on climate change risks and response measures. The management team takes the findings into account in their business decisions to turn crisis into opportunity. These positive changes are also being pushed out to our suppliers to build a resilient climate change culture so that we can realize our goals and responsibilities on sustainability. The outcomes of PTI's 2022 TCFD assessment were as follow:

1. Risk factors: Increase in demand for use of green electricity, increase in carbon prices (carbon taxes), and increase in demand for alternative low-carbon products and services.
2. Opportunities: Development of low-carbon or energy-efficient products, upgrading of green production, distribution and logistics processes, improvements to energy efficiency.
3. Response: The four core elements of governance, strategy, risk management, and metrics and targets in the TCFD framework were used to identify climate change risks and opportunities. The results were then used to formulate response measures and business continuity plans that help mitigate the impact of climate risks. PTI can then take advantage of climate opportunities to the resilience of our business operations.

III. Measures such as energy conservation, carbon reduction, greenhouse gas reduction, reduced water consumption and waste management were promoted by PTI through the internal management system and various pollution control facilities to fulfill our corporate social responsibility. Our goal is to promote sustainable environment. An explanation of the statistics from the past two years is provided below:

1. GHG emissions, water consumption and total amount of waste

(1) Greenhouse gas emissions

A voluntary GHG inventory has been conducted by PTI every year since 2007. The inventory outcome serves as the basis for reduction efforts. The 2022 GHG emission statistics for PTI were based on data from actual inventories conducted at each production site that were verified by an independent third-party (BSI). Direct GHG emissions (Scope 1) accounted for 3.13 % of total emissions. The main source of indirect GHG emissions (Scope 2) was electricity consumption and accounted for 96.87% of total emissions. The GHG reduction strategy implemented by PTI focused therefore on electricity management and reduction of electricity use.

GHG emissions over the past two years are shown in the table below:

Emissions of greenhouse gases by PTI in the last two years are as follow:

Greenhouse Gas Emission (Unit: ton CO2e/ year)		
Item	2021	2022
Category 1	18,372.82	11,594.19
Category 2	381,346.17	358,734.51
Total Emission	399,718.99	370,338.70

(2) Water Usage

Extreme weather caused by climate change significantly impacted the water resources. PTI has been taking proactive actions for usage reduction, recycle

and re-use. Table summarized the water usage for 2021 and 2022:

Item	2021	2022
Tap Water (Tons)	2,617,123	2,904,510
Unground Water (Tons)	200,128	62,747

(3) Waste Material

2022 PTI generated 2,495.25 tons of hazard wasted material during the cleaning wafer process. PTI generated 5,354.30 tons of wasted material from waste water process which were handled by qualified vendors. PTI Taiwan recycled total 1,066.0 tons of recyclable waste in 2022 and about 88.83 tons per month. Paper, iron, alumni, and plastic were properly classified and recycled to improve on recycle efficiency.

2. Promote energy saving, greenhouse gas reduction, water usage reduction, waste management and other measures in responds to climate change, PTI has annual goals and manage the results of our environmental protection outcome via data management. This includes:

(1) 2022 Annual Goals

- A. Waste recycling rate averaged 50.79%/year. an improvement of 6.12% over 2021.
- B. Efficiency of water reclamation system for cutting, trimming, and polishing processes reached 87.61%.
- C. Realized the target of a 1% saving in electricity consumption. Electricity consumption was reduced by 11,435,224 kWh, equivalent to the reduction of 5,821 tonnes CO₂e in carbon emissions.
- D. Realized the target of 1% carbon reduction; Reduce GHG emissions by 15% between 2015 and 2030
- E. A total of 84 energy conservation and carbon reduction measures were proactively executed for factory facilities and production processes.

(2) Environmental Management Plan

To fulfill company's corporate social responsibility and through the correct use of pollution monitor system, PTI has a long-term plans and measures for environmental management:

- A. Air Emission: PTI Taiwan installed air pollution prevention equipment especially designed for reducing Volatile Organic Compound (VOCs) emissions. They are tested regularly to comply with the treatment efficiency tests.
- B. Wastewater Recycle: Recycle and reuse the wastewater from the dicing and grinding process in order to reduce the use and protection of water resource.
- C. Waste Removal: PTI complies with the law in regard to the treatment of generated waste. We implement a proper recycling program at the source of the waste to improve the recycling efficiency. By collecting, classifying, reducing, and recycling, our major strategy focuses on "recycling" instead of "dumping." Transforming waste to resources will not only reduce impact on environment, but also increase the value generated by recycling.
- D. Audition and Coaching the Contractor: PTI audit our supplier and outsourcer with environmental pollution risks regularly. We also coach our contractor to carry out environmental protection duties; altogether we fulfill our responsibility of environmental protection as enterprise, and the goal of sustainable supply chain.
- E. Energy Saving and Carbon Reduction: An energy-saving cross-department task force to monitor energy saving project and the reduction of energy and greenhouse gas emission. PTI voluntarily provide carbon emission information in order to correspond with global trend.

F. Autonomous Environmental Monitoring: Consist of wastewater properties, noise, air quality and waste monitoring in order to control the effective and impact of enterprise activities.

G. Alternation of Environmental Permit: Update our environment permits to corporate with our enterprise activities and allow our activities and emissions in accordance to the law

3. Environmental Protection Department

The company has Occupational Safety and Environmental Protection Section, specific in the management and promotion of occupational Safety and environmental protection, also, supervise pollution prevention facilities are function normally. Furthermore, the occupational safety and environmental protection committee consists of high ranking supervisors and selected departmental representative, which, in charge of drafting, responding to, and executing topics related to sustainable environment.

4. Environmental Safety and Health Policy

To implement environmental safety and health protection values into business operations and every employee, the company has established “Environmental, Health and Safety Policy” and put actions on our employees, customers and other interest groups. Detailed illustrations are as follow:

1. Convey our environmental, health and safety policy to our employee, customers and other interest groups.
2. Comply with policies which demand for environmental protection, health and safety and the demand of the customers.
3. Participation of damage, disease and accident prevention and damage control from all employees.
4. Compliance with international environmental protection tendency, promote energy saving and reduce waste.

5. 2022 Results

With active plans to combat global climate change, PTI has notable results in 2022 as follow:

- Climate Change Program rated B (Management)
PTI has rated B in the Climate Change Program launched by Carbon Disclosure Project (CDP) and has an index of management.
- Water Questionnaire (WQ) rated C (Awareness).
PTI has rated WQ and has an index of management.
- PTI has identified risks of climate change through the guidance of TCFD in 2022.
More analysts need to be done to comply with regulation, technology, market demand, social, and operations risks.

4. PTI Taiwan total employee other incentives and fringe benefits were NT\$332 million in 2022.

Details in below:

Category	Details
Other Incentives	<ul style="list-style-type: none"> • Annual Incentives : distributed in Jun and Dec • Quarterly Incentives : base on company financial performance target • Compensation/Encouragement Incentives : base on company financial performance target, individual employee job performance and contribution • Pay Raise : annual adjustment
Fringe Benefits	<ul style="list-style-type: none"> • Special Events (Weeding 、Childbirth 、Hospitalization 、Funeral) • Birthday gifts • New Year Festival 、Dragon Boat Festival 、Mid-Autumn Festival

Category	Details
	<ul style="list-style-type: none"> •Movie Tickets •Travel Vouchers •Meals discounts •Free group insurance coverage(Life insurance for spouse & dependent 、accident insurance 、medical insurance 、cancer insurance, etc.) •Free annual physical check-ups •Club Activities •Other Events (Physical Year-end party and Family Day were canceled due to COVID-19 registration.) •Discounted Stores (over 700 discounted stores) •Children day care (Contracted with multiples day care facilities to provide various supports).

5. Given the consideration of the working environment and the importance of personal protective equipment, PTI is to provide a safe and healthy working environment. The protection of employee's safety measures is as follow:

1. Implementation of "Environmental Safety and Health Policy"

To prevent occupational injuries and accidents and ensure the safety and health of our workplace, we implemented our "Environmental Safety and Health Policy."

- (1) Notify employees, customers and related parties with environmental, safety and health policy.
- (2) Comply with the legislation of environmental protection, safety, health and customer requests.
- (3) Participate in prevention of injury, illness, accident and lost control by the entire employees.
- (4) Accommodate international environmental trend to drive energy-saving and waste-minimizing activities actively.
- (5) Review and constantly improve the environment and OH&S management system to promote the whole performance.

2. Follows the Health and Safety Management System

Based on ISO 14001 and OHSAS 18001 systems to manage

3. Measurement of Operating Environments

PTI conducts measurements of operating environments every six month to understand the hazard exposure in workplace environments. If the measurements return abnormal readings, we perform monitoring and improvement on the affected areas.

4. Personal Protective Equipment

To ensure the safety and health of employees and minimize exposure to harmful factors, PTI has implemented its personal protective equipment management regulations and required that employees wear appropriate personal protective equipment when handling hazardous operations.

5. Health Care

We provide comprehensive employee care and health care system to ensure every employee's mental and physical health. Including comprehensive channels for open communication, psychological counseling system, manage and follow up on health conditions with regular and special health examinations and medical counseling service. We value the health of working mothers and manage the prevention of disease triggered by abnormal workload toward employees, thus, creating an excellent work environment and a healthy corporate culture.

6. Training & Development

To raise the awareness of environmental safety and health, beside from training for new

employees, PTI organize various training courses annually. Such as, waste management, greenhouse gas inspection, hazardousness identifies, risk and environmental assessment, personal protective equipment management, automatic check, emergency response and health seminars.

7. Health promotion and management

A number of health promoting activities were held in 2021, including: Flu vaccination, employee health exam, blood donation and bone density testing. On-site physician services were provided 289 times in 2021.

8. Occupational Injury Management

In 2021, there were no cases of occupational disease among PTI employees and 9 cases of injuries. Analysis found that “crushing/clamping injuries” and “other” were the most common with each accounting for 25% of all injuries. In addition to maintaining a safe environment and facilities, training for new or re-assigned employees were strengthened with regular awareness education. Departmental safety SOPs and operating environment information were drawn up with input from department supervisors to raise the safety awareness of employees and enforce safety management initiatives.

9. Industrial safety inspections

A comprehensive inspection system was established to ensure that health and safety personnel can use the corrective and preventive actions of the management system to identify problems areas and prevent accidents in the factory and its surrounding area. They are also expected to cooperate with the site manager on self-inspections or joint inspections. Identified deficiencies and their correction rate are analyzed by department and type then submitted to the monthly industrial safety meeting and the quarterly meeting of the Occupational Health and Safety Committee for review.

	Responsible Personnel/Content	Frequency
1	Site inspections by industrial safety personnel	No less than once a day
2	Environmental safety inspections by industrial safety personnel	No less than once a week
3	Special environmental inspections by industrial safety personnel	No less than once a month
4	Topical inspections by industrial safety personnel (In response to regulatory changes, incidents, and after internal/external audits)	Random
5	Cross-audit of industrial safety performance management	Once a quarter
6	Industrial safety inspection of production sites	No less than once a week
7	Walk-about management by site management	Random
8	Internal joint inspections by factory director/department heads	Once a month

The Intellectual Property Management Department is the designated company unit for intellectual property (IP) management. The relevant plans and management activities are as shown below. The status of planning and execution was reported during the 14th meeting of the 9th Board of Directors on November 4, 2022. The details were as follow:

1. Intellectual property strategy

PTI initially focused on boosting our “patent count” to protect our business freedom and strengthen our competitive advantage. Our patent strategy began shifting towards “patent quality” in 2012. We have been integrating our patents with products and technologies over the past years to create value and revenue. We also developed an IP management plan based on the patent strategy of our R&D department, continued to make improvements of the IP management system, and engaged in the production, management and application of IP to maintain our technical leadership.

2. Intellectual property management system

The “Guidelines for Patent/Trademark Application and Management” and “Patent Proposal/Application Management System” were formulated and introduced by PTI to encourage the conversion of R&D outcomes into patent proposals by research personnel. These streamlined the process for researchers to submit proposals and allow members of the review committee to determine the value of proposals from all aspects. Patent engineers can also track the progress of patent applications and ensure the quality of execution.

PTI also formally applied for Taiwan Intellectual Property Management System (TIPS) certification in 2020 and certified in Dec 2020. Certificate was renewal and good through 2023. Random audit will be performed by TIPS to ensure the quality of execution.

3. Potential IP risks and responses

- (1) Implementation of regulatory compliance: In the future, business strategy must be connected to IP management and meet the requirements set by IP indicators newly added to the “Corporate Governance Evaluation “in order to achieve regulatory compliance. IP management must therefore be linked to our business strategy to maximize the returns from IP created by PTI and continue improving our ranking in the Corporate Governance Evaluation. The IP management system will be expanded to all local and overseas subsidiaries of PTI Group as well to secure customer recognition of our IP management capability.
- (2) Implementation of IP management: PTI is required by customers to engage in data loss prevention. We have strengthened our management of information security and trade secrets but more work needs to be done to prevent risks from inadequate control of intellectual property rights as a whole. IP audits, IP management documentation and standardized management must be implemented to ensure that PTI and customers’ interests are not harmed.
- (3) Protection and application of R&D accomplishments: It is essential for PTI to establish a long-term technological advantage due to the trend towards diversification and high-technology in the packaging & testing industry. We own our own in-house R&D capability and the ability to cultivate customers that provide a stable source of orders but there is a risk that competitors may develop similar products. A sound IP management system must be established for preemptive protection and application R&D outcomes to prevent the development of similar products by competitors that impact on our competitiveness in the industry.

4. Future planning

PTI will build on the results of TIPS mentoring to ensure the proper implementation of the IP management system. All documentation and forms will be bilingual in Chinese and English making them suitable for use in all domestic and foreign PTI subsidiaries. The development of a trade secrets protection system will highlight our IP capabilities and demonstrate our competitiveness.

5. PTI IP awarded as of end of Dec 2022:

IP Case Number	■ Innovation Patten	Domestic	Applied : 15 cases	Approved : 254 cases	International	Applied : 72 cases	Approved : 163 cases
	■ New Patten	Domestic	Applied : 0 cases	Approved : 5 cases	International	Applied : 0 cases	Approved : 3 cases
	■ Logo	Domestic	Applied : 0 cases	Approved : 18 cases	International	Applied : 0 cases	Approved : 23 cases
IP Category	Copyrights	International : 2		Trade Secrets	Listed in index		

7. Supplier Management Guidance:

PTI has established effective and comprehensive supplier management guidance to secure suppliers and company sustainability.

New Supplier Evaluation

- Assess new suppliers, including paper, factory, and sample evaluations.
- Supplier candidates must sign the "Business Integrity Commitment" .
- Those who meet PTI' s requirements are eligible suppliers.

Supplier Assessment

- Assessing supplier of raw materials every season/six months.
- Assessment criteria include quality, delivery, cost, and technology.
- Suppliers who fail the assessment are required to improve within a time limit and shall provide evidence of improvement or be inspected on-site.

Supplier Audit

- Major raw material suppliers are audited annually according to the plan.
- Auditing categories include quality management system, green product system, environment, safety, and health system, and RBA system (Labor Rights).
- When deficiencies are identified, suppliers are required to submit appropriate improvement plans with specific goals and time limit. Those who fail to achieve the goals in the time limit are disqualified as suppliers.

Supplier Consultation and Training

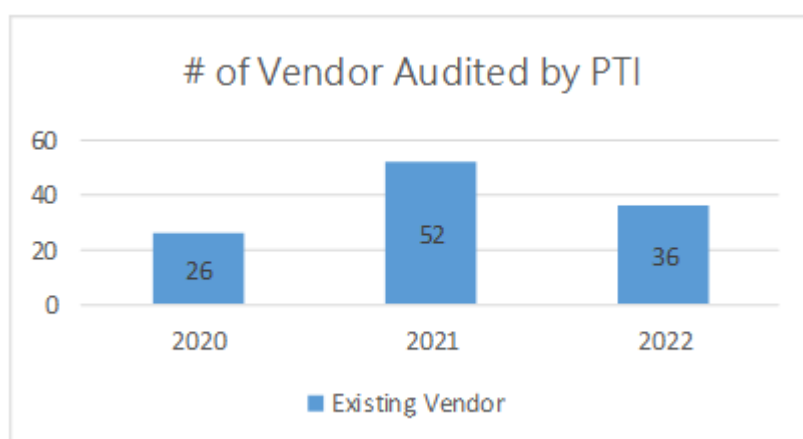
- Regular on-site consultation and training.
- Supplier Social Responsibility Promotion Workshops are held for promoting green policies, quality policies, integrity, ethics, and CSR.
- Direct material suppliers must have international certifications such as the ISO 9001 Quality Management System. Those without certification must implement plans.
- Encourage suppliers to use electronic receipts to help reduce consumption of natural resources.

1. Supplier evaluation

Key raw material suppliers must pass supplier evaluation and undergo regular audits to ensure that they comply with PTI requirements on sustainability management and partner quality. All of PTI's raw material suppliers are evaluated quarterly against quality, delivery, cost, and technology targets. If any quality or delivery issues are identified during the evaluation, the supplier will be required to carry out immediate corrective action. They must then also provide supporting documentation on their corrective actions or undergo an on-site audit. All raw material suppliers evaluated in 2022 reached the standard for supplier eligibility.

2. Supplier audits

Key raw material suppliers are screened by PTI and evaluated on the basis of quality of process requirements. The evaluation outcome is then used to organize the audit plan. A total of 36 domestic suppliers were audited in 2022. These included key suppliers of raw materials and labor services. In 2022, PTI Taiwan conducted a total of 66 “quality system audits” or “RBA Code of Conduct system audits” for key suppliers of raw materials used directly in products, contractors and labor service suppliers. The majority of non-conformities identified during on-site supplier audits in 2022 related to process control, occupational health and safety management, fire safety, SOP implementation and 6S management on the production line. Suppliers were asked to implement corrective action by the given deadline. Follow-up inspections found that corrective action was carried out for all non-conformities and no supplier were disqualified as a result of audits.



3. Hosting of “Supplier Social Responsibility Conference”

A supplier conference is held by PTI every year to establish a sustainable supply chain and effectively convey the concepts of corporate social responsibility. In addition to promoting joint growth and positive relations with suppliers, the conference is also used to share trends in sustainable development and the social responsibility activities on each side. By working together to promote the ideals of social responsibility, PTI and its suppliers can have realized the shared values of sustainable development and mutual success.

A total of 149 vendors and more than 177 representatives of chemical, material and human resources companies took part in the 2022 “Supplier Social Responsibility Conference.” The conference agenda encompassed developments and requirements of international GP regulations, information security awareness, environmental health and safety reviews, and creating sustainable new value together through CSR. These topics helped suppliers understand the direction that PTI is taking on sustainability so that everyone can work together towards the common goal of a sustainable future.

8. Status and Results of the Practice of CSR

Social Aspects:

1. Talent Recruitment

PTI continues to provide job opportunities by employing over 2,322 employees in 2022. At the same time, we hire from the minority groups which helps resolve their economic pressure. In 2022, we have 132 employees from minority group.

2. Employment for Disabled People

To attend the needs of disable people and improve our work environment, we welcome physically or mentally disadvantaged persons to work at PTI. PTI continues to hire disabled people in accordance to the law, as of Dec. 2022, PTI have 123 employees from disadvantaged group and we have hired 49 persons in 2022.

Year	2018	2019	2020	2021	2022
Number of Employee with Disability	109	112	116	116	123

3. Establishment of “PTI Education Foundation”

PTI has established the "PTI Educational Foundation" (the Foundation) in 2017, to promote technology education, culture education, and talent development, as well as to be responsible corporate citizens. The foundation has been actively involved in community services to make the world a better place to live in.

2022 community give back NT\$2,319,101 activities included:

✧ Bridging the education gap to create endless possibilities for children:

The PTI Education Foundation sponsors the club activities held every Wednesday afternoon at Danan Elementary School in Miaoli County and the local Sinpu-Chingshuei Elementary School, a rural school. In 2022 we began sponsoring the Little League baseball team at Taoyuan Elementary School to help the children realize their baseball dream. We have invested educational resources in multiple areas in the hopes of improving the quality of education and reducing the resource gap for children. We aim to give every child an equal opportunity for high-quality education and self-development.

✧ Technology and cultural education activities:

No matter how bad the pandemic became, talent development continued without pause. The 2022 PTI Future Star Summer Internship Program was launched on schedule and a variety of highly focused, content-rich online courses were also designed. We provided a comprehensive training mechanism led students on an exploration of the semiconductor packaging and testing industry that inspire their creative thinking skills and encouraged them to put what they learned to good use.

✧ Theme park of hope and dreams:

For Christmas, PTI Education Foundation invited employees to take part in the end-of-year charity event dressed up messengers of love to ask for donations of theme park tickets and presents. The visit to the theme park helped make the children’s dreams come true.

✧ “Green Light 7-day Hualien-Taitung Trek” event:

7 Green Light students led by 3 Green Light teachers and PTI volunteers took on the challenging of walking from Shoufeng, Hualien, to Yanping, Taitung in 7 days. The trek let them experience the beauty of Taiwan through their feet. By challenging themselves, they also made an unforgettable mark on their own inner journey.

✧ Technology education promotion:

In 2022, PTI was invited by the GOLF alliance to serve as the keynote enterprise speaker at the National Taipei University of Technology to introduce students on campus to the world of semiconductor packaging and testing. Industry, company, in-service and internship training programs were used to invite the next generation of talent to join PTI. Over the last few years, PTI has actively invested in youth empowerment building links between businesses and campuses We also practiced CSR and boosted exposure for PTI in order to satisfy our internal demand for talent and build on the value of talent cultivation

4. Volunteers Activity

PTI founded the volunteering club and with the resource from PTI Education Foundation. We were able to actively promote community service and care, also, be responsible corporate citizens. The company events invite charity groups to setup stalls to increase fundraising for the minority children, elderly living alone, and charity groups.

5. Industrial-Academy Collaboration

PTI has dedicated to the cultivation of students, enthusiastically working with nearby schools to create more job opportunities. PTI promotes industry-academy collaboration to ensure talents are properly developed and willing to stay with the company, thereby creating a win-win collaboration between corporate and sociality.

Employee Aspects:

1. Policy for Positions Retained without Pay

Following government regulations, PTI (Taiwan) allows applications for positions retained without pay from any gender to encourage childbirth. As for 2022, there are a total of 333 childbirths under this policy.

2. Positions Retained without Pay:

- ✧ In 2022, 192 employees applied for maternity/ paternity leave without pay, and over 19.3% were male employees. Among those who applied for position retained without pay for maternity or paternity, 73% of employee returned to their positions. After returning to their positions for one year, retention rates were 89%.
- ✧ Breastfeeding Room: We encourage postnatal employees to feed and collect breast milk. All plants are equipped with breastfeeding rooms with refrigerators installed for breastfeeding mothers to use.
- ✧ Reserved Parking Spots for Pregnant Women: To allow pregnant women and postnatal mothers to have more convenient workplace, we have reserved parking spots for pregnant women for their priority parking.
- ✧ Partner maternal and child institutions: The Company has contracted with 22 institutions in employee neighborhoods such as hospitals, clinics, post-natal care centers, quality kindergartens and childcare centers to provide employees with high-quality services from pregnancy, post-natal care to childcare and child development.

VI. Status of Business Conduct and Ethics

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				Comply with regulations.
(1) Does the company have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the management team?	√		The Company's Board of Director has approved "Corporate Conduct and Ethics Policy" base on the guidance of "Public Company Conduct and Ethics Practice Principles" on April 30 2013, and approved the 1st amendment on Feb 9 2015. 2 nd amendment approved on Nov 2 2018. 3 rd amendment approved on Mar 10 2020. 4 th amendment approved on Mar 10 2022.	
(2) Does the company establish relevant policies	√		The Company has established the following guidance: Prohibition against Providing or Accepting Improper	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequence of violation and complaint procedures in such policies?			Benefits Prohibition against and Handling Procedure for Facilitating Payments Avoidance of Conflict of Interest Procedures for Making Political Contributions, Charitable Donations or Sponsorships Procedures for Developing & Establishing Business Relationship Disclosure of Ethical Management Policy to the Public Prohibition against Insider Trading Prohibition against Disclosure of Confidential Information Prohibition against Infringement of Intellectual Property Rights Prohibition against Acts of Unfair Competition Preventing Products or Services from Damaging the Stakeholders	
(3) Does the company establish appropriate compliance measures for the business activities prescribed in paragraph 2, article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and any other such activities associated with high risk of unethical conduct?	√		Please refer to Note 1.	
2. Ethic Management Practice				Comply with regulations.
(1) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	√		Please refer to Note 2.	
(2) Does the company set up a unit which is dedicated to or tasked with promoting the company's ethical standards and reports directly to the Board of Directors with periodical updates on relevant matters?	√		The Company has set up a CSR Office on Aug 1, 2014 and renamed as Corporate Sustainability Development Office and approved on Mar 10 2022 board meeting. The office is dedicated to promote and enforce ethical practices and reported directly to the Board of Directors. No less than once per year report to board. (Nov 4 2022 9 th Annual 14 th board meeting presented Status of practice of business conduct and ethics.)	Comply with regulations.
(3) Does the company establish policies to prevent conflict of interests provide appropriate communication and complaint channels and implement such policies	√		Employment contract stated all employees should avoid conflict of interests. Every employee every year signs "Agreement of Avoidance of Conflicts of Interest." starting from 2015. 2016 implement online training course for Code of Ethic and weighted in training scores with annual evaluation.	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
properly?				
(4)To implement relevant policies on ethical conducts, does the company establish effective accounting and internal control systems that are audited by internal auditor s or CPA periodically?	√		The Company has established comprehensive accounting and internal control procedures and reporting system.	
(5)Does the company provide internal and external ethical conduct training programs on a regular basis?	√		Please refer to Note 3.	
3. Implementation of Complaint Procedures				Comply with regulations.
(1)Does the company establish specific complaint and reward procedures, setup conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	√		The Company has established communication channels and complaint reporting system. Dedicated personnel handle complaints and make sure whistleblower identity will remain anonymous.	
2)Does the company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?	√		Please refer to Note 4.	
(3)Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	√		The Company has established proper procedure to keep whistleblower identity anonymous and away from wrongful conducts.	
4. Information Disclosure Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (“MOPS”)?	√		The information and results of Code of Business Conducts and Ethics were available on MOPS and company website. https://www.pti.com.tw/zh/ir/corporate/majorinternalpolicies	Comply with regulations.
5. If the company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation. PTI has established the Code to require that all employees, officers and board members comply with the Code and the other policies and procedures. There is no discrepancy between the Code, including its affiliate policies and procedures, and its implementation. For more details, please refer to “ <u>Code of Business Conduct and Ethics</u> ” from the company website.				
6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethics policy). PTI has been regularly reviewed the conduct and ethics compliance practices. 4th amendment was approved by				

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
Board on Mar 10 2022. Amendment was intended to improve the performance of the practice. Corporate Sustainability Development office was in charge of the implementation and directly report to the Board.				

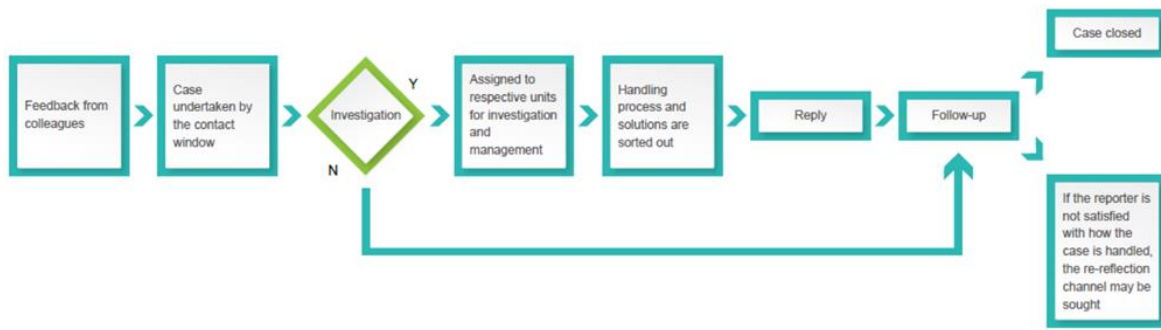
Note:

- (1) The Company has placed the following procedures in place for business activities with higher risk of ethical conducts defined by Article 7 Item 2 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies:
 - a. Standard procedures and guidance for behaviors to avoid violate code of ethics.
 - b. Set up internal balancing structure to eliminate risk of breach of ethics conducts.
 - c. Promote the code of ethics and aware the consequences of violation.
 - d. Standard procedures for whistle blowing and investigation.
 - e. Evaluation of procedures and results.
 - f. Quantified management results and makes data available on company website, annual report, and MOPS.
 - g. Certified for ISO 37001 Anti-Bribery Management System as a guide for corporate governance enhancement
2. Evaluation for risk of ethic conducts before engaged with suppliers. Evaluation items included:
 - a. Operation locations, organization structure, operation policy, and payment location.
 - b. Ethical conduct status and practice.
 - c. Located in high risk of countries.
 - d. Industry belongs to high risk category.
 - e. Long term profitability and reputation.
 - f. History of bribery or misconduct.

3.2022 Code of Business Conduct and Ethics Training Details:

Type of Employee	Course	Number of Employees	Hours per person
New Hired	Training for new hire employees.(Including data security, and code of ethics)	777	1,726
	TIPS IP Management	3,959	3,959
Existing	Individual Identity Security.	11,616	11,616
	Aware of Energy Management and Saving	11,616	11,616
	Corporate Ethics Conduct.	11,616	11,616
	Cyber Security focus on Fishing email	167	167
	Cyber Security	21,830	21,830
	Law of Trade Secret	11,616	11,616
	Work Place Sexual Harassment Prevention	5,808	5,808
Total		79,005	85,762

3. Standard flow of investigation and procedure:



VII. Posting of Code of Business Conduct and Ethics:

Information for Code of Business Conduct and Ethics can be found on:

MOPS website: <http://mops.twse.com.tw>

Company website: <http://www.pti.com.tw>

VIII. Other Significant Information Regarding Code of Business Conduct and Ethics:

None.

(IV) Internal Control System Execution Status

1. Statement of Internal Control System

Powertech Technology Inc.

Statement of Internal Control System

Mar 10, 2023

Based on the findings of a self-assessment, Powertech Technology Inc. (PTI) states the following with regard to its internal control system during the year 2022:

1. PTI's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability of our financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and PTI takes immediate remedial actions in response to any identified deficiencies.
3. PTI evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.
4. PTI has evaluated the design and operating effectiveness of its internal control system according to the aforesaid regulations.
5. Based on the findings of such evaluation, PTI believes that, on December 31, 2022, we have maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations.
6. This Statement will be an integral part of PTI's Annual Report for the year 2022 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on Mar 10, 2023, with none of the eleven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Powertech Technology Inc.

Chairman: D.K. Tsai

CEO: Boris Hsieh

President: J.S. Leu

2. For entrusted to CPA for auditing and reviewing international control, should disclose the CPA's audited report: None.

(X) In the most recent year and as of publication date of this annual report, incident of company or staff being penalized, staff violating internal audit system and being penalized, major defects and status for improvements: None.

(XI) Major conclusions of board and shareholders meeting:

1. Shareholder Meeting Major Conclusion and Execution

Date	Type of Meeting	Major Conclusion
May 27, 2022	Annual Shareholder Meeting	<p>1. Approved 2021 Business Report and Financial Reports.</p> <p>2. Approved and distributed 2021 profit sharing distribution. Implementation status: NT\$6.80 cash distribution on Sep 5, 2022 for shareholders holding position on Aug 6, 2022.</p> <p>3. Approved waiver of the Non-Competition Clause for director. Implementation status: Information posted on MOPS on the same day of AGM.</p> <p>4. Approved amendment of Rules of Procedure for Shareholders' Meeting. Implementation status: Information posted on MOPS on the same day of AGM. Revision was posted on MOPS on Jun 6 2022.</p> <p>5. Approved amendment of Procedures for Handling Acquisition or Disposal of Assets. Implementation status: Information posted on MOPS on the same day of AGM. Revision was posted on MOPS on Jun 6 2022.</p>

2. Board Meeting Major Conclusion and Execution

Date	Type of Meeting	Major Conclusion
Mar 10, 2022	Board Meeting (9th Term 10th meeting)	<p>1. Approved 2022 business operations proposal.</p> <p>2. Approved 2021 business operations report and financial reports.</p> <p>3. Approved 2021 profit distribution proposal.</p> <p>4. Approved 2021 Board of Directors and employees' annual compensation proposal.</p> <p>5. Approved management compensation proposal.</p> <p>6. Approved 2020 Internal Control Declaration and reviewed the results of 2020 Internal Control execution.</p> <p>7. Approved proposal for cancelation of treasure stocks.</p> <p>8. Approved of discontinue of 2021 capital increase through private placement.</p> <p>9. Approved amendment of Procedures for Handling Acquisition or Disposal of Assets.</p> <p>10. Approved amendment of Corporate Sustainable Development Practice Guidelines and Code of Business Conduct and Ethics.</p> <p>11. Approved credit application with financial institutions.</p> <p>12. Approved credit limit for foreign currency trades.</p> <p>13. Approved financial endorsement for subsidiary lending from local banks.</p> <p>14. Reviewed independence of CPA.</p> <p>15. Approved 2022 shareholder meeting proposal.</p>

Date	Type of Meeting	Major Conclusion
May 6, 2022	Board Meeting (9th Term 11th meeting)	<ol style="list-style-type: none"> 1. Presented 1Q22 financial reports. 2. Presented results for 2021 energy saving and carbon emission reduction. 3. Presented the progress of Risk Management Committee during 2021. 4. Approved management retirement. 5. Approved credit application with financial institutions. 6. Approved credit limit for foreign currency trades.
Jul 8, 2022	Board Meeting (9th Term 12th meeting)	<ol style="list-style-type: none"> 1. Approved date of 2021 dividends pay out.
Aug 5, 2022	Board Meeting (9th Term 13th meeting)	<ol style="list-style-type: none"> 1. Presented 2Q22 financial reports. 2. Presented the progress of Corporate Sustainable Development. 3. Approved of 2021 management compensation proposal. 4. Approved remove of non-compete clause of board director. 5. Approved increase credit limit from finance institution. 6. Approved credit limit for foreign currency trades.
Nov 4, 2022	Board Meeting (9th Term 14th meeting)	<ol style="list-style-type: none"> 1. Approved 3Q22 financial statement 2. Approved the proposal of insurance coverage for executives and board members. 3. Presented the progress of 2022 IP management. 4. Presented the progress of promoting code of business conduct and ethics. 5. Approved 2023 Internal audit plan proposal. 6. Approved amendment of Code of Business Conduct and Ethics. 7. Approved amendment of Rules of Procedures for Board of Directors Meetings. 8. Approved amendment of Procedures for key internal information process. 9. Approved increase credit limit from finance institution. 10. Approved credit limit for foreign currency trades. 11. Approved loan application of a subsidiary. 12. Approved financial endorsement for subsidiary lending from local banks.
Nov 29, 2021	Board Meeting (9th Term 9th meeting)	<ol style="list-style-type: none"> 1. Approved shares buy back proposal for protection of shareholders' interests.

(XII) Different opinions from board or supervisor regarding major decision of board: None.

(XIII) Termination of chairman, president, head of accounting, head of finance, head of internal control, or head of R&D as the date of report printing:

1. Mr. Phu Le retired from Sales Strategy Sr. Vice President on Apr 30 2022.

5. Professional Financial Audit Services Information

Unit: NT\$K

CPA Firm	Name of CPA	Audit Period	Audit Fees	Non Audit Fees	Total Fees	Non Audit Items
Deloitte & Touche LLP	Cheng-Chih Lin	Jan 1 ~ Dec 31, 2022	11,220	1,628	12,848	1.Design of control system \$684 2.Transfer Pricing report \$350 3.Audit and compensable fees \$154 4.Sales tax filing \$160
	Su-Li Fang	Jan 1 ~ Dec 31, 2022				5.Audit on Investment tax credit for Undistribution tax \$ 200 6.Inventory verification for tax exempted goods \$60 7.Audit for Payroll disclosure on MOPS \$20

- (1) The amount paid to CPA accountant, accounting firm, and related industries for non-audited fees over 25%, should disclose the audited and non-audited amount and the content of non-audited service items.
- (2) If change CPA firm and the amount paid for audited fee currently is less than previous year's audited fees, should disclose the amount of audited fee reduction, proportion, and reason: None.
- (3) If the audited fee has reduced by over 10% from previous year, should disclose the amount of audited fee reduction, the proportion, and reason: None.

6. Change of Accountant

(1) Former CPAs

Date of Change	Mar 10 2022		
Reason and Explanation for Change	In compliance with regulatory requirements on rotation.		
State whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Status/Client	CPA	Consignor
	Terminate Assignment Voluntary		
	Assignment Rejected (Continue)		
The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinion	None		
Is there any disagreement in opinion with the issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	No	√	
Note			
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	None		

(2) Successor CPAs

Accounting Firm	Deloitte & Touche
Name of CPA	Cheng-Chih Lin, Su-Li Fang (note)
Engagement Date	Mar 10, 2022
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPAs Opinions	None

NOTE: In compliance with CPA firm regulatory rotation requirements, Cheng-Chih Lin and Su-Li Fang appointed as CAPs to replace Yu-Feng Huang and Cheng-Chih Lin.

(3) Reply by predecessor CPA regarding Article 10, Subparagraph 10, Item 1 and Item 2-3 of this guideline: None.

7. Chairman, CEO, Head of Financial or Accounting Department – Information Relating to Serving at Accounting Firm of CPAs or related companies: None.

8.Changes in Shareholding and Changes in Pledge of Shares by Board of Directors, Independent Directors, Managers, and Shareholders owning more than 10% of company shares in most recent year and as of publication date of annual report

(1) Changes in Shareholding and Changes in Pledge by Board of Directors, Independent Directors, Managers holding more than 10% of company shares

Unit: Shares

Title	Name	2022		As of Mar 31, 2023	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	D.K. Tsai	270,000	—	0	—
Director	JY Hung	23,379	—	0	—
Director	Kingston Technology Corp. Investment Account Rep: Shigeo Koguchim, Daphne Wu,	0	—	0	—
Director	Greatek Electronic Inc. Rep: Boris Hsieh	1,800,000	—	0	—
Director	Kioxia Semiconductors Taiwan Corp. Rep: Kenjiro Kara	0	—	0	—
Independent Director	Jim W.L. Cheng	0	—	0	—
Independent Director	Pei-Ing Lee	0	—	0	—
Independent Director	Morgan Chang	0	—	0	—
Independent Director	Jui-Tsung Chen	0	—	0	—
CEO	Boris Hsieh	480,000	—	0	—
Director & President	J.S. Leu	0	—	0	—
Manager	John Wang	0	—	0	—
Manager	Phu Le	0	—	0	—
Manager	Y.C. Chen	0	—	0	—
Manager	Paul Wu	0	—	0	—
Manager	Wilber Wu	0	—	0	—
Manager	Y.C. Chi	0	—	0	—
Manager	David Fang(Note)	0	—	0	—
Manager	Kevin Chiao	0	—	0	—
Manager	Perry Lin	0	—	0	—
Manager	Yohan Lin	0	—	0	—
Manager	Vic Chen	0	—	0	—
Manager	Victor Tung	0	—	0	—
Manager	Jonny Chu	(20,000)	—	0	—
Manager	Michael Hsu (Note 2)	0	—	0	—
Manager	Jim Lin (Note 2)	0	—	0	—
Finance & Accounting Manager	Evan Tseng	0	—	(2,000)	—

Note : Phu Le retired from Sr. VP on Apr 30 2022.

Note 2: Michael Hsu appointed as AVP of RD for logic packaging on Jan 1 2023. Jim Lin appointed as AVP of RD for

advanced and memory packaging on Jan 1 2023.

(1) Stock Trade or Stock Pledge with Related Party: None.

9. Information on Top 10 Shareholders of company shares who are spouses or within Second-degree Relative of Consanguinity to Each Other:

Apr 2 2023

Name	Shareholding		Spouse & Minor Children		PTI Shareholding by Nominee Arrangement		Name and Relationship Between PTI's Top 10 Shareholders as Defined in the Statement of Financial Accounting Standards No. 6		Note
	Shareholding	%	Shareholding	%	Shareholding	%	Title (or Name)	Relationship	
China Life Insurance Co., Ltd. Rep: Stephanie Hwang	39,231,000 0	5.16% 0.00%	—	—	—	—	None	—	—
Yuanta Taiwan Dividend Plus ETF	34,524,608 0	4.55% 0.00%	—	—	—	—	None	—	—
Investment Account of Kingston Technology Corporation	29,875,000	3.94%	—	—	—	—	KTC-SUN Corp.	The CEO of that company and the rep. of that shareholder is the same person	
Hermes Investment Funds Public Limited Company	28,336,990	3.73%	—	—	—	—	None	—	—
New Labor Pension Fund	18,736,300	2.47%	—	—	—	—	None	—	—
Chunghwa Post Co. Ltd. Rep: Hong-Mo Wu	18,588,900 0	2.45% 0.00%	—	—	—	—	None	—	—
Nan Shan Life Insurance Co., Ltd. Rep: Tang Chen	17,237,000 0	2.27% 0.00%	—	—	—	—	None	—	—
Cathay Life Insurance Co. Ltd. Rep: Tiao-Kuei Huang	16,840,000 0	2.22% 0.00%	—	—	—	—	None	—	—
KTC-SUN Corp. Rep: David Sun	13,765,362 0	1.81% 0.00%	—	—	—	—	Investment Account of Kingston Technology Company	The CEO of that company and the rep. of that shareholder is the same person	—
Greatek Electronics Inc. Rep: Boris Hsieh	11,800,000 48,000	1.55% 0.01%	—	—	—	—	None	—	—

10. Shareholding Information Regarding the Same Invested Company of Company, Company’s Board of Directors, Committee Members, Managers, and Businesses That Are Directly or Indirectly Controlled by Company

Units: Shares; %

Invested Company (note)	Investment by Powertech Technology Inc.		Investments directly or indirectly controlled by Directors, Committee members, managers, and company		Combined Investments	
	Shareholding	%	Shareholding	%	Shareholding	%
TeraPower Technology Inc.	73,385,830	49.00%	76,381,170	51%	149,767,000	100.00%
Powertech Holding (BVI) Inc.	50,000	100.00%	0	0%	50,000	100.00%
Greatek Electronics Inc.	244,064,379	42.91%	0	0%	244,064,379	42.91%
Powertech Technology (Singapore) Pte. Ltd.	69,000,000	100.00%	0	0%	69,000,000	100.00%
Powertech Technology Japan Ltd.	(Note 2)	100.00%	0	0%	—	100.00%
Get-Team Tech Corp.	—	—	7,796,498	97.46%	—	—

Note: Investment using Equity Method Evaluation.

Note 2: No share issued.

IV. Capital and Shares

1. Capital and Shares

(1) Sources of Capital

1. Capitalization

Month / Year	Issue Price Per Share (NT\$)	Authorized Share Capital		Capital Stock		Remark		
		Shares (thousand shares)	Amount (NT\$ thousands)	Shares (thousand shares)	Amount (NT\$ thousands)	Sources of Capital	Capital Increase by Assets Other than Cash	Others
5/1997	10	200,000	2,000,000	60,000.0	600,000	Company established, with paid-in Capital of NT\$ 600 million	None	None
4/1998	12	200,000	2,000,000	120,000.0	1,200,000	Cash Injection of NT\$ 600 million	None	Note1
5/1999	11	200,000	2,000,000	200,000.0	2,000,000	Cash Injection of NT\$ 800 million	None	Note2
8/2001	10	280,000	2,800,000	221,800.0	2,218,000	Surplus and Capital Reserve Capital Increase of NT\$ 218 million	None	Note3
9/2002	10	280,000	2,800,000	235,222.9	2,352,229	Capitalization of retained earnings of NT\$ 134.229 million	None	Note4
9/2002	11.5	280,000	2,800,000	246,312.9	2,463,129	Cash Injection of NT\$ 110.9 million	None	Note5
9/2003	10	280,000	2,800,000	261,250.0	2,612,500	Capitalization of retained earnings of NT\$ 149.371 million	None	Note6
9/2004	10	440,000	4,400,000	308,000.0	3,080,000	Capitalization of retained earnings of NT\$ 467.5 million	None	Note7
9/2004	43	440,000	4,400,000	338,000.0	3,380,000	Cash Injection of NT\$ 300 million,	None	Note8
6/2005	10	580,000	5,800,000	400,500.0	4,005,000	Capitalization of retained earnings of NT\$ 625 million	None	Note9
6/2006	10	580,000	5,800,000	471,000.0	4,710,000	Capitalization of retained earnings of NT\$ 705 million	None	Note10
6/2007	10	580,000	5,800,000	556,300.0	5,563,000	Capitalization of retained earnings of NT\$ 853 million	None	Note11
6/2008	10	750,000	7,500,000	630,800.0	6,308,000	Capitalization of retained earnings of NT\$ 745 million	None	Note12
7/2009	10	750,000	7,500,000	669,385.2	6,693,852	Capitalization of retained earnings of NT\$ 385.852 million	None	Note13
5/2010	60.6	750,000	7,500,000	704,236.7	7,042,367	Conversion into common shares by convertible bonds of NT\$ 348.515 million	None	Note14
9/2010	58.4	750,000	7,500,000	715,366.8	7,153,668	Conversion into common shares by convertible bonds of NT\$ 111.301 million	None	Note15
12/2010	58.4	750,000	7,500,000	726,496.9	7,264,969	Conversion into common shares by convertible bonds of NT\$ 111.301 million	None	Note16
8/2011	10	1,000,000	10,000,000	799,146.6	7,991,466	Capitalization of retained earnings of NT\$ 726.497 million	None	Note17
8/2012	10	1,000,000	10,000,000	779,146.6	7,791,466	Note Purchased of company's treasury stocks, with a capital reduction of NT\$ 200 million	None	Note18
4/2022	10	1,000,000	10,000,000	759,146.6	7,591,466	Note Purchased of company's treasury stocks, with a capital reduction of NT\$ 200 million	None	Note19

Note1: 2/17/1998 MOF (1) No. 18910

Note2: 3/2/1999 MOF (1) No. 22357

Note3: 6/21/2001 MOF (1) No.139798

Note4: 7/10/2002 MOF (1) No.0910137911

Note5: 7/10/2002 MOF (1) No.0910137913

Note6: 7/8/2003 MOF (1) No.0920130303

Note7: 6/25/2004 MOF (1) No.0930128233

Note8: 7/6/2004 SEC (1) No. 0930128234

Note9: 6/24/2005 FSC (1) No. 0940125391

Note10: 6/27/2006 FSC (1) No.0950126720

Note11: 6/28/2007 FSC (1) No.0960032903

Note12: 6/25/2008 FSC (1) No.0970031487

Note13: 7/2/2009 FSC (1) No.0980032960

Note14: 5/5/2010 YST No.09901091340

Note15: 9/21/2010 YST No.09901214270

Note16: 12/31/2010 YST No.09901291530

Note17: 8/31/2011 YST No.10001183300

Note18: 8/27/2012 YST No.10101177670

Note19: 4/15/2022 YST No.10101177670

2. Capital and Shares

Unit: Shares

Type of Stock	Authorized Share Capital			Note
	Shares Outstanding	Unissued Shares	Total	
Common Stock	759,146,634	240,853,366	1,000,000,000	TSE Listed

3. Total reporting and filing related information: Not applicable

(2) Composition of Shareholders

Apr 2 2023

Shareholder Composition Amount	Government Agencies	Financial Institution Investor	Other Institutional Investor	Domestic Individual Investor	Foreign Institution & Individual Investor	Total
Number of Shareholders	5	24	455	57,398	499	58,381
Shareholding	39,037,100	115,381,000	145,405,739	145,707,861	313,614,934	759,146,634
Holding (%)	5.14%	15.20%	19.17%	19.19%	41.30%	100.00%

(3) Distribution Profile of Share Ownership

Apr 2, 2023; Unit: Shares

Shareholder Ownership (Unit: Share)	Number of Shareholders	Shares Owned	Ownership (%)
1 ~ 999	31,194	1,761,542	0.23%
1,000 ~ 5,000	21,831	42,637,519	5.62%
5,001 ~ 10,000	2,650	20,680,288	2.72%
10,001 ~ 15,000	763	9,675,981	1.27%
15,001 ~ 20,000	513	9,449,108	1.24%
20,001 ~ 30,000	421	10,635,095	1.40%
30,001 ~ 40,000	223	7,978,909	1.05%
40,001 ~ 50,000	123	5,674,351	0.75%
50,001 ~ 100,000	245	17,434,180	2.30%
100,001 ~ 200,000	149	21,169,386	2.79%
200,001 ~ 400,000	84	23,883,616	3.15%
400,001 ~ 600,000	36	18,048,488	2.38%
600,001 ~ 800,000	23	15,721,659	2.07%
800,001 ~ 1,000,000	15	13,685,155	1.80%
1,000,001 or more	111	540,711,357	71.23%
Total	58,381	759,146,634	100%

(4) Major Shareholders**Apr 2 2023**

Name of Shareholders	Shareholding	Total Shares Owned	Ownership (%)
China Life Insurance Co., Ltd.		39,231,000	5.16%
Yuanta Taiwan Dividend Plus ETF		34,524,608	4.55%
Investment Account of Kingston Technology Corporation		29,875,000	3.94%
Investment Account of Kingston Technology Corporation		28,336,990	3.73%
Hermes Investment Funds Public Limited Company		28,279,990	3.73%
New Labor Pension Fund		18,736,300	2.47%
Chunghwa Post Co. Ltd.		18,588,900	2.45%
Nan Shan Life Insurance Co., Ltd.		17,237,000	2.27%
Cathay Life Insurance Co. Ltd.		16,840,000	2.22%
KTC-SUN Corp.		13,765,362	1.81%
Greatek Electronics Inc.		11,800,000	1.55%

(5) Net Worth, Earnings, Dividends, Market Price per Common Share, and Related Information Over the Last Two Years:

Unit: Thousand Shares/NT\$

Year Item		2021	2022	As Of Mar 31, 2022 (Note 8)
Market Price Per Share	Highest Market Price	117.00	100.50	100.50
	Lowest Market Price	92.00	68.40	92.30
	Average Market Price	103.80	88.56	96.69
Net Worth Per Share (Note2)	Before Distribution	63.54	68.88	-
	After Distribution	56.74	-	-
Earnings Per Share	Weighted Average Shares	770,870	748,748	-
	Earnings Per Share (Note3)	11.54	11.60	-
Dividends Per Share	Cash Dividends	6.8	7.0 (Note1)	-
	Stock grants	-	-	-
		-	-	-
	Accumulated Undistributed Dividend (Note4)	-	-	-
Return on Investment	Price/Earnings Ratio (Note5)	8.99	7.63	-
	Price/Dividend Ratio (Note6)	15.26	12.65 (Note1)	-
	Cash Dividend Yield (Note7)	6.55%	7.90% (Note1)	-

Note 1: Pending on shareholders' approval.

Note 2: Based on shares issued at yearend and completed after resolution by shareholders' meeting the following year.

Note 3: If there are stock grants that must be adjusted retroactively, should list the EPS before and after adjustment.

Note 4: if the terms of issuance of securities have accumulated dividends that are not paid until there are earnings, must disclose separately the accumulated dividends that are unpaid for current year.

Note 5: Price/Earnings Ratio = Average Market Price/ Earnings per Share

Note 6: Price/Dividend Ratio = Average Market Price/Cash Dividends per Share

Note 7: Cash Dividend Yield = Cash Dividends per Share/Average Market Price

Note 8: The net worth per share and earnings per share should be provided based on the last quarter audited by CPA as of printing of annual report; information for other items should be provided based on information from current year up till the printing of annual report.

(6) Company's Dividend Policy and Implementation Status

1. Stock Dividend Policy:

Powertech Technology Inc. belongs to a capital intense industry. Thus, the stock dividend payout policy must consider the factors such as company's current and future investment environment, capital needs, market competition, and capital expenditures, etc. Under the consideration of balancing shareholders' & committee members' benefits, dividends paid, and the long term financial planning of the company, the payment of dividends will be in the form of cash and/or stock with cash dividends greater than 20% of total amount of dividends being distributed.

2. The dividend distribution status:

(1) The payout ratios were about 50% (about 80% in cash and 20% in stocks) during year of 2003 to 2010.

(2) The payout ratios were increased to about 66% after year 2011 and going forward. In year 2013, NT\$2 cash dividends were paid from capital reserved with net loss from

legislative settlements.

(3) Powertech Technology Inc. proposed to pay \$7.00 cash in per share which was about 61% of 2022 profit earning.

3. 2023 dividend distribution status:

PTI proposed to pay NT\$5,314,026,438 (NT\$7.0 per share) in cash from 2022 earnings Actual distribution subject to shareholders' approval.

(7) The impact of the proposed stock grants at this shareholders' meeting on the Company's operating performance and earnings per share:

There is no stock grant proposals for the earnings distribution for 2022.

(8) Employee Profit Sharing and Directors' & committee members' compensation

1. The Company's Article of Incorporation states information regarding the amount and scope of employee profit sharing and Directors' & committee members' compensation. The principal of distribution from the Company's annual net income are:

(1) Make up for losses from previous years at top of priority.

(2) 5.0%-7.5% employee compensation and less than 1.5% for Board compensation should be reserved from operating income before tax.

(3) Employee compensation could be in cash or stock and employees included all subsidiaries defined by Board. Board compensation can only be in cash. Independent directors were paid monthly and were excluded from the annual board compensation plan.

2. This period's basis of estimating the employee profit sharing and Directors' & committee members' compensation distribution of stock grants' share calculation basis and the accounting handling of the actual distributed amount being different from estimated amount.

The basis for estimating the employee profit sharing and Directors' & committee members' compensation was based on the annual net income. If the actual resolution for distribution by the shareholders' meeting is different from the estimated amount, then it will be viewed as changes in estimation and accounted into annual profit or losses of the distribution year.

3. The board meeting on Mar 10, 2023 approved the 2022 distribution of employee profit sharing and directors' compensation proposal and details in below:

(1) 5.42% of operating income before tax for employees' profit sharing (NT\$586,354,242) and 1.08% of operating income before tax for directors' compensation (NT\$117,270,848) distributed in cash and no discrepancy with estimation made in 2022.

(2) The ratio of employees' profit sharing distributed in stock: Not Applicable.

(1) Actual distribution of previous year employees profit sharing and directors' compensation:

	Amount (NT\$)
Employee profit sharing — in cash	600,641,851
Directors' compensation — in cash	120,128,370
Total	\$ 720,770,221

No discrepancy with board approval.

(9) Buyback of Common Stock: None.

2. Issuance of Corporate Bonds: None.

3. Issuance of Preferred Shares: None.

4. Issuance of Global Depositary Receipts

Mar 31, 2023

Date Issued Item		Jan 23, 2006	Feb 10, 2006
Issuance & Listing		Bourse de Luxembourg	
Total Amount (US\$)		103,650,000	12,092,500
Offering Price Per DR (US\$)		6.91	
Units Issued		15,000,000 at first issuance	1,750,000 units at follow-up issuance
Underlying Securities		No more than 33,500,000 PTI common shares held by selling shareholders to serve as underlying securities of the overseas depository receipts.	
Common Shares Represented		30,000,000 shares	3,500,000 shares
Rights & Obligations of DR Holders		The rights and obligations of the overseas depository receipt holders, such as voting rights, dividends, shares preferential subscription rights and other rights and interests, are based on the applicable laws of the Republic of China and the relevant provisions of the Depositary Agreement.	
Trustee		None	
Depositary Bank		JP Morgan Chase Bank	
Custodian Bank		JP Morgan Chase Bank, Taipei Branch	
DR Outstanding		44 DR units	
Apportionment of Expenses for Issuance & Maintenance		<p>Issuance: including but not limited to, underwriting fees, legal fees, listing fees, accountant fees, financial advisory fees and any other related costs. Unless otherwise specified by law, and other regulations by the issuer, the underwriter, the selling shareholder and the depository institution, the obligation to include the annual listing fees, information disclosure and other expenses rests with the selling shareholder(s).</p> <p>Maintenance: Unless otherwise specified by law, and other regulations by the issuer, the underwriter, the selling shareholder and the depository institution, the obligation to include the annual listing fees, information disclosure and other expenses rests with the Company.</p>	
Terms and Conditions in the Deposit Agreement & Custody Agreement		<p>Depositary Agreement: 1. Sale / delivery 2. Information available 3. Depositary Receipts original issue, redeem and re-issue 4. Dividends, other distributions and stock options 5. Registration reference date 6. Voting rights 7. Transfer 8. Original changes securities 9 Taxes 10. Amendments and Termination</p> <p>Custodian Agreement: 1. Deliver securities to the original issuance of DR 2. Notify depository institution issuing depository receipts 3. DR against the securities back to the time of the original delivery 4. Monthly billing to confirm the number of shares 5. the Number of shares registered confirmed on base date.</p>	
Market Price Per	2021	Highest Market Price	US \$ 7.25
		Lowest Market Price	US \$ 4.40
		Average Market Price	US \$ 5.96

Date Issued Item		Jan 23, 2006	Feb 10, 2006
Share	As Of Mar 31 2023	Highest Market Price	US \$ 6.00
		Lowest Market Price	US \$ 5.15
		Average Market Price	US \$ 5.71

5. Status of Employee Stock Option Plans and Employee Restricted Stocks: None.

6. Status of New Share Issuance in Connection with Merger and Acquisitions: None.

7. Financing Plans and Implementation

As of Mar 31, 2023, there are no situation of incomplete previous issuances and private placement of securities or complete plans whose benefits are not realized.

V. Operational Highlights

1. Business Activities

1. Business Scope

1. Main Business Scope:

- (1) CC01080 Electronic Parts and Components Manufacturing
- (2) CC01101 Electronic Parts and Components Manufacturing
- (3) CC01110 Computers and Computing Peripheral Equipment Manufacturing
- (4) CC01120 Data Storage Media Manufacturing and Duplicating
- (5) CC01990 Electrical Machinery, Supplies Manufacturing
- (6) F119010 Wholesale of Electronic Materials
- (7) F219010 Retail Sale of Electronic Materials
- (8) H201010 Investment
- (9) I301010 Software Design Services
- (10) I501010 Product Designing
- (11) JE01010 Rental and Leasing Business

2. Revenue Proportion :

Established in May 1997, the Company's primarily provides Integrated Circuit (IC) packaging and testing services. Revenue proportion as of 2022 was followed :

Unit : NT 1,000s

Items	Net Revenue 2022	Revenue Proportion
Packaging Service	52,509,674	62.57%
Testing Service	12,844,703	15.30%
Module Service	8,455,733	10.08%
Wafer Level Packaging	4,130,441	4.92%
Wafer Level Testing	5,926,229	7.06%
Others	59,955	0.07%
Total	83,926,735	100.00%

3. Current Product/Services :

- (1) High Pin-count Thin Small Outline Package (TSOP) packaging and testing services
- (2) Quad Flat No-leads (QFN) Packaging Services
- (3) Multi-Chip Packaging (MCP, S-MCP) Packaging and Testing Services
- (4) Ball Grid Array (wBGA, FBGA) IC packaging and testing services
- (5) Secured Digital Memory Card (SD, microSD) , USB packaging and testing services
- (6) Solid State Drive(SSD) 、 Embedded Memory (eMMC, eMCP, UFS) packaging and testing services
- (7) DRAM Chip-Stacking packaging and testing services
- (8) Mobile memory packaging and testing services
- (9) Wafer testing services
- (10) Wafer bumping packaging services
- (11) System-in-Package (SiP) packaging services
- (12) Redistribution Layer (RDL) services
- (13) Wafer Level Chip Scale Package (WLCSP) packaging services

- (14) Package on Package / Package in Package (PoP, PiP) packaging and testing services
- (15) CMOS Image Sensor (CIS) packaging and testing services
- (16) Flip-Chip Packaging Services
- (17) Copper Pillar Bump Flip Chip (Cu Pillar Bump Flip Chip) packaging services
- (18) Electro Magnetic Interference (EMI) shield package packaging services
- (19) Fan-Out Panel Level (FOPLP) packaging and testing services
- (20) Module and System packaging services

4. Product/Service in Development :

- (1) Large-size (>100mm x 100mm) FCBGA.
- (2) Application of new processes and materials such as Cu core solder ball for Package on Package applications.
- (3) Application of advanced node wafers to automotive packaging and assembly.
- (4) FOPLP method based on RDL with ultra-fine line and pitch was successfully developed to supply high-density heterogeneous IC packaged products for high-speed network and server applications.
- (5) Fan-out on Substrate packaging.
- (6) Wafer Level Fan Out packaging.
- (7) Chip Last Fan-out architecture based on combination of Flip-Chip Package and Redistribution Layer (RDL) technology.
- (8) Pillars in Fan-Out (PiFO®) process for smart phone, wearable device and other consumer product applications.
- (9) CIS CSP with high yield and competitive cost incorporating the latest Through Silicon Via (TSV) technology.
- (10) Application of Through Silicon Via (TSV) technology to the packaging of high-frequency, high-capacity memory used in AI and other products.
- (11) 3D stacked packaging based on the integration of logic IC, 4 high bandwidth DRAM memory IC along with TSV and uBump bonding process to meet the requirements for high-performance, high-density, and high-bandwidth in AI, HPC and high-speed networking applications.
- (12) FOPLP stacked packaging that combines 8 NAND memory IC with Controller to meet the requirements for ultra-thin, high-density, and high-speed mobile communication applications.
- (13) High heat dissipation memory IC module technology combining NAND memory with micro-controller chip for ultra-thin, high capacity, high heat dissipation and high-performance cloud storage applications.
- (14) High Bandwidth Memory (HBM) stacked IC incorporating TSV and microBump technologies, as well as Chip Fan-out Stack packaging to provide high bandwidth, high memory density, high-performance computing, and high-speed Internet connection applications.
- (15) 8 NAND Flash memory IC was combined with 8 LPDRAM memory IC, micro-controllers, and 6 stacked IC with silicon dielectric layer to provide high-density, high-performance, and ultra-thin packaging for mobile communication applications.
- (16) Highly integrated FO-PoP structure to provide enhanced electrical attributes through integration of active IC and spherical devices.

- (17) 3D-FOPoP structure to supply package solutions for high-density, high electrical performance, as well as size shrinkage.
- (18) Ultra-small and ultra-large IC (CIS CSP) packaging to satisfy the requirements of different applications.
- (19) Development of high-speed 3D-NAND testing services and hardware development.
- (20) High-speed Storage Class Memory (SCM) testing services and hardware development.
- (21) Development of UFS 4.0 automotive product & application testing services and hardware development.
- (22) Development of Tester IO board hardware.
- (23) Large-size packaging, assembly and testing service.

2. Industry Summary

1. Current Industry Status & Outlook

2022 was a tumultuous year for the world filled with industry upheavals. A multitude of unfavorable factors such as COVID-19, the breakout of Russo-Ukrainian War, the US Federal Reserve's continued tightening of monetary policy, the US continuing to ramp its technology blockade of China, and global geopolitics all served to slow down global economic developing in 2022. Data published by the International Monetary Fund (IMF) indicated that global economic growth will be just 3.4%.

The economic prospects for 2023 remain just as precarious. IMF Managing Director Kristalina Georgieva warned during her speech in early April that the rising geopolitical tensions and stubbornly high rates of inflation all mean that the economy will not rebound any time soon. Most developed economies can expect growth to remain low. Their weak performance is expected to weigh down on global economic growth and keep it under 3%.

For the semiconductor industry, 2022 global chip sales published by the Semiconductor Industry Association (SIA) showed that while the market went into a slump in the second half of 2022, annual sales hit a historic high of US\$574 billion, representing a 3.3% jump over 2021. According to the 2022 semiconductor end-user application report published by the World Semiconductor Trade Statistics (WSTS), even though the PC and communications device market continued to account for the largest share of semiconductor sales, there is strong growth coming from automotive and industrial applications as well.

The Taiwanese semiconductor industry has outperformed the global average. According to the International Strategy Center of Industrial Technology Research Institute (ITRI), the total output of the Taiwanese semiconductor industry reached NT\$4.84 trillion in 2022 and grew by 18.5% YoY. Among these, the IC design industry reached \$1.23 trillion and grew by 1.4% YoY, the IC manufacturing industry reached \$2.92 trillion and grew by 31.0% YoY (including \$2.68 trillion from foundry services with a growth of 38.3% YoY, while memory and other reached \$235.6 billion and declined by 18.2% YoY), the IC packaging industry reached \$466 billion and grew by 7% YoY, and the IC testing industry reached \$218.7 billion and declined by 2.3% YoY. The Taiwanese semiconductor market was forecast to be worth \$4.56 trillion and shrink by 5.6% YoY in 2023.

The semiconductor industry will continue to grow in the long-term however. Semiconductors have a

wide range of applications including smart phones, computers, cloud servers, AI, AR/VR, 5G, electric and self-driving vehicles, IoT, and e-healthcare. New applications are constantly being developed.

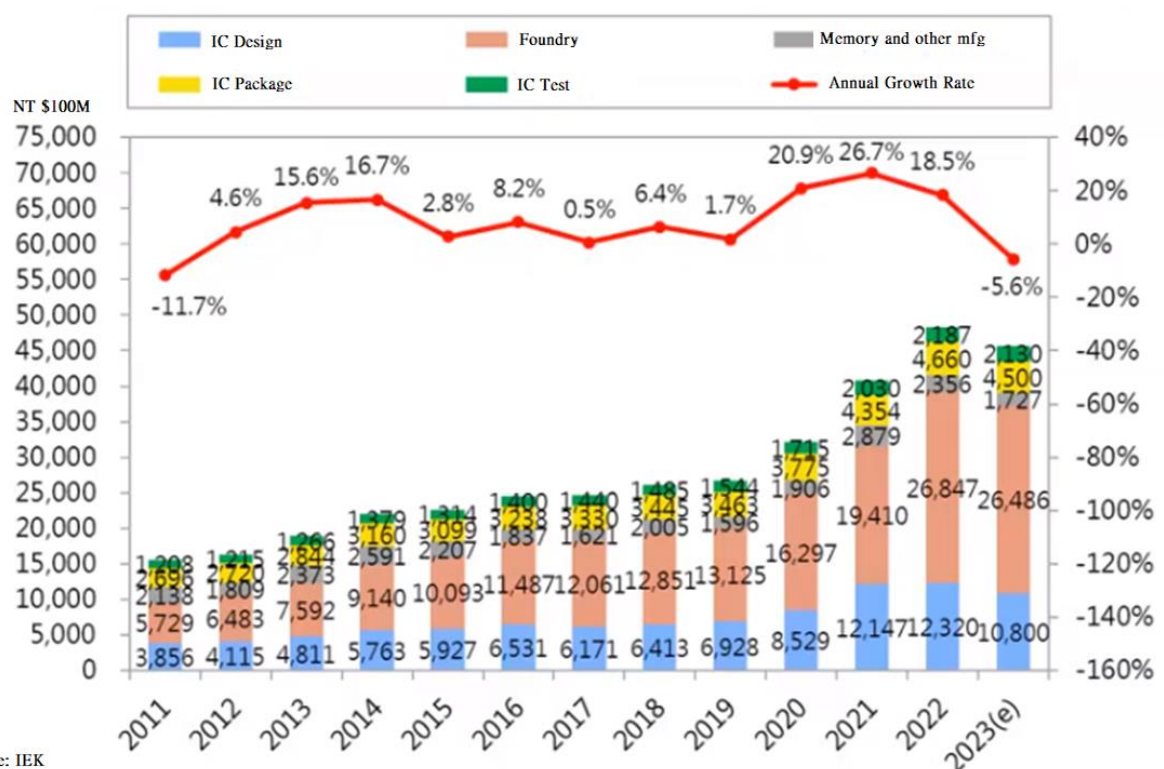
2019-2022 Taiwan IC Industry Value

Unit : NT \$billions

In NTD M	2019	YoY	2020	YoY	2021	YoY	2022	YoY
IC Industry value	2,665.6	1.7%	3,222.2	20.9%	4,082.0	26.7%	4,837.0	18.5%
IC Design	692.8	8.0%	852.9	23.1%	1,214.7	42.4%	1,232.0	1.4%
IC Manufacturing	1,472.1	-0.9%	1,820.3	23.7%	2,228.9	22.4%	2,920.3	31.0%
Wafer Foundries	1,312.5	2.1%	1,629.7	2.1%	1,941.0	19.1%	2,684.7	38.3%
Memory & Other	159.6	-20.4%	190.6	19.4%	287.9	51.0%	235.6	-18.2%
IC Packaging	346.3	0.5%	377.5	9.0%	435.4	15.3%	466.0	7.0%
IC Testing	154.4	4.0%	171.5	11.1%	203.0	18.4%	218.7	7.7%
IC Product Value	852.4	1.3%	1,043.5	22.4%	1,502.6	44.0%	1,467.6	-2.3%
Overall Global Semiconductor Value (US\$ B)/YoY	4,123	-12.0%	4,404	6.8%	555.9	26.2%	573.5	3.2%

Source : Industrial Technology Research Institute

Taiwan Semiconductor Revenue by Sector



Source: IEK

2. Industry Supply Chain

Sectors in IC industry can be categorized according to position in production process, including IC Design at the upstream, IC Manufacturing & Foundries at the mid-stream and IC Assembly & Testing sector at the downstream.

(1) Upstream IC Design:

IC Design Sector includes companies designing IC products. The sector is knowledge-intensive with high entrance barrier and return on investment. Its main business scope includes designing and sales of own products or customized design for customers.

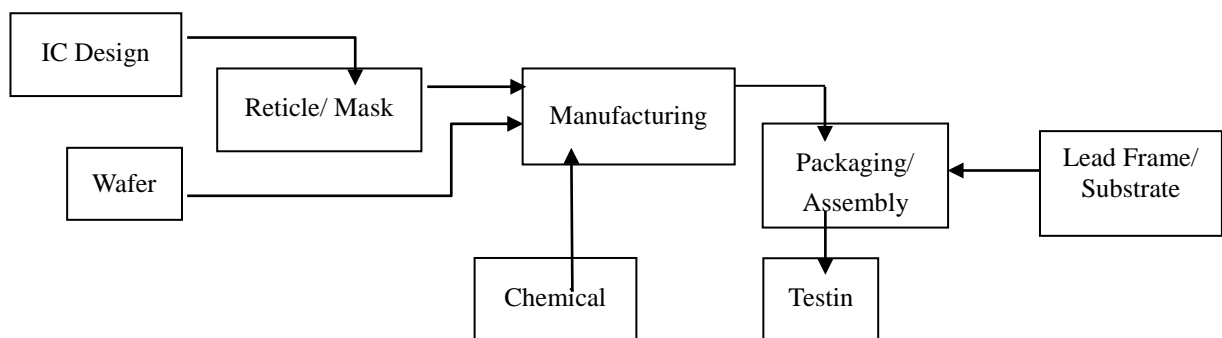
(2) Mid-stream IC Manufacturing:

Include IC manufacturing sector and related chemical suppliers. Its main business scope involves manufacturing wafer with precision tools according to in IC circuits designed in house or specified by customers. This sector is capital and technology intensive with high entrance barrier

(3) Downstream Assembly and Testing:

Outsource Assembly and Testing (OSAT) sector provides cutting, packaging, assembly and testing service to manufactured IC wafer for final product application.

IC Industry Supply Chain as illustrated below



In recent years' scope of IC manufacturing as well as assembly and testing continues overlap due to increasing market demand for larger quantity and higher quality IC. In addition to higher performance and smaller profile, IC is also required to satisfy demands for integrated functions. As a result, some wafer foundries begin to develop products and services that extends into scope of IC packaging and assembly. Majority of wafer foundries choose to work closely with cooperating assembly and testing service providers. Integrated Design and Manufacturers (IDM) also collaborate with OSAT service providers in designing and developing product solutions.

3. Trend of Product Development and Competition

(1) Trend of Product Development

Trends in semiconductor development include multi-function, enhanced performance, energy-efficiency, thermal dissipation, and a high level of integration. These are spurring the push towards advanced packaging technologies such as System in Package (SiP) and Heterogeneous Integration. New types of advanced packaging technologies such as Panel Fan-out, TSV, Embedded Package, Thin Wafer, Chip Stacking, Fine Pitch Flipchip, High Density Encapsulation, Antenna in Package (AiP), High Density SMT, as well as the

integration of System Assembly and Testing technologies will be the next critical juncture for the semiconductor industry in the post-Moore's Law age.

Future products will inevitably require the integration of different advanced packaging and testing technologies. PTI has for many years focused on continuous R&D of technologies to meet the needs of new product types. Having a detailed of the latest product trends means PTI can launch technologies essential to the market at the optimum point in time.

The semiconductor industry is set for several years of continued growth. PTI will continue to develop innovative packaging and testing technologies to maintain our technological leadership in the global OSAT sector. At the same time, quality and production yields will be emphasized to provide the market and the industry with the different technologies required in each field. We aim to provide customers with the most competitive services in pursuit of joint growth.

(2)State of Competition :

A comprehensive back-end packaging and testing capability means that PTI is more than capable of providing semiconductor customers with everything from Bumping, Wafer Sort, WLCSP, Wire Bond Package, Flipchip Package, System in Package, Panel Fan-out, 3DIC TSV, System Assembly, to Final Test services.

Once the wafer emerges from the foundry, PTI can provide customers with a one-stop shop for all semiconductor back-end services instead of having to line up different production sites and schedules. The comprehensive semiconductor back-end services offered by PTI encompasses conventional product packaging & testing as well as mass production based on the latest technologies. These are some of the reasons why PTI is so competitive in the semiconductor back-end sector.

In addition, other PTI advantage include technical sophistication, short production cycle, high production yields, and low production costs. PTI is willing to share our strength with the customers. For more than two decades, we have made customers our top priority and shared our strengths with our customers so that we can grow together.

In the future, as the demand for advanced packaging technologies continues to grow, PTI will not only maintain our leadership in memory packaging and testing but also see large, sustained growth in our logic and SiP business. PTI is now a world-leader in total semiconductor packaging and testing services.

Revenue Annual Growth 2017-2022 of Taiwan OSAT Companies Ranking Among Global Top 10

Unit : NT million

Company/ Revenue	2017	YoY	2018	YoY	2019	YoY	2020	YoY	2021	YoY	2022
ASE Holding	290,441	36.8%	397,261	4.0%	413,182	15.4%	476,979	19.5%	569,997	17.7%	670,872
Powertech	59,632	14.1%	68,039	-2.2%	66,525	14.5%	76,181	9.99%	83,794	0.16%	83,927
KYEC	19,686	5.7%	20,816	22.7%	25,539	13.4%	28,959	16.58%	33,759	-17.26%	27,932
Chipbond	18,428	16.4%	18,725	9.0%	20,419	9.1%	22,275	21.58%	27,082	-11.34%	24,010
ChipMOS	17,941	3.0%	18,480	10.0%	20,338	13.1%	23,011	19.07%	27,400	-14.17%	23,517

Source : Market Observation Post System/ Relevant Financial Statements Organized by PTI

Note: ASE Holding consolidated ASE and SPIL started from Apr 2018.

(3) Summary of Technological Research & Development

1.R&D Cost

Latest Annual R&D expenditure as followed

Unit : NT thousands

Item \ Year	2022
R&D Expenditure	2,462,430

2. Successfully developed technology or product :

(1) Packaging Solution Achievements:

- A. The method for using RDL first (chip last) for substrate and Fan-Out Panel Level Package (FOPLP) was successfully applied to the development of automotive SiP with embedded passive components and has now been fully validated by the customer.
- B. FOPLP method based on RDL with Line/Space 3/3um RDL was successfully developed, validated and applied to high-performance computing IC.
- C. SoC and High Bandwidth Memory HBM were successfully integrated through chip middle process for FOPLP. The technology can be used to meet the data processing and low-latency data transmission requirements of HPC/AI.
- D. LED and control IC were successfully integrated through chip middle process for FOPLP. Applications include AR/VR devices used in entertainment, healthcare, and education.
- E. The Chip Middle FOPoP architecture combines fan-out packaging with Through Silicon Via - Wafer-level CSP (TSV-WLCSP) to meet the requirements of wearable device applications.
- F. FOPLP method based on RDL with ultra-fine line/space was successfully developed, validated and applied to high-performance computing IC.
- G. Wafer reconstruction technology can integrate two or more types of IC with different functionalities into a single wafer with TSV-WLCSP. The advantages of small multi-IC modules match the demand for lightweight, thinness, compact size, high transmission rate and lower power consumption in consumer electronic products.
- H. High-density High Bandwidth Memory (HBM) made using TSV and high-precision die stacking processes.
- I. Successful development of TSV CIS CSP process for the mobile device, healthcare, security surveillance and automotive segments.
- J. Successful development and production of FCCSP products for 5G AP, Modem and RF-related applications.
- K. Successful development and production of HS-FBGA products for TV Chip and RF-related applications.
- L. Successful development and production of Wi-Fi-related Hybrid (DB, WB + FC) products.
- M. Successful development and production of FCBGA products for automotive IC.
- N. Successful development and production of FCCSP products for high-speed data transfer controller IC (PCIE).
- O. Successful development and production of FCBGA products for optical network controller IC (OTN).
- P. Successful development and production of 16 NAND die stacking + 2 Interface Chi for high-capacity SSD products.
- Q. Successful development and production of 8xDRAM + 8xNAND+Controller uMCP Hybrid (WB+FC) product for high-speed, high-capacity mobile communication products.
- R. Successful development and introduction of Antenna in Package (AiP) technology. A Radio Frequency (RF) laboratory was also set up to help customers accelerate the development and validation of their 5G high-frequency packaged products.

(2) Testing Solution Achievements:

- A. Testing services for WiFi 6E and BTC.

- B. PCIe Gen4 system-level testing services and hardware development.
- C. Testing and hardware development for High Density 3D-AND.
- D. Testing and development of related hardware for Teradyne IP750 CIS.
- E. Development of high-speed test board for Advantest T5503HS.
- F. Development of Thin package COK.
- G. Development of BI testing solutions and hardware for system-level IC.
- H. Development of anti-adhesion memory test jigs.

(4) Long-term and Short-term Business Strategy

Our Short-term and Long-term strategic business planning in management, production, sales & marketing and research & Development are outlined below

1. Short-term business planning

- (1) Technological leadership is one of PTI's key business strategies. The diversification of semiconductor product applications is reflected in the packaging technologies they need as well. PTI will continue to develop new processes and technologies aimed at meeting the needs of the industry. An example of this is advanced packaging technology for CMOS Image Sensors (CIS). This is one of the products that PTI will be focusing on in the short-term.
- (2) Continue to reduce production lead time in order to provide speedy service for customers. Our main advantage lies in flexible production process offering high level of mobility. We will continue to reduce production lead time in order to provide speedy service for our customers.
- (3) Continue to provide integrated Turn-Key services
Due to consideration in cost, up-stream wafer foundries continues to outsource IC assembly, packaging and testing to specialized assembly and testing facilities (OSAT). We are among the few companies capable of providing complete assembly, packaging and testing services in the country. In order to increase our competitive advantage in providing customer with more options and better service, we will continue to offer integrated Turn-Key services.
- (4) Explore foreign and domestic market and increase market share
In addition to maintaining strong relationship with existing foreign and domestic customers, we will use our competitive advantage in flexible production process, high level of mobility and capability in providing Turn-Key services to develop new customer worldwide.

2. Long-Term Business Planning

- (1) Emphasize long-term partnership with customer and supplier
Through emphasizing long-term collaboration with up-stream and down-stream partners, we aim to become the trusted OSAT service provider providing our customer reliable quality and service. We will also develop strong collaborative partnership with our suppliers
- (2) Emphasis on long-term cooperation with suppliers
Suppliers are an extension of PTI's production capabilities. Our suppliers for semiconductor equipment and materials have been crucial to the growth of PTI over the years. PTI will therefore continue to strengthen and expand our cooperation with suppliers so that we can all grow and succeed together on a foundation of mutual trust and benefit.
- (3) Promotion of digitization and digital optimization
Digitization efforts based on AI/Big data will continue. RPA (process robots) will be introduced to process large quantities of repetitive missions in order to save manpower and improve productivity. Operating reports provided by BI (Business Intelligence) can

provide feedback on improvements to routine business processes. EDA (Engineering Data Analysis) not only offers routine project monitoring. The synergies from stacked technology enhance digital automation. Product yields will be increased to boost productivity.

(4) Continue to development next-generation packaging and testing technologies

PTI has always been on the cutting-edge of the industry in developing advanced packaging technologies that our customers need. The establishment of the packaging and testing R&D center in 2006 saw PTI become the industry leader in innovative R&D of new technology patents. The new technologies are then introduced into mass product at a suitable time and place. In the future, technology will continue to service as the foundation for sustained innovation. PTI will therefore continue to focus on the development of innovative technologies as well.

(5) Increase revenue contribution from Logic, Module(SSD) and Micro-electro-mechanical Systems(MEMS)

Through increasing customer and revenue in areas of Logic, Module (SSD) and (MEMS) we continue to diversify product risk and increase company scale.

2. Market and Product Sales Outlook

(1) Market Analysis

1. Primary area of product/service sales/provision

PTI primary business scope includes providing IC outsourced assembly and testing (OSAT) services in overseas as well as domestic market. As of 2022 revenue from domestic sales account for 29.93% of overall revenue while that of overseas markets account for 70.07%. PTI principle markets are located in Japan, Singapore, and North America.

Unit : NT Thousands

Year Market	2021	%	2022	%
Domestic	19,356,303	23.10	25,119,738	23.10
Export	64,437,269	76.90	58,806,997	70.07
Japan	25,796,097	76.90	27,189,539	70.07
Singapore	19,099,286		11,349,663	
North America	12,546,898		13,728,399	
Europe	2,314,953		1,930,719	
China and Hong Kong	2,002,639		2,250,357	
Others	2,677,396		2,358,320	
Total	83,793,572	100	83,926,735	100

2. Market Share :

Despite strong growth in 2021, the semiconductor packaging & testing industry saw a reversal in demand in 2022 and the number of orders began to shrink. Despite the slump in the market, we continued to refine our product technology and production capability. By adopting this strategy of robust development, we hope this will accelerate our growth and boost our market share once the economy recovers. PTI expects little change to the market shares of global professional packaging and testing companies in 2022. The Company will follow a strategy of robust development and continuous growth at all levels with the aim of gradually increasing our market share and maintaining steady growth.

3. Market Supply and Demand Outlook and Growth Potential

In terms of the outlook for 2023, WSTS forecast indicated that the global semiconductor may

shrink by 4.1% to US\$556.6 billion in 2023. The semiconductor industry will continue to grow in the long-term however.

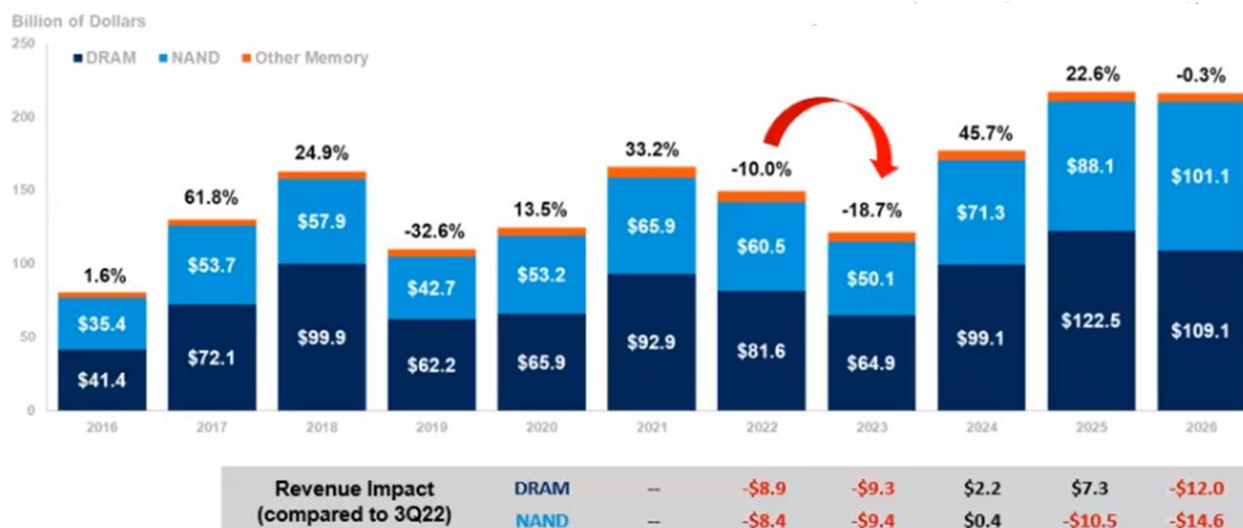
WSTS Global Semiconductor Market Forecast

Fall 2022	Amounts in US\$M			Year on Year Growth in %		
	2021	2022	2023	2021	2022	2023
Americas	121,481	142,138	143,278	27.4	17.0	0.8
Europe	47,757	53,774	54,006	27.3	12.6	0.4
Japan	43,687	48,064	48,280	19.8	10.0	0.4
Asia Pacific	342,967	336,151	311,005	26.5	-2.0	-7.5
Total World - \$M	555,893	580,126	556,568	26.2	4.4	-4.1
Discrete Semiconductors	30,337	34,098	35,060	27.4	12.4	2.8
Optoelectronics	43,404	43,777	45,381	7.4	0.9	3.7
Sensors	19,149	22,262	23,086	28.0	16.3	3.7
Integrated Circuits	463,002	479,988	453,041	28.2	3.7	-5.6
Analog	74,105	89,554	90,952	33.1	20.8	1.6
Micro	80,221	78,790	75,273	15.1	-1.8	-4.5
Logic	154,837	177,238	175,191	30.8	14.5	-1.2
Memory	153,838	134,407	111,624	30.9	-12.6	-17.0
Total Products - \$M	555,893	580,126	556,568	26.2	4.4	-4.1

Note: Numbers in the table are rounded to whole millions of dollars, which may cause totals by region and totals by product group to differ slightly.

Source : 世界半導體貿易統計局 (WSTS)

2016-2022 Global Memory Growth Estimation



Source: Gartner (Feb 2023) ; IEK

4. Competitive Advantages

PTI have grown to become one of the major OSAT service providers, delivering high quality, dedicated service and advanced technology for our customers. We continue to collaborate closely and maintain solid relations with our customers. Our competitive advantages are as followed.

(1) Solid Strategic Allies and Globalization

The IC OSAT sector is characterized by high level of collaboration with upstream wafer foundries. Consequently, profitability of assembly, packaging and testing service providers relies on solid relationship with customers. In the meantime, IC manufactures also chose long-term partnership with assembly, packaging and testing service providers due to confidentiality in product technology, product quality and production process. Such strategic alliance with concrete relationship of collaboration is beneficial for long-term development of the company.

(2) Turn-key Service

In response to rapid decline in IC sales prices, we offer Turn-key Service to our customers, including both assembly and packaging, as well as testing in order to reducing cost and risk in shipping process.

(3) Outstanding capability in development and production

PTI have been committed in developing new technologies while investing heavily in technological research and production process improvement. We have been proudly awarded many domestic and international patents, as well as technology license from multiple major international manufacturers, establishing our solid competitive edge within the industry.

(4) Investment in high precision automated equipment

In response to development of IC product towards increasingly higher performance, pin-count and density we continue to invest in high precision automated equipment from well-known Japanese and US vendors in order to satisfy customer needs and continuously improve our quality of service.

(5) Online automated customer service system

Our online automated customer service systems enable customer to track closely product status, production progress, and any potential problems. This facilitates swift problem resolution and product improvement while increasing added value for customer.

5. Supporting and Hindering Factors and Responding Strategy

(1) Supporting Factors :

【Industry Background】

① Competitive Advantage of Taiwanese Semiconductor Industry

Taiwan semiconductor industry encompasses a complete semiconductor industry structure from upstream IC Design and wafer foundries to downstream OSAT service providers. This vertically integrated chain of supply, consistent with industry development, contributes to establish the strong competitive position of Taiwanese semiconductor sector in the global market. Booming IC industry facilitated by rapid global development in electronics, information technology, communication technology, consumer electronics, optoelectronic industry, Artificial Intelligence (AI) and Internet of Things (IoT) will continue to support stable growth in OSAT sector.

② OSAT Sector Benefitting from Major Integrated Device Manufacturer (IDM) Outsourcing Trend.

Due to high capital investment of advanced production process, global IDM manufacturers continue to increase its outsourcing of wafer manufacturing, assembly, packaging and testing to Asia region with lower production cost. Taiwan, with its complete industry structure and dynamic vertical supply chain, is the most preferential outsourcing choice for international IDM manufacturers and IC Design Companies. Taiwanese OSAT sector also benefits from OEM orders.

【Competitive Niche】

① Strong Managing Team and Solid Strategic Alliance

Our major share-holders include well-known companies such as Kingston Group and Taiwan Toshiba Semiconductor, facilitating solid reputation and stable customer base. As our revenue continues to grow, support from our shareholders also ensures sufficient capital supply for our future operation and development. Furthermore, our management team is equipped with comprehensive working experience within the semiconductor sector and capability of making appropriate decisions according to market trend.

② Continued Development and Innovation

In response to rapid changes in semiconductor market, PTI is dedicated to technological development. In addition to developing new products, we continue to introduce new technologies through collaboration with our strategic partners. Our research and development team is equipped with capability in independent designing and developing testing software and hardware programs. In addition to continually developing testing program and improving testing equipment in areas of IC testing, we also continue to develop cutting edge technologies and services in respond to future mainstream IC market demand. Our business scope has extended into logic market from assembly, packaging and testing of memory products. Building on our leading advantage in assembly, packaging and testing for both memory and logic IC, PTI continues to expand its scope into 3D IC. In assembly and Packaging we have completed development in IC Chip-Stacking technology, Field Programmable Gate Array (FPGA) and Fan-Out Packaging technology, and have been rewarded many patents. We will also continue our effort in refining in material and production process.

③ Turn-key Service and Flexible Capacity

We able to provide our customer integrated turn-key service of IC assembly, packaging, testing and packing service in a single order, effectively reducing shipping time and cost. In addition, we are able to respond quickly to market and customer demand and swiftly expand and adjust our capacity accordingly through timely investment in advance equipment, providing our customer with most competitive solutions.

(2) Hindering Factor and Responding strategy

① Fluctuation in IC Industry in Connection with Economic Climate

Strategic Response :

A. Product Diversification

In addition to continually strengthening our memory assembly, packaging and testing quality and technology, acquisition of Greatek Electronic Inc. also contributed immensely to expansion into Logic market. Furthermore, our new production technologies such as copper pillar bump, Re-distribution Layer (RDL), Wafer Level CSP, MEMS and SSD continues to achieve customer qualification. Through product diversification we are able to mitigate risk of economic cycle as well as provide our customer greater range of assembly, packaging and testing services

B. Strengthening Collaboration with Customers

Establish long-term partnership with existing customers, establishing Powertech Semiconductor (Xian) Co. Ltd. and actively developing new customers to achieve stable and sufficient level of capacity utilization.

C. Increase Market Scope

With Akita facility as production basis in Japan, supported by Tera Probe, Inc., PTI will establish comprehensive chain of supply in Japan.

② Erosion of Gross Profit by Increasing Material Cost

Strategic Response :

A. Inventory reduction

In response to persistently weak end-user demand and high inventory levels, we will continue to communicate with customers, accelerate the disposal of expired materials, and actively negotiate with suppliers on outstanding orders for raw materials to realize the effective control of inventory and accelerate inventory reduction.

B. Lowering of production costs

We will continue to inquire, negotiate and compare prices for raw materials, change our product structure, improve yields, propose alternative materials, and continue refining our production processes to mitigate the impact of higher costs.

C. Emphasis on added value

We will continue to put ourselves in the customer's position by providing a service with good quality, short delivery times, and responsive to customer requirements. Efforts will be focused on the development of new packaging, assembly and testing techniques to help customers bring competitive products to the market at the right time.

D. Building long term partnership with suppliers

We will continue to build long term partnership with equipment and material suppliers to secure stable supply. Create a win-win for both sides.

③ Manpower shortage

Strategic Response :

A. Increase staff welfare and bonus incentives to attract talent and encourage cohesion among staff members. We also design staff training program according to long-term development strategy to support progress for both company and staff member.

B. We will continue to improve productivity and dependence on manpower through actively introducing advanced automated equipment in conjunction with upcoming Industrialization 4.0.

C. Actively engage with universities to expand industry-academia cooperation and promote the industry-academia integration for the cultivation of new talent.

D. To support the middle-level technical talent plan for migrant workers proposed by the Ministry of Labor, we will provide blue-collar migrant workers with technical training that promotes them to middle-level technical talent. The initiative will stabilize our production workforce to mitigate the effects of an aging population and shortage of semiconductor expertise.

④ Intensifying competition in the semiconductor back-end.

Semiconductor technology plays a critical role in the ever-changing field of advanced technology. In the past, most attention in the semiconductor supply chain was concentrated in the wafer foundry sector. In the post-Moore's Law age, semiconductor wafers produced by advanced processes must be complemented by advanced back-end packaging technology to realize their true performance. Foundries and PCB makers are now making a rush to enter the packaging sector. In response, PTI will continue to strengthen our R&D efforts, carefully assess our investments in new technologies and production capacity, and build solid partnerships with customer and suppliers. We will also strengthen the integration of our services from wafer testing through to the shipping of the final product to maintain our commanding advantage in the

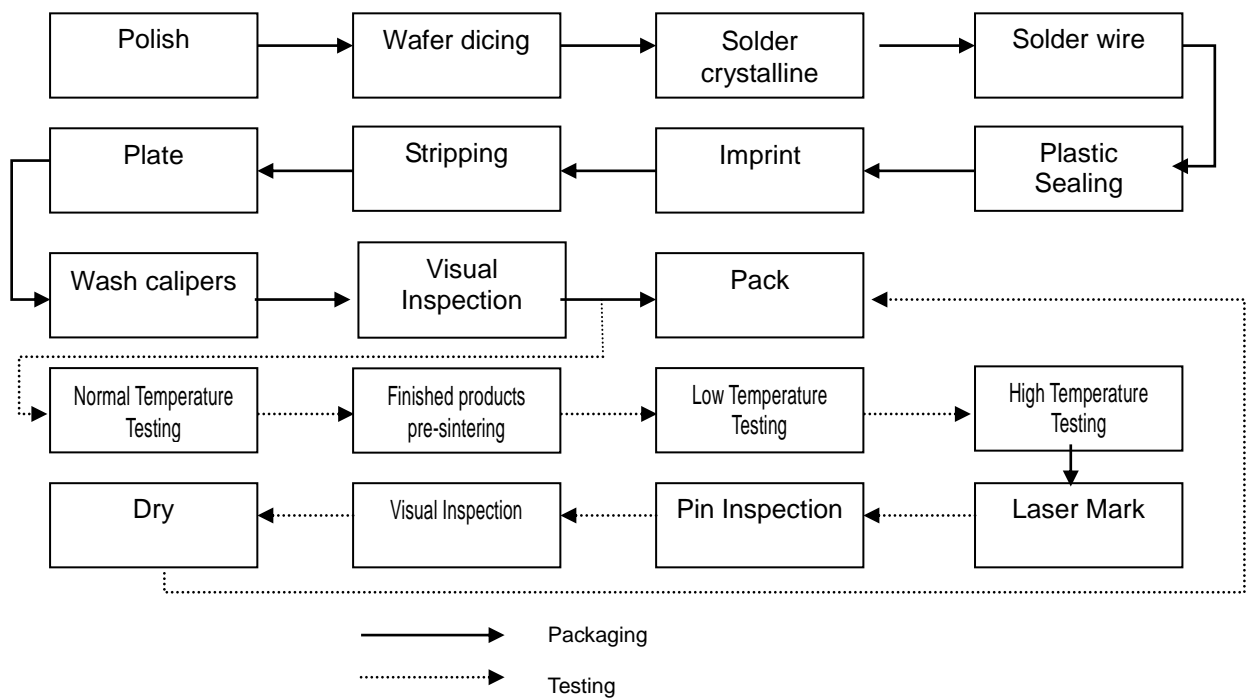
semiconductor back-end sector.

(2) Important Applications and Production Process of Main Products

1. Product Applications

Main Products or Services	Important Applications or Functions
IC Assembly	To turn Wafer into complete single product through sawing, mounting, wire bonding, molding, trimming/forming, and other processes of the Integrated Circuit (IC).
Final Test	Placing the IC into different environment such as normal, high, or low temperature to test and classify according to test conditions specified by customers. These steps ensure the product conforms to the quality and stability demanded by customers.
Burn-In	Using Burn-In process forced the IC operate in extreme environments to accelerate aging of the products and screen out the unqualified, to ensure reliability of products.
Laser Mark	Printing the name of company and product details on the IC.

2. Production Process



(3) Suppliers of Major Raw Materials

Our company mainly provides IC processing for our customers. The suppliers of the key raw materials used in packaging operations are listed below:

Main Raw Materials	Main Suppliers
Lead-Frame	Shinko Electric Ind. Co., Ltd. Nichiden Seimitu Kogyo Co., Ltd.
Substrate	Kinsus Interconnect Technology Corp. Shinko Electric Ind. Co., Ltd. Simmtech Co., Ltd. Samsung Electro-Mechanics Co. Zhen Ding Tech. Inc. Phoenix Pioneer Technology Inc. Shennan Circuits Co. Ltd. Nan Ya Printed Circuit Board Corp.
Die Attach Film (DAF)	Showa Denko Materials Co., Ltd. Nitto Denko Corp. LINTEC Corp. Henkel AG & Co.
Gold Wire	Nippon Micrometal Corp. TANAKA Kikinzoku Kogyo K.K.
Compound	Chao Young Corp. Taiwan Hitachi Asia Pacific Co., Ltd. KYOCERA Asia-Pacific Pte. Ltd. Chang Wah Technology Corp. KYOCERA Corp.

(4) Information of suppliers' who commanding 10% and plus of annual purchasing volume in any year over the last 2 years.

1. List of major supplier accounted for over 10% of total purchase over the last 2 years.

Unit: NT\$ Thousands

Year	2021				2022				As of 2023 Q1			
Rank	Name	Amount	Percent of total amount sold (%)	Relation with Issuer	Name	Amount	Percent of total amount sold (%)	Relation with Issuer	Name	Amount	Percent of total amount sold (%)	Relation with Issuer
1	A	3,235,128	10.68	None	A	3,685,031	11.04	None	A	684,278	15.14	None
2	B	2,549,265	8.42	None	B	2,845,635	8.53	None	B	86,914	1.92	None
2	Others	24,507,386	80.90		Others	26,846,059	80.43		Others	3,747,024	82.94	
	Net Amount Sold	30,291,779	100		Net Amount Sold	33,376,725	100		Net Amount Sold	4,518,216	100	

Reason for changes: PTI revenue increase contributed by capacity expansion, and customer demand increase.

2. List of Major Customers:

	2021				2022				As of 2023 Q1			
Rank	Name	Amount	Percent of total revenue %	Relation with Issuer	Name	Amount	Percent of total revenue %	Relation with Issuer	Name	Amount	Percent of total revenue %	Relation with Issuer
1	A	21,803,359	26.02	Related Party	A	20,882,528	24.88	Related Party	A	3,756,362	23.86	Related Party
2	B	16,881,041	20.15	None	B	18,688,423	22.27	None	B	3,585,031	22.78	None
3	C	234,296	0.28	None	C	9,651,686	11.50	None	C	864,866	5.49	None
4	D	9,345,484	11.15	None	C	660,035	0.79	None	C	73,673	0.47	None
	Others	35,529,392	42.40		Others	34,044,063	40.56		Others	7,460,592	47.40	
	Net Revenue	83,793,572	100		Net Revenue	83,926,735	100		Net Revenue	15,740,524	100	

Reason for changes: (1)1Q2022 Customer C sold core business to customer D as the major reason for revenue decline in 1Q22.

(5) Production Quantity & Value Table 2021-2022

Quantity Unit: 1,000 wafers Amount Unit: NT\$ Thousands

Year Production Units	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
IC Packaging	17,710,837	16,394,153	39,007,211	17,829,582	13,070,734	38,333,692
IC Testing	11,086,219	9,763,136	8,030,200	11,593,541	7,490,729	8,322,870
Module	205,469	154,842	6,838,249	226,089	140,444	6,857,107
Wafer Level Packaging	1,325	1,049	2,920,116	1,249	1,008	2,928,336
Wafer Level Testing	2,731	2,036	4,401,182	2,174	1,335	4,626,065
Total	29,006,581	26,315,216	61,196,958	29,652,635	20,704,250	61,068,070

(6) Sales Quantity & Value Table 2021-2022

Quantity Unit: 1,000 wafers Amount Unit: NT\$ Thousands

Year Sales Quantity & Value	2021				2022			
	Domestic Sales		Exports		Domestic Sales		Exports	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
IC Packaging	9,516,610	13,147,707	6,822,403	40,186,756	6,628,689	19,808,940	6,286,078	32,700,734
IC Testing	6,374,306	2,453,143	3,415,341	10,255,393	4,235,611	1,948,894	3,157,530	10,895,809
Module	87,854	304,927	45,193	7,370,216	79,764	443,622	35,036	8,012,111
Wafer Level Packaging	348	1,522,641	689	2,738,342	400	1,670,245	590	2,460,196
Wafer Level Testing	1,040	1,895,720	1,126	3,846,364	661	1,242,326	1,203	4,683,903
Others	—	32,165	—	40,198	—	5,711	—	54,244
Total	15,980,158	19,356,303	10,284,752	64,437,269	10,945,125	25,119,738	9,480,437	58,806,997

3. Employee Status

Table for Employees Number, Average Age, Average Years of Service, and Distribution of Education for Last Two Years

Year		2021	2022	As of Mar 31, 2023
Employees number	Administration and Management Staff	1,403	1,450	1,407
	R&D Engineering Staff	2,484	2,632	2,624
	Operators	7,648	7,823	7,494
	Total	11,535	11,905	11,525
Average Age		35.81	36.18	36.49
Average Years of Service		6.62	6.88	7.19
Education Distribution in %	Doctorates	0.05	0.04	0.04
	Masters	7.74	7.74	7.92
	College and Universities	71.40	71.07	71.11
	High School	20.23	20.28	20.20
	Below High School	0.58	0.77	0.73

4. Environmental Protection Expenditures

The total amount of losses (including reparations) and penalties due to environmental pollution caused in most recent year and as of the publication date of this annual report, and an explanation of future responses (including improvement measures) and possible expenditures.

(1)The total amount of losses (including reparations) and penalties due to environmental pollution caused as of most recent year and publication of annual report.

1. The Environmental Protection Bureau of Hsinchu City Government issued a notice (Fu-So-Huan-Kong Letter No. 1100189390) on December 17, 2021 stating that a system review conducted on November 12, 2021, found that the designated air pollution specialist for PTI Plant P8 was also designated as firefighting management personnel at Plant P8 between October 24, 2018, and October 23, 2020. This violated Article 34, Paragraph 4, of the Air Pollution Control Act, and Article 5 of the Regulations Governing the Exclusive Unit or Personnel of Air Pollution Prevention. A fine of NT\$200,000 was subsequently issued on February 18, 2022.

Corrective actions: Another employee was designated as the firefighting management personnel for Plant P8 on October 24, 2020. The assignments of all related dedicated personnel at each plant were also reviewed, with all plants notified of the need to ensure the proper employment of specialist personnel.

Preventive measures: Established guidelines to ensure that dedicated personnel are assigned to dedicated roles at each plant. Register was set up to prevent duplicate assignments and employee education

strengthened.

2. A notice was issued by the Environmental Protection Bureau of Hsinchu County on November 23, 2021 (Huan-Ye Letter No. 1103403097) stating that an investigation into illegally dumped waste at land lot No. 1176-2 of Siayuan section, Jhudong Township, on May 3, 2021, determined that PTI's Hukou plant (Plant P2) had failed to contract with a licensed disposal company for the removal of the scrapped wastewater tank and sludge from its wastewater treatment facility. This violated Article 28, Paragraph 1 of the Waste Disposal Act, and a fine of NT\$120,000 was issued on February 15, 2022.

Corrective actions: The site was immediately cleaned up and rehabilitated to the EPB's satisfaction.

Preventive measures: Compliance training and education organized for contractors and PTI employees.

- 3.3. A letter (Fu-Shou-Huan-Kong No. 1110124624) from the Bureau of Environmental Protection Hsinchu City Government was received on August 23, 2022, regarding its audit of Hsinchu plant (P8) on August 5, 2022. On-site measurements of the scrubbing liquid in the scrubber tower (A001) found a pH value of 3.75. This was not in compliance with the operating range of pH 7 ~ 11 specified in the fixed pollution source operating permit of scrubber tower A001 and violated Article 24, Paragraph 2, of the Air Pollution Control Act. A fine of NT\$130,000 was subsequently issued in writing on October 5, 2022.

Corrective actions: The cause of the problem was a malfunctioning pH meter resulting in abnormal readings. Readings are now in the permitted range after the meter was replaced and calibrated.

Preventive measures: A dedicated portable pH meter for testing the scrubbing liquid in the scrubber tower was purchased by facilities management, the scrubbing liquid is now tested at least once a week. Random testing will be carried out by environmental safety personnel using test strips or the portable pH meter. The unit responsible for the pollution prevention equipment will also undergo environmental protection education.

- (2) Expected Environmental Protection Capital Expenditures for Coming Years
Intended purchase of pollution prevention equipment or capital expenditure is listed below:

Unit: NT\$ Thousands

Item/Year	2023	2024	2025
Greenhouse gas examination and consultant fees	1,160	1,160	1,160
Wastewater treatment and emission fees	41,820	42,820	43,840
Wastewater treatment fees	45,870	47,840	48,850
Environmental protection monitor & exam fees	2,070	2,100	2,200
Waste material disposal fees	94,265	94,265	94,265
Expansion of wastewater treatment equipment	47,600	22,000	22,000
Air pollution examination fees	2,685	2,685	2,685
Establish air pollution treatment equipment	11,580	11,580	11,580
Air pollution prevention fees	1,575	1,575	1,575
Total Expenditure Amount	248,625	226,025	228,155

2. Maintenance Measures

(1) Management Program:

The Company conducts the following programs to implement its responsibilities on environmental protection:

- A. Air Pollution Control: Set up air pollution control equipment VOCs. Regularly exam the air quality to meet Environmental Protection Bureau standards. Hsin Chu Science Park Plant I and II both adopted Best Available Control Technology (BACT) to eliminate the impact on the environment.
- B. Recycle Waste Water: Utilize waste water recycle system to reduce waste on resources and re-use the recycle water to save and protect the water resources.
- C. Water Pollution Control: all facilities waste water must be treated and meet official standard before release back to the water system. Internal monitoring system and regular measure & calibration were in place.
- D. Waste Disposal: The entire disposal must meet environmental protection regulations. Enhance the recycle and re-use rate by well-classify materials.
- E. Work with suppliers: Regularly inspects suppliers to meet environmental protection regulations.
- F. Climate Change and Energy Control: the company has established Greenhouse Gas Control Procedures followed the guidance of ISO14064-1 and Task Force on Climate-related Financial Disclosures (TCFD) to reduce impacts and financial risks of extreme weather.
- G. Voluntary Environmental Monitor Program: Program including waste water,

noise, air quality, waste material impact on environment to effectively control the company operations impact on the environment.

H. Allowance Permit: Consistently monitor the company operations meet the latest environmental standards.

(2) Environmental management performance

A. Air pollution control:

- a. The Company emitted 93.6 tons of Volatile Organic Compounds (VOCs) in total during 2022. The reporting and payment of pollution control fees for use of VOCs were completed through the EPA Air Pollution Control Fee for Stationary Sources System every quarter as required by law.
- b. Regular monitoring data provided by qualified external contractors indicated that concentrations of polluting emissions from all factories were lower than the regulatory threshold.
- c. The Best Available Control Technology (BACT) was adopted by the Hsinchu Science Park (HSP) Factory and HSP Factory 2 for treating VOCs. Environmental impact is reduced through the Zeolite concentrator rotor/regenerative incinerator.

B. Waste water treatment and process recovery:

- a. Regular monitoring of discharge water quality indicated that concentrations of all pollutants was lower than the regulatory threshold.
- b. Total waste water discharge from all PTI sites in amounted to 2,115,966 tons in 2022, an increase of 124,906 tons compared to 2021. The increase in total waste water (sewage) discharge compared to 2021.
- c. PTI Taiwan achieved a 87.61% recovery rate for water used in the packaging process in 2022.

C. Waste disposal:

- a. Waste was recycled for reuse if possible during waste disposal to turn rubbish into usable resources; The recovery and reuse of waste liquid produced by raw materials at the PTI HSP Factory reused of 350.72 tons recycle material in 2022.
- b. PTI Taiwan recycled 1,066.00 tons of waste in 2022, On average, 88.83 tons were recycled each month.
- c. Waste disposal/treatment/recycling contractors undergo field/written audits or random tracking of their vehicles every year. A total of 46 regular audits were conducted for waste contractors during 2022.

D. Energy conservation and greenhouse gases

- a. Preference was given to high-efficiency models as well as green refrigerants with lower global warming potential (GWP) during the selection of factory equipment to reduce GHG emissions.
- b. ISO 50001 Energy Management System certification was obtained by PTI in 2022.
- c. Total power savings in 2022 amounted to 11,435,224 kWh, or the equivalent of 41,166.8 GJ, and met the target of reducing energy consumption by 1%.
- d. Green building design is now introduced during the planning of new factories to reduce the consumption of energy and resources.

5. Labor Relations

(1) The Implementation Status for Employee Welfare Policy, Training and Continue Education

PTI values the salary and benefits for its employees and offers lawful benefits. According to the bonus payment specifications, annual earnings minus taxes, surplus and dividends are then appropriate for employee bonuses. Employees can also enjoy benefits provided by the Employee Welfare Committee. With PTI family day, movie screenings and year end banquets to relieve stress from work and bond with coworkers.

1. Insurance: All PTI employees are insured with free general group insurance (including life, accident, medical, cancer, and other insurances). In the spirit of caring for employees as well as their families, the spouse and children of employees also include in the free group insurance.

2. Health and Safety:

(1) Through professional medical staff and health management, PTI conducts health promotion and health management for employees. All plants are staffed with professional medical personnel to monitor the health of employees. We collaborate with professional medical organizations to conduct health examinations for employees.

(2) We conduct risk management and assessment for resumption of work for individuals with high health risks. We also offer health information and courses.

(3) PTI prevent the disease triggered by abnormal workload by self-reporting the workload, work in day/ night shift, prolonged abnormal workload, irregular schedule, frequent business trips, or tense working conditions. These employees undergo health risk evaluation, overwork risk evaluation, and Framingham risk evaluation. On-site doctors evaluate the results, talk with the employees, and if necessary, change job positions, decrease working hours, or take other administrative management to maintain employee health.

(4) In 2004, PTI obtained the OHSAS 18001 occupational health and safety management certificate. To prevent occupational injuries and accidents and ensure the safety and health of our workplace, we also devised our "Environmental Safety and Health Policy".

Environment, Safety and Health Policy

- Communicate ESH policy to employees, customers, and related groups.
- Comply with environmental protection, safety and health legislation/regulations and customer requirements.
- Consult and engage with workers and their representatives on the prevention of injuries, diseases, and accidents as well as damage control.
- Actively promote energy efficiency and waste reduction initiatives in response to international trends in environmental protection and the organization's current circumstances.
- Engage in continuous review and improvement to set higher targets for safety, health and environmental management, and improve their overall performance.

3. PTI uses the "Psychological Counseling System" to let employees unload burdens and listened to themselves in this ever changing world of responsibilities. Care-free conversations during the Psychological Counseling System to heal inner wounds, rejuvenate, see a different world, and create a healthy work environment.

4. Company Trips: Employee Welfare Committee has unscheduled company trips to for coworkers to bond with each other. In 2022, we offered vouchers of a value of NTD\$3,000 to each employee. PTI Taiwan also signed contract with renowned travel agencies to offer package tour or coupon to employees, allowing them to achieve the

balance between commitments to work and relaxing lifestyles.

5. Family Day/ Large-scale events: Family Days and other large-scale leisure events were organized by the Employee Welfare Committee on a regular basis. PTI employees and their dependents are all part of the PTI family and the hosting of Family Day events create opportunities for employees and families to have fun together, and for employees to bond with each other. The balancing of employee and social welfare warm employees' hearts and bring them more happiness outside of work. The evolving COVID-19 pandemic meant PTI had to make rolling adjustments to event formats during the course of 2022. Large physical gatherings were held as "online events" instead to ensure that there is no interruption in our support and invigoration of employees. During 2022, we continued to target the three elements of "Care, Health, Technology" by creating a friendly workplace that feels "Promising, Thriving, Inspiring" to employees. By stimulating the boundless creativity of our employees, we can motivate them at and away from work so they can craft their own exciting PTI life.
 6. Employee Club Activities: We value the balanced development of work and life of our employees. PTI's Employee Welfare Committee plans a variety of events throughout the year and encourages employee participation to relieve stress from work, bond with coworkers, develop physical and mental health, cultivate cultural knowledge, promote social welfare, and thus become an employee in the technology industry with LOHAS. We have 11 employee clubs with 457 members.
 7. Ask for Leave: In accordance with Labor Standard Act, PTI offers holiday and annual leave to employee. Regular reports are provided to supervisors to assist employee has a balanced work and life.
 8. Birthday/ Funeral and Other Benefits:
 - (1) Birthday star is given a coupon equivalent of NTD\$500 to celebrate his/her birthday. Employees with matters of material contingencies are offered a grant from NTD\$1,000 to NTD\$10,000.
 - (2) PTI offers NTD\$1,000 value of cash or equivalent coupon, gift on annual Labor's Day.
 - (3) PTI offers coupon/ gift equivalent of NTD\$1,000 during Dragon Boat Festival, Mid-autumn Festival etc.
 - (4) Gifts are offered to employees with 3, 5, 10, 20 years of seniority.
 9. Maternity Subsidies and Other Services: A NTD\$2,000 of subsidies per child birth are provided to employee or its spouse. Also, PTI provides related application services for labor insurance. PTI cares about the employees and their interaction with their families. By having the employee welfare committee signing designated kindergartens and child-care facilities in the areas where employees reside, we offer options of pre-school care for the children of our employees, so that the employees can excel in both their work and their family life without any worries.
 10. Food and Housing: (1) PTI has outsourced catering services with subsidies for employees. Employee only has to pay a small amount to enjoy lavish meals. Catering Committee has been established since 2008 to enhance the quality and welfare of employees. (2) PTI offers dormitory option for long distance commute employees.
 11. On-Job-Training: To ensure a diverse talent, we "listen to needs" to consider internal and external issues. PTI has committed to meet the demand of employee learning, organizational development, and company policies, which has led to PTI's unique "need and resolution oriented" operational model and training system, where PTI enhances the managerial abilities of executives, improve employee competence, and ensure the sustainable growth of the company. PTI has been promoting virtual training courses and e-books for continue education especially during the COVID-19 periods.
- (2) The Implementation Status for employee retirement and pension system

1. Retirement Condition

Condition	Details
A. Voluntary	A、Individual who served in the company over 15 years and over 55 years old. B、Individual who served in the company over 25 years. C、Individual who served in the company over 10 years and over 60 years old.
B. Mandatory	A、Individual who was over 65 years old. B、Individual who certified by public medical institutes with unfit physical or mental condition to work.

2. PTI Taiwan follows the Labor Standards Law and the Labor Pension Act in implementing employee retirement regulations and established a labor pension supervision committee to appropriate the full amount of pension contribution for employee to apply for pension after retirement. The insurer of Annuity Insurance is an insurance company approved by the central competent authority and the insured of the Annuity Insurance contract is the employer who will insure from the same insurer. The workers are the insured persons and beneficiaries. The Annuity Insurance premium to be paid by the employer each month may not be less than 6% of the monthly wages of the worker. In 2022, the listed total amount contributed to pension was NT\$426,933,714.

(3) Negotiation between Management and Labor and the Implementation of Employee Rights

1. Employee Care:

PTI values the opinion of its employees. We offer various channels to encourage communication between employees and the management, so that we thoroughly understand employees' satisfaction with management and welfare systems and maintain good labor-management relationship. Since our foundation, PTI has enjoyed harmonious labor-management relationship. There has been no occurrence of labor-management disputes that resulted in losses. The possibility of future labor management disputes leading to losses is extremely low. In addition, with quarterly labor management meetings and welfare committee meetings, employees can voice their opinions on specific issues and reach agreement with the company through discussions in the meetings, thus perpetuating effective communication channels. PTI also respect and protect employees' rights of freedom of speech and freedom of assembly and association. The quarterly labor management meetings are negotiated by labor representation voted by employees.

2. Comprehensive Communication Channels

We have established comprehensive channels for diverse, two-way, and open communication. By helping employees communicate their opinions to the management, their concerns can be effectively taken care of. Our fair, confidential, and efficient handling procedure resolves employees' concerns while maintaining good labor management relationship. We have also established sexual-harassment prevention measures, employee psychological counseling services, and rewards and discipline regulations. We are always listening to employees' opinions. Anonymous or otherwise, we always exercise confidentiality and fairness in handling such information. All forms of retribution are protected against, so that employees can express their concerns without fear.



(4) Status of Violation of Labor Standards Act :

Penalty date	Penalty No.	Violated regulation:	Content of violated regulation	Penalty description
Date of inspection: 2022/4/19 Date received: 2022/5/18	Fu-Lao-Zi No. 1113903519A	Paragraph 2, Article 38 of the <i>Labor Standards Act</i>	Annual paid leaves from the preceding paragraph are to be arranged by workers. The employer, however, in the light of urgent needs of the business operation or personal factors of workers, may consult and make adjustments with workers.	Fine of NT\$20,000
Date of inspection: 2022/12/22 Date received: 2023/3/1	Fu-Lao-Zi No. 1123930898	Paragraph 1, Article 36 of the <i>Labor Standards Act</i>	A worker shall have two regular days off every seven days. One day is a regular leave and the other one is a rest day.	Fine of NT\$50,000 (Note)

Note: The violation took place in the 2022 fiscal year and the amount of the fine was issued in the 2023 fiscal year.

6. Information and Cyber Security Management

(I) Information Security Risk Management Structure

The "Information Security Committee" (Infosec Committee) was established by the Company as a mission-based organization. The unit reports directly to the President according to the PTI organization chart. The top managerial officers in the unit make up the Infosec Committee. The Committee is responsible for the establishment, operation and maintenance of the information security management system, and for regularly briefing the Risk Management Committee on the state of information security governance. The Infosec Committee is convened once a year but may also be

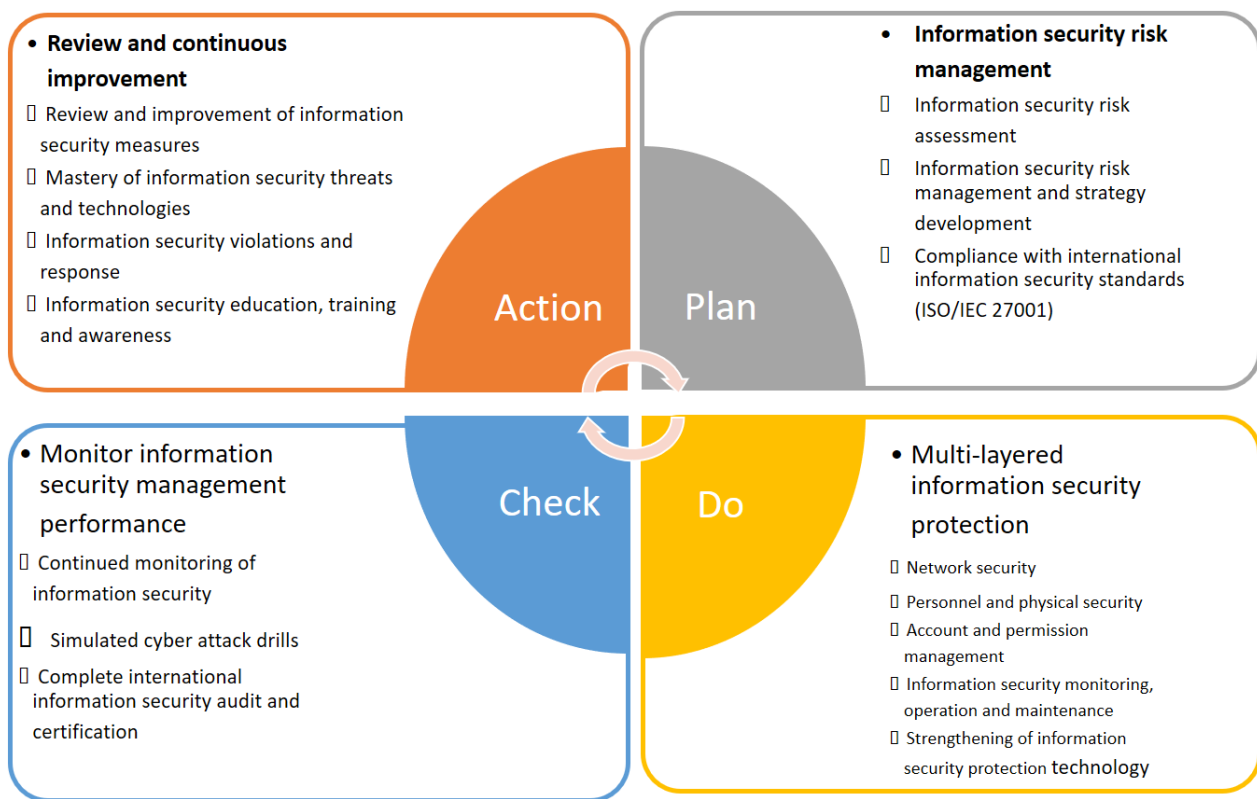
convened when necessary in response to the needs of information security risk management. ISO 27001 certification has been obtained by PTI and internal controls based on the standard put into place. A variety of methods including management review, internal audit, risk assessment, corrective and preventive measures were used to establish an information security management mechanism, strengthen information security protections, and enhance the standard of information security. To ensure the proper implementation of cybersecurity management, a dedicated information security department has been set up to assist with the upgrading and enforcement of cybersecurity policy.



(II) Cybersecurity Policies

The PTI Cybersecurity Policy is defined as “compliance with the relevant laws and regulations, protection of information assets relating to the Company’s business and information systems, as well as protection of confidential Company and customer information so they are not exposed to the risk of tampering, disclosure, damage or loss due to external threats, or their improper management and use by internal personnel. To enforce effective information security management, the “Plan-Do-Check-Act” (PDCA) model set out in the ISO/IEC 27001:2013 specifications for the development, maintenance, continuous improvement and documentation of an information security management system. This included laying down of principles for the functions of the management organization, document record management, and various information security control measures to ensure the effective protection of information assets on which important company business is conducted.

Information security risk management and continuous improvement structure:



(III) Specific Management Plans

The following cybersecurity measures have been implemented by PTI to prevent and mitigate damage from cybersecurity attacks:

1. Strengthen network firewalls and network controls to prevent the spread of computer viruses between machines and sites
2. Introduction of malicious network behavior detection system and upgrade network security monitoring strategy
3. Account activity logs are retained for an appropriate length of time, and schedule regular reviews of account authorization logs.
4. Continue to evaluate the purchasing of information security equipment for hacker protection and maintain the effective of operation of such equipment
5. Strengthening and effective tracking of information security protection technology for confidential data
6. Organizing of periodic information security training and social engineering exercises
7. Organizing of periodic penetration testing and vulnerability scans
8. Implementation of corporate continuity of business exercise plan and periodic execution o BCP exercises for information systems to reduce damage from information security incidents.

(IV) Input of Information Security Management Resources

PTI is continuing to invest in information security related fields. The following key accomplishments were made in the promotion of cybersecurity:

1. All new hires must complete the information security training course before they start work. All employees must complete two online information security training courses and exams each year. Information security training was conducted for 24,060 people and total duration was 7,827.33 person-hours.
2. No-notice e-mail social engineering exercises and social engineering awareness training is conducted on a quarterly basis. The link in the e-mail was clicked in less than 3% of cases.
3. Information security insurance has been purchased every year since 2020 to prevent serious financial or property damage from accidents, and to protect the interests of customers and investors.
4. PTI has continued to pass ISO 27001 audits and certifications by an independent third-party since 2016 to maintain the effectiveness of our information security management mechanism (certification is currently valid from November 19, 2022, through to October 2, 2025).
5. PTI received the 2022 TCSA Information Security Leadership Award
6. Third-party threat intelligence is incorporated by PTI into our external information security risk assessments and management. Information security maturity at PTI has been ranked as A for three consecutive years by the information security evaluation management tool Security Score Card and through Bitsight certification.

(V) Estimates of any damages or loss as the end of Mar 2023 cause by information security misconducts: None.

7. Major Contracts

Contract Classification	Contract Company	Contract Duration	Main Contents	Limitations of Terms
Outsource Services Contract	A Company	Jun 2019 ~	Packaging and testing services	Non-disclosure agreement
	F Company	Dec 2019 ~ Dec 2023	Packaging and testing services	Non-disclosure agreement
	I Company	Dec 2019 ~ Dec 2023	Packaging and testing services	Non-disclosure agreement
	S Company	Mar 2022 ~ Dec 2025	Packaging and testing services	Non-disclosure agreement
Asset Acquisition Contract	Chuan Ya Marble Co. Ltd.	Mar 2022 ~ Jan 2024	Land and facility acquisition	Non-disclosure agreement
Bank Loan	CTBC Bank	Sep 2021 ~ Sep 2024	Medium-term credit loan	Commitment to maintain a certain ratio between the assets & liabilities and net worth
	Mega International Commercial Bank	Sep 2022 ~ Sep 2025	Medium-term credit loan	None
		Oct 2021 ~ Oct 2026	Medium-term credit loan	None
	Yuanta Commercial Bank	Sep 2021 ~ Sep 2025	Medium-term credit loan	Commitment to maintain a certain ratio between the assets & liabilities and net worth
	KGI Bank	Dec 2020 ~ Dec 2024	Medium-term credit loan	Commitment to maintain a certain ratio between the assets & liabilities and net worth
	E.Sun Bank	Sep 2017 ~ Sep 2032	Building Construction	None
		Sep 2017 ~ Sep 2024	Building Construction	
		Jul 2021 ~ Jul 2028	Machinery & Equipment Loan	
	Hua Nan Bank	Jul 2022 ~ Jul 2024	Medium-term credit loan	None
		Sep 2021 ~ Aug 2026		
	First Bank	Oct 2022 ~ Oct 2026	Building Construction	None
		Dec 2021 ~ Dec 2028	Medium-term credit loan	

Contract Classification	Contract Company	Contract Duration	Main Contents	Limitations of Terms
	Bank of Taiwan	Nov 2012 ~ Nov 2027	Building Construction Loan	None
		Aug 2021 ~ Aug 2031		
		Oct 2019 ~ Oct 2024	Machinery & Equipment Loan	
		Jun 2020 ~ Jun 2025		
		Aug 2021 ~ Aug 2028		
	Taiwan Cooperative Bank	Dec 2021 ~ Dec 2028	Machinery & Equipment Loan	None
	Shin Kong Bank	Jul 2021 ~ Jul 2025	Medium-term credit loan	None
	Chang Hwa Bank	Dec 2021 ~ Dec 2028	Machinery & Equipment Loan	None
	Taishin Bank	Dec 2022 ~ Dec 2025	Medium-term credit loan	Commitment to maintain a certain ratio between the assets & liabilities and net worth
	Land Bank of Taiwan	Aug 2020 ~ Aug 2023	Medium-term credit loan	None
	HSBC	Sep 2021 ~ Feb 2025	Medium-term credit loan	None
MUFG Bank	Mar 2021 ~ Mar 2024	Medium-term credit loan	None	

VI. Financial Highlights

1. Summarized Balance Sheets, Income Statements, CPA and Audit Opinions for Last 5 years

(1) Summarized Balance Sheets

1. PTI Consolidated Balance Sheets – IFRS

Unit: NT\$ Thousands

Year						
Item		2018	2019	2020	2021	2021
Current Assets		\$37,889,542	\$43,342,833	\$44,590,593	\$51,958,614	\$49,776,657
Property, Plant and Equipment		61,980,853	58,779,789	60,111,194	63,236,697	64,818,236
Intangible Assets		1,162,204	1,059,626	1,002,475	982,640	1,125,632
Other Assets		2,562,902	3,963,733	3,041,978	2,409,071	3,2848,613
Total Assets		103,595,501	107,145,981	108,746,240	118,587,022	118,969,138
Current Liabilities	Before Distribution	18,580,671	20,404,401	16,865,006	23,319,131	19,614,752
	After Distribution	22,320,575	23,910,561	20,760,739	28,481,328	Note 2
Non-Current Liabilities		31,937,463	31,843,617	33,476,595	31,961,649	33,031,348
Total Liabilities	Before Distribution	50,518,134	52,248,018	50,341,601	55,280,780	52,646,100
	After Distribution	54,258,038	55,754,178	54,237,334	60,442,977	Note 2
Equity Belong to Parent Company		41,003,226	43,027,728	45,988,123	49,507,183	52,288,958
Capital Stock		7,791,466	7,791,466	7,791,466	7,791,466	7,591,466
Capital Surplus		127,734	209,852	231,294	270,794	149,540
Retained Earnings	Before Distribution	33,361,411	35,447,618	38,561,679	43,573,846	43,551,199
	After Distribution	29,621,507	31,941,458	34,665,946	38,411,649	Note 2
Other Equity		(195,070)	(324,741)	(366,982)	(710,623)	(534,445)
Treasury Stock		(82,315)	(96,467)	(229,334)	(1,418,300)	(468,802)
Non-Controlling Interests		12,074,141	11,870,235	12,416,516	13,799,059	14,034,080
Total Equity	Before Distribution	53,077,367	54,897,963	58,404,639	63,306,242	66,323,038
	After Distribution	49,337,463	51,391,803	54,508,906	54,144,045	Note 2

Note 1: The listed numbers were certified by CPA.

Note 2: The earnings distribution for 2022 subject to shareholders' approval.

Note3: No CPA certified data for 1Q23 as of the date of printing.

2. PTI Stand Alone Balance Sheets – IFRS

Year Item		Financial Information for Last Five Years					3/31/2023
		2018	2019	2020	2021	2022	
Current Assets		\$22,634,087	\$27,056,110	\$27,442,420	\$31,977,573	\$31,124,603	Note3
Property, Plant, and Equipment		36,364,180	35,113,054	36,527,520	36,808,535	37,494,396	
Intangible Assets		0	6,248	3,471	694	0	
Other Assets		17,175,479	18,916,216	19,342,915	21,773,109	23,899,826	
Total Assets		76,173,746	81,091,628	83,316,326	90,559,911	92,518,825	
Current Liabilities	Before Distribution	9,924,490	12,419,225	9,426,004	14,059,405	12,677,806	
	After Distribution	13,664,394	15,925,385	13,321,737	19,221,602	Note 2	
Non-Current Liabilities		25,246,030	25,644,675	27,902,199	26,993,323	27,552,061	
Total Liabilities	Before Distribution	35,170,520	38,063,900	37,328,203	41,052,728	40,229,867	
	After Distribution	38,910,424	41,570,060	41,223,936	46,214,925	Note 2	
Capital Stocks		7,791,466	7,791,466	7,791,466	7,791,466	7,591,466	
Capital Surplus		127,734	209,852	231,294	270,794	149,540	
Retained Earnings	Before Distribution	33,361,411	35,447,618	38,561,679	43,573,846	45,551,199	
	After Distribution	29,621,507	31,941,458	34,665,946	38,411,649	Note 2	
Other Equity		(195,070)	(324,741)	(366,982)	(710,623)	(534,443)	
Treasury Stocks		(82,315)	(96,467)	(229,334)	(1,418,300)	(468,802)	
Total Equity	Before Distribution	41,003,226	43,027,728	45,988,123	49,507,183	52,288,958	
	After Distribution	37,263,322	39,521,568	42,092,390	44,344,986	Note 2	

Note 1: The listed numbers were certified by CPA.

Note 2: The earnings distribution for 2022 subject to shareholders' approval

Note 3: No CPA certified data available for 1Q23 as the day of printing.

(2) Summarized Income Statements

1. PTI Consolidated Income Statements – IFRS

Item	Year	Financial Information for Last Five Years					3/31/2023
		2018	2019	2020	2021	2022	
Net Sales		\$68,039,379	\$66,525,144	\$76,180,649	\$83,793,572	\$83,926,735	Note 1
Gross Profit		13,830,042	12,676,895	15,028,628	19,294,657	17,376,020	
Operating Income		9,783,654	8,712,240	10,718,170	14,524,946	12,448,017	
Non-Operating Income		(348,317)	(204,722)	(323,219)	180,541	1,191,909	
Income Before Income Tax		9,435,337	8,507,518	10,394,951	14,705,487	13,639,926	
Income from Continuing Operations after Income Taxes		7,512,562	6,879,292	8,178,977	11,725,925	10,751,849	
Income from Discontinued Operations		–	–	–	–	–	
Net Income (Losses)		7,512,562	6,879,292	8,178,977	11,725,925	10,751,849	
Other Consolidated Income (after-tax)		186,891	(357,273)	(131,033)	(545,130)	186,233	
Consolidated Net Income		7,699,453	6,522,019	8,047,944	11,180,795	10,938,082	
Net Income Attributable to Shareholders of the Parent Company		6,234,276	5,838,650	6,662,262	8,898,398	8,686,730	
Net Income Attributable to Non-Controlling Interests		1,278,286	1,040,642	1,516,715	2,827,527	2,065,119	
Consolidated Net Income Attributable to Shareholders of the Parent Company		6,369,021	5,696,440	6,577,980	8,564,259	8,880,341	
Consolidated Net Income Attributable to Non-Controlling Interests		1,330,432	825,579	1,469,964	2,616,536	2,057,741	
Earnings Per Share (NT\$)		8.02	7.52	8.60	11.54	11.60	

Note: The listed numbers were certified by CPA.

Note 2: No CPA certified data available for 1Q23 as of the date of printing.

2. PTI Stand Alone Income Statements – IFRS

Item	Year	Financial Information for Last Five Years					3/31/2023
		2018	2019	2020	2021	2022	
Net Sales		\$42,000,490	\$42,848,591	\$49,987,942	\$51,262,260	\$52,703,009	Note 1
Gross Profit		8,655,182	8,849,382	10,083,676	10,038,890	9,855,156	
Operating Income		6,027,213	6,144,161	7,045,198	6,484,293	6,190,358	
Non-Operating Income		1,298,840	695,444	1,073,885	3,878,477	3,924,656	
Income Before Income Tax		7,326,053	6,839,605	8,119,083	10,362,770	10,115,014	
Income from Continuing Operations after Income Taxes		6,234,276	5,838,650	6,662,262	8,898,398	8,686,730	
Income from Discontinued Operations		–	–	–	–	–	
Net Income (Losses)		6,234,276	5,838,650	6,662,262	8,898,398	8,686,730	
Other Consolidated Income (after-tax)		134,745	(142,210)	(84,282)	(334,139)	193,611	
Consolidated Net Income		6,369,021	5,696,440	6,577,980	8,564,259	8,880,341	
Earnings Per Share (NT\$)		8.02	7.52	8.60	11.54	11.60	

Note: The listed numbers were certified by CPA.

Note 1: No CPA certified data available for 1Q23 as of the date of printing.

3. CPA Opinions for the Last 5 Years

Year	Name of CPA	Opinion
2018	Yu-Feng Huang, Su-Li Fang	Unqualified Audit Report
2019	Yu-Feng Huang, Su-Li Fang	Unqualified Audit Report
2020	Yu-Feng Huang, Cheng-Chih Lin	Unqualified Audit Report
2021	Yu-Feng Huang, Cheng-Chih Lin	Unqualified Audit Report
2022	Cheng-Chih Lin, Su-Li Fang	Unqualified Audit Report

2. Financial Analysis for Last 5 years

(1) Consolidated Analysis – IFRS

Year Item		Financial Information for Last Five Years (Note)					3/31/2023	
		2018	2019	2020	2021	2022		
Capital Structure Analysis (%)	Debt Ratio	48.76	48.76	46.29	46.62	44.25	Note 1	
	Long-term Fund to Fixed Asset Ratio	137.16	147.57	152.85	150.65	153.28		
Liquidity Analysis %	Current Ratio	203.92	212.42	264.40	222.82	253.77		
	Quick Ratio	181.93	192.30	234.00	191.85	196.82		
	Times Interest Earned (Times)	27.92	25.56	38.20	65.45	54.20		
Operating Performance Analysis	Average Collection Turnover (Times)	5.61	5.19	5.34	5.12	5.19		
	Average Collection Days	65.06	70.32	68.35	71.28	70.32		
	Average Inventory Turnover (Times)	13.72	13.98	13.81	10.99	7.60		
	Average Payment Turnover (Times)	10.88	10.01	11.30	10.81	10.65		
	Days Sales Outstanding	26.60	26.10	26.43	33.21	48.02		
	Fixed Assets Turnover (Times)	1.10	1.10	1.28	1.36	1.31		
	Total Assets Turnover (Times)	0.66	0.63	0.71	0.74	0.71		
Profitability Analysis	Return on Total Assets (%)	7.68	6.80	7.78	10.48	9.22		
	Return on Equity (%)	14.62	12.74	14.44	19.27	16.59		
	Ratio of Pre-Tax Income over Capital stock (%)	121.10	109.19	133.41	188.74	179.67		
	Net Margin(%)	9.16	8.78	8.75	10.62	10.35		
	Earnings per Share(NT) (Note 2)	8.02	7.52	8.60	11.54	11.60		
Cash Flow	Cash Flow Ratio (%)	108.75	88.00	114.45	105.70	116.86		
	Cash Flow Adequacy Ratio (%)	85.05	93.51	87.66	98.05	98.92		
	Cash Flow Reinvestment Ratio (%)	10.65	8.53	8.79	10.99	8.97		
Leverage	Operating Leverage	4.13	4.40	4.10	3.46	3.86		
	Financial Leverage	1.04	1.04	1.03	1.02	1.02		
Reasons for changes in financial ratios (changes less than 20% are excluded from analysis)								
1. Decrease on Average Inventory Turnover and increase on Days Sales Outstanding were due to increase of inventory.								

Note: The listed numbers were certified by CPA.

Note 1: No CPA certified data available for 1Q23 as of the date of printing.

Note 2: Calculation was based on profit estimation.

(2) PTI Stand Alone Analysis – IFRS

Year Item		Financial Information for Last Five Years					3/31/2023	
		2018	2019	2020	2021	2022		
Capital Structure Analysis (%)	Debt Ratio	46.17	46.94	44.80	45.33	43.48	Note 1	
	Long-term Fund to Fixed Asset Ratio	182.18	195.58	202.29	207.83	212.94		
Liquidity Analysis %	Current Ratio	228.06	217.86	291.14	227.45	245.50		
	Quick Ratio	199.80	194.87	252.40	192.90	177.86		
	Times Interest Earned (Times)	37.54	28.52	41.79	58.63	50.40		
Operating Performance Analysis	Average Collection Turnover (Times)	6.79	6.19	5.85	5.20	5.29		
	Average Collection Days	53.74	59.00	62.34	70.19	69.02		
	Average Inventory Turnover (Times)	12.69	12.18	12.43	9.81	6.44		
	Average Payment Turnover (Times)	9.84	8.96	10.67	10.44	9.83		
	Days Sales Outstanding	28.77	29.96	29.36	37.20	56.71		
	Fixed Assets Turnover (Times)	1.16	1.20	1.40	1.40	1.42		
	Total Assets Turnover (Times)	0.57	0.54	0.61	0.59	0.58		
Profitability Analysis	Return on Total Assets (%)	8.63	7.68	8.30	10.40	9.67		
	Return on Equity (%)	15.77	13.90	14.97	18.64	17.07		
	Ratio of Pre-Tax Income over Capital stock (%)	94.03	87.78	104.20	133.00	133.24		
	Net Margin(%)	14.84	13.63	13.33	17.36	16.48		
	Earnings per Share(NT)	8.02	7.52	8.60	11.54	11.60		
Cash Flow	Cash Flow Ratio (%)	117.95	91.48	122.82	94.53	90.51		
	Cash Flow Adequacy Ratio (%)	77.61	88.41	79.82	91.42	86.92		
	Cash Flow Reinvestment Ratio (%)	7.91	6.91	6.80	7.50	4.85		
Leverage	Operating Leverage	3.83	3.76	3.74	4.22	4.43		
	Financial Leverage	1.03	1.04	1.03	1.03	1.03		
Reasons for changes in financial ratios (changes less than 20% are excluded from analysis)								
1. Decrease on Average Inventory Turnover and increase on Days Sales Outstanding were due to increase of inventory.								
2. Decrease on cash flow reinvestment ratio was due to decrease of cash inflow from operation activities.								

Note: The listed numbers were certified by CPA

Note 1: No quarterly data available after IFRS adoption.

1. Capital Structure Analysis
 - (1) Debt Ratio = Total Liabilities / Total Assets
 - (2) Long-term Fund to Fixed Asset Ratio = (Shareholders' Equity + Long-term Liabilities) / Net Fixed Assets
2. Liquidity Analysis
 - (1) Current Ratio = Current Assets / Current Liabilities
 - (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
 - (3) Times Interest Earned = Earnings before Interest Expense and Net Income / Interest Expense.
3. Operating Performance Analysis
 - (1) Average Collection Turnover = Net Sales / Average Receivables (including Accounts Receivable arising from Operation Notes Receivables)
 - (2) Average Collection Days = 365 / Receivables Turnover
 - (3) Average Inventory Turnover = Cost of Goods Sold / Average Inventory
 - (4) Average Payment Turnover = Cost of Goods Sold / Average Payables (including Accounts Payable arising from Operation Notes Payables)
 - (5) Days Sales Outstanding = 365 / Inventory Turnover
 - (6) Fixed Assets Turnover = Net Sales / Average Net Fixed Assets
 - (7) Total Assets Turnover = Net sales / Average Total Assets
4. Profitability Analysis
 - (1) Return on Total Assets = [Net Income + Interest Expense \times (1 - Tax Rate)] / Average Total Assets
 - (2) Return on Equity = Net Income / Average Total Shareholders' Equity
 - (3) Net Margin = Net Income / Net Sales
 - (4) Earnings Per Share = (Net Income - Preferred Stock Dividends) / Weighted Average Number of Shares Outstanding
5. Cash Flow
 - (1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities.
 - (2) Cash Flow Adequacy Ratio = Five-year Net Cash Flow from Operating Activities / Most Recent Five Years (Capital Expenditure + Inventory + Cash Dividend).
 - (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividend) / (Gross Fixed Assets + Investments + Other Assets + Working Capital)
6. Leverage
 - (1) Operating leverage = (Net Sales - Variable Operating Costs and Expenses) / Income
 - (2) Financial leverage = Operating income / (Operating Income - Interest Expense)

3. Audit Committee's Audit Report on Financial Reports

Audit Committee's Audit Report

Mar 10, 2023

Audit Committee had performed an audit for PTI's 2022 financial statements (including parent company and consolidated financial statements) and profit sharing plans. The Audit Committee had concluded the reports conformed to regulations of the Company Act. Our report was presented to conform to Article 14-4 of Security Exchange Act and Article 219 of the Company Act.

Best Regards

2023 Powertech Technology Inc. Shareholders'
Meeting

Powertech Technology Inc. Audit Committee
Chairman: Jim W.L. Cheng

**Powertech Technology Inc. and
Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

POWERTECH TECHNOLOGY INC.

By:

TSAI DUH-KUNG
Chairman

March 10, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Powertech Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of Powertech Technology Inc. and its subsidiaries (the "Corporation"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters of the consolidated financial statements of the Corporation for the year ended December 31, 2022, are described as follows:

Recognition of Contract Assets and Revenue

1. The amount of sales revenue is material to the Corporation. Refer to Note 21 to the accompanying consolidated financial statements for details of sales revenue. The major type of revenue is subcontracting revenue. The types of subcontracting transactions are as follows:
 - 1) Wafer level testing;
 - 2) Wafer level packaging;
 - 3) IC packaging; and
 - 4) IC testing.

2. Packaging services: Since the customers have ownership of the assets, assume significant risks and rewards of ownership of the assets, have the right to dispose of the assets and prevent the Corporation from obtaining the benefits of the assets, revenue should be recognized over time in accordance with the requirements of paragraph 35(b) of International Financial Reporting Standards No. 15.
3. Testing services: In accordance with the requirements of paragraph 35(a) of International Financial Reporting Standards No. 15, as the Corporation recognizes revenue over time since the customers simultaneously receive and consume the benefits provided by the Corporation's testing services.
4. The Corporation recognizes the contract assets and revenue of packaging and testing services at the end of each month based on the completion schedule. Since the abovementioned process involves estimates and manual controls, there is a risk that contract assets and revenue may not be recognized correctly as a result of human error.
5. We reviewed the Corporation's revenue recognition policy, assessed the reasonableness of its contract assets and revenue recognition, confirmed against relevant supporting documents and accounting records, and verified the accuracy of the monetary amounts of contract assets and revenue recognized.

Other Matter

We have also audited the financial statements of Powertech Technology Inc. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Cheng Chin Lin and Su Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2023

Notice to Readers

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

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

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 20,373,424	17	\$ 22,614,233	19
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	66,619	-	105,537	-
Financial assets at amortized cost - current (Notes 4, 9 and 29)	94,176	-	455,091	-
Contract assets - current (Notes 4, 21 and 28)	2,645,344	2	2,418,865	2
Notes and accounts receivable (Notes 4, 10 and 21)	9,252,417	8	11,519,708	10
Receivables from related parties (Notes 4, 21 and 28)	5,094,481	4	6,455,306	6
Other receivables (Note 4)	330,849	-	382,322	-
Other receivables from related parties (Notes 4 and 28)	66,111	-	65,347	-
Inventories (Notes 4 and 11)	10,752,826	9	6,767,994	6
Prepaid expenses (Note 16)	417,977	1	452,308	-
Other current assets (Notes 4, 16 and 30)	<u>682,433</u>	<u>1</u>	<u>721,903</u>	<u>1</u>
Total current assets	<u>49,776,657</u>	<u>42</u>	<u>51,958,614</u>	<u>44</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	17,143	-	30,144	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 29)	429,974	-	478,535	1
Property, plant and equipment (Notes 4, 13, 28 and 29)	64,818,236	55	63,236,697	53
Right-of-use assets (Notes 4, 5 and 14)	1,463,013	1	1,481,957	1
Intangible assets (Notes 4 and 15)	1,125,632	1	982,640	1
Deferred income tax assets (Notes 4 and 23)	227,759	-	86,079	-
Net defined benefit assets - non-current (Notes 4 and 19)	2,539	-	-	-
Other non-current assets (Notes 4 and 16)	<u>1,108,185</u>	<u>1</u>	<u>332,356</u>	<u>-</u>
Total non-current assets	<u>69,192,481</u>	<u>58</u>	<u>66,628,408</u>	<u>56</u>
TOTAL	<u>\$ 118,969,138</u>	<u>100</u>	<u>\$ 118,587,022</u>	<u>100</u>

LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Note 17)	\$ 69,720	-	\$ 72,180	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	7,446	-	5,649	-
Contract liabilities - current (Note 21)	226,859	-	164,824	-
Notes and accounts payable	5,510,927	5	6,744,452	6
Accounts payable to related parties (Note 28)	82,684	-	154,391	-
Accrued compensation of employees and remuneration of directors (Note 22)	1,422,401	1	1,603,752	2
Payables to equipment suppliers (Note 28)	2,536,275	2	4,337,945	4
Other payables to related parties (Note 28)	32,314	-	6,184	-
Current income tax liabilities (Notes 4 and 23)	1,359,309	1	1,570,467	1
Lease liabilities - current (Notes 4, 5 and 14)	66,715	-	63,724	-
Accrued expenses and other current liabilities (Notes 4 and 18)	8,117,668	7	8,474,060	7
Current portion of long-term debt (Notes 17 and 29)	<u>182,434</u>	<u>-</u>	<u>121,503</u>	<u>-</u>
Total current liabilities	<u>19,614,752</u>	<u>16</u>	<u>23,319,131</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Long-term debt (Notes 17 and 29)	30,353,569	26	30,012,813	25
Deferred income tax liabilities (Notes 4 and 23)	302,326	-	192,056	-
Lease liabilities - non-current (Notes 4, 5 and 14)	1,344,749	1	1,364,825	1
Net defined benefit liabilities - non-current (Notes 4 and 19)	282,422	-	368,656	1
Other non-current liabilities (Note 18)	<u>748,282</u>	<u>1</u>	<u>23,299</u>	<u>-</u>
Total non-current liabilities	<u>33,031,348</u>	<u>28</u>	<u>31,961,649</u>	<u>27</u>
Total liabilities	<u>52,646,100</u>	<u>44</u>	<u>55,280,780</u>	<u>47</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4 and 20)				
Capital stock				
Ordinary shares	<u>7,591,466</u>	<u>6</u>	<u>7,791,466</u>	<u>7</u>
Capital surplus	<u>149,540</u>	<u>-</u>	<u>270,794</u>	<u>-</u>
Retained earnings				
Legal reserve	9,181,307	8	8,290,517	7
Special reserve	710,623	-	366,982	-
Unappropriated earnings	<u>35,659,269</u>	<u>30</u>	<u>34,916,347</u>	<u>30</u>
Total retained earnings	<u>45,551,199</u>	<u>38</u>	<u>43,573,846</u>	<u>37</u>
Other equity	<u>(534,445)</u>	<u>-</u>	<u>(710,623)</u>	<u>(1)</u>
Treasury shares	<u>(468,802)</u>	<u>-</u>	<u>(1,418,300)</u>	<u>(1)</u>
Total equity attributable to shareholders of the Parent	52,288,958	44	49,507,183	42
NON-CONTROLLING INTERESTS (Notes 12 and 20)	<u>14,034,080</u>	<u>12</u>	<u>13,799,059</u>	<u>11</u>
Total equity	<u>66,323,038</u>	<u>56</u>	<u>63,306,242</u>	<u>53</u>
TOTAL	<u>\$ 118,969,138</u>	<u>100</u>	<u>\$ 118,587,022</u>	<u>100</u>

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

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
NET SALES (Notes 4, 21 and 28)	\$ 83,926,735	100	\$ 83,793,572	100
OPERATING COSTS (Notes 4, 11, 22 and 28)	<u>66,550,715</u>	<u>79</u>	<u>64,498,915</u>	<u>77</u>
GROSS PROFIT	<u>17,376,020</u>	<u>21</u>	<u>19,294,657</u>	<u>23</u>
OPERATING EXPENSES (Notes 22 and 28)				
Marketing	428,936	1	404,665	-
General and administrative	2,035,906	2	1,972,837	2
Research and development	2,462,430	3	2,443,246	3
Expected credit loss (gain) (Note 10)	<u>731</u>	<u>-</u>	<u>(51,037)</u>	<u>-</u>
Total operating expenses	<u>4,928,003</u>	<u>6</u>	<u>4,769,711</u>	<u>5</u>
OPERATING INCOME	<u>12,448,017</u>	<u>15</u>	<u>14,524,946</u>	<u>18</u>
NONOPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 22)	109,467	-	46,533	-
Other income (Notes 4 and 22)	71,684	-	87,344	-
Other gains and losses (Notes 4, 22 and 28)	(242,861)	-	535,722	-
Finance costs (Notes 4 and 22)	(256,368)	(1)	(228,152)	-
Foreign exchange gain (loss), net (Notes 4 and 22)	<u>1,509,987</u>	<u>2</u>	<u>(260,906)</u>	<u>-</u>
Total nonoperating income (expenses)	<u>1,191,909</u>	<u>1</u>	<u>180,541</u>	<u>-</u>
INCOME BEFORE INCOME TAX	13,639,926	16	14,705,487	18
INCOME TAX EXPENSE (Notes 4 and 23)	<u>2,888,077</u>	<u>3</u>	<u>2,979,562</u>	<u>4</u>
NET INCOME	<u>10,751,849</u>	<u>13</u>	<u>11,725,925</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 20)				
Items not reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	(1,513)	-	9,325	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(13,001)	-	(5,144)	-
Items reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>200,747</u>	<u>-</u>	<u>(549,311)</u>	<u>(1)</u>
Total other comprehensive income (loss)	<u>186,233</u>	<u>-</u>	<u>(545,130)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 10,938,082</u>	<u>13</u>	<u>\$ 11,180,795</u>	<u>13</u>

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 8,686,730	10	\$ 8,898,398	11
Non-controlling interests	<u>2,065,119</u>	<u>3</u>	<u>2,827,527</u>	<u>3</u>
	<u>\$ 10,751,849</u>	<u>13</u>	<u>\$ 11,725,925</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 8,880,341	11	\$ 8,564,259	10
Non-controlling interests	<u>2,057,741</u>	<u>2</u>	<u>2,616,536</u>	<u>3</u>
	<u>\$ 10,938,082</u>	<u>13</u>	<u>\$ 11,180,795</u>	<u>13</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 11.60</u>		<u>\$ 11.54</u>	
Diluted	<u>\$ 11.47</u>		<u>\$ 11.44</u>	

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

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	Equity Attributable to Shareholders of the Corporation											
	Capital Stock		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Noncontrolling Interests	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income				
BALANCE, JANUARY 1, 2021	779,147	\$ 7,791,466	\$ 231,294	\$ 7,628,495	\$ 324,741	\$ 30,608,443	\$ (352,472)	\$ (14,510)	\$ (229,334)	\$ 45,988,123	\$ 12,416,516	\$ 58,404,639
Appropriation of the 2020 earnings												
Legal reserve	-	-	-	662,022	-	(662,022)	-	-	-	-	-	-
Special reserve	-	-	-	-	42,241	(42,241)	-	-	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(3,895,733)	-	-	-	(3,895,733)	-	(3,895,733)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,006,823)	(1,006,823)
Donations from shareholders	-	-	55	-	-	-	-	-	-	55	73	128
Net income for the year ended December 31, 2021	-	-	-	-	-	8,898,398	-	-	-	8,898,398	2,827,527	11,725,925
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	9,502	(338,497)	(5,144)	-	(334,139)	(210,991)	(545,130)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	8,907,900	(338,497)	(5,144)	-	8,564,259	2,616,536	11,180,795
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(1,018,166)	(1,018,166)	-	(1,018,166)
The Parent's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(170,800)	(170,800)	(227,243)	(398,043)
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	39,445	-	-	-	-	-	-	39,445	-	39,445
BALANCE, DECEMBER 31, 2021	779,147	7,791,466	270,794	8,290,517	366,982	34,916,347	(690,969)	(19,654)	(1,418,300)	49,507,183	13,799,059	63,306,242
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	890,790	-	(890,790)	-	-	-	-	-	-
Special reserve	-	-	-	-	343,641	(343,641)	-	-	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(5,162,197)	-	-	-	(5,162,197)	-	(5,162,197)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,734,690)	(1,734,690)
Net income for the year ended December 31, 2022	-	-	-	-	-	8,686,730	-	-	-	8,686,730	2,065,119	10,751,849
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	17,433	189,179	(13,001)	-	193,611	(7,378)	186,233
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	8,704,163	189,179	(13,001)	-	8,880,341	2,057,741	10,938,082
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(943,589)	(943,589)	-	(943,589)
Cancellation of treasury shares	(20,000)	(200,000)	(197,142)	-	-	(1,564,613)	-	-	1,961,755	-	-	-
The Parent's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(68,668)	(68,668)	(91,361)	(160,029)
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	75,888	-	-	-	-	-	-	75,888	-	75,888
Additional non-controlling interests recognized on the acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	3,331	3,331
BALANCE, DECEMBER 31, 2022	759,147	\$ 7,591,466	\$ 149,540	\$ 9,181,307	\$ 710,623	\$ 35,659,269	\$ (501,790)	\$ (32,655)	\$ (468,802)	\$ 52,288,958	\$ 14,034,080	\$ 66,323,038

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

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 13,639,926	\$ 14,705,487
Adjustments for:		
Depreciation	14,818,780	14,011,737
Amortization	35,855	40,501
Expected credit loss (gain) recognized on trade receivables	731	(51,037)
Net loss (gain) on fair value change of financial assets designated as at fair value through profit or loss	8,503	(12,676)
Finance costs	256,368	228,152
Premium amortization of financial assets at amortized cost	-	1
Interest revenue	(109,467)	(46,533)
Net loss (gain) on disposal of property, plant and equipment	417,758	(289,616)
Property, plant and equipment transferred to expenses	278	14,207
Impairment loss on non-financial assets	2,869	1,471
Net (gain) loss on foreign currency exchange	(482,863)	53,792
Changes in operating assets and liabilities:		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	30,415	76,606
Increase in contract assets	(226,479)	(207,069)
Decrease (increase) in notes and accounts receivable	2,225,238	(3,012,648)
Decrease (increase) in accounts receivable from related parties	1,274,561	(190,463)
Decrease in other receivables	55,638	77,299
Increase in other receivables from related parties	(2,472)	(16,788)
Increase in inventories	(3,981,479)	(1,793,258)
Increase in prepayments	(61,082)	(300,456)
Increase in net defined benefit assets	(2,539)	-
Decrease (increase) in other current assets	245,362	(300,505)
Increase in financial liabilities held for trading	1,797	214
Increase in contract liabilities	62,035	108,148
(Decrease) increase in accounts payable	(1,184,135)	1,732,565
(Decrease) increase in accounts payable to related parties	(70,089)	21,155
(Decrease) increase in accrued compensation of employees and remuneration of directors	(181,511)	601,068
Increase in other payables to related parties	26,130	6,184
(Decrease) increase in accrued expenses and other current liabilities	(397,229)	2,137,909
Decrease in net defined benefit liabilities	(87,747)	(23,803)
Decrease in other payables	(9,384)	(137,397)
Cash generated from operations	26,305,768	27,434,247
Interest received	107,512	46,683
Interest paid	(342,776)	(299,220)
Income tax paid	(3,147,884)	(2,532,328)
Net cash generated from operating activities	<u>22,922,620</u>	<u>24,649,382</u>

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	\$ (98,410)	\$ (80,379)
Proceeds from sale of financial assets at amortized cost	502,724	463,202
Net cash outflow on acquisition of subsidiary	(127,194)	-
Acquisition of property, plant and equipment	(18,581,621)	(15,274,876)
Disposal of property, plant and equipment	270,592	1,094,055
Increase in refundable deposits	(759,843)	(217,299)
Increase in intangible assets	(24,597)	(26,467)
Increase in non-current assets	(17,657)	(74)
Increase in prepayments for equipment	<u>(91,389)</u>	<u>(17,295)</u>
Net cash used in investing activities	<u>(18,927,395)</u>	<u>(14,059,133)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term bank loans	(2,460)	(124,802)
Proceeds from long-term debt	31,080,533	20,779,480
Repayments of long-term debt	(30,680,545)	(22,984,850)
Increase (decrease) in guarantee deposits	831,966	(29)
Repayment of the principal portion of lease liabilities	(65,831)	(106,543)
Dividends paid to shareholders of the Corporation	(5,086,309)	(3,856,288)
Payments for buy-back of treasury shares	(1,103,618)	(1,416,209)
Dividends paid to non-controlling interests	(1,734,690)	(1,006,823)
Donations from shareholders	<u>-</u>	<u>128</u>
Net cash used in financing activities	<u>(6,760,954)</u>	<u>(8,715,936)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>524,920</u>	<u>(279,892)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,240,809)	1,594,421
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>22,614,233</u>	<u>21,019,812</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 20,373,424</u>	<u>\$ 22,614,233</u>

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

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. GENERAL INFORMATION

Powertech Technology Inc. (PTI) was incorporated in the Republic of China (ROC) on May 15, 1997 and commenced business on September 3, 1997. PTI is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. PTI also provides semiconductor testing and assembly services on a turnkey basis, in which PTI buys fabricated wafers and sells tested and assembled semiconductors. PTI's registered office and principal place of business is in Hsin-chu Industrial Park, Hukou, Hsin-chu.

PTI's shares were initially listed and started trading on the Taipei Exchange (TPEx) on April 3, 2003, after which PTI's shares were transferred for listing and started trading on the Taiwan Stock Exchange (TWSE) on November 8, 2004. PTI also issued Global Depositary Shares (GDS), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS were accepted for quotation on the International Order Book of the London Stock Exchange.

The consolidated financial statements are presented in PTI's functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since PTI's shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by PTI's board of directors and issued on March 10, 2023.

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

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

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

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

New IFRSs	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and	January 1, 2023 (Note 3)

Liabilities arising from a Single Transaction”

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and defined benefit liabilities. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of PTI and the entities controlled by PTI (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by PTI.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of PTI and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Notes 12 and 32 k for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

f. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Corporation's foreign operations (including the subsidiaries and associates in other countries or subsidiaries that use currencies different from PTI) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated

at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of PTI and non-controlling interests as appropriate).

g. Inventories

Inventories consist of raw materials and supplies and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate the weighted-average cost on the balance sheet date.

h. Property, plant, and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

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

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

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

i. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units (referred to as cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) Intangible assets acquired separately

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

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

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

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

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had

no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (included related parties), other receivables (included related parties), pledged time deposits and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of a

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

For internal credit risk management purposes, The Corporation determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL

A financial liability is classified as at FVTPL when such a financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss

incorporates any interest or dividends paid on such financial liability. Fair value is determined in the manner described in Note 27.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

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

m. Revenue recognition

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

For contracts where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the rendering of services

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time. Contract assets are recognized during the process of semiconductor assembling and testing, and are reclassified to accounts receivable at the point the bills were issued. If the payment exceeds the revenue recognized to date, the Corporation recognizes the difference as a contract liability. It is recognized as contract asset before the Corporation satisfies its performance obligations.

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

n. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

o. Borrowing costs

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

q. Treasury shares

When the Corporation buys back the issued shares as treasury shares, the cost paid will be debited to the treasury shares and listed as a deduction of shareholders equity.

The parent company's shares held by its subsidiaries are reclassified to treasury shares from investments accounted for using the equity method and are recognized based on the original investment cost. Cash dividends earned by subsidiaries are written-off from investment income and adjusted to capital surplus - treasury share transactions.

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the

lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Checking accounts and demand deposits	\$ 20,372,822	\$ 22,613,960
Cash on hand	<u>602</u>	<u>273</u>
	<u>\$ 20,373,424</u>	<u>\$ 22,614,233</u>

The market rate intervals of cash in bank and cash equivalents at the end of the reporting period were as follows:

	December 31	
	2022	2021
Bank deposits	0%-4.35%	0%-2.03%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ 38,410	\$ 26,337
Non-derivative financial assets		
Mutual funds	<u>28,209</u>	<u>79,200</u>
	<u>\$ 66,619</u>	<u>\$ 105,537</u>

Financial liabilities at FVTPL - current

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)

Foreign exchange forward contracts	<u>\$ 7,446</u>	<u>\$ 5,649</u>
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At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2022</u>			
Sell foreign exchange forward contracts	USD to NTD	2023.01.03-2023.03.03	USD111,500
	USD to JPY	2023.01.06-2023.05.08	USD 11,174
	USD to RMB	2023.01.09-2023.01.18	USD 2,734

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2021</u>			
Sell foreign exchange forward contracts	USD to NTD	2022.01.04-2022.03.31	USD165,440
	USD to JPY	2022.01.05-2022.04.25	USD 18,372
	USD to RMB	2022.01.14	USD 2,507
			(Concluded)

The Corporation entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Solid State System Co., Ltd.	\$ 17,143	\$ 30,144
These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.		

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ 50,000	\$ -
Corporate bonds - P06 Taiwan Power Company 1A Bond	-	300,000
Corporate bonds - P06 Taiwan Power Company 3A Bond	-	50,000
Corporate bonds - P06 FPC 1A Bond	-	50,000
Pledged time deposits	13,468	25,223
Restricted deposits	<u>30,708</u>	<u>29,868</u>
	<u>\$ 94,176</u>	<u>\$ 455,091</u>
		(Continued)

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ 50,000	\$ 100,000
Time deposits with original maturities of more than 3 months	255,640	264,661
Pledged time deposits	<u>124,334</u>	<u>113,874</u>
	<u>\$ 429,974</u>	<u>\$ 478,535</u>
		(Concluded)

On April 21, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 1.13% at premium value of \$300,000 thousand (par value of \$300,000 thousand), and a maturity date of April 21, 2022.

On May 19, 2017, the Corporation bought corporate bonds issued by Formosa Plastics Corporation with an effective interest rate of 1.09% at par value of \$100,000 thousand, and maturity dates of May 19, 2021 and 2022, at par value of \$50,000 thousand, respectively.

On December 15, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.88% at par value of \$100,000 thousand, and maturity dates of December 15, 2021 and 2022, at par value of \$50,000 thousand, respectively.

On September 12, 2019, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.72% at par value of \$100,000 thousand, and maturity dates of September 12, 2023 and 2024, at par value of \$50,000 thousand, respectively.

Refer to Note 27 for information relating to their credit risk management and impairment.

Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
<u>Notes receivable</u>		
Notes receivable - operating	\$ <u>44,579</u>	\$ <u>155,411</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	9,273,670	11,429,067
Less: Allowance for impairment loss	<u>(65,832)</u>	<u>(64,770)</u>
	<u>9,207,838</u>	<u>11,364,297</u>
	<u>\$ 9,252,417</u>	<u>\$ 11,519,708</u>

At amortized cost

The average credit period of sales of goods was 30 days to 150 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

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

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

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 9,216,754	\$ 49,148	\$ 7,233	\$ 535	\$ -	\$ 9,273,670
Loss allowance (Lifetime ECLs)	(8,926)	(49,138)	(7,233)	(535)	-	(65,832)
Amortized cost	<u>\$ 9,207,828</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,207,838</u>

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$11,374,799	\$ 52,322	\$ 1,411	\$ 535	\$ -	\$11,429,067
Loss allowance (Lifetime ECLs)	(10,502)	(52,322)	(1,411)	(535)	-	(64,770)
Amortized cost	<u>\$11,364,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,364,297</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 64,770	\$ 30,526
Add: Impairment loss	731	-
Add: Combination of subsidiaries	331	-
Add: Amounts recovered	-	85,281
Less: Net remeasurement of loss allowance	<u>-</u>	<u>(51,037)</u>
Balance at December 31	<u>\$ 65,832</u>	<u>\$ 64,770</u>

11. INVENTORIES

	December 31	
	2022	2021
Raw materials	\$ 10,173,117	\$ 6,143,831
Supplies	<u>579,709</u>	<u>624,163</u>
	<u>\$ 10,752,826</u>	<u>\$ 6,767,994</u>

The nature of the cost of goods sold was as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	<u>\$ 66,550,715</u>	<u>\$ 64,498,915</u>
Write-downs of inventories	<u>\$ 173,869</u>	<u>\$ 112,372</u>
Unallocated production overhead	<u>\$ 6,286,636</u>	<u>\$ 3,525,843</u>
Sales of scrap	<u>\$ 221,483</u>	<u>\$ 198,580</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2022	2021	
Powertech Technology Inc.	Powertech Holding (BVI) Inc.	Investment business	100	100	-
	Greatek Electronics Inc. ("GEI")	Semiconductor assembly and testing services	43	43	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Investment business	100	100	Note 3
	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	36	36	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	9	9	-
	Powertech Technology Japan Ltd.	Investment business	100	100	-
	Tera Probe, Inc.	Wafer probing test services	12	12	Note 2
	TeraPower Technology Inc.	Wafer probing test services	49	49	-
	PTI Technology (Singapore) Pte. Ltd.	Investment business	100	100	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	72	72	-
Powertech Holding (BVI) Inc.	Powertech Technology (Singapore) Pte. Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	64	64	-
	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	19	19	-

(Continued)

Proportion of Ownership (%)

Investor	Investee	Nature of Activities	December 31		Remark
			2022	2021	
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Wafer probing test services	49	49	Note 2
	Powertech Technology Akita Inc.	Semiconductor assembly and testing service	100	100	Note 3
Tera Probe, Inc.	TeraPower Technology Inc.	Wafer probing test services	51	51	-
	Tera Probe Aizu, Inc.	Wafer probing test services	-	100	Note 4
Greatek Electronics Inc. ("GEI")	Get-Team Tech Corporation	Metal plating on semiconductor lead frame	97.46	-	Note 5

(Concluded)

Note 1: On the reelection of the directors and supervisors of Greatek Electronics Inc., PTI obtained the majority of the board seats and Greatek Electronics Inc., became a subsidiary of PTI even though PTI has only 43% ownership of Greatek Electronics Inc.

Note 2: Subsidiaries that have material non-controlling interests.

Note 3: Due to the adjustment of operational needs, the Corporation scaled down the business operation of Powertech Technology (Singapore) Pte. Ltd. in January 2021, which is mainly engaged in reinvestment business. It is also expected to cease the operation of Powertech Technology Akita Inc.

Note 4: Due to the adjustment of operational needs, the Corporation ceased the operation of Tera Probe Aizu, Inc. in July 2022. and was merged by Tera Probe, Inc., which is the surviving company.

Note 5: In October 2022, Greatek acquired 97.46% ownership of Get-Team Tech Corporation and obtained the majority, Get-Team Tech Corporation became a subsidiary of Greatek.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2022	2021
Greatek Electronics Inc.	Zhunan Township, Miaoli County	57%	57%
Tera Probe, Inc.	Japan	39%	39%

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2022	2021	2022	2021

Greatek Electronics Inc.

(Excluding

non-controlling interests in

subsidiary)

Tera Probe, Inc.

\$ 1,795,663

\$ 2,620,637

\$ 11,472,577

\$ 11,434,242

\$ 269,456

\$ 206,890

\$ 2,558,358

\$ 2,364,817

Summarized financial information in respect of each of the Corporation's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Greatek Electronics Inc. and subsidiary

	December 31	
	2022	2021
Current assets	\$ 8,657,344	\$ 11,353,869
Non-current assets	15,774,891	15,152,214
Current liabilities	(2,927,106)	(5,411,464)
Non-current liabilities	<u>(596,235)</u>	<u>(264,714)</u>
Equity	<u>\$ 20,908,894</u>	<u>\$ 20,829,905</u>
Equity attributable to:		
Owners of the Corporation	\$ 8,969,650	\$ 8,937,109
Non-controlling interests	11,936,099	11,892,796
Non-controlling interests from subsidiary	<u>3,145</u>	<u>-</u>
	<u>\$ 20,908,894</u>	<u>\$ 20,829,905</u>
	For the Year Ended December 31	
	2022	2021
Operating revenue	<u>\$ 15,950,309</u>	<u>\$ 19,461,143</u>
Net income for the year	\$ 3,157,984	\$ 4,602,762
Other comprehensive income (loss) for the year	<u>(238,096)</u>	<u>(6,282)</u>
Total comprehensive income for the year	<u>\$ 2,919,888</u>	<u>\$ 4,596,480</u>
Net income attributable to:		
Owners of the Corporation	\$ 1,355,019	\$ 1,974,823
Non-controlling interests	1,803,151	2,627,939
Non-controlling interests from subsidiary	<u>(186)</u>	<u>-</u>
	<u>\$ 3,157,984</u>	<u>\$ 4,602,762</u>
Total comprehensive income (loss) attributable to:		
Owners of the Corporation	\$ 1,252,863	\$ 1,972,128
Non-controlling interests	1,667,211	2,624,352
Non-controlling interests from subsidiary	<u>(186)</u>	<u>-</u>
	<u>\$ 2,919,888</u>	<u>\$ 4,596,480</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 6,387,407	\$ 7,414,609
Investing activities	(4,225,394)	(5,520,502)
Financing activities	<u>(2,456,890)</u>	<u>(1,764,523)</u>
Net cash (outflow) inflow	<u>\$ (294,877)</u>	<u>\$ 129,584</u>
Dividends paid to non-controlling interests		
Greatek Electronics Inc.	<u>\$ 1,623,908</u>	<u>\$ 1,006,823</u>

Tera Probe, Inc.

	December 31	
	2022	2021
Current assets	\$ 2,502,705	\$ 2,411,445
Non-current assets	5,366,521	4,298,508
Current liabilities	(974,592)	(660,346)
Non-current liabilities	<u>(645,023)</u>	<u>(356,467)</u>
Equity	<u>\$ 6,249,611</u>	<u>\$ 5,693,140</u>
Equity attributable to:		
Owners of the Corporation	\$ 3,790,390	\$ 3,452,890
Non-controlling interests	<u>2,459,221</u>	<u>2,240,250</u>
	<u>\$ 6,249,611</u>	<u>\$ 5,693,140</u>
	For the Year Ended December 31	
	2022	2021
Operating revenue	<u>\$ 1,691,325</u>	<u>\$ 1,623,307</u>
Net income (loss) for the year	\$ 739,085	\$ 448,678
Other comprehensive income (loss) for the year	<u>20,184</u>	<u>305,558</u>
Total comprehensive income (loss) for the year	<u>\$ 759,269</u>	<u>\$ 754,236</u>
Net income (loss) attributable to:		
Owners of the Corporation	\$ 448,243	\$ 272,116
Non-controlling interests	<u>290,842</u>	<u>176,562</u>
	<u>\$ 739,085</u>	<u>\$ 448,678</u>
Total comprehensive income (loss) attributable to:		
Owners of the Corporation	\$ 460,484	\$ 457,432
Non-controlling interests	<u>298,785</u>	<u>296,804</u>
	<u>\$ 759,269</u>	<u>\$ 754,236</u>
Cash flow inflow (outflow) from:		
Operating activities	\$ 1,385,310	\$ (424,553)
Investing activities	(728,013)	(121,471)
Financing activities	<u>275,460</u>	<u>186,792</u>
Net cash inflow (outflow)	<u>\$ 932,757</u>	<u>\$ (359,232)</u>

The share of profit or loss and other comprehensive income of those subsidiaries for the years ended December 31, 2022 and 2021 was based on the subsidiaries' financial statements audited by the auditors for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31									
	2022					2021				
Assets used by the Corporation	\$ 64,818,236					\$ 63,236,697				
	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
Cost										
Balance at January 1, 2022	\$ 4,174,426	\$ 30,352,530	\$ 106,275,541	\$ 2,469,708	\$ 90,885	\$ 3,767,435	\$ 2,623,038	\$ 6,747,669	\$ 277,057	\$ 156,778,289
Additions	94,973	281,535	780,068	28,471	-	102,148	2,038,950	13,167,796	368,939	16,862,880
Acquisitions through business combinations (Note 25)	8,946	9,527	123,965	57	-	16,742	-	10,578	-	169,815
Disposals	-	(399,756)	(9,562,127)	(93,131)	-	(469,282)	-	(36,818)	(369,799)	(10,928,913)
Reclassified	134,168	3,614,987	10,598,135	113,945	156	160,570	(1,647,927)	(13,033,624)	58,703	(887)
Effect of foreign currency exchange differences	534	34,425	450,663	6,175	(1,824)	30,347	15,173	8,528	-	544,021
Balance at December 31, 2022	4,413,047	33,893,248	108,666,245	2,525,225	89,217	3,609,960	3,029,234	6,864,129	334,900	163,425,205
Accumulated depreciation										
Balance at January 1, 2022	-	13,413,221	73,643,404	1,873,765	4,280	3,414,665	-	-	-	92,349,335
Depreciation expense	-	1,652,751	12,336,333	203,470	3,248	189,856	-	-	369,799	14,755,457
Acquisitions through business combinations (Note 25)	-	4,512	113,348	48	-	10,439	-	-	-	128,347
Disposals	-	(373,074)	(8,955,859)	(63,314)	-	(462,931)	-	-	(369,799)	(10,224,913)
Reclassified	-	-	264	(39)	-	(184)	-	-	-	41
Effect of foreign currency exchange differences	-	21,440	299,773	5,898	-	28,989	-	-	-	356,100
Balance at December 31, 2022	-	14,718,850	77,437,263	2,019,828	7,528	3,180,834	-	-	-	97,364,303
Accumulated impairment										
Balance at January 1, 2022	1,523	413,199	581,968	96,761	58,179	-	835	39,792	-	1,192,257
Recognition (revolution) of impairment losses	-	-	841	113	-	-	1,915	-	-	2,869
Disposals	-	-	(3,687)	(11,899)	-	-	-	-	-	(15,586)
Reclassified	-	-	-	-	-	-	(786)	786	-	-
Effect of foreign currency exchange differences	(51)	20,763	43,481	2,252	(1,984)	-	1	(1,336)	-	63,126
Balance at December 31, 2022	1,472	433,962	622,603	87,227	56,195	-	1,965	39,242	-	1,242,666
Carrying amount at December 31, 2022	\$ 4,411,575	\$ 18,740,436	\$ 30,606,379	\$ 418,170	\$ 75,494	\$ 429,126	\$ 3,077,269	\$ 6,874,887	\$ 334,900	\$ 64,818,236
Cost										
Balance at January 1, 2021	\$ 3,442,706	\$ 27,495,212	\$ 103,858,997	\$ 2,514,788	\$ 413,336	\$ 3,722,627	\$ 2,294,972	\$ 3,952,441	\$ 203,042	\$ 147,898,121
Additions	560,535	52,195	2,024,569	25,881	-	62,147	3,179,921	11,595,794	581,518	18,082,560
Disposals	-	(335,730)	(6,791,946)	(166,882)	(309,734)	(140,197)	(527)	(576)	(524,917)	(8,270,509)
Reclassified	173,806	3,281,425	8,286,525	179,842	5,168	131,123	(2,866,607)	(8,747,778)	17,651	461,155
Effect of foreign currency exchange differences	(2,621)	(140,572)	(1,102,604)	(83,921)	(17,885)	(8,265)	15,279	(52,212)	(237)	(1,393,038)
Balance at December 31, 2021	4,174,426	30,352,530	106,275,541	2,469,708	90,885	3,767,435	2,623,038	6,747,669	277,057	156,778,289
Accumulated depreciation										
Balance at January 1, 2021	-	12,275,248	68,685,966	1,878,378	236,089	3,342,692	-	-	13,651	86,432,024
Depreciation expense	-	1,493,381	11,511,882	201,164	2,242	207,897	-	-	511,504	13,928,070
Disposals	-	(306,089)	(6,042,721)	(143,981)	(220,304)	(128,348)	-	-	(524,917)	(7,366,360)
Reclassified	-	6,841	360,165	-	(6,841)	(19)	-	-	-	360,146
Effect of foreign currency exchange differences	-	(56,160)	(871,888)	(61,796)	(6,906)	(7,557)	-	-	(238)	(1,004,545)
Balance at December 31, 2021	-	13,413,221	73,643,404	1,873,765	4,280	3,414,665	-	-	-	92,349,335
Accumulated impairment										
Balance at January 1, 2021	1,749	425,731	639,988	100,528	141,178	-	-	45,729	-	1,354,903
Recognition (revolution) of impairment losses	-	-	389	198	-	-	884	-	-	1,471
Disposals	-	-	(26,683)	-	(73,027)	-	-	-	-	(99,710)
Reclassified	-	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	(226)	(12,532)	(31,726)	(3,965)	(9,972)	-	(49)	(5,937)	-	(64,407)
Balance at December 31, 2021	1,523	413,199	581,968	96,761	58,179	-	835	39,792	-	1,192,257
Carrying amount at December 31, 2021	\$ 4,172,903	\$ 16,526,110	\$ 32,050,169	\$ 499,182	\$ 28,426	\$ 352,770	\$ 2,622,203	\$ 6,707,877	\$ 277,057	\$ 63,236,697

Tera Probe, Inc. expected a decrease in the future cash flows of machinery and equipment, office equipment, leasehold improvements and advance payments. Therefore, impairment loss of \$2,869 thousand and \$1,471 thousand was recognized in other gains and losses for the years ended December 31, 2022 and 2021, respectively.

Tera Probe, Inc. assessed that the book value of some assets cannot be recovered.

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

Buildings	
Main plants	3-51 years
Mechanical and electrical power equipment	2-26 years
Wafer fab	6-16 years
Fire control equipment	6-26 years
Others	2-51 years
Machinery and equipment	1-15 years
Office equipment	1-15 years
Leasehold improvements	2-50 years
Other equipment	2-16 years
Spare parts	0.5-2 years

Property, plant and equipment used by the Corporation and pledged as collateral for bank borrowings are set out in Note 29.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 1,345,852	\$ 1,377,512
Buildings	33,265	-
Machinery and equipment	82,657	101,801
Transportation equipment	<u>1,239</u>	<u>2,644</u>
	<u>\$ 1,463,013</u>	<u>\$ 1,481,957</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 29,124</u>	<u>\$ 10,260</u>
Depreciation charge for right-of-use assets		
Land	\$ 39,265	\$ 39,116
Buildings	1,468	15,182
Machinery and equipment	21,185	28,030
Transportation equipment	<u>1,405</u>	<u>1,339</u>
	<u>\$ 63,323</u>	<u>\$ 83,667</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 66,715</u>	<u>\$ 63,724</u>
Non-current	<u>\$ 1,344,749</u>	<u>\$ 1,364,825</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.93%-1.69%	0.93%-1.69%
Buildings	2.53%	-
Machinery and equipment	0.80%-2.30%	0.80%-1.70%
Transportation equipment	0.92%	0.92%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 22,038</u>	<u>\$ 14,858</u>
Total cash outflow for leases	<u>\$ (87,869)</u>	<u>\$(121,401)</u>

The Corporation's leases of certain land, office, machines, vehicles and office equipment qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	Computer Software	Goodwill	Trade Secret	Core Techniques	Client Relationships	Royalty	Technical Services	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 611,572	\$ 979,819	\$ -	\$ 246,494	\$ 220,775	\$ 9,424	\$ 88,894	\$ 2,156,978
Additions	24,597	-	-	-	-	-	-	24,597
Acquisitions through business combinations (Note 25)	-	17,896	41,383	-	-	-	-	59,279
Disposals	60,690	-	-	-	-	-	-	60,690
Reclassifications	650	-	-	-	-	-	-	650
Effect of foreign currency exchange differences	(2,850)	-	-	2,609	-	(38)	-	(279)
Balance at December 31, 2022	<u>694,659</u>	<u>997,715</u>	<u>41,383</u>	<u>249,103</u>	<u>220,775</u>	<u>9,386</u>	<u>88,894</u>	<u>2,301,915</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2022	583,470	-	-	246,494	220,775	8,664	88,894	1,148,297
Amortization expense	34,112	-	1,035	-	-	708	-	35,855
Disposals	60,690	-	-	-	-	-	-	60,690
Reclassifications	(95,413)	-	-	-	-	-	-	(95,413)
Effect of foreign currency exchange differences	(2,985)	-	-	2,609	-	(34)	-	(410)
Balance at December 31, 2022	<u>579,874</u>	<u>-</u>	<u>1,035</u>	<u>249,103</u>	<u>220,775</u>	<u>9,338</u>	<u>88,894</u>	<u>1,149,019</u>
<u>Accumulated impairment</u>								
Balance at January 1, 2022	26,041	-	-	-	-	-	-	26,041
Effect of foreign currency exchange differences	1,223	-	-	-	-	-	-	1,223
Balance at December 31, 2022	<u>27,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,264</u>
Carrying amount at December 31, 2022	<u>\$ 87,521</u>	<u>\$ 997,715</u>	<u>\$ 40,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 1,125,632</u>

	Computer Software	Goodwill	Core Techniques	Client Relationships	Royalty	Technical Services	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 632,953	\$ 979,819	\$ 247,464	\$ 220,775	\$ 9,587	\$ 88,894	\$ 2,179,492
Additions	26,467	-	-	-	-	-	26,467
Disposals	(12,820)	-	-	-	-	-	(12,820)
Reclassifications	370	-	-	-	-	-	370
Effect of foreign currency exchange differences	(35,398)	-	(970)	-	(163)	-	(36,531)
Balance at December 31, 2021	<u>611,572</u>	<u>979,819</u>	<u>246,494</u>	<u>220,775</u>	<u>9,424</u>	<u>88,894</u>	<u>2,156,978</u>
<u>Accumulated amortization</u>							
Balance at January 1, 2021	585,776	-	247,464	220,775	5,947	88,894	1,148,856
Amortization expense	37,638	-	-	-	2,863	-	40,501
Disposals	(12,820)	-	-	-	-	-	(12,820)
Effect of foreign currency exchange differences	(27,124)	-	(970)	-	(146)	-	(28,240)
Balance at December 31, 2021	<u>583,470</u>	<u>-</u>	<u>246,494</u>	<u>220,775</u>	<u>8,664</u>	<u>88,894</u>	<u>1,148,297</u>
<u>Accumulated impairment</u>							
Balance at January 1, 2021	28,161	-	-	-	-	-	28,161
Effect of foreign currency exchange differences	(2,120)	-	-	-	-	-	(2,120)
Balance at December 31, 2021	<u>26,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,041</u>
Carrying amount at December 31, 2021	<u>\$ 2,061</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ 982,640</u>

The Group acquired Get-Team in October 2022 and recognized goodwill of \$17,896 thousand (see Note 25).

The amortization of the trade secret acquired through a business combination was recognized over its useful life based on the standard appraisal practices.

The above items of intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-10 years
Core techniques	5 years
Client relationships	9 years
Royalty	3-10 years
Technical services	2-4 years
Trade secret	10 years

16. OTHER ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Payment on behalf of others	\$ 296,153	\$ 410,278
Refundable deposits	194,305	-
Tax refund receivables	150,500	263,040
Others	<u>41,475</u>	<u>48,585</u>
	<u>\$ 682,433</u>	<u>\$ 721,903</u>

(Continued)

	December 31	
	2022	2021
<u>Prepayments</u>		
Excess business tax paid	\$ 292,831	\$ 330,933
Prepayments for insurance premiums	36,555	27,588
Inventory of supplies	33,187	33,381
Prepayments for repairs	21,778	26,981
Prepayments to suppliers	2,640	8,055
Others	<u>30,986</u>	<u>25,370</u>
	<u>\$ 417,977</u>	<u>\$ 452,308</u>
<u>Non-current</u>		
Refundable deposits	\$ 934,365	\$ 267,582
Prepayments for equipment	155,238	63,849
Others	<u>18,582</u>	<u>925</u>
	<u>\$ 1,108,185</u>	<u>\$ 332,356</u>
		(Concluded)

17. BORROWINGS

a. Short-term bank loans

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Working capital loan	<u>\$ 69,720</u>	<u>\$ 72,180</u>

The effective interest rate range on the working capital loan was 0.53% and 0.68% as of December 31, 2022 and 2021, respectively.

b. Long-term debt

The long-term debts of the Corporation are all floating rate debt, which include:

	December 31	
	2022	2021
1) Secured borrowings (Note 29)	\$ 20,414,539	\$ 13,519,457
2) Unsecured borrowings	<u>10,121,464</u>	<u>16,614,859</u>
	30,536,003	30,134,316
Less: Current portion	<u>(182,434)</u>	<u>(121,503)</u>
	<u>\$ 30,353,569</u>	<u>\$ 30,012,813</u>

- 1) The principal will be repaid in installments from December 2024 to December 2038. As of December 31, 2022 and 2021, the interest rate range of the loan was 1.025%-1.680% and 0.4%-1.01% per annum, respectively.
- 2) The principal will be repaid in installments from January 2023 to December 2028. As of December 31, 2022 and 2021, the interest rate range of the loan was 0.60%-5.64% and 0.45%-1.00% per annum, respectively.

For PTI's long-term debt, the financing banks required PTI to comply with the requirements to maintain the current ratio, fixed ratio, liability ratio, financial liability ratio, equity ratio, interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities in its annual and semiannual consolidated financial statements. As of December 31, 2022, PTI was in compliance with these ratio requirements.

18. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Accrued expenses and other current liabilities		
Salaries and bonuses	\$ 3,541,372	\$ 3,503,413
Agency receipts	405,740	286,840
Payables for insurance	254,753	243,443
Payables for utilities	220,057	210,657
Guarantee deposits (a)	131,934	-
Indemnification payables (b)	131,408	133,487
Payables for annual leave	37,502	75,237
Payables for treasury stock delivery payments	-	241,156
Others	<u>3,394,902</u>	<u>3,779,827</u>
	<u>\$ 8,117,668</u>	<u>\$ 8,474,060</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits (a)	\$ 735,683	\$ 1,316
Others	<u>12,599</u>	<u>21,983</u>
	<u>\$ 748,282</u>	<u>\$ 23,299</u>

- a. Mainly guarantee deposits for capacity reservation.
- b. Indemnification payables are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

19. RETIREMENT BENEFIT PLANS

- a. Defined contribution plan
PTI, GEI and TeraPower Technology Inc. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly

contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Corporation's subsidiaries PTI, GEI and TeraPower Technology Inc. in accordance with the Labor Standards Law belongs to the defined benefit plan administered by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. PTI, GEI and TeraPower Technology Inc. contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

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

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 896,353	\$ 874,267
Fair value of plan assets	<u>(616,470)</u>	<u>(506,528)</u>
Net defined benefit liabilities	<u>\$ 279,883</u>	<u>\$ 367,739</u>
Net defined benefit assets	\$ (2,539)	\$ (917)
Net defined benefit liabilities	<u>282,422</u>	<u>368,656</u>
	<u>\$ 279,883</u>	<u>\$ 367,739</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 895,143</u>	<u>\$ (494,201)</u>	<u>\$ 400,942</u>
Service cost			
Current service cost	6,336	-	6,336
Net interest expense (income)	<u>3,574</u>	<u>(1,996)</u>	<u>1,578</u>
Recognized in profit or loss	<u>9,910</u>	<u>(1,996)</u>	<u>7,914</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,862)	(3,862)
Actuarial loss - changes in demographics assumptions	10,094	-	10,094
Actuarial loss - changes in financial assumptions	(32,436)	-	(32,436)
Actuarial loss - experience adjustments	19,081	(2,983)	16,098
Others	<u>781</u>	<u>-</u>	<u>781</u>
Recognized in other comprehensive income	<u>(2,480)</u>	<u>(6,845)</u>	<u>(9,325)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ -	\$ (21,287)	\$ (21,287)
Benefits paid	(18,561)	17,801	(760)
Liabilities extinguished on settlement	-	-	-
Effects of foreign currency exchange differences	(9,745)	-	(9,745)
Balance at December 31, 2021	<u>874,267</u>	<u>(506,528)</u>	<u>367,739</u>
Service cost			
Current service cost	5,458	-	5,458
Net interest expense (income)	<u>6,134</u>	<u>(3,731)</u>	<u>2,403</u>
Recognized in profit or loss	<u>11,592</u>	<u>(3,731)</u>	<u>7,861</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(23,537)	(23,537)
Actuarial loss - changes in demographics assumptions	451	-	451
Actuarial gain - changes in financial assumptions	(42,474)	-	(42,474)
Actuarial loss (gain) - experience adjustments	82,769	(15,914)	66,855
Others	<u>218</u>	<u>-</u>	<u>218</u>
Recognized in other comprehensive income	<u>40,964</u>	<u>(39,451)</u>	<u>1,513</u>
Contributions from the employer	-	(91,593)	(91,593)
Benefits paid	<u>(28,645)</u>	<u>24,833</u>	<u>(3,812)</u>
Liabilities extinguished on settlement	-	-	-
Effects of foreign currency exchange differences	<u>(1,825)</u>	<u>-</u>	<u>(1,825)</u>
Balance at December 31, 2022	<u>\$ 896,353</u>	<u>\$ (616,470)</u>	<u>\$ 279,883</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2022	2021
Discount rates	1.206%-1.40%	0.35%-0.75%
Expected rates of salary increase	2.05%-4.00%	2.25%-4.00%
Return on plan assets	1.40%	0.7%-0.75%

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

	December 31	
	2022	2021
Discount rate		
0.50% increase	<u>\$(45,192)</u>	<u>\$(46,878)</u>
0.50% decrease	<u>\$ 47,722</u>	<u>\$ 49,718</u>
Expected rate of salary increase/decrease		
0.50% increase	<u>\$ 44,381</u>	<u>\$ 46,333</u>
0.50% decrease	<u>\$(42,346)</u>	<u>\$(44,041)</u>

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

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 20,645</u>	<u>\$ 21,589</u>
Average duration of the defined benefit obligation	11-15 years	11-16 years

20. EQUITY

a. Capital stock

1) Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>
Shares authorized (in thousands of dollars)	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>759,147</u>	<u>779,147</u>
Shares issued (in thousands of dollars)	<u>\$ 7,591,466</u>	<u>\$ 7,791,466</u>

Fully paid ordinary shares, which have a par value of \$10, carry 1 vote per share and carry

a right to dividends.

Out of the shares authorized, 15,000 thousand shares were reserved for the issuance of employee share options.

The change in the share capital of the Corporation was mainly due to the cancellation of the treasury shares by the resolution of the board of directors on March 10, 2022. The base date of the capital reduction was March 14, 2022, and the registration of the change of capital reduction was completed on April 15, 2022.

As of December 31, 2022, 22 units of GDS of PTI were trading on the Luxembourg Stock Exchange. The number of ordinary shares represented by the GDS was 44 shares (one GDS represents 2 ordinary shares).

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (1)		
Share premium	\$ 1,879	\$ 1,929
<u>May be used to offset a deficit only</u>		
Arising from treasury share transactions	75,888	197,092
Changes in percentage of ownership interests in subsidiaries (2)	<u>71,773</u>	<u>71,773</u>
	<u>\$ 149,540</u>	<u>\$ 270,794</u>

- 1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the PTI's Articles of Incorporation, PTI should make appropriations from its net income in the following order:

- 1) Offset deficits.
- 2) Set aside as legal reserve 10% of the remaining profit.
- 3) Appropriate as special reserve.

- 4) After the above-mentioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by PTI's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within PTI.

Dividends are distributed in the form of cash, ordinary shares or a combination of cash and ordinary shares. In consideration of PTI being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, PTI's Articles of Incorporation provide that the total cash dividends paid in any given year should be at least 20% of total dividends distributed.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22(g).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals PTI's capital surplus. The legal reserve may be used to offset deficit. If PTI has no deficit and the legal reserve has exceeded 25% of PTI's capital surplus, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on May 27, 2022 and July 29, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 890,790	\$ 662,022
Special reserve	\$ 343,641	\$ 42,241
Cash dividends	\$ 5,162,197	\$ 3,895,733
Cash dividends per share (NT\$)	\$ 6.8	\$ 5

The appropriation of earnings for 2022, which were proposed by PTI's board of directors on March 10, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ 870,416
Special reserve reversed	\$ (108,395)
Cash dividends	\$ 5,314,026
Cash dividends per share (NT\$)	\$ 7

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on May 31, 2023.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	<u>\$(690,969)</u>	<u>\$(352,472)</u>
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>189,179</u>	<u>(338,497)</u>
Other comprehensive income (loss) recognized for the year	<u>189,179</u>	<u>(338,497)</u>
Balance at December 31	<u>\$(501,790)</u>	<u>\$(690,969)</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	<u>\$ (19,654)</u>	<u>\$ (14,510)</u>
Recognized for the year		
Unrealized loss - equity instruments	<u>(13,001)</u>	<u>(5,144)</u>
Other comprehensive (loss) recognized for the year	<u>(13,001)</u>	<u>(5,144)</u>
Balance at December 31	<u>\$ (32,655)</u>	<u>\$ (19,654)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 13,799,059	\$ 12,416,516
Share in profit for the year	2,065,119	2,827,527
Other comprehensive income (loss) for the year		
Exchange differences on translation of the financial statements of foreign entities	11,568	(210,814)
Remeasurement on defined benefit plans	(18,946)	(177)
Donations from shareholders	-	73
Cash dividends to shareholders from subsidiaries	(1,734,690)	(1,006,823)
The Corporation's shares held by its subsidiaries treated as treasury shares	(91,361)	(227,243)
Additional non-controlling interests recognized on acquisition of subsidiary	<u>3,331</u>	<u>-</u>
Balance at December 31	<u>\$ 14,034,080</u>	<u>\$ 13,799,059</u>

f. Treasury shares

Purpose of Buy-Back	Shares Cancelled (In Thousands of Shares)	Shares Held by Subsidiary (In Thousands of Shares)
Number of shares at January 1, 2021	-	6,170
Increase during the year	<u>10,412</u>	<u>3,830</u>
Number of shares at December 31, 2021	10,412	10,000
Increase during the year	9,588	1,800
Decrease during the year	<u>(20,000)</u>	<u>-</u>
Number of shares at December 31, 2022	<u>-</u>	<u>11,800</u>

PTI's shares held by its subsidiaries at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2022</u>			
Greatek Electronics Inc	11,800	\$ 934,560	\$ 934,560
<u>December 31, 2021</u>			
Greatek Electronics Inc.	10,000	\$ 977,000	\$ 977,000

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. PTI's shares held by its subsidiary are treated as treasury shares.

21. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from packaging services	\$ 56,640,115	\$ 57,595,446
Revenue from testing services	18,770,932	18,450,620
Revenue from module services	8,455,733	7,675,143
Others	<u>59,955</u>	<u>72,363</u>
	<u>\$ 83,926,735</u>	<u>\$ 83,793,572</u>

a. Contract information

As the Corporation fulfills its obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The

Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills its obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties) (Note 10)	<u>\$ 14,346,898</u>	<u>\$ 17,975,014</u>	<u>\$ 14,766,670</u>
Contract assets			
Revenue from processing services	<u>\$ 2,645,344</u>	<u>\$ 2,418,865</u>	<u>\$ 2,211,796</u>
Contract liabilities			
Revenue from processing services	<u>\$ 226,859</u>	<u>\$ 164,824</u>	<u>\$ 56,676</u>

The changes in the contract asset and the contract liability balance primarily result from the timing difference between the Corporations performance and the respective customer's payment.

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year and from the performance obligations which were satisfied in the previous period is as follows:

	For the Year Ended December 31	
	2022	2021
From the contract liabilities at the beginning of the year		
Revenue from processing services	<u>\$ 142,135</u>	<u>\$ 45,090</u>

c. Disaggregation of revenue from contracts with customers

	For the Year Ended December 31	
	2022	2021
<u>Primary geographical markets</u>		
Japan	\$ 27,189,539	\$ 25,796,097
Taiwan (the principal place of business of the Corporation)	25,119,738	19,356,303
America	13,728,399	12,546,898
Singapore	11,349,663	19,099,286
China, Hong Kong and Macao	2,250,357	2,002,639
Europe	1,930,719	2,314,953
Others	<u>2,358,320</u>	<u>2,677,396</u>
	<u>\$ 83,926,735</u>	<u>\$ 83,793,572</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 57,316	\$ 183,730
Financial liabilities classified as held for trading	(641,610)	(63,934)
Impairment loss of non-financial assets	(2,869)	(1,471)
Others	<u>344,302</u>	<u>417,397</u>
	<u><u>\$ (242,861)</u></u>	<u><u>\$ 535,722</u></u>

b. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 107,089	\$ 40,298
Financial assets measured at amortized cost	2,377	6,235
Others	<u>1</u>	<u>-</u>
	<u><u>\$ 109,467</u></u>	<u><u>\$ 46,533</u></u>

c. Other income

	For the Year Ended December 31	
	2022	2021
Rental income		
Operating lease rental income	<u>\$ 71,684</u>	<u>\$ 87,344</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 324,544	\$ 273,450
Interest on lease liabilities	24,002	24,243
Capitalized interest	<u>(92,178)</u>	<u>(69,541)</u>
	<u><u>\$ 256,368</u></u>	<u><u>\$ 228,152</u></u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest	\$ 92,178	\$ 69,541
Capitalization rate	0.833%-1.338 %	0.836%-0.927 %

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 14,755,457	\$ 13,928,070
Right-of-use assets	63,323	83,667
Intangible assets	<u>35,855</u>	<u>40,501</u>
Total	<u>\$ 14,854,635</u>	<u>\$ 14,052,238</u>
An analysis of depreciation by function		
Operating costs	\$ 14,143,204	\$ 13,478,789
Operating expenses	<u>675,576</u>	<u>532,948</u>
	<u>\$ 14,818,780</u>	<u>\$ 14,011,737</u>
An analysis of amortization by function		
Operating costs	\$ 26,881	\$ 26,833
Marketing	1	25
General and administrative	2,246	5,072
Research and development	<u>6,727</u>	<u>8,571</u>
	<u>\$ 35,855</u>	<u>\$ 40,501</u>

f. Employee benefit expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (Note 19)		
Defined contribution plans	\$ 623,222	\$ 580,896
Defined benefit plans	<u>7,861</u>	<u>7,914</u>
	631,083	588,810
Termination benefits	185	1,809
Other employee benefits	<u>17,991,620</u>	<u>19,140,680</u>
Total employee benefit expense	<u>\$ 18,622,888</u>	<u>\$ 19,731,299</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 15,633,112	\$ 16,529,859
Operating expenses	<u>2,989,776</u>	<u>3,201,440</u>
	<u>\$ 18,622,888</u>	<u>\$ 19,731,299</u>

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of PTI, PTI accrues compensation of employees and remuneration of directors at the rates between 5% and 7.5% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if PTI has accumulated deficits (including adjustment of unappropriated earnings), PTI should retain the net profit in advance for deducting accumulated deficits. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which were approved by PTI's board of directors on March 10, 2023 and March 10, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	5.42%	5.42%
Remuneration of directors	1.08%	1.08%

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 586,354	\$ 600,642
Remuneration of directors	117,271	120,128

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

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

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 2,980,730	\$ 470,892
Foreign exchange losses	<u>(1,470,743)</u>	<u>(731,798)</u>
Net gains (losses)	<u>\$ 1,509,987</u>	<u>\$ (260,906)</u>

23. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 2,848,706	\$ 2,650,395
Income tax on unappropriated earnings	46,552	54,893
Adjustments for prior years	<u>24,229</u>	<u>(5,397)</u>
	2,919,487	2,699,891
Deferred tax		
In respect of the current year	<u>(31,410)</u>	<u>279,671</u>
Income tax expenses recognized in profit or loss	<u>\$ 2,888,077</u>	<u>\$ 2,979,562</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before income tax	<u>\$ 13,639,926</u>	<u>\$ 14,705,487</u>
Income tax expense calculated at the statutory rate	\$ 3,376,444	\$ 3,545,373
Items that should be reduce	(663,327)	(772,101)
Nondeductible expenses in determining taxable income	1,996	1,832
Income tax on unappropriated earnings	46,552	54,893
Generation of temporary differences	94,838	165,241
Unrecognized loss carryforwards	(21,381)	(16,980)
Adjustments for prior years' tax	24,229	(5,397)
Others	<u>28,726</u>	<u>6,701</u>
Income tax expense recognized in profit or loss	<u>\$ 2,888,077</u>	<u>\$ 2,979,562</u>

b. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Tax payable	<u>\$ 1,359,309</u>	<u>\$ 1,570,467</u>
c. Deferred tax assets and liabilities		

The movements of deferred tax assets and deferred tax liabilities were follows:

For the year ended December 31, 2022

	Balance, Beginning of Year	Movements in the Year	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences	<u>\$ 86,079</u>	<u>\$ 141,680</u>	<u>\$ 227,759</u>
<u>Deferred tax liabilities</u>			
Temporary differences	<u>\$ 192,056</u>	<u>\$ 110,270</u>	<u>\$ 302,326</u>

For the year ended December 31, 2021

	Balance, Beginning of Year	Movements in the Year	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences	<u>\$ 305,185</u>	<u>\$(219,106)</u>	<u>\$ 86,079</u>
<u>Deferred tax liabilities</u>			
Temporary differences	<u>\$ 131,491</u>	<u>\$ 60,565</u>	<u>\$ 192,056</u>

d. Items for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2026	\$ 75,751	\$ 118,171
Expiry in 2027	202,631	199,102
Expiry in 2028	83,641	82,184
Expiry in 2029	<u>17,579</u>	<u>17,273</u>
	<u>\$ 379,602</u>	<u>\$ 416,730</u>
Deductible temporary differences	<u>\$ 115,150</u>	<u>\$ 121,950</u>

e. Income tax assessments

The Corporation's income tax returns through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	\$ <u>11.60</u>	\$ <u>11.54</u>
Diluted earnings per share	\$ <u>11.47</u>	\$ <u>11.44</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to the owners of the Corporation	\$ 8,686,730	\$ 8,898,398
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	\$ <u>8,686,730</u>	\$ <u>8,898,398</u>

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

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	748,748	770,870
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>8,593</u>	<u>7,009</u>
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	<u>757,341</u>	<u>777,879</u>

If PTI offered to settle compensation paid to employees in cash or shares, PTI assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Get-Team Tech Corporation (Get-Team)	Metal plating on semiconductor lead frame	October 5, 2022	97.46	<u>\$ 171,523</u>

Get-Team Tech was acquired in order to continue the expansion of assembly service.

b. Consideration transferred

	Get-Team Tech Corporation
Cash	<u>\$ 171,523</u>

The fair value of the ordinary shares of Get-Team, determined by an independent expert on distribution of cash at the date of the acquisition, amounted to \$171,523 thousand.

c. Assets acquired and liabilities assumed at the date of acquisition

	Get-Team Tech Corporation
Current assets	
Cash	\$ 44,329
Accounts receivable	45,692
Inventories	3,353
Other current assets	11,587
Non-current assets	
Property, plant and equipment	41,468
Right-of-use assets	17,997
Intangible assets	41,383
Other non-current assets	1,040
Current liabilities	
Accounts payable	(8,979)
Accrued compensation to employees and remuneration to directors	(160)
Current income tax liabilities	(1,287)
Accrued expenses and other current liabilities	(8,067)
Non-current liabilities	
Deferred income tax liabilities	(11,775)
Lease liabilities	<u>(19,623)</u>
	<u>\$ 156,958</u>

The tax bases of Get-Team's assets were required to be based on the market values of the assets. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have been finalized, and been determined based on the market values of the tax values

d. Non-controlling interests

The non-controlling interest (a 2.54% ownership interest in Get-Team) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest.

e. Goodwill recognized on acquisitions

	Get-Team Tech Corporation
Consideration transferred	\$ 171,523
Plus: Non-controlling interests (2.54% in Get-Team)	3,331
Less: Fair value of identifiable net assets acquired	<u>(156,958)</u>
	<u>\$ 17,896</u>

The goodwill recognized in the acquisitions of Get-Team mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of Get-Team. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets

f. Net cash outflow on the acquisition of subsidiaries

	Get-Team Tech Corporation
Consideration paid in cash	\$ 171,523
Less: Cash and cash equivalent balances acquired	<u>(44,329)</u>
	<u>\$ 127,194</u>

26. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Corporation's overall strategy remains unchanged from the previous year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

27. FINANCIAL INSTRUMENTS

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

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 100,000	\$ -	\$ 100,082	\$ -	\$ 100,082
<u>December 31, 2021</u>					

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 500,000	\$ -	\$ 501,313	\$ -	\$ 501,313

The abovementioned level 2 fair value measurement was based on quoted prices from the Taipei Exchange.

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 28,209	\$ -	\$ -	\$ 28,209
Derivative instruments	<u>-</u>	<u>38,410</u>	<u>-</u>	<u>38,410</u>
	<u>\$ 28,209</u>	<u>\$ 38,410</u>	<u>\$ -</u>	<u>\$ 66,619</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 943</u>	<u>\$ 16,200</u>	<u>\$ -</u>	<u>\$ 17,143</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 7,446</u>	<u>\$ -</u>	<u>\$ 7,446</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 79,200	\$ -	\$ -	\$ 79,200
Derivative instruments	<u>-</u>	<u>26,337</u>	<u>-</u>	<u>26,337</u>
	<u>\$ 79,200</u>	<u>\$ 26,337</u>	<u>\$ -</u>	<u>\$ 105,537</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 1,644</u>	<u>\$ 28,500</u>	<u>\$ -</u>	<u>\$ 30,144</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 5,649</u>	<u>\$ -</u>	<u>\$ 5,649</u>

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

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using the market approach and the binomial option pricing model to calculate the fair value.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 66,619	\$ 105,537
Financial assets at amortized cost (Note 1)	36,770,102	42,238,124
Financial assets at FVTOCI		
Equity instruments	17,143	30,144
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss (FVTPL)		
Held for trading	7,446	5,649
Financial liabilities at amortized cost (Note 2)	40,883,649	42,439,510

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable (including related parties), other payables (including related parties), accrued expenses, other current liabilities and long-term debt (including current portion) and guarantee deposit.

d. Financial risk management objectives and policies

The Corporation's major financial instruments include equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Corporation's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of

risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

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

The corporate treasury function, an independent body that monitors risks and policies implemented to mitigate risk exposures, reports quarterly to the Corporation's board of directors.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Corporation entered into a variety of derivative financial instruments (included forward exchange contracts) to manage its exposure to foreign currency risk.

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation's operating activities are partially denominated in foreign currencies and thus have natural hedging effects. The Corporation's management of foreign currency risk is for risk hedging instead of speculative purposes.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and manage the risk of the net position. The Corporation selects the instruments to hedge against currency exposure taking into consideration the hedging cost and period. The Corporation currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For the carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 31.

The Corporation uses forward exchange contracts to reduce foreign currency risk exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Corporation.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), accounts payable (including related parties), other payables (including related parties), short-term bank loans and long-term debt. The number below indicates the decrease/increase in pre-tax profit when the functional currency strengthens 5% against the relevant currency.

	USD Impact		JPY Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Profit or loss	\$(636,520)	\$(532,405)	\$ 25,342	\$ 60,773

b) Interest rate risk

As the Corporation owns assets at both fixed and floating interest rates, the Corporation is exposed to interest rate risk. The Corporation's interest rate risk also comes from borrowings at floating interest rates. Since the Corporation's bank borrowings are at floating interest rates, fluctuations in interest rates will affect cash flow in the future but will not affect the fair value.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows.

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 7,326,077	\$ 7,447,832
Financial liabilities	670,474	317,593
Cash flow interest rate risk		
Financial assets	13,467,495	15,599,156
Financial liabilities	29,935,249	29,888,903

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rate risk for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of both the assets and the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Corporation's pre-tax loss for the years ended December 31, 2022 and 2021 would

have decreased/increased by \$16,468 thousand and \$14,454 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rate risk on its variable-rate net liabilities.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. The Corporation's equity price risk was mainly concentrated on equity instruments in the electronics industry sector listed on the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$1,410 thousand and \$3,960 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the year ended December 31, 2022 and 2021 would have increased/decreased by \$857 thousand and \$1,507 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of the counterparty to discharge an obligation arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the management of the Corporation has established rules for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the directors of the Corporation consider that the Corporation's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings.

The counterparties of trade receivables cover a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Corporation's concentration of credit risk was related to the three largest customers within the Corporation. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable for the years ended December 31, 2022 and 2021. The three

largest customers are creditworthy counterparties; therefore, the Corporation believes the concentration of credit risk is insignificant.

Credit risk management for investments in debt instruments

The Corporation only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Corporation's exposure and the external credit ratings are continuously monitored. The Corporation reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Corporation considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses. The Corporation's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing	
		Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs	-

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Corporation had available unutilized short-term bank loan facilities of approximately \$4,578,641 thousand and \$6,739,081 thousand, respectively.

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

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 4,222,227	\$ 4,431,558	\$ 756,568	\$ -	\$ -
Lease liabilities	7,856	15,712	66,467	226,174	1,578,124
Fixed interest rate liabilities	-	118,524	133,630	418,320	-
Variable interest rate liabilities	-	-	-	23,802,779	6,132,470
Guarantee deposits	<u>17,630</u>	<u>-</u>	<u>114,348</u>	<u>650,568</u>	<u>85,071</u>
	<u>\$ 4,247,713</u>	<u>\$ 4,565,794</u>	<u>\$ 1,071,013</u>	<u>\$25,097,841</u>	<u>\$ 7,795,665</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 90,035</u>	<u>\$ 226,174</u>	<u>\$ 239,117</u>	<u>\$ 236,011</u>	<u>\$ 234,291</u>	<u>\$ 868,705</u>
Variable interest rate liabilities	<u>\$ -</u>	<u>\$ 23,802,779</u>	<u>\$ 5,689,903</u>	<u>\$ 366,857</u>	<u>\$ 75,710</u>	<u>\$ -</u>
Guarantee deposits	<u>\$ 131,978</u>	<u>\$ 650,568</u>	<u>\$ 85,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 4,074,461	\$ 6,465,347	\$ 1,693,206	\$ -	\$ -
Lease liabilities	7,265	14,531	65,252	226,903	1,617,461
Fixed interest rate liabilities	-	105,263	88,421	123,909	-
Variable interest rate liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,604,646</u>	<u>5,284,257</u>
	<u>\$ 4,081,726</u>	<u>\$ 6,585,141</u>	<u>\$ 1,846,879</u>	<u>\$24,955,458</u>	<u>\$ 6,901,718</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 87,048</u>	<u>\$ 226,903</u>	<u>\$ 236,403</u>	<u>\$ 234,088</u>	<u>\$ 233,688</u>	<u>\$ 913,282</u>
Variable interest rate liabilities	<u>\$ -</u>	<u>\$ 24,604,646</u>	<u>\$ 4,714,859</u>	<u>\$ 418,769</u>	<u>\$ 150,629</u>	<u>\$ -</u>

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

The following table details the Corporation's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$2,290,374	\$1,585,405	\$ 27,408
Outflows	<u>(2,262,019)</u>	<u>(1,583,022)</u>	<u>(27,182)</u>
	<u>\$ 28,355</u>	<u>\$ 2,383</u>	<u>\$ 226</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$1,814,159	\$2,972,363	\$ 35,574
Outflows	<u>(1,803,477)</u>	<u>(2,961,903)</u>	<u>(36,028)</u>
	<u>\$ 10,682</u>	<u>\$ 10,460</u>	<u>\$ (454)</u>

c) Loan facilities

	December 31	
	2022	2021
Secured bank loan facilities which may be mutually extended:		
Amount used	\$ 20,414,539	\$ 13,519,457
Amount unused	<u>6,900,000</u>	<u>17,175,000</u>
	<u>\$ 27,314,539</u>	<u>\$ 30,694,457</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between PTI and its subsidiaries, which were related parties of PTI, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between PTI and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Corporation
Kioxia Corporation	Substantial related party
Toshiba International Procurement Hong Kong, Ltd.	Substantial related party
Toshiba Information Systems (Japan) Corporation	Substantial related party
Toshiba Trading Inc.	Substantial related party
Toshiba Electronic Devices & Storage Corporation	Substantial related party
Kingston Technology International Ltd.	Substantial related party
Kingston Digital International Ltd.	Substantial related party
Kingston Solution, Inc.	Substantial related party
Kingston Technology Far East Corp.	Substantial related party
Solid State Storage Technology Corporation	Substantial related party
Realtek Singapore Private Limited	Substantial related party
Realtek Semiconductor Corp.	Substantial related party
Raymx Microelectronic Corp.	Substantial related party
Kingston Technology International Limited (Ireland)	Substantial related party

b. Sales of goods

Account	Related Party Type	For the Year Ended December 31	
		2022	2021
Sales of goods	Substantial related parties		
	Kioxia Corporation	\$ 20,882,528	\$ 21,781,738
	Others	<u>1,896,429</u>	<u>2,219,066</u>
		<u>\$ 22,778,957</u>	<u>\$ 24,000,804</u>

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment terms for the sales of the Corporation is from 30 days to 150 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Type	For the Year Ended December 31	
	2022	2021
Substantial related parties	<u>\$ 1,192,843</u>	<u>\$ 987,046</u>

The purchase prices and payment terms were based on negotiations for which there are no comparable transactions in the market.

d. Operating costs and expenses

Related Party Type	For the Year Ended December 31	
	2022	2021
Substantial related parties	<u>\$ 162</u>	<u>\$ 198</u>

Operating costs and expenses mainly were occasional fee.

e. Other gains and losses

Related Party Type	For the Year Ended December 31	
	2022	2021
Substantial related parties	<u>\$(22,535)</u>	<u>\$ 17,452</u>

Other gains and losses mainly include the purchase and sales of raw materials, compensation and the difference between collections and payment transfers. The purchase and sales of raw materials were based on conditions agreed by both parties for which there are no comparable transactions in the market.

f. Contract assets

Related Party Type	December 31	
	2022	2021
Substantial related parties		
Kioxia Corporation	\$ 829,624	\$ 669,072
Others	<u>75,486</u>	<u>84,067</u>
	<u>\$ 905,110</u>	<u>\$ 753,139</u>

For the years ended December 31, 2022 and 2021, no impairment loss was recognized for contract assets from related parties.

g. Accounts receivable from related parties (excluding loans to related parties and contract assets)

Line Item	Related Party Type	December 31	
		2022	2021
Accounts receivable	Substantial related parties		
- related parties	Kioxia Corporation	\$ 4,769,255	\$ 5,984,852
	Others	<u>325,226</u>	<u>470,454</u>
		<u>\$ 5,094,481</u>	<u>\$ 6,455,306</u>

The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for accounts receivable from related parties.

h. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Type	December 31	
		2022	2021
Accounts payable	Substantial related party		
- related parties	Solid State Storage Technology Corporation	\$ 70,748	\$ -
	Toshiba International Procurement Hong Kong, Ltd.	<u>11,936</u>	<u>154,391</u>
		<u>\$ 82,684</u>	<u>\$ 154,391</u>

The outstanding accounts payable from related parties are unsecured.

i. Payable to equipment suppliers

Related Party Type	December 31	
	2022	2021
Substantial related party	<u>\$ -</u>	<u>\$ 40,121</u>

j. Other receivables from related parties

Related Party Type	December 31	
	2022	2021
Substantial related parties		
Kioxia Corporation	\$ 65,783	\$ 64,766
Kingston Solution, Inc.	-	48
Others	<u>328</u>	<u>533</u>
	<u>\$ 66,111</u>	<u>\$ 65,347</u>

k. Other payables from related parties

Related Party Type	December 31	
	2022	2021
Substantial related party		
Kioxia Corporation	\$ 31,758	\$ 357
Others	<u>556</u>	<u>5,827</u>
	<u>\$ 32,314</u>	<u>\$ 6,184</u>

l. Acquisition of property, plant and equipment

Related Party Type	Acquisition Price For the Year Ended December 31	
	2022	2021
Substantial related party	<u>\$ -</u>	<u>\$ 45,930</u>

m. Remuneration of key management personnel

Related Party Type	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 531,118	\$ 512,749
Post-employment benefits	<u>2,047</u>	<u>2,117</u>
	<u>\$ 533,165</u>	<u>\$ 514,866</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were mainly provided for long-term bank loans, customs surety bonds, bank guarantees, bonded warehouse guarantee deposits and lease deposits:

Related Party Type	December 31	
	2022	2021
Property, plant and equipment	\$ 24,918,762	\$ 18,279,070
Pledged deposits (classified as financial assets at amortized cost - current)	13,468	25,223
Restricted deposits (classified as financial assets at amortized cost - current)	30,708	29,868
Pledged deposits (classified as financial assets at amortized cost - non-current)	<u>124,334</u>	<u>113,874</u>
	<u>\$ 25,087,272</u>	<u>\$ 18,448,035</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company were as follows:

- From February, 2021 to October, 2021, PTI signed a purchase agreement of equipment worth \$646,433 thousand with Kulicke & Soffa Pte. Ltd. As of December 31, 2022, PTI has paid \$617,158 thousand.
- From August, 2020 to July, 2021, PTI signed a contract worth \$595,845 thousand with Yi-Sheng Systems Integration Co., Ltd. for factory engineering. As of December 31, 2022, PTI has paid a total of \$595,845 thousand.
- From December, 2020 to December, 2021 and December, 2021 to August, 2022, PTI signed the purchase agreements of equipment worth \$588,119 thousand and \$523,210 thousand with Disco Hi-Tec Taiwan Co., Ltd. As of December 31, 2022, PTI has paid a total of \$540,783 thousand and \$187,232 thousand, respectively.

- d. From April, 2021 to January, 2022, PTI signed a purchase agreement of equipment worth \$505,374 thousand with Advantest Corporation. As of December 31, 2022, PTI has paid a total of \$466,823 thousand.
- e. From March, 2021 to January, 2022, PTI signed a contract worth \$713,114 thousand with Jiu Han Engineering Co., Ltd. to set up clean rooms and factory engineering. As of December 31, 2022, PTI has paid a total of \$654,314 thousand.
- f. From July, 2021 to July, 2022, PTI signed a contract worth \$728,248 thousand with Jian Ming Construction Co. Ltd. to set up new plant construction and factory engineering. As of December 31, 2022, PTI has paid a total of \$161,268 thousand.
- g. As of December 31, 2022, PTI's unused letters of credit for purchasing of machinery and equipment amounted to approximately US\$880 thousand.
- h. In November 2021, PTI entered into capacity reservation agreements with Zhen Ding Technology Co., Ltd. The deposits in a required aggregate amount of US\$35,000 thousand were paid to suppliers in compliance with the agreements and refunded to PTI when terms set forth in the agreements have been satisfied. According to the agreements, the deposits will be refunded in 58 installments starting from March 2023. As of December 31, 2022, the Corporation has paid a total of US\$35,000 thousand.
- i. From August, 2020 to June, 2021, June, 2021 to October, 2021, October, 2021 to January, 2022, January, 2022 to April, 2022 and May, 2022 to July, 2022, the TeraPower Technology Inc. signed a purchase agreement of equipment worth \$703,687 thousand, \$501,272 thousand, \$655,415 thousand, \$505,372 thousand and \$649,333 thousand with Advantest Taiwan Inc., As of December 31, 2022, the TeraPower Technology Inc. has paid a total of \$703,687 thousand, \$501,272 thousand, \$418,557 thousand, \$76,234 thousand and \$29,757 thousand, respectively.
- j. From July, 2021 to July, 2022, Tera Probe, Inc. signed a purchase agreement of equipment worth \$640,534 thousand with Teradyne Inc. As of December 31, 2022, Tera Probe, Inc. has paid \$389,023 thousand.
- k. In March, 2021, Greatek Electronics Inc. signed a contract worth \$510,000 thousand with Jian Ming Contractor Co., Ltd. for factory engineering. As of December 31, 2022, Greatek Electronics Inc. has paid a total of \$510,000 thousand.
- l. In June, 2021, Greatek Electronics Inc. signed a contract worth \$980,000 thousand with Jiu Han Engineering Co., Ltd. for electromechanical air conditioning engineering. As of December 31, 2022, Greatek Electronics Inc. has paid a total of \$882,000 thousand.
- m. In July, 2021, Greatek Electronics Inc. signed a contract worth \$360,000 thousand with Jiu Han Engineering Co., Ltd. to set up clean rooms and plumbing systems. As of December 31, 2022, Greatek Electronics Inc. has paid a total of \$324,000 thousand.
- n. In September, 2021, Greatek Electronics Inc. signed a contract worth \$378,000 thousand with Jiu Han Engineering Co., Ltd. for mechanical and electrical engineering. As of December 31, 2022, Greatek Electronics Inc. has paid a total of \$340,200 thousand.
- o. In April, 2022, Greatek Electronics Inc. signed a contract worth \$414,000 thousand with Jian Ming Contractor Co., Ltd. for construction of staff dorm. As of December 31, 2022, Greatek

Electronics Inc. has paid a total of \$248,400 thousand.

- p. In July, 2022, Greatek Electronics Inc. signed a contract worth \$418,000 thousand with Jiu Han Engineering Co., Ltd. for electromechanical air conditioning and fire engineering for staff dorm. As of December 31, 2022, Greatek Electronics Inc. has paid a total of \$125,400 thousand.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 595,039	30.7080 (USD:NTD)	\$ 18,272,458
USD	9,588	6.9514 (USD:RMB)	294,428
USD	6,558	132.12 (USD:JPY)	201,383
JPY	883,774	0.2324 (JPY:NTD)	205,389
JPY	3,611	0.0526 (JPY:RMB)	839
JPY	200,090	0.0075 (JPY:USD)	46,501
SGD	642	0.7447 (SGD:USD)	14,681
RMB	33,070	0.1438 (RMB:USD)	146,087
RMB	13,358	4.4175 (RMB:NTD)	59,009
			<u>\$ 19,240,775</u>
Non-monetary items			
USD	904	30.7080 (USD:NTD)	\$ 27,755
JPY	45,846	0.2324 (JPY:NTD)	10,655
			<u>\$ 38,410</u>
<u>Financial liabilities</u>			
Monetary items			
USD	186,628	30.7080 (USD:NTD)	\$ 5,730,973
USD	4,743	6.9514 (USD:RMB)	145,648
USD	5,251	132.12 (USD:JPY)	161,248
EUR	1,134	32.7086 (EUR:NTD)	37,092
JPY	3,001,847	0.2324 (JPY:NTD)	697,629
JPY	96,703	0.0526 (JPY:RMB)	22,474
JPY	169,783	0.076 (JPY:USD)	39,458
RMB	15,400	0.1439 (RMB:USD)	68,030
			<u>\$ 6,902,552</u>
Non-monetary items			
USD	212	30.7080 (USD:NTD)	\$ 6,508
JPY	3,196	0.2324 (JPY:NTD)	743
RMB	44	4.4175 (RMB:NTD)	195
			<u>\$ 7,446</u>

December 31, 2021			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 618,833	27.6900 (USD:NTD)	\$ 17,135,486
USD	11,133	6.4496 (USD:RMB)	308,273
USD	9,035	109.9276 (USD:JPY)	250,179
JPY	1,206,718	0.2406 (JPY:NTD)	290,279
JPY	41,210	0.0554 (JPY:RMB)	9,913
JPY	287,651	0.0087 (JPY:USD)	69,195
SGD	1,424	0.7390 (SGD:USD)	29,140
RMB	46,521	0.1568 (RMB:USD)	201,929
RMB		4.3406	
	7,906	(RMB:NTD)	<u>34,317</u>
			<u>\$ 18,328,711</u>
Non-monetary items			
USD	943	27.6900 (USD:NTD)	\$ 26,110
JPY	699	0.2406 (JPY:NTD)	168
RMB		4.3406	
	14	(RMB:NTD)	<u>59</u>
			<u>\$ 26,337</u>
<u>Financial liabilities</u>			
Monetary items			
USD	236,249	27.6900 (USD:NTD)	\$ 6,541,735
USD	10,191	6.4496 (USD:RMB)	282,189
USD	8,014	109.9276 (USD:JPY)	221,908
EUR	3,362	31.3382 (EUR:NTD)	105,359
JPY	5,597,312	0.2406 (JPY:NTD)	1,346,447
JPY	874,094	0.0554 (JPY:RMB)	210,266
JPY	116,917	0.0087 (JPY:USD)	28,125
RMB	16,935	0.1568 (RMB:USD)	73,508
SGD	51	0.7390 (SGD:USD)	<u>1,044</u>
			<u>\$ 8,810,581</u>
Non-monetary items			
JPY	23,474	0.2406 (JPY:NTD)	<u>\$ 5,649</u>

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$1,509,987 thousand and \$(260,906) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the Group.

32. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in mainland China that need to be disclosed as required by the Securities and Futures Bureau.

- a. Financing provided to others: Table 1 (attached)
- b. Endorsements/guarantees provided: None
- c. Marketable securities held: Table 2 (attached)
- d. Marketable securities acquired or disposed of at costs or prices amounting to at least NT\$300 million or 20% of the paid-in capital: Table 3 (attached)
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
- i. Derivative transactions: Note 7.
- j. Intercompany relationships and significant intercompany transactions: Table 7 (attached).
- k. Information of investees: Table 8 (attached)
- l. Information on investments in mainland China: Table 9 (attached)

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Note 32 (j).

- m. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder:

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
China Life Insurance Co., Ltd.	38,952,000	5.13

Note: The information on major shareholders in this table is calculated by CHEP on the last business day at the end of the quarter as the total number of ordinary shares and special shares held by shareholders who have completed the non-physical registration delivery (including treasury shares) of the company with a total of more than 5% of shares held. The share capital recorded in the Corporation's consolidated financial reports and the number of shares that had actually completed non-physical registration may differ depending on the basis of preparation and calculation.

33. SEGMENT INFORMATION

- a. The revenue, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenue and operating results for the years ended December 31, 2022 and 2021 are shown in the consolidated income statements for the years ended December 31, 2022 and 2021. The segment assets as of December 31, 2022 and 2021 are shown in the consolidated balance sheets as of December 31, 2022 and 2021.

- b. Geographical information

The Corporation's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue		Non-current Assets	
	For the Year Ended		December 31	
	2022	2021	2022	2021
Japan	\$ 27,189,539	\$ 25,796,097	\$ 2,200,264	\$ 1,782,700
Taiwan (the principal place of business of PTI)	25,119,738	19,356,303	62,705,877	60,921,676
America	13,728,399	12,546,898	-	-
Singapore	11,349,663	19,099,286	27	114
China, Hong Kong and Macao	2,250,357	2,002,639	2,500,713	2,996,804
Europe	1,930,719	2,314,953	-	-
Others	<u>2,358,320</u>	<u>2,677,396</u>	<u>-</u>	<u>-</u>
	<u>\$ 83,926,735</u>	<u>\$ 83,793,572</u>	<u>\$ 67,406,881</u>	<u>\$ 65,701,294</u>

Non-current assets exclude financial instruments, deferred tax assets, and other assets.

- c. Major customers

Sales to customers amounting to at least 10% of total gross sales:

Customer	For the Year Ended December 31			
	2022		2021	
	Amount	% of Total	Amount	% of Total
A	\$ 20,882,528	25	\$ 21,803,359	26
B	18,688,423	22	16,881,041	20
C	9,651,686	12	234,296	-
D	660,035	1	9,345,484	11

TABLE 1

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
1	Powertech Technology Inc.	Powertech Technology (Suzhou) Ltd.	Other receivables	Note 1	\$ 460,620	\$ 460,620	\$ -	1.0	For short term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 2,614,447	\$ 5,228,895	-

Note 1: Indirect investments, the Corporation’s 100%-owned subsidiary.

Note 2: The amount of financing provided by PTI to any individual shall not exceed five percent of PTI’s net worth. The aggregate amount available for financing not exceed ten percent of PTI’s net worth.

TABLE 2**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Value	% of Ownership	Fair Value	
Powertech Technology Inc.	<u>Stock</u> Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,053	\$ 17,143	3	\$ 17,143	Note 3
Greatek Electronics Inc.	<u>Fund</u> Yuanta Global Leaders Balanced Fund - USD	-	Financial assets at fair value through profit or loss - current	2,844	28,209	-	28,209	Note 4
	<u>Bond</u> P08 Taipower 3A	-	Financial assets at amortized cost - current	50	50,000	-	50,041	Note 2
	P08 Taipower 3A	-	Financial assets at amortized cost - noncurrent	50	50,000	-	50,041	Note 2
	<u>Stock</u> Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive income - noncurrent	11,800	934,560	2	934,560	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 5
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 5
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 5

Note 1: The fair value was based on stock closing price as of December 31, 2022.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of December 31, 2022.

Note 3: The fair value of ordinary shares was based on stock closing price, and the fair value of privately placed shares was determined using valuation techniques as of December 31, 2022.

Note 4: The fair value was based on the net asset value of the fund as of December 31, 2022.

Note 5: The fair value was based on the carrying value as of December 31, 2022.

Note 6: As of December 31, 2022, the above marketable securities had not been pledged or mortgaged.

TABLE 3

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Powertech Technology Inc.	<u>Stock</u> Powertech Technology Inc.	Treasury stock	-	The Corporation	10,412	\$ 1,018,166	9,588	\$ 943,589	-	\$ -	\$ -	\$ -	-	\$ -

Note: The treasury shares purchased by the Corporation have been registered for capital reduction on April 15, 2022, and the base date for capital reduction is March 14, 2022.

TABLE 4

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Property	Transaction Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Powertech Technology Inc.	Land	2022.03.17	\$ 745,602	\$ 100,000	Quan Asia Stone Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	After taking into account the current market price and negotiating with the seller Self build not applicable The two sides agreed	Plant expansion	None
Greatek Electronics Inc.	Building	2022.04.18	414,000	248,400	Jian Ming Contractor Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable		Dormitory	None
	MEP systems of the dormitory	2022.07.18	418,000	125,400	Jiu Han Engineering System Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable		Dormitory	None

TABLE 5**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	Sale	\$20,216,762	38	Note 1	\$ -	-	\$4,623,127	50	-
	Kingston Solution, Inc.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	422,937	1	Note 1	-	-	51,186	1	-
	Kingston Technology International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	255,993	-	Note 1	-	-	50,472	1	-
	Toshiba International Procurement Hong Kong, Ltd.	Corporate director's sister company.	Purchase	880,205	4	Note 1	-	-	(11,936)	-	-
	Solid State Storage Technology Corporation	Corporate director's subsidiaries.	Purchase	312,638	1	Note 1	-	-	(70,748)	(2)	-
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate director.	Sale	680,952	4	Net 60 days from monthly closing date	Note 2	-	86,769	4	-
	Realtek Singapore Private Limited	Same parent company with Greatek Electronics Inc.'s corporate director.	Sale	349,247	2	Net 60 days from monthly closing date	Note 2	-	55,884	3	-
	PowerTech Technology Inc.	Parent company of Greatek Electronics Inc.	Sale	104,087	1	Net 90 days from monthly closing date	Note 2	-	25,478	1	-
TeraPower Technology Inc.	Kioxia Corporation	Parent company of corporate director of TeraPower Technology Inc.'s ultimate parent company.	Sale	665,767	12	Net 90 days from monthly closing date	-	-	146,128	13	-

Note 1: 30 to 90 days after the end of the month of the invoice date.

Note 2: The sales price of Greatek Electronics Inc. sold to related parties is determined based on general trading practices.

TABLE 6

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
Powertech Technology Inc.	Kioxia Corporation	Corporate director’s parent company	\$ 4,623,127	3.86	\$ -	-	\$ 3,140,535	\$ -
TeraPower Technology Inc.	Kioxia Corporation	Parent company of corporate director of TeraPower Technology Inc.’s ultimate parent company	146,128	4.65	-	-	112,120	-

TABLE 7**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Transaction Flow	Intercompany Transactions			
			Financial Statement Item	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
Powertech Technology Inc.	Powertech Technology (Suzhou) Ltd.	1	Sales	\$ 49,232	Note 3	-
	TeraPower Technology Inc.	1	Sales	34,266	Note 3	-
	Tera Probe, Inc.	1	Sales	589	Note 3	-
	Greatek Electronics Inc.	1	Sales	16,614	Note 3	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase	19,598	Note 2	-
	Powertech Technology (Xian) Ltd.	1	Purchase	7,579	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Subcontract costs	474,859	Note 2	1%
	Greatek Electronics Inc.	1	Subcontract costs	110,757	Note 2	-
	TeraPower Technology Inc.	1	Subcontract costs	294,442	Note 2	-
	Tera Probe, Inc.	1	Production overhead	9,596	Note 2	-
	Powertech Technology (Suzhou)	1	Production overhead	1,856	Note 2	-
	TeraPower Technology Inc.	1	Rent income	2,497	Note 2	-
	TeraPower Technology Inc.	1	Rent	4,996	Note 2	-
	TeraPower Technology Inc.	1	Other gains and losses	4,813	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other gains and losses	17,063	Note 2	-
	Greatek Electronics Inc.	1	Other gains and losses	111,524	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Interest income	2,599	Note 2	-
	Greatek Electronics Inc.	1	Accounts receivable from related parties	1,587	Note 3	-
	TeraPower Technology Inc.	1	Accounts receivable from related parties	4,954	Note 3	-
	Powertech Technology (Suzhou)	1	Accounts receivable from related parties	18,217	Note 3	-
	Powertech Technology (Xian) Ltd.	1	Other receivables from related parties	3,128	Note 2	-
	TeraPower Technology Inc.	1	Other receivables from related parties	504	Note 2	-
	Tera Probe, Inc.	1	Other receivables from related parties	188	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other receivables from related parties	3,218	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Disposal of property, plant and equipment	962	Note 2	-
	Powertech Technology (Xian) Ltd.	1	Purchase of property, plant and equipment	127,060	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase of property, plant and equipment	84,453	Note 2	-
	Powertech Technology (Xian) Ltd.	1	Payable to equipment suppliers	123,275	Note 2	-
	TeraPower Technology Inc.	1	Other payables to related parties	106,322	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other payables to related parties	73,699	Note 2	-
	Greatek Electronics Inc.	1	Other payables to related parties	26,624	Note 2	-
	Powertech Technology (Japan) Ltd.	1	Other payables to related parties	15,127	Note 2	-
	Powertech Technology Akita Inc.	1	Other payables to related parties	33,402	Note 2	-
	Tera Probe, Inc.	1	Other payables to related parties	263	Note 2	-
Tera Probe, Inc.	TeraPower Technology Inc.	1	Other receivables from related parties	380	Note 2	-
	TeraPower Technology Inc.	1	Disposal of property, plant and equipment	67,073	Note 2	-
	TeraPower Technology Inc.	1	Purchase of property, plant and equipment	96,002	Note 2	-

Note 1: No. 1 - from the parent company to the subsidiary. No. 2 - from the subsidiary to the subsidiary.

Note 2: The transactions for related parties were negotiated and thus not comparable with those in the market.

Note 3: The selling prices with subsidiaries were negotiated and thus not comparable with those in the market, and the collection period with subsidiaries was same as common customer.

TABLE 8

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION OF INVESTEEES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	\$ 1,153,964	\$ 1,153,964	73,386	49	\$ 3,328,736	\$ 1,344,078	\$ 680,385	Notes 1 and 2
	Powertech Holding (BVI) Inc.	British Virgin Islands	Investment business	1,679,370	1,679,370	50	100	1,209,428	1,663	5,985	Notes 1 and 2
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing services	6,169,948	6,169,948	244,064	43	9,581,046	3,158,170	1,349,261	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 69,000	USD 85,000	69,000	100	1,990,623	368,864	369,985	Notes 1 and 2
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,374,567	327,197	525,269	Note 1
Greatek Electronics Inc.	Tera Probe, Inc.	Japan	Wafer probing test services	\$ 230,616	\$ 230,616	1,077	12	415,688	739,085	58,681	Notes 1 and 2
	Get-Team Tech Corporation	Hsinchu	Metal plating on semiconductor lead frame	171,523	-	7,796	97.46	164,386	(368)	(7,137)	Note 1
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 38,720	USD 97	USD 97	Note 1
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 99,345	USD 24,610	USD 12,012	Note 1
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing services	USD 58,329	USD 58,329	6	100	USD 8,698	USD (990)	USD (990)	Note 1
Tera Probe, Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	JPY 4,348,056	JPY 4,348,056	76,381	51	JPY 4,348,056	JPY 5,930,206	JPY 3,024,405	Note 1
	Tera Probe Aizu, Inc.	Japan	Wafer probing test services	JPY -	JPY 221,616	-	-	JPY -	JPY (202,081)	JPY (202,081)	Note 1

Note 1: Amount was recognized on the basis of reviewed financial statements.

Note 2: Including unrealized intercompany gains (losses).

TABLE 9

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Investee Company Accounted for Using the Equity Method	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investments from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
Powertech Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	\$ 3,070,800 (US\$ 100,000)	Note 1	\$ 1,566,108 (US\$ 51,000)	\$ -	\$ -	\$ 1,566,108 (US\$ 51,000)	\$ 2,350 (US\$ 135)	100%	\$ 9,173 (US\$ 364)	\$ 1,716,736 (US\$ 55,905)	\$ -	-
Powertech Technology (Xian) Ltd.	Semiconductor testing and assembly services	2,149,560 (US\$ 70,000)	Note 1	1,861,058 (US\$ 60,605)	-	191,710 (US\$ 6,243)	1,669,348 (US\$ 54,362)	620,931 (US\$ 20,825)	100%	620,931 (US\$ 20,825)	3,050,248 (US\$ 99,331)	480,212 (US\$ 15,638)	-

Investee Company Accounted for Using the Equity Method	Accumulated Investment in Mainland China as of December 31, 2022 (In Thousands of USD)	Investment Amounts Authorized by the Investment Commission, MOEA (In Thousands of USD)	Ceiling Amount on of the Corporation's Investment in Mainland China
Powertech Technology (Suzhou) Ltd Powertech Technology (Xian) Ltd	US\$ 51,000 US\$ 54,362	US\$ 79,000 US\$ 70,000	\$ 31,373,374

Note 1: Indirect investments through Powertech Holding (BVI) Inc., the Corporation's 100%-owned subsidiary.

Note 2: Amount was recognized on the basis of reviewed financial statements.

Note 3: Based on the exchange rate as of December 31, 2022.

Powertech Technology Inc.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Powertech Technology Inc.

Opinion

We have audited the accompanying financial statements of Powertech Technology Inc. (the "Corporation"), which comprise the balance sheets as of December 31, 2022 and 2021, statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters of the Corporation's financial statements for the year ended December 31, 2022 are described as follows:

Recognition of Contract Assets and Revenue

1. The amount of sales revenue is material to the Corporation. Refer to Note 21 to the accompanying financial statements for details of sales revenue. The major type of revenue is subcontracting revenue. The types of subcontracting transactions are as follows:
 - 1) Wafer level testing;
 - 2) Wafer level packaging;
 - 3) IC packaging; and
 - 4) IC testing.

2. Packaging services: Since the customers have ownership of the assets, assume significant risks and rewards of ownership of the assets, have the right to dispose of the assets and prevent the Corporation from obtaining the benefits of the assets, revenue should be recognized over time in accordance with the requirements of paragraph 35(b) of International Financial Reporting Standards No. 15.
3. Testing services: In accordance with the requirements of paragraph 35(a) of International Financial Reporting Standards No. 15, the Corporation recognizes revenue over time since the customers simultaneously receive and consume the benefits provided by the Corporation's testing services.
4. The Corporation recognizes the contract assets and revenue of packaging and testing services at the end of each month based on the completion schedule. Since the abovementioned process involves estimates and manual controls, there is a risk that contract assets and revenue may not be recognized correctly as a result of human error.
5. We reviewed the Corporation's revenue recognition policy, assessed the reasonableness of its contract assets and revenue recognition, confirmed against relevant supporting documents and accounting records, and verified the accuracy of the monetary amounts of contract assets and revenue recognized.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Cheng Chih Lin and Su Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally

accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

POWERTECH TECHNOLOGY INC.

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,406,216	13	\$ 14,573,469	16
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	24,100	-	23,265	-
Contract assets - current (Notes 21 and 27)	1,450,816	2	1,271,411	2
Accounts receivable (Notes 4, 10 and 21)	4,421,782	5	4,744,721	5
Receivables from related parties (Notes 4, 21 and 27)	4,770,538	5	5,995,672	7
Other receivables (Note 4)	159,252	-	160,156	-
Other receivables from related parties (Notes 4 and 27)	14,971	-	112,386	-
Inventories (Notes 4 and 11)	8,515,485	9	4,799,327	5
Prepaid expenses (Note 16)	60,906	-	57,548	-
Other current assets (Note 16)	<u>300,537</u>	-	<u>239,618</u>	-
Total current assets	<u>31,124,603</u>	<u>34</u>	<u>31,977,573</u>	<u>35</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income- non-current (Notes 4 and 8)	17,143	-	30,144	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 26)	5,634	-	5,174	-
Investments accounted for using the equity method (Notes 4 and 12)	21,347,048	23	20,130,941	22
Property, plant and equipment (Notes 4, 13, 27 and 28)	37,494,396	41	36,808,535	41
Right-of-use assets (Notes 4, 5 and 14)	1,294,536	1	1,326,027	2
Intangible assets (Notes 4 and 15)	-	-	694	-
Deferred income tax assets (Notes 4 and 23)	161,996	-	-	-
Other non-current assets (Notes 16 and 27)	<u>1,073,469</u>	<u>1</u>	<u>280,823</u>	-
Total non-current assets	<u>61,394,222</u>	<u>66</u>	<u>58,582,338</u>	<u>65</u>
TOTAL	<u>\$ 92,518,825</u>	<u>100</u>	<u>\$ 90,559,911</u>	<u>100</u>

LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 4,741	-	\$ 950	-
Accounts payable	4,090,816	4	4,382,844	5
Accounts payable - related parties (Note 27)	82,684	-	157,316	-
Accrued compensation of employees and remuneration of directors (Note 22)	703,625	1	720,770	1
Payables to equipment suppliers (Note 27)	1,898,832	2	2,789,686	3
Other payables - related parties (Note 27)	287,195	-	382,528	-
Current income tax liabilities (Notes 4 and 23)	869,578	1	582,456	1
Lease liabilities - current (Notes 4, 5 and 14)	28,513	-	28,796	-
Accrued expenses and other current liabilities (Note 18)	<u>4,711,822</u>	<u>5</u>	<u>5,014,059</u>	<u>5</u>
Total current liabilities	<u>12,677,806</u>	<u>13</u>	<u>14,059,405</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Long-term debt (Notes 17 and 28)	25,778,246	28	25,590,249	28
Deferred income tax liabilities (Notes 4 and 23)	44,352	-	9,434	-
Lease liabilities - non-current (Notes 4, 5 and 14)	1,305,109	1	1,327,158	2
Net defined benefit liabilities - non-current (Notes 4 and 19)	23,692	-	65,224	-
Other non-current liabilities (Note 18)	<u>400,662</u>	<u>1</u>	<u>1,258</u>	-
Total non-current liabilities	<u>27,552,061</u>	<u>30</u>	<u>26,993,323</u>	<u>30</u>
Total liabilities	<u>40,229,867</u>	<u>43</u>	<u>41,052,728</u>	<u>45</u>
EQUITY (Notes 4 and 20)				
Capital stock				
Ordinary shares	<u>7,591,466</u>	<u>8</u>	<u>7,791,466</u>	<u>9</u>
Capital surplus	<u>149,540</u>	-	<u>270,794</u>	-
Retained earnings				
Legal reserve	9,181,307	10	8,290,517	9
Special reserve	710,623	1	366,982	-
Unappropriated earnings	<u>35,659,269</u>	<u>38</u>	<u>34,916,347</u>	<u>39</u>
Total retained earnings	<u>45,551,199</u>	<u>49</u>	<u>43,573,846</u>	<u>48</u>
Other equity	<u>(534,445)</u>	-	<u>(710,623)</u>	<u>(1)</u>
Treasury share	(468,802)	-	(1,418,300)	(1)
Total equity	<u>52,288,958</u>	<u>57</u>	<u>49,507,183</u>	<u>55</u>
TOTAL	<u>\$ 92,518,825</u>	<u>100</u>	<u>\$ 90,559,911</u>	<u>100</u>

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

POWERTECH TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET SALES (Notes 4, 21 and 27)	\$ 52,703,009	100	\$ 51,262,260	100
OPERATING COSTS (Notes 11, 22 and 27)	<u>42,847,853</u>	<u>81</u>	<u>41,223,370</u>	<u>80</u>
GROSS PROFIT	<u>9,855,156</u>	<u>19</u>	<u>10,038,890</u>	<u>20</u>
OPERATING EXPENSES (Notes 22 and 27)				
Marketing	275,044	1	265,998	1
General and administrative	1,252,118	2	1,202,484	2
Research and development	2,136,905	4	2,086,115	4
Expected credit loss	<u>731</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>3,664,798</u>	<u>7</u>	<u>3,554,597</u>	<u>7</u>
OPERATING INCOME	<u>6,190,358</u>	<u>12</u>	<u>6,484,293</u>	<u>13</u>
NONOPERATING INCOME AND EXPENSES				
Interest income (Notes 4, 22 and 27)	55,918	-	18,536	-
Other income (Notes 4, 22 and 27)	2,497	-	5,482	-
Other gains and losses (Notes 4, 22 and 27)	(171,622)	-	323,254	1
Finance costs (Notes 4 and 22)	(204,780)	(1)	(179,824)	-
Share of profit of subsidiaries (Notes 4 and 12)	3,136,218	6	3,887,492	7
Foreign exchange gain (loss) net (Notes 4 and 22)	<u>1,106,425</u>	<u>2</u>	<u>(176,463)</u>	<u>-</u>
Total nonoperating income	<u>3,924,656</u>	<u>7</u>	<u>3,878,477</u>	<u>8</u>
INCOME BEFORE INCOME TAX	10,115,014	19	10,362,770	21
INCOME TAX EXPENSE (Notes 4 and 23)	<u>1,428,284</u>	<u>2</u>	<u>1,464,372</u>	<u>3</u>
NET INCOME	<u>8,686,730</u>	<u>17</u>	<u>8,898,398</u>	<u>18</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4 and 20)				
Items not reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	29,776	-	9,873	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(13,001)	-	(5,144)	-
Share of the other comprehensive (loss) income of subsidiaries	<u>(12,343)</u>	<u>-</u>	<u>(371)</u>	<u>-</u>
	4,432	-	4,358	-

(Continued)

POWERTECH TECHNOLOGY INC.

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

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>\$ 189,179</u>	<u>-</u>	<u>\$ (338,497)</u>	<u>(1)</u>
Total other comprehensive income (loss)	<u>193,611</u>	<u>-</u>	<u>(334,139)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 8,880,341</u>	<u>17</u>	<u>\$ 8,564,259</u>	<u>17</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 11.60</u>		<u>\$ 11.54</u>	
Diluted	<u>\$ 11.47</u>		<u>\$ 11.44</u>	

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

POWERTECH TECHNOLOGY INC.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Capital Stock		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Shareholders' Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2021	779,147	\$ 7,791,466	\$ 231,294	\$ 7,628,495	\$ 324,741	\$ 30,608,443	\$ (352,472)	\$ (14,510)	\$ (229,334)	\$ 45,988,123
Appropriation of the 2020 earnings										
Legal reserve	-	-	-	662,022	-	(662,022)	-	-	-	-
Special reserve	-	-	-	-	42,241	(42,241)	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(3,895,733)	-	-	-	(3,895,733)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	-	55	-	-	-	-	-	-	55
Net income for the year ended December 31, 2021	-	-	-	-	-	8,898,398	-	-	-	8,898,398
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	9,502	(338,497)	(5,144)	-	(334,139)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	8,907,900	(338,497)	(5,144)	-	8,564,259
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(1,018,166)	(1,018,166)
The Parent's shares held by its subsidiaries treated as treasury shares	-	-	-	-	-	-	-	-	(170,800)	(170,800)
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	39,445	-	-	-	-	-	-	39,445
BALANCE, DECEMBER 31, 2021	779,147	7,791,466	270,794	8,290,517	366,982	34,916,347	(690,969)	(19,654)	(1,418,300)	49,507,183
Appropriation of the 2021 earnings										
Legal reserve	-	-	-	890,790	-	(890,790)	-	-	-	-
Special reserve	-	-	-	-	343,641	(343,641)	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(5,162,197)	-	-	-	(5,162,197)
Net income for the year ended December 31, 2022	-	-	-	-	-	8,686,730	-	-	-	8,686,730
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	17,433	189,179	(13,001)	-	193,611
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	8,704,163	189,179	(13,001)	-	8,880,341
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(943,589)	(943,589)
Cancellation of treasury shares	(20,000)	(200,000)	(197,142)	-	-	(1,564,613)	-	-	1,961,755	-
The Parent's shares held by its subsidiaries treated as treasury shares	-	-	-	-	-	-	-	-	(68,668)	(68,668)
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	75,888	-	-	-	-	-	-	75,888
BALANCE, DECEMBER 31, 2022	759,147	\$ 7,591,466	\$ 149,540	\$ 9,181,307	\$ 710,623	\$ 35,659,269	\$ (501,790)	\$ (32,655)	\$ (468,802)	\$ 52,288,958

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

POWERTECH TECHNOLOGY INC.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 10,115,014	\$ 10,362,770
Adjustments for:		
Depreciation	8,379,207	8,024,386
Amortization	694	2,777
Expected credit loss recognized	731	-
Finance costs	204,780	179,824
Interest revenue	(55,918)	(18,536)
Share of profit of subsidiaries and associates	(3,136,218)	(3,887,492)
Net loss on disposal of property, plant and equipment	577,183	92,565
Gain on foreign currency exchange, net	(93,342)	(27,414)
Realized deferred gain	(45,488)	(10,902)
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets held for trading	(835)	6,116
(Increase) decrease in contract assets	(179,405)	83,516
Decrease (increase) in accounts receivable	259,821	(1,674,018)
Decrease (increase) in accounts receivable from related parties	1,140,806	(120,610)
(Increase) decrease in other receivables	(376)	76,779
Decrease in other receivables from related parties	97,062	209,453
Increase in inventories	(3,716,158)	(1,195,761)
Increase in prepayments	(3,358)	(9,875)
Decrease (increase) in other current assets	123,329	(102,407)
Increase (decrease) in financial liabilities held for trading	3,791	(2,878)
(Decrease) increase in accounts payable	(231,335)	1,180,714
(Decrease) increase in accounts payable to related parties	(73,014)	23,120
(Decrease) increase in accrued compensation of employees and remuneration of directors	(17,145)	181,127
(Decrease) increase in other payables to related parties	(92,898)	169,274
(Decrease) increase in accrued expenses and other current liabilities	(267,305)	1,566,645
Decrease in net defined benefit liabilities	(11,756)	(11,358)
Cash generated from operations	12,977,867	15,097,815
Interest received	55,624	18,518
Interest paid	(291,188)	(250,892)
Income tax paid	(1,268,240)	(1,574,691)
Net cash generated from operating activities	<u>11,474,063</u>	<u>13,290,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(460)	-
Acquisition of property, plant and equipment	(10,442,549)	(6,755,816)
Disposal of property, plant and equipment	36,358	307,687
Increase in refundable deposits	(782,104)	(215,562)
(Increase) decrease in prepayments for equipment	(94,585)	140,008
Dividend received from subsidiaries and associates	1,644,738	913,452
Return of capital to shareholders due to subsidiary's capital reduction	<u>504,917</u>	<u>-</u>
Net cash used in investing activities	<u>(9,133,685)</u>	<u>(5,610,231)</u>

(Continued)

POWERTECH TECHNOLOGY INC.

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

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	\$ 25,750,000	\$ 19,100,000
Repayments of long-term debt	(25,562,003)	(19,975,899)
Increase in guarantee deposits	441,800	-
Repayment of the principal portion of lease liabilities	(28,971)	(28,717)
Cash dividends distributed by the Corporation	(5,162,197)	(3,895,733)
Payment for buy-back of treasury share	<u>(943,589)</u>	<u>(1,018,166)</u>
Net cash used in financing activities	<u>(5,504,960)</u>	<u>(5,818,515)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,671)</u>	<u>(21,354)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,167,253)	1,840,650
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>14,573,469</u>	<u>12,732,819</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 11,406,216</u>	<u>\$ 14,573,469</u>

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

(Concluded)

POWERTECH TECHNOLOGY INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Powertech Technology Corporation (the “Corporation”) was incorporated in the Republic of China (ROC) on May 15, 1997 and commenced business on September 3, 1997. The Corporation is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. The Corporation also provides semiconductor testing and assembly services on a turnkey basis, in which the Corporation buys fabricated wafers and sells tested and assembled semiconductors. The Corporation’s registered office and principal place of business is in Hsin-chu Industrial Park, Hukou, Hsin-chu.

The Corporation’s shares were initially listed and started trading on the Taipei Exchange (TPEX) on April 3, 2003, after which the Corporation’s shares were transferred for listing and started trading on the Taiwan Stock Exchange (TWSE) on November 8, 2004. The Corporation also issued Global Depositary Shares (GDS), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS were accepted for quotation on the International Order Book of the London Stock Exchange.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the financial statements are presented in New Taiwan dollars since the Corporation’s shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors and issued on March 10, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

	Effective Date Announced by International Accounting Standards
New IFRSs	

	Board (IASB)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

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

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

As of the date the financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation’s financial position and financial performance.

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

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

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and defined benefit liabilities.

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

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

When preparing these parent company only financial statements, the Corporation used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

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

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Corporation's foreign operations (including the subsidiaries and associates in other countries or subsidiaries that use currencies different from the Corporation) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials and supplies and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

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

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

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

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

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

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

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

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

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

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

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified

to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

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

b) Impairment of financial assets and contract assets

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

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

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

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

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL

A financial liability is classified as at FVTPL when such a financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability. Fair value is determined in the manner described in Note 26.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

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

k. Revenue recognition

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

For contracts where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the rendering of services

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time. Contract assets are recognized during the process of semiconductor assembling and testing, and are reclassified to accounts receivable at the point the bills were issued. If the payment exceeds the revenue recognized to date, the Corporation recognizes the difference as a contract liability. It is recognized as contract asset before the Corporation satisfies its performance obligations.

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

1. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the

Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

m. Borrowing costs

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

o. Treasury shares

When the Corporation buys back the issued shares as treasury shares, the cost paid will be debited to the treasury shares and listed as a deduction of shareholders' equity.

The parent company's shares held by its subsidiaries are reclassified to treasury shares from investments accounted for using the equity method, and are recognized based on the original investment cost. Cash dividends earned by subsidiaries are written off from investment income and adjusted to capital surplus - treasury share transactions.

p. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Checking accounts and demand deposits	\$ 11,405,714	\$ 14,573,296
Cash on hand	<u>502</u>	<u>173</u>
	<u>\$ 11,406,216</u>	<u>\$ 14,573,469</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2022	2021
Bank deposits	0%-3.5%	0%-0.41%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 24,100</u>	<u>\$ 23,265</u>

(Continued)

	December 31	
	2022	2021
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 4,741</u>	<u>\$ 950</u> (Concluded)

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amounts (In Thousands)
<u>December 31, 2022</u>			
Sell	USD to NTD	2023.01.03-2023.02.24	USD 85,000
	USD to JPY	2023.01.13	USD 5,000
<u>December 31, 2021</u>			
Sell	USD to NTD	2022.01.28-2022.03.31	USD140,000
	USD to JPY	2022.01.05-2022.02.10	USD 10,000

The Corporation entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Solid State System Co., Ltd.	<u>\$ 17,143</u>	<u>\$ 30,144</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Pledged time deposits	\$ 5,634	\$ 5,174
a. Refer to Note 26 for information relating to their credit risk management and expected credit loss.		
b. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.		

10. ACCOUNTS RECEIVABLE, NET

	December 31	
	2022	2021
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 4,427,114	\$ 4,749,322
Less: Allowance for impairment loss	(5,332)	(4,601)
	<u>\$ 4,421,782</u>	<u>\$ 4,744,721</u>

At amortized cost

The average credit period of sales of goods was 30 days to 90 days starting from the first day of the month following the invoice date. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

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

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

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 4,392,132	\$ 34,982	\$ -	\$ -	\$ -	\$ 4,427,114
Loss allowance (Lifetime ECLs)	-	(5,332)	-	-	-	(5,332)
Amortized cost	<u>\$ 4,392,132</u>	<u>\$ 29,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,421,782</u>

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 4,729,886	\$ 19,436	\$ -	\$ -	\$ -	\$ 4,749,322
Loss allowance (Lifetime ECLs)	-	(4,601)	-	-	-	(4,601)
Amortized cost	<u>\$ 4,729,886</u>	<u>\$ 14,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,744,721</u>

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

	2022	2021
Balance at January 1	\$ 4,601	\$ 4,601
Add: Impairment loss	<u>731</u>	<u>-</u>
Balance at December 31	<u>\$ 5,332</u>	<u>\$ 4,601</u>

11. INVENTORIES

	<u>December 31</u>	
	2022	2021
Raw materials	\$ 8,149,096	\$ 4,451,115
Supplies	<u>366,389</u>	<u>348,212</u>
	<u>\$ 8,515,485</u>	<u>\$ 4,799,327</u>

The nature of the cost of goods sold was as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Cost of inventories sold	<u>\$ 42,847,853</u>	<u>\$ 41,223,370</u>
Write-downs of inventories	<u>\$ 95,981</u>	<u>\$ 92,767</u>
Unallocated production overhead	<u>\$ 5,328,734</u>	<u>\$ 3,167,696</u>
Sales of scrap	<u>\$ 142,449</u>	<u>\$ 115,887</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2022	2021
Investments in subsidiaries	<u>\$ 21,347,048</u>	<u>\$ 20,130,941</u>
Listed companies		
Greatek Electronics Inc.	\$ 9,581,046	\$ 9,527,893
Unlisted companies		
Powertech Holding (BVI) Inc.	1,209,428	1,172,419
Powertech Technology (Singapore) Pte. Ltd.	1,990,623	1,883,866
Powertech Technology (Xian) Ltd.	1,271,435	1,123,688
Powertech Technology (Suzhou) Ltd.	175,525	171,185
Powertech Technology Japan Ltd.	3,374,567	3,010,514
Tera Probe, Inc.	415,688	378,628
TeraPower Technology Inc.	<u>3,328,736</u>	<u>2,862,748</u>
	<u>\$ 21,347,048</u>	<u>\$ 20,130,941</u>

Name of Subsidiaries	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
Listed companies		
Greatek Electronics Inc.	43%	43%
Unlisted companies		
Powertech Holding (BVI) Inc.	100%	100%
Powertech Technology (Singapore) Pte. Ltd.	100%	100%
Powertech Technology (Xian) Ltd.	36%	36%
Powertech Technology (Suzhou) Ltd.	9%	9%
Powertech Technology Japan Ltd.	100%	100%
Tera Probe, Inc.	12%	12%
TeraPower Technology Inc.	49%	49%

In December 2011, the Corporation's board of directors made a tender offer to acquire the outstanding ordinary shares of Greatek Electronics Inc. ("Greatek") at the price of NT\$25.28 per share. On April 3, 2012, Greatek reelected the directors and supervisors at an interim shareholders' meeting. The Corporation obtained the majority of the directors' seats. Thus, Greatek was deemed a subsidiary of the Corporation and the related investment was accounted for using the equity method. Greatek is mainly engaged in semiconductor assembly and testing services.

The Corporation made an investment to set up Powertech Holding (BVI) Inc. (PH BVI) in the British Virgin Islands on August 18, 2009. PH BVI is mainly engaged in investment. On September 30, 2009, the Corporation obtained approval from the Investments Commission under the Ministry of Economic Affairs to acquire 100% ownership of Spansion (Singapore) Pte. Ltd. (which later became PTI Technology (Singapore) Pte. Ltd.) from Spansion LLC for US\$51,000 thousand. As a result of this acquisition, Spansion (China) Limited (which later became Powertech Technology Suzhou Ltd.) became a subsidiary of the Corporation.

On April 2014, the Corporation entered into an agreement with Nepes Corp., Korea to buy shares from Nepes Pte. Ltd., Singapore. After the transaction, Nepes Pte. Ltd., Singapore (later renamed as Powertech Technology (Singapore) Pte. Ltd.) became an overseas subsidiary of the Corporation. Powertech Technology (Singapore) Pte. Ltd. is mainly engaged in integrated circuit testing and assembly.

	Land	Building	Machinery and Equipment	Office Equipment	Other Equipment	Construction in Progress	Advance Payment	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 8,688,123	\$ 38,429,536	\$ 581,888	\$ 1,179,203	\$ -	\$ -	\$ 48,878,750
Additions	-	1,133,683	6,998,734	97,431	111,229	-	-	8,341,077
Disposals	-	(355,421)	(6,185,514)	(23,864)	(436,522)	-	-	(7,001,321)
Reclassification	-	-	184	-	(184)	-	-	-
Balance at December 31, 2022	-	<u>9,466,385</u>	<u>39,242,940</u>	<u>655,455</u>	<u>853,726</u>	-	-	<u>50,218,506</u>
Carrying amount at December 31, 2022	<u>\$ 1,695,051</u>	<u>\$ 13,265,636</u>	<u>\$ 15,904,792</u>	<u>\$ 252,109</u>	<u>\$ 149,848</u>	<u>\$ 941,508</u>	<u>\$ 5,285,452</u>	<u>\$ 37,494,396</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 1,387,174	\$ 17,873,015	\$ 55,307,415	\$ 846,765	\$ 1,348,104	\$ 2,215,208	\$ 2,419,153	\$ 81,396,834
Additions	-	16,019	57,163	2,257	808	1,326,960	7,264,482	8,667,689
Disposals	-	(335,730)	(3,786,553)	(120,286)	(127,425)	-	(7,244)	(4,377,238)
Reclassification	<u>173,806</u>	<u>2,660,301</u>	<u>4,038,289</u>	<u>140,171</u>	<u>101,840</u>	<u>(2,266,389)</u>	<u>(4,848,018)</u>	-
Balance at December 31, 2021	<u>1,560,980</u>	<u>20,213,605</u>	<u>55,616,314</u>	<u>868,907</u>	<u>1,323,327</u>	<u>1,275,779</u>	<u>4,828,373</u>	<u>85,687,285</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	-	7,971,903	35,114,705	583,363	1,199,343	-	-	44,869,314
Additions	-	1,022,290	6,766,377	99,899	97,856	-	-	7,986,422
Disposals	-	(306,089)	(3,451,527)	(101,374)	(117,996)	-	-	(3,976,986)
Reclassification	-	19	(19)	-	-	-	-	-
Balance at December 31, 2021	-	<u>8,688,123</u>	<u>38,429,536</u>	<u>581,888</u>	<u>1,179,203</u>	-	-	<u>48,878,750</u>
Carrying amount at December 31, 2021	<u>\$ 1,560,980</u>	<u>\$ 11,525,482</u>	<u>\$ 17,186,778</u>	<u>\$ 287,019</u>	<u>\$ 144,124</u>	<u>\$ 1,275,779</u>	<u>\$ 4,828,373</u>	<u>\$ 36,808,535</u>

(Concluded)

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

Buildings

Main plants	31-51 years
Mechanical and electrical power equipment	2-16 years
Wafer fab	6-16 years
Fire control equipment	6-16 years
Others	2-11 years

Machinery and equipment

Office equipment	1-8 years
Other equipment	1-6 years
	2-8 years

Property, plant and equipment pledged as collateral for bank loans are set out in Note 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Land	\$ 1,293,297	\$ 1,323,383
Transportation equipment	<u>1,239</u>	<u>2,644</u>
	<u>\$ 1,294,536</u>	<u>\$ 1,326,027</u>
<u>For the Year Ended December 31</u>		
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 6,639</u>	<u>\$ 10,260</u>

Depreciation charge for right-of-use assets

Land	\$ 36,725	\$ 36,625
Transportation equipment	<u>1,405</u>	<u>1,339</u>
	<u>\$ 38,130</u>	<u>\$ 37,964</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 28,513</u>	<u>\$ 28,796</u>
Non-current	<u>\$ 1,305,109</u>	<u>\$ 1,327,158</u>
Range of discount rate for lease liabilities was as follows:		

	December 31	
	2022	2021
Land	0.93%-1.69%	0.93%-1.69%
Transportation equipment	0.92%	0.92%

c. Other lease information

	December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 12,521</u>	<u>\$ 11,755</u>
Total cash outflow for leases	<u>\$(41,492)</u>	<u>\$(40,472)</u>

The Corporation's leases of certain, machines and vehicles qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	Computer Software	Technical Services	Royalty	Total
<u>Cost</u>				
Balance at January 1, 2022 and December 31, 2022	<u>\$ 67,964</u>	<u>\$ 29,890</u>	<u>\$ 8,331</u>	<u>\$ 106,185</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 67,964	\$ 29,890	\$ 7,637	\$ 105,491
Amortization expense	<u>-</u>	<u>-</u>	<u>694</u>	<u>694</u>
Balance at December 31, 2022	<u>\$ 67,964</u>	<u>\$ 29,890</u>	<u>\$ 8,331</u>	<u>\$ 106,185</u>
Carrying amount at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

	Computer Software	Technical Services	Royalty	Total
<u>Cost</u>				
Balance at January 1, 2021 and December 31, 2021	<u>\$ 67,964</u>	<u>\$ 29,890</u>	<u>\$ 8,331</u>	<u>\$ 106,185</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2021	\$ 67,964	\$ 29,890	\$ 4,860	\$ 102,714
Amortization expense	<u>-</u>	<u>-</u>	<u>2,777</u>	<u>2,777</u>
Balance at December 31, 2021	<u>\$ 67,964</u>	<u>\$ 29,890</u>	<u>\$ 7,637</u>	<u>\$ 105,491</u>
Carrying amount at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 694</u>	<u>\$ 694</u>

Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-5 years
Technical services	2-4 years
Royalty	3 years

16. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Refundable deposits (Note 29)	\$ 184,248	\$ -
Tax receivables	81,443	156,355
Payment on behalf of others	32,540	76,942
Temporary debits	1,843	6,127
Others	<u>463</u>	<u>194</u>
	<u>\$ 300,537</u>	<u>\$ 239,618</u>
<u>Prepayment Expenses</u>		
Prepayments for repairs and maintenance	\$ 21,778	\$ 26,981
Prepayments for insurance premiums	21,720	18,792
Others	<u>17,408</u>	<u>11,775</u>
	<u>\$ 60,906</u>	<u>\$ 57,548</u>
<u>Non-current</u>		
Refundable deposits (Note 29)	\$ 922,364	\$ 224,303
Prepayments for equipment	<u>151,105</u>	<u>56,520</u>
	<u>\$ 1,073,469</u>	<u>\$ 280,823</u>

17. BORROWINGS

a. Long-term debt

	December 31	
	2022	2021
1) Secured borrowings	\$ 19,278,246	\$ 12,238,482
2) Unsecured borrowings	<u>6,500,000</u>	<u>13,351,767</u>
	25,778,246	25,590,249
Less: Current portions	<u>-</u>	<u>-</u>
	<u>\$ 25,778,246</u>	<u>\$ 25,590,249</u>

1. The principal will be repaid in installments from October 2024 to September 2032. As of December 31, 2022 and 2021, the interest rate range of the loan was 1.025%-1.455% and 0.400%-0.998% per annum, respectively.
2. The principal will be repaid in installments from August 2024 to July 2026. As of December 31, 2022 and 2021, the interest rate range of the loan was 1.27%-1.56% and 0.800%-0.9422% per annum, respectively.

For the Corporation's long-term debt, the financing banks required the Corporation to comply with the requirements to maintain the current ratio, fixed ratio, liability ratio, financial liability ratio, equity ratio, interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities in its annual and semiannual financial statements. As of December 31, 2022, the Corporation was in compliance with these ratio requirements.

18. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Accrued expenses and other current liabilities		
Salaries and bonuses	\$ 2,470,206	\$ 2,401,756
Temporary receipts	330,796	198,748
Payables for insurance	194,259	173,192
Payables for utilities	147,044	141,327
Receipts under custody	137,374	103,748
Guarantee deposits	61,416	-
Payables for treasury stock delivery payments	-	241,156
Payables for annual leave	-	54,531
Others	<u>1,370,727</u>	<u>1,699,601</u>
	<u>\$ 4,711,822</u>	<u>\$ 5,014,059</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	<u>\$ 400,662</u>	<u>\$ 1,258</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law is belongs to the defined benefit plan administered by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the following year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

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

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 342,619	\$ 355,889
Fair value of plan assets	<u>(318,927)</u>	<u>(290,665)</u>
Net defined benefit liabilities	<u>\$ 23,692</u>	<u>\$ 65,224</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 368,235</u>	<u>\$(281,780)</u>	<u>\$ 86,455</u>
Service cost			
Current service cost	884	-	884
Net interest expense (income)	<u>1,468</u>	<u>(1,148)</u>	<u>320</u>
Recognized in profit or loss	<u>2,352</u>	<u>(1,148)</u>	<u>1,204</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,785)	(3,785)
Actuarial (gain) loss			
Changes in demographic assumptions	9,366	-	9,366
Changes in financial assumptions	(16,326)	-	(16,326)
Experience adjustments	<u>872</u>	<u>-</u>	<u>872</u>
Recognized in other comprehensive income	<u>(6,088)</u>	<u>(3,785)</u>	<u>(9,873)</u>
Contributions from the employer	<u>-</u>	<u>(12,562)</u>	<u>(12,562)</u>
Welfare payment	<u>(8,610)</u>	<u>8,610</u>	<u>-</u>
Balance at December 31, 2021	<u>355,889</u>	<u>(290,665)</u>	<u>65,224</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	\$ 359	\$ -	\$ 359
Net interest expense (income)	<u>2,660</u>	<u>(2,218)</u>	<u>442</u>
Recognized in profit or loss	<u>3,019</u>	<u>(2,218)</u>	<u>801</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(22,169)	(22,169)
Actuarial (gain) loss			
Changes in financial assumptions	(27,505)	-	(27,505)
Experience adjustments	<u>19,898</u>	<u>-</u>	<u>19,898</u>
Recognized in other comprehensive income	<u>(7,607)</u>	<u>(22,169)</u>	<u>(29,776)</u>
Contributions from the employer	<u>-</u>	<u>(12,557)</u>	<u>(12,557)</u>
Welfare payment	<u>(8,682)</u>	<u>8,682</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 342,619</u>	<u>\$(318,927)</u>	<u>\$ 23,692</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2022	2021
Discount rate	1.40%	0.75%
Expected rate of salary increase	2.25%	2.25%
Return on plan assets	1.40%	0.75%

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

	December 31	
	2022	2021
Discount rate		
0.50% increase	<u>\$(19,326)</u>	<u>\$(21,744)</u>
0.50% decrease	<u>\$ 20,904</u>	<u>\$ 23,620</u>
Expected rate of salary increase/decrease		
0.50% increase	<u>\$ 20,619</u>	<u>\$ 23,141</u>
0.50% decrease	<u>\$(19,262)</u>	<u>\$(21,539)</u>

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

	December 31	
	2022	2021
Expected contributions to the plan for the following year	<u>\$ 12,482</u>	<u>\$ 12,739</u>
Average duration of the defined benefit obligation	11 years	11 years

20. EQUITY

a. Capital stock

1) Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>
Shares authorized (in thousands of dollars)	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>759,147</u>	<u>779,147</u>
Shares issued (in thousands of dollars)	<u>\$ 7,591,466</u>	<u>\$ 7,791,466</u>

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

Out of the shares authorized, 15,000 thousand shares were reserved for the issuance of employee share options.

The change in the share capital of the Corporation was mainly due to the cancellation of the treasury shares by the resolution of the board of directors on March 10, 2022, the base date of the capital reduction was on March 14, 2022, and the registration of the change of capital reduction was completed on April 15, 2022.

As of December 31, 2022, 22 units of GDS of the Corporation were trading on the Luxembourg Stock Exchange. The number of ordinary shares represented by the GDS was 44 shares (one GDS represents 2 ordinary shares).

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends or transferred to capital stock (1)		
Share premium	\$ 1,879	\$ 1,929
<u>May be used to offset a deficit only</u>		
Arising from treasury share transactions	75,888	197,092
Change in percentage of ownership interests in subsidiaries (2)	<u>71,773</u>	<u>71,773</u>
	<u>\$ 149,540</u>	<u>\$ 270,794</u>

- 1) The premium from share issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Corporation's Articles of Incorporation, the Corporation should make appropriations from its net income in the following order:

- 1) Offset deficits.
- 2) Set aside as legal reserve 10% of the remaining profit.
- 3) Appropriate as special reserve.
- 4) After the abovementioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within the Corporation.

Dividends are distributed in the form of cash, common share or a combination of cash and common share. In consideration of the Corporation being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, the Corporation's Articles of Incorporation provide that the total cash dividends paid in any given year should be at least 20% of total dividends distributed.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22-(g).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's capital surplus, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on May 27, 2022 and July 29, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 890,790	\$ 662,022
Special reserve	\$ 343,641	\$ 42,241
Cash dividends	\$ 5,162,197	\$ 3,895,733
Cash dividends per share (NT\$)	\$ 6.8	\$ 5

The appropriation of earnings for 2022, which had been proposed by the Corporation's board of directors on March 10, 2023, was as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ 870,416
Special reserve reversed	\$ (108,395)
Cash dividends	\$ 5,314,026
Cash dividends per share (NT\$)	\$ 7

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on May 31, 2023.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	<u>\$(690,969)</u>	<u>\$(352,472)</u>
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>189,179</u>	<u>(338,497)</u>
Other comprehensive income (loss) recognized for the year	<u>189,179</u>	<u>(338,497)</u>
Balance at December 31	<u>\$(501,790)</u>	<u>\$(690,969)</u>
2) Unrealized gain (loss) on financial assets at FVTOCI		

	For the Year Ended December 31	
	2022	2021
Balance at January 1	<u>\$ (19,654)</u>	<u>\$ (14,510)</u>
Recognized for the year		
Unrealized (loss) gain - equity instruments	<u>(13,001)</u>	<u>(5,144)</u>
Other comprehensive income (loss) recognized for the year	<u>(13,001)</u>	<u>(5,144)</u>
Balance at December 31	<u>\$ (32,655)</u>	<u>\$ (19,654)</u>

e. Treasury shares

	Shares Cancelled (In Thousands of Shares)	Shares Held by Subsidiaries (In Thousands of Shares)
Purpose of Buy - Back		
Number of shares at January 1, 2021	\$ -	\$ 6,170
Increase during the year	<u>10,412</u>	<u>3,830</u>
Number of shares at December 31, 2021	10,412	10,000
Increase during the year	9,588	1,800
Decrease during the year	<u>(20,000)</u>	<u>-</u>
Number of shares at December 31, 2022	<u>-</u>	<u>11,800</u>

The Corporation's shares held by its subsidiaries at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2022</u>			
Greatek Electronics Inc	11,800	\$ 934,560	\$ 934,560
<u>December 31, 2021</u>			
Greatek Electronics Inc	10,000	\$ 977,000	\$ 977,000

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The Corporation's shares held by its subsidiary are treated as treasury shares.

21. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from packaging services	\$ 35,429,781	\$ 34,694,819
Revenue from testing services	8,737,636	8,793,151
Revenue from module services	8,455,733	7,675,143
Others	<u>79,859</u>	<u>99,147</u>
	<u>\$ 52,703,009</u>	<u>\$ 51,262,260</u>

a. Contract information

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (including related parties) (Note 10)	<u>\$ 9,192,320</u>	<u>\$ 10,740,393</u>	<u>\$ 8,976,584</u>
Contract assets - current			
Revenue from processing services	<u>\$ 1,450,816</u>	<u>\$ 1,271,411</u>	<u>\$ 1,354,927</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Corporation's performance and the respective customer's payment.

c. Disaggregation of contract revenue

	For the Year Ended December	
	31	
	2022	2021
<u>Primary geographical markets</u>		
Japan	\$ 21,488,326	\$ 22,213,109
Taiwan (the principal place of business of the Corporation)	14,379,332	3,667,810
North America	10,787,829	9,873,632
Singapore	3,898,971	12,817,857
China, Hong Kong and Macao	845,098	669,556
Europe	362,941	756,456
Others	<u>940,512</u>	<u>1,263,840</u>
	<u>\$ 52,703,009</u>	<u>\$ 51,262,260</u>

22. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as FVTPL	\$ 58,423	\$ 124,809
Financial liabilities classified as held for trading	(549,787)	(43,261)
Others	<u>319,742</u>	<u>241,706</u>
	<u><u>\$ (171,622)</u></u>	<u><u>\$ 323,254</u></u>

b. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 53,317	\$ 18,536
Others	<u>2,601</u>	<u>-</u>
	<u><u>\$ 55,918</u></u>	<u><u>\$ 18,536</u></u>

c. Other income

	For the Year Ended December 31	
	2022	2021
Rental income		
Operating lease rental income	<u>\$ 2,497</u>	<u>\$ 5,482</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 274,274	\$ 226,284
Capitalized interest	(92,178)	(69,541)
Interest on lease liabilities	<u>22,684</u>	<u>23,081</u>
	<u><u>\$ 204,780</u></u>	<u><u>\$ 179,824</u></u>

Information about capitalized interest was as follows:

		For the Year Ended December 31	
		2022	2021
Capitalized interest		\$ 92,178	\$ 69,541
Capitalization rate		0.833%-1.338 %	0.836%-0.927 %
e. Depreciation and amortization			
		For the Year Ended December 31	
		2022	2021
Property, plant and equipment		\$ 8,341,077	\$ 7,986,422
Right-of-use assets		38,130	37,964
Intangible assets		<u>694</u>	<u>2,777</u>
Total		<u>\$ 8,379,901</u>	<u>\$ 8,027,163</u>
An analysis of depreciation by function			
Operating costs		\$ 7,792,326	\$ 7,558,283
Operating expenses		<u>586,881</u>	<u>466,103</u>
		<u>\$ 8,379,207</u>	<u>\$ 8,024,386</u>
An analysis of amortization by function			
Operating expenses		<u>\$ 694</u>	<u>\$ 2,777</u>
f. Employee benefit expense			
		For the Year Ended December 31	
		2022	2021
Post-employment benefits (Note 19)			
Defined contribution plans		\$ 349,268	\$ 314,225
Defined benefit plans		<u>801</u>	<u>1,204</u>
		350,069	315,429
Termination benefits		185	1,809
Other employee benefits		<u>11,689,461</u>	<u>11,845,581</u>
Total employee benefit expense		<u>\$ 12,039,715</u>	<u>\$ 12,162,819</u>
An analysis of employee benefit expense by function			
Operating costs		\$ 9,831,252	\$ 9,884,731
Operating expense		<u>2,208,463</u>	<u>2,278,088</u>
		<u>\$ 12,039,715</u>	<u>\$ 12,162,819</u>

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at the rates between 5% and 7.5% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if the Corporation has accumulated deficits (including adjustment of unappropriated earnings), the Corporation should retain the net profit in advance for deducting accumulated deficits. The compensations of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which were approved by the Corporation's board of directors on March 10, 2023 and March 10, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	5.42%	5.42%
Remuneration of directors	1.08%	1.08%

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 586,354	\$ 600,642
Remuneration of directors	117,271	120,128

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

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

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 1,972,023	\$ 325,332
Foreign exchange losses	<u>(865,598)</u>	<u>(501,795)</u>
	<u>\$ 1,106,425</u>	<u>\$ (176,463)</u>

23. INCOME TAXES

- a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 1,549,302	\$ 1,327,652
Adjustments for prior year	<u>6,060</u>	<u>-</u>
	1,555,362	1,327,652
Deferred tax		
In respect of the current year	<u>(127,078)</u>	<u>136,720</u>
Income tax expenses recognized in profit or loss	<u>\$ 1,428,284</u>	<u>\$ 1,464,372</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before income tax	<u>\$ 10,115,014</u>	<u>\$ 10,362,770</u>
Income tax expense calculated at the statutory rate	\$ 2,023,003	\$ 2,072,554
Items that should be reduce	(613,057)	(763,393)
Generation of temporary differences	12,278	155,211
Adjustments for prior years' tax	<u>6,060</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 1,428,284</u>	<u>\$ 1,464,372</u>

- b. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 869,578</u>	<u>\$ 582,456</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Balance, Beginning of Year	Movements in the Year	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences	\$ <u>-</u>	\$ <u>161,996</u>	\$ <u>161,996</u>
<u>Deferred tax liabilities</u>			
Temporary differences	\$ <u>9,434</u>	\$ <u>34,918</u>	\$ <u>44,352</u>

For the year ended December 31, 2021

	Balance, Beginning of Year	Movements in the Year	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences	\$ <u>127,286</u>	\$ <u>(127,286)</u>	\$ <u>-</u>
<u>Deferred tax liabilities</u>			
Temporary differences	\$ <u>-</u>	\$ <u>9,434</u>	\$ <u>9,434</u>

d. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Deductible temporary differences	\$ <u>115,150</u>	\$ <u>121,950</u>

e. Income tax assessments

The Corporation's income tax returns through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Basic earnings per share	\$ <u>11.60</u>	\$ <u>11.54</u>
Diluted earnings per share	\$ <u>11.47</u>	\$ <u>11.44</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Earnings used in the computation of basic earnings per share	\$ 8,686,730	\$ 8,898,398
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u> -</u>	<u> -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 8,686,730</u>	<u>\$ 8,898,398</u>

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

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	748,748	770,870
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>8,593</u>	<u>7,009</u>
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	<u>757,341</u>	<u>777,879</u>

If the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of share outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential share is included in the computation of diluted earnings per share until the number of share to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Corporation's overall strategy remains unchanged from the previous year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings and other equity).

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments that are not measured at fair value

The management of the Corporation considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

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

a) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 24,100	\$ -	\$ 24,100
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 943	\$ 16,200	\$ -	\$ 17,143
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 4,741	\$ -	\$ 4,741

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 23,265	\$ -	\$ 23,265
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 1,644	\$ 28,500	\$ -	\$ 30,144
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 950	\$ -	\$ 950

There were no transfers between Levels 1 and 2 in the current and prior year.

b) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurements.

Financial Instrument	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using the market approach and the binomial option pricing model to calculate the fair value.

b. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 24,100	\$ 23,265
Financial assets at amortized cost (Note 1)	21,885,005	25,815,881
Financial assets at FVTOCI		
Equity instruments	17,143	30,144
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	4,741	950
Financial liabilities at amortized cost (Note 2)	33,437,215	33,531,715

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise accounts payable (including related parties), payables to equipment suppliers, other payables (including related parties), accrued expenses and other current liabilities, long-term debt and guarantee deposit.

c. Financial risk management objectives and policies

The Corporation's major financial instruments include equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Corporation's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

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

The corporate treasury function, an independent body that monitors risks and policies implemented to mitigate risk exposures, reports quarterly to the Corporation's board of directors.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Corporation entered into a variety of derivative financial instruments (including foreign exchange forward contracts) to manage its exposure to foreign currency risk and interest rate risk.

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency exchange risk

The Corporation's operating activities are partially denominated in foreign currencies and thus have natural hedging effects. The purpose of the Corporation's management of the foreign currency risk is for risk hedging instead of speculative purposes.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and to manage the risk of the net position. The Corporation selects the instruments to hedge against currency exposure by the hedging cost and period. The Corporation currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For the book values of the monetary assets and monetary liabilities denominated in the non-functional currencies of the Corporation on the balance sheet date, refer to Note 30.

The Corporation uses foreign exchange forward contracts to reduce foreign currency risk exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Corporation.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), accounts payable (including related parties), other payables (including related parties) and short-term bank loans and long-term debt. A positive number below indicates a decrease in pre-tax loss/an increase in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax loss/pre-tax profit and the balances below would be negative.

	USD Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Profit or loss	\$ (494,432)	\$ (377,096)	\$ 22,624	\$ 44,366

b) Interest rate risk

As the Corporation owns assets at both fixed and floating interest rates, the Corporation is exposed to interest rate risk. The Corporation's interest rate risk also comes from borrowings at floating interest rates. Since the Corporation's bank borrowings are at floating interest rates, fluctuations in interest rates will affect future cash flow but will not affect the fair value.

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 2,043,954	\$ 1,958,974
Cash flow interest rate risk		
Financial assets	9,367,128	12,618,897
Financial liabilities	25,778,246	25,590,249

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rate risk for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of both the assets and the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$16,411 thousand and \$12,971 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rate risk on its variable-rate net liabilities.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. The Corporation's equity price risk was mainly concentrated on equity instruments operating in the electronics industry sector listed on the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the post-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$857 thousand and \$1,507 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of the counterparty to discharge its obligation arises from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Corporation has established rules for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Corporation consider that the Corporation's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings.

The counterparties of trade receivables cover a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Corporation's concentration of credit risk was related to the three largest customers within the Corporation. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable for the years ended December 31, 2022 and 2021. The three largest customers are creditworthy counterparties; therefore, the Corporation believes the concentration of credit risk is insignificant.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows.

The Corporation relies on bank loans as a significant source of liquidity. As of December 31, 2022 and 2021, the Corporation had available unutilized short-term bank loan facilities of approximately \$4,578,641 thousand and \$6,739,081 thousand, respectively.

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

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been

drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Noninterest bearing liabilities	\$ 3,489,112	\$ 3,026,409	\$ 681,370	\$ -	\$ -
Lease liabilities	4,307	8,616	37,871	191,083	1,571,579
Variable interest rate liabilities	-	-	-	20,982,070	4,796,176
Guarantee deposits	-	-	61,416	368,496	32,166
	<u>\$ 3,493,419</u>	<u>\$ 3,035,025</u>	<u>\$ 780,657</u>	<u>\$21,541,649</u>	<u>\$ 6,399,921</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 50,794</u>	<u>\$ 191,083</u>	<u>\$ 234,291</u>	<u>\$ 234,291</u>	<u>\$ 234,292</u>	<u>\$ 868,705</u>
Variable interest rate liabilities	<u>\$ -</u>	<u>\$20,982,070</u>	<u>\$ 4,796,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Guarantee deposits	<u>\$ 61,416</u>	<u>\$ 368,496</u>	<u>\$ 32,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 3,110,691	\$ 3,414,647	\$ 1,416,128	\$ -	\$ -
Lease liabilities	4,298	8,596	38,544	191,716	1,614,346
Variable interest rate liabilities	-	-	-	21,597,449	3,992,800
	<u>\$ 3,114,989</u>	<u>\$ 3,423,243</u>	<u>\$ 1,454,672</u>	<u>\$21,789,165</u>	<u>\$ 5,607,146</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 51,438</u>	<u>\$ 191,716</u>	<u>\$ 233,688</u>	<u>\$ 233,688</u>	<u>\$ 233,688</u>	<u>\$ 913,282</u>
Variable interest rate liabilities	<u>\$ -</u>	<u>\$21,597,449</u>	<u>\$ 3,937,058</u>	<u>\$ 55,742</u>	<u>\$ -</u>	<u>\$ -</u>

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

The following table details the Corporation's liquidity analysis of its derivative financial

instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,577,409	\$ 1,217,383	\$ -
Outflows	<u>(1,556,108)</u>	<u>(1,219,325)</u>	<u>-</u>
	<u>\$ 21,301</u>	<u>\$ (1,942)</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,545,104	\$ 2,651,343	\$ -
Outflows	<u>(1,533,953)</u>	<u>(2,640,179)</u>	<u>-</u>
	<u>\$ 11,151</u>	<u>\$ 11,164</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2022	2021
Secured bank loan facilities which may be mutually extended:		
Amount used	\$ 19,278,246	\$ 12,238,482
Amount unused	<u>6,500,000</u>	<u>16,775,000</u>
	<u>\$ 25,778,246</u>	<u>\$ 29,013,482</u>

27. TRANSACTIONS WITH RELATED PARTIES

As disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Corporation
Greatek Electronics Inc. ("GEI")	Subsidiary
Powertech Technology (Singapore) Pte. Ltd.	Subsidiary
Powertech Technology (Xian) Ltd.	Subsidiary
Powertech Technology (Suzhou) Ltd.	Subsidiary
Powertech Technology Japan Ltd.	Subsidiary
Tera Probe, Inc.	Subsidiary
Powertech Technology Akita Inc.	Subsidiary
TeraPower Technology Inc.	Subsidiary
Kioxia Corporation	Substantial related party
Toshiba International Procurement Hong Kong, Ltd.	Substantial related party
Kingston Technology International Ltd.	Substantial related party
Kingston Digital International Ltd.	Substantial related party
Kingston Solution, Inc.	Substantial related party
Kingston Technology Far East Corp.	Substantial related party
PTI Education Foundation	Substantial related party
Solid State Storage Technology Corporation	Substantial related party
Kingston Technology International Limited (Ireland), Taiwan Branch	Substantial related party

b. Sales of goods

Account	Related Party Type	For the Year Ended December 31	
		2022	2021
Sales of goods	Substantial related parties		
	Kioxia Corporation	\$ 20,216,762	\$ 21,373,163
	Others	<u>747,876</u>	<u>829,027</u>
		20,964,638	22,202,190
	Subsidiaries	<u>100,701</u>	<u>71,546</u>
		<u>\$ 21,065,339</u>	<u>\$ 22,273,736</u>

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment terms for sales of the Corporation are from 30 days to 90 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Type	For the Year Ended December 31	
	2022	2021
Substantial related parties	\$ 1,192,843	\$ 987,046
Subsidiaries	<u>27,177</u>	<u>14,691</u>
	<u>\$ 1,220,020</u>	<u>\$ 1,001,737</u>

The purchase prices and payment terms were based on negotiations for which there are no comparable transactions in the market.

d. Operating costs

Related Party Type	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 891,522	\$ 1,191,818
Substantial related parties	<u>162</u>	<u>198</u>
	<u>\$ 891,684</u>	<u>\$ 1,192,016</u>

Operating costs from transactions with related parties include subcontracting costs and other costs. The terms of the transactions with related parties were made under a subcontracting cooperation agreement for which there are no comparable transactions in the market.

e. Operating expenses

Related Party Type	For the Year Ended December 31	
	2022	2021
Subsidiaries	<u>\$ 10,135</u>	<u>\$ 7,917</u>

Operating expenses include rent expenses and market survey expenses. The rentals with related parties were based on conditions agreed by both parties for which there are no comparable transactions in the market.

f. Miscellaneous income

Related Party Type	For the Year Ended December 31	
	2022	2021
Subsidiaries		
TeraPower Technology Inc.	\$ 2,497	\$ 977
Powertech Technology (Suzhou) Ltd.	<u>-</u>	<u>4,505</u>
	<u>\$ 2,497</u>	<u>\$ 5,482</u>

The rental amount and payment terms with related parties were based on conditions agreed by both parties for which there are no comparable transactions in the market.

g. Other gains and losses

	Related Party Type	For the Year Ended December 31	
		2022	2021
Subsidiaries			
	Greatek Electronics Inc. (“GEI”)	\$ 111,524	\$ 64,244
	Others	<u>11,060</u>	<u>33,214</u>
		<u>122,584</u>	<u>97,458</u>
Substantial related parties			
	Kioxia Corporation	(22,899)	15,494
	Others	<u>289</u>	<u>1,423</u>
		<u>(22,610)</u>	<u>16,917</u>
		<u>\$ 99,974</u>	<u>\$ 114,375</u>

Other gains and losses mainly include the director remuneration, purchase and sales of raw materials, compensation and the difference between collections and payment transfers. The purchase and sales of raw materials were based on conditions agreed by both parties for which there are no comparable transactions in the market.

h. Contract assets

	Related Party Type	For the Year Ended December 31	
		2022	2021
Substantial related parties			
	Kioxia Corporation	\$ 787,583	\$ 646,759
	Others	<u>35,166</u>	<u>9,593</u>
		822,749	656,352
Subsidiaries		<u>7,076</u>	<u>456</u>
		<u>\$ 829,825</u>	<u>\$ 656,808</u>

For the years ended December 31, 2022 and 2021, no impairment loss was recognized for contract assets from related parties.

i. Accounts receivable from related parties (excluding loans to related parties and contract assets)

Account	Related Party Type	December 31	
		2022	2021
Accounts receivable from related parties	Substantial related parties		
	Kioxia Corporation	\$ 4,623,127	\$ 5,844,829
	Others	<u>122,653</u>	<u>141,689</u>
		4,745,780	5,986,518
	Subsidiaries	<u>24,758</u>	<u>9,154</u>
		<u>\$ 4,770,538</u>	<u>\$ 5,995,672</u>

The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for accounts receivable from related parties.

j. Payables to related parties (excluding loans from related parties)

Account	Related Party Type	December 31	
		2022	2021
Accounts payable from related parties	Substantial related party		
	Toshiba International Procurement Hong Kong, Ltd.	\$ 11,936	\$ 154,391
	Solid State Storage Technology Corporation Hsinchu Science Park Branch	70,748	-
		<u>82,684</u>	<u>154,391</u>
	Subsidiaries	<u>-</u>	<u>2,925</u>
		<u>\$ 82,684</u>	<u>\$ 157,316</u>

The outstanding trade payables to related parties are unsecured.

k. Payable to equipment suppliers

Related Party Type	December 31	
	2022	2021
Substantial	\$ 123,275	\$ 1,416
Substantial related party	<u>-</u>	<u>40,121</u>
	<u>\$ 123,275</u>	<u>\$ 41,537</u>

l. Other receivables from related parties (excluding loans to related parties)

Related Party Type	December 31	
	2022	2021
Subsidiaries		
Powertech Technology (Suzhou) Ltd.	\$ 3,218	\$ 83,972
Powertech Technology (Xian) Ltd.	3,128	8,833
Others	<u>692</u>	<u>11,321</u>
	7,038	104,126
Substantial related parties		
Kioxia Corporation	7,933	8,212
Others	<u>-</u>	<u>48</u>
	<u>\$ 14,971</u>	<u>\$ 112,386</u>

m. Other payables from related parties (excluding loans from related parties)

Related Party Type	December 31	
	2022	2021
Subsidiaries		
TeraPower Technology Inc.	\$ 106,322	\$ 94,910
Powertech Technology (Suzhou) Ltd.	73,699	76,006
Powertech Technology Akita Inc.	33,402	33,402
Greatek Electronics Inc. ("GEI")	26,624	167,316
Others	<u>15,390</u>	<u>10,894</u>
	255,437	382,528
Substantial related parties		
Kioxia Corporation	<u>31,758</u>	<u>-</u>
	<u>\$ 287,195</u>	<u>\$ 382,528</u>

n. Acquisitions of property, plant and equipment

Related Party Type	Acquisition Price For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 211,513	\$ 228,168
Substantial related party	<u>-</u>	<u>45,930</u>
	<u>\$ 211,513</u>	<u>\$ 274,098</u>

The purchase of property, plant and equipment from related parties were based on negotiations of cooperation agreements for which there were no comparable transactions in the market.

o. Disposal of property, plant and equipment

Related Party Type	Proceeds For the Year Ended December 31		Gain on Disposal For the Year Ended December 31	
	2022	2021	2022	2021
Subsidiaries	<u>\$ 962</u>	<u>\$ 93,039</u>	<u>\$ 446</u>	<u>\$ 9,812</u>

The sale of property, plant and equipment to related parties and the purchase of property, plant and equipment from related parties were based on negotiations of cooperation agreements for which there were no comparable transactions in the market. The gain on disposal of property, plant and equipment was deferred.

p. Loans to related parties

Related Party Type	For the Year Ended December 31	
	2022	2021
<u>Interest revenue</u>		
Subsidiaries		
Powertech Technology (Suzhou) Ltd.	\$ 2,599	\$ -

The Corporation provided its subsidiary Powertech Technology (Suzhou) Ltd. with loans at rates negotiated by both parties.

q. Remuneration of key management personnel

Related Party Type	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 410,862	\$ 344,667
Post-employment benefits	<u>1,836</u>	<u>1,836</u>
	<u>\$ 412,698</u>	<u>\$ 346,503</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral mainly for long-term debts and lease deposits:

Related Party Type	December 31	
	2022	2021
Property, plant and equipment	\$ 23,256,309	\$ 16,586,323
Pledged deposits (classified as financial assets at amortized cost - non-current)	<u>5,634</u>	<u>5,174</u>
	<u>\$ 23,261,943</u>	<u>\$ 16,591,497</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Corporation as of December 31, 2022 and 2021 were as follows:

- a. From February, 2021 to October, 2021, the Corporation signed a purchase agreement of equipment worth \$646,433 thousand with Kulicke & Soffa Pte. Ltd.. As of December 31, 2022, the Corporation has paid \$617,158 thousand.

- b. From August 2020 to July 2021, the Corporation signed a contract worth \$595,845 thousand with Yi-Sheng Systems Integration Co., Ltd. for factory engineering. As of December 31, 2022, the Corporation has paid a total of \$595,845 thousand.
- c. From December, 2020 to December, 2021 and December, 2021 to August, 2022, the Corporation signed the purchase agreements of equipment worth \$588,119 thousand and \$523,210 with Disco Hi-Tec Taiwan Co., Ltd. As of December 31, 2022, the Corporation has paid a total of \$540,783 thousand and \$187,232 thousand, respectively.
- d. From April, 2021 to January, 2022, the Corporation signed a purchase agreement of equipment worth \$505,374 thousand with Advantest Corporation. As of December 31, 2022, the Corporation has paid a total of \$466,823 thousand.
- e. From March, 2021 to January, 2022, the Corporation signed a contract worth \$713,114 thousand with Jiu Han Engineering Co., Ltd. to set up clean rooms and plumbing systems. As of December 31, 2022, the Corporation has paid a total of \$654,314 thousand.
- f. From July, 2021 to July, 2022, the Corporation signed a contract worth \$728,248 thousand with Jian Ming Construction Co. Ltd. to set up new plant construction and factory engineering. As of December 31, 2022, PTI has paid a total of \$161,268 thousand.
- g. As of December 31, 2022, the Corporation unused letters of credit for purchasing of machinery and equipment amounted to approximately US\$880 thousand.
- h. In November 2021, the Corporation entered into capacity reservation agreements with Zhen Ding Technology Co., Ltd. The deposits in a required aggregate amount of US\$35,000 thousand were paid to suppliers in compliance with the agreements and refunded to the corporation when terms set forth in the agreements have been satisfied. According to the agreements, the deposits will be refunded in 58 installments starting from March 2023. As of December 31, 2022, the Corporation has paid a total of US\$35,000 thousand.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 482,313	30.708(USD:NTD)	\$ 14,810,865
JPY	557,781	0.2324(JPY:NTD)	129,628
RMB		4.4175	
	13,358	(RMB:NTD)	<u>59,008</u>
			<u>\$ 14,999,501</u>
Non-monetary items			
USD	261,967	30.708 (USD:NTD)	\$ 8,044,477
JPY	1,793,843	0.2324 (JPY:NTD)	<u>416,889</u>
			<u>\$ 8,461,366</u>

Financial liabilities

Monetary items			
USD	163,511	30.708 (USD:NTD)	\$ 4,922,234
JPY	2,504,730	0.2324 (JPY:NTD)	582,099
EUR	1,100	32.7086(EUR:NTD)	<u>35,967</u>
			<u>\$ 5,540,300</u>
Non-monetary items			
USD	154	30.708 (USD:NTD)	<u>\$ 4,741</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 485,740	27.6900(USD:NTD)	\$ 13,449,722
JPY	753,267	0.2406(JPY:NTD)	181,236
RMB		4.3406	
	7,906	(RMB:NTD)	<u>34,317</u>
			<u>\$ 13,665,275</u>
Non-monetary items			
USD	266,695	27.6900(USD:NTD)	\$ 7,384,776
JPY	1,574,351	0.2406 (JPY:NTD)	<u>378,789</u>
			<u>\$ 7,763,565</u>

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD		27.6900	
	\$ 213,355	(USD:NTD)	\$ 5,907,808
JPY	4,441,220	0.2406 (JPY:NTD)	1,068,557
EUR		31.3382	
	2,974	(EUR:NTD)	<u>93,190</u>
			<u>\$ 7,069,555</u>
Non-monetary items			
USD		0.2406	
	3,948	(USD:NTD)	<u>\$ 950</u>
			(Concluded)

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$1,106,425 thousand and \$(176,463) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the Corporation.

31. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in mainland China that need to be disclosed as required by the Securities and Futures Bureau.

- a. Financing provided to others: Table 1 (attached)
- b. Endorsements/guarantees provided: None
- c. Marketable securities held (excluding investments in subsidiaries and associates): Table 2 (attached)
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 3 (attached)
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)

- i. Derivative transactions: Note 7
- j. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 7 (attached)
- k. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Table 8 (attached).
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Note 27.
- l. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder:

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
China Life Insurance Co., Ltd.	38,952,000	5.13

Note: The information on major shareholders in this table is calculated by CHEP on the last business day at the end of the quarter as the total number of ordinary shares and special shares held by shareholders who have completed the non-physical registration delivery (including treasury shares) of the company with a total of more than 5%. The share capital recorded in the Corporation's consolidated financial reports and the number of shares actually completed non-physical registration may differ depending on the basis of preparation and calculation.

TABLE 1

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1)	Aggregate Financing Limit (Notes 2)	Note
													Item	Value			
1	Powertech Technology Inc.	Powertech Technology (Suzhou) Ltd.	Other receivables	Note 1	\$ 460,620	\$ 460,620	\$ -	1.0	For short term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 2,614,447	\$ 5,228,895	-

Note 1: Indirect investments, the Corporation’s wholly-owned subsidiaries.

Note 2: The amount of financing provided by the Corporation to any individual shall not exceed five percent of the Corporation’s net worth. The aggregate amount available for financing shall not exceed ten percent of the Corporation’s net worth.

TABLE 2**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Value	% of Ownership	Fair Value	
Powertech Technology Inc.	<u>Shares</u> Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,053	\$ 17,143	3	\$ 17,143	Note 3
Greatek Electronics Inc.	<u>Fund</u> Yuanta Global Leaders Balanced Fund - USD	-	Financial assets at fair value through profit or loss - current	2,844	28,209	-	28,209	Note 4
	<u>Bond</u> P08 Taipower 3A	-	Financial assets at amortized cost - current	50	50,000	-	50,041	Note 2
	P08 Taipower 3A	-	Financial assets at amortized cost - noncurrent	50	50,000	-	50,041	Note 2
	<u>Stock</u> Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive income - noncurrent	11,800	934,560	2	934,560	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 5
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 5
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 5

Note 1: The fair value was based on the closing price of the shares as of December 31, 2022.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of December 31, 2022.

Note 3: The fair value of ordinary shares was based on the stock closing price, and the fair value of privately placed shares was determined using valuation techniques as of December 31, 2022.

Note 4: The fair value was based on the net asset value of the fund as of December 31, 2022.

Note 5: The fair value was based on the carrying value as of December 31, 2022.

Note 6: As of December 31, 2022, the above marketable securities had not been pledged or mortgaged.

TABLE 3

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Powertech Technology Inc.	<u>Stock</u> Powertech Technology Inc.	Treasury stock	-	The Corporation	10,412	\$ 1,018,166	9,588	\$ 943,589	-	\$ -	\$ -	\$ -	-	\$ -

Note: The treasury shares purchased by the Corporation have been registered for capital reduction on April 15, 2022, and the base date for capital reduction is March 14, 2022.

TABLE 4

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Property	Transaction Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Powertech Technology Inc.	Land	2022.03.17	\$ 745,602	\$ 100,000	Quan Asia Stone Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	After taking into account the current market price and negotiating with the seller	Plant expansion	None
Greatek Electronics Inc.	Building	2022.04.18	414,000	248,400	Jian Ming Construction Co. Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable		Dormitory	None
	MEP systems of the dormitory	2022.07.18	418,000	125,400	Jiu Han System Technology Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable		Dormitory	None

TABLE 5**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	Sale	\$20,216,762	38	Note 1	-	-	\$4,623,127	50	-
	Kingston Solution, Inc.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	422,937	1	Note 1	-	-	51,186	1	-
	Kingston Technology International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	255,993	-	Note 1	-	-	50,472	1	-
	Toshiba International Procurement Hong Kong, Ltd.	Corporate director's sister company.	Purchase	880,205	4	Note 1	-	-	(11,936)	-	-
	Solid State Storage Technology Corporation	Corporate director's subsidiaries.	Purchase	312,638	1	Note 1	-	-	(70,748)	(2)	-
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate director.	Sale	680,952	4	Net 60 days from monthly closing date	Note 2	-	86,769	4	-
	Realtek Singapore Private Limited	Same parent company with Greatek Electronics Inc.'s corporate director.	Sale	349,247	2	Net 60 days from monthly closing date	Note 2	-	55,884	3	-
	PowerTech Technology Inc.	Parent company of Greatek Electronics Inc.	Sale	104,087	1	Net 90 days from monthly closing date	Note 2	-	25,478	1	-
TeraPower Technology Inc.	Kioxia Corporation	Parent company of corporate director of TeraPower Technology Inc.'s ultimate parent company.	Sale	665,767	12	Net 90 days from monthly closing date	-	-	146,128	13	-

Note 1: 30 to 90 days after the end of the month of the invoice date.

Note 2: The prices of goods Greatek Electronics Inc. sold to related parties is determined based on general transactions.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
Powertech Technology Inc.	Kioxia Corporation	Corporate director’s parent company	\$ 4,623,127	3.86	\$ -	-	\$ 3,140,535	\$ -
TeraPower Technolgy Inc.	Kioxia Corporation	Parent company of corporate director of TeraPower Technology Inc.’s ultimate parent company	146,128	4.65	-	-	112,120	-

TABLE 7**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES****NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	\$ 1,153,964	\$ 1,153,964	73,386	49	\$ 3,328,736	\$ 1,344,078	\$ 680,385	Notes 1 and 2
	Powertech Holding (BVI) Inc.	British Virgin Islands	Investment business	1,679,370	1,679,370	50	100	1,209,428	1,663	5,985	Notes 1 and 2
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing services	6,169,948	6,169,948	244,064	43	9,581,046	3,158,170	1,349,261	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 69,000	USD 85,000	69,000	100	1,990,623	368,864	369,985	Notes 1 and 2
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,374,567	327,197	525,269	Note 1
Greatek Electronics Inc.	Tera Probe, Inc.	Japan	Wafer probing test services	\$ 230,616	\$ 230,616	1,077	12	415,688	739,085	58,681	Notes 1 and 2
	Get-Team Tech corporation	Hsinchu	Metal plating on semiconductor lead frame	171,523	-	7,796	97.46	164,386	(368)	(7,137)	Note 1
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 38,720	USD 97	USD 97	Note 1
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 99,345	USD 24,610	USD 12,012	Note 1
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing services	USD 58,329	USD 58,329	6	100	USD 8,698	USD (990)	USD (990)	Note 1
Tera Probe, Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	JPY4,348,056	JPY4,348,056	76,381	51	JPY4,348,056	JPY5,930,206	JPY3,024,405	Note 1
	Tera Probe Aizu, Inc.	Japan	Wafer probing test services	JPY -	JPY 221,616	-	-	JPY -	JPY (202,081)	JPY (202,081)	Note 1

Note 1: Amount was recognized on the basis of audited financial statements.

Note 2: Excluding unrealized intercompany gains (losses).

TABLE 8

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Equity-method Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investments from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
Powertech Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	\$ 3,070,800 (US\$100,000)	Note 1	\$ 1,566,108 (US\$51,000)	\$ -	\$ -	\$ 1,566,108 (US\$51,000)	\$ 2,350 (US\$ 135)	100%	\$ 9,173 (US\$ 364)	\$ 1,716,736 (US\$55,905)	\$ -	-
Powertech Technology (Xian) Ltd.	Semiconductor testing and assembly services	2,149,560 (US\$70,000)	Note 1	1,861,058 (US\$60,605)	-	191,710 (US\$ 6,243)	1,669,348 (US\$54,362)	620,931 (US\$20,825)	100%	620,931 (US\$20,825)	3,050,248 (US\$99,331)	480,212 (US\$15,638)	-

Equity-method Investee Company	Accumulated Investments in Mainland China as of December 31, 2022 (In Thousands of USD)	Investment Amounts Authorized by the Investment Commission, MOEA (In Thousands of USD)	Ceiling Amount on of the Corporation's Investments in Mainland China
Powertech Technology (Suzhou) Ltd Powertech Technology (Xian) Ltd	US\$ 51,000 US\$ 54,362	US\$ 79,000 US\$ 70,000	\$ 31,373,374

Note 1: Investments in companies in mainland China were made through companies established in a third region.

Note 2: Amount was recognized on the basis of audited financial statements.

Note 3: Based on the exchange rate as of December 31, 2022.

STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEM	STATEMENT INDEX
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH AND CASH EQUIVALENTS	1
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	Note 7
STATEMENT OF ACCOUNTS RECEIVABLE, NET	2
STATEMENT OF INVENTORIES	3
STATEMENT OF PREPAID EXPENSES	Note 16
STATEMENT OF OTHER CURRENT ASSETS	Note 16
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	4
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS	4
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	5
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT	6
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 13
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	Note 13
STATEMENT OF CHANGES IN INTANGIBLE ASSETS	Note 15
STATEMENT OF DEFERRED INCOME TAX ASSETS	Note 23(c)
STATEMENT OF OTHER NON-CURRENT ASSETS	Note 16
STATEMENT OF ACCOUNTS PAYABLE	7
STATEMENT OF PAYABLES TO CONTRACTORS AND EQUIPMENT SUPPLIERS	8
STATEMENT OF ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	Note 18
STATEMENT OF DEFERRED INCOME TAX LIABILITIES	Note 23(c)
STATEMENT OF OTHER NON-CURRENT LIABILITIES	Note 18
STATEMENT OF LONG-TERM BANK LOANS	9
STATEMENT OF LEASE LIABILITIES	10
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF NET REVENUE	11
STATEMENT OF COST OF REVENUE	12
STATEMENT OF OPERATING EXPENSES	13
STATEMENT OF OTHER GAINS AND LOSSES	Note 22
STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION	14

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

Item	Description	Amount
Cash		
Cash in banks		
Demand deposits	Including NT\$6,124,794 thousand, US\$100,036 thousand @30.708, JPY557,781 thousand @0.2324 and RMB9,234 thousand @4.4175, interest rate range was 0.001%-3.5%	\$ 9,367,128
Time deposits	Expired in March 2022, interest rate range was 0.67%-2.35%	2,038,320
Checking accounts		<u>266</u>
		11,405,714
Cash on hand		<u>502</u>
Total		<u>\$ 11,406,216</u>

STATEMENT 2**POWERTECH TECHNOLOGY INC.****STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Client A	\$ 1,480,271
Client B	1,013,436
Client C	563,006
Client D	309,710
Others (Note)	<u>1,060,691</u>
	4,427,114
Allowance for impairment loss	<u>(5,332)</u>
Total	<u>\$ 4,421,782</u>

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

STATEMENT 3**POWERTECH TECHNOLOGY INC.****STATEMENT OF INVENTORIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Value
Raw materials	\$ 8,149,096	\$ 8,488,788
Supplies and spare parts	<u>366,389</u>	<u>381,787</u>
Total	<u>\$ 8,515,485</u>	<u>\$ 8,870,575</u>

Note: The amount of inventory insurance was \$36,820,153 thousand (including insurance of OEM by client).

POWERTECH TECHNOLOGY INC.
**STATEMENT OF CHANGES IN RIGHTS-OF-USE ASSETS AND ACCUMULATED
 DEPRECIATION OF RIGHT-OF-USE ASSETS
 DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)**

	Land	Transportatio n Equipment	Total
Cost			
January 1, 2022	\$ 1,429,259	\$ 3,957	\$ 1,433,216
Additions	6,639	-	6,639
Disposals	<u>(6,087)</u>	<u>-</u>	<u>(6,087)</u>
December 31, 2022	<u>1,429,811</u>	<u>3,957</u>	<u>1,433,768</u>
Accumulated depreciation and impairment			
January 1, 2022	105,876	1,313	107,189
Depreciation	36,725	1,405	38,130
Disposals	<u>(6,087)</u>	<u>-</u>	<u>(6,087)</u>
December 31, 2022	<u>136,514</u>	<u>2,718</u>	<u>139,232</u>
Carrying amount at December 31, 2022	<u>\$ 1,293,297</u>	<u>\$ 1,239</u>	<u>\$ 1,294,536</u>

POWERTECH TECHNOLOGY INC.

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

Investees	Balance, January 1, 2022		Increase		Decrease (Note 1)		Changes in Net value of Investments in Subsidiaries and Associates Accounted for Using the Equity Method	The Corporation's Shares Held by its Subsidiaries Treated as Treasury Shares	Gains (Losses) on Investments Accounted for Using the Equity Method (Notes 2 and 3)	Remeasurements of Defined Benefit Plans	Exchange Differences on Translating Foreign Operations	Deferred Credit Adjustment	Balance, December 31, 2022			Carrying Value (Note 2)	Pledged or Mortgaged
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount							Number of Shares	%	Amount		
	(In Thousands)		(In Thousands)		(In Thousands)								(In Thousands)				
Greatek Electronics Inc.	244,064	\$ 9,527,893	-	\$ -	-	\$ (1,220,322)	\$ -	\$ (68,668)	\$ 1,349,261	\$ (15,286)	\$ -	\$ 8,168	244,064	43	\$ 9,581,046	\$ 8,969,650	-
Powertech Holding (BVI) Inc.	50	1,172,419	-	-	-	-	-	-	5,985	-	27,427	3,597	50	100	1,209,428	1,224,922	-
TeraPower Technology Inc.	73,386	2,862,748	-	-	-	(234,834)	-	-	680,385	791	-	19,646	73,386	49	3,328,736	2,933,793	-
Powertech Technology (Singapore) Pte. Ltd.	85,000	1,883,866	-	-	(16,000)	(504,917)	-	-	369,985	-	235,675	6,014	69,000	100	1,990,623	2,178,892	-
Powertech Technology (Xian) Ltd.	-	1,123,688	-	-	-	(185,317)	-	-	221,761	-	103,706	7,597	-	36	1,271,435	1,089,374	-
Powertech Technology (Suzhou) Ltd.	-	171,185	-	-	-	-	-	-	779	-	3,095	466	-	9	175,525	176,398	-
Powertech Technology Japan Ltd.	-	3,010,514	-	-	-	-	-	-	525,269	1,732	(162,948)	-	-	100	3,374,567	3,271,901	-
Tera Probe, Inc.	1,077	378,628	-	-	-	(4,265)	-	-	58,681	420	(17,776)	-	1,077	12	415,688	739,935	-
		<u>\$ 20,130,941</u>		<u>\$ -</u>		<u>\$ (2,149,655)</u>	<u>\$ -</u>	<u>\$ (68,668)</u>	<u>\$ 3,212,106</u>	<u>\$ (12,343)</u>	<u>\$ 189,179</u>	<u>\$ 45,488</u>			<u>\$ 21,347,048</u>	<u>\$ 20,584,865</u>	

Note 1: The decrease was due to cash dividends from investees and the return of shares by the investees.

Note 2: Investment (loss) gain and carrying value were based on the associates' financial statements audited by the auditors for the same years.

Note 3: Gains (loss) on investments accounted for using the equity method did not include the adjustment of capital surplus due to the distribution of dividends to subsidiaries in the amount of \$75,888 thousand.

POWERTECH TECHNOLOGY INC.

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

Investees	Balance, January 1, 2022		Increase		Decrease		Unrealized Gain or Loss On Financial Instrument Amount	Balance, December 31, 2022			Fair Value (Note)	Collateral
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount		Number of Shares (In Thousands)	%	Amount		
<u>Shares</u>												
Solid State System Co., Ltd.	2,053	<u>\$ 30,144</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ (13,001)</u>	2,053	3	<u>\$ 17,143</u>	<u>\$ 17,143</u>	-

Note: The fair value of Solid State System Co., Ltd.’s private equity as of December 31, 2022 was determined using valuation techniques.

STATEMENT 7**POWERTECH TECHNOLOGY INC.****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
SIMMTECH CO., LTD.	\$ 640,484
Shinko Electric Industries Co., LTD.	633,137
Asian Information Technology Inc.	444,473
Others (Note)	<u>2,372,722</u>
Total	<u>\$ 4,090,816</u>

Note: The amount payable to each individual vendor under others does not exceed 5% of the account balance.

POWERTECH TECHNOLOGY INC.**STATEMENT OF PAYABLES TO CONTRACTORS AND EQUIPMENT SUPPLIERS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Asmpt Nexx Inc.	\$ 176,110
Powertech Technology (Xian) Ltd.	123,275
Jian Ming Construction Co. Ltd.	111,930
Others (Note)	<u>1,487,517</u>
Total	<u>\$ 1,898,832</u>

Note: The amount payable to each individual vendor under others does not exceed 5% of the account balance.

POWERTECH TECHNOLOGY INC.

STATEMENT OF LONG-TERM BANK LOANS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Bank Name	Trustee	Amount at Year End	Interest Payment Date	Coupon Rate (%)	Financing Facility	Note	Pledged or Mortgaged
Taiwan Cooperative Bank	Guaranteed loan	\$ 2,000,000	2021.12.15-2028.12.15	1.2250	\$ 2,000,000		Machinery and equipment of \$1,697,021 thousand
ChinaTrust Commercial Bank	Credit loan	1,000,000	2022.07.04-2025.04.01	1.3700	3,000,000	Note 1	-
ChinaTrust Commercial Bank	Credit loan	1,000,000	2022.09.01-2025.04.01	1.2700	3,000,000	Note 1	-
Yuanta Commercial Bank	Credit loan	1,000,000	2022.07.28-2026.07.28	1.3100	2,500,000	Note 2	-
Yuanta Commercial Bank	Credit loan	500,000	2022.05.27-2026.05.27	1.3500	2,500,000	Note 2	-
Bank of Taiwan	Guaranteed loan	740,357	2012.11.26-2027.11.26	1.4550	4,988,000		Land and buildings of \$1,889,074 thousand
Bank of Taiwan	Guaranteed loan	242,500	2019.10.25-2024.10.25	1.4550	2,000,000		Machinery and equipment of \$328,965 thousand
Bank of Taiwan	Guaranteed loan	375,000	2020.06.19-2025.06.19	1.4550	2,000,000		Machinery and equipment of \$650,747 thousand
Bank of Taiwan	Guaranteed loan	2,000,000	2021.09.01-2031.09.01	1.0250	3,200,000	Note 5	Land and buildings of \$1,696,517 thousand
Bank of Taiwan	Guaranteed loan	1,200,000	2021.09.01-2031.09.01	1.2250	3,200,000	Note 5	Land and buildings of \$1,696.517 thousand
Bank of Taiwan	Guaranteed loan	500,000	2021.09.01-2028.09.01	1.2250	2,000,000		Machinery and equipment of \$360,924 thousand
Mega International Commercial Bank Co., Ltd.	Guaranteed loan	1,325,581	2022.02.15-2027.02.01	1.4350	1,500,000		Machinery and equipment of \$1,996,729 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	100,000	2021.12.27-2028.12.15	1.4550	2,000,000	Note 4	Machinery and equipment of \$140,441 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	100,000	2022.02.15-2028.12.15	1.4550	2,000,000	Note 4	Machinery and equipment of \$617,672 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	500,000	2022.06.15-2028.12.15	1.4050	2,000,000	Note 4	Machinery and equipment of \$617,672 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	500,000	2022.08.15-2028.12.15	1.4050	2,000,000	Note 4	Machinery and equipment of \$1,021,637 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	400,000	2022.09.01-2028.12.15	1.4250	2,000,000	Note 4	Machinery and equipment of \$1,021,637 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	400,000	2022.10.04-2028.12.15	1.4250	2,000,000	Note 4	Machinery and equipment of \$493,348 thousand
Hua Nan Bank	Credit loan	1,800,000	2021.09.01-2028.08.15	1.2250	2,000,000	Note 3	-
Hua Nan Bank	Credit loan	200,000	2022.10.04-2028.08.15	1.4250	2,000,000	Note 3	-
Shin Kong Bank	Credit loan	1,000,000	2022.07.11-2025.07.11	1.5200	1,200,000		-
E-SUN Commercial Bank	Credit loan	1,000,000	2021.05.14-2024.05.14	1.5600	2,000,000		-
E-SUN Commercial Bank	Guaranteed loan	494,808	2017.09.01-2032.09.01	1.4500	830,000		Land and buildings of \$1,551,881 thousand
E-SUN Commercial Bank	Guaranteed loan	2,400,000	2021.10.25-2028.10.15	1.2750	2,400,000		Machinery and equipment of \$2,241,896 thousand
First Bank	Guaranteed loan	1,900,000	2021.12.15-2028.12.15	1.3000	2,000,000		Machinery and equipment of \$1,528,079 thousand
First Bank	Guaranteed loan	100,000	2022.07.25-2028.12.15	1.1000	2,000,000		Machinery and equipment of \$1,528,079 thousand
Land Bank of Taiwan	Credit loan	500,000	2020.08.17-2024.02.17	1.4200	2,000,000		-
Land Bank of Taiwan	Guaranteed loan	2,000,000	2022.02.15-2028.12.15	1.4600	2,000,000		Machinery and equipment of \$2,363,841 thousand
The Hongkong and Shanghai Banking Co., Ltd.	Credit loan	<u>500,000</u>	2021.09.02-2025.02.27	1.5428	1,500,000		-
		25,778,246					
Current portion		<u>-</u>					
		<u>\$ 25,778,246</u>					

Note 1: Joint financing facility of \$3,000,000 thousand.

Note 2: Joint financing facility of \$2,500,000 thousand.

Note 3: Joint financing facility of \$2,000,000 thousand.

Note 4: Joint financing facility of \$2,000,000 thousand.

Note 5: Joint financing facility of \$3,200,000 thousand.

Note 6: Joint financing facility of \$2,000,000 thousand.

POWERTECH TECHNOLOGY INC.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Rental Period	Discount Rate	Amount
Land	From October 1996 to October 2060	0.93%-1.69%	\$ 1,332,372
Transportation equipment	From January 2021 to September 2023	0.92%	1,250
Less: Lease liabilities - current			<u>(28,513)</u>
Lease liabilities - non-current			<u><u>\$ 1,305,109</u></u>

POWERTECH TECHNOLOGY INC.**STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Amount
Subcontracting revenue	\$ 52,626,232
Others	79,859
Sales discounts and allowances	<u>(3,082)</u>
Net revenue	<u>\$ 52,703,009</u>

POWERTECH TECHNOLOGY INC.**STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials used	
Balance, beginning of year	\$ 4,451,115
Raw materials purchased	21,555,298
Raw materials, end of year	(8,149,096)
Others	<u>(637,781)</u>
Subtotal	17,219,536
Direct labor	4,245,484
Manufacturing expenses	<u>16,202,637</u>
Manufacturing cost	37,667,657
Transferred to manufacturing or operating expenses	(6,089)
Scrap revenue	(142,449)
Unallocated overhead	<u>5,328,734</u>
Total	<u>\$ 42,847,853</u>

POWERTECH TECHNOLOGY INC.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll expense	\$ 97,733	\$ 696,050	\$ 1,123,765
Indirect material	-	-	131,152
Export expense	146,505	23	288
Depreciation expense	2,882	73,218	510,781
Remuneration of directors	-	127,711	-
Others (Note)	<u>27,924</u>	<u>355,116</u>	<u>370,919</u>
Total	<u>\$ 275,044</u>	<u>\$ 1,252,118</u>	<u>\$ 2,136,905</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

POWERTECH TECHNOLOGY INC.

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

	For the Year Ended December 31					
	2022			2021		
	Classified as			Classified as		
	Classified as Cost of Revenue	Operating Expenses	Total	Classified as Cost of Revenue	Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 8,295,4	\$ 1,917,4	\$10,213,0	\$ 8,487,0	\$ 2,004,0	\$10,491,0
Labor and health insurance	784,2	83,9	868,2	712,0	78,2	790,2
Pension	305,0	44,9	350,0	273,9	41,2	315,2
Remuneration of directors		127,7	127,7		130,2	130,2
Others	446,2	34,2	480,4	411,0	23,0	434,0
	<u>\$ 9,831,2</u>	<u>\$ 2,208,2</u>	<u>\$12,039,7</u>	<u>\$ 9,884,7</u>	<u>\$ 2,278,0</u>	<u>\$12,162,8</u>
Depreciation	<u>\$ 7,792,2</u>	<u>\$ 586,8</u>	<u>\$ 8,379,2</u>	<u>\$ 7,558,2</u>	<u>\$ 466,1</u>	<u>\$ 8,024,2</u>
Amortization	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,7</u>	<u>\$ 2,7</u>

Note 1: As of December 31, 2022 and 2021, the Corporation had 11,963 and 11,569 employees, respectively. There were 8 non-employee directors for 2022 and 2021.

Note 2: Companies whose shares are listed on the Taiwan Stock Exchange or the Taipei Exchange should disclose the following additional information:

- 1) The average employee welfare expense for the current year is \$996 thousand ("Total employee welfare expenses for the current year-Total directors' remuneration"/"Number of employees for the current year-Number of directors who are not concurrent employees"). The average employee welfare expense for the current year is \$1,041 thousand ("Total employee welfare expenses for the current year-Total directors' remuneration"/"Number of employees for the current year-Number of directors who are not concurrent employees").
- 2) The average employee salary expenses for the current year is \$854 thousand (the total salary expenses for the current year/"the number of employees in the current year-the number of directors who are not part-time employees"). The average employee salary

expenses for the current year is \$908 thousand (the total salary expenses for the current year/“the number of employees in the current year-the number of directors who are not part-time employees”).

- 3) Average employee salary expense reduced by (6)% (“Average employee salary expense for the current year-Average employee salary expense for the previous year”/Average employee salary expense for the previous year).
- 4) The Corporation had established an audit committee on June 26, 2014, so there was no supervisor in 2022 and 2021.
- 5) The Corporation’s salary and remuneration policy (including directors, managers and employees):

The Corporation’s salary and remuneration policies are prepared and implemented with reference to the Corporation’s policy, salary management measures, annual bonus regulations, assessment management measures, quarterly bonus regulations, compensation of employees, labor incentive bonuses, employee stock ownership trust implementation measures and welfare management measures, etc.

VII. Discussion and Analysis of Financial Status and Operating Results and Risk Management

1. Financial Status

Nonconsolidated Financial Statements

Item \ Year	2022	2021	Difference	
			Amount	%
Current Assets	\$ 49,776,657	\$ 51,958,614	(\$2,181,957)	(4.20)
Investment	447,117	508,679	(61,562)	(12.10)
Real estate, Plant & Equipment	64,818,236	63,236,697	1,581,539	2.50
Intangible Assets	1,125,632	982,640	142,992	14.55
Other Assets	2,801,496	1,900,392	901,104)	47.42
Total Assets	118,969,138	118,587,022	382,116	0.32
Current Liabilities	19,614,752	23,319,131	(3,704,379)	15.89
Long-term Liabilities	33,031,348	31,961,649	1,069,699	3.35
Total Liabilities	52,646,100	55,280,780	(2,634,680)	(4.77)
Capital Stock	7,591,466	7,791,466	(200,000)	(2.57)
Capital Surplus	149,540	270,794	(121,254)	(44.78)
Retained Earnings	45,551,199	43,573,846	1,977,353	4.54
Other shareholders' Equity	(534,445)	(710,623)	176,178	24.79
Treasury Stock	(468,802)	(1,418,300)	949,498	(66.95)
Equity Belong to Parent Company	52,288,958	49,507,183	2,781,775	5.62
Non-Controlling Interests	14,034,080	13,799,059	235,021	1.70
Total Shareholders' Equity	66,323,038	63,306,242	3,016,796	4.77
Reason for Major Difference:				
1. Increased of other assets: increase of refundable deposits.				
2. Decrease of capital surplus: cancelation of treasury stocks.				
3. Increase of other shareholders' equity: increase of 2022 overseas subsidiaries exchange gains.				
4. Decreased of treasury stock: cancelation of treasury stocks.				
Note: The listed numbers were from consolidated report and audited by CPA using IFRS.				

2. Operating Results

(1) Comparison and Analysis Table for Operating Results for Last Two Years

Nonconsolidated Financial Statements

Unit: NT\$ Thousands

Item	Year	2022	2021	Increase (Decrease)	Difference (%)	Analysis
Net Sales		\$ 83,926,735	\$ 83,793,572	\$ 133,163	0.16	
Cost of Sales		66,550,715	64,498,915	2,051,800	3.18	
Gross Profit		17,376,020	19,294,657	(1,918,637)	(9.94)	
Operating Expenses		4,928,003	4,769,711	158,292	3.32	
Operating Income		12,448,017	14,524,946	(2,076,929)	(14.30)	
Non-Operating Income/Expenses		1,191,909	180,541	1,011,368	(560.19)	1
Net Income Before Tax		13,639,926	14,705,487	(1,065,561)	(7.25)	
Income Tax Expense		2,888,077	2,979,562	(91,485)	(3.07)	
Net Income		10,751,849	11,725,925	(974,076)	(8.31)	
Analysis of Difference over 20%						
1. Increase on non-operating income: gain from foreign exchange.						
Note: The listed numbers were from consolidated report and audited by CPA.						

(2) Revenue Forecast and Financial Impact:

See 2022 Operation Report for details.

3. Cash Flow

(1) Cash Flow Analysis for 2022

Unit: NT\$ Thousand

Beginning Cash Balance 1/1/2022	2022 Cash Flow from Operating Activities	2022 Cash Flow from Investing Activities	2022 Cash Flow from Financing Activities	Currency Exchange for Cash and Cash Equivalent	Ending Cash Balance 12/31/2022
22,922,620	24,649,382	(18,927,395)	(6,760,954)	524,920	20,373,424
2022 Cash Flow Analysis : (1) Operating Activities: Increase cash inflow from change in 2022 depreciation and profit. (2) Investing Activities: Increase of cash outflow was due to acquisition of real estate, property and equipment in 2022. (3) Financing Activities: The increase of cash outflow was due to change in cash dividends payout and bank loan payment in 2022.					

(2) Cash Flow Improvement Plan

Not applicable.

(3) Cash Flow Estimation for 2023:

Unit: NT\$ Thousand

Beginning Cash Balance 1/1/2023	Estimated 2023 Cash Flow from Operating Activities	Estimated 2023 Cash Outflow	Estimated Ending Cash Balance 12/31/2023	Funding for Cash Flow Shortage	
				Investing Activities	Finance Activities
20,373,424	20,000,000	(20,000,000)	20,373,424	—	—
1. 2023 Cash Flow Analysis: (1) Operating Activities: The cash inflow is from 2023 estimated net income and depreciation. (2) Investing Activities: The cash flow is for acquisition of real estate, property, and equipment in 2023. (3) Financing Activities: The cash flow is for 2023 cash dividends payout and payback bank loan. 2. Funding for Cash Flow Shortage: Not Applicable.					

4. Effects of Major Capital Expenditures on Financial Status in Most Recent Year

(1) Major Capital Expenditures and Sources of Capital

Majority of 2022 PTI capital expenditures were for acquiring real estate, property and equipment. The sources of capital were from the Company's own funds and bank loans. In order to stay competitive, PTI has constantly devoted on production efficiency modification, new technology research, upgrade equipment, and capacity expansion to meet customer satisfaction.

5. Investment Policy in Recent Years, Main Causes for Profits or Losses, Improvement Plans, and Investment Plans for the Coming Year

PTI's investment policies conform with its strategies of deep cultivation of core business, strengthening of strategic alliance relationships with major clients and expansion of related industries, excepting to increase return on equity through the investment gains.

Investment Commission had approved no more than US\$51 million investment through Powertech Holding (BVI) Inc. for subsidiary Powertech Technology (Suzhou) Ltd. (PTI Suz) for further expansion in China in 2009. Total investment for PTI Suz was US\$216 million and register capital was US\$72 million. As of end of 2019, PTI Suz accumulated lost was over US\$54 million which was over half of register capital. PTI Suz financial performance has not met expectation after a decade. Supply chain swift from trade tensions and local made incentives from China government created a favorable condition for operations in China. PTI HQ assigned new management team to undergo a serious leadership revolution for PTI Suz and continue funding its operation by increase capital of US\$ 28 million. The capital increased was approved by Apr 2020 board meeting. PTI Suz was expected to improve its financial status with new leadership and favorable operations condition.

Board meeting in Aug 2020 concluded to end the operations of Powertech Technology Akita Inc. due to its poor financial performance and limited foreseeable opportunity.

Board meeting in Aug 2020 concluded to end the operations of Powertech Technology (Singapore) Pte. Ltd. due to its poor financial performance and transformed to holding function of Powertech Semiconductor (Xian) Co. Ltd. and Powertech Technology (Suzhou) Ltd. In Jul 2022 Board meeting had concluded for capital reduction. Filing of reduction was completed in Aug 2022. Powertech Technology Inc. had received returned capital US\$16 m in Sep 2022. Future investment plan will justify with industry condition and potential growing opportunities. Under the direction of strengthen the relationship of alliance and supply chain networking, the Board of Directors will carefully consider all the investment proposals.

6. Risk Analysis and Assessment in the Recent Year and as of Publication Date of Annual Report

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

1. Interest Rate

The semiconductor packaging and testing industry where our company is in is capital intensive therefore large fund is required for the Company to invest into fixed assets. Besides the Company's own funds, the sources of the Company's funding are primarily bank loans, thus the Company's profitability is affected by interest rate movement. To minimize this risk, PTI compares the level of interest rates of its bank loans on a regular basis with market average rate and negotiate timely with the correspondent banks to obtain better interest rates to ensure the financing costs are at comparatively low level.

2. Foreign Exchange Rate:

(1) Effects

Exportation account for 70.07% of 2022 PTI's net sales, so the majority of trade were conducted in foreign currency and US dollars is the most common currency used. Majority of equipment and raw materials were mainly trade in US dollars and Japanese yen as well. Both import and export were affected by currency exchange rate fluctuate. 2022 net foreign exchange lost were about NT\$ 151.0 million.

(2) Future Response Measures

- Foreign currencies from exporting income balance out with importing expenses which creates mutual hedging effects to eliminate exchange rate risks.
- Finance staff collected information regarding changes of foreign exchange rates, including supply and demand of foreign currencies, monetary tightness condition of the correspondent banks, and trend analysis of exchange rates, which will then serve as reference information to respond to future exchange rate movements.
- To timely purchase foreign currencies based on the Company's future foreign currency requirements, in order to determine the cost and reduce the impact of movements in exchange rates.
- To use the bank credit at the right time to convert foreign currency loans to NT dollars borrowing.
- To apply financial instruments such as derivatives of forward exchange to avoid the risks of changes in exchange rates leading to exchange loss on assets, liabilities and future transactions denominated by foreign currencies.

3. Inflation:

No significant impact of inflation on the PTI's profitability and business operations in 2022.

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

1. PTI has not engaged in any high-risk or high-leveraged investments.
2. PTI proposed and approved by board to authorized Chairman to lend Powertech Technology (Singapore) Pte. Ltd. US\$50 m in 2014. Board had reduced the endorsement and guarantees limit to US\$30 m in Mar 2016 after review its funding needs. The subsidiary had fully payback its debt and removed the endorsement liability. As the date of printing, PTI has no endorsement liability.
3. 9th Annual 8th Board meeting on Nov 5, 2021 approved to lend Powertech Technology (Suzhou) Ltd. no more than US\$15 million for the period no longer than 1 year with estimated annual interest rate at 1.0%. Powertech Technology (Suzhou) Ltd. had borrowed US\$11m (NT\$257,598,000) during the period and outstanding balance and interested were fully satisfied by the end of 2022. Base on the “Procedures for Lending Funds to Others”, lending amount must stay under 5% of net worth for each transaction and 10% for accumulated transaction. The Company net worth was NT\$52,289 m as the end of Dec 31 2022; therefore, lending amount meet the guidance with no more than NT\$2,614 m for each transaction and NT\$5,229 m for accumulated transaction.
4. No major currency exchange gain or loss from currency investment as of the date of printing.

(3) Future Research and Development Plans and R&D Expenses from Expected Investments

The Company has put much emphasis on the development of talents since its establishment. Setting up a R&D department in 1998 and the R&D technology center in 2006, PTI has continually introduced new processes and technologies of packaging and testing. To adapt to the future semiconductor memory device trend towards being versatile, high-speed, highly reliable and high density and the development of new products of our customers, PTI will proactively develop and introduce new technologies in the future. PTI R&D budget is about NT\$2.07 billion for 2023.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales.

PTI has always pay close attention to any international and domestic policies changes, and PTI will make appropriate modifications to the operating systems when necessary. As of the publication date of this annual report, there is no significant change or impact of law on PTI's operations.

(5) Effects of and Response to Changes in Technology and in Industry Relating to Corporate Finance and Sales:

The semiconductor industry, where PTI belongs to, is under rapid changes in products and technology. To adapt to these rapid changes, PTI needs to upgrade its processes and

develop new technologies constantly, upgrade its equipment, and expand its capacities in a timely manner. To reduce the risks of overexpansion at the same time keep up with the product development trend, PTI has established collaborative relationships and co-op with strategic alliances with major customers to develop advanced technology capabilities. In addition, PTI has invested in related industries to form a complete supply chain network and diversify the risks caused by market changes. PTI also strengthen its cost control and cash management skills to maintain competitiveness and eliminate the impacts of changes in technology and in industry relating to corporate finance and sales.

PTI has implemented measures to protect the information security of our networks and computers. There are also established rules and procedures for information security risk management.

1. Different assets may face different risks. Methods for assessing or calculating asset value were adjusted to make them more appropriate to the nature of the unit.
2. The basic information security requirements are data confidentiality, integrity and usability. These ensure the appropriateness and effectiveness of related regulations and processes.
3. Information security insurance is an emerging risk type that involves information security rating organizations, claim assessment organizations, and no-compensation clauses. To mitigate potential losses due to information security incidents, information security insurance policy with up to US\$5 million in coverage was purchased by PTI in 2022.

(6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

Since the establishment of the Company, PTI has consistently maintained an ethical business practices, and has actively strengthened its internal and quality management to build up customer trusts. PTI has a good corporate image and there has been no corporate crisis in recent years caused by changes in corporate image.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

No plan of merger and acquisition as of the date of printing.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

PTI has been devoted on Fan-Out Panel-Level packages (FOPLP) for packaging solution post Moor's Law. Hsin Chu Science Park Plant III will be dedicated for FOPLP. The new facility finished construction in 2021 and equipment pulled in and trial run started from Oct 2021. No facility expansion as of the report date.

(9) Risks Relating to and Response to Excessive Concentration on Supply Sources and

Customer

The supply sources and major customers of the Company have been disclosed in related sections of this report. As the concentration level of the upper stream memory IC markets gets intense, sales of the downstream packaging and testing providers will get more concentrated. PTI has proactively developed new customers, collaborative relationships, and strategic alliances with existing customers to eliminate the highly customer concentrated risks. PTI has also actively reached out to non-memory IC packaging and testing business. The results are noticeable. In terms of supply sources, PTI has been actively seeking qualified alternative suppliers to reduce the risks of excessive concentration.

(10) Effects, Risks, and Solution for Share Transfers of Shareholders with 10% Or More Shares: None

(11) Effects, Risks, and Solution of Changes in Control over the Company: None.

(12) For litigation or non-litigious matters, clearly state if the Company or the Company's directors, supervisors, president, actual person in charge, shareholders with 10% shareholdings or more, and affiliated companies that have been concluded or pending major litigations, non-litigation or administrative litigation matters, whose outcome may have major impact on shareholders' equity or securities prices:

1. The Company's major litigations, non-litigation or administrative litigation matters: None.

2. Major litigations, non-litigation or administrative litigation matters of the Company's directors, supervisors, president, actual person in charge, shareholders with 10% shareholdings or more and affiliated companies: None.

(13) Other Important Risks and Remedies: None.

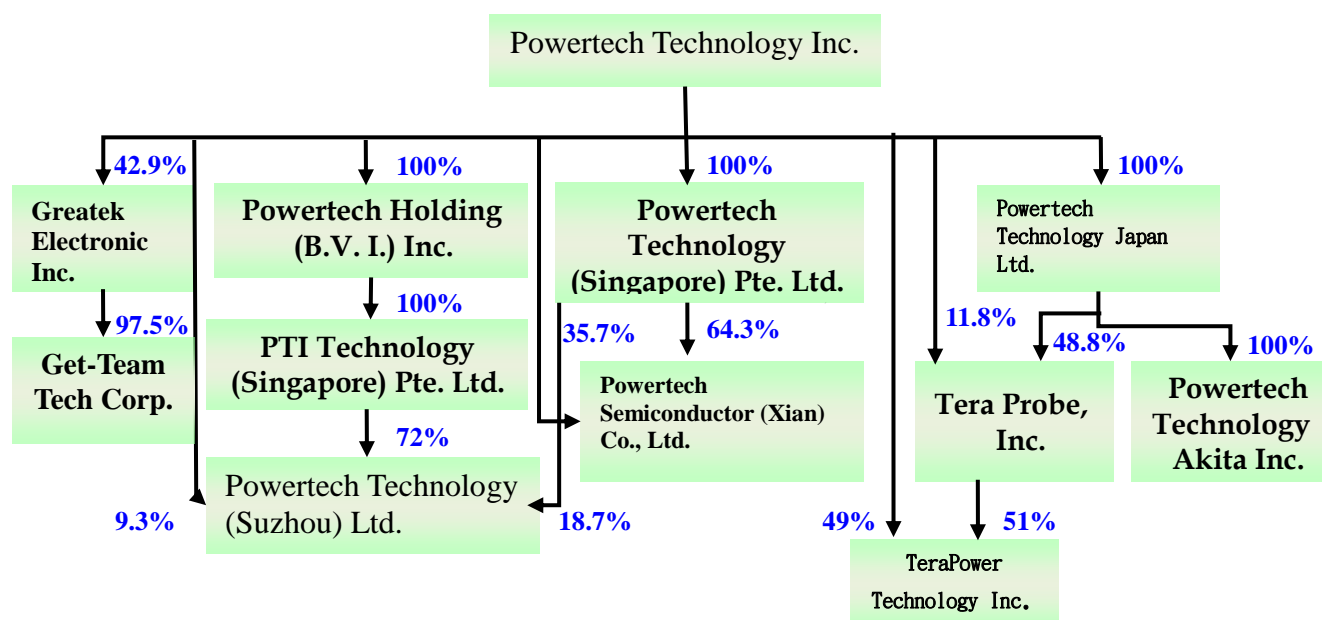
7. Other Important Matters: None.

VIII. Special Notes

1. Summary of Affiliated Companies

(1) Profile of Affiliated Companies

1. Company Structure



2. Names, Date of Establishment, Address, Paid-in Capital and Major Business Items of Consolidated Subsidiaries :

Dec 31 2022 ; Unit : thousands

Entity Name	Date of Establishment	Address	Paid-In Capital Amount	Major Services
Powertech Holding (B.V.I.) Inc.	Aug 2009	P.O. Box 3444 Road Town, Tortola, B.V.I.	US\$52,000	Investment
PTI Technology (Singapore) Pte. Ltd.	Nov 1994	8 Marina Boulevard #05-02 Marina Bay Financial Centre Tower 1Singapore 018981	US\$72,102	Investment
Powertech Technology (Suzhou) Ltd.	Aug 1995	No. 33, Xinghai Street, Suzhou Industrial Park, Suzhou, China	US\$100,000	Packaging and Final Testing Services
Greatek Electronics Inc.	Mar 1983	No. 136, Gung-Yi Rd., Chunan Town, Miaoli, Taiwan.	NT\$5,688,459	Packaging and Final Testing Services
Powertech Technology (Singapore) Pte. Ltd.	Dec 2005	50 Ubi Avenue 3# 01-09 Frontier Singapore 408866	US\$69,000	Investment
Powertech Semiconductor (Xian) Co., Ltd.	May 2015	Building I Room 10000, Shaanxi Xi'an Export Processing Zone, No. 28-2, Xinxu Avenue, Xi'an, Shaanxi 710119, China	US\$70,000	Packaging and Final Testing Services
Get-Team Tech Corp.	Dec 1994	122-8 Chung-Hwa Road Huko, Hsin-Chu, Taiwan	NT\$80,000	Semiconductor lead frame and

Entity Name	Date of Establishment	Address	Paid-In Capital Amount	Major Services
				plating services
Powertech Technology Japan Ltd.	Jan 2017	KAKiYA Bldg., 2-7-17 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa, Japan	JPY 100,000	Investment & Packaging and Testing Services
Tera Probe, Inc.	Aug 2005	KAKiYA Bldg., 2-7-17 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa, Japan	JPY 11,823,312	Chip Probing Services
TeraPower Technology Inc.	Aug 2008	No.20, Wenhua Road, Hsinchu Industrial Park. Hukou , Hsinchu 303, Taiwan	NT\$1,497,600	Chip Probing Services
Powertech Technology Akita Inc.	Apr 1969	89-2 Yamada, Yuwaishida, Akita-shi Akita 010-1222 Japan	JPY 100,000	Packaging and Final Testing Services

3. Presumed to Have Control and Affiliation Relationship: None.

4. Business Items of Affiliated Companies:

The business items of PTI and its affiliated companies cover manufacturing, marketing & sales and investments of electronics.

5. The Names and the Shareholding or Funding Status of the Directors, Committee Members, and President of Each Affiliated Company:

March 31, 2023

Name of Company	Title	Name or Representative	Shareholding	
			Number of shares (capital contribution)	%
Powertech Holding (B.V.I.) Inc.	Director	Powertech Technology Inc. Representative: D.K. Tsai	US\$ 52,000,000	100%
PTI Technology (Singapore) Pte. Ltd.	Director	Powertech Holding (B.V.I.) Inc. Representative: D. K. Tsai, J.S. Leu, Jeswant Singh S/O Darshan Singh	US\$ 51,000,000	100%
Powertech Technology (Suzhou) Ltd.	Chairman	PTI Technology (Singapore) Pte. Ltd. Representative: J.S. Leu	US\$78,895,000	100%
	Director	PTI Technology (Singapore) Pte. Ltd. Representative: D. K. Tsai, YC Chen		
	Supervisor	PTI Technology (Singapore) Pte. Ltd. Representative: Evan Tseng		
	President	James Yeh	0	0%
Greatek Electronics Inc	Chairman	Powertech Technology Inc. Legal Rep Director:	NT\$244,064,379	42.91%

Name of Company	Title	Name or Representative	Shareholding	
			Number of shares (capital contribution)	%
		Boris Hsieh		
	Director	Powertech Technology Inc. Legal Rep Director: DK Tsai J.S. Leu, Chien-Chao Ning, YC Chen		
	Director	Hung-Wei Venture Capital Company: Eric Chang	5,823,602	1.02%
	Independent Director	Chi-Yung Wu	0	0%
	Independent Director	Chu-Chien Feng	0	0%
	Independent Director	M.J. Chuang	0	0%
	President	Chien-Chao Ning	2,164,224	0.38%
Get-Team Tech Corp.	Chairman	Boris Hsieh	0	0%
	Supervisor	Greatch Electronic Inc. Legal Rep Director: Zuo-Xiang Ho	7,796,498	97.46%
Powertech Technology (Singapore) Pte. Ltd.	Director	Powertech Technology Inc. Representative: DK Tsai, J.S. Luu, Evan Tseng, Tay Hua Nguan	US\$ 69,000,000	100%
Powertech Semiconductor (Xian) Pte. Ltd.	Chairman	Powertech Technology (Singapore) Pte. Ltd Representative: J.S. Leu	US\$ 45,000,000	64.3%
	Director	Powertech Technology (Singapore) Pte. Ltd. Representative: Chris Yeh		
	Supervisor	Powertech Technology (Singapore) Pte. Ltd. Representative: Yohan Lin		
	Director	Powertech Technology Inc. Representative: Evan Tseng	US\$ 25,000,000	36%
	President	Chris Yeh		
Powertech Technology Japan Ltd.	Executive Director	DK Tsai	0	0%
			(Powertech Technology Inc. JPY 100,000,000)	100%
Tera Probe, Inc.	Director & Representative Statutory Executive Officer	Tsuyoshi Yokoyama (Powertech Technology Japan Ltd)	500 (Powertech Technology Japan Ltd. 4,440,300 shares Powertech Technology Inc 1,077,100 shares)	0.00% 48.81% 11.84%
	Director	DK Tsai, Boris Hsieh Evan Tseng, Yoichi Kuroki (Powertech Technology Inc.)	- - - -	0.00%

Name of Company	Title	Name or Representative	Shareholding	
			Number of shares (capital contribution)	%
	Outside Director	Koji Iwama	-	0.00%
	Outside Director	Naoki Mori	-	0.00%
	Outside Director	Takayuki Mashiko	-	0.00%
	Supervisor	Takayuki Mashiko		
TeraPower Technology Inc.	Chairman	Evan Tseng (Tera Probe, Inc.)	76,381,170	51.0%
	Director	Tera Probe, Inc. Tsuyoshi Yokoyama, Naokazu Jinushi		
	Director	Powertech Technology Inc. Legal Rep Director: Wilber Wu, Noty Lin	73,385,830	49.0%
	Supervisor	Takayuki Mashiko, Yohan Lin	-	-
	President	Noty Lin	-	-
Powertech Technology Akita Inc.	Representative Director	Evan Tseng (Powertech Technology Japan Ltd)	0	0.00%
			(Powertech Technology Japan Ltd. 6,203 shares)	100%
	Director	DK Tsai	0	0.00%
	Supervisor	Yohan Lin	0	0.00%

6. Operations of Affiliated Companies

Unit: NT\$ Thousands

Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Equity	Revenues	Operating Income	Net income (loss) (after tax)	Earnings Per Share (NT\$) (After tax) Note
Powertech Holding (B.V.I.) Inc.	1,442,787	1,375,831	0	1,375,831	0	0	58,403	NA
PTI Technology (Singapore) Pte. Ltd.	1,996,491	1,343,475	51	1,343,424	0	0	58,749	NA
Powertech Technology (Suzhou) Ltd.	3,400,200	2,733,827	868,205	1,865,622	1,727,558	58,461	81,567	NA
Greatek Electronics Inc	5,688,459	26,506,083	5,676,178	20,829,905	15,950,309	5,647,090	4,602,762	8.09
Get-Team Tech Corp.	80,000	127,063	26,413	100,650	135,688	(1,965)	(367)	(0.05)
Powertech Technology (Singapore) Pte. Ltd.	2,353,650	2,233,453	1,334	2,232,119	0	742,299	728,225	NA
Powertech Semiconductor (Xian) Pte. Ltd.	1,938,300	3,841,756	1,183,927	2,657,829	7,059,593	617,005	544,095	NA
Powertech Technology Japan Ltd.	2,853,512	2,991,787	1,047,941	1,943,846	0	438	202,633	NA
Powertech	15,478	193,700	3,664	190,036	0	(9,957)	(17,446)	NA

Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Equity	Revenues	Operating Income	Net income (loss) (after tax)	Earnings Per Share (NT\$) (After tax) Note
Technology Akita Inc.								
Tera Probe Inc.	2,844,689	6,709,953	1,016,813	5,693,140	1,692,658	44,844	448,678	49.32
TeraPower Technology Inc.	1,497,670	10,509,006	5,388,112	5,120,894	5,775,996	1,002,057	798,574	5.33

Note: No need to calculate EPS for limited companies

Affiliated Companies Overview:**REPRESENTATION LETTER**

Mar 10, 2023

The entities that are required to be included in the combined financial statements of Powertech Technology Inc. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Powertech Technology Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Sincerely,

Duh-Kung Tsai

Chairman
Powertech Technology Inc.

Affiliated Companies Report: None.

2. Private Placement Securities as of the Date of Annual Report Printing: None.

3. Status of PTI Common Shares and GDR Acquired, Disposed of, and Held by Subsidiaries in 2022 and as of the Publication Date of this Annual Report:

Unit: NTD K; Shares; %

Name of Subsidiary	Capital Received	Source of Fund	% Holding by PTI	Date	Acquired Shares and Amount	Sold Shares and Amount	Investment Gain/Loss	As of Printing Date	
								Holding Shares	Amount
Greatek Electronic Inc.	5,688,459	Self Funding	42.91%	2017	1,800,000 shares NT\$158,719,000	-	-	11,800,000	1,092,544
				2018	400,000 shares NT\$33,130,000				
				2019	450,000 shares NT\$32,981,000				
				2020	3,520,000 shares NT\$309,641,000				
				2021	3,830,000 shares NT\$398,044,000				
				2022	1,800,000 shares NT\$160,028,000				
				2023 as of Report date	0 shares NT\$0				

Note:

No creation of pledge by the above subsidiary.

PTI did not endorse and guarantee for the above subsidiary.

No fund lent by PTI to the above subsidiary.

4. Other Necessary Supplement: None.

5. Any Events in 2022 and as of the Publication Date of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.